

GENDER PAY GAP REPORT 2021



INTRODUCTION

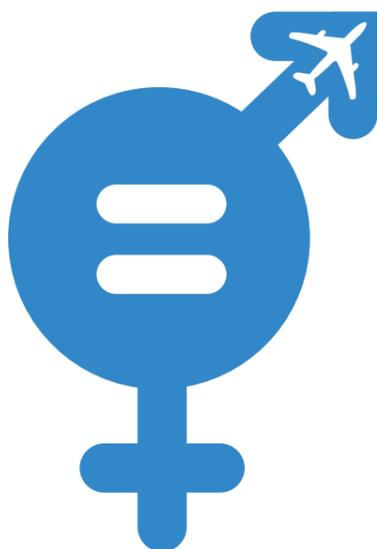
At Leonardo we are relentless about Inclusion and Diversity (I&D). Our I&D Strategy is ambitious and in 2021 we delivered what we set out to do, supported by our Senior Leadership Teams, by our active Network Groups and our external partners offering the very best practice.

This report sets out our latest gender pay gap data and supports it by sharing what we are doing to make further progress in creating a better gender balance and pay gap. As we increase our intake of female employees particularly at the early careers stage, we expect our pay gap to also increase short term until the intake progresses through our organisation. It is a long-term strategy we are taking to address the balance as well as the gap.

We know we still have work to do. We operate in a challenging environment where it is difficult to attract women into STEM and in turn into our Industry. We remain confident that the work we are doing now is laying the right foundations, building an attractive, inclusive, welcoming environment that is full of development opportunities not only for women but for all of our people.

We are proud signatories of the Women in Defence and Women in Aviation and Aerospace Charters, pledges that we take seriously and we are committed to moving towards our 70:30 gender balance target. We were delighted to be featured in the recent Bloomberg Gender-Equality Index, an opportunity afforded to organisations who are setting the new standard for data reporting.

We invite you to take time to read about our achievements in 2021 and the plans ahead for 2022.



WHAT IS THE GENDER PAY GAP?

A gender pay gap is considered an indicator of gender parity within a workforce. Put simply, if there are more men in senior positions or in roles with higher pay in an organisation, then the gender pay gap will be larger.

As such the regulations for gender pay gap reporting in the UK encourage employers to take effective action to ensure they close any gap that may exist which Leonardo has been doing for several years.

Since 2018 companies with over 250 employees have been required to report on the following elements:

- Mean and median gender pay gap in hourly pay
- Mean and median bonus gender pay gap
- Proportion of men and women who receive a bonus
- Distribution of men and women across pay quartiles

It is important to note that the gender pay gap is not the same as equal pay, which is paying men and women the same salary for the same (or similar) work. Unequal pay has been unlawful since 1970 and it is important to understand the difference between the two. Having a gender pay gap does not mean that men and women are not receiving equal pay.



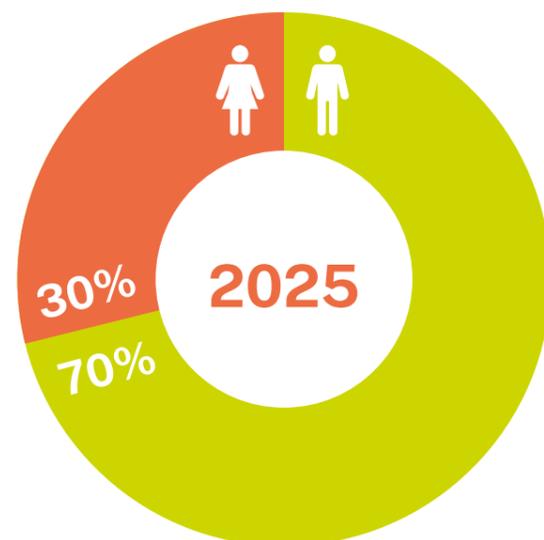
OUR DATA FOR 2021

We are pleased to report the progress we are making that reflects the work we have been doing as follows:

- Gender Pay Gap
 - Mean 14.57%
 - Median 17.00%
- Bonus Pay Gap
 - Mean 28.66%
 - Median 0.00%
- Proportion of men receiving a bonus 92.97%
- Proportion of women receiving a bonus 90.62%

