

Gender Pay Gap Report 2020



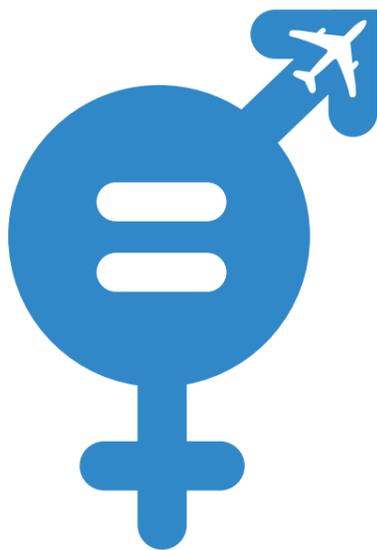
Introduction

At Leonardo we remain committed to prioritising our people, their wellbeing and their sense of belonging whilst working at Leonardo. Although the pandemic has hit us all hard, we have taken the opportunity to look at more ways in which we can support our people, to build resilience and to offer flexibility in the way that we work so that we can all balance our work life with our home life. These practices, which are here to stay, support our Inclusion and Diversity programme as we explain later in this report.

This report sets out our latest gender pay gap data and explores the strides forward that we have been taking and our future plans. We are committed to creating a better gender balance and are putting a number of programmes in place to help get us there.

We understand we operate within a challenging Industry and Sector in terms of attracting applications from women and our new measures aim to work even harder to increasingly attract, develop and retain women within our organisation. In 2018, we demonstrated this commitment when we signed the Women in Defence and Women in Aviation and Aerospace Charters and again, in this report, we will look at what we have done since signing these pledges to make further progress.

Overall, our aim is for Leonardo to be a welcoming, inclusive place to work for all of our people. We will strive to build an inclusive, diverse culture where individuals can thrive, feel safe and perform at our best.



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 with clear impact as we continue to reduce our gap year on year.

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.

