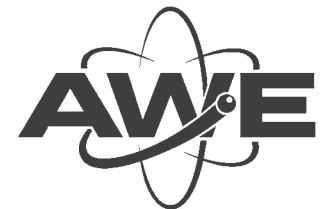


Gender Pay Gap report



JANUARY 2020



Introduction

from Iain Coucher,
AWE CEO

At AWE, we are passionate about developing talent. As part of this, we remain committed to increasing the number of women in our workforce year on year, and addressing the imbalances that gender pay gap reporting exposes.

We recognise that creating a diverse workforce is critical to our future – so, inaction on the issue of gender parity is not an option for us. We also recognise that we have more to do, and that the progress we have reflected in our last two reports is fragile.

It is with great disappointment that, this year, we have seen our progress slowed. In part, this is a consequence of the inclusion of higher graded personnel, the majority of whom are men, in a long-term incentive plan, three years ago. This was the right thing to do, but it has had an impact on our gender pay gap. I and the rest of the Executive Team at AWE remain focused on closing our gender pay gap, fairly and equitably.



Foreword

from Tony Mather,
Gender and Diversity Executive Sponsor

Welcome to AWE's third Gender Pay Gap report – a report that all companies with more than 250 employees are required to publish annually.

Like many other businesses within the science and engineering sectors, AWE has a legacy gender imbalance across the business. For the first time since beginning to publish these figures in 2017, we have seen a slight increase in our median gender pay gap, to 18.6%, taking us to around the sector average.

So, why the increase? We believe this was the unintended result of a routine benchmarking of our pay, long-term incentives and allowances against the wider industrial sector: because of our existing gender imbalance, the effect was to benefit more men than women, and negatively impact our median gender pay gap.

Despite this unwelcome headline, getting more women into rewarding and useful science, technology,

engineering and mathematics (STEM) roles remains one of our top priorities. Indeed, our business continues to strive towards gender parity. In 2019, we continued to strengthen our relationship with the WISE Campaign (Women in Science and Engineering), maintaining our active membership of its Ten Steps Programme – our score has increased by 26% since we signed up in 2015. We sponsored the WISE Man award at the annual awards ceremony and one of our graduates, Josiah O'Brien, was appointed on to the WISE Young Professional Board – you'll hear more from Josiah in this report.

For the year ahead, we remain committed to encouraging more girls from an early age into STEM through our schools outreach programme, which is actively supported by our apprentices and graduates. This is critical to increasing the number of women in STEM roles for the future. Additionally, we continue to publicise inspiring female role models across all our communications platforms,



since we know this is key to attracting a more equal gender split. We are seeing positive signs that some of these initiatives are working, including an increase in the number of women applying to our future careers campaign.

Supporting and encouraging flexible working and shared use of parental leave are also cornerstones of our strategy to improve our gender pay gap.

As with many other science and engineering businesses, we know we have some way to go. This is an industry-wide challenge, but that is no excuse – we remain committed to tackling the issues of diversity, inclusion and gender parity in our workforce.

"As CEO of AWE plc I am authorised to confirm that the information published in this report, in accordance with regulation 2 of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, is correct."



Glossary

Gender pay gap

The gender pay gap is the difference between the average hourly earnings of men and women, not about equal pay for men and women doing the same work. It is measured using three criteria – comparison between median hourly pay for all women and men within a business; between mean hourly pay for all women and men and between bonuses paid to men and to women. Put simply, the higher the percentage gap, the greater the disparity between men and women for the figures reported. These figures include both part-time and full-time employees.

The median gender pay gap

This is the difference between the median (middle) value of hourly pay rates (from lowest to highest) for all men in an organisation and the median value of hourly pay rates for all women, expressed as a percentage of the median hourly rate for men.

The mean gender pay gap

This is the difference between the mean (average) hourly pay rate for all men in an organisation and the mean hourly pay rate for all women, expressed as a percentage of the mean hourly rate for men.

The median bonus pay gap

This is the difference between the median (middle) value of bonuses (from lowest to highest) for all men

in an organisation and the median value of bonuses for all women, as a percentage of the median bonus for men (a negative figure indicates a balance in favour of women).

The mean bonus pay gap

This is the difference between the mean (average) value of bonuses for all men in an organisation and the mean value of bonuses for all women, expressed as a percentage of the mean bonus for men.

