



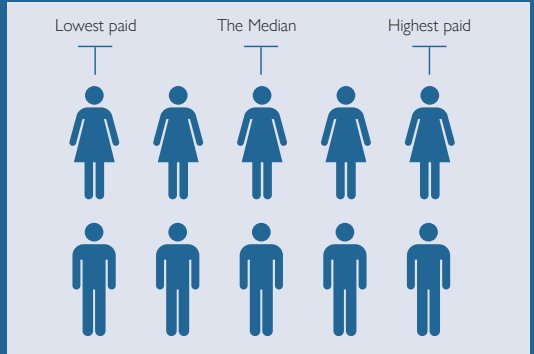
CHEMRING COUNTERMEASURES LTD 2023 GENDER PAY GAP REPORT

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

In this period, we are delighted to see a positive improvement in both our mean and median gender pay gap. Although we know we still have further progress to make here at Chemring Countermeasures Limited (CCM), our results are improving each year with the gap shrinking, which shows we're moving in the right direction and seeing the positive impact of our programmes in this area.



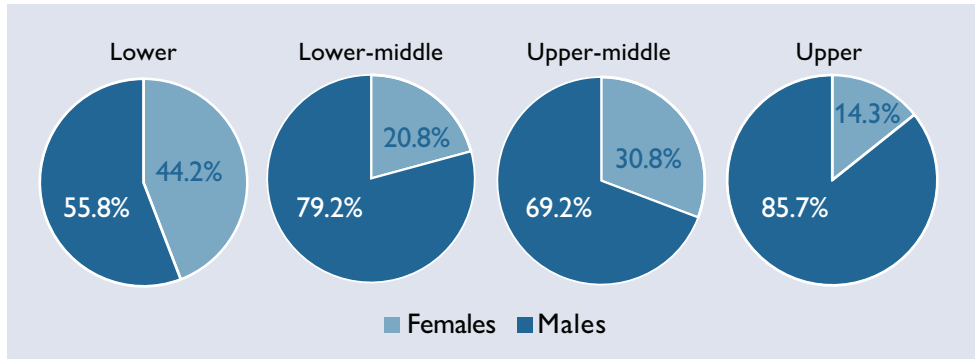
Gender Pay Gap & Equal Pay

Gender pay reporting is different to equal pay. The gender pay gap is an equality measure that shows the variance between what men typically earn in a business compared to what women earn, regardless of their role or seniority. Equal pay examines the difference in male and female pay for pay for the same or similar work, therefore it is feasible to have a gender pay gap and to pay men and women fairly.

The gender pay gap is determined by taking all colleagues across an organisation and comparing the average pay between men and women. In contrast to equal pay, the gender pay gap is more reflective of the workforce profile rather than an issue of unequal rewards or pay for men and women doing the same job. The higher ratio of men to women in CCM (which is reflective of the manufacturing industry more widely) has a notable impact on our gender pay gap.

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 in place for graded positions, which assesses and grades the role based on objective criteria. The salary for the role will reflect the grade within the grading structure and is also benchmarked. All other colleagues have their pay determined by collective bargaining - the output of the pay negotiations is applied generically to all roles within the scope of the collective agreement and is not impacted by gender.

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 27.5% of CCM's employee base. The above charts illustrate the gender distribution across the four equally sized quartiles of CCM's workforce, from lowest to highest paid.

The results are directly correlated to the profile of our workforce and reflect trends within the wider manufacturing industry. The higher proportion of women within our lower pay quartile predominantly reflects the work patterns associated with our Production Operative roles. Production Operatives account for c45% of our permanent headcount and the early, late and night shift patterns and four-day working week, is more typically attractive to working parents - particularly women.

In comparison to the previous reporting period, we have seen a positive increase of women in the upper-middle and upper pay quartiles (6.9% and 3.7% improvement) reflecting several female appointments into senior management roles. It is predicted that this trend will continue in 2024, reflecting an increase in our headcount and both a number of females recently appointed into senior management roles along with a restructuring within the Leadership Team of CCM.

More generally in the wider workplace across the UK, one of the reasons cited that there are fewer women in senior roles is due to women taking time out of their careers to undertake caregiving responsibilities. Within the workplace here at CCM, we are actively seeking to challenge perceptions and assumptions of female and male roles in the workplace and at home, by using examples of both males and females utilising flexible working for caring responsibilities. We've run colleague workshops to challenge unconscious bias and assumptions about "male/female" roles, particularly in relation to manual tasks and activities. In our communications, we share examples of both genders performing roles, particularly where there is typically underrepresentation of a particular gender.

