

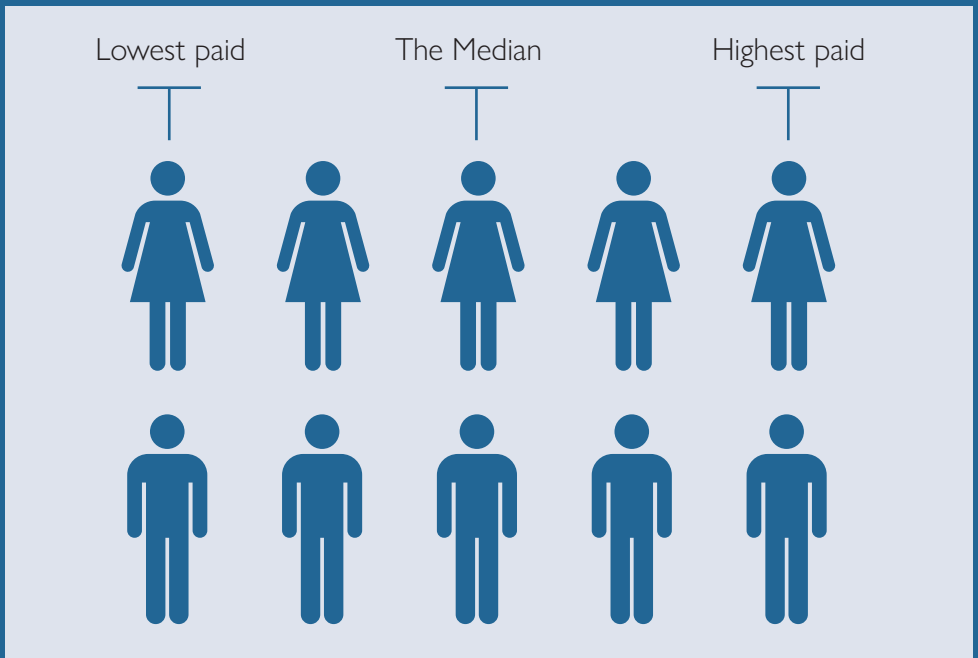


CHEMRING COUNTERMEASURES LTD 2022 GENDER PAY GAP REPORT

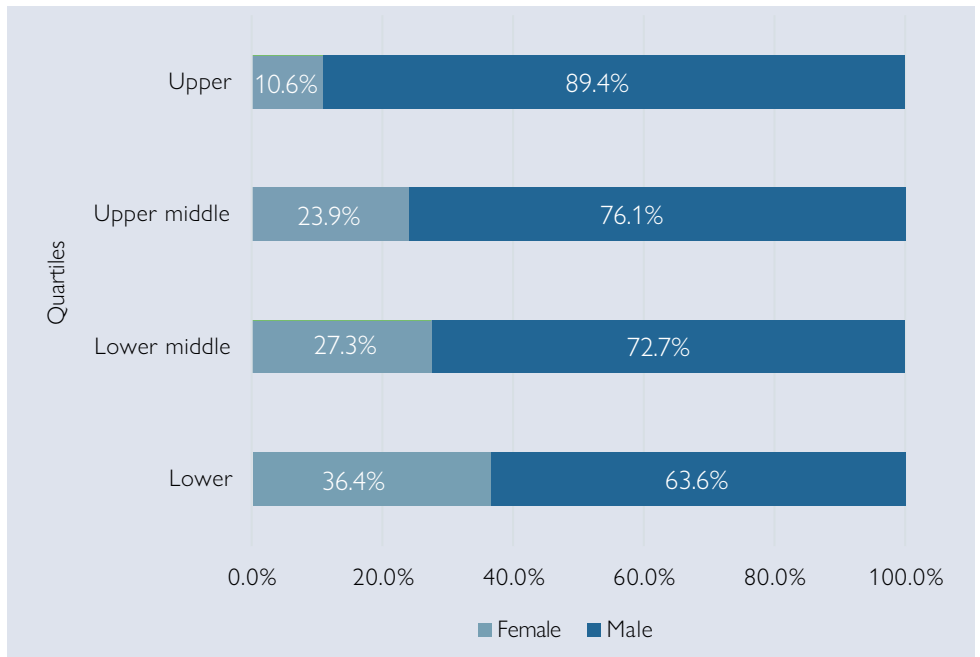
Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. This involves carrying out six calculations that show the difference between the average earnings of men 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 AND 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 24.5% of CCM's employee base. 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. The higher proportion of women with lower quartile pay partly reflects the work patterns associated with production operative roles that fall within this quartile. Production Operatives represent c45% of our headcount and attract early, late and night shift patterns and a four-day working week which are typically attractive to working parents – particularly women.

