



**MBDA UK  
ETHNICITY PAY  
GAP REPORT  
2023**

# Statement from MBDA UK Managing Director

“ This is our third year of voluntarily publishing MBDA UK’s Ethnicity Pay Gap report, and we are now able to compare data across three years.

This year’s report demonstrates some improvement in the reporting categories; we have increased the representation of employees from minority ethnic groups, distributed relatively evenly across the pay quartiles. We have also seen a reduction in the bonus pay gap, for all ethnic minority groups combined and within individual ethnic groups.

The data also tells us that we have more work to do. We still have relatively low representation of minority ethnic groups, in particular at more senior levels of our grading structure, which continues to impact our hourly pay gap data.

We’ve undertaken an internal review to better understand experiences of inclusion relating to race and ethnicity, and I am pleased to share a summary of the actions we will take to improve our ethnicity pay gap in the future. The Ethnicity Pay Gap report will continue to be an important tool for measuring progress as we seek to become an even more inclusive and ethnically diverse organisation. ”



Chris Allam  
Managing Director UK

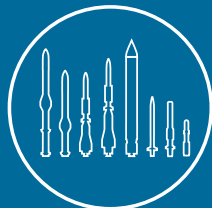
INTEGRITY



COMMITMENT



PASSION



TEAM SPIRIT



INNOVATION



# Ethnicity pay gap reporting explained



## Introduction

Ethnicity pay gap reporting is not a legal requirement, however, we choose to publish our Ethnicity Pay Gap report because we feel it is the right thing to do, and an effective means of analysis to inform targeted action planning.

In 2023 the Government published detailed guidance for employers in calculating ethnicity pay gaps for the first time. Prior to this, MBDA like most other companies was using the approach adopted for the gender pay gap calculations.

Whilst the fundamental approach to the calculations hasn't changed, certain calculation advice has been shared. Specifically, the Government now recommends that a minimum ethnicity category size of 50 employees should be used to ensure statistical robustness when publishing data. Whilst all of our current population sizes for the ethnicity groups we report on are currently in excess of this recommended sample size, historically they were not. Therefore, comparisons to past data should be made with caution.

It should be noted that if ethnicity pay gap reporting becomes a legal requirement in the future, this may require us to adopt a different methodology by law.



## Mean and median pay figures

We look at the mean pay figures because it tells us the average pay within the pay group. This can be skewed by a small number of individuals at either the top or bottom of the pay group, especially where the group is small. Therefore, mean pay figures should not be the only factor considered when reviewing pay gaps.

This is why we also look at the median pay figures, because it tells us the middle pay point within the pay group. This tells us the central tendency, and so can be a better representation of a 'typical' salary within the group.

For all the measures, we have compared employees who self-identify as 'White' collectively against employees who self-identify with any other ethnic group regardless of the job that they do. For the purposes of this report, the term 'White' is used to describe those individuals self-identifying as any White ethnic group: White – British, White – Irish, White – any other White background. Where possible, given the population size, we have also reported the median pay gaps for individual high-level ethnic groups.

