



GENDER PAY GAP REPORT 2023

INTRODUCTION

It has been over 12 months since I assumed the role of Chair and CEO of Leonardo UK, having been a part of this organisation since I was an apprentice in 1994.

A lot has changed over that time across our business and within the Defence sector as a whole, but what has remained central to Leonardo UK is our desire to invest in creating a workplace where colleagues feel supported and where opportunities to grow are plentiful.

Our investment in inclusion and diversity aligns to this, having become acutely aware of the need to ensure that we are taking a targeted approach to increase representation.

Publishing our Gender Pay Gap each year provides an indication of our progress to create gender equity in our business. We look at this alongside a range of other measures to ensure we have a full picture of both successes and areas where more focus is needed.

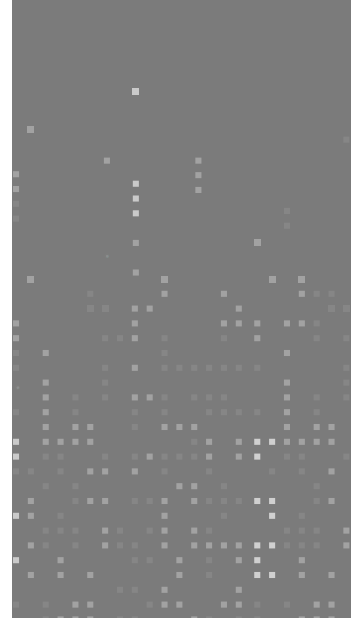
Our target for our UK workforce consisting of at least 30% women by 2025 was set in 2018. Over that time, we've moved our gender balance from 16% to 20%, as a result of investment across our recruitment, retention and culture strategies. However, despite our continued positive progress to increase the number of women within Leonardo UK, our original target will not be achieved. While this is disappointing, setting this ambitious target has clearly driven some important changes in our business.

We must acknowledge the challenges we face in terms of pipeline talent, and the challenges of the gender diversity of the engineering industry as a whole. Whilst we refresh our gender target, taking into account our international shared focus on gender, we must be reflective of the market we are operating in to ensure our goal is measurable, ambitious and achievable. We must also recognise that some of the actions we take to increase the gender diversity in our business may increase our pay gap in the short term.

This report highlights the breadth of activities and change happening across our business and I'm pleased to see the impact of our shared and continued focus to increase gender parity.

Clive Higgins

Chair and CEO, Leonardo UK

A handwritten signature in black ink that reads "Clive Higgins". The signature is written in a cursive, flowing style with a large initial 'C'.



WHAT IS THE GENDER PAY GAP (GPG)?

Since 2017, all UK companies with more than 250 employees have been legally obliged to publish a Gender Pay Gap (GPG) report.

The GPG 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 woman is identified, and the median and mean compared. This difference is the GPG.

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

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

In alignment with the current requirements for GPG reporting, we report gender in a binary way, identifying the gap between men and women.

POSITIVE PROGRESS IN REDUCING OUR GPG

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

GPG DATA

	2023	2022	2021
Gender pay gap (mean)	12.07%	12.91%	14.57%
Gender pay gap (median)	12.40%	13.46%	17.00%
Bonus pay gap (mean)	10.72%	14.28%	28.66%
Proportion of men receiving a bonus	88.15%	91.15%	92.97%
Proportion of women receiving a bonus	86.48%	86.02%	90.62%

QUARTILES

	2023	2023	2022	2022	2021	2021
Quartile	Women	Men	Women	Men	Women	Men
Upper (75% -100%)	14.21%	85.79%	13.53%	86.47%	11.89%	88.11%
Upper Middle (50% -75%)	17.03%	82.97%	14.17%	85.83%	12.98%	87.02%
Lower Middle (25% -50%)	17.30%	82.70%	15.79%	84.21%	16.42%	83.58%
Lower (0 -25%)	32.67%	67.33%	32.72%	67.28%	32.57%	67.43%

The quartile data above breaks down the proportion of men and women at different pay levels across Leonardo UK. The data utilises the hourly pay for men and women, arranged from lowest to highest, split into quartiles.

