

## UK Gender pay report – 4 April 2019

Meggitt PLC

We believe in the significant benefits that derive from a more inclusive and diverse organisation. This report highlights our 2019 gender pay gap data and details our steps towards achieving a more inclusive and diverse workplace.

### Gender pay gap data for all UK employees as at 5 April 2019

Gender pay gap legislation requires us to report data as at 5 April 2019 for three of our UK employing legal entities which is reported in the prescribed format under 'Statutory disclosures'. In this statement, we also highlight the combined data for all of our UK companies. We use the combined UK data as our benchmark against which we monitor the effectiveness of our Group policies and practices.

Over the last couple of years, our data has been impacted by (i) the transition of our Chief Executive in 2018, when the incoming and outgoing Chief Executive were both simultaneously employed in April 2018; (ii) senior female appointments to the roles of Chief Financial Officer, Chief Technology Officer and Head of Reward, amongst others. Overall, we are making good progress with our diversity and inclusion plans, and these remain a priority for our leadership teams. Our commitments are outlined at the end of the report.

### Pay difference between male and female: all UK employees as at 5 April 2019\*

Meggitt mean pay gap	14.9% (2018: 23.1%)
Meggitt median pay gap	13.5% (2018: 20.1%)
UK national mean pay gap	17.3% (2018: 17.9%)

The gender pay gap data above shows the difference between the hourly rate of pay levels of male and female employees in the UK. On average, men are paid 14.9% (2018: 23.1%) more an hour than women in the UK at Meggitt. The data shows that the median difference between men and women's pay is 13.5% (2018: 20.1%).

### Bonus difference between male and female employees in 12 months preceding 5 April 2019\*

Median difference in bonus pay	28.8% (2018: 39.9%)
Mean difference in bonus pay	48.9% (2018: 72.0%)

The median difference in bonus pay between men and women in 2019 was 28.8% compared to 39.9% in 2018. The mean difference decreased from 72.0% to 48.9% over the same period.

### Proportion of all UK employees receiving a bonus in 12 months preceding 5 April 2019<sup>1</sup>



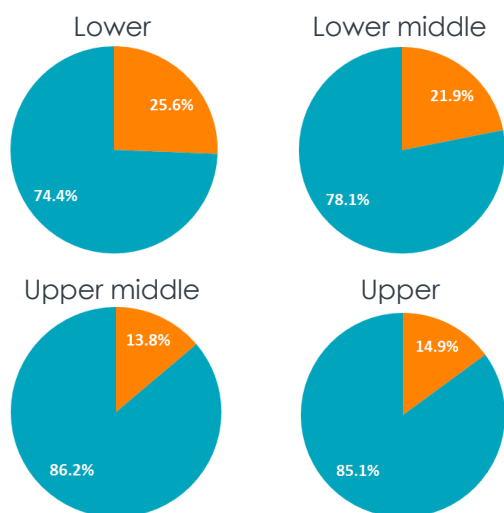
28.9% (2018: 41.7%)



26.1% (2017: 33.4%)

In 2019, a higher percentage of female employees in the UK received bonuses (28.9% of females compared to 26.1% of males).

### Pay quartiles across all UK employees as at 5 April 2019



As at 5 April 2019, there were around 2,434 full pay relevant employees in the UK. Each quartile represents approximately 609 employees. In the lower quartile, 25.6% of employees were female and 74.4% were male (2018: 33.7% and 66.3%). In the top quartile, 14.9% of employees were female and 85.1% were male (2018: 12.6% and 87.4%).

### Steps that we are taking to create a more inclusive and diverse workplace:

The Board of Directors, executive management, and leaders across the Group recognise that a diverse and inclusive workforce is critical to running a sustainable and successful business. As such, the Board is committed to working with managers at all levels to build a diverse and inclusive organisation and we are taking a number of actions to deliver this.

To reinforce our commitment to creating a diverse and inclusive environment, our Diversity and Inclusion Policy was approved by the Board in 2018. A Group-wide Diversity and Inclusion Council was also established to provide overall guidance and a framework was provided for Employee Resource Groups to facilitate discussions and initiatives on diversity and inclusion at site level. In 2019, all managers attended unconscious bias training.

