

ULTRA.

Gender Pay Gap Report

2021



Introduction

This is our third annual gender pay gap report since we began our ONE Ultra transformation around focus, fix and grow in 2018.

A key part of this is to **create a dynamic, inclusive and inspiring work environment that attracts, develops and retains the best diverse talent pool.**

We have focused on delivering a number of initiatives to deliver against this and in 2021 we launched our targeted diversity equity and inclusion strategy called Uniquely Ultra.

Uniquely Ultra is guided in three core beliefs - **Be You. Be Open. Be. Ultra**

Our approach is grounded in evidence-based design of recruitment, opportunity and progression. New systems, processes, people and measures have enabled us to gather more knowledge in order to make data informed, smart interventions that will help us move the dial on a number of aspects of this agenda including pay equity.

Our 2021 UK Gender Pay Gap report provides us with the opportunity to share our latest data as well as the positive progress we are making towards creating not only an inclusive and diverse workforce but a great place to work for all of our employees.

Be You.

We believe you get better ideas and better outcomes when people can be themselves at work. When they feel able to act and speak naturally, knowing their colleagues have got their back.



Be Open.

We want Ultra to be famous as a place where diverse talent thrives. We're not there yet, but we will be. If we're open and respectful with each other. And if we keep measuring and improving what we do.



Be Ultra.

We believe the most successful teams are the ones that combine as many different strengths, ideas and perspectives as possible - all working towards the same goal.



Our Values

Innovating today for a safer tomorrow.

Our values define the business we ASPIRE to be and reflect Ultra at its best. They are a guide for what we do and say – and the decisions we make every day.



Agile - we embrace change



Sharing - we win as a team.



Performing - we are relentless about quality.



Innovating - we are open and questioning.



Rewarding - we love to celebrate success.



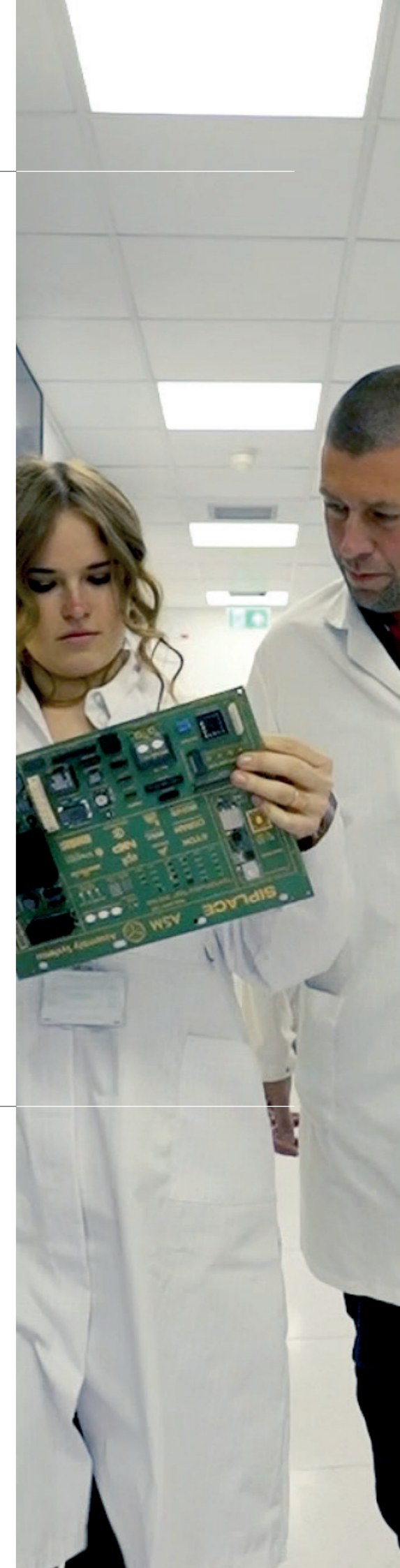
Empowering - we set people up to success.

