

ULTRA.

Gender Pay Gap Report

2020



Introduction

Why we exist?

Innovating today for a safer tomorrow.

Vision

A leading partner delivering outstanding solutions to customers' most complex problems in defence, security, critical detection & control.

At Ultra, we continue to make great progress against our **Focus, Fix and Grow** transformation agenda, to deliver on our vision, and to meet the objectives that we have set for all our key stakeholders below:

Customers: To partner with customers, delivering innovative solutions that create “win-win” outcomes for all parties

Suppliers: To develop Group-wide partners with like-minded values that provide best-value solutions, technical innovation and support mutual success, fairness and respect

Communities: To conduct business in an ethical, safe and sustainable way, acting as a positive force and making an active contribution to our communities

Shareholder: To deliver outstanding through cycle-value for shareholders, through effective execution of Ultra's strategy

Employees: To create a dynamic, inclusive and inspiring work environment that attracts, develops and retains the best diverse talent pool

Our employees are our greatest asset and that is why two years ago we created an all encompassing HR strategy. Since then, we have been investing in a number of initiatives that are starting to have a positive impact on meeting our employee objective and which, over time, we believe will also improve our gender pay position.

Our 2020 Gender Pay Gap report provides us with the opportunity to share our latest data as well as the progress we are making towards creating not only an inclusive and diverse workforce but a great place to work for all of our employees.



Simon Pryce
Chief Executive Officer



Steve Izquierdo
Chief HR Officer

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



Innovating - we are open and questioning.



Sharing - we win as a team.



Rewarding - we love to celebrate success.



Performing - we are relentless about quality.

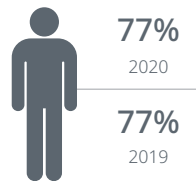
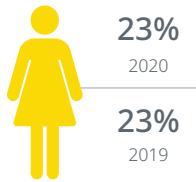


Empowering - we set people up to success.



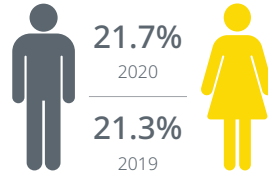
Gender Pay Gap 2020 data

+ Gender representation:



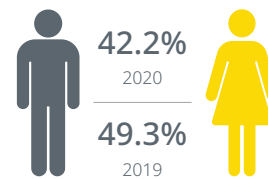
Results:

+ Gender Pay Gap

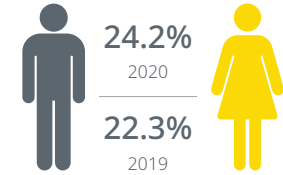


mean

+ Gender Bonus Gap

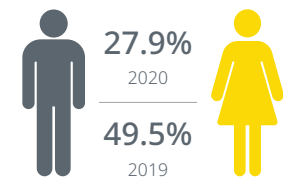


+ Gender Pay Gap



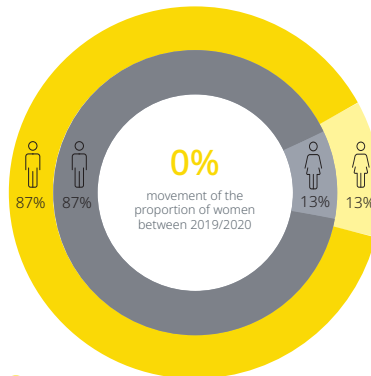
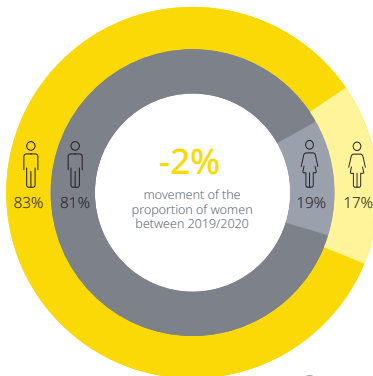
median

