



**MBDA UK
ETHNICITY PAY
GAP REPORT
2022**

Statement from MBDA UK Managing Director

I'm pleased to be able to share MBDA UK's second Ethnicity Pay Gap Report, where we are able to compare data year on year for the first time.

As in our first report, our ethnicity pay gap is primarily due to the distribution of employees across our grading structure. We have proportionally fewer employees of ethnic groups other than White in more senior grades, and overall representation of ethnic diversity in our workforce is not as high as we would like it to be.

It's too early to say whether changes we see in the data are trends or not, and we still have gaps where employees have not yet declared their ethnicity. Nonetheless, I am encouraged that we see signs of improvement across most measures, and increases in both the percentage of employees who have shared their ethnicity data with us and the percentage of our workforce from minority ethnic groups.

MBDA seeks to be an attractive and inclusive workplace for people of all ethnicities, and we will continue to take action to achieve a better balance at all levels of our business. Alongside this, we are committed to play our part in building a diverse pipeline of future engineering talent, actively encouraging young people from a wide range of backgrounds to consider and feel able to pursue careers in STEM.

Our annual Ethnicity Pay Gap Report will continue to help us evaluate progress and inform our approach, and most importantly support open and constructive conversations about ethnic diversity, inclusion and equality at MBDA.



A handwritten signature in black ink, which appears to read "Chris Allam".

Chris Allam
Managing Director UK

INNOVATION



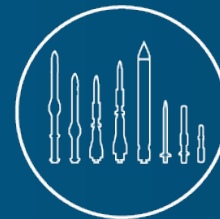
COMMITMENT



INTEGRITY



PASSION



TEAM SPIRIT



Ethnicity Pay Gap reporting explained

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.



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.

Pay gap reporting is different to equal pay reporting because it measures the differences in average pay and bonuses between the different ethnic groups, whereas equal pay measures only equal pay for equal work. 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.

Methodology

As there is no legally set methodology for Ethnicity Pay Gap reporting, we have chosen to apply a similar approach to Gender Pay Gap reporting and maintain the same approach year on year.

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

Hourly pay gap calculation

We include all elements of pay identified as relevant according to the Government guidance for Gender Pay Gap Reporting paid during the pay period that includes the snapshot date (5th April 2022).

Includes basic salary, allowances, salary sacrifice benefit deductions and any bonus payments paid during this payroll period.

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.

Bonus pay gap calculation

We look at bonus payments over a 12 month period up to April 2022.

Includes payments for performance, profit sharing and recruitment, such as employee referral.

In order to compare full bonus figures like for like, it does not take into account reduced bonus pay for new starters, part-time employees or career breaks.

Bonus proportions

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.



Pay gap measures

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 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 identify with White ethnic groups and employees who identify with all other ethnic groups combined. Where possible given the population size, we have also reported the median pay gaps for individual high-level ethnic groups.

Hourly pay gap measures

Mean hourly pay gap

The difference between the mean (average) pay for all White employees and all employees of other ethnic groups combined on 5 April 2022

Median hourly pay gap

The difference between the median (mid-point) average pay for all White employees and all employees of other ethnic groups combined on 5 April 2022

Bonus pay gap measures

Mean bonus pay gap

The difference between the mean (average) bonus pay for all White employees of other ethnic groups combined in the 12 months to April 2022

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 2022



Additional measures

To align with the approach used in Gender Pay Gap Reporting, we also report on bonus proportions and quartile pay bands.

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 were paid a bonus.

Quartile pay bands

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



Summary of results

Hourly pay gap

- The overall mean hourly pay gap has decreased by 0.3%
- The overall median pay gap has decreased by 1%
- For most groups, the median hourly pay gap has also decreased
- For the Black African, Black Caribbean or Black British group, the median hourly pay gap has increased by 4.7%

Bonus pay gap

- The overall mean bonus pay gap has increased by 2.1%.
- The median bonus pay gap has decreased overall and for every individual reporting group.

Pay quartiles

- Ethnic diversity has increased in every pay quartile compared to last year, except in the lower pay quartile.

Key points

- **The proportion of employees who have declared their ethnicity has increased**
- **Ethnic diversity in our workforce has increased, at almost every level of the pay structure**
- **Our overall mean and median pay gaps have improved**
- **Our overall median bonus pay gap has improved**
- **Our overall mean bonus pay gap has not improved**

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.

