

A woman with long dark hair and glasses is pointing her right hand towards a whiteboard in a room with blue ambient lighting. The whiteboard has some faint, illegible writing on it. In the top right corner, there is a large white L-shaped graphic element.

Northrop Grumman UK Ltd

# **GENDER PAY GAP REPORT 2022**

**NORTHROP  
GRUMMAN**

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## A MESSAGE FROM NICK CHAFFEY

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Chief Executive, UK, Europe & Middle East



Northrop Grumman is a pioneering company. We design, develop, build and support some of the world's most advanced defence systems, from cutting-edge aircraft and next-generation spacecraft to unrivaled cyber security systems and all-seeing sensors.

One of our core business values is "we do the right thing", this is reflected in our approach to diversity. Diversity and inclusion within our team is a key driver of our business success, innovation and growth. Our mission is to recruit, retain, develop and promote individuals of all backgrounds regardless of gender, race, age, disability status, sexual orientation, religion, or any other such characteristic to

establish high performing, diverse teams, which we see as critical to our success.

We know that we pay men and women equally for work of equal value. We do though have a gender pay gap within NGUKL as defined as the difference in the average pay and bonuses of all men and all women across the company, regardless of role or seniority. Since our first report in 2017 our mean pay gap has dropped from 27.3% to 14.1% in 2022.

We remain committed to ensuring women have a wide range of exciting opportunities in our business. We continue to work hard with internal and external partners to provide development pathways, particularly in support of STEM-related areas of science, technology, engineering and mathematics. We are seeking out new and innovative ways to encourage female participation in STEM career paths and ensure that we identify and remove any obstacles to growth for this community.

In this report, we set out in more detail the reasons for the reported gender pay gap and the ways in which we are tackling the challenges to help enable further significant and sustained improvement. This is a core goal of Northrop Grumman in the UK.

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

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## A MESSAGE FROM KATHY WARDEN

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Chair, Chief Executive Officer and President



Our vision is a more connected and protected world and a universe better understood.

Bringing this vision to life is our team of over 95,000 employees globally who transform seemingly impossible ideas into realities. They are the driving force of our company, and the diverse backgrounds and experiences they bring help our company thrive.

The strong culture of belonging we have built together is one of our greatest assets at Northrop Grumman. Our shared purpose and ethics enable us to foster transparency and trust, innovate fearlessly, operate with excellence, and take bold action when necessary. In 2022, our UK team took significant

steps to help create a more equitable workplace – work that continues today and is detailed in this report.

Across Northrop Grumman, we continue to invest time and resources in building a more equitable company and world – from our Code of Conduct to employee trainings to funding educational STEM programs that inspire the next generation of thinkers.

We are recognized as one of the top 25 companies among the S&P 500 for our gender equality performance and we have received numerous other accolades from leading advocacy groups.

Our legacy and leadership in diversity, equity and inclusion underscore that Northrop Grumman has the talent, purpose and ingenuity to help our world become more equitable and secure for all.

## ABOUT US

Northrop Grumman is a technology company, focused on global security and human discovery. We solve the toughest problems in space, aeronautics, defence and cyberspace to meet the ever-evolving needs of our customers worldwide. Our over 95,000 employees define possible every day using science, technology and engineering to create and deliver advanced systems, products and services.

Northrop Grumman UK Ltd ("NGUKL"), the subject of this report, is a key supplier of operationally strategic programmes in the defence, security and cyber markets, providing a range of capabilities and technologies in support of the Armed Forces, emergency services and wider government.

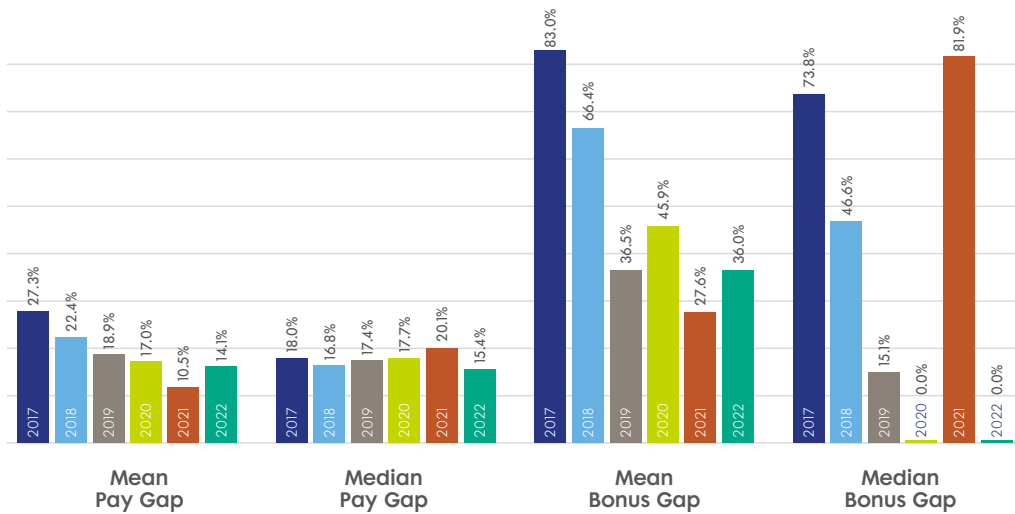
NGUKL had around 630 employees at 5 April 2022. Our workforce composition is predominately professional, with the majority of roles in science, technology, engineering and mathematics (STEM) occupations.

