

GENDER PAY GAP REPORT 2022



INTRODUCTION

At Leonardo, we focus on making our organisation a diverse and inclusive place to work. Our continual investment in inclusion and diversity allows us to keep making positive progress, listening and learning as we go.

We have established and continue to deliver a robust Inclusion & Diversity (I&D) strategy throughout 2022, investing in new partnerships, equipping our colleagues to drive more inclusive working environments, and supporting our seven network groups as they each increase awareness of a huge range of challenges facing our teams.

We've also worked hard to ensure that we keep close to our defence sector peers, participating in a number of working groups to benchmark and share best practice.

Back in 2020, we set ourselves an ambitious gender target, aiming for 30% of our UK organisation being female by 2025. This was a particularly tough target, as across the wider UK, only 24% of the workforce in STEM industries is made up of women. Since setting this target, we have continued to see the business making positive progress, moving 1% each year, and we currently stand at 19% of the UK business being female.

We recognise that creating sustainable change takes time, but we are encouraged that we continue to progress in the right direction.

"CONTINUING TO BUILD AND INVEST IN AN INCLUSIVE ENVIRONMENT WHERE EVERYONE FEELS THEIR CONTRIBUTIONS ARE EQUALLY VALUED, REMAINS A PRIORITY FOR ME AND THE SENIOR LEADERSHIP TEAM AT LEONARDO UK."

CLIVE HIGGINS

CHAIR AND CEO, LEONARDO UK

WHAT IS THE GENDER PAY GAP?

Since 2017, all UK companies with more than 250 employees have been legally obliged to publish an annual gender pay gap report.

The gender pay gap measures the difference in the average pay between men and women employed in the UK on one specific date each year. The average hourly pay of each man and women is captured and the median and mean compared. This difference is the gender pay gap.

The mean and median gender pay gap for any bonus pay is also captured and reported.

The gender pay gap is a different set of data to equal pay, which means you must pay men and women the same for equal or similar work.

We use the UK Government's definition of gender, and as such, we do not capture non-binary within our reporting.



POSITIVE PROGRESS IN REDUCING OUR GENDER PAY GAP

We are pleased to see that as a result of the activities and focus across Leonardo UK, the last 12 months have seen a reduction in our gender pay gap. A significant number of actions have fed into this positive progress, details of which are listed overleaf.

GPG DATA

	2022	2021
Gender pay gap (mean)	12.91%	14.57%
Gender pay gap (median)	13.46%	17.00%
Bonus pay gap (mean)	14.28%	28.66%
Proportion of men receiving a bonus	91.15%	92.97%
Proportion of women receiving a bonus	86.02%	90.62%