The Executive Committee and the Board regularly monitor progress being made and review the Group's diversity and inclusion commitments during the year. Our Group commitments to diversity and inclusion are as follows:

#### **(i) Build a High Performance Culture (HPC) across the Group based on helping managers and employees to share the same strategic vision.**

The Board and executive management recognise that developing the right culture at Meggitt is important and will ultimately help us to deliver sustained high performance. Managers and employees are therefore given tools during their HPC sessions to support an inclusive culture that promotes inclusive thinking and diversity of thought. As at 31 December 2019, over 8,000

<sup>1</sup> Ordinary pay under the regulations does not include remuneration referable to overtime, redundancy or termination of employment, in lieu of leave or remuneration provided otherwise than in money.

employees have attended HPC sessions. The feedback from sessions is positive and during 2020 the focus will be on completing unfreezing for all employees and on reinforcing and embedding the concepts, including those that support a diverse and inclusive culture.

**(ii) Work with each of our divisions and functions to develop diversity and inclusion strategies that recognise their specific requirements and challenges.**

Each of our divisions and functions have developed diversity and inclusion strategies and these are integrated into our overall Talent Management Framework. The percentage of women in the leadership team is regularly reviewed at "Talking Talent" sessions which take place throughout the year. Each division and function also have specific goals to improve diversity. We also conduct targeted outreach events at a Group level to support the divisions and functions in their goals to identify more female candidates.

**(iii) Engage with employees to ensure open debate and raise awareness about diversity and inclusiveness.**

During 2019, five voluntary, employee-led employee resource groups (ERG's) were established. These groups focus on mental health and disability, gender balance, LGBTQ, engagement of young professionals and STEM education. During 2019, the initial participation in the ERG's has been excellent. Each ERG has an Executive Sponsor to help promote topics and to demonstrate commitment from senior management to diversity and inclusion. A new category was also added into our annual

employee engagement survey to understand the level of engagement by employees in our diversity and inclusion strategies. The results of the survey indicate that there is a good level of engagement in diversity and inclusion, including that over 80% of respondents said that Meggitt makes it clear that discrimination will not be tolerated and all backgrounds can succeed at Meggitt. Feedback from employees on diversity and inclusion will continue to be collected annually to ensure commitments from the company continue to focus on areas that are important to employees.

**(iv) Create a culture that supports employees in the various stages of their working lives.**

We recognise that our employee's circumstances can change, and as a responsible employer we have a role in creating a supportive culture. We continue to support those parents who choose to take shared parental leave through our maternity and paternity policies. As part of the transition of a large proportion of our UK workforce to Ansty Park, we are also looking to improve workplace flexibility through flexi-time and continuing to support applications for formal flexible working arrangements.

**Progress in 2019**

During 2019:

- Women in VP & Exec level improved from 8.5% to 13.9%;
- Internal Promotion rates for women improved in Professionals and VP level roles;
- Unconscious Bias Training was launched to leaders;

- HPC was delivered to over half of the employee population and for 2020 the plan is to complete all employee unfreezing.
- Meggitt joined the Women in Aviation and Aerospace Charter.
- We held a Society of Women Engineers Outreach event which was well attended by 200 potential candidates.
- UK employees were encouraged to become Science Technology Engineering and Mathematics (STEM) Ambassadors. Through participating in workshops and events we hope to inspire individuals from all backgrounds to become the next generation of leaders and engineers.

We will continue to promote diversity and inclusion through our policies, training, awareness events and commitments as well as through our internal promotion, recruitment and graduate and apprentice intakes.



Tony Wood

Chief Executive Officer

We confirm that the data reported under the Regulations is accurate and meets the requirements of the Regulations.



Geoff Lloyd

Group HR Director

**Statutory disclosures**

Under the regulations we are required to report our gender pay gap data for employers that have at least 250 employees. The relevant reporting employers for the Meggitt Group are Meggitt PLC, Meggitt (UK) Limited and Meggitt Aerospace Limited. Their data is set out below.