Pay Gap Data

The figures included in this report represent our aggregated results which include all applicable employees in the UK.

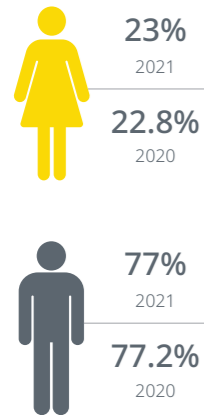
Our report is aligned to the requirements of the UK regulations on organisations with more than 250 employees to report the mean and median gender pay gap and bonus gender pay gap, the proportion of men and women who receive a bonus and the distribution between genders across pay quartiles.

This is different to equal pay, which requires men and women in the same job in the same organisation to be paid the same. At Ultra we ensure, through our reward policies and processes, there is no gender bias in our approach to pay.



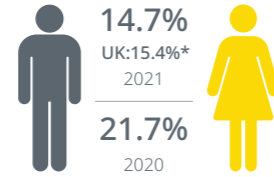
Gender Pay Gap 2021 data

+ Gender representation:



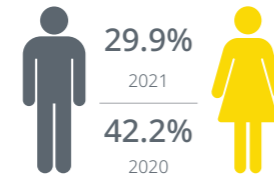
Results:

+ Gender Pay Gap

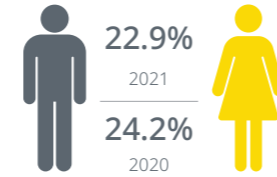


mean

+ Gender Bonus Gap

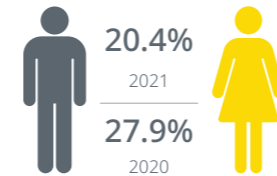


+ Gender Pay Gap

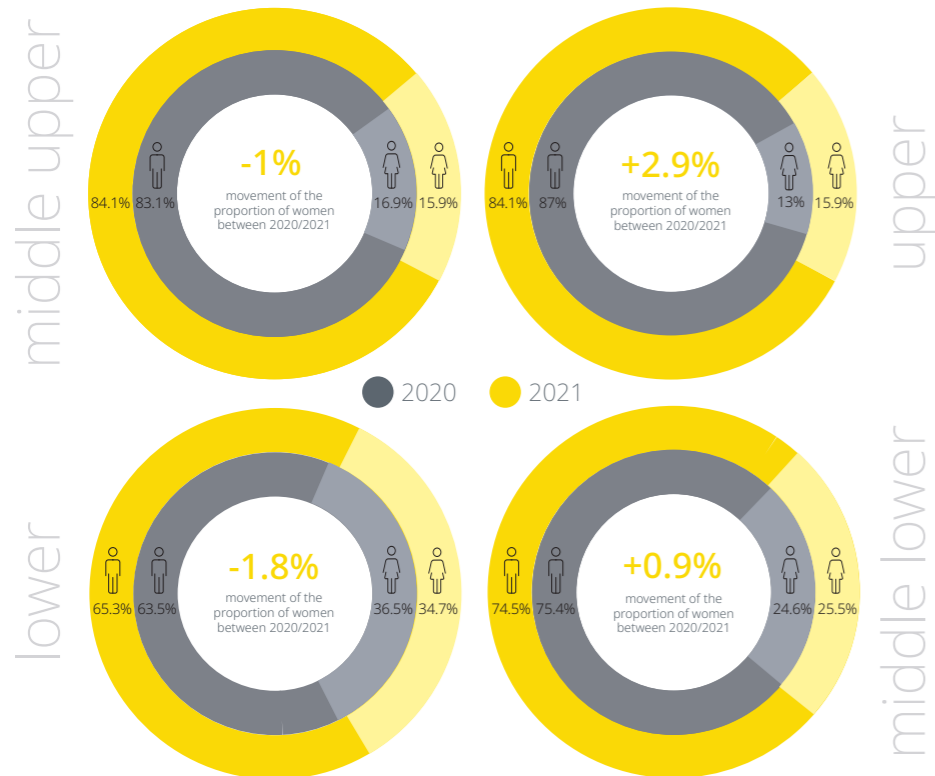


median

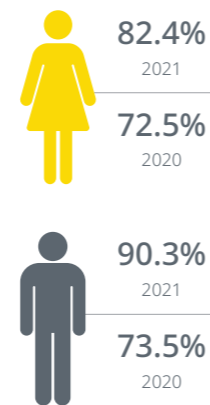
+ Gender Bonus Gap



+ Proportion of men and women in each pay quartile band:



+ Proportion of employees receiving a bonus:



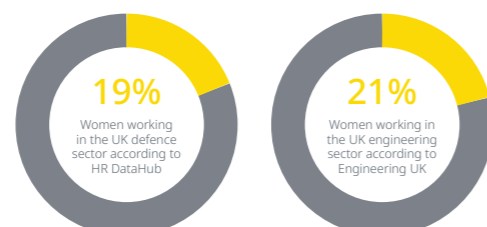
+ Mean gender pay gap career bands

Colleagues in bands D to J make up 98.8% of our UK workforce, and we are making good progress moving closer toward gender equity in mean gender pay.

A	**
B	**
C	**
D	-2%
E	-3%
F	5%
G	7%
H	0%
J	2%

+ Women working in the defence industry and engineering sector:

Ultra has a slightly better proportion of women working with us.



Reading our data