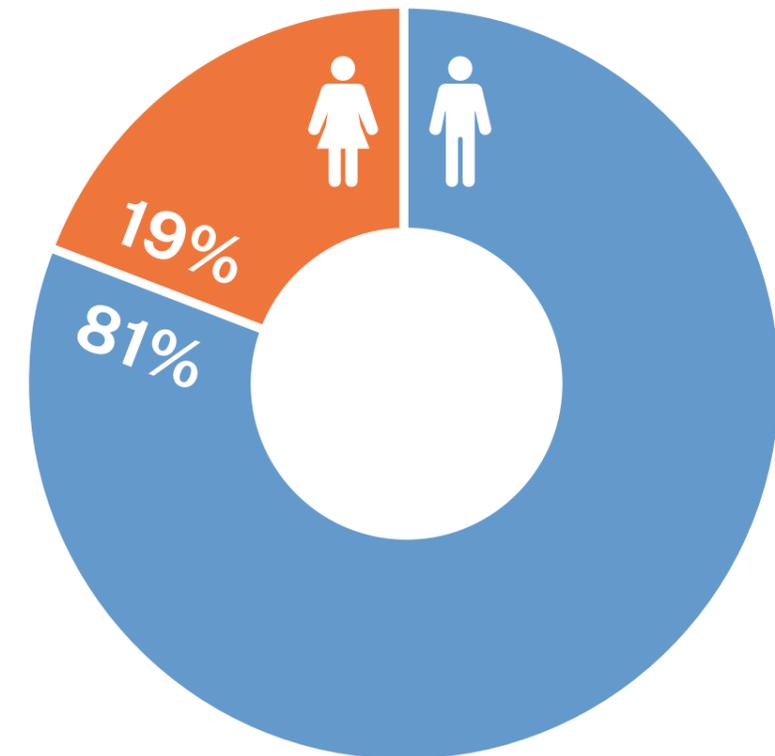
WOMEN IN STEM

As per the most recent 'Women in STEM Statistics Report' in 2017/18, which is based on UCAS data, women account for 35% of STEM students in higher education within the UK.

Whilst the number of women in STEM graduates has increased slightly between 2015 - 2019, so too has the total number of graduates overall. This means that the percentage of women STEM graduates has stalled, with only a 1% increase between 2015 - 2019.

INCREASING GENDER DIVERSITY

We've made good progress towards our gender targets, with 19% of our UK business now female, a figure that continues to increase each year.

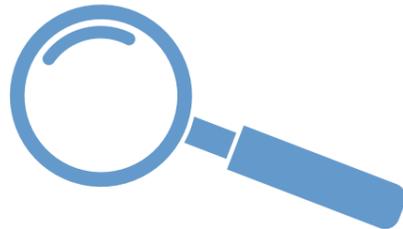


QUARTILES

	2022	2022	2021	2021
Quartile	Women	Men	Women	Men
Upper (75% - 100%)	13.53%	86.47%	11.89%	88.11%
Upper Middle (50% - 75%)	14.17%	85.83%	12.98%	87.02%
Lower Middle (25% - 50%)	15.79%	84.21%	16.42%	83.58%
Lower (0 - 25%)	32.72%	67.28%	32.57%	67.43%

The quartile data, which is also a legal requirement within gender pay gap reporting, breaks down the proportion of men and women at different pay levels.

The quartile data utilises the hourly pay for men and women, arranged from lowest to highest, split into quartiles.



WHAT THIS DATA TELLS US

Our pay gap shows that we have more men than women in higher paid roles in the organisation. We also have a higher number of women than men in lower paid roles in the business. This creates the gender pay gap.

We are seeing an increase in women in higher paid roles across upper quartiles, a result of the investment Leonardo UK is making in female development and our desire to recruit more women into the business.

Bonus payments have fallen slightly this year. This is due to having a higher number of new starts at the point of reviewing the data in 2022 compared to 2021 who were, as a result of tenure, ineligible.



OUR ACTIONS

At Leonardo UK, we remain committed to reducing our gender pay gap.

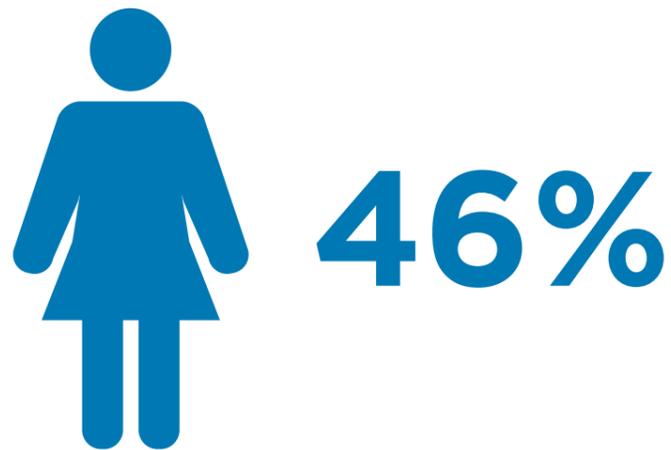
Our actions look at two areas:

- Supporting our female colleagues to progress their careers
- Investing in our inclusion culture more broadly, believing that we all have a responsibility and role in reducing our gender pay gap

Highlights of our activities so far include:

STEM RETURNERS

In recent years, we have been working with STEM Returners, a recruitment programme designed to help technical talent to restart their careers after some time out of industry. Whilst the programme is open to all, 46% of STEM Returners are women, providing Leonardo with an opportunity to recruit more women into our business.