THE STORY BEHIND THE NUMBERS

Leonardo UK is pleased to see our mean GPG has decreased 0.84% over the last 12 months to 12.07%. This is due to investing in a range of activities and actions, spanning our talent attraction, retention and culture strategies. (Read more on page 11 onwards.)

To understand the story behind the data, the quartile data shows more detail about the progress we are making across all levels of the business to increase the number of women in more senior roles.

Across the highest three quartiles, we have seen an increase in the number of women. This is a key contributor to the reduction in GPG and an outcome of the investment in many of the examples from page 11 onwards.

We have also seen a small drop in the number of women in the lower quartile, which are the lowest hourly paid roles in the organisation. It is our ambition to increase the number of women joining our early careers programmes, so we anticipate that this trend will reverse in the future. However, we are committed to investing in the pipeline of our future business, and remain focused on growing our early careers population, recognising the impact that this may have on our GPG.

The bonus pay gap reduced by 3.56%, driven by an increase in the number of women across the upper three quartiles of the business where the bonus percentage is higher. This, coupled with a drop in the number of men in the business due to attrition, supports the reduction in the bonus pay gap.



OUR ACTIONS TO REDUCE THE GPG

Our Inclusion and Diversity (I&D) strategy is focused on three main areas:

- Attracting and recruiting talent
- Developing our people
- Creating an inclusive working culture.

We have invested in a broad range of positive action to drive our progress in reducing our GPG. Everyone has a role to play, and our actions on the following pages have each contributed to our progress.



FLEX WORKING AND BENEFITS

Aligning to our people principles of trust, choice and freedom to act, we strive to create a working environment that encourages a healthy work/life balance and flexibility. Colleagues are trusted to decide where and when to work, whilst ensuring they are able to meet the needs of our internal and external customers.

All colleagues are also granted a flexible benefit allowance which can be used on a broad range of benefits and activities of their choice, including health and wellbeing.

We announced a new benefit, entitled 'My Family Care', which will fund up to five days of back-up care per employee, per year. This can be used for childcare, adult care, or elder care in settings such as a holiday club, nursery or in-home care. We hope that this benefit will be utilised by colleagues for those times where emergency support is needed.

The flexibility offered by Leonardo was recognised externally in 2023, with the company winning 'Best Flexible Benefits Plan' at the Employee Benefits Awards, and 'Best Flexible Benefits Strategy' at the Workplace Savings and Benefits Awards.



SPRINGBOARD DEVELOPMENT PROGRAMME

We continue to offer Springboard as a development programme for women, delivering five cohorts across 2022, reaching 122 women. The programme, which runs over a four-month period, assesses personal and professional opportunities for growth, as well as helping to create connections and a sense of community.

In 2023, Leonardo brought together 140 international participants of the Springboard programme for an inaugural Springboard conference. Designed to support the sense of community, the two-day event featured a range of mini-development sessions and was the first time many of our cohorts had met in person.



“I started my Springboard journey in January 2022, and I received immense support from my manager and my team, who were very mindful of not disturbing me during the course times. This development programme provided me with excellent networking opportunities and connected me to inspirational women across our global business. It has been an extraordinary journey, which has transformed me and taught me to look at challenges with different perspectives, enhanced my assertiveness and helped me improve how I manage both my own and others’ expectations.”

My Springboard experience has helped me grow and progress my career over the last 24 months. I believe this programme is an important investment by Leonardo and it will reap the benefits in the long term through its commitment to creating tailored development opportunities for women.”

Inderjit Kaur, Lead Software Engineer, Electronics





WOMEN IN DEFENCE MENTORING

Mentoring continues to be a positive action for Leonardo UK in its ambitions to reduce the GPG. Leonardo is a proud supporter of the Women in Defence mentoring programme, having participated since 2021. This nine-month mentoring partnership sees women from across the business being mentored by professionals from external Defence organisations. For every mentee, we also provide a mentor who is partnered with a mentee from an external organisation in the Defence sector. This two-centred approach allows us to bring a broad range of insights into the company, both in a personal and professional capacity.



