



UK Gender Pay Gap

Report 2022

BAE SYSTEMS

Contents

Read each section to find out more.



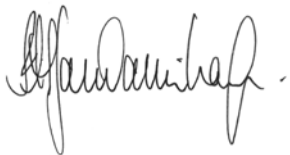
Committed to change

At BAE Systems we want to be recognised as the leading employer in the defence and security sector for valuing diversity and inclusion, and aspire for 30% of our UK workforce to be made up of women by 2030.

Despite the historical challenges in bringing more women and girls into engineering and manufacturing sectors, we are starting to make some headway – with 30% of our 1,073 apprentice intake in 2022 identifying as women.

In the last few months we joined Bloomberg's Gender Equality Index, which measures the performance of companies reporting gender-related data. We also achieved 'Menopause Friendly' accreditation across our UK business. You can read more about other practical steps we're taking to drive gender equity on [page 9](#).

Ensuring our workplace is a welcoming environment for everyone is critical to our success and we are committed to delivering positive changes for women.



Tania Gandamihardja
Group Human Resources Director



Ensuring our workplace is a welcoming environment for everyone is critical to our success and we are committed to delivering positive changes for women.

About our Report

In any year a number of factors will impact our gender pay gap data. This could include workforce attrition, increases in the total numbers of employees and the numbers of women joining our organisation at different stages in their careers, including at senior levels.

Our gender pay gap report helps us ensure BAE Systems is a workplace in which women can succeed and progress. We also know that delivering change will take some time and demands a collaborative effort with other defence, engineering and manufacturing organisations.

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.

An explanation of the terms

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

We calculate our gender pay gap by assessing the difference between the average earnings of women and men 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 women and men.

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.

Delivering change takes time and demands a collaborative effort.



An overview of our data

The figures in our report are aggregated and include all relevant UK employees. They meet the requirements of the UK regulations for organisations with more than 250 employees.

We report both the mean and median gender pay gap and the distribution between genders across pay quartiles. We also report the bonus gender pay gap and the proportion of women and men who receive a bonus.

In 2022, we delivered a small but positive change to our gender pay gap and also increased the number of women employed in our UK business. We are continuing our activities to deliver more progress in the years to come.