SPRINGBOARD DEVELOPMENT PROGRAMME

In 2021, Leonardo UK launched its partnership with Springboard, a development programme for women.

As of December 2022, 67 UK delegates over five cohorts have completed the programme alongside a number of international colleagues. We have also invested in developing four in-house trainers so that this programme remains part of our ongoing commitment, and matches the demand for places. Alongside this, to support the connections that were established during the programme, in early 2023 we brought all participants together at a Springboard conference.

“I was fortunate to be offered a place on the first Springboard cohort for Leonardo back in 2021 at a time when I was at a crossroads considering my career options within the business. Springboard offered me the opportunity to work with like-minded women, who were also on a transformational journey, in a safe environment to reflect and share on our experiences, barriers and opportunities.”

“Springboard gave me the opportunity to be authentic, challenging perceptions of my role and contribution both at home and at work, enabling me to set achievable goals that were fitting for me and the business, rather than pursuing conventional goals expected from a working mum on my career path. It gave me the confidence and a new sense of purpose to really drive for what I want and need whilst delivering on all my commitments. This renewed focus and positive outlook means it is all about the solutions and not the problems!”

“Without investment in Springboard, I wouldn’t have had access to the powerful network which enables rapid peer-to-peer assistance through and after the duration of the course. Being part of the growing Springboard Alumni sits me at the heart of a community of women across divisions and countries that share experiences, problem solve, do business and support each other to identify the clear, practical and realistic steps to take, whilst developing the skills and self-confidence to take those steps.”

Sarah Vanderheide
Head of Bid Management, Cyber Division



INCLUSIVE RECRUITMENT TRAINING

To help us recruit more women into Leonardo UK, we have rolled out an inclusive hiring manager module. It addresses the role unconscious bias inadvertently plays in recruitment, and guidance for how recruiting managers can grow diverse teams.

WOMEN IN DEFENCE MENTORING PROGRAMME

We recognise that mentoring from someone outside of Leonardo UK is often beneficial when colleagues are exploring their development opportunities and career options. Therefore, we are pleased to have funded a number of places through the Women in Defence mentoring programme. Seeing the popularity of the programme in 2021, we were pleased to double the number of places in 2022 and continue to support the development of our female colleagues across the UK business.

LEONARDO UK MENTORING PLATFORM

This year we also launched our Leonardo UK mentoring programme, open to all colleagues across the business. The platform provides a 'matching service' for mentees and mentors, supporting colleague learning, growth and career development. In addition, the programme supports our broader ambitions to share knowledge across the generations and ultimately drive greater inclusion.

CAREERS HUB

We've developed a Careers Hub, hosted on the company intranet, which hosts videos from colleagues across Leonardo UK sharing their career stories, and prompts colleagues towards a selection of support, development, and learning opportunities that are available. These include secondment, professional accreditation, and development programme information.



INCLUSION 365 TRAINING

We launched a bespoke training module in 2022, designed to help leaders in our organisation look at their understanding of inclusion, and how they embed inclusive working styles into their leadership behaviours.

This was rolled out to the two most senior levels of our organisation, delivered in small team-by-team cohorts, designed to help create a safe environment where all questions were welcomed.

Plans are now underway to reach more of the business during 2023/2024.

NATIONAL INCLUSION WEEK

This annual spotlight on inclusion engagement provided an opportunity for Leonardo UK to focus on subjects that spanned female career paths, mentoring and engagement with our colleague networks.

Attended by hundreds of colleagues across the business, our 2022 week drove fantastic engagement with our newly-launched internal mentoring platform, and saw the broadcast of our new network groups film.

EXTERNAL MEMBERSHIPS

Leonardo UK continues to maintain relationships with a number of independent organisations, ensuring we hold ourselves to account, as well as having sight of industry trends and best practice.

The Women in Defence Charter, Women's Engineering Society, and a number of broader inclusion and diversity influencing memberships, indirectly support our efforts to reduce our gender pay gap. This includes AFBE-UK, Employers for Carers, and Inclusive Employers, each of which helps us to look at our people strategy with an inclusive lens.



