

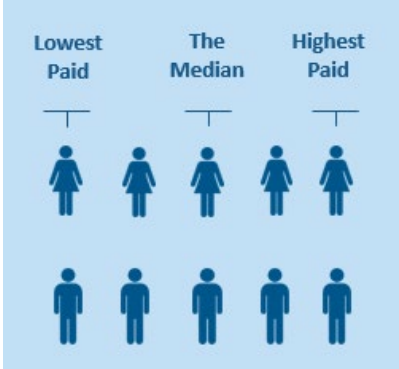
CHEMRING COUNTERMEASURES LIMITED

2020 GENDER PAY GAP REPORT

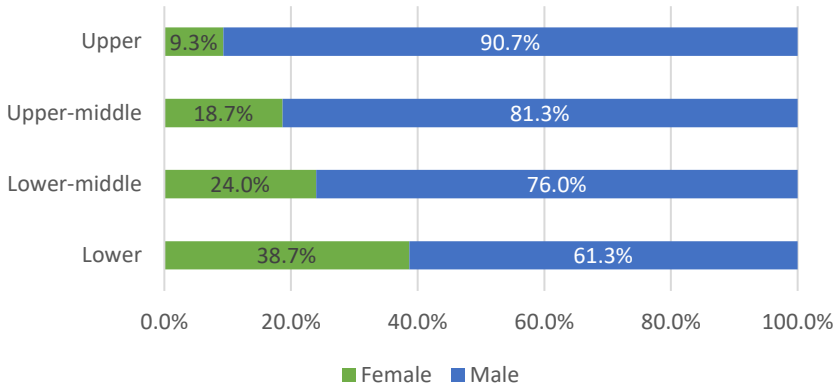
Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. This involves carrying out six calculations that show the difference between the average earnings of men and women in our organisation.

We can use these results to assess:

- the balance of male and female employees at different levels
- how effectively talent is being maximised and rewarded across the organisation as a whole



Proportion of Males & Females in Each Pay Quartile



The above chart illustrates the gender distribution across four equally sized quartiles of Chemring Countermeasures Limited (CCM), from lowest to highest paid. Overall, women currently represent 23% of CCM’s employee base and this data is directly related to the profile of our workforce, particularly in the top quartiles, which highlights CCM has more males in senior, higher paying roles, than females.

In comparison to the previous reporting period, we have seen a negative shift across all four quartiles – this is mostly attributed to a restructuring that took place during the current reporting period. The pandemic has also had a detrimental impact on a number of pre-planned external campaigns targeted to attract women into manufacturing.

Since the 2020 snapshot date we have moved the majority of manufacturing areas from a five-day working week to a four-day working week. We have also changed shift start and finish times to patterns which are more attractive to working families and their childcare arrangements. Within this same reference period, we have also introduced flexible working (home working, flexibility over

start/finish times) for other roles. It is evident that these organisational changes are already having a positive impact on the attraction and retention of women based on some recent appointments.

The Gender Pay Gap

GENDER PAY GAP	
MEDIAN	MEAN
14.7%	20.50%

This table shows our overall mean and median gender pay gap based on rates of pay as at the snapshot date (i.e. 5th April 2020).

Gender pay reporting is different to equal pay and we are confident that CCM’s gender pay gap is not a pay issue as our approach to recruitment and pay is gender neutral. We have a role evaluation system for graded positions which assesses the job as opposed to the person, based on a number of objective criteria. All other colleagues have their pay determined by collective bargaining - the output of the pay negotiations is applied generically to all roles within scope of the collective agreement and is not impacted by gender.

On comparison with our last report, the gender pay gap has increased by 6.3% with the mean increasing from 8.4% to 14.7% and the median from 1.7% to 20.5%. This is predominantly due to a large restructuring process which took place between 2018 and 2020, resulting in a significant temporary reduction in our headcount in the 2019 snapshot period which had a positive impact on the reported result for the previous reporting period. We forecast that a further restructuring, that took place in September 2020, is likely to impact on our next gender pay report in 2021.

Our pay gap is also driven by the gender split of our workforce, which is made up of 232 men and 68 women. This gender imbalance is reflective of our long history of operating in a male-dominated sector; traditionally, heavy manufacturing and engineering have been male dominated sectors.

As the majority of our females are employed as Production Operatives and reflected in the lower pay quartile, this also compounds the pay gap. Many females represented in this quartile have historically chosen to work in production areas which attract the lowest pay grade (and less wage supplements), due to the physical working conditions and restrictive PPE requirements associated with working in other production areas which tend to be more male dominated. In 2021, we consolidated and enhanced pay levels for production operators and moved to an objective skills-based point system which is designed to increase multi-skilling. We believe this will help reduce the gender pay gap.

