

UK pay gap report Gender and ethnicity

Report 2024



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Committed to change

At BAE Systems, we are working hard to build an inclusive culture where every individual can thrive. While this report reflects our compliance with current UK reporting requirements, it also serves as an important tool to help assess and address our progress towards this broader aim. By being transparent and open, we can discuss inclusion with our employees and other stakeholders, identify actions we can take to improve and measure progress over time.

We know that delivering change will take time and require a sustained and collaborative effort. We are determined to make BAE Systems a place where all our people can achieve their full potential.



A handwritten signature in black ink, appearing to read 'Tania Gandamihardja'.

Tania Gandamihardja
Group Human Resources Director
BAE Systems

Building an inclusive culture at BAE Systems

Our purpose

At BAE Systems we serve, supply and protect those who serve and protect us, in a corporate culture that is performance driven and values led.

BAE Systems employs a highly skilled workforce of around 49,000 people across the UK. Our ambition is to have a high performing workforce that enables business performance and growth by having an inclusive culture where all employees are respected, feel valued and are supported to achieve their full potential.

- > In the UK, and by 2030 at the latest, our ambition is that more than 30% of our workforce will be women. This includes more women in senior grades and in science, technology, engineering and maths roles.
- > On 5 April 2024, 75.4% of our employees were men and 24.6% were women.
- > In 2024, 29.7% of our apprentice intake in the UK were female.
- > We meet the targets for gender set by the **Hampton Alexander Review**. More than 50% of our non-executive directors are women.

- > We meet the target set by the **Parker Review**, which requires each FTSE 100 Board to have at least one director from an ethnic minority background.
- > We are part of the **Change the Race Ratio** commitment and are working towards doubling the ethnic minority members of our Executive Committee (EC) and their direct reports (EC-1) by December 2027.

- > In 2024, 28.3% of our graduate starters were from an ethnic minority background.
- > We have a comprehensive gender identity policy and provide a range of support and training for employees and their managers in order to create a supportive environment for all, regardless of gender identity and expression.



Creating opportunity

Building a more diverse workforce in the engineering sector requires commitment over many years. We aim to create more access to opportunity, with education and training at the heart of our approach. We support our people and those in the communities where we work to develop skills, while offering long-term and fulfilling careers where they can achieve their full potential.

This is vital to help the UK maintain its technology advantage in defence, whilst also growing the economy and developing a fairer society. Below are some examples of this commitment in action in the UK.

- > In 2024, we recruited almost 2,300 new apprentices and graduates. 29.7% of our new apprentices were women and 28.3% of our new graduates were from a non-white ethnic group.
- > In 2024, our Women in Engineering work experience programme for girls aged 14 to 15 was completed by 162 people, 107 of whom were offered an apprenticeship.
- > 2024 marked the 10th year of our partnership with Movement for Work. In that time nearly 1,000 young people of all backgrounds have begun a Movement to Work programme with us. One third now have permanent roles at BAE Systems.
- > Working with the Royal Navy and Royal Air Force, our schools roadshow aims to inspire young people to choose careers in STEM by showcasing real engineering roles. The roadshow has now engaged more than 1.3 million young people.
- > We are very proud that in November 2024 BAE Systems was awarded the Social Justice Employer of the Year Award at the Department of Education's Apprenticeships and Skills Awards for our work in supporting social mobility and delivering opportunity.



Gender pay gap



About our gender pay gap reporting

We calculate our gender pay gap by calculating the difference between the average earnings of men and women in BAE Systems' UK business. In our report we provide data on both the 'mean' difference and the 'median' difference.

A mean pay difference is calculated by taking the average hourly earnings of everyone in an organisation, including their pay and bonus, and comparing the difference between men and women employees.

A median pay difference is calculated by taking the figure in the middle of the range of pay and bonus, arranged from the smallest to the largest.

In any year, a number of factors impact our gender pay gap data. This could include changes in the total number of employees and those joining our organisation at different stages in their careers, including at early careers and senior levels.

A pay gap is not the same as equal pay, which requires that men and women in the same job in an organisation are paid the same.

Our approach to pay and reward is designed to be irrespective of gender. Through our governance, the reporting of our policies and processes and the training we require of our line managers, we aim to ensure there is no bias in our approach to pay.

A pay gap of 7% means that men are in jobs that are paid 7% more on average than women employees.