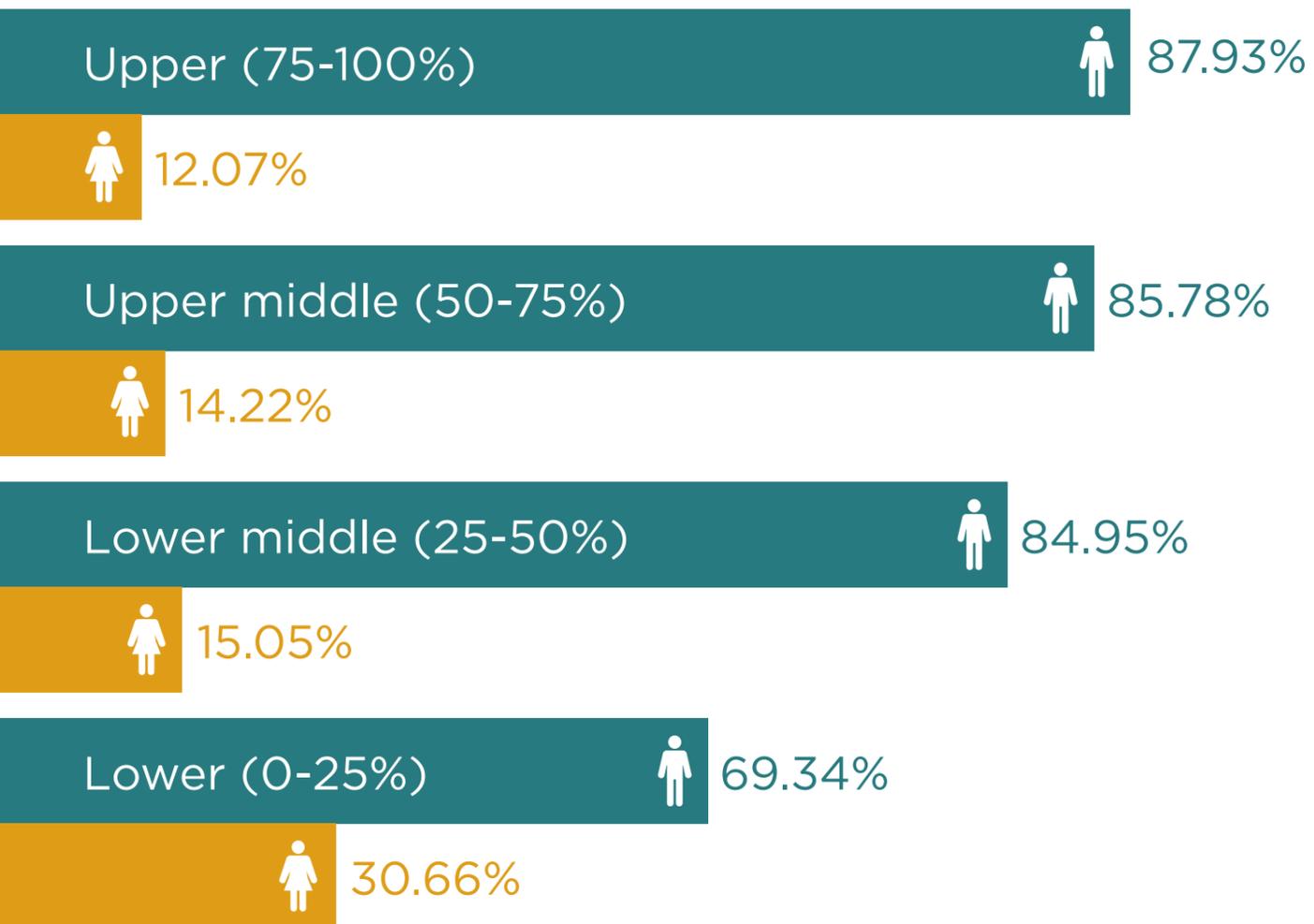


Our Data for 2020

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

- › Gender Pay Gap
 - › Mean 13.3%
 - › Median 13.6%
- › Bonus Pay Gap
 - › Mean 27.7%
 - › Median 0%
- › Proportion of men receiving a bonus 90.2%
- › Proportion of women receiving a bonus 87.1%

Distribution of men and women across pay quartiles



Our commitment to reducing the gap

We are encouraged by the progress indicating that our actions are having a positive impact. This is a trend we intend to continue as we step up our efforts to do more to further reduce the gap.

We have made 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 currently have an 82:18 ratio of men to women. We declared our intent to work towards a 70:30 ratio by 2025 when we signed the Women in Defence and Women in Aviation and Aerospace Charters in 2018. More recently we are delighted to be featured in the Bloomberg Gender-Equality Index in 2021 which is an opportunity afforded to companies who are setting the new standard for data reporting.

We have the strong commitment of our Senior Leadership Teams globally across Leonardo who appreciate the value of a diverse workforce and who are committed to creating a better gender balance across the entire business. With their full support, we have a number of initiatives in place.

Our Inclusion and Diversity Plan for 2020 and beyond includes the following focus areas:

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



Attracting and Resourcing

In 2020, we launched the STEM Returners Programme which aims to attract applications from those who have taken a career break and looking to re-enter our Industry. Typically returners are from under-represented groups including women and we value the skills they would bring to Leonardo.

The pilot edition features a number of roles within Engineering across the UK, offering flexible working options and an attractive learning and development programme for the returners upon joining. The returners benefit from mentoring and training to enable them to effectively reintegrate into the world of work and at the end of the 12 week placement, permanent offers are made where the placement has been successful.

This is a new entry route for Leonardo that we will look to retain and widen out across our UK business.

Inclusive Recruitment Training for our Managers

In 2021, we will be further supporting our Hiring Managers with Inclusive Recruitment practices, continuing the work we have already started to remove any potential bias from our advertising campaigns, job descriptions and selection processes.

