

QINETIQ

UK Gender Pay Gap Report

2022



QinetiQ's gender pay gap has been calculated in accordance with Government regulations. The report is based on snapshot data as of 5 April 2022 and covers activities between 6 April 2021 and 5 April 2022.

About this report

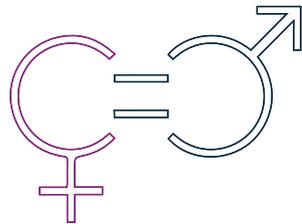
As part of the Government's commitment to tackle workplace discrimination, all UK companies with 250 or more employees are required to disclose their gender pay gap information each year.

This comprises of four different measures: the mean and median gender pay gap in hourly pay; the mean and median bonus gender pay gap; the proportion of men and women who receive a bonus; and the distribution of men and women across pay quartiles.

The gender pay gap is different to equal pay and it is important to differentiate between the two. Equal pay is when men and women at the same level in a company are paid the same for doing the same work. In comparison, the gender pay gap is a measure of the difference between the mean and median hourly earnings of women and men, so compares the hourly earnings across a range of roles and levels.

Gender pay gaps can be caused by a variety of factors, but typically, the most significant cause is the distribution of men and women at different seniority levels, and pay grades, in an organisation. The smaller the proportion of women in senior, higher paid, roles, the larger the pay gap is likely to be. As part of our annual performance management and pay review process we ensure that our people are being paid fairly based on their role, responsibilities, experience and performance.

We are committed to equal pay
and to closing the gender pay gap.



Message from Steve Wadey, Group Chief Executive Officer



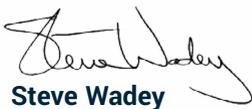
Our commitment

Everything we do is about delivering on our purpose; protecting lives and securing the vital interests of our customers. It connects everyone who works for QinetiQ around the world together, giving us all focus, direction and a unique sense of pride.

At QinetiQ, we are creating an environment where our people can thrive. We recognise that our talented people are at the heart of our company and we are committed to creating an inclusive culture where everyone has equal opportunities and our differences are embraced because we know they make us stronger.

To do this successfully we need to ensure that we are doing everything we can to create a workplace that is diverse and inclusive. This includes gender balance and ensuring the women who work here are supported and enabled to deliver for our customers and achieve their full potential. This way of working is essential for our business performance, because we cannot operate at the level we need to if we are not valuing each and every one of our colleagues.

By building teams with diverse backgrounds and ensuring that everyone feels welcome and included, we will experience the benefits when we share perspectives and talents to deliver and innovate for our customers, constantly discovering new ways of solving complex problems. By developing this way of working through our Inclusion, Diversity & Belonging (ID&B) programmes, we will attract and retain the talent we know is essential to successfully deliver for our customers and grow our business.


Steve Wadey

QinetiQ's headline data

The gender pay gap across all QinetiQ employees in the UK

Mean

12.9%

Median

16.1%

The bonus gender pay gap in QinetiQ employees in the UK

Mean

36.7%

Median

-2.0%

Proportion of UK employees in receipt of a bonus payment

Men

85.7%

Women

88.3%

Overall gender split of our UK workforce

Male

77.2%

Female

22.8%

Message from Amanda Nelson, Chief People Officer



What we're doing to make a difference

We're creating a diverse and inclusive company, where our differences are not only embraced but make us stronger.

Our Inclusion, Diversity & Belonging strategy concentrates on a number of areas where we want to do more to ensure our workplace is one where our people can be their most authentic self, feel inspired to deliver for our customers, and can achieve their full potential. How we support women in our company is just one of the areas where we are focusing our efforts.

The Gender Pay Gap Report is one of the ways that helps us to understand the current situation and drives our plans in a way that makes a difference.

For 2022 we have expanded the range of our gender pay gap from just QinetiQ Ltd and our latest report now includes key UK subsidiaries. QinetiQ Ltd reported a reduction in its gender pay gap from 12.6% in 2021 to 11.3% in 2022 and Inzpire Ltd had a gender pay of 28.6% for 2022, so the overall UK gender pay gap has increased to 12.9% for 2022.

The gap continues to be primarily driven by the proportion of men in senior or high paid roles and is an area we are working hard to change recognising it will take time to address. In the last 12 months, we have seen positive progress against our gender balance ambitions of 30% women by 2030, and increases of women in leadership roles.