PROPORTION OF MALES AND FEMALES IN EACH PAY QUARTILE - CONTINUED

There is research to support that women are more likely to suffer with self-doubt, lack confidence and question their abilities in relation to their potential, which could hold women back from applying for a promotion or taking the next step up the career ladder. To address this, as part of our Women Inclusivity Network, we've partnered with our external Training Provider to design and deliver an Imposter Syndrome workshop which has been well received by all attendees of the programme. We believe this will start to have a further positive impact on internal promotions and hope to see the number of females in both the upper middle and upper quartiles increase.

It is commonly reported that menopause has an adverse effect on a woman's career due to the management of health symptoms associated with the stages of menopause and/or a loss of confidence. We continue to increase awareness and education of menopause within the workplace and encourage women to speak openly about their experiences and symptoms, in the knowledge they will be supported in our workplace.

THE GENDER PAY GAP

This table shows our overall mean and median gender pay gap based on rates of pay as at the snapshot date:

	2022	2023
Mean	17.2%	16.2%
Medium	15.7%	11.3%

In comparison with our last report, the gender pay gap has improved, with the mean reducing from 17.2% to 16.2% and the median reducing by 4.4% to 11.3%. Our pay gap is driven by the gender split of our workforce, which is made up of 224 men and 85 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 within CCM.

We have put a lot of effort and focus into using female role models within CCM to attract women both internally and externally into management, engineering and other roles that have been traditionally associated as 'male' roles.

GENDER BONUS PAY GAP

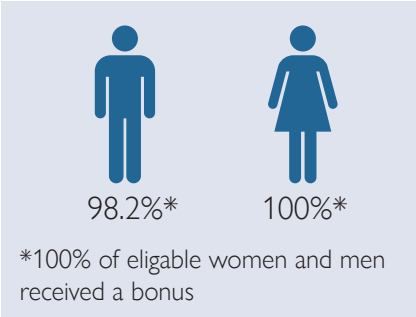
The table below captures the mean and median difference between bonuses paid to men and women at CCM. When compared with our previous report, our mean bonus gap has reduced from 53.9% to 44.2%, however, the current gap is due to bonuses which were payable in December 2022.

	Median	Mean
Bonus gender bonus pay gap	0%	44.2%

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).

We operate two new gender-neutral bonus schemes for our entire workforce: one with defined bonus awards for all individuals within the relevant occupational grouping, and the other which is a percentage of salary as defined by the job role and not the individual. The significant reduction in the bonus gender pay gap median partly reflects the fact that in December FY2022 both bonus schemes did not pay out any bonuses, however, an exceptional one-off bonus was paid out to all colleagues at CCM at a set amount which was not determined by base salary.

The differential reflected in the bonus gender pay gap mean is a result of two elements. The first element reflects a very small number of senior individuals who participate in a Chemring Group (CCM's parent company) bonus scheme (which is determined as a percentage of salary) and other Chemring Group reward incentives that are included in this calculation. As the roles which are eligible to participate in this bonus scheme are senior positions which attract higher salaries and are predominantly occupied by males, this has an adverse effect on the bonus gender pay gap. The second element is that the bonus gender pay gap payments include 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 are typically more men in receipt of long service bonuses, which also negatively impacts on our reported results.



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

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

We are confident that as a direct result of our efforts the gender pay gap will reduce over time and we are committed to intensifying our efforts to narrow our gender pay gap further.

Chemring Group has a target to get to 33% of females in Senior Management roles by 2027 and this is something we support and are committed to achieving. 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.

- **Engaging the workforce**

In 2024 we will be changing our colleague engagement survey tool and approach. We will be regularly asking our workforce for more ideas on how we can reduce gender imbalance and to help shape our approach to Diversity, Equity, and Inclusion.

- **Menopause awareness**

Since implementing our Menopause Policy, we continue to raise awareness and educate line managers through menopause training. Our colleagues also have access to other resources and support through our Employee Assistance Programme.

- **Women Inclusivity Network**

Using our Women Inclusivity Network, we continue to implement improvements for women across the site in relation to PPE and workstation ergonomics. We have worked with our suppliers to find PPE that meets the requirements of all genders – particularly in relation to size and fit.

In 2023 we partnered with Mondays to install free vend dispensers of organic sanitary products to women across our site. We also rolled out a second module to our successful “Dealing with Imposter Syndrome” programme.

In 2024 we will be working on a programme of activities which includes a dedicated mentoring programme for females focused on their career advancement, along with the utilisation of external mentors/role models.

- **A fair approach to promotions**

In 2023 we implemented a new STEM career pathway which provides a structure and framework for all colleagues wishing to progress in their professional careers. A cross representative promotions panel has been stood up to review applications for promotion, which will be assessed on the objective evidence submitted.

Apart from development/trainee roles, other promotions are subject to an internal recruitment and selection process against an available vacancy.

- **Role models**

At CCM we have a number of women employed in senior positions and along 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.

- **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 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 2024, we will be increasing our usage of digital technology, social media, and data insight, to ensure our vacancies are visible and easily accessible to those individuals in minority groups.

I can confirm the data reported is accurate.



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