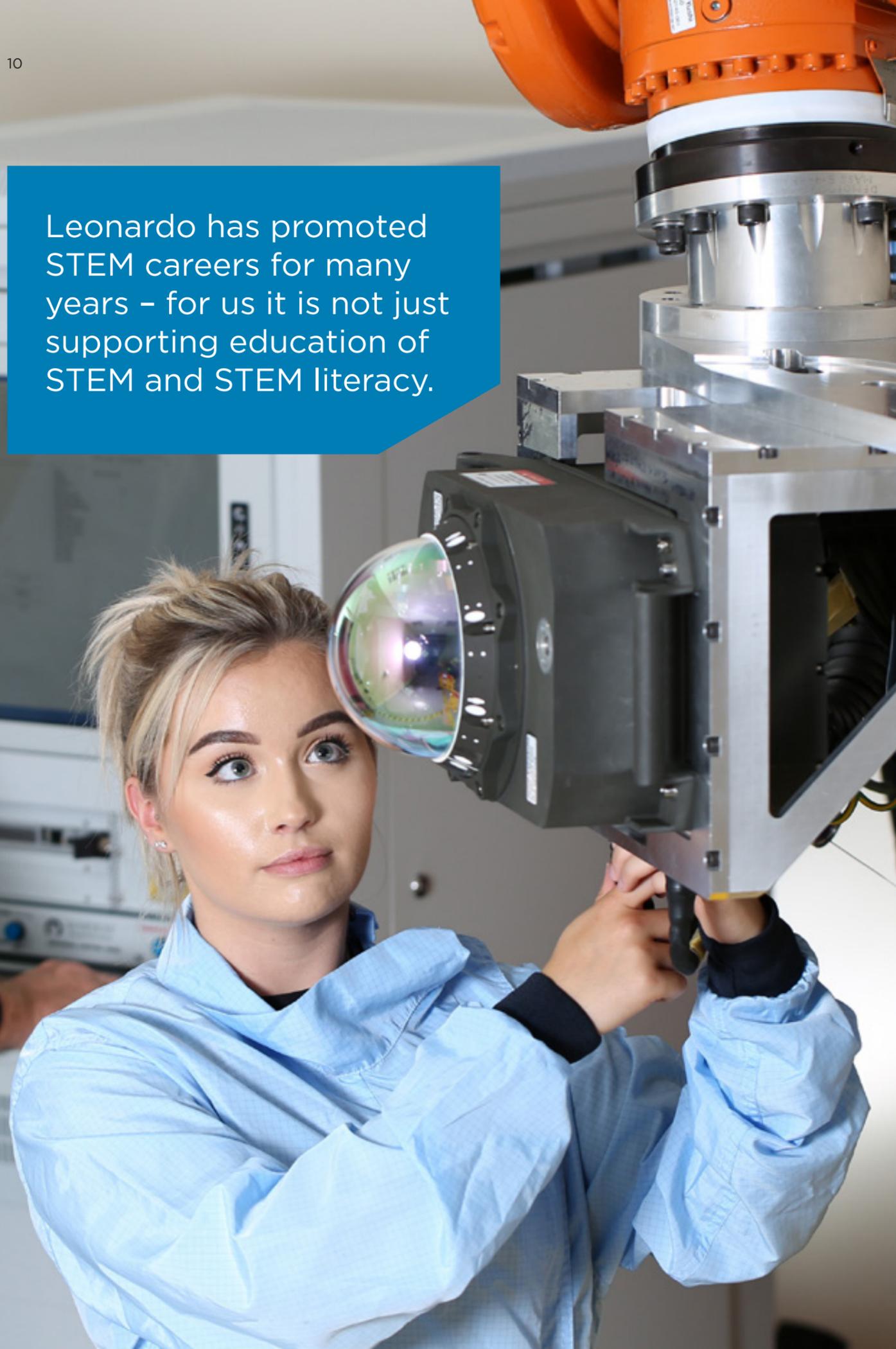
We have already rolled out unconscious bias training and intend to build on that with further best practice around more balanced interview panels, open interview styles that encourage questions about flexible working options and opportunities for career development in Leonardo.

