

Northrop Grumman UK Ltd Gender Pay Gap Report 2019



**NORTHROP
GRUMMAN**

A MESSAGE FROM NICK CHAFFEY

Chief Executive, UK & Europe



We are committed to shaping the future with a diverse workforce, inclusive of women at all levels and are delighted to be able to demonstrate the progress in reducing the gender pay gap. Since our first 2017 report the mean pay gap has dropped from 27.3% to 18.9%.

We are using our pay gap data to help us identify where further improvement needs to be made and we maintain our focus and commitment to deliver change. We are working on a number of initiatives to support diversity across the business, and encourage and pull through STEM talent to create long term and sustainable outcomes. We continue to deliver our existing programmes and look for other opportunities to build a more diverse and inclusive workplace.

I confirm that NGUKLs pay gap data has been collected and presented within this report in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

A MESSAGE FROM KATHY WARDEN

Chairman, Chief Executive Officer and President



We believe that creating a workforce and a workplace that values diversity and fosters inclusion is pivotal to promoting innovation and increasing productivity and profitability.

Our goal is to continually support and nurture the large number of Northrop Grumman employees whose backgrounds, characteristics and perspectives are as diverse as the global communities in which we reside. We are committed to leveraging our organizational diversity through teamwork, cross-functional collaboration and joint ventures to help us meet and exceed our business goals and ensure our role as a leader in our industry.

As part of our commitment, I am signatory to the CEO Action for Diversity & Inclusion™, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace.

About Us

Northrop Grumman Corporation is a leading global security company providing innovative systems, products and solutions to government and commercial customers worldwide, offering an extraordinary portfolio of capabilities and technologies for applications from undersea to outer space and into cyberspace. We have approximately 90,000 employees located in more than 25 countries.

Northrop Grumman UK Ltd. ("NGUKL"), the subject of this report, is a key supplier of operationally strategic programmes in the defence, security, cyber, intelligence, information systems, and public safety communications markets, providing a range of capabilities and technologies in support of the Armed Forces, emergency services and other civil organisations.

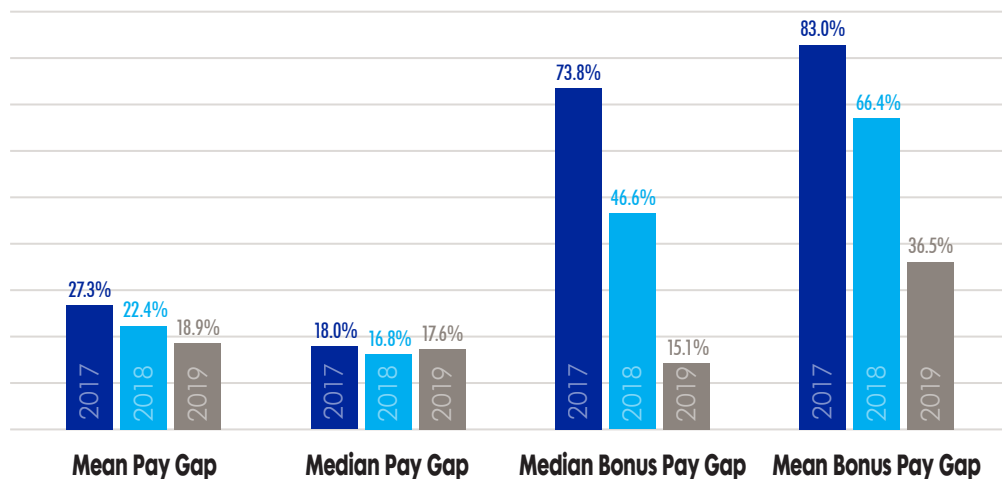
NGUKL had over 400 employees at 5 April 2019. Our workforce composition is predominately professional, with the majority of roles in science, technology, engineering and mathematics (STEM) occupations.

The Gender Pay Gap

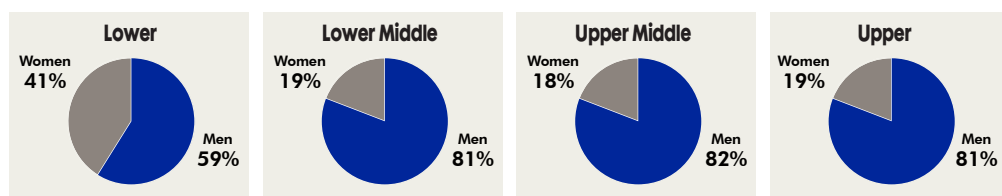
The UK gender pay gap differs significantly from equal pay. Equal pay is about paying women and men equally for equal work and we remain committed to this. The gender pay gap is about measuring the difference in average pay between men and women in all roles across the organisation. There are a number of factors that can drive differences in pay, such as job level, location and type of role.