This report has been compiled in accordance with the UK government's mandatory gender pay gap reporting requirements and guidance. It covers all employees working for our UK legal entities on 5 April 2024 and shows a breakdown of data for those legal entities with more than 250 employees.

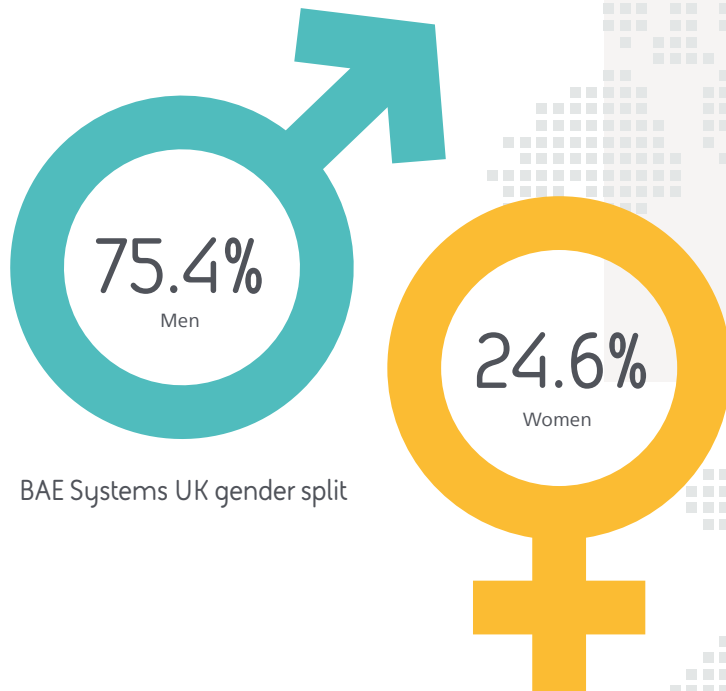


Our people: Gender

We are reporting:

- > gender balance in our organisation;
- > mean gender pay gap;
- > median gender pay gap;
- > the proportion of men and women who receive a bonus;
- > mean gender bonus gap;
- > median gender bonus gap; and
- > gender distribution across pay quartiles.

On 5 April 2024, 75.4% of our employees were men and 24.6% were women.



BAE Systems UK gender split



Our gender pay gap

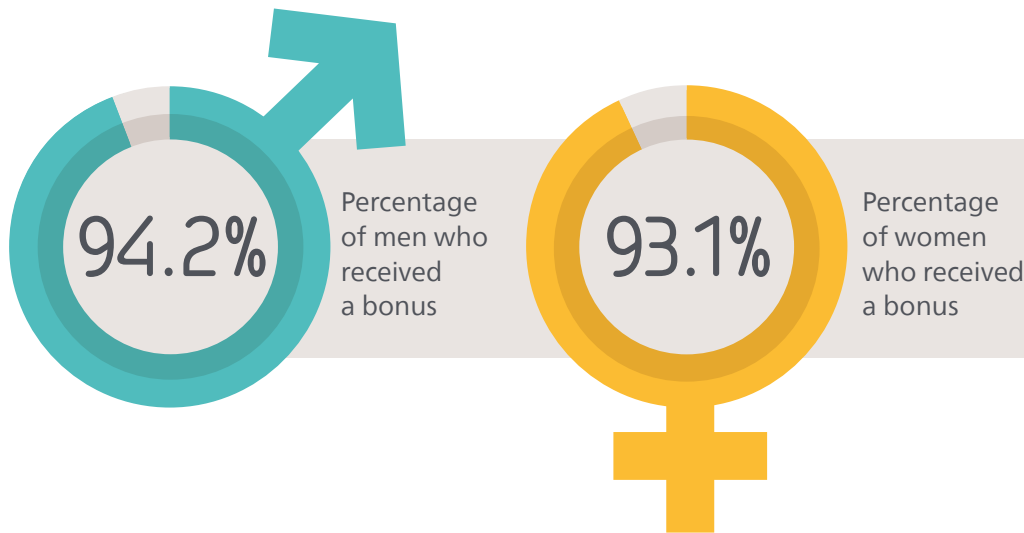
Looking at all our UK legal entities, we have a mean gender pay gap of 7.6% and a median gender pay gap of 8.1%.

In 2024, we continued to deliver a small but positive change to our gender pay gap and also a small continuous increase in the number of women employed in our UK businesses.

The latest figures from the Office of National Statistics (ONS) dating from 2024 found that the median UK gender pay gap is 13.1%

Looking at the bonuses that our employees in all our UK legal entities received, we have a mean gender bonus gap of 0.8% and a median gender bonus gap of 8.1%.