+ Gender Bonus Gap



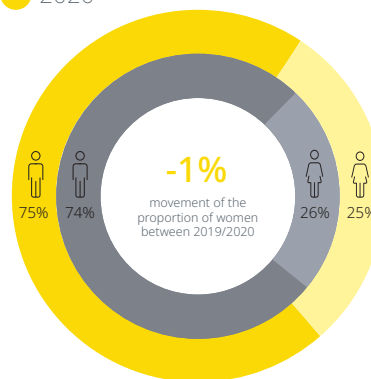
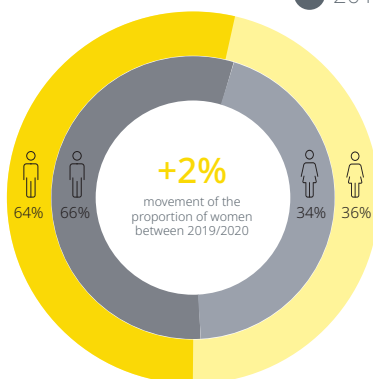
+ Proportion of men and women in each pay quartile band:

middle upper



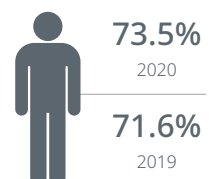
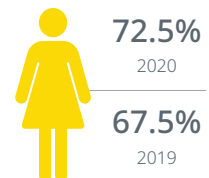
upper

lower



middle lower

+ Proportion of employees receiving a bonus:



Reading our data

Disappointingly, we have seen a marginal increase (+0.4%) in the mean pay gap and also in the median pay gap (+1.9%). Some small movements of senior women moving out of the data set were sufficient to cause this small widening of the gap.

On a positive note, we have seen a good decrease of -6.9% in the mean bonus gap and a significant decrease of -21.6% in the bonus pay gap. These positive movements can be explained due to a greater prevalence of bonus payments across the Group in 2020, and a higher number of women receiving bonus payments.

There was no change in the % of women in the top pay quartile (13%), small decreases of -2% and -1% in the middle upper and middle lower quartiles respectively and a +2% increase in the lower quartile. There is evidence of more women being hired in the lower quartile and although this is a positive sign, it should be noted that progress on closing the gender pay gap will be slow until there are proportionately more senior roles held by women. We are making progress to address this through appointments in 2020.

Key actions we have taken in 2020

Some of the key actions we have taken in 2020, which we believe will have a positive impact on gender pay over time but are not yet showing in the 2020 numbers, are as follows:

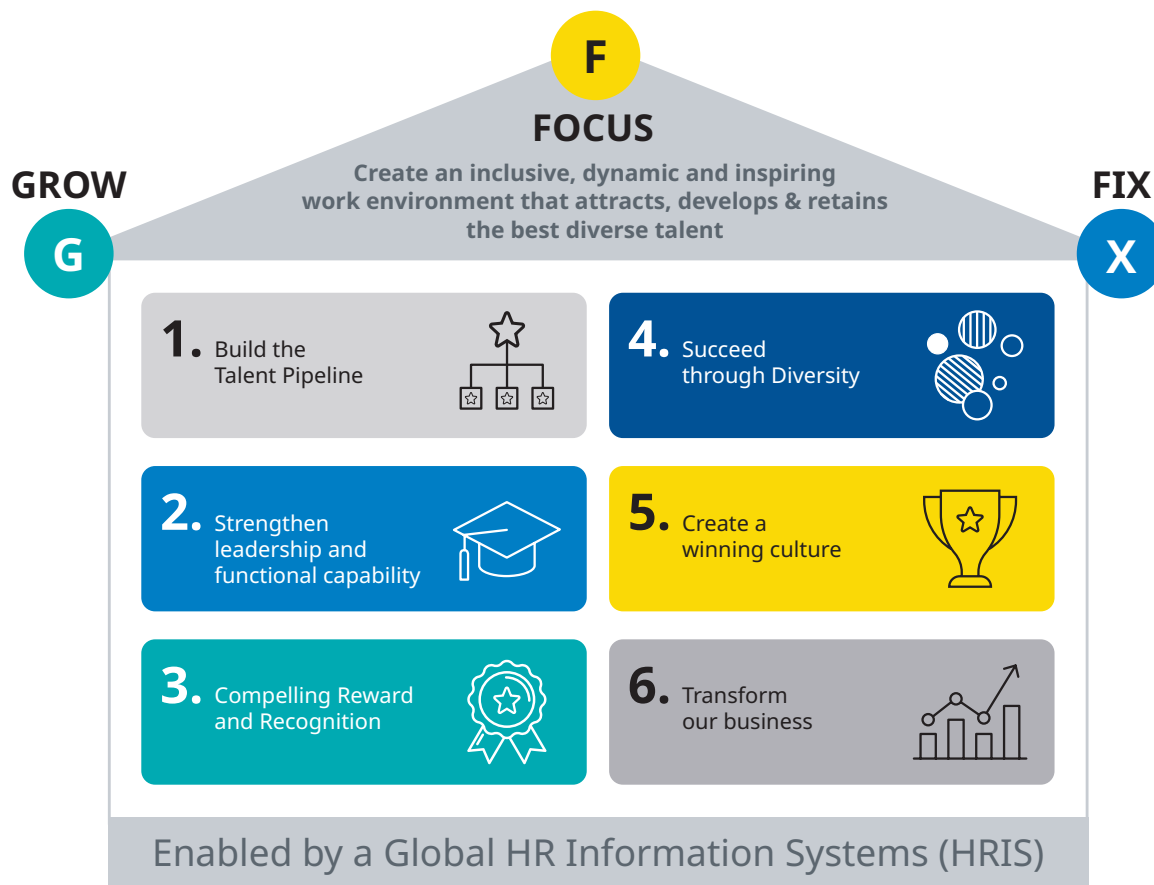
- Increased the % of women in management level roles by 7% globally through organisation design changes providing opportunities to bring talent in and promote talent from within;
- Implemented a senior and high potential women's development programme called 'Strategies for Success' with over 80 participants;
- Ensured strong diversity in participants on our four leadership development programme cohorts;
- Created a 'Uniquely Ultra' diversity group to set the agenda for the Group;
- Implemented new flexible working and family friendly policies;
- Introduced a pay philosophy for Ultra and consistent global grading structure to drive transparency and fairness.