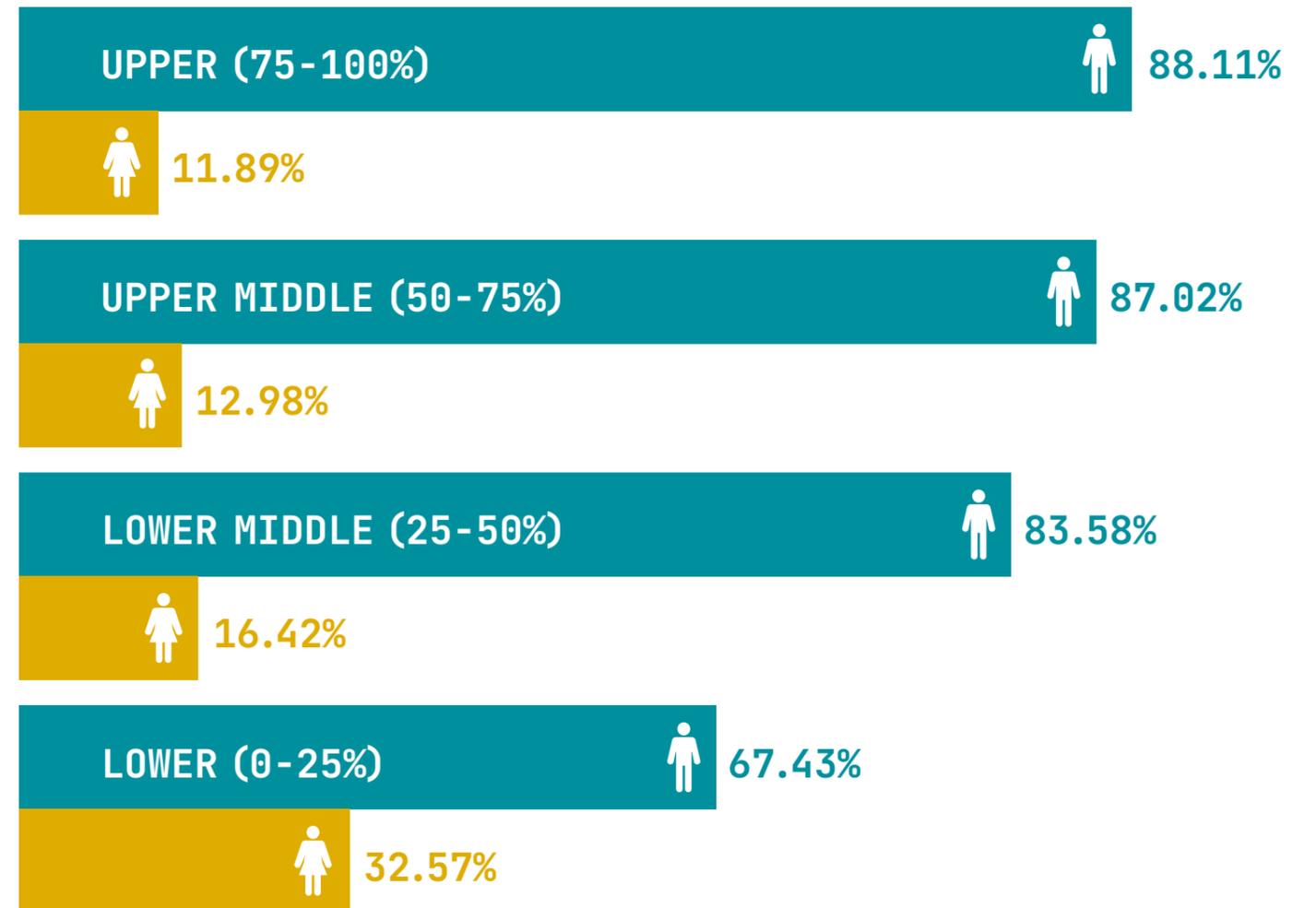
Distribution of men and women across pay quartiles

	Min-LQ		LQ-Med		Med-UQ		UQ-Max	
	M	F	M	F	M	F	M	F
2019	68	32	85.5	14.5	87.2	12.8	89.5	10.5
2020	69.34	30.66	84.95	15.05	85.78	14.22	87.93	12.07
2021	67.43	32.57	83.58	16.42	87.02	12.98	88.11	11.89



Our figures have increased compared to last year – something we expected short-term as we welcomed a more gender balanced intake of Apprentices and Graduates in 2021 and of new starters across the UK. We believe that all of the initiatives described below will, once embedded, provide the environment for women to quickly progress which will in turn positively impact the gender pay gap.

We still have a high percentage of men in senior roles within our organisation which contributes to both the pay and bonus gap figures and so our programmes such as Springboard, Imposter Syndrome and the Women in Defence Mentoring Programme, all outlined below, become increasingly important as we put the right support in place for women in Leonardo to succeed.



OUR COMMITMENT TO REDUCING THE GAP

We appreciate it takes time for things to change and whilst the data is disappointing we remain confident in our plans in the medium to long term and appreciate it takes time to see the full benefits of our work through our data. We are proud to have made so many strides forward in 2021.

We stand by our commitments to creating a better gender balance through the attraction, development and retention of more women both at Leonardo Group level in Italy and in the UK. In the UK we have a 82:18 ratio of men to women. A key aim is to position ourselves for the future with well-balanced early career intakes which continue to improve year on year. During 2021 we continued to make improvements around the gender balance of our early careers intake and also saw a marginal improvement to our gender balance in one of our Divisions.