25% (quartile) pay distribution

The proportion of men and women in each 25% (quartile) of an employer's pay structure.

This is worked out by:

- Taking all the hourly pay rates (from lowest to highest) for all men and women in an organisation and dividing them into four equal sections of 25%: lower, lower middle, upper middle and upper.
- Next, calculating the number of men and women, within each 25% pay band, as a percentage of all employees within that pay band.

STEM – science, technology, engineering, mathematics.

WISE – Women in Science and Engineering.

WISE enables and energises people in business, industry and education to increase the participation, contribution and success of women in STEM.



18.6% = DIFFERENCE IN MEDIAN PAY

13.7% = DIFFERENCE IN MEAN PAY

“ The national gender gap is

17.3% ”

= difference in median pay

AT AWE THE GENDER SPLIT IS APPROX
77% MEN AND **23% WOMEN**



* AWE data is from April 2018 to April 2019 and includes employees (not integrated personnel, contractors or secondees).

** Office for National Statistics, October 2019, median hourly pay all industries and sectors.

Rema

Early Careers Team Lead

“ I started my career at AWE eight years ago as a technical trainer, having left the police force. In this role I was able to use skills learnt during my time in the police as well as learn many additional skills which have helped me in my current position of Early Careers Team Lead. When taking this role, I had limited experience as a line manager and AWE have supported me through mentoring and coaching, as well as providing a place on the First Level Leadership course.

Once complete, this course will provide an industry-recognisable management qualification. I thoroughly enjoy working with aspiring engineers – helping them develop their careers is incredibly motivating. Because of the size of AWE, there are many opportunities to move into different areas of the business and progress. As a mother, the work life balance and flexibility afforded to me by AWE has been a huge help and while I do not work full-time hours this has not been a limiting factor in my own growth and career progression. ”

“ I am very proud of the initiatives we are taking at AWE to ensure women are given every opportunity to progress their career with us. The regular analysis of our gender pay gap is important as it helps us understand how much progress we are making, with this year's data showing a small increase in the number of women in the upper pay quartile. But with a legacy industry-wide gender imbalance in STEM roles, it will take time for significant improvements to show. Nonetheless, I am delighted at our continued leadership of encouraging women into STEM roles, such as the WISE Ten Steps initiative. ”

HR Director, Megan Hunt



PROPORTION OF MEN & WOMEN

AWE EMPLOYEES
WHO RECEIVED

BONUS

3.1% ^{PAY}
VS. **1.9%**

MEAN GENDER BONUS PAY GAP:

-38.8%

AND MEDIAN GENDER BONUS PAY GAP:

-20.9%

There is no national comparator for these figures.

The mean and median bonus pay gap figures are negative because the gaps are in favour of women – meaning their bonuses are higher, although fewer women receive a bonus.

Josiah

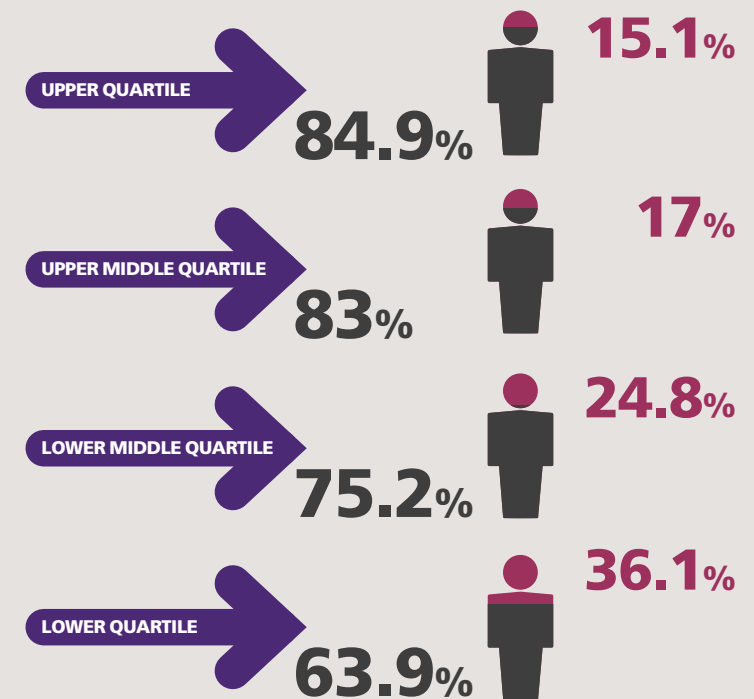
Josiah O'Brien is an AWE Graduate Physicist and 2020 board member of the WISE (Women in Science and Engineering) Young Professionals Board (YPB). WISE YPB is a group of STEM professionals from a variety of backgrounds, educational routes, locations, STEM disciplines and now genders. Together, the group inspires, engages and advocates for the next generation of STEM. WISE is striving for more gender diversity on the YPB and Josiah is one of the first non-female applicants.