Our HR strategy

Our HR strategy is aimed at supporting the strategic aspirations of the Group, driving the right culture and creating a great place to work which enables us to:

- retain and develop the strong talent that we have within Ultra; and
- attract the very best diverse talent externally.

Organised across six pillars, we have a number of initiatives which have already been delivered and others that we are in the process of implementing. These are underpinned by investing in a Global HR Information System 'myHR' which goes live in Q2 of 2021.



We are on-track to deliver the bold targets we set out to achieve for our employee stakeholder group by 2024 and believe that all these actions will also deliver on our commitment to reduce our gender pay gap over this period of time. On the following page are more examples and details of the work we have delivered in 2020 and some of the actions we are taking for 2021.



1. Building the talent pipeline

2020 Delivery:

- Increased the number of women in management by +7% globally, taking the opportunity of organisation structural changes to bring new female talent into Ultra, as well as promoting internal female talent into management roles.
- Implemented our internal talent acquisition model in the UK. We now have a dedicated team, who in 2020, filled over 500 roles. We also added over 700 profiles to our talent database with a commitment to build diverse candidate slates for all external roles.
- Implemented internal job posting across the whole Group to improve awareness and transparency of roles available. As a result, we have started to see greater internal movement of talent between Ultra businesses.
- Improved the quality of talent discussions as part of our succession planning and development process.
- Used our new employer branding and enhanced employee value proposition to change the way that Ultra markets itself externally which has seen an increase in our ability to attract a wider and more diverse talent pool.

2021 Actions:

- ✓ Continue to build the external pipeline of diverse talent
- ✓ Improve the on-boarding process for new hires
- ✓ Improve talent analytics to drive action through our global myHR solution
- ✓ Follow through on succession planning actions with a strong pipeline of diverse candidates
- ✓ Continue to develop a stronger employer brand presence



2. Strengthen leadership and functional capability

2020 Delivery:

- Continued to embed our STAR leadership framework which defines the 12 competencies that make a great leader at Ultra. These have been used to assess internal talent for development planning purposes but also external talent in the interview process to support decision making.
- Partnered with DUKE Corporate Education to design and deliver leadership programmes for over 120 leaders. Organised into four cohorts (leading, next generation, rising and emerging stars) the 18-month programme kicked off in Q4 2020.
- Launched our manager fundamentals community for our 600+ managers across Ultra. The site provides learning materials, podcasts and creates a forum for our managers to connect across the Group to improve themselves as managers.
- Formal mentoring programme developed and being piloted within our women's development group programme.

2021 Actions:

- ✓ Continue to deliver the Duke Leadership programme
- ✓ 360-degree feedback against the leadership competencies for improved development planning
- ✓ Improve the manager fundamentals programme
- ✓ Develop functional capability programmes for key functions



3. Compelling reward and recognition

2020 Delivery:

- Continued to align our pay processes and practices to our global pay philosophy and significantly increased the quality of pay communications for our senior management group.
- Implemented a new banding structure for our top 150 leaders and harmonised our reward offer to this group to ensure consistency and fairness.
- Implemented a new peer to peer recognition scheme to support the embedding of our corporate ASPIRE values and had over 450 recognition moments.
- Continued to improve market data and analytics to deliver better reward outcomes for our employees.