In the UK, our female representation remains steady at around 23%. Globally, we are improving with 28.6% of our colleague's women. In comparison, to the UK defence industry and engineering sector as a whole, Ultra has a slightly better proportion of women working with us.

We have seen further small improvements in the gender balance across the lower and upper quartiles of our UK business. This reflects more women joining or being promoted into our leadership teams and an increase in female talent in the early career phase.

Ultra's middle quartiles are very similar to last year. We believe the root causes are:

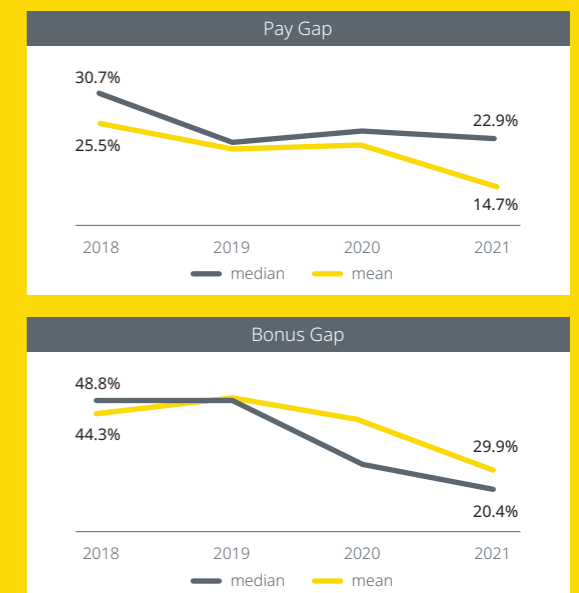
- Reflecting the deep expertise some of our work requires, Ultra has a 10% higher proportion of over 50's employees than the national average. Again, in line with UK trends* people over 50 tend to have a larger pay gap.
- Caring of dependents disproportionately is undertaken by women, this has increased due to COVID. Consequently, employment changes are also likely to have an effect as households move towards having greater caring responsibilities, often from the mid 30s upwards. As a result, this has historically had an impact on the number of women progressing into higher paid jobs to the upper quartile.
- Ultra is an engineering business. The number of women in engineering careers is slowly rising but at 14.5%** it remains low.
- A major proportion (~45%) of the women in Ultra have operations (manufacturing related) roles. We recognize that transferring to higher paid roles available within the business often requires additional qualifications (normally a degree). Balancing a full-time job, dependent care and adding qualification study is a significant undertaking. We are committed to identifying actions to enable progression from these role into other roles in the organisation.