We continue to address gender balance through a range of actions, from our approach to our senior talent pipeline (both recruitment and succession) to wider development and awareness.

We are committed to making progress; not because we have to report on it, but because we believe it is the right thing to do for our people and it is fundamental to creating an innovative, sustainable and high performance culture.

Amanda Nelson

Our results by UK legal entity

From 5 April 2022, alongside QinetiQ Ltd, Inzpire Ltd has also met the reporting threshold of more than 250 employees and so is now included in our reported data. To greater understand the impact of gender pay within all parts of our UK business, we have extended our analysis to include all UK legal entities including those with under 250 employees.

All legal entities 2022:

	Gender Composition			Gender Pay Gap		Bonus Pay Gap		% of proportion receiving bonus		Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile		Overall	
	Male	Female	Total	Mean	Median	Mean	Median	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
QinetiQ Ltd	3628	1105	4733	11.3	14.3	38.1	-2.0	87.0	89.7	67.2	32.8	75.7	24.3	80.6	19.4	83.2	16.8	76.7	23.3
Inzpire Ltd	209	48	257	28.6	37.8	28.3	38.6	78.0	76.0	59.1	40.9	81.0	19.0	92.5	7.5	93.4	6.6	81.3	18.7
All legal entities 2022	4089	1205	5294	12.9	16.1	36.7	-2.0	85.7	88.3	67.4	32.6	75.1	24.9	81.9	18.1	84.6	15.4	77.2	22.8

All legal entities 2021:

	Gender Composition			Gender Pay Gap		Bonus Pay Gap		% of proportion receiving bonus		Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile		Overall	
	Male	Female	Total	Mean	Median	Mean	Median	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
QinetiQ Ltd	3657	1083	4740	12.6	15.7	29.6	0.0	86.8	86.3	67.2	32.8	76.8	23.2	81.8	18.2	82.9	17.1	77.2	22.8
All legal entities 2021	3826	1110	4936	12.7	15.7	29.3	0.0	86.9	86.3	67.9	32.1	77.0	23.0	81.8	18.2	83.4	16.6	77.5	22.5

Understanding our pay gap

Data from the Office of National Statistics indicates that the gap in mean pay between men and women in the UK is 14.9% as at April 2022. Whilst we have seen a reduction in the QinetiQ Ltd gap to 11.3%, following the inclusion of Inzpire Ltd our mean gender pay gap for 2022 for all QinetiQ UK employees has increased to 12.9%, primarily due to our employee profile, with more men being in senior, higher paid roles. Whilst this is lower than the national average we recognise that there is still more work to be done.



Gender Pay Gap 2022

Mean (average)

12.9%

Median (middle)

16.1%

We are a leading science and engineering company operating primarily in the defence and security markets. Therefore, employing highly skilled people with science, engineering, technology and maths (STEM) skills is critical to delivering for our customers. Historically, men have had greater representation in studying STEM subjects, resulting in a disproportionately larger percentage of them applying for roles within the defence, science and engineering sectors. In fact, new research from Engineering UK shows that in 2022 only 16.5% of those working in engineering are female, however it is encouraging to see an increase compared to that reported in 2010 of just 10.5%.

We see a similar disparity in our Inzpire Ltd business, a leading provider of operational training, consultancy and mission systems for military customers in the UK and internationally. Due to the nature of this work, Inzpire Ltd recruits a significant number of highly experienced ex-armed forces personnel into the business, which traditionally has led to a higher proportion of men being employed.

The gender pay gap highlights systemic issues originating from these disparities; we welcome and fully support the insight that gender pay reporting provides our company. We know collaborative action across society, education and industry is needed. We are also mindful that change will not be immediate, it takes clear action plans and sustained commitment.

Appointing women into senior roles is one of the actions we are taking to reduce our gap. In this reporting period, we are delighted to have recruited Carol Borg as an Executive Director in the role of Group Chief Financial Officer. Carol brings a wealth of knowledge and experience to the QinetiQ Leadership Team and highlights our commitment to increasing diversity and representation within our executive roles. Her appointment has also had a visible positive impact on our gender pay gap and highlights the sensitivity of the calculation to senior hires. Whilst this is one way the gap can be closed, our focus is on making positive interventions at all levels, recognising that some may take longer to impact than others but that all promote fairness and equality.