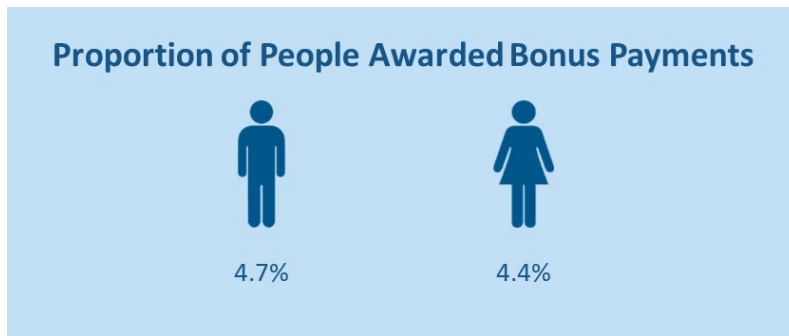
Gender Bonus Pay Gap

This table captures the mean and median difference between bonuses paid to men and women at CCM. Similar to the gender pay gap, when compared with our last report our mean bonus gap has increased from 31% to 39%.

Bonus Gender Pay Gap		
	Median	Mean
Bonus Gender Pay Gap	0%	39%

The bonus gender pay gap shows the bonus pay difference between men and women, irrespective of their role, at the median (mid-point) and mean (average).

The table below shows the percentage of staff by gender who received any bonus payment, which is an 86.7 % (male) and 87.4% (female) reduction from the previous reporting period.



Our CCM bonus scheme is gender neutral, however, the structure of our workforce impacts our mean bonus gap in the same way it does our gender pay gap. In this reporting year, bonus performance targets were not met for the majority of CCM bonus schemes. There was a very small population of four colleagues who received a bonus due to being on a different bonus arrangement.

Also, included in the bonus pay gap were long service awards. Our long service awards are a fixed amount and directly relate to length of service. Due to the composition of our workforce, there were more men in receipt of long service bonuses, which has impacted on our reported results.

In 2021 we have introduced two new gender-neutral bonus schemes for our entire workforce, one with defined bonus awards for all individuals within the occupational group and the other which is a percentage of salary as defined by the job role and not the individual.

What Are We Doing at CCM to Address Our Gender Pay Gap?

We are confident that the gender pay gap will positively change over time and are committed to intensifying our efforts to narrow our gender pay gap further. Additionally, reporting annually allows us to both address the reasons behind the gap and establish meaningful targets.

CCM is always striving to attract the finest talent from all genders and aims to address its gender imbalance by pursuing the following strategies, namely:

- **Training**

All staff with line management responsibility are participating in line management development. This programme includes unconscious bias training to ensure that we address any stereotypes, negative or positive, that exist in the subconscious and may be adversely affecting behaviour during the recruitment, development, promotion and succession planning process. Throughout 2022 there will be training for all new and existing colleagues within CCM to increase awareness of Diversity, Equality and Inclusion and the policies we have in place to support this.

- **Employee Voice**

At CCM we encourage our colleagues to share their ideas and suggestions on how we can become a better employer. All colleagues have access to a tool which enables them to share comments on things that we can improve upon – including our systems and processes. The Leadership Team review these comments weekly to drive positive improvements in the workplace.

- **Role models**

At CCM we have a number of recent appointments of women into senior positions. As with our female colleagues who work in STEM, we will continue to advocate and encourage our female employees to publicise their stories and experiences working in CCM in order to attract more women into the industry.

- **Promoting our family friendly policies**

Despite the challenges traditionally associated with manufacturing, we work hard to support flexible requests and hybrid working for all genders. In 2020 we moved away from flexi-time arrangements for a significant number of roles, towards a far more open flexible working arrangement whereby our colleagues can manage their working hours flexibly around childcare and lifestyle choices. We have found this has increased the level of applications received from women.

- **Participating in more community and school initiatives and industry partnerships which are aimed at encouraging females to pursue careers in STEM roles**

Prior to the pandemic, CCM was active in the local community and partnering with local schools – part of this work stream was to attract women into STEM roles.

CCM intends to continue this work in 2022 when restrictions are fully lifted. Similarly, we also sponsor a local women's rugby team, encouraging and supporting extra-curricular activities and hobbies that are available to all.

- **Working with our partners and suppliers to promote CCM roles to a gender balanced and diverse candidate pool**

We work closely with our recruitment suppliers to ensure that our shortlist of candidates is gender balanced and diverse.

I can confirm the data reported is accurate.



Andy Hogben
Managing Director



Steph Jones
HR Director