THE GENDER PAY GAP

In comparison to the previous reporting period, we have seen a positive shift across the upper and lower middle quartiles, reflecting several females appointed into manufacturing management roles.

	Median	Mean
Gender pay gap	17.2%	15.7%

This table shows our overall mean and median gender pay gap based on rates of pay as at the snapshot date (5th April 2022).

On comparison with our last report, the gender pay gap has improved marginally, with the mean reducing from 18.2% to 17.2% and the median reducing by 0.2%. Our pay gap is driven by the gender split of our workforce, which is made up of 200 men and 65 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 most of our females are employed as Production Operatives and reflected in the lower pay quartile, this also compounds the pay gap. We have put a lot of effort and focus into using female role models within CCM to attract women internally and externally into management, engineering and other roles that have been traditionally associated as male roles.

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 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.

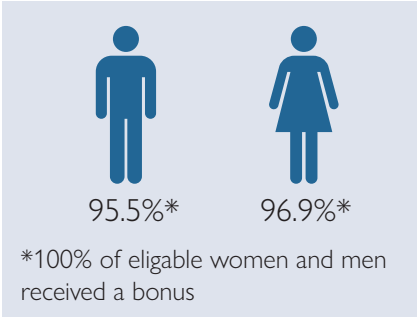
GENDER BONUS PAY GAP

This table captures the mean and median difference between bonuses paid to men and women at CCM. When compared with our last report our mean bonus gap has increased from 20.1% to 53.9% due to the achievement of bonuses which were payable in December 2021.

	Median	Mean
Bonus gender bonus pay gap	0%	53.9%

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

The figure right shows the percentage of staff by gender who received any bonus payment, which reflects our commitment to operating gender-neutral bonus schemes.



In 2021 we 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 was a percentage of salary as defined by the job role and not the individual. These schemes paid out fully in December 2021 and resulted in an increase in the mean bonus gender pay gap. The increase in the mean bonus gender pay gap reflects the composition of our workforce and shortage of women occupying roles in medium and upper pay quartiles compared to men.

Also, included in the bonus gender pay gap payments 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 also negatively impacted on our reported results.

WHAT ARE WE DOING AT CCM TO ADDRESS OUR GENDER PAY GAP?

We are confident that the gender pay gap will reduce 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.

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 and awareness**

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.

In the past 12 months we have rolled out a new menopause policy and menopause awareness training for colleagues and line managers.

- **Women Inclusivity Network**

In September 2022 we held our first Women Inclusivity event and launched a CCM Women Inclusivity Network. As a result of the network, we have already implemented some improvements for women across site in relation to PPE and sanitary provisions and will be holding planned workshops throughout the year.

- **Role models**

At CCM we have several women employed in 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 to attract more women into both CCM and the wider industry.

- **Promoting our family friendly policies**

Despite the challenges traditionally associated with manufacturing, we work hard to support flexible working requests and hybrid working for all genders and there are many examples of this within CCM.

In November 2022 we introduced enhanced maternity/adoption pay (applied to shared parental leave), to attract more women and working families into manufacturing.

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

We have been working closely with local schools and colleges and, where possible using female role models to support events and campaigns. 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, customers, 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. In 2023 we will be attending the Defence Women's network conference to identify other opportunities to attract women from within the industry to join CCM.

I can confirm the data reported is accurate.



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