“I have been involved with the Women in Defence mentoring scheme for two years and the additional challenges women face in engineering has been a common theme during my mentoring relationships. Mentoring can help by addressing these areas of concern and offering the mentee suggestions of support, along with highlighting resources that can accelerate their progression. It is so important to have a safe space to share ideas with someone who is totally independent from their own workplace, in order to highlight opportunities and discuss some of the barriers that might be holding back their ability to gain the most from their career.”

“Maintaining diversity of thought in the engineering industry is a priority, so investment in this programme supports women to realise their full potential in this domain. Sharing knowledge and lived experiences, and providing the motivation and resources to enhance professional development, pays huge dividends to all involved.”

“Mentoring has always been a win-win for me. I learn as much from the experience as the mentee and I strongly believe in the importance of allyship in accelerating our gender ambitions.”

**Bob Ditton, VP Engineering CS3
Mentor of Women in Defence Mentoring**



“Taking part in the Women in Defence mentoring programme meant having the time to stop, reflect and think about what I needed in order to support my career development. I entered into the programme just as I changed roles, and the steep learning curve for the new role didn’t leave much space for personal development. Being part of the programme and being matched with someone from outside of the business, but within the wider industry, meant taking time to identify what I needed to be a success in my new role, and that development and stillness are both important factors for success. My mentor helped me to understand that making time to manage that delicate balance of work/life was an important decision for me to make. Having a male mentor was fantastic, providing differing and similar views and perspectives, with each realisation being so thought-provoking.”

**Claire Paramore, Head of Engineering Projects, Electronics,
Mentee of Women in Defence Mentoring**



WOMEN IN DEFENCE CHARTER SIGNATORY

Leonardo UK remains a committed signatory of the Women in Defence Charter, designed to support gender equity in the Defence sector. The Charter requires Leonardo UK to report annually on its progress against a number of criteria as part of a sector-wide push towards increasing the number of women in Defence. Leonardo was one of the 68% of signatories who increased their female representation in 2021/2022, showing the impact of working collaboratively with industry.

INTERNAL MENTORING PLATFORM

Leonardo UK’s internal mentor matching programme enables any employee to connect with a mentee or mentor across the UK business. This self-led scheme also provides staff with access to specific resources to support them in their mentoring experience.

STEM RETURNERS

We continued to work with STEM Returners, helping us to connect with potential employees who, for a variety of reasons, have had a career break. The partnership sees higher levels of applications from both women and ethnically diverse talent compared to industry averages, and plays a key part of Leonardo’s I&D talent attraction strategy. To date, we have successfully recruited 25 Returners through the programme, with a further five Returners currently undertaking placements with us.

In 2023, Leonardo’s partnership with STEM Returners was shortlisted for an international Leonardo Innovation Award, demonstrating the value it brings to our People Strategy.



“I joined Leonardo via STEM Returners in May 2022 as a Software Developer. I had taken a career break and the STEM Returners programme helped me to focus on my career path and aspirations as a software developer. Since joining Leonardo, I’ve enjoyed the support I’ve received, and I couldn’t recommend the STEM Returner programme more highly.”

Susha Thiruthiyil, Software Developer, Electronics



PARTNERSHIPS

Leonardo UK continues to invest in a range of external partnerships to support our overarching I&D ambitions, including Employers for Carers, Association for Black and Minority Ethnic Engineers, Inclusive Employers, Business Disability Forum and the Women's Engineering Society. These partners provide our colleagues with support, influence our internal practices and allow Leonardo to lean on expertise throughout the year.

I&D LEARNING

We continue to invest in a range of training and learning opportunities for our colleagues to upskill their knowledge of I&D, explore and uncover biases, and empower all colleagues to feel equipped to play their role in creating an inclusive working culture.

In the last year, this has included delivering 'Inclusion 365' training sessions, an internal programme designed to equip leaders across the business to create psychologically safe environments. As well as this, Leonardo has piloted 'Intergenerational training', bringing to life the generational differences in working styles and expectations. More broadly, our inclusive recruitment module continues to be utilised by hiring managers.

Throughout the year, we have run a variety of 'lunch and learn' sessions in conjunction with some of our inclusion partners, hosted information stands and held in-person events, many of which were delivered by our employee networks, which are individually and collectively designed to support colleagues in their inclusion learning.