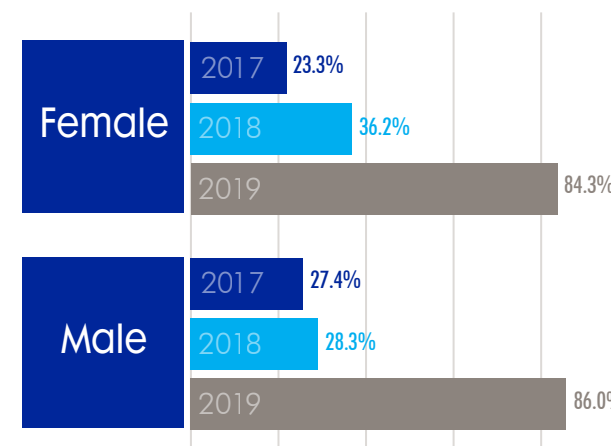
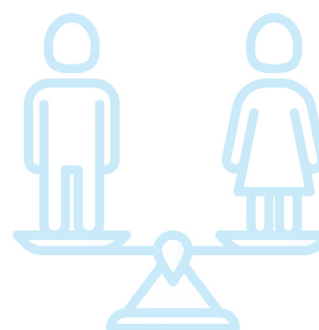
Closing the Gap



Proportion of Males and Females in each Pay Quartile Band



Percentage of Employees Receiving a Bonus



Mean and Median: Figures show the difference between the median (mid-point) and mean (average) of hourly pay and bonus pay of all male and female employees, irrespective of job or level, expressed as a percentage of male employee's pay.

Pay Quartiles: Figures represent proportion of male and female employees in four quartile hourly pay bands ranked from lowest hourly rate to the highest hourly rate by dividing the workforce into four equal parts.

Understanding our Results

Our mean pay gap in 2019 continues the positive trend we have seen since the initial publication of our figures in 2017, reducing each year, where the median pay gap has fluctuated. The mean and median bonus gaps have consistently fallen year on year. These changes are due to number of different factors:

- Substantial changes in the year on year population. From 2018 to 2019 the company had net growth around 8%, which combined with attrition lead to significant variances in the employee population.
- An increasing focus on the cyber domain and greater intake on our graduate programmes and experienced professionals in this area. In particular, the recruitment of experienced professionals within this STEM area reflects current market conditions with a significant under representation of women.
- The introduction of a new global bonus had a significant impact on the median and mean bonus pay gaps, both dropping significantly. There was a small proportion of employees who did not receive this bonus due to eligibility criterion, such as recent joiners.

We continue to see a gender pay gap, consistent with previous years due to:

- The greater proportion of men than women in our most senior roles, which have a higher proportion of variable pay, through bonuses linked to company and individual performance. In a population of 400, with only a small number of these roles, we are working to effect change over the medium to long term.
- The under representation of women in many STEM subject specialist roles. We continue to focus on opportunities to increase the proportion of women in these roles, but it will take a number of years for these initiatives to drive long term change.

Investing for the Future in STEM Education

Northrop Grumman and the Northrop Grumman Foundation are dedicated to expanding and enhancing sustainable science, technology, engineering and mathematics (STEM) education opportunities for students globally. In 2019, we contributed 15.5 million dollars towards these initiatives.

To help address this issue and build a robust pipeline in the UK, Northrop Grumman provides significant investment in STEM outreach programmes. These include:

- **CyberCenturion**, the national youth cyber defence competition for 12-18 year olds. Now in its sixth year, more than 470 teams from across the UK and overseas territories took part.
- **Summer Time Advanced Aerospace Residency (STAAR)** programme, a residential camp for 14-15 year olds developed in partnership with the Royal Air Force and the Royal Air Force Museum. The programme has a 50/50 split of boys and girls and takes place at RAF Cosford.
- Northrop Grumman sponsored places for nine 14-15 year old students and three science teachers to travel from the UK to attend **Space Camp**, at the US Space and Rocket Centre in Huntsville, Alabama.
- Participation in the **Cheltenham Science Festival**, where the 2019 theme 'Your Cyber Future' focused on helping raise awareness of the different routes available for talented young people interested in computer science and cyber.
- Celebration of **Ada Lovelace Day**, including cyber workshops at local girls school.

