

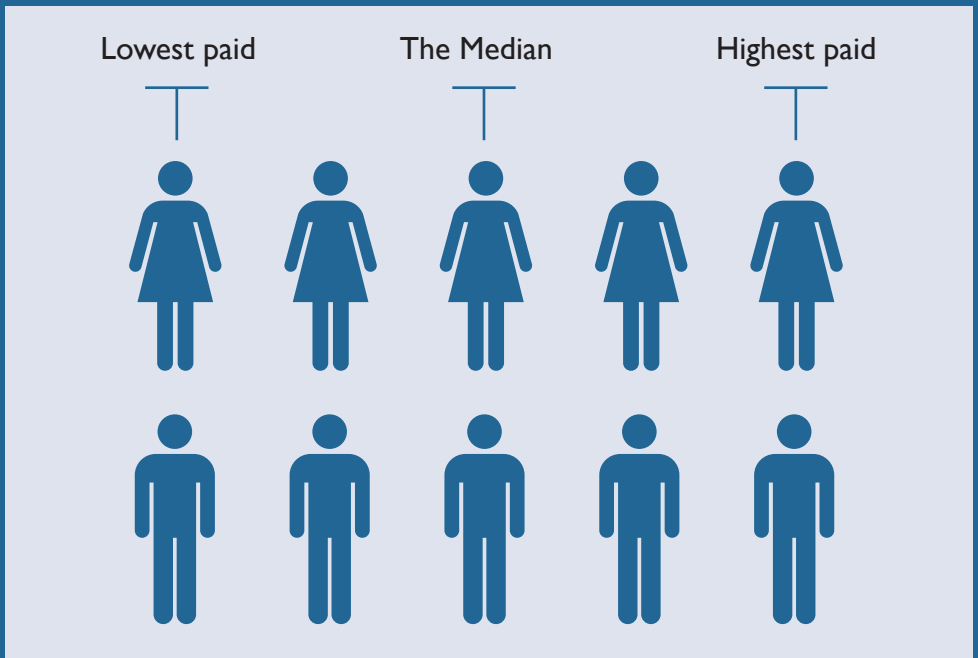


# 2021 CHEMRING ENERGETICS UK GENDER PAY GAP REPORT

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



# GENDER PAY GAP

	Median	Mean
Gender pay gap	23.6%	24%

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).

Gender pay reporting is different to equal pay and we are confident that CEUK's gender pay gap is not a pay issue, as our approach to recruitment and pay is gender neutral. We are also assured that our systems assess the job, as opposed to the person, based on a number of objective criteria.

On comparison with our last two reports, the gender pay gap has continued to improve with the mean further reducing from **24.8%** to **24%**, and median from **25%** to **23.6%**. Our analysis shows that our pay gap is driven by the gender split of our workforce, which is made up of **69%** men and **31%** women. This gender imbalance reflects our long history of operating in a male dominated sector; traditionally, heavy manufacturing and engineering have been male dominated areas. This coupled with the fact that we have a long serving workforce means that the gender split has remained static, and we have a significantly higher number of males in our total headcount. Moreover, many of these staff members are at senior levels within the business which compounds matters further.



# GENDER BONUS PAY GAP

	Median	Mean
Gender bonus pay gap	0%	39.9%

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).

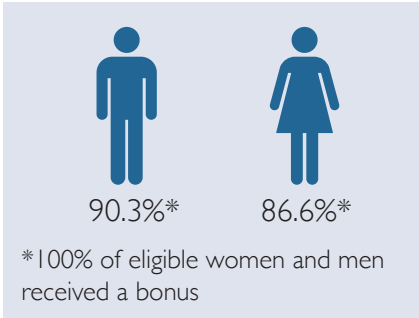
This table captures the mean and median difference between bonuses paid to men and women at CEUK. Similar to the gender pay gap, when compared with our last report, our statistics have improved with the mean bonus gap by reducing by more than **6%**.

Our CEUK 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. Additionally, there are a number of other factors which also account for this disparity. Although the majority of workforce were paid a fixed bonus amount, we also have holiday pay bonuses that are payable to employees who TUPE transferred over to CEUK 17 years ago. **78%** of the employees who are eligible to receive this bonus are male. Moreover, all our workforce is eligible to receive a long service bonus, in which the scheme recognises long service milestones on a 5-year basis commencing on achievement of 10-year service. **59%** of the employees who received this bonus in 2021 were male and **41%** female.