INTERNATIONAL WOMEN'S DAY

In 2023, we were pleased to welcome Air Vice-Marshall Suraya Marshall as a guest speaker at our International Women's Day event, where nearly 200 colleagues attended to hear her experiences of being a leader within the Royal Air Force and join a discussion on role models and inclusive leadership.

We also celebrated our Springboard programme, broadcasting a short film featuring many of those women who had completed the programme, in order to raise awareness of Springboard and encourage others to participate.



SUPPORTING YOUNG PEOPLE INTO STEM CAREERS

Leonardo UK has a well-established strategy to engage young people to explore careers in STEM, working with many schools, higher education institutions and external partners to inspire the next generation of engineers. To deliver this, Leonardo's STEM Ambassadors are located at sites across the UK, helping us to bring to life the opportunities available in STEM careers.

GIRLS INTO ENGINEERING

Each year, Leonardo UK supports the 'Girls into Engineering' course as part of an ongoing partnership with education charity The Smallpeice Trust. 'Girls into Engineering' is a three-day residential course at Loughborough University for 100 girls aged 12 to 14. In 2023, Leonardo co-sponsored the course alongside GE Healthcare.

Our Leonardo graduates, industrial placement students and apprentices led a dynamic 'design and make' activity, encompassing hardware, software and mechanical elements. During the course, students developed their soldering skills, mounted sensors and navigated buggies through challenging terrains. The Leonardo team further enriched the experience with insightful career talks and interactive Q&A sessions, sharing personal journeys. After the course, 95% of students said they were more aware of potential engineering careers, and 93% said the course helped them consider studying engineering further.





WORK EXPERIENCE

In 2023, we provided work experience placements for over 180 students from schools across the UK. During these placements, students undertook tasks that demonstrate different aspects of engineering whilst developing team working, problem solving and presentation skills. 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 2023, Leonardo STEM Ambassadors supported the Big Bang Fair, the largest celebration of STEM in the UK for young people. Focused on increasing diversity in STEM, the event was attended by over 15,000 students from across the UK. Throughout the event, Leonardo's STEM Ambassadors inspired and engaged the next generation of engineers, encouraging them to consider a career in STEM.



NETWORK GROUPS

We have seven employee network groups across Leonardo, each led by passionate volunteers and sponsored by a member of the company's senior leadership team. Whilst the aim of each network group differs, they all share a goal of raising awareness of I&D, and creating a sense of community and connection for those who share similar lived experiences.



Armed Forces



Carers



Enable



Equalise



Ethnicity Inclusion



Pride



Wellbeing



“As Chair of Equalise, the gender-balance network group at Leonardo UK, I hear first-hand the positive reception to programmes like STEM Returners, the Women in Defence mentoring scheme and Springboard, and the meaningful impact these are having – for our women in particular. As Equalise we take inspiration from the momentum these projects provide, with a calendar of events, regular articles on the intranet and a monthly newsletter, as well as a number of projects (including a successful drive for the provision of free period products across all our UK sites) and management of our Women’s Engineering Society partnership. Our presence is one element amongst the many that help create a supportive environment.”

Helen Allen, Chair of Equalise employee network (in photo above positioned center)

LOOKING AHEAD

It is clear that our continued focus and investment in I&D is resulting in positive change, as shown in the data reported each year in our GPG analysis. We remain focused on the important role I&D plays in our overarching People Strategy, and its place in our future capability and talent requirements. We are pleased to see our GPG continuing to reduce, and we are committed to maintaining and accelerating our progress through continued investment and action.



“The future of engineering and technology enhancement is exciting and opportunities are vast. It is clear that the diversity of our engineering population within Leonardo is key to this success. Delivering what we know, and innovating what we don’t yet know, require diversity of thought and ideas which are borne from the fundamentals of collaboration and creation, central to the success of any successful engineering team.”

“I see first-hand the impact of a diverse engineering hub, and I’m proud of the business being committed to creating inclusive change, driving realisation of thoughts, ideas and products.”

Ross Wilson, VP Engineering Edinburgh & Newcastle



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

A handwritten signature in black ink that reads "Clive Higgins". The signature is written in a cursive style with a horizontal line underneath it.

Clive Higgins
Chair and CEO, Leonardo UK