94.2% of men received a bonus compared to 93.1% of women.



7.6%

Mean gender pay gap

8.1%

Median gender pay gap

0.8%

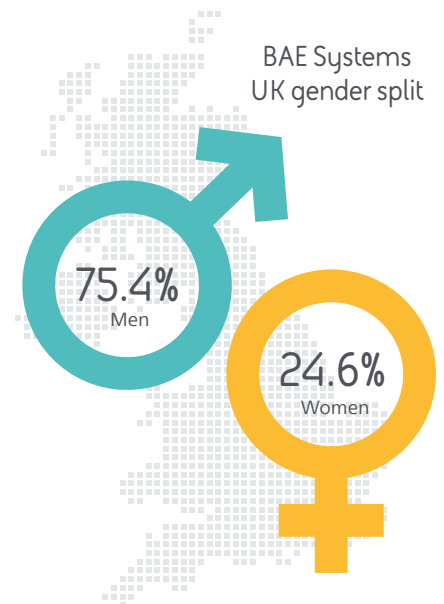
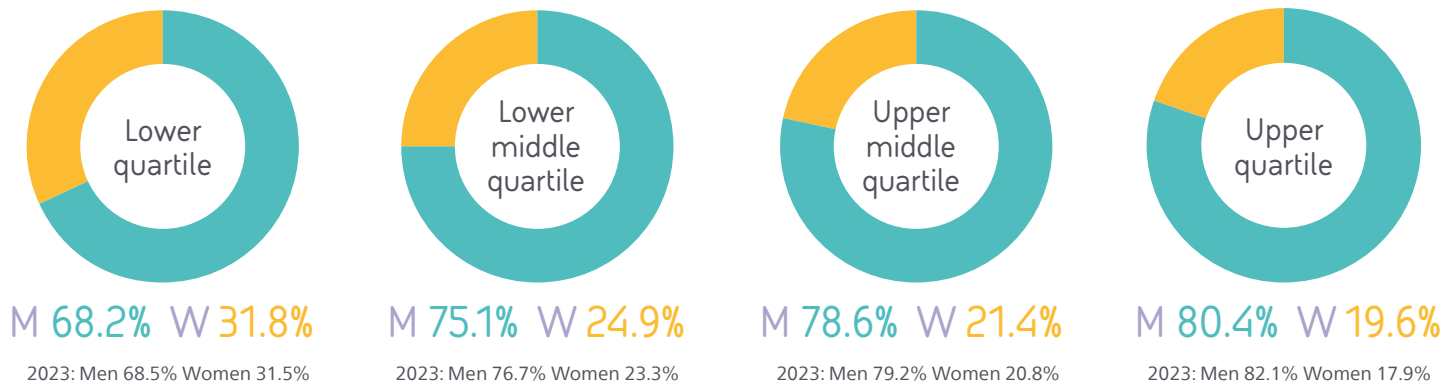
Mean gender bonus gap

8.1%

Median gender bonus gap



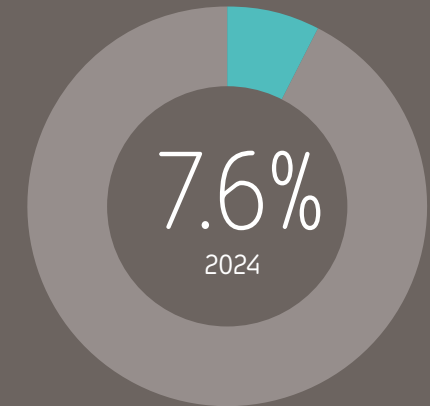
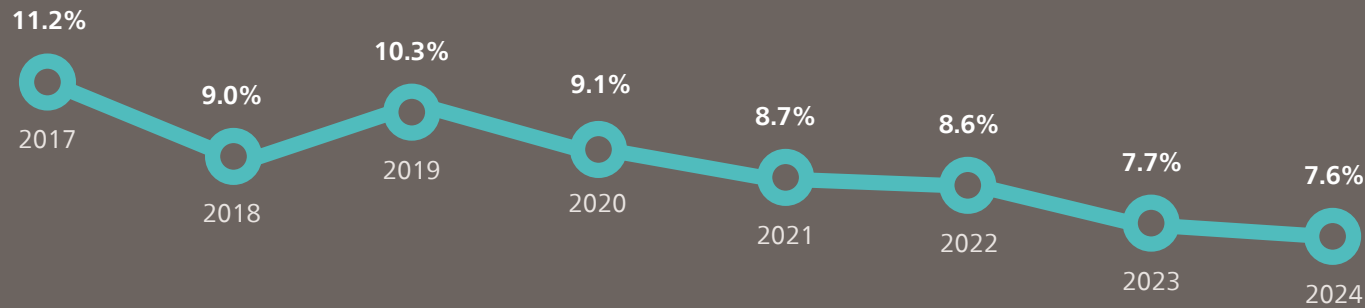
Distribution of all UK employees across pay quartiles (as of 5 April 2024)