“ WISE representation is, inherently, for women, but that doesn't mean the burden of reaching equality must solely be recognised by them. Men also have a responsibility to help achieve a balanced workforce, and by promoting proactivity around this I hope to help speed up the inevitable equilibrium of STEM genders.

I'm very passionate about social issues such as gender equality and strive to educate people and promote these issues wherever possible. I'm excited to join the YPB and have a real impact on shaping the way we address gender imbalance, as well as representing WISE by running outreach initiatives to promote and inform school and university level women of fascinating STEM courses and career options. I think it's vital that everyone has the same opportunities afforded to them, and can achieve a career they aspire to, but this isn't available for all women. However, together we can continue to bring about positive change within STEM fields, raising the representation of women within business and industry. I don't look to speak for women, but to use my voice to call for equal representation and inclusion. ”



PROPORTION OF MEN & WOMEN (AWE EMPLOYEES) IN EACH QUARTILE OF THE TOTAL PAY DISTRIBUTION



There is no national comparator for these figures.

Stephanie

AWE Apprentice and 2019 WISE Award finalist

“ I was 25 years old when I joined AWE as a Control & Instrumentation apprentice. I struggled to find what I wanted to do with my life, but I knew I didn't want "just a job". I enrolled into college after I left school to study Mechanical Manufacturing Engineering but becoming a parent when I was 17 meant I didn't finish the course.

There weren't many opportunities where I lived (North Wales). I knew I couldn't afford to go back to college and that I needed to earn a wage to support my son. So, I made the decision to move nearly 300 miles away to Hampshire where my sister had been living and working for two years.

I started applying for every engineering apprenticeship I could find, but I kept getting knocked back because of my age. The apprenticeships were aimed at people who had just left school. But I kept applying and a couple of months later I got the call to say that I had a place on the AWE apprenticeship scheme! I was over the moon!

I knew it would be difficult with the earlier mornings and childcare as my son's school breakfast club didn't open until late. On days where I struggled with childcare, my line manager was very understanding that I may have to come in late. It was a relief that they were so accommodating.

That has been the norm throughout my whole time at AWE. I was never made to feel like I should put work first and I always had someone to talk to or somewhere to go if I started to feel overwhelmed by all the challenges of being a working single parent. ”



Our action plan

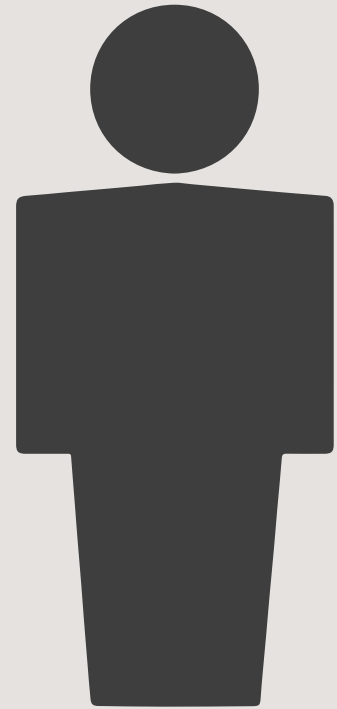
We support flexible working and all staff can apply for this

Through regular outreach activities, AWE aims to inspire more young women to study STEM-related subjects

Our long-term goal is to achieve a 50:50 gender split across new hires

We are committed to progressing on the WISE Ten Steps campaign and we will continue to work with WISE to encourage more women into STEM roles

We will continue to support career progression across all sectors at AWE and identify and address barriers where we find them



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