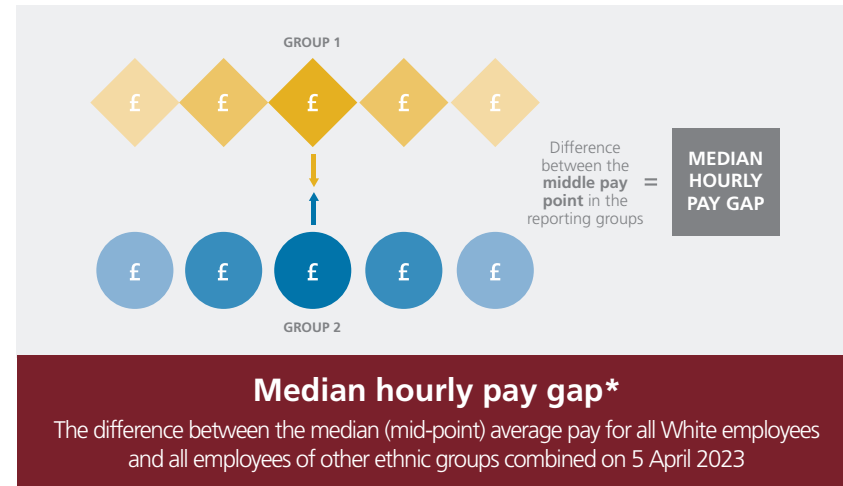
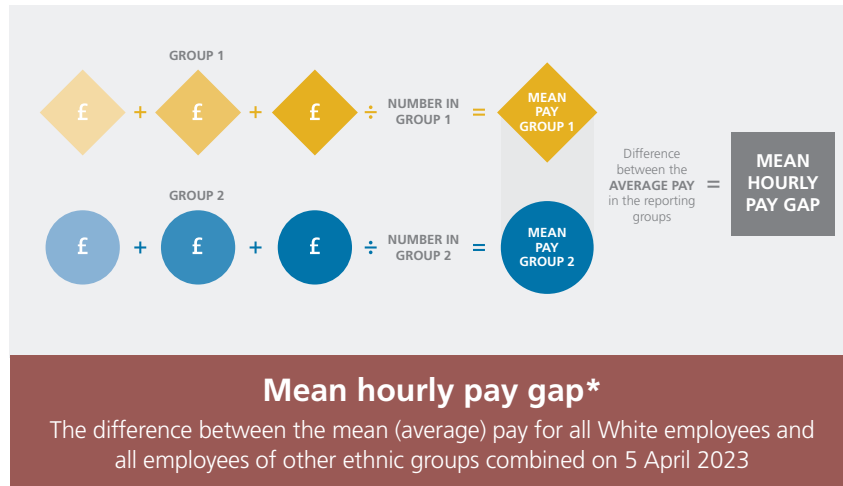
# Methodology



**Our approach for ethnicity pay gap reporting looks at the percentage difference in average pay and bonuses between employees who identify with White ethnic groups and those who identify with other ethnic groups.**

## Hourly pay gap calculation

We include all elements of pay identified as relevant according to the Government guidance for ethnicity pay gap reporting paid during the pay period that includes the snapshot date (5 April 2023). This includes basic salary, allowances, salary sacrifice benefit deductions and any bonus payments paid during this payroll period. It excludes employees on leave with reduced pay, such as statutory maternity, paternity, adoption or shared parental leave, unpaid leave, long-term sickness or career breaks.



\* Hourly pay: includes basic salary, allowances, salary sacrifice benefit deductions and any bonus payments in the April 2023 payroll. It excludes employees on leave with reduced pay, such as statutory maternity, paternity, adoption or shared parental leave, unpaid leave, long-term sickness or career breaks.

# Methodology

## Bonus pay gap calculation

We look at bonus payments over a 12 month period up to April 2023. This includes payments for performance, profit sharing and recruitment, such as employee referral.

### Mean bonus pay gap\*\*

The difference between the mean (average) bonus pay for all White employees and all employees of other ethnic groups combined in the 12 months to April 2023

### Median bonus pay gap\*\*

The difference between the median (mid-point) average bonus pay for all White employees and all employees of other ethnic groups combined in the 12 months to April 2023

## Additional measures

To align with the approach used in gender pay gap reporting, we also report on bonus proportions and quartile pay bands. We look at the proportion of relevant employees who were paid bonus pay during the reporting period. Whilst all MBDA employees are bonus eligible, due to the timing of new employees joining the business and the reporting requirements, not all employees would have received bonus pay in the relevant time period.

For these measures, we have compared employees who identify with White ethnic groups and employees who identify with all other ethnic groups combined.

### Bonus proportions

The percentage of employees who were paid a bonus

### Quartile pay bands

The proportions of employees in each 25% of the pay structure for their hourly pay rate



*\*\* Bonus pay: includes payments for performance, profit-sharing and recruitment, such as employee referral. It does not take into account reduced bonus pay for new starters, part-time employee or career breaks.*

# Ethnicity pay gap reporting explained



## Pay gap reporting vs. equal pay

Pay gap reporting is different to equal pay reporting. Our ethnicity pay gap measures the differences in average pay and bonuses between different ethnic groups across MBDA UK as a whole, regardless of the specific job individuals do or their level within the organisation, whereas equal pay focuses on the pay of employees in the same or similar jobs.

