

Introduction from Chris Allam



At MBDA we are committed to promoting and ensuring fairness and equality in the workplace for all of our employees. We provide equal opportunities and pay for all employees. We value the contribution our employees make, and we support and encourage them to reach their full potential.

We have a smaller population of females than males in our workforce and our report shows there are variances in average pay due to the uneven distribution of male and female employees across our grading structure. This does not mean that we pay differently for the same work, and we have processes in place to ensure that we offer fair and equal pay to all of our staff.

We are proactive in having a range of initiatives to recruit a more diverse workforce. We are working hard to increase diversity both within MBDA and the industry as a whole. It is for these reasons and our commitment to our employees that we were 12th in the Sunday Times Top 30 Big Companies 2017 list and the leading engineering company to feature.

I confirm the data published in this report is correct, in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Chris Allam
Executive Group Director Engineering and Managing Director UK

What is gender pay gap reporting?

The gender pay gap shows the percentage difference in the average pay and bonuses for all male and all female employees across an organisation. The results are expressed as the difference in average male and female pay relative to average male pay. The gender pay gap does not take account of employees doing the same or equal work, grade, skills or experience.

The results must be published by 4 April each year both on the relevant Government website and on the MBDA UK external website.

How does this differ to equal pay?

Equal pay is the legal requirement to pay male and female employees equally for the same or similar roles, or work of equal value. MBDA UK pays employees equally for equal work and we undertake annual equal pay reviews, with robust processes in place to review and correct any anomalies.

So, how is the gender pay gap measured?

The Government legislation includes specific calculations, applicable to all companies with more than 250 employees, to determine the following:

Hourly pay: The mean (average) and median (middle) differences between what male and female employees were paid on 5 April 2017, shown as percentages. This includes basic pay, all allowances and any bonus pay paid in the April 2017 payroll.

Bonus pay: The mean and median differences between what male and female employees were paid for the 12 months to 5 April 2017, shown as percentages. This includes payments for performance, profit-sharing and recruitment payments, such as employee referral. The calculations do not recognise where bonus pay has been pro-rated, such as new starters, part-time employees and career breaks.

Bonus proportions: The percentage of male and female employees receiving a bonus payment. All MBDA UK employees are eligible to receive a bonus payment for the previous calendar year. However, any employees that joined in early 2017 were not eligible to receive a bonus payment for individual or company performance the prior year.

Hourly pay quartiles: The percentage of males and females in each quartile (25%) of an employer's pay structure. All hourly pay is ranked from highest to lowest, and employees are divided into four equal groups. The percentage of male and female employees in each group is shown below.

Our gender pay gap results

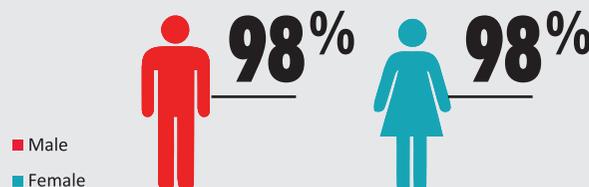
Percentage differences in male and female pay for all employees

	Mean	Median
Hourly pay gap	21.3%	23.6%
Bonus pay gap*	47.8%	11.5%

Percentage differences in male and female pay for Non-Executives and Executives (Additional MBDA UK context)

	Non-executives	Executives
Mean hourly pay gap	15.1%	9.1%
Median hourly pay gap	18.6%	3.8%
Mean bonus pay gap*	9.5%	30.8%
Median bonus pay gap*	7.9%	9.4%

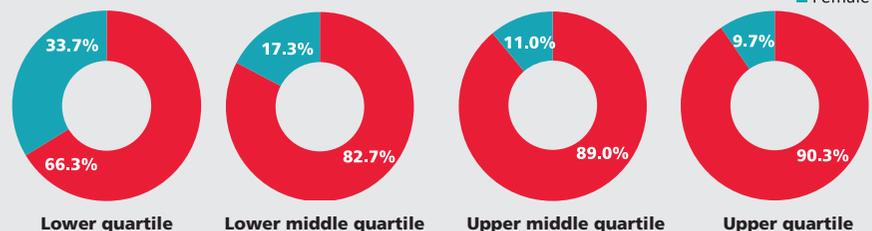
Percentage of male and female employees in receipt of bonus pay**



* 23% of employees received a pro-rated bonus, such as new starters, part-time employees and those on career breaks.