Gender bonus gap

Incentive schemes

Our incentive schemes are an important part of our employee offering.

We offer the following annual incentive schemes:

- All Employee Incentive Scheme (AEIS) available to all employees
- Sales Incentive Scheme (SIS) for employees in sales roles
- Leadership Incentive Scheme (LIS) for management grades
- Bonus Banking Plan (BBP) for executive grades

All schemes are linked to both organisational and individual performance.

Gender Bonus Gap 2022

Mean (average)

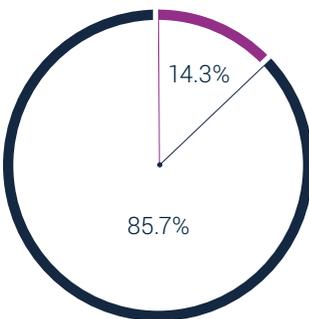
36.7%

Median (middle)

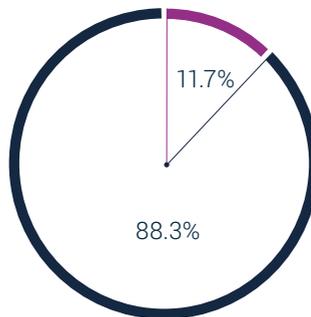
-2.0%

Proportion of UK employees in receipt of a bonus payment:

Men



Women



- Received a bonus
- No bonus received

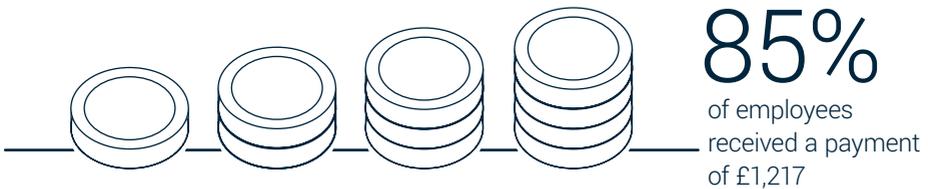
Gender bonus gap

As identified in last year's report, the cycling of our Bonus Banking Plan (BBP) continues to have a significant impact on our bonus gap with the deferral of the award paying out this year alongside the in-year bonus giving rise to an increase in the gap. Whilst the recruitment of a female Group Chief Financial Officer will positively impact this in the future, due to the time at which she joined the company and the retrospective calculation of the bonus, we don't anticipate seeing the full impact in our bonus gap until our report in 2024.

The All Employee Incentive Scheme (AEIS) continues to have a positive impact on the engagement of our employees as well as on the gender bonus gap. The scheme comprises of two elements based on Company Performance and Personal Performance.

As a result of the AEIS Performance element, over 85% of employees received a payment of £1,217 (up from £740 in the previous year). In addition, the Personal Performance element of the award applies an additional fixed percentage bonus to any employee who received a High Overall Performance Rating. Proportionally more female employees received the Personal Performance element this reporting year.

The median bonus gap reflects the AEIS and also our peer-to-peer recognition scheme Thank Q, with a greater proportion of female employees being celebrated for their contribution to the business.

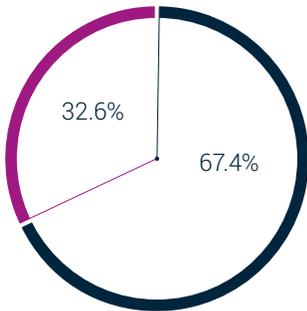


Our pay distribution

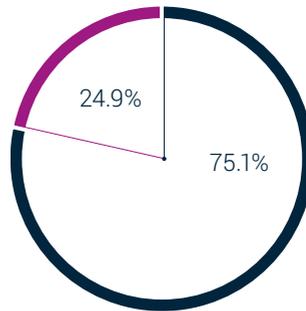
Quartile pay distribution is the proportion of men and women in each 25.0% (quartile) of our pay structure.

In the 2021/22 reporting year, QinetiQ's UK workforce grew by 7.3% as a result of the inclusion of Inzpire Ltd and Naimuri Ltd (accounting for their first full year following acquisition). The proportion of females for all legal entities decreased in both the upper quartile by 1.2% to 15.4% and in the upper middle quartile by 0.1% to 18.1%, which has contributed to the increase of our gender pay gap. This is predominantly due to the inclusion of Inzpire Ltd, who typically employ a greater number of highly experienced male ex-armed forces personnel at salaries above the wider QinetiQ UK median.