Having a pay gap does not mean that people within different ethnic groups are paid differently in equal roles. Similarly, an organisation could deliver equal pay for equal work but still see pay gaps based on ethnicity, gender or other characteristics.



## Improvement in the pay gap – increasing or decreasing?

When we talk about the pay gap, we refer to it as either increasing or decreasing.

An increased pay gap means that the gap in pay between people in the reporting group has widened – highlighting a negative result compared to the previous report.

A decreased pay gap means that the gap in pay between people in the reporting group has narrowed – highlighting an improved result compared to the previous report.

# Summary of results

## Hourly pay gap

- The overall mean hourly pay gap has increased by 1.1%
- The overall median pay gap has increased by 0.5%
- For most groups, the median hourly pay gap has also increased
- For the Black African, Black Caribbean or Black British group, the median hourly pay gap has decreased by 4.8%

## Bonus pay gap

- The overall mean bonus pay gap has decreased by 4.6%.
- The median bonus pay gap has decreased overall and for each individual reporting group

## Pay quartiles

- Ethnic diversity has increased in every pay quartile compared to last year

Our increased ethnicity representation has come predominantly from our recruitment, particularly at the lower levels of the organisation. This is causing a fluctuation in the pay gap when we compare to previous years. While this recruitment helps build a future pipeline of talent, it demonstrates that we also need to continue to focus on progression and attracting diverse talent into more senior positions.

## Key points

- **Ethnic diversity of employees who identify with an ethnic group other than White has again increased compared to last year, at every quartile of our pay structure**
- **The mean and median hourly pay gap have not improved in most of the reporting groups**
- **The mean and median bonus pay gap have improved in most of the reporting groups**
- **The increase in representation is predominantly from recruitment at the lower levels, resulting in fluctuations in the pay gap when compared to previous years**



Our ethnicity pay gap data highlights the uneven distribution of White employees and employees of other ethnicities in our grading structure.

This does not mean that employees in different ethnic groups are paid differently in equal roles. The pay gap is caused by the uneven distribution of White employees and employees of other ethnicities in our grading structure.

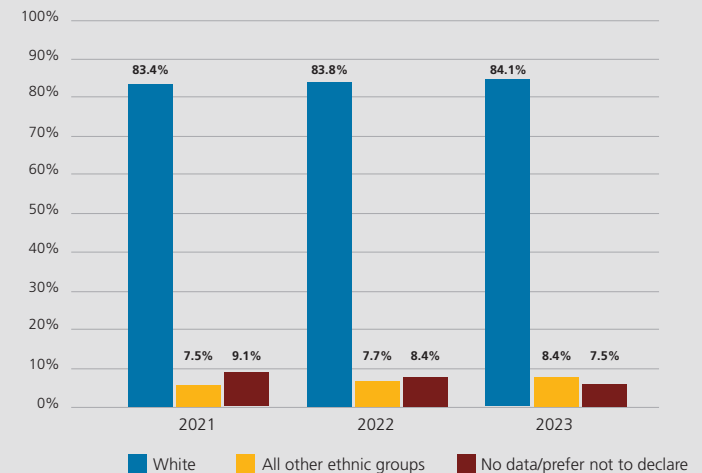
# Declaration and representation



As outlined on page 6, the Government has now published guidance for ethnicity pay gap reporting for the first time. We have updated our approach to capturing representation to be in line with this methodology – the representation figures outlined above have been updated to reflect this and supersede the data shared in the 2021 and 2022 reports.

## Key points

- 4,618 employees were included in this reporting period – our headcount has increased by 10% compared to last year
- 92.5% of employees have declared their ethnicity data, a slight improvement on last year
- Of employees who have declared their ethnicity data, 8.4% identified with ethnic groups other than White, an increase of 0.7% compared to last year





# Analysis of our pay gap



## Hourly pay gap

This data shows the mean and median hourly pay gaps, reflecting the difference in average pay for employees overall. This does not reflect their role, skills or experience.

	Mean		Change	Median		Change
	2022	2023		2022	2023	
All ethnic groups other than White combined	7.5%	8.6%	▲ 1.1%	6.7%	7.2%	▲ 0.5%
Asian or Asian British				3.0%	4.1%	▲ 1.1%
Black African, Black Caribbean or Black British				18.0%	13.2%	▼ 4.8%
Mixed or Multiple ethnic groups				6.4%	10.4%	▲ 4.0%

The mean hourly pay gap for all ethnic groups other than White combined has increased when compared to last year.