OUR SEVEN INCLUSION NETWORKS

We support seven employee-led inclusion networks, each focused on raising awareness, celebrating and supporting those represented.

The networks work with the business to help surface issues via network members, as well as hosting a range of education and information sessions across the year, designed to help better equip colleagues to support one another.



Armed Forces



Carers



Enable



Equalise



Ethnicity Inclusion



Pride



Wellbeing



LEONARDO SUPPORTING YOUNG PEOPLE INTO STEM CAREERS

Leonardo is committed to supporting schools, further and higher education, and other bodies working with young people to showcase the fulfilling careers and prosperous futures engineering and industry have to offer. Leonardo also supports teachers and careers advisors who may have limited knowledge of engineering and industry.

This is delivered and supported by a network of Leonardo STEM Ambassadors across the UK.

Whilst it is hoped that many of these young people we engage with may go on to study and work in our sector, and indeed, for Leonardo, this is not guaranteed. However, Leonardo has a commitment to adding value to our communities and so will continue with these efforts to benefit the UK skills agenda.

We recognise the importance of ensuring a diverse intake to our early careers programmes, as this forms our workforce for the future. We know that young people begin to shape their future careers from the ages of 9 to 11 for boys, and 8 to 10 for girls, so it is important to engage with young people early and across different age groups.

Throughout the UK, STEM subjects are not embraced equally across genders, so additional effort is needed to engage girls with the world of STEM and we do this via specific activity and wider young-people engagement.

GIRLS INTO ENGINEERING

Each year, Leonardo supports the Smallpeice Trust's 'Girls into Engineering' course, as part of an ongoing partnership with the education charity. Girls into Engineering is a residential 'introduction to STEM' course for 13-14 year old girls. In 2022, Leonardo was a headline sponsor for the first 'in person' course for three years, with 100 girls from across the UK attending this three-day event. Leonardo graduates, industrial placement students and apprentices ran a 'design and make' activity for groups of girls, including an introduction to engineering, where our team described their career paths to date and their positive experiences at Leonardo.

"I hadn't thought about becoming an engineer before, but the career talks from Leonardo staff opened my eyes to all the options I could have in the engineering industry." (Anonymous participant quote)

AEROSPACE SCIENTIFIC EDUCATIONAL TRUST

Leonardo engages with schools locally to help bring science and technology to life, for children and young people who may not otherwise consider this as an option for their future. The Aerospace Scientific Educational Trust event at Strathallan School in Perth, which was supported by Leonardo STEM Ambassadors, aimed to uncover the fascinating world of aerospace aviation to over 500 students and featured Leonardo infrared technology that could identify and track targets.

Throughout the day, our team of STEM Ambassadors explained the operation of our technology to the students and the exciting careers that might allow them to build similar capability in the future.

SCHOOL PLACEMENTS

Every year, Leonardo provides placements for students from many schools across the UK. One example of these programmes saw students being taught the basics of coding using micro:bit and minibits and the Python language, with a blend of instructor-led sessions and self-paced learning.

Such placements continue to offer a range of opportunities to school-aged students who are at the stage of exploring potential employment.