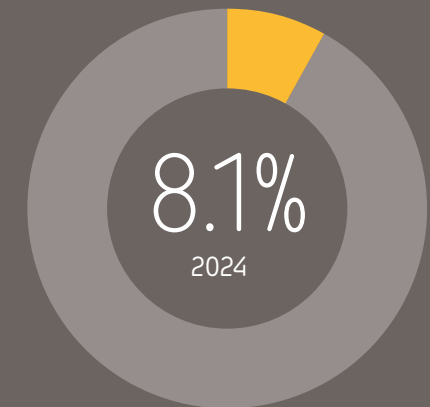
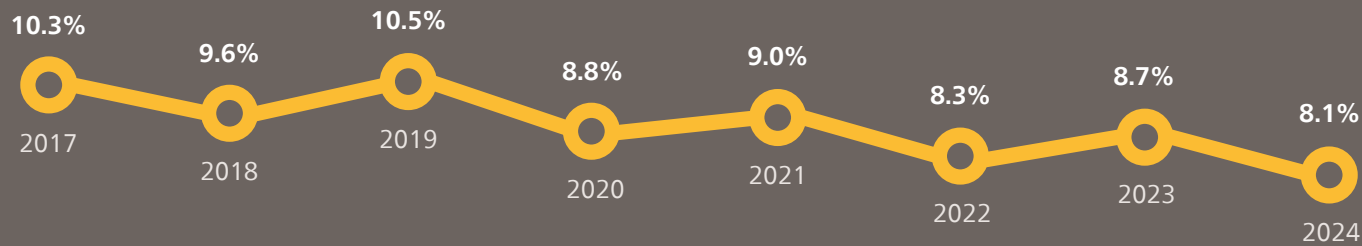
The chart shows the distribution of men and women in our UK business within four pay quartiles. The upper quartile is the highest paid quarter of our workforce and the lower quartile is the lowest paid quarter of our workforce. The upper middle quartile and lower middle quartile divide the remaining employees accordingly.