The median hourly pay gap has increased for all ethnic groups other than White combined, as well as the Asian or Asian British and Mixed or Multiple ethnic groups. The median hourly pay gap has decreased for the Black African, Black Caribbean or Black British group.

## Bonus pay gap

This data shows mean and median pay gaps, this time for bonus pay.

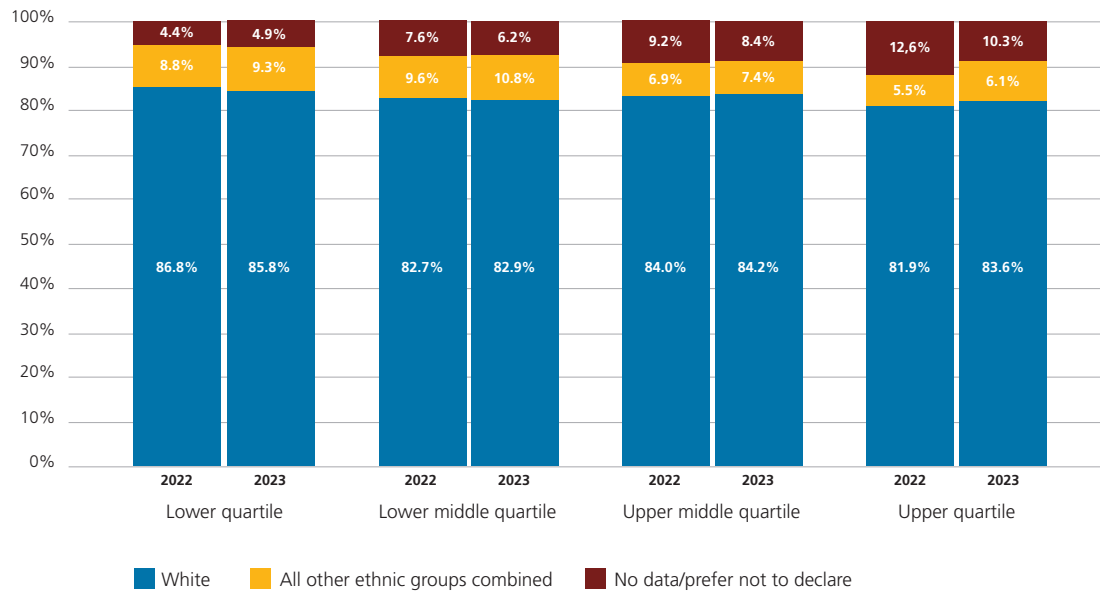
	Mean		Change	Median		Change
	2022	2023		2022	2023	
All ethnic groups other than White combined	38.3%	33.7%	▼ 4.6%	3.1%	1.4%	▼ 1.7%
Asian or Asian British				1.1%	0.0%	▼ 1.1%
Black African, Black Caribbean or Black British				7.6%	4.3%	▼ 3.3%
Mixed or Multiple ethnic groups				4.9%	2.2%	▼ 2.7%

Both the mean bonus pay gap for all ethnic groups other than White combined, and the median bonus pay gap for all ethnic groups other than White combined, the Asian or Asian British, the Black African, Black Caribbean or Black British and the Mixed or Multiple ethnic groups have decreased when compared to last year.

# Analysis of our pay gap

## Hourly pay quartiles 2023 compared with 2022

This data shows the distribution of employees across each 25% of our pay structure based on their hourly pay in April 2023. These are called the pay quartiles:



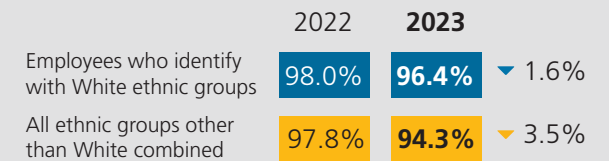
Ethnic diversity has increased in all pay quartiles compared to last year, due to an overall increase in the proportion of employees in minority ethnic groups.



## Bonus proportions

This data highlights the percentage of employees receiving any bonus pay in the relevant period.