## THE GENDER PAY GAP

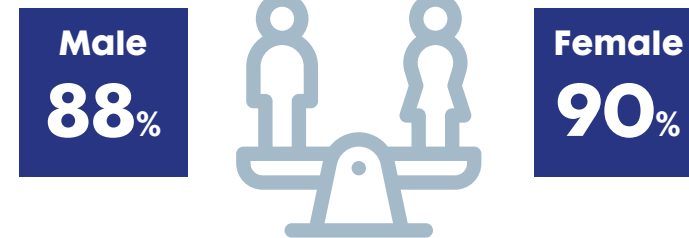
The UK Gender Pay Gap, which we are required to report under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, differs significantly from equal pay. Equal pay is about paying women and men equally for equal work. We have long been, and we remain committed to this. The Gender Pay Gap addressed in this report is about measuring the difference in average pay between men and women in all roles across the organisation. There are several objective factors that can drive differences in pay, such as job level, location and type of role.



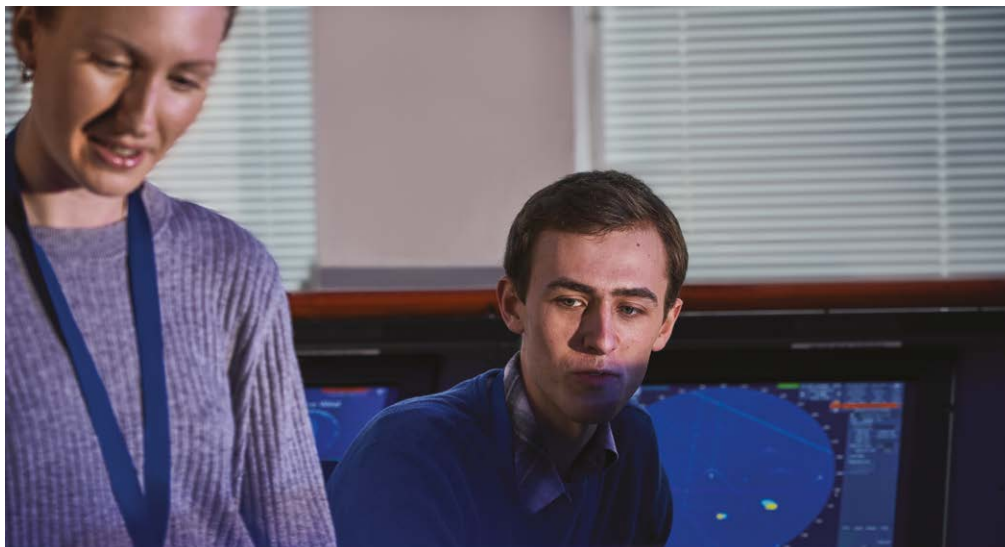
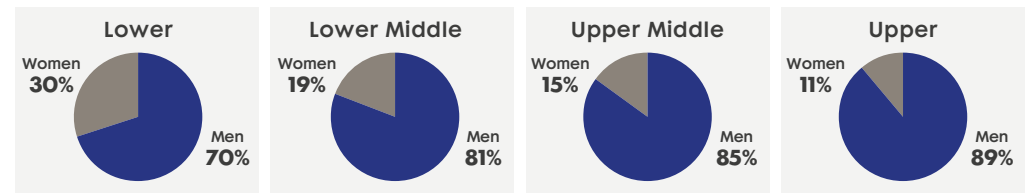
## CLOSING THE GAP



### Percentage of employees receiving a bonus:



### Proportion of males and females in each pay quartile band:



**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 industry has historically employed significantly more men than women. We are proud that many of our employees stay with Northrop Grumman for long careers in a variety of roles, but this retention means that it can take time to increase the number of underrepresented populations in Northrop Grumman in the UK (NGUKL). Additionally, we continue to see substantial challenges in recruiting females with STEM qualifications as there continue to be significantly fewer women who study and work in these fields. As a result, our workforce has a greater proportion of male employees. While improvements have been made, we are committed to far greater progress, addressing this challenge and benefiting our company, our workforce, and our industry partners.