** These bonus payments reflect individual and company performance between January and December 2016. The results show 2017 new starters who did not receive this bonus. All MBDA UK employees are eligible for bonus pay.

Percentage of male and female employees in each pay quartile (each 25% of our pay structure)





12TH POSITION

MBDA UK HAS A POPULATION OF



MBDA UK SUPPORTS NATIONAL WOMEN IN ENGINEERING DAY



368 EMPLOYEES RECRUITED IN 2017



JAMIE D'ATH WON THE MARY GEORGE MEMORIAL PRIZE FOR APPRENTICES AT THE IET YOUNG WOMAN ENGINEER OF THE YEAR AWARDS

The MBDA UK gender pay gap explained

- Our gender pay gap results show that the average salary and bonus pay is higher for male employees than female employees. This is the result of having more male employees in senior grades across the company.
- Our pay quartiles show where male and female employees are situated in each 25% of our pay structure; these also reflect the uneven distribution of male and female employees across our grading structure.
- Whilst we recognise the importance of gender pay gap reporting, the Government calculations do not take into account the difference in salaries and bonuses payable for different grades, roles and specialisms. Our comprehensive analysis shows that when we group employees into like grades that the gender pay gap reduces significantly. We are committed to paying employees equally for the same or similar roles, or work of equal value.
- We have a number of employees with reduced bonus pay (23% of employees) and this is not recognised in the mean and median bonus pay results. We recognise employees may need flexibility in their working arrangements and as a result offer benefits such as flexible and home working, part-time hours, enhanced parental leave and career breaks as appropriate.

How does MBDA UK make a difference?

Diversity commitment: Diversity, equality and inclusion are essential for MBDA UK. We are committed to ensuring we have an inclusive working environment and culture in which a diverse workforce has the opportunity to realise its full potential to the benefit of individuals and the business. Attracting and retaining talented people from different



Aileen Randhawa, HR Director MBDA UK:

“ In our organisation, we have a tradition of long service which gives MBDA a strong heritage and culture. In addition, our business is growing and this brings fresh views and new ideas. We are committed to fostering a culture that helps people to develop their skills and flourish, regardless of gender or background. Ultimately, by supporting more women into rewarding careers, MBDA and the national engineering community are hoping to benefit from the mixed perspectives and insights of the next generation of leaders – we can't underestimate the value of a diverse workforce. ”

backgrounds and cultures helps to bring fresh views and new ideas. This creates a positive environment that embraces differences and allows employees to feel comfortable, engaged and able to fulfil their professional ambitions.

Early Careers Programmes: Women make up 7% of apprentices and 15% graduates in engineering[†]; in 2017, 30% of apprentices and 25% of MBDA graduates and undergraduates were female. We are proud to:

- proactively promote STEM (Science, Technology, Engineering and Maths) across schools and colleges, including educational outreach programmes, such as Engineer for a Day (female only), Robot Rumble, Flying Start and Glider Challenge, encouraging females into engineering.
- in 2017 win the Inspiring Hertfordshire award for investment in Young People, the EEF National first year business apprentice of the year, the IET apprentice of the year, the IMechE young mechanical engineer of the year and the IET Mary George Memorial Prize for Outstanding Female Apprentices, who are role models for young women in STEM.
- invest in our graduates and apprentices through residential courses, mentors, coaching, induction programmes, the opportunity to pursue professional qualifications and career workshops.
- support the educational charity SETPoint whose aim is to inspire young people about STEM subjects.

Recruitment: We ensure fair and equal treatment for all employees and candidates during the recruitment process. We continue to raise awareness of MBDA externally to recruit a diverse workforce. We make a commitment to ensure that both male and female employees are present in all recruitment campaign activities. We participate in the National Women in Engineering Day and support the Women in STEM national campaign.

Flexible working and Parental Leave: We have a number of work life balance initiatives which enable our employees to work flexibly in a number of ways, including our flexi-time scheme, part-time working and home working. We also offer generous enhanced parental leave policies, for maternity, adoption, shared parental and paternity leave.

Employee development: We continue to focus on the fair and equal development of all employees and provide extensive funding, to maximise the ideas, skills and potential through the one to one process, mentoring and coaching, development programmes and internal mobility.

Space2B: Our women's network supports the development of a diverse and inclusive workforce, with the aim to encourage female employees, by giving them support to help them reach their full potential.



[†] Engineering UK 2017