All MBDA UK employees are eligible for an annual bonus scheme. Employees in the period who did not receive a bonus across all ethnic groups are new employees who joined after the end of the relevant bonus year (January to December 2022).



# Supporting race and ethnicity equality through our employee networks



Mosaic is a network supporting and representing employees from a Black, Asian, and Minority ethnic backgrounds, as well as their allies, with an aim to provide a safe place for all MBDA UK colleagues to talk about race and cultural related topics, help to sustain an environment in which all employees have equal opportunity to reach their full potential and aspire to the very top of our organisation, therefore contributing to the understanding of the positive behaviours that foster inclusivity across the business.

In 2023, Mosaic had a committee refresh, with many new members joining the team. Key events included the Breaking Boundaries event in Bristol, a cross industry event with other organisations including Airbus, Rolls Royce and AtkinsRealis. During the same week, Mosaic hosted an event on the topic of creating an ethnically inclusive environment, which was run by one of our partners, Pearn Kandola. Around a hundred managers were invited to participate and learn more about creating an ethnically inclusive culture.

In 2024, Mosaic have already collaborated with our Neurodiversity at MBDA network to host Professor Jason Arday – a highly respected scholar of race, inequality and education, and further engagement sessions during key dates including South Asian Heritage Month and a further Breaking Boundaries event later in the year.

“ In 2023, I was proud to take up the role of Executive Sponsor for Mosaic. Since publication of our last report, Mosaic have continued to champion ethnic and cultural diversity at MBDA UK. We aim to provide a space for all employees to talk about ethnic and cultural diversity, as well as seeking opportunities to share and learn about good practice with our external partners.

In this year's report, the data tells us that representation of people from ethnic minority groups has continued to improve, whilst also highlighting the need for a focused effort in reducing our ethnicity pay gap by increasing ethnic diversity even further, particularly at more senior levels of the business.

The findings of our internal review into race and ethnicity inclusion have given us a deeper insight into the experiences of people within ethnic minority groups at MBDA UK, and later in this report, we have outlined the additional measures we will use to measure our progress towards an even more diverse and inclusive environment. ”



**Iain West**  
**Finance Director – Group Cost Base & UK and Executive Sponsor Mosaic**

# Supporting race and ethnicity equality: Our race and ethnicity action plan



## Race and ethnicity inclusion review

In 2023, MBDA UK undertook an internal review into race and ethnicity inclusion to help us better understand the experiences of employees from minority ethnic groups.

The review included a deep dive into our people data to identify potential areas of focus, and was enriched by insights from employee focus groups led by external specialists Pearn Kandola.

The results confirmed that employees feel we have made significant progress in recent years, and recognised the commitment of the business as a whole and the contribution of the Mosaic network in particular.

Areas where we can continue to improve are in fostering a sense of belonging that includes everyone; greater confidence in having open conversations about race; continuing to provide opportunities for employees to provide feedback and regularly reporting on the actions we take; and ensuring that everyone has equal and transparent access to career development.

The review has been invaluable in helping shape our action plan and provides a benchmark position we can measure progress against, as we continue to strive to be a more inclusive workplace for all.

## Race and ethnicity action plan

Our action plan consists of four key areas of focus:

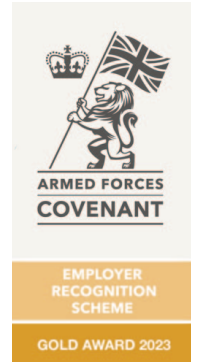
- **Transparency and tracking progress** – We will achieve this by continuing to publish our Ethnicity Pay Gap Report annually, and by sharing a wider set of ethnicity data internally with Mosaic and at appropriate business meetings throughout the year.
- **Equal opportunity** – We will continue to upskill managers to ensure our people processes and decision-making are fair and unbiased, and we will look to pilot targeted development initiatives.
- **Power to make a change** – It's vital our employees continue to have a strong voice and channels share their feedback and ideas. We will be working with the Mosaic network to ensure we have regular and effective engagement opportunities in place.
- **Awareness and inclusive culture** – We will continue to raise awareness about race and ethnicity inclusion at all levels of the organisation by introducing relevant toolkits and learning resources, prioritising topics such as cultural awareness and confidence in talking about race.



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