*UK national mean : Office for National Statistics 2021.

** Engineering UK

Our ONE Ultra business transformation began in 2018. In that time, we have seen an encouraging decline in the Ultra gender pay gap.

- Our mean gender pay gap for 2021 is 14.7%. A positive **improvement of 7%** on 2020 and a 10.8% reduction on our 2018 baseline.
- Our median gender pay gap is 7.8% lower than our baseline year and a **1.3% improvement** on 2020.
- Our mean gender bonus pay gap has closed significantly from 2018 by 14.4%. **Year on year the gap has reduced 12.3%.**
- Similarly, the Ultra median bonus pay gap has dropped from 48.8% to **20.4%** since our benchmark in 2018.
- In 2020 this gap was 27.9%, in 2021 this gap fell by 7.5% to **20.4%**.



- Mean is the average of all the data when added together.
- Median is the mid-point of the data when the results are in value order.
- As bonus is currently calculated on a percentage of salary, the bonus gap reflects the imbalances shown in the pay gap.

*UK national mean : Office for National Statistics 2021.

**The number of people in these bands is < 1.5% and is therefore not statistically significant.

Attracting and retaining

Ultra is a growing business and people are our greatest asset and we need more of them. The recruiting market is a challenging place for an engineering business operating in a predominantly defence market.

- Historically, a career in engineering has not been perceived as an attractive prospect for some, especially women.
- Since the pandemic across industries, workers have been leaving or thinking of leaving their roles creating a buoyant external market.

We have made good progress on improving the Ultra employer brand in the market. We have more work to do to help Ultra be seen as a great place for women to join and progress their careers.

- For our US recruitment we are able to request and measure the gender of applicants and their progress through the recruitment lifecycle and from this, we are seeing some positive and encouraging signs:
- We are seeing an **increased internal hiring rate for women of 46.2%** from an **existing talent pool of 37.9%**.
- Where we have external candidates, **34.8% of the applicants are women**. As these progress through the recruitment process to the hiring stage we are seeing this then translate to a **40% of all hires being female**.
- Our new global HR system will enable us to track this data in the UK soon. With this data we will be able to draw insights and will be able to measure performance to assist in enhancing our hiring processes.

How a role is designed has a major impact on the available talent pool. We would like for it to feel culturally comfortable for recruiting managers to design roles that puts aside what the old job description said and what the previous incumbent did.

Working in partnership with our Talent Acquisition team we invited our colleagues to stop and rethink job design to widen the talent pools and to appeal to more diverse candidates:

- what do we gain from asking for that qualification;
- what aspects must be done face-to-face;
- do they really need to have great communication skills;
- could the role be part-time;
- is everyday core-hour "availability" really needed;
- does this role really need that "special" skill or can it be taught;
- splitting the role - is it realistic to find a brilliant people/team developer and a technical expert in one person?

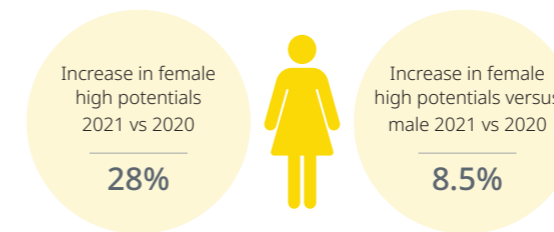


Developing and progressing

Developing and then progressing women upwardly through the representation quartiles of Ultra has been an area of focus.

Across the group, Ultra operates a high potential scheme that identifies colleagues that have the potential to jump two or more career levels within 3 years.

- Compared to 2020, we saw an increase of 28% more female high potentials in 2021.
- Whilst we have more to do, there was 8.5% increase in women high potentials in comparison to men.



Ultra's senior leadership career bands are A to D.