BIG BANG FAIR

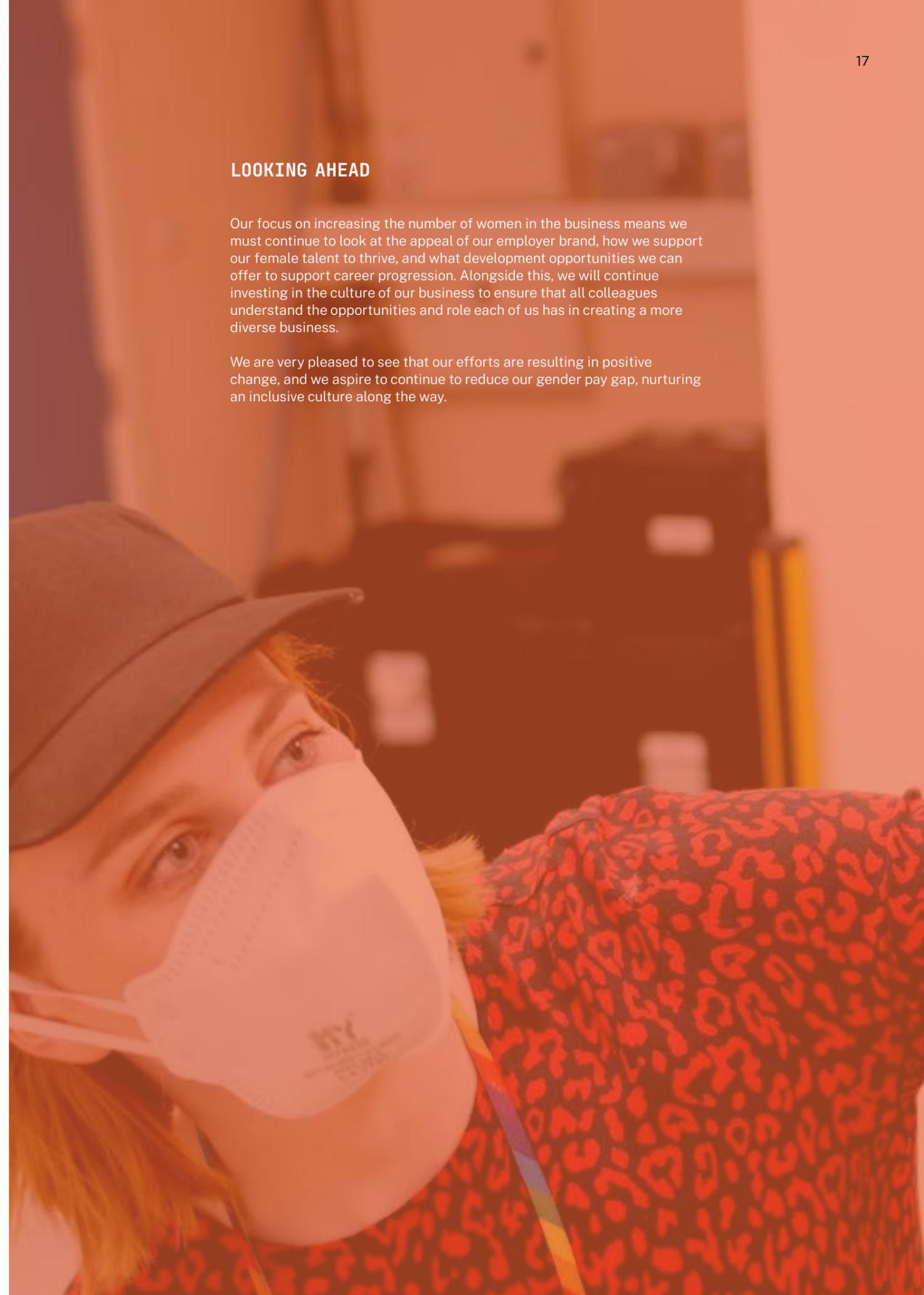
In June 2022, Leonardo STEM Ambassadors from across the UK supported the Big Bang Fair, a three-day STEM engagement event in Birmingham. Attended by thousands of school students from across the UK, Leonardo STEM Ambassadors inspired and engaged the next generation of engineers, encouraging them to consider a career in STEM.



LOOKING AHEAD

Our focus on increasing the number of women in the business means we must continue to look at the appeal of our employer brand, how we support our female talent to thrive, and what development opportunities we can offer to support career progression. Alongside this, we will continue investing in the culture of our business to ensure that all colleagues understand the opportunities and role each of us has in creating a more diverse business.

We are very pleased to see that our efforts are resulting in positive change, and we aspire to continue to reduce our gender pay gap, nurturing an inclusive culture along the way.





CONCLUSION

Our commitment to inclusion and diversity is clear for all to see and we have confidence in the progress that we are making.

We look forward to measuring the impact of the initiatives and activities that we have described in this report, and to the gender balance and pay gap improving year on year.

I confirm that the data reported is accurate

Clive Higgins
Chair and CEO, Leonardo UK