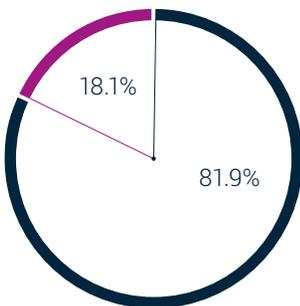
Lower quartile



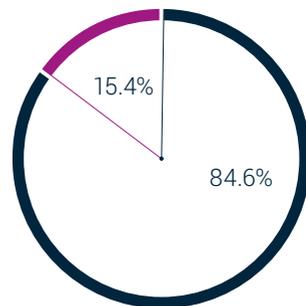
Lower middle quartile



Upper middle quartile

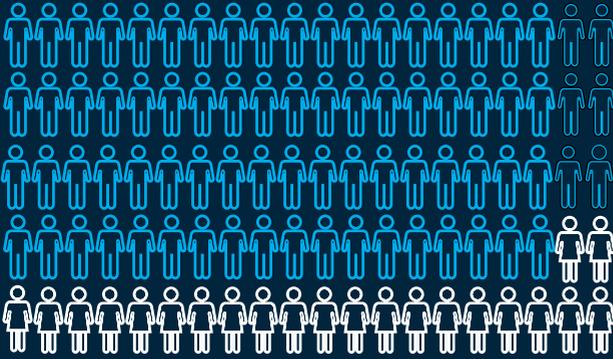


Upper quartile



- Male
- Female

Gender composition



22.8%

In 2022, women accounted for 22.8% of our UK workforce, 1,205 out of a total of 5,294.



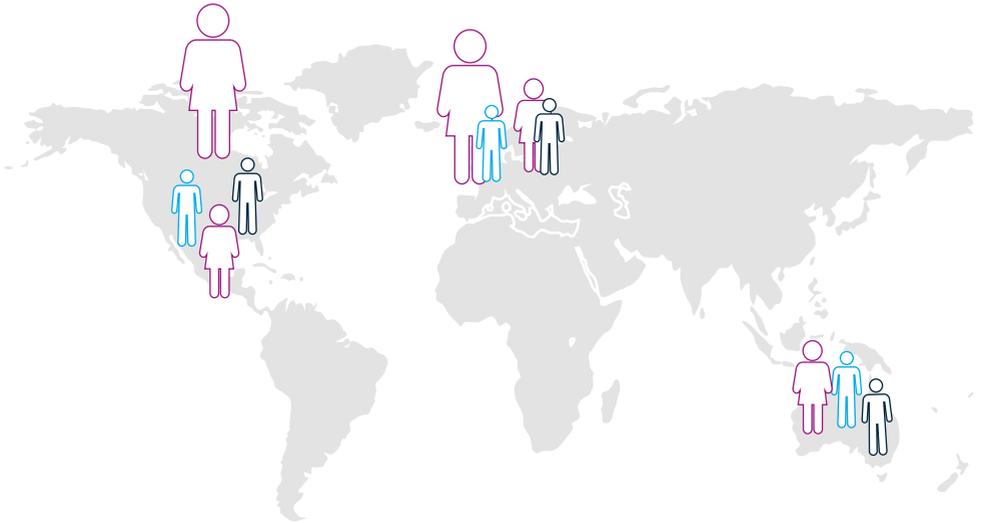
20.2%

of UK senior management roles are held by women, which is 50 out of a total of 248.

A global focus on gender

We continue to increase the proportion of women in our organisation each year. At the time of reporting, 22.35% of our global workforce were women, up from 21.95% in the previous year. Since publishing our first pay gender report, we have made year-on-year increases to women in management positions.

While we have made progress, our focus and efforts continue to work towards our global ambition of 30% female workforce by 2030.



The actions we are taking to reduce our gender pay gap

We aim to foster a workplace that is inclusive; where our differences are not only embraced but make us stronger. People are at the centre of what we do, so it's important that everyone feels supported, empowered and can grow and develop their talents to the full.

Enabling gender balance remains our long-term plan as we continue to address the drivers of our gender pay gap using an evidence-based approach and monitoring progress to try to drive greater inclusivity.

Some of the actions we are taking to reduce our gender pay gap form part of our wider Inclusion, Diversity & Belonging approach and we have a number of initiatives and interventions in place.