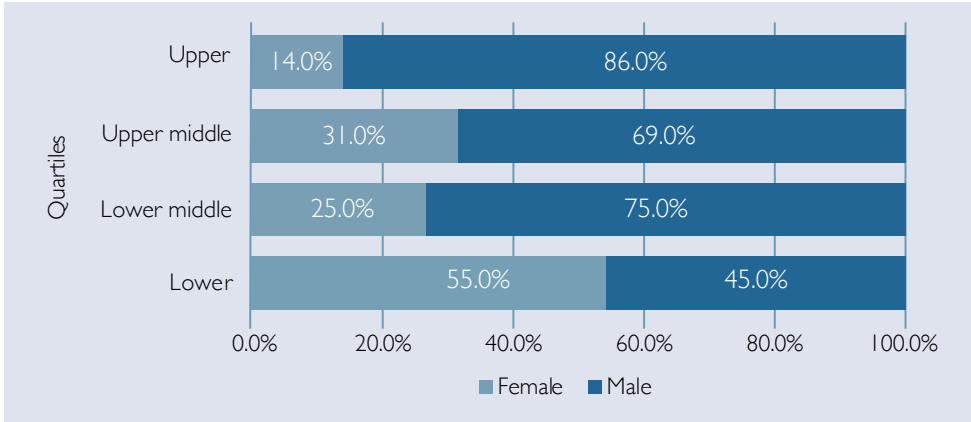
Given that two of the above bonus payments were linked to long service, it is unsurprising that more males received these payments given that the sector in which we operate has traditionally been male dominated. Finally, **2.7%** of our workforce received a payment under a bonus scheme, which is performance related, **14%** of the receipts were female and the remaining **86%** were male.

# PERCENTAGE OF STAFF AWARDED A BONUS

The figure right shows a **3.7%** difference between the number of women and men being paid a bonus in 2021. Not all employees were eligible for a bonus in this reporting year, namely, all new joiners who did not meet the eligibility criteria.



# PROPORTION OF MALES AND FEMALES IN EACH PAY QUARTILE



The above information shows the gender distribution across 4 equally sized quartiles of CEUK from lowest to highest paid. Overall, women currently represent **31%** of CEUK's employee base and this data is directly related to the profile of our workforce, particularly in the top quartiles which highlights CEUK has more males in senior higher paying roles, than females.

In our study the 2 lower and upper quartiles have remained static the past year. That said, on comparison with our last gender pay report, we have seen a positive shift in the upper middle quartile. The female Upper Middle has increased by **2%** which is reflective of our ongoing activities to drive diverse candidate attraction in senior roles through the business.

# WHAT ARE WE DOING HERE AT CEUK TO ADDRESS OUR GENDER PAY GAP?

We are confident that the Gender Pay Gap will continue to reduce over time and are committed to increasing 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.

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

- **Training** the senior leadership group through diversity workshops to support the development of a robust DE&I agenda, raise awareness of where challenges such as bias may be impacting on progress around key topics and support initiatives which further this. Continuing to build upon our CEUK's Leading our People programme for staff with line management responsibility. 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.
- **Identifying** high potential female employees and support them to succeed and grow into more senior positions.
- **Promoting** our existing family friendly policies such as: flexible working, hybrid working, shared parental, maternity, adoption, and paternity pay (all of which are enhanced) in order to encourage and support women to return to work after career breaks.
- **Developing** internal level progression framework to facilitate ongoing conversations for career development, advancement, and professional aspirations.
- **Establishment** of the Chemring Early Careers programme to support our graduates, trainees and apprentices, to build the foundational early career and professional skills needed in the workplace including promoting a genuinely inclusive environment for all our employees.

- **Participating** in more community and school initiatives which are aimed at encouraging females to pursue careers in the STEM sector via our in-house team of CEUK STEM Ambassadors.
- **Working** with our recruitment associates to compile shortlists of candidates that are gender balanced and diverse.
- **Progressing** our relationship with Scottish Engineering and Equate Scotland by getting involved in employer led projects which promote the importance of females in the engineering and manufacturing sector.

I can confirm the data reported is accurate.

A handwritten signature in black ink, appearing to read 'Brian Highet', is written over a light blue grid background.

**Brian Highet**  
Managing Director

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