Gender pay gap over time

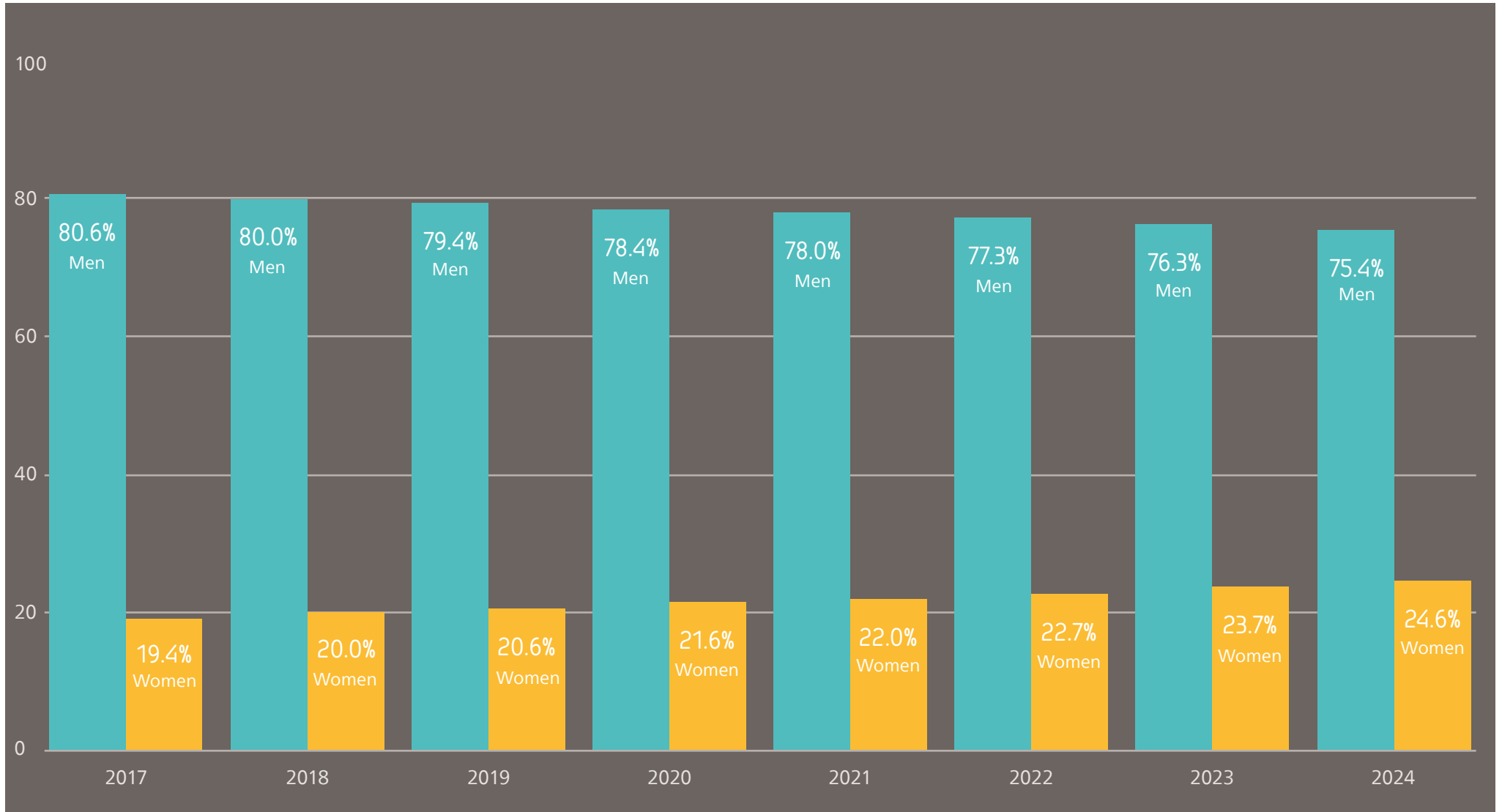
BAE Systems mean pay gap over time



BAE Systems median pay gap over time



Gender balance over time



Gender pay gap data table

| Legal Entity | Gender pay gap | | Gender bonus gap | | Percentage of population receiving a bonus | | Percentage of men and women in pay quartiles | | | | | | | |
|---|----------------|-------------|------------------|-------------|--|--------------|--|--------------|-----------------------|--------------|-----------------------|--------------|----------------|--------------|
| | Mean | Median | Mean | Median | Men | Women | Lower quartile | | Lower middle quartile | | Upper middle quartile | | Upper quartile | |
| | | | | | | | Men | Women | Men | Women | Men | Women | Men | Women |
| All legal entities 2024* | 7.6% | 8.1% | 0.8% | 8.1% | 94.2% | 93.1% | 68.2% | 31.8% | 75.1% | 24.9% | 78.6% | 21.4% | 80.4% | 19.6% |
| BAE Systems plc | 6.1% | 8.1% | -3.9% | 14.5% | 96.5% | 96.6% | 65.8% | 34.2% | 74.2% | 25.8% | 75.7% | 24.3% | 78.5% | 21.5% |
| BAE Systems (Operations) Limited | 6.7% | 5.2% | 7.1% | 4.2% | 95.6% | 95.2% | 71.7% | 28.3% | 76.7% | 23.3% | 80.2% | 19.8% | 83.9% | 16.1% |
| BAE Systems Applied Intelligence Limited | 15.6% | 17.4% | 33.7% | 32.2% | 98.1% | 97.3% | 66.1% | 33.9% | 73.4% | 26.6% | 79.5% | 20.5% | 84.9% | 15.1% |
| BAE Systems Global Combat Systems Munitions Limited | 4.8% | 5.3% | -0.3% | 5.4% | 92.3% | 91.2% | 79.5% | 20.5% | 81.5% | 18.5% | 93.8% | 6.2% | 85.6% | 14.4% |
| BAE Systems Marine Limited | 11.7% | 12.5% | 10.6% | 0.0% | 92.3% | 89.6% | 62.8% | 37.2% | 66.1% | 33.9% | 77.6% | 22.4% | 85.8% | 14.2% |
| BAE Systems Surface Ships Limited | 1.9% | 3.1% | 11.8% | -2.3% | 94.3% | 92.8% | 76.4% | 23.6% | 84.7% | 15.3% | 83.7% | 16.3% | 82.8% | 17.2% |
| BAE Systems Services Limited | 20.8% | 26.4% | 23.5% | 21.4% | 93.4% | 92.6% | 28.6% | 71.4% | 42.2% | 57.8% | 55.5% | 45.5% | 68.2% | 31.8% |