8.6%

the mean or average pay gap

6.3

percentage points lower than the national average pay gap

20%

the mean or average bonus gap

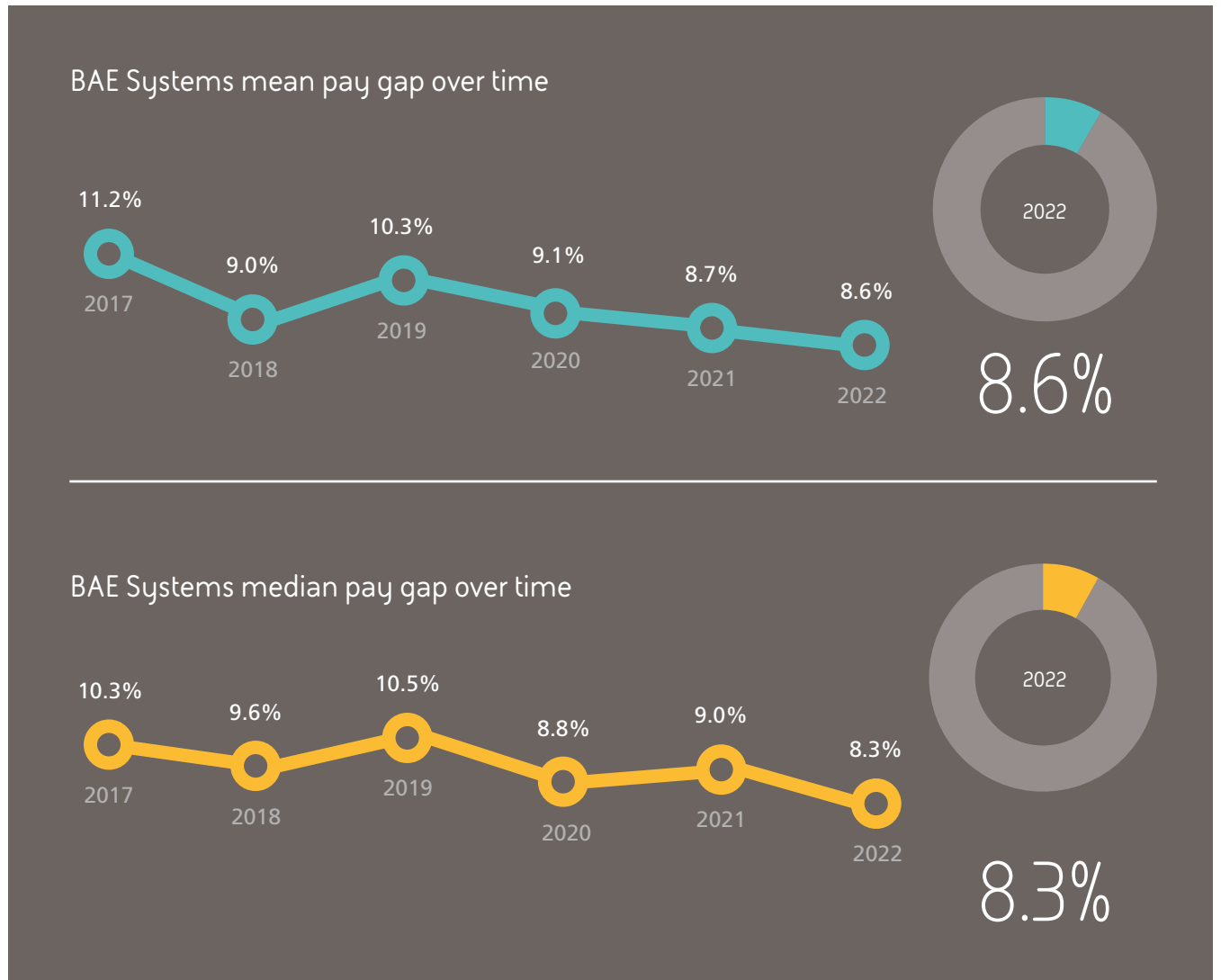
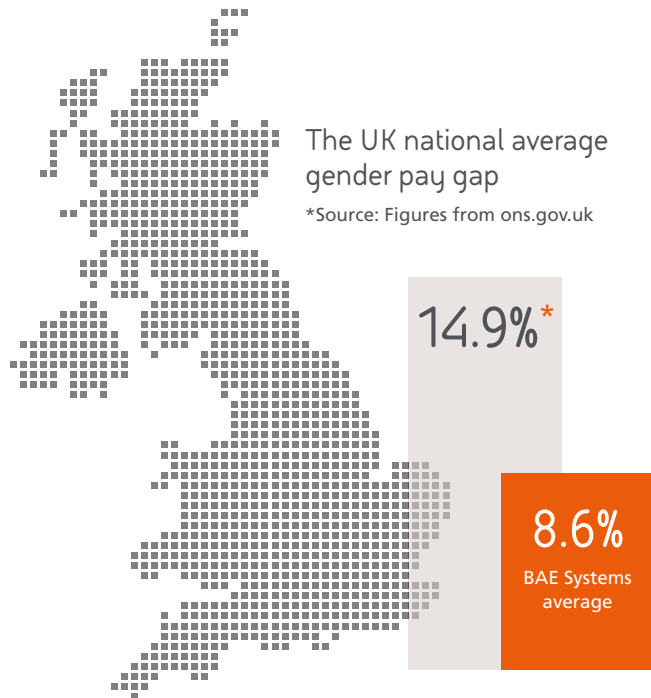
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overall gender split of our workforce (23% are women)

The gender pay gap

In 2022, the mean or average pay gap between women and men in our UK business was 8.6% in favour of men. To arrive at this figure, we calculated average hourly earnings, including pay and bonus, and compared the difference between women and men.

Our median pay gap was 8.3%. The median is the figure that falls in the middle of the range when employee pay and bonus are arranged from the smallest to the largest. This calculation shows the difference between women and men's pay at a mid-point.



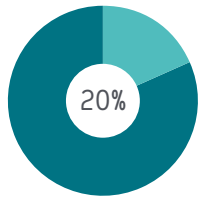
The bonus gender pay gap

In 2022, 90.3% of women and 90.6% of men received a bonus.

We calculated a mean gap in bonus between women and men of 20%, with a median gap of 12.0%.

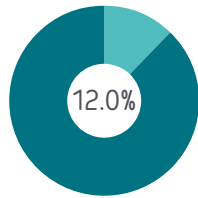
Our bonus figures can fluctuate from year to year as our bonuses can be made up of 'one-off' payments. These can include incentives, the sale of shares and financial recognition awards. In addition, the movement of individuals in and out of our business does impact our data.