In addition, we will be delivering 'building an inclusive culture' training to our Senior Leadership Teams, Managers and employees. This will be tailored to demonstrate how to maintain an inclusive culture at Leonardo, to manage banter in the workplace and to ensure that we have a welcoming and comfortable environment for all of our people.



In 2020, we launched the STEM Returners Programme which aims to attract applications from those who have taken a career break and looking to re-enter our Industry.

Leonardo has promoted STEM careers for many years – for us it is not just supporting education of STEM and STEM literacy.



STEM and Early Careers

Leonardo has promoted STEM careers for many years – for us it is not just supporting education of STEM and STEM literacy – it's looking at key concepts that students are equipped with and challenging their knowledge by offering them a different practical environment within which to place those concepts and theories, enabling a personal approach to problem solving and encouraging innovation.

At Leonardo we have accepted the challenge that as Engineering and STEM offer a wealth of diverse careers and skills, the people who participate in driving forward this innovation also represent a wealth of diversity from our local communities. This is not an overnight challenge; we cannot do it alone.

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.

This is the unique role Leonardo are proud to play as a STEM partner; a role we continue to play despite the current external environment presenting additional challenges. We have continued with our STEM activities online – our Engineering and Project Director, Paula Clarke, was a guest speaker at the Women in Engineering Society (WES) Conference which shows the commitment of our leadership and ability to present role models to future generations. Leonardo also displayed its continued commitment with the Cool Aeronautics event, in November 2020.

This national event takes place every year, when local branches of the Royal Aeronautical Society work with organisations to bring about a day full of learning and activities for Key Stage 2 students. Throughout the year, no other organisations were able to deliver the event, but the team at Leonardo Helicopters decided to push through the challenges and deliver an online event. Taking this decision allowed almost five times more students to get involved, and meant Leonardo was able to remove a lot of the barriers to inclusion that had existed before.

Developing

In 2018 we introduced a new talent programme in some of our Divisions called Succeed to Lead which invites our employees to nominate themselves for a tailored development programme designed to support their career progression. The programme has a 71:29 balance of men to women and offers participants a bespoke curriculum of learning, a business mentor, a UK-wide network and the unique opportunity to attend leadership modules at RMA Sandhurst and the Defence Academy in the UK.

We aim to increase the number of women in senior positions within our business and we have already started to review the gender balance across our succession plans. As our work continues we are putting programmes in place ready for future successors, in addition to Succeed to Lead and our existing leadership programmes for all of our colleagues.

One such example is Springboard, a world renowned programme for women wanting to achieve their true potential by learning about themselves, building their confidence, setting goals and being able to communicate effectively. It allows for reflection of work and home life.

Springboard will be piloted across Leonardo in the UK and Italy this year with 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.

Overall, our Learning and Development solutions are designed within Inclusion and Diversity in mind - whether it is our transnational Accelerate Programme for future leaders or our catalogue of modules provided online by Coursera which are accessible at any one at any time and from any place. The latter really appeals to our employees juggling work and home commitments who can enrol on a course and take it at their own pace to ensure their development is still taking priority.

In parallel, we are launching a new network of senior leaders looking to support women across our organisation. Again reflecting the commitment from the top, the network will identify ways to support and sponsor the career progression of women in our business, demonstrating the many ways in which you can reach senior positions within Leonardo. We will hold up our leaders as excellent role models to inspire the next generation and signal our intent to have more women in leadership positions.



In 2018 we introduced a new talent programme called Succeed to Lead which invites our employees to nominate themselves for a tailored development programme designed to support their career progression.



“The work we are undertaking sets us apart from our competitors in closing the gender pay gap, with our biggest acceleration yet. We are all committed to maintaining this pace and I’m proud to be part of an organisation where everyone understands the benefit of continually improving gender balance.”