* All UK Legal Entities data provides a complete view of our UK businesses (for relevant employees), so also includes areas where there are fewer than 250 employees and therefore are not reported separately given the legislative guidance. The seven legal entities listed are reportable under the Gender Pay Gap legislation as they each employ 250 or more people. A negative percentage shows that women employees have higher pay or bonus payments than men employees



Ethnicity pay gap

About our ethnicity pay gap reporting

Ethnicity pay gap reporting shows the percentage difference in average pay and bonuses for white employees and employees from all other ethnic groups.

We calculate our ethnicity pay gap by assessing the difference between the average earnings of white employees and employees from all other ethnic groups in BAE Systems' UK businesses. In our report we provide data on both the 'mean' difference and the 'median' difference.

A mean pay difference is calculated by taking the average hourly earnings of everyone in an organisation, including their pay and bonus, and comparing the difference between white employees and employees from all other ethnic groups.

A median pay difference is calculated by taking the figure in the middle of the range of pay and bonus, arranged from the smallest to the largest.

In any year, a number of factors impact our ethnicity pay gap data. This could include changes in how many of our employees declare their ethnicity, changes in the total number of employees and those joining our organisation at different stages in their careers, including at senior levels.

A pay gap is not the same as paying someone less because of their ethnicity, which would be discriminatory.

Our approach to pay and reward is designed to be irrespective of ethnicity. Through our governance, the reporting of our policies and processes and the training we require of our line managers, we aim to ensure there is no bias in our approach to pay.

A pay gap of 3% means that white employees are in jobs that are paid 3% more on average than employees in all other ethnic groups. A negative percentage would show that employees from all other ethnic groups have higher pay and/or bonuses than white employees.



2023 was the first year that we have reported on our ethnicity pay gap. As we continue to report over the coming years, we will be able to use this data to track our progress and inform additional actions to close our ethnicity pay gap.

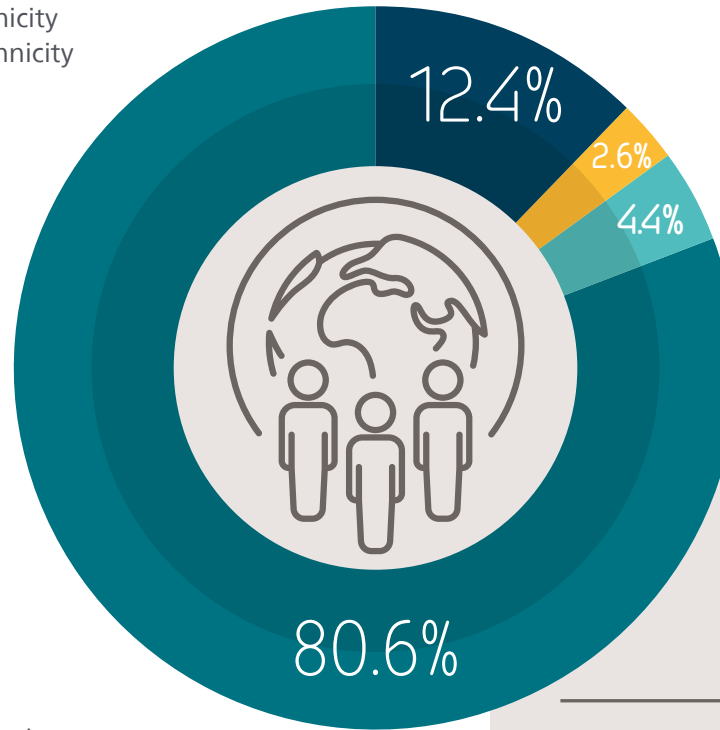
Our people: Ethnicity

In the UK at time of writing, reporting on ethnicity pay gaps is not mandatory. To compile this ethnicity pay gap report, we have closely mirrored the UK Government's Gender Pay Gap Reporting requirements. We are using two categories to group employees, white and all other ethnic groups, to ensure anonymity. This report covers employees working for our UK legal entities.