Other key UK STEM initiatives include **University Grants**, bursaries and mentorship for disadvantaged students, the **VEX Robotics** competition, supporting Project X in association with Royal Air Force Waddington, and as the industry supporter for the regional LEGO First League in the East of England.

External Partnerships and Recognition

In 2019 we became a signatory to the Women in Defence Charter launched in the UK to improve gender balance in the defence sector, both public and private, pledging to drive inclusion and diversity, providing fair opportunities for women to succeed at all levels.

We were delighted to have a team of finalists for the **Inclusive Leadership Award** at the Women in Defence Awards, consisting of the chapter leads from our NGWiN Employee Resource Group. Our STEM work was also recognised with the award of **NCSC Cyber Schools Hub Industry Champion 2018** Medium Size Enterprise Category Award (awarded in 2019), and our **STAAR** programme received a Highly Commended in the Educational Initiatives Award at the 2019 Museum and Heritage Awards.

In 2019, Northrop Grumman's CEO Kathy Warden began serving on the Catalyst Board of Directors. Additionally, she participated in the Catalyst CEO Champions For Change campaign. The Catalyst CEO Champions represent companies committed to leading the way in advancing women in the workplace and have publicly pledged to do everything they can, both as leaders of their organization and personally, to make gender equality a priority in their organizations. For additional information visit www.Catalyst.org. To view the Catalyst CEO Champions for Change spotlight on success stories please visit: Catalyst.

Our award
winning STAAR
programme



The UK NGWiN
chapter lead
finalists at the
2019 Women in
Defence Awards



Attracting and Developing Talent

We have introduced a structured interview process across the business, providing training to employees in how to use this effectively. The consistent use of this process, with standardised response criteria is designed to reduce the impact of unconscious bias and make responses comparable.

We participated in the Women in Cyber Scheme 2019, leading to employment of candidates who have been through a 12 week Cyber Software Academy training programme. The programme is open to women of any technical or career background and women of all ages who are looking to begin or change to a career in Cyber Security.

We provide developmental programmes and opportunities designed to strengthen and grow our UK women into STEM and leadership positions. These include:

- **The Northrop Grumman Women's Conference** which brings together over 400 attendees biannually with the mission to enhance the development and leadership potential of women within the company by providing opportunities for learning and networking.
- **NGWIN (UK)** is a women focused employee resource group (ERG) with six chapters, aimed at facilitating professional and personal development, networking, recruiting, information sharing, and community outreach and alignment to the business.
- **International Women's Day (IWD)** is an annual celebration featuring powerful speakers and discussions centered on the advancement of women in the workplace. Our UK women and leaders play a key role in IWD broadcasts and events around the world.
- The **Northrop Grumman Inclusive Leadership Conference** held biannually to create Diversity & Inclusion ambassadors, includes women and diverse talent from NGUKL.
- **Women in Leadership (WIL)**, Executive Leadership Programme, and the Leadership Cohort Programmes provide cross-business and cross-functional networks to gain visibility to the executive team and strategic issues.

Globally our representation of women across the company has increased across multiple levels from 2010 to 2019. Women's representation on the Board of Directors increased from 15% to 33%. During that same time period, women on our executive team significantly increased from 8% to 46%. At the vice president level, representation of women increased from 15.5% to 30%. We believe this demonstrates our commitment, investment and the progress we have made in recent years to increase representation of women in leadership. We are very proud of the progress we have made and are determined to continue to drive this change.

Northrop Grumman:

Building the Best Culture by Leveraging the Power of Women

For Northrop Grumman, widening the talent pool and expanding its leadership pipeline has become an imperative on more than one front. One flagship effort to promote and advance women, people of color, and people with disabilities is the Women in Leadership program (WIL). Launched in 2014, WIL aims to accelerate the readiness of women for their first executive roles, thereby increasing their representation in leadership. This is accomplished by expanding participants’ exposure to the business, providing them with increased visibility to executives, and emphasizing as well as facilitating network-building. Efforts to create a more inclusive culture and to diversify Northrop Grumman’s population at every level are making an impact. Of Northrop Grumman’s senior executives—defined as employees who report directly to the CEO—50% are women, and management consists of more than 26% women. [Read more](#) about how women at Northrop Grumman are thriving with the support of committed, passionate leaders and one another.



Representatives from NGWin and pledges on International
Womens Day 2019 **#BALANCE FOR BETTER**