BAE Systems mean bonus gap



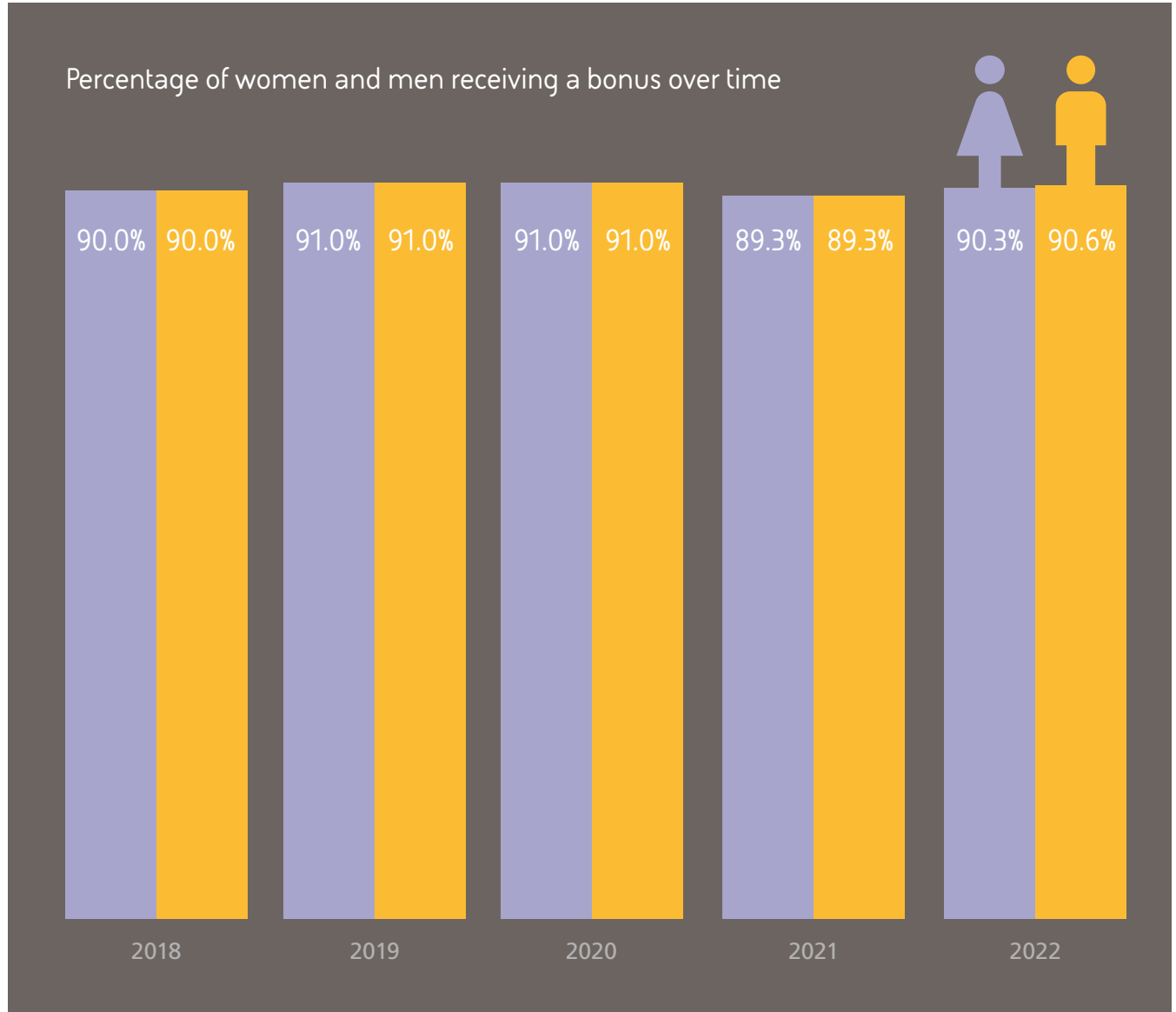
2020: 20.6%, 2021: 17.2%

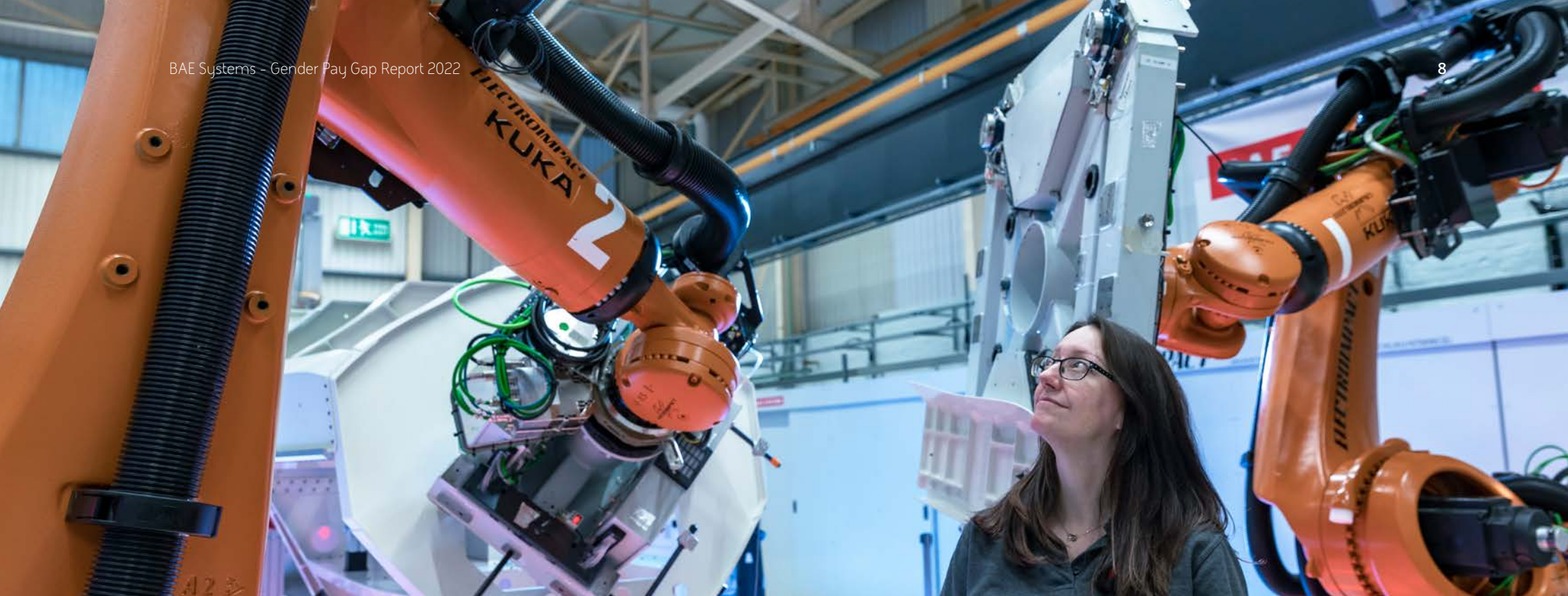
BAE Systems median bonus gap



2020: 7.3%, 2021: 7.0%

Percentage of women and men receiving a bonus over time





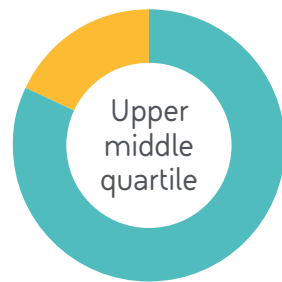
Distribution of all UK employees across pay quartiles (as of 5 April 2022)



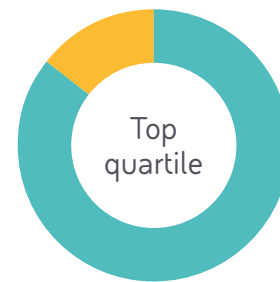
2021: Women 29.6% Men 70.4%



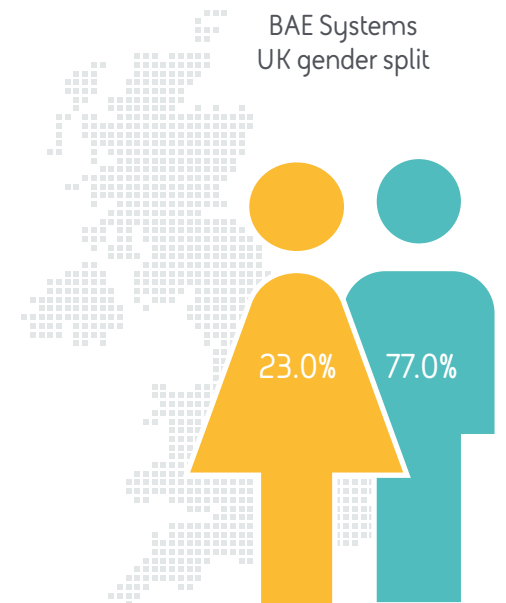
2021: Women 22.0% Men 78.0%



2021: Women 18.7% Men 81.3%



2021: Women 16.6% Men 83.4%



The chart above shows the distribution of employees in our UK business within four pay quartiles. The lowest quartile represents more junior roles in our organisation, such as apprentices, while the top quartile represents the most senior roles which are the highest paid. We are committed to bringing more women into the organisation and increasing the number of women through middle and senior roles, creating a more inclusive organisation across pay grades. These figures are based on all active employees paid in GBP as of 5 April 2022.