We are reporting:

- > ethnicity disclosure rates;
- > mean ethnicity pay gap;
- > median ethnicity pay gap;
- > mean ethnicity bonus gap;
- > median ethnicity bonus gap;
- > the percentage of white and all other ethnic groups receiving a bonus; and
- > ethnicity pay gap quartile distribution.


We have shown pay gap data for all our UK legal entities together and data for some of our larger employing legal entities separately.



Disclosure rates

We ask our employees to voluntarily disclose their ethnicity. This helps us understand the demographic makeup of our organisation. 87.6% of our employees have provided an ethnicity disclosure.

- White
- All other ethnic groups
- Not disclosed / Prefer not to say
- No Data

87.6% of our employees have disclosed their ethnicity. 

80.6% our employees identify their ethnicity as white and 4.4% identify as being in all other ethnic groups.

Our ethnicity pay gap

Looking at all our UK legal entities, we have a mean ethnicity pay gap of 5.9% and a median ethnicity pay gap of 6.0%.

Looking at the bonuses that our employees in all our UK legal entities received, we have a mean ethnicity bonus gap of 30.4% and a median ethnicity bonus gap of -3.0%.

94.6% of our white employees received a bonus compared to 92.2% of employees from all other ethnic groups.

Percentage of white employees received a bonus



Percentage of employees from all other ethnic groups received a bonus



5.9%

Mean ethnicity pay gap

6.0%

Median ethnicity pay gap

30.4%

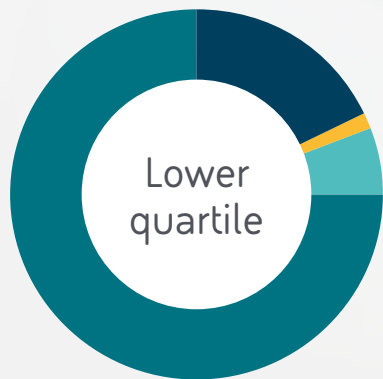
Mean ethnicity bonus gap

-3.0%

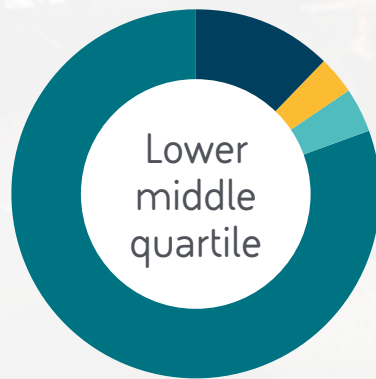
Median ethnicity bonus gap



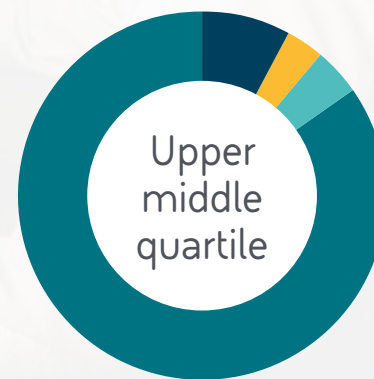
Distribution of all UK employees across pay quartiles



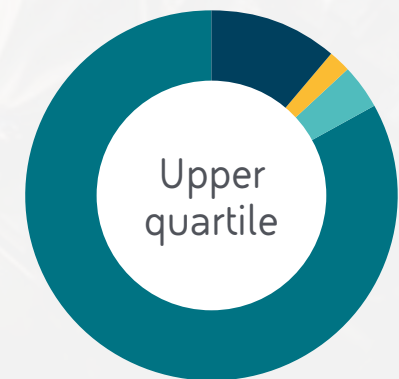
74.9% 17.8% 5.8% 1.5%



80.3% 12.3% 4.1% 3.3%



84.7% 8.0% 4.0% 3.3%



82.9% 11.2% 3.8% 2.1%

We divided all our employees into quartiles by pay. The upper quartile is the highest paid quarter of our workforce and the lower quartile is the lowest paid quarter of our workforce. The upper middle quartile and lower middle quartile divide the remaining employees accordingly.