2021 Actions:

- ✓ Roll out the global grading structure across the organisation
- ✓ Review our benefits programme to ensure they are competitive
- ✓ Communicate our improved employee share scheme
- ✓ Improved analytics from our Global myHR solution to assist in reward decisions



4. Succeed through diversity

2020 Delivery:

- Created a Uniquely Ultra Diversity, Equity and Inclusion (DE&I) network. This volunteer group of over 100 employees has worked on creating the DE&I plan for Ultra for the next three years.
- Continued to support local STEM and women in engineering initiatives.
- Delivered a women's development programme called 'Strategies for Success' for 80 senior and high potential women in Ultra, sponsored by our two female Board members. The programme was delivered over six months and has seen over 13% of the women participants promoted since starting the programme and 64% of the participants taking on stretch assignments.
- Trained our top 150 managers in unconscious bias helping to raise their understanding and awareness of biases in the workplace.
- Over 250 employees have attended team awareness sessions using Insights Discovery materials to better understand different styles within teams to improve inclusion.

2021 Actions:

- ✓ Complete the roll-out of unconscious bias training to all 600+ managers
- ✓ Implement the second cohorts for the Strategies for Success programme and continue to develop the cohorts from the 2020 programme
- ✓ Continue to support sponsorship of STEM and women in engineering opportunities
- ✓ Implement neuro-diversity training
- ✓ Improve data analytics from our global myHR solution to support DE&I initiatives and measurement of progress
- ✓ Deliver on the aligned DE&I plan for Ultra



5. Create a winning culture

2020 Delivery:

- Completed a pulse survey of our global engagement survey. We saw an impressive +5.5 improvement in overall engagement at 75.5. Overall engagement of our women in Ultra was marginally higher than men (+0.7%) and for the participants in the Strategies for Success programme, it was 86.6.
- Continued to deliver against the detailed action plan at the Group level, as well as in all the businesses, to address areas for improvement in the survey. This is tracked through quarterly management discussions.
- Continued to embed the Ultra vision, mission, strategy and values across the organisation through internal communications.
- Successfully managed the organisation through the Covid-19 pandemic with 73% of employees positively scoring the effectiveness of how senior leadership led the Group through this.
- Implemented a global home-working policy to support a greater need and desire for employees to work from home. We also implemented a number of family friendly policies to support more flexible working.

2021 Actions:

- ✓ Continue to deliver on the actions from the global engagement survey and complete the survey again in Q3 2021
- ✓ Launch our global ASPIRE awards to further embed the our values
- ✓ Continue to drive Great Place to Work initiatives
- ✓ Launch 'Less is More' behaviours to support organisational health



6. Transform our business

2020 Delivery:

- Met all key milestones on our Global HR Information System implementation programme, enabling us to have better information and analytics on our employees to make better data driven decisions once implemented in Q1 2021.
- Completed the organisational design for our Maritime and Intelligence & Communications Strategic Business Units. This enabled us to take the opportunity to increase the talent capability and strengthen our leadership teams while also improving the % of women in leadership roles by +7% across our management levels.
- Accelerated our transformation programme which has created a number of roles for internal and external talent.
- Completed work on Ultra's operating model.
- Rolled-out the new Code of Conduct across Ultra, which was supported by Group-wide training.

2021 Actions:

- ✓ Continue to make progress on the new operating model, embedding the new strategic business units
- ✓ Go live with our global HRIS solution: myHR
- ✓ Continue to promote ethics and Code of Conduct initiatives
- ✓ Continue harmonisation of policies

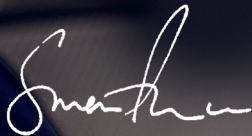
Summary

Our 2020 Gender Pay Gap data was disappointing as we have not yet seen the improvements that we believe will come to fruition through all of the work we are doing to transform the business, and through our comprehensive people strategy.

We remain confident that this pay gap data does not stem from paying men and women differently for the same or equivalent work. It reflects the fact that women are under-represented at more senior levels of our organisation; something we are working hard to change.

We are making great progress with our HR strategy and have a strong plan in place with the resources to support its delivery over the coming years. With the implementation of our Global myHR people solution, we will be able to draw more data insights from the information that we have, to drive the right interventions that have a positive impact across Ultra. We will use this to refresh our People plan during the course of 2021.

We know that it will take time for a lot of what we are working on to make the impact that we are committed to achieving. We remain fully committed to reducing our gender pay gap and to meeting our goal of **creating a dynamic, inclusive and inspiring work environment that attracts, develops and retains the best diverse talent pool.**



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ULTRA.