It is caused by the uneven distribution of White employees and employees of other ethnicities in our grading structure.

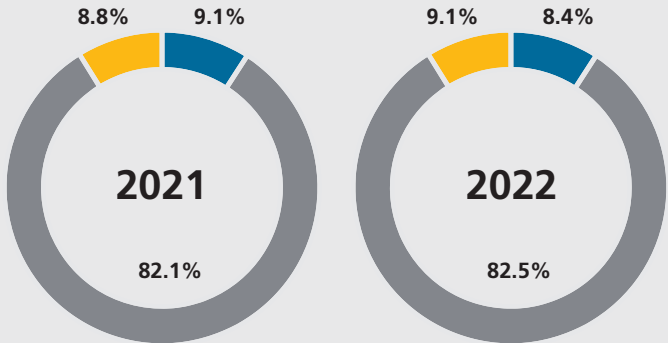
This is analysed further on the following page.

Declaration and representation



Key points

- 4,191 employees were included in this reporting period
- 91.6% have declared their ethnicity data, a slight improvement on last year
- Of employees who have declared their ethnicity data, 9.1% identified with ethnic groups other than White, an increase of 0.3% compared to last year



■ White ■ All other ethnic groups ■ No data/prefer not to declare

However, we still have gaps in the data, particularly at the higher end of our pay structure. This will mean this report is limited in its accuracy as it does not fully represent our entire workforce.

A continued focus in 2023 will be to encourage employees to share this information, particularly at senior levels.

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
	2021	2022		2021	2022	
All other ethnic groups combined	7.8%	7.5%	▼ 0.3%	7.7%	6.7%	▼ 1%
Asian or Asian British employees				4%	3%	▼ 1%
Black African, Black Caribbean or Black British employees				13.3%	18%	▲ 4.7%
Employees of Mixed or Multiple ethnic groups				13.2%	6.4%	▼ 6.8%

The mean hourly pay gap for most groups has improved when compared to last year.

However, the median hourly pay gap has increased by 4.7% for the Black African, Black Caribbean or Black British group. This is one of the smallest ethnic groups within the MBDA UK workforce and we saw a decrease in the population size compared to last year. This is likely to have impacted the median hourly pay gap.

Bonus pay gap

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

	Mean		Change	Median		Change
	2021	2022		2021	2022	
All other ethnic groups combined	36.2%	38.3%	▲ 2.1%	3.9%	3.1%	▼ 0.8%
Asian or Asian British employees				1.8%	1.1%	▼ 0.7%
Black African, Black Caribbean or Black British employees				10.3%	7.6%	▼ 2.7%
Employees of Mixed or Multiple ethnic groups				7.1%	4.9%	▼ 2.2%

The overall mean bonus pay gap has not improved compared to last year. The median bonus pay gap has improved for all groups.

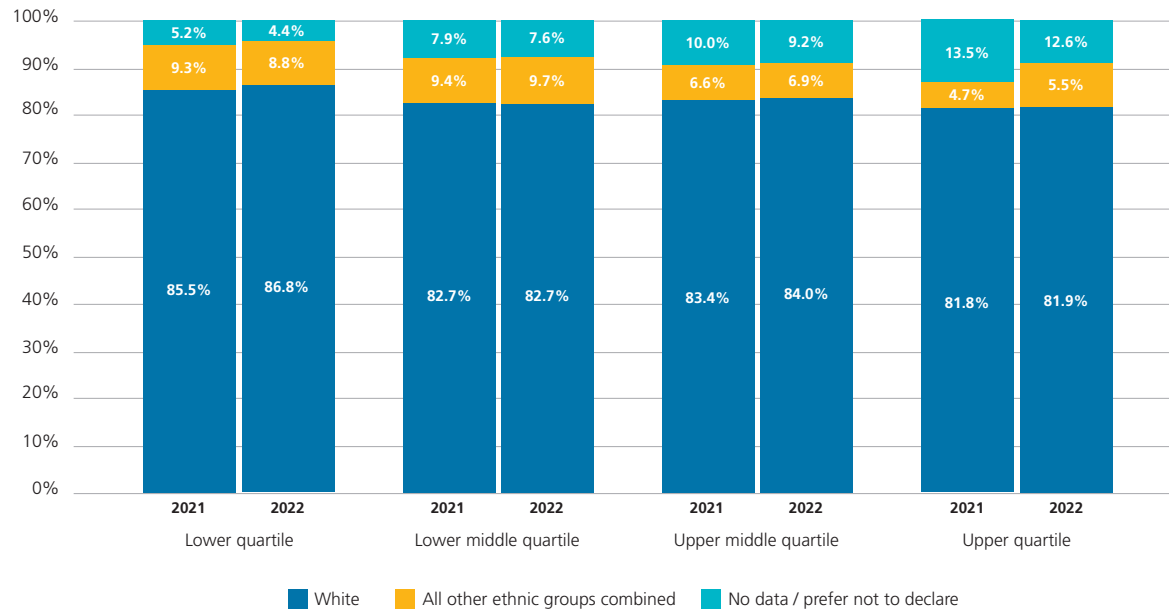
As there are proportionally more White employees in Executive roles compared to employees of other ethnicities, this therefore results in higher average salaries and bonuses for these employees.