- White
- All other ethnic groups
- Not disclosed / Prefer not to say
- No Data

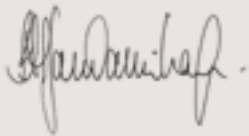
Ethnicity pay gap data table

| Legal Entity | Ethnicity pay gap | | Ethnicity bonus gap | | Percentage of ethnic groups in pay quartiles | | | | | | | | | | | | | | | |
|---|-------------------|-------------|---------------------|--------------|--|-------------------------|-------------------|--------------|-----------------------|-------------------------|-------------------|--------------|-----------------------|-------------------------|-------------------|-------------|----------------|-------------------------|-------------------|--------------|
| | Mean | Median | Mean | Median | Lower quartile | | | | Lower middle quartile | | | | Upper middle quartile | | | | Upper quartile | | | |
| | | | | | White | All other ethnic groups | Prefer not to say | No Data | White | All other ethnic groups | Prefer not to say | No Data | White | All other ethnic groups | Prefer not to say | No Data | White | All other ethnic groups | Prefer not to say | No Data |
| All legal entities* | 5.9% | 6.0% | 30.4% | -3.0% | 74.9% | 5.8% | 1.5% | 17.8% | 80.3% | 4.1% | 3.3% | 12.3% | 84.7% | 4.0% | 3.3% | 8.0% | 82.9% | 3.8% | 2.1% | 11.2% |
| BAE Systems plc | 0.0% | 2.1% | 26.8% | 8.6% | 89.6% | 4.4% | 1.0% | 5.0% | 91.7% | 2.6% | 1.5% | 4.2% | 93.1% | 3.3% | 1.2% | 2.4% | 89.8% | 3.1% | 1.3% | 5.8% |
| BAE Systems (Operations) Limited | 10.1% | 10.4% | 12.2% | 7.8% | 72.3% | 8.6% | 1.5% | 17.6% | 80.2% | 5.1% | 4.0% | 10.7% | 85.3% | 3.8% | 3.7% | 7.2% | 87.8% | 3.5% | 3.8% | 4.9% |
| BAE Systems Applied Intelligence Limited | 19.4% | 18.3% | 46.0% | 32.4% | 32.6% | 10.8% | 1.3% | 55.3% | 41.1% | 10.2% | 1.9% | 46.8% | 45.3% | 8.8% | 3.0% | 42.9% | 55.8% | 5.8% | 2.5% | 35.9% |
| BAE Systems Global Combat Systems Munitions Limited | 3.0% | 3.9% | 3.5% | -6.5% | 82.9% | 3.8% | 2.1% | 11.2% | 75.3% | 5.5% | 2.7% | 16.5% | 82.5% | 1.4% | 3.1% | 13.0% | 86.3% | 2.7% | 5.5% | 5.5% |
| BAE Systems Marine Limited | 5.9% | 11.4% | -1.5% | 0.0% | 76.9% | 4.2% | 1.2% | 17.7% | 81.9% | 2.3% | 2.6% | 13.2% | 83.4% | 1.7% | 4.0% | 10.9% | 88.7% | 2.4% | 3.9% | 5.0% |
| BAE Systems Surface Ships Limited | 4.3% | 1.1% | 40.6% | 12.5% | 79.2% | 4.4% | 2.2% | 14.2% | 81.7% | 3.1% | 2.5% | 12.7% | 85.3% | 3.7% | 3.6% | 7.4% | 89.3% | 4.1% | 2.3% | 4.3% |
| BAE Systems Services Limited | 8.1% | 4.3% | 26.4% | 13.5% | 75.6% | 10.7% | 0.0% | 13.7% | 82.7% | 8.7% | 0.7% | 7.9% | 77.2% | 9.6% | 1.8% | 11.4% | 83.6% | 6.3% | 1.1% | 9.0% |

* All UK Legal Entities data provides a complete view of our UK business (for relevant employees), so also includes areas where there are fewer than 250 employees and therefore are not reported separately given the legislative guidance. The seven legal entities listed each employ 250 or more people. A negative percentage shows that employees from all other ethnic groups have higher pay or bonuses than white employees.

We confirm the information and data reported is accurate and in line with the UK government's Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

For BAE Systems plc



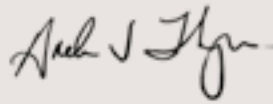
Tania Gandamihardja

For BAE Systems
(Operations) Limited



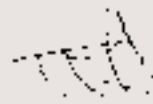
Simon Barnes

For BAE Systems
Applied Intelligence
Limited



Andrea Thompson

For BAE Systems
Global Combat
Systems Munitions
Limited



Glynn Plant

For BAE Systems
Marine Limited



Steve Timms

For BAE Systems
Surface Ships
Limited



Simon Lister

BAE Systems
Services Limited



Chloe Chambers



For more information use the QR code to be directed to the BAE Systems website.