- In 2021, our senior leadership levels had a significant increase in female (62%) versus male (38%) promotions.
- Further, the proportion and number of women leaders has increased 2.3% over the year.



For the last 2 years we have been running a program called 'Strategies for Success' aimed at unlocking the capability of our senior and high potential women at Ultra to support their progression

To date, 140 have completed this program which has the following key objectives:

- Accelerate and support the development of senior and high potential women in Ultra with a supplementary program to our leadership programs.
- Create a community of support and challenge.
- Shift the diversity in our senior leadership.



Engaging and retaining

Key wins

Ultra has taken big strides in 2021 to have a positive impact on the working environment for everyone. We are confident that this will make Ultra a great place to work for everyone!

- ✓ **Full-time senior manager for Diversity Equity Inclusion appointed** and accountable to Exec.
- ✓ Creation of **women@ultra** employee resource group.
- ✓ **Free menstrual products** to be rolled out at all major sites.
- ✓ Encouraging all staff to bring their whole self to work - our **dress code simplified** to "dress appropriately".
- ✓ **Lactation spaces** to be rolled out at all major sites.
- ✓ **Priority parking for pregnancy** near employee ingress points to be rolled out at all major sites.
- ✓ Introduced a **flexible working policy**.
- ✓ **UK Women In Defence** charter signed.
- ✓ **Data led intervention & accountability** via new global HR management system in 2021.
- ✓ **Set & published internal targets** via the Global Diversity, Equity & Inclusion Benchmarks.
- ✓ **Diversity Equity & Inclusion** one of three development areas in **our leadership 360° assessment process**.
- ✓ **All line managers** invited to attend **unconscious bias awareness and neurodiversity awareness workshops**.

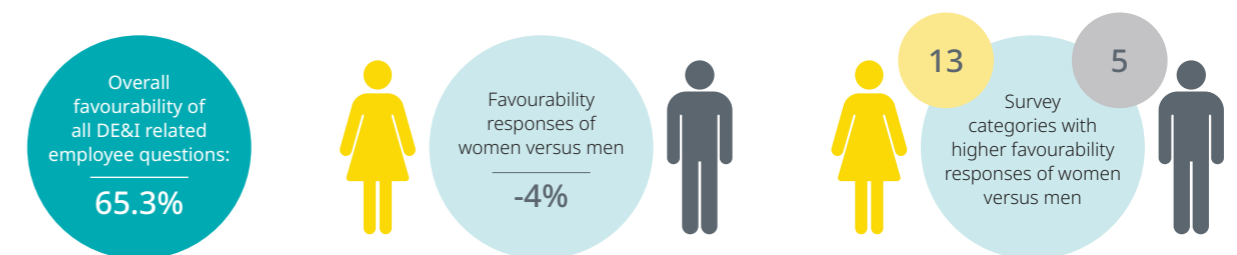
UltraViews

For the first time in our all employee engagement survey (UltraViews) we asked our colleagues of their feelings toward diversity equity and inclusion. We found that the overall favourability of sentiment across the set of five DEI related questions was 65.3%.

One year into our strategy this is a reasonable start and we are targeting increasing favourability by around 10% points by the next full survey and reducing the gender gap.

Our survey is made up of 18 categories in which women, in comparison to men, registered a higher favourability in 13 categories.

As our data becomes more complete, we will increase the analysis and insight across a wider spectrum of demographics.



Our five DEI related questions in our 2021 Employee Engagement Survey:

"I feel a sense of belonging at Ultra."

"I feel Ultra's local leadership team has a strong commitment to diversity, equity and inclusion."

"I believe anyone can thrive at Ultra regardless of their background, identity and beliefs."

"Ultra actively promotes an inclusive work culture where people are valued and respected for what they bring."

"I feel free to speak openly, even when my views are different."



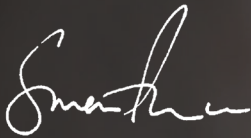
Reflections and looking forward

Ultra has made huge progress since our ONE Ultra transformation launched. Our colleagues have worked hard to adapt our culture around our ASPIRE values.