Here we take the opportunity to share how we have made progress against the focus areas in our I&D strategy:

- Attracting and Resourcing
- Developing
- Raising Awareness
- Creating the Culture



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ATTRACTING AND RESOURCING

THE SUCCESS OF OUR STEM RETURNERS PROGRAMME

In 2021, we launched the STEM Returners Programme for engineers who have taken a career break and are looking to re-enter our Industry. Appreciating the value they would bring to Leonardo, the pilot edition featured a number of roles within Engineering across the UK, offering flexible working options and an attractive learning and development programme for the returners. The returners benefitted from mentoring and training to enable them to effectively reintegrate into the world of work.

"I was fortunate to secure a place on the STEM Returners programme in the pilot year for Leonardo. This scheme allows people like me to return to an engineering career, through an initial 12-week learn-as-you-go period with a very supportive team.

Having previously spent time as a maths and science teacher – which fitted in well when I had a young family – this career change has been a great opportunity to build on my engineering degree and diverse background in consultancy work, banking and education.

Seeing my transferable teaching and leadership skills recognised in this industry has been fantastic and the perfect opportunity for me to work in the defence sector."

Cathy Cojeen, Project Engineer, Southampton

The pilot was such a success that Leonardo is going ahead with a further five cohorts in 2022.



INCLUSIVE RECRUITMENT TRAINING FOR OUR MANAGERS

In 2021, we developed our own Mission:Recruitment module with an innovative Mission Impossible theme designed to promote inclusive recruitment and best practice around bias-free decision making, balanced interview panels and open interview styles that encourage questions about flexible working options and opportunities for career development in Leonardo.

WINNING AWARDS AND CREATING NEW PARTNERSHIPS

Leonardo has promoted STEM careers for many years and we partner with top charities to help us in this work – from supporting the Prince's Industrial Cadets with the Engineering Development Trust programmes, to the Royal Institution Masterclass programme, aiming to support teaching professionals at local schools and colleges with the practical application that comes from work based examples that they cannot access anywhere else.

We are also venturing into new partnerships to support students with neurodiverse conditions and disabilities to pursue STEM careers, as part of our wider disability inclusion strategy. A number of our Apprentice roles in 2022 will be filled by applications received via this route.

In 2021, some of our traditional events such as bringing your children to work day were converted to online activities and these virtual interventions were created by our early careers employees motivated to help students in local communities. One of our volunteers, Sarah Cooper, was recognised for her work when she won the 'STEM in Defence' Award at the Women in Defence Award Ceremony in 2021.

We offered virtual work experience and STEM@home projects formulated to provide support to curriculum learning in lieu of being able to support work placements.

We were able to have an extended reach through this approach and our STEM at Home page was visited 1,268 times during the year with the summer holiday period (23 July – 31 August) accounting for 529 of these downloads (42%).

One of our PDFs was downloaded 139 times and our other STEM at Home activity downloads were downloaded another 271 times, highlighting that our efforts have reached our target audience.

DEVELOPING

INTRODUCING NEW PROGRAMMES TO PROVIDE EQUAL OPPORTUNITIES FOR DEVELOPMENT

In 2021, we introduced Springboard, a world renowned programme for women in our organisation who want to take clear, practical and realistic steps to progress their careers and take more control over their lives. The expected impact for participants is a surge in confidence and assertiveness creating more positive thinking about themselves, leading to more job satisfaction and greater achievements.

50 women attended from the UK, Italy, Switzerland and Saudi Arabia and the feedback was overwhelmingly positive. As a result we are making Springboard a permanent part of our programme portfolio with a further four international cohorts planned for 100 women in 2022.

In parallel we are trialling the equivalent programme, Navigator, for men who also want to take control of their personal development and futures. Both programmes ensure that our people feel empowered to further their development and career within Leonardo.

Last year we also introduced a new forum where our senior leaders come together to discuss ways in which they can be allies supporting women across our organisation. The forum has generated a number of actions including the development of a new Imposter Syndrome Awareness Session that has reached over 300 employees within Leonardo in the UK and in Italy. We know this tends to impact women and so it is a way of boosting the confidence of women within our organisation to reach their full potential. The forum have also initiated a new Careers Hub where people can go to for tools and advice on developing their careers.

Finally, members of the forum are not only acting as guest speakers on the Springboard and Navigator Programmes, but as mentors in the Women in Defence Mentoring Programme that Leonardo is a part of. We have a number of women being mentored by senior leaders in the Defence Public Sector and at the same time, Leonardo leaders are mentoring women in the Armed Forces – a unique opportunity that has been very well received.