Driving gender equity – what we're doing at BAE Systems

The commitment of our people, their skills and talent are critical to how BAE Systems supports the armed forces and security services in defending nations in the skies, in space, at sea and on land. We often describe BAE Systems as a 'skills enterprise' and we are immensely proud of our peoples' engineering, design, manufacturing and servicing capabilities.

Women in STEM – an improving picture

Unfortunately the science, engineering, technology and maths (STEM) skills that are critical to our business have not historically been studied by as many women as men. We are optimistic however, that this picture is improving; a report published in March 2022 by EngineeringUK showed that 16.5% of those working in engineering are female, compared to 10.5% in 2010.

GEN
Supporting Gender Equity



Delivering change through practical steps

We are accelerating our efforts to drive gender equity and to deliver a workplace where women can excel, by:

- > Inspiring girls about STEM through a schools roadshow programme that has now reached 1million pupils
- > Encouraging our 800 STEM Ambassadors to visit schools and youth groups
- > Flexing our recruitment requirements and strengthening our recruitment tools and employer brand to attract more applications from women
- > Rolling out diversity, equity and inclusion training to all UK employees
- > Supporting the objectives of GEN, our 500+ strong employee resource group
- > Offering flexible working and a Working Adjustment Passport
- > Offering a competitive range of family leave benefits to support our employees
- > Providing free period products throughout our organisation
- > Achieving accreditation as a Menopause Friendly Employer
- > Expanding career development and mentoring programmes for women
- > Joining the Bloomberg Gender Equality Index to measure and benchmark our performance
- > Partnering with other defence and security organisations to achieve change through initiatives like the Women in Defence Charter and WeAreTechWomen
- > Consistently promoting positive stories of women role models in our workplace and across all our communications channels



WeAreTechWomen

Appendix

Our results by UK legal entity employing 250 or more people.

Legal Entity	Gender Pay Gap		Gender Bonus Gap		Percentage of population receiving a bonus		Percentage of women and men in pay quartiles							
	Mean	Median	Mean	Median	Women	Men	Lower quartile		Lower middle quartile		Upper middle quartile		Top quartile	
							Women	Men	Women	Men	Women	Men	Women	Men
All legal entities 2022*	8.6%	8.3%	20.0%	12.0%	90.3%	90.6%	30.1%	69.9%	23.4%	76.6%	19.6%	80.4%	17.2%	82.8%
BAE Systems plc	17.3%	14.4%	37.5%	23.3%	95.5%	95.1%	45.8%	54.2%	22.7%	77.3%	20.3%	79.7%	21.1%	78.9%
BAE Systems (Operations) Limited	7.3%	7.3%	7.8%	5.5%	88.9%	88.6%	28.5%	71.5%	23.0%	77.0%	17.2%	82.8%	13.7%	86.3%
BAE Systems Applied Intelligence Limited	15.7%	21.9%	29.8%	30.6%	88.8%	88.6%	31.7%	68.3%	28.0%	72.0%	19.8%	80.2%	15.1%	84.9%
BAE Systems Global Combat Systems Munitions Limited	5.1%	5.1%	1.0%	-2.7%	93.4%	94.1%	20.6%	79.4%	16.1%	83.9%	9.0%	91.0%	14.0%	86.0%
BAE Systems Marine Limited	10.8%	11.9%	19.1%	0.0%	88.2%	90.1%	35.2%	64.8%	28.6%	71.4%	20.6%	79.4%	14.9%	85.1%
BAE Systems Surface Ships Limited	2.6%	4.4%	9.1%	0.0%	90.8%	92.9%	20.9%	79.1%	19.5%	80.5%	16.4%	83.6%	15.7%	84.3%
All legal entities 2021*	8.7%	9.0%	17.2%	7.0%	89.3%	89.3%	29.6%	70.4%	22.0%	78.0%	18.7%	81.3%	16.6%	83.4%
All legal entities 2020*	9.1%	8.8%	20.6%	7.3%	91.0%	91.0%	28.0%	72.0%	22.0%	78.0%	19.0%	81.0%	16.0%	84.0%
All legal entities 2019*	10.3%	10.5%	18.6%	12.3%	91.0%	91.0%	28.0%	72.0%	22.0%	78.0%	18.0%	82.0%	14.0%	86.0%
All legal entities 2018*	9.0%	9.6%	18.0%	8.9%	90.0%	90.0%	26.0%	74.0%	21.0%	79.0%	18.0%	82.0%	14.0%	86.0%

*All UK Legal Entities data includes areas in our business where there are fewer than 250 UK employees and therefore are not reported separately given the legislative guidance.

The directors of our legal entities confirm the information and data reported is accurate as of the snapshot date 5 April 2022.

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