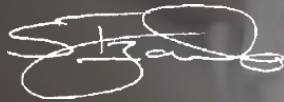
In 2021, we accelerated our diversity equity and inclusion actions through a dedicated senior role and our ~100 Uniquely Ultra volunteers. The results in this report are continuing to show progress, acknowledging that we have more work to do.

The pandemic has impacted everyone and is changing what individuals want from a career/job, to where they want to do it and how they want to do it. Looking at our employee value proposition, flexible working, family friendly policies and wellbeing are all areas of focus for us moving forward. On top of the work we already doing, we believe this will move the dial in reducing the pay gap.

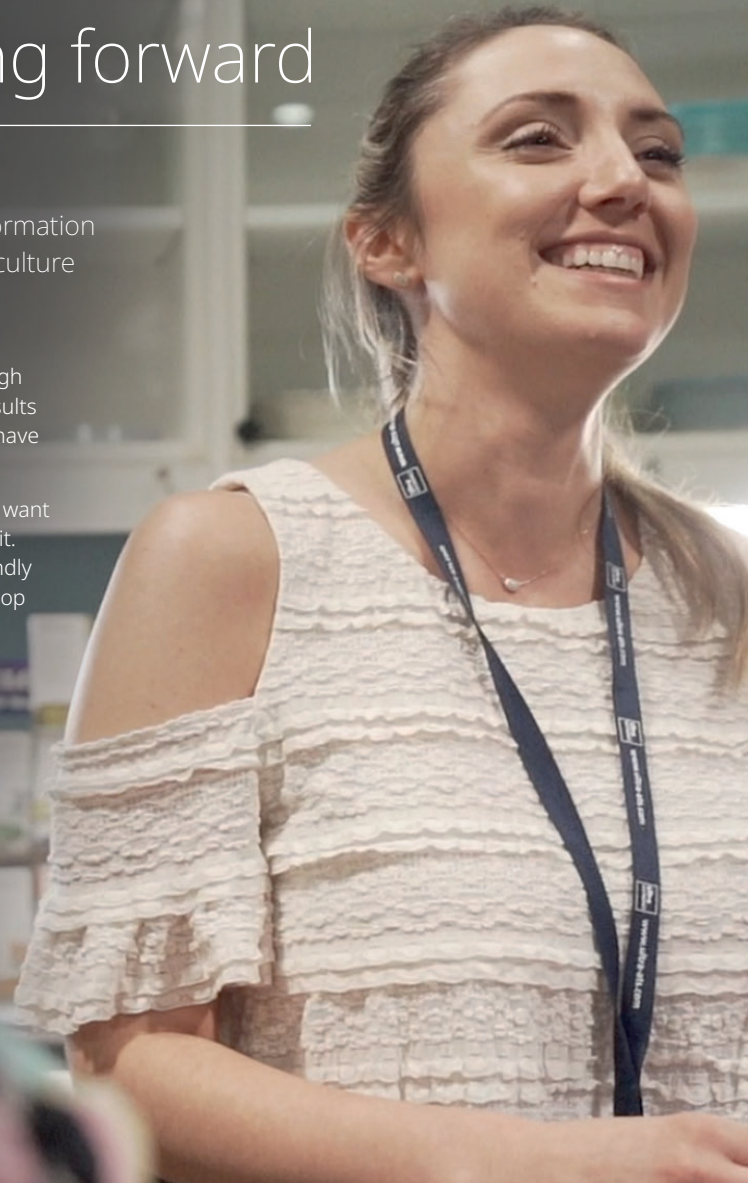
Thank you to all of our Ultra colleagues in supporting making Ultra a great place to work for everyone.



Simon Pryce
Chief Executive Officer



Steve Izquierdo
Chief HR Officer



Equality is giving everyone a shoe
Equity is giving everyone a shoe that fits

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