**Paula Clarke -
Engineering and Projects Director**

Raising Awareness

Leonardo has a busy calendar of events and campaigns designed to promote inclusion, educate and raise awareness. We have four active Network Groups bringing together colleagues who share the same interests and passion for making a difference: Carers, Equalise (gender balance), Pride (LGBTQ+) and Enable (disability and neurodiversity).

In 2020, undeterred by remote working, the Network Groups were extremely active and creative in ensuring the events and campaigns planned still went ahead online. We held our first Virtual Pride event in June and hosted lunchtime learners with an exciting line up of external speakers to celebrate National Inclusion Week, Movember, International Men’s Day and Carers’ Rights Day.

There were countless opportunities for our colleagues to get involved and we were delighted that so many did. Building on the successes of 2020 we are achieving even greater engagement in 2021 with our highest attendance figures ever recorded at our lunchtime events. We recently introduced a new signature event with a celebrity speaker sharing their personal experience of inclusion which attracted over 500 Leaders and it received extremely positive feedback. This is now something that we intend to do again to maintain and build on this level of engagement.

As well as their role in supporting colleagues, driving engagement and raising awareness, Equalise and their members work hard to make recommendations and share feedback from across the business to inform the I&D Plan, helping improve our gender balance and pay gap and meet regularly to consider best practice and ways in which we can further move the needle.

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.

In the future, teams will 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 that enable employees to manage commitments at home and at work. Essentially we offer our employees the choice about how they work.

Every Voice is Valued

We have a working group looking at ways in which we can promote inclusion every day and ensure we have a welcoming workplace for all of our colleagues. In 2021 we intend to launch an 'every voice is valued' campaign ensuring that everyone feels able to speak up, feel heard and respected. We know from our recent survey on inclusion that many of our colleagues already feel this way and it is important that this is fully replicated across our entire business, especially as we work together in new ways and in different locations.

We partner and collaborate with a number of Trade Associations, Charities, Social Enterprises and Institutions to ensure we stay relevant, adopt and share best practice. These include but are not limited to:

- › Inclusive Employers
- › The Association for Black and Minority Ethnic Engineers (AFBE-UK)
- › The Women's Engineering Society (WES) and Institute of Technology (IET) and WISE campaign
- › The Engineering Development Trust
- › The Royal Academy of Engineering and Royal Aeronautical Society D&I Working Groups
- › UK Electronics Skills Foundation



We call it custom working and it is how we will retain and attract the best talent to our organisation.

Conclusion

We have confidence in the progress that we are making and are putting further pace into our programme to continue the trend. We look forward to measuring the impact of the initiatives and activities we are pursuing to build an inclusive and diverse workplace for all of our people at Leonardo.

I confirm that the data reported is accurate

A handwritten signature in black ink that reads "Norman Bone". The signature is written in a cursive style with a horizontal line underneath.

Norman Bone
Chair and Managing Director, Leonardo UK



Appendix

The tables below show Leonardo's gender pay gap and gender balance across all quartiles, for the reporting period 2018 - 2020.

Gender pay gap

	Median	Mean	Bonus Median	Bonus Mean	Male receiving Bonus	Female receiving Bonus
2018	17.8	17.1	0	33.2	59	59.2
2019	17.6	16	60	27.2	93.4	89.3
2020	13.6	13.3	0%	27.7	90.2	87.1

Gender balance across all quartiles

	Min - LQ		LQ - Med		Med - UQ		UQ - Max	
	M	F	M	F	M	F	M	F
2018	67.7	32.3	87.2	12.8	87.5	12.5	90.8	9.2
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





For more information:
infomarketing@leonardocompany.com

Leonardo
Sigma House
Christopher Martin Road
Basildon
Essex SS14 3EL - United Kingdom
T +44 (0) 1268 522822

This publication is issued to provide outline information only and is supplied without liability for errors or omissions. No part of it may be reproduced or used unless authorised in writing. We reserve the right to modify or revise all or part of this document without notice.

2021 © Leonardo UK Ltd.

MM09059 4-21