Encouraging more women into technical and engineering roles

Employing highly skilled people with a STEM education is critical to QinetiQ. These skills help us deliver expertise to our defence and security customers and keep countries safe and secure.

Some of the activities we have undertaken include:

- Actively supporting campaigns such as International Women in Engineering Day
- Targeting activities for girls in STEM throughout the year; approximately 30% of our STEM ambassadors are female and are key role models
- Sponsoring the UK Women in Defence Innovation & Creativity Award
- Founding member of The 5% Club which has specific campaigns and initiatives focused on diverse talent
- Actively participating in expert networks to share best practice within our industry and other sectors
- Showcasing and recognising the achievements of our women internally and externally on our careers website and social media channels



Attraction, recruitment and engagement

To address the gender imbalance in our organisation, we need to attract, recruit and retain more female candidates.

We have engaged in several activities including:

- Providing unconscious bias and inclusive recruitment training for our hiring managers
- Gathering data to better understand diversity in the market and potential pipeline
- Considering job design for all new roles
- Strengthening our recruitment processes to attract applicants from all genders
- Actively targeting applications from diverse groups
- Building and strengthening our internal and external partnerships on gender
- Designing our pilot STEM returners programme
- Our Adaptive Working approach is designed to support a variety of working patterns and hybrid working to provide flexibility and life balance
- Improving reward and recognition
 - > Continuing the AEIS, providing all employees with an equal opportunity to receive a bonus of a fixed value
 - > Continuing our Pay & Progression process which is used for grade promotions and in-role progression
 - > Celebrating the contribution of all our employees through our Thank Q recognition scheme and annual Global Recognition Gala



Investing in training and awareness

We are investing in the design and delivery of awareness training, education and support for new and existing managers and employees.

We have designed and introduced a D&I curriculum which is:

- Providing mandatory training for all employees on inclusion, diversity & belonging
- Strengthening and expanding our D&I resource hub on our intranet
- Developing toolkits that managers can use to develop understanding and commitment in their teams
- Growing our seven employee networks including 'Gender Balance' and 'Hormonal Imbalance'
- Delivering our mentoring and coaching strategies including our reverse mentoring, mentoring and gender equity



Growing our talent pipeline for the long-term

We aim to make meaningful and sustainable progress toward gender equality, focusing on women representation in our talent pipeline for the long-term.

We believe fostering inclusive work cultures where women's careers thrive and their achievements are celebrated is critical to progression.

Actions include:

- Widening our programme around talent and succession for senior leaders
- A focus on creating diverse candidate shortlists
- Focusing on attraction and recruitment of women in Early Careers Programme
- Promoting STEM careers for females through our outreach programmes

Inclusion, Diversity & Belonging strategy

The initiatives described form part of our refreshed Inclusion, Diversity & Belonging strategy, supported by a Steering Group and discussed with our Board regularly. We have a clear roadmap and desire to improve D&I, enhancing business performance and creating a stronger company.

We recognise that some positive activities, such as attracting more women onto our graduate and apprentices programmes, will increase the proportion of women on lower salaries at the start of their careers. This may have a negative impact on our gender pay gap in the short-term. However, this is clearly the right thing to do. We have seen an increase in the percentage of women joining our Early Careers Programme during the last three years and are keen to progress this further.

Our future focus

Moving forward we are reviewing and evolving our systems and processes to create an environment where our people can thrive.

We will be focusing on:

- Creating a workplace that is attractive to women joining and staying with QinetiQ
- Supporting career progression of women and in particular women in leadership roles
- Listening to what our people have to say about working here and taking action to make improvements
- Boosting the next generation of women in STEM
- Fostering inclusive behaviours, with particular focus on inclusive leadership practices
- Improving and increasing data collection and tracking to highlight any bias that may exist
- Sharing experiences and learning across our organisation
- Participating in external best practice networks

To solve our customers complex problems we need diverse talent, and to attract, develop and engage that talent we must support every one of our people to build a rewarding career and achieve their full potential.

Enabling increased gender representation remains our long-term plan as we continue to tackle the drivers of our gender pay gap using an evidenced based approach and monitoring progress to drive greater inclusivity.



QinetiQ

Cody Technology Park
Ively Road, Farnborough
Hampshire, GU14 0LX
United Kingdom

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