“THE WOMEN IN DEFENCE MENTORING PROGRAMME HAS BEEN A VERY POSITIVE EXPERIENCE. THE CROSS INDUSTRY NATURE OF THE PROGRAMME ALLOWS THE MENTORS AND MENTEES TO EXPLORE ISSUES FROM DIFFERENT PERSPECTIVES, AVOIDING THE UNINTENDED CONSTRAINTS THAT CAN ARISE WHEN BOTH PARTIES ARE FROM THE SAME ORGANISATION AND EXPERIENCE A SIMILAR WORKING CULTURE.

THE TRAINING SESSIONS WHICH SUPPORT THE PROGRAMME ARE WELL STRUCTURED AND MATERIAL IS ACCESSIBLE ONLINE OUTSIDE THE SPECIFIED TRAINING TIMES. HAVING THIS APPROACH LENDS ITSELF WELL TO SUPPORTING WOMEN WITH VARYING LEVELS OF EXPERIENCE AND WHO ARE LIKELY TO EXPERIENCE DIFFERENT DEMANDS ON THEIR WORKING DAY. PERSONALLY, I HAVE FOUND THE PROGRAMME HAS PROVIDED AN OPPORTUNITY TO REFLECT ON RECENT CHALLENGES AND THE OPPORTUNITIES AHEAD WHICH IS A REAL GIFT WITHIN A BUSY WORK ENVIRONMENT.”

SUE BELLAMY, HEAD OF ENGINEERING IMPROVEMENTS AND PEOPLE



OUR NETWORK GROUPS PROVIDE ADVICE AND SUPPORT TO OUR PEOPLE...

RAISING AWARENESS

Leonardo continues to have a very busy calendar of events and campaigns designed to promote inclusion, educate and raise awareness. We have five active Network Groups bringing together colleagues who share the same interests and passion for making a difference: Carers, Equalise (gender balance), Pride (LGBTQ+), Enable (disability and neurodiversity) and Ethnicity Inclusion. In 2022 we will add a sixth group on Wellbeing.



Our Network Groups provide advice and support to our people and also offer recommendations on how Leonardo can make further improvements. In addition, Leonardo has a number of external partnerships supporting our I&D Strategy to ensure we are adopting best practice:



These are active partnerships where we listen to the advice we are being given around attraction, recruitment, development and creating the right culture.

In 2021, we hosted a series of online events to celebrate International Women's Day, Movember, International Men's Day and Carers' Rights Day. There were countless opportunities for our colleagues to get involved and we attracted large audiences to our events in particular our Imposter Syndrome training, Communicating with confidence and 'Living with Asperger's' which was delivered by external guest speaker Alex Manners.

We also launched a new series of signature speaker events designed to inspire the hearts and minds of our leaders around inclusion and wellbeing. We hosted talks with rugby legend Gareth Thomas and footballer Clarke Carlisle who shared their own lived experiences which truly inspired our leaders.

CREATING THE CULTURE

CUSTOM WORKING OFFERING FLEXIBILITY IN WHERE AND HOW WE WORK

To ensure the future of Leonardo in the UK as a competitive, forward-looking business, we've long seen it as essential to move towards a model where our teams are empowered to decide where and how they work. We call it custom working and it is how we will retain and attract the best talent to our organisation and continue to deliver on our promises to our customers.

Our people have a considerable degree of freedom to decide on their working pattern and holidays together, taking into account single-point failures and other aspects of team organisation. We will offer a blend of five options which include site-working, remote home-working and customer site based working depending on the role. We have a well-established excellent flexible working policy supporting all of our employees that includes the options to request part-time and reduced hours, generous maternity and paternity leave and flexible start and finish times around our core hours that enable employees to manage commitment at home and at work.

These are benefits for everyone but the support available creates the conditions for women to progress their careers within Leonardo and help us to close the gender pay gap.

EVERY VOICE IS VALUED

In 2021 we launched our inclusion campaign called 'Every Voice is Valued' during National Inclusion Week which ensures that everyone feels able to speak up, feel heard and respected. Following a week of events with that theme in mind, we are now rolling out our own bespoke training called Inclusion 365, promoting inclusion every day.

We have delivered this to our Senior Leadership Team with great feedback and the rollout will continue throughout the year to everyone within Leonardo to ensure we create a welcoming, inclusive environment for all of our people—one where everyone can thrive.



"ENSURING WE CREATE A WELCOMING, INVITING ENVIRONMENT FOR ALL OUR PEOPLE..."

CONCLUSION

Our commitment to Inclusion and Diversity is clear for all to see and we have confidence in the progress that we are making. We look forward to measuring the impact of the initiatives and activities that we have described in this report and to the gender balance and pay gap improving year on year.

I confirm that the data reported is accurate

A handwritten signature in black ink, reading "Norman Bone", written over a horizontal line.

Norman Bone
Chair and CEO, Leonardo UK