**Meggitt PLC<sup>2</sup>**

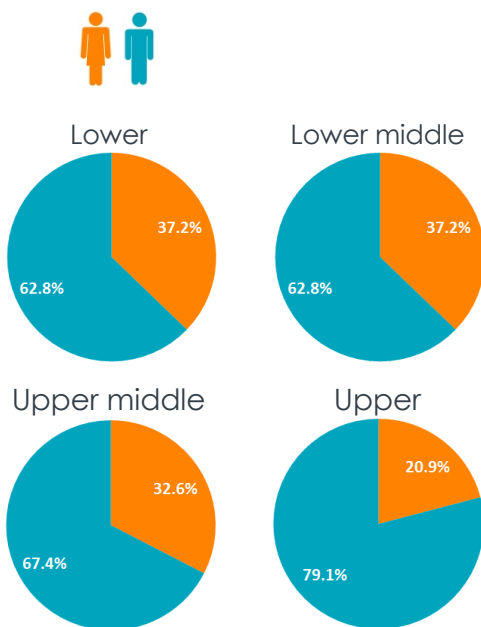
Pay and bonus difference between men and women

	Median	Mean
Hourly pay gap	19.2%	35.2%
Bonus gap	38.2%	56.0%

Proportion of employees receiving a bonus



Proportion of females and males in each quartile band



**Meggitt (UK) Limited<sup>3</sup>**

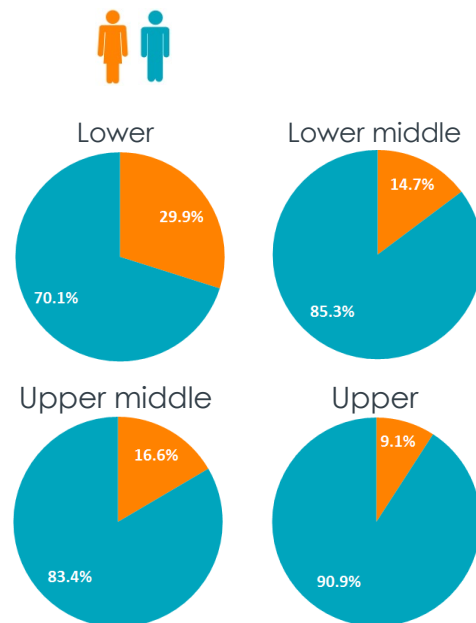
Pay and bonus difference between men and women

	Median	Mean
Hourly pay gap	16.0%	20.9%
Bonus gap	34.0%	68.9%

Proportion of employees receiving a bonus



Proportion of females and males in each quartile band



<sup>2</sup> At the snapshot date Meggitt PLC had 344 employees.

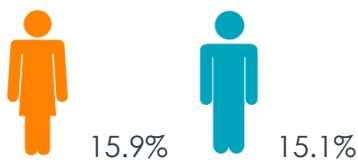
<sup>3</sup> At the snapshot date Meggitt (UK) Ltd had 654 employees over six sites.

**Meggitt Aerospace Limited<sup>4</sup>**

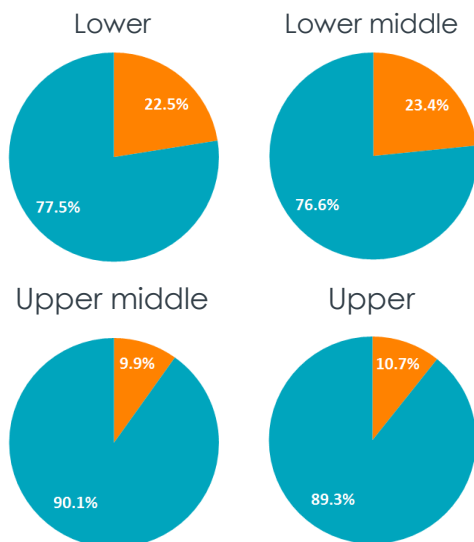
Pay and bonus difference between men and women

	Median	Mean
Hourly pay gap	19.9%	15.6%
Bonus gap	34.7%	61.1%

Proportion of employees receiving a bonus



Proportion of females and males in each quartile band



<sup>4</sup> At the snapshot date Meggitt Aerospace Ltd had 1,421 employees over six sites.