Analysis of our pay gap



Hourly pay quartiles 2022 compared with 2021

The pay quartiles show the distribution of employees across each 25% of our pay structure, based on their hourly pay.



Ethnic diversity has decreased in the lower pay quartile compared to last year. In all other pay quartiles, ethnic diversity has increased compared to last year.

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 2021).

	2021	2022	
	98.8%	98.0%	White employees
	97.7%	97.8%	Employees of all other ethnic groups

Supporting race and ethnicity equality through our employee networks

Mosaic is our employee network that supports and represents employees from Black, Asian and Minority Ethnic backgrounds, as well as their allies. Mosaic holds monthly members meetings for discussion and feedback, and in 2022 hosted a number of events including talks on the topics of glass ceilings and refugees.

Mosaic promoted South Asian Heritage Month from mid-July to mid-August and Black History Month in October. Both events were recognised with educational pieces and profiles of notable individuals, and with celebratory menus at the restaurants in our three main sites.

In September MBDA UK and Mosaic collaborated with industry partners including Airbus and Rolls-Royce to host Breaking Boundaries, an annual event that celebrates and highlights the importance of diversity in the workplace, our industries and society. The focus topics for the event were tangible initiatives to increase ethnic diversity, how to measure the impact of initiatives and allyship.



“ Our employee network focussing on race and ethnicity issues, Mosaic, has been a key contributor to the changes we’ve started to make as a business. Since its launch in 2020, Mosaic has been instrumental in striving for real change in how MBDA attracts, develops and supports people in ethnic minority groups.

I am delighted that in our second year of sharing our Ethnicity Pay Gap Report, we have seen the gap reduce in most places, as well as highlighting areas that require more focus. Being transparent with our data in this way is integral, and data supported change will continue to be driven at MBDA UK, championed by Mosaic.

We are committed to being a business that welcomes people from all backgrounds, where potential employees want to come and where existing employees want to stay. To reflect this, MBDA Group has made a public commitment to equality, diversity and inclusion and in the UK race and ethnicity are priority topics. ”

Paul Mead, Group Business Development Director and Executive Sponsor Mosaic



Supporting race and ethnicity equality – our business priorities



We recognise that achieving greater ethnic diversity at MBDA UK is a complex challenge that requires focus and action from across the business in order for us to see effective and progressive change.

We continually review our recruitment practices to reduce bias and ensure a fair and equitable process. We have taken steps to ensure our job advertisements, social media activity and communications are inclusive and feature existing employees from varied disciplines and backgrounds, aiming to break down stereotypes about careers in STEM and defence, and to attract as wide a range of potential candidates as possible.

We partner with organisations that connect us with young, diverse talent including Movement to Work, Uptree, Careers & Enterprise Co. and Effective Transitions Fund. In 2022, we also took part in a Target Careers event specifically focused on attracting students of Black heritage.

We will continue to champion ethnic diversity at MBDA as a key pillar of our UK ED&I strategy, which was co-created with our employees through a series of workshops in 2022. In 2023, we will host Equality, Diversity and Inclusion events across all our UK sites to engage with our wider our workforce and to inform our action plans for the future.



INVESTORS IN PEOPLE®
We invest in people Gold

INVESTORS IN PEOPLE®
We invest in wellbeing Gold



Contact us

MBDA UK Careers: <https://www.mbdacareers.co.uk> MBDA Group: <http://www.mbda-systems.com>