

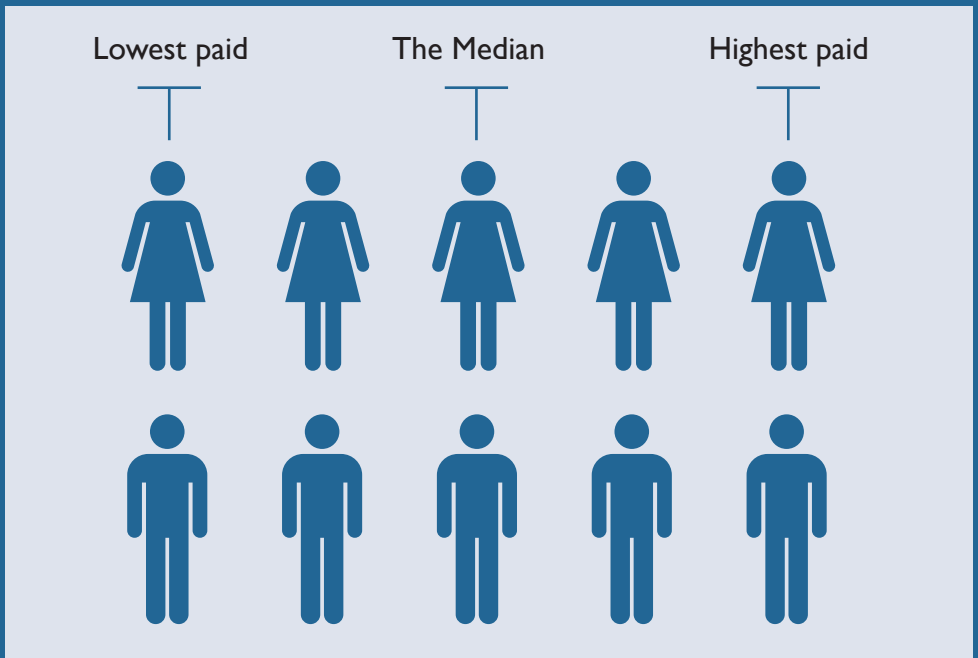


2021 CHEMRING COUNTERMEASURES GENDER PAY GAP REPORT

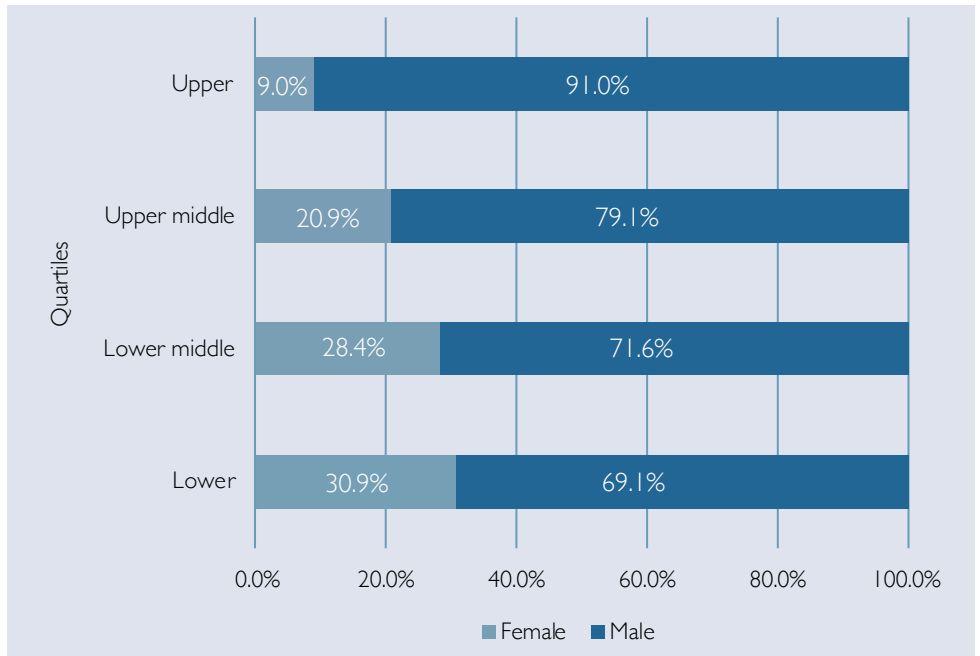
Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. This involves carrying out six calculations that show the difference between the average earnings of men 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 22.3% 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 positive shift across the upper and lower middle quartiles, reflecting several females hired into senior management positions within the reporting period. In the next reporting period we anticipate a further improvement in our gender balance within these quartiles, having recently appointed a number of women into manufacturing management roles.

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 (i.e., 5th April 2021).

	Median	Mean
Gender pay gap	15.9%	18.2%

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 marginally shifted, with the mean reducing from 20.5% to 18.2% whereas the median has increased by 1.2%. As indicated in our previous report, a restructure that took place in September 2020 did impact the gap, and whilst we had hoped to reduce it further, COVID-19 reduced turnover and where vacancies existed, recruitment was particularly challenging due to lockdowns and school closures.

Our pay gap is also driven by the gender split of our workforce, which is made up of 209 men and 60 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.

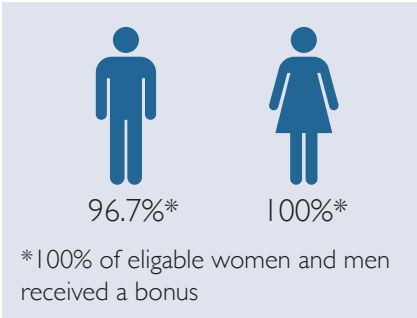
GENDER BONUS PAY GAP

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 decreased from 39% to 20.1%, reflecting a number of female appointments into senior positions which attract a higher bonus.

	Median	Mean
Bonus gender bonus pay gap	0%	20.1%

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 is a 92% increase (male) and 95.6% (female) increase from the previous reporting period.



Within the reporting period, Chemring Group made one-off fixed discretionary bonus payments which were paid to all eligible employees who had sufficient service at the time of payment – this payment positively reduced the mean.

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 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. These schemes paid out fully in December 2021 and will be reflected in the 2022 gender pay report.

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.

- **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. In 2022, we will be running a number of targeted surveys to provide more insight into how we can further improve gender balance within CCM.

- **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 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 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**

Now COVID restrictions have been lifted we are re-establishing relationships with local schools and colleges. 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.



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March 2022

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