Our mean pay gap in 2022 has unfortunately risen slightly since last year, whilst the median pay gap has fallen. Certain internal and external factors impacted the gap.

The mean bonus gap in 2022 has risen slightly since last year, whilst the median pay gap fell to 0%. We continue our efforts to address the underlying contributing factors, including:

- Our business in the UK continues to focus on the cyber domain, an industry that has a lack of experienced female professionals. Our recruitment of experienced professionals within this area reflects current market conditions with a significant under representation of women. We are committed to continued improvements in the future.
- In the reporting period, NGUKL transferred in a workforce from elsewhere in the group, which had a population that comprised of 12% females, and the impact of the transfer contributed to the rise in the mean pay gap.
- This workforce now make up around 20% of the NGUKL headcount. We have been working to extend the activities that were already underway in NGUKL to this group.



- Research by PWC from 2020 indicates that female participation in the UK labour market is at 75% versus 83% for men, 4% of women are unemployed versus 5% of men. This reflects the challenges of accessing a smaller pool of available female talent in the UK labour market and supports the need for continued efforts in this area.
- With the greater representation of men currently in senior roles that have a higher percentage of variable pay, strong business performance may widen our mean bonus gap. We continue to identify opportunities to recruit and develop women into these senior roles, despite the challenges of doing so in a small organization.

We continue our efforts to address the gender pay gap and underlying contributing factors, including:

- We continue to focus on opportunities to increase the proportion of women in STEM subject specialist roles where they are underrepresented, but it will take some time for these initiatives to drive long-term change.

## ATTRACTING AND DEVELOPING TALENT

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 2022, we contributed \$17 million dollars towards these initiatives.

To help address the underrepresentation of women in STEM and build a robust pipeline of female STEM talent in the UK, Northrop Grumman provides significant investment in outreach programmes. These include:

- **CyberCenturion**, the national youth cyber defence competition for 12–18 year olds.
- **Summer Time Advanced Aerospace Residency (STAAR)** programme which went ahead in a new hybrid format, 6 STEM challenges online, where teams demonstrated how their mission planning skills, decrypting of messages and code, and skills in creating or using a high-tech C4ISR system followed by the residential final, where 28 girls and 10 boys took part.
- **The John Egging Trust (JET)** offers long-term support to vulnerable young people who are struggling to engage at school and may have lost focus, confidence and self-belief. JET offers 3-year syllabuses for partner schools and inspirational outreach programs.
- Participation at the **Cheltenham Science Festival** “Be the Change”.
- Participation in the STEM zone at **Royal International Air Tattoo**.
- Supporting the **Future Maritime Engineers** event held by the Wellington Trust

Other key UK STEM initiatives include University grants, bursaries and mentorship for disadvantaged students, 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.



## ATTRACTING AND DEVELOPING TALENT

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

- 2022 Partnership with **Black Codher**, supporting a 30 week intensive part-time bootcamp that trains black women to become full stack software developers; with potential opportunity to join Northrop Grumman. Mentors were provided to students and an Empowerment session was held showcasing life for women at NG. "Code and chill" sessions were provided for technical development support. 3 students have accepted roles at NG as a result.
- We partnered with **WithYouWithMe**, a social impact company focused on solving digital skills challenges and enabling diverse talent to enter the workplace. So far, we have employed 7 individuals including 3 women, through this initiative.
- We sponsored the **IET Young Women in Engineering Awards**, showing NG's support in addressing the shortage of women engineers, showing support for diversity recruitment and gender equality.
- The biannual **Northrop Grumman Women's Conference** brought together 1000 participants (virtually) again in 2022 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. This year the group continued to support employees, providing opportunities for development, networking and hosting lunch and learn sessions with our senior female leaders.



## ATTRACTING AND DEVELOPING TALENT

For our annual UK celebration of **International Women’s Day** we hosted a programme of virtual, interactive panel discussions on the theme Break the Bias, bringing together a range of experts to share experiences and discuss the challenges in working towards global gender equity, and the part we each have to play in breaking bias, raising awareness on intersectionality and embracing our differences.

Northrop Grumman has been a supporter of the **Women in Defence** Organisation since its founding in 2017, and have increased our sponsorship contribution year on year since then. Women in Defence works to enhance the individual and collective impact of women who work in defence of the nation. One of their key activities is hosting the annual Women in Defence Awards to celebrate the work being done by and in support of women in the field, to provide inspiration, and promote the value of women in the sector. At Northrop Grumman, we are committed to supporting and promoting inclusion and equality and have been proud to sponsor the STEM in Defence Award since its inception. We are also founding signatories of the Women in Defence Charter, committing Northrop Grumman to driving inclusion and diversity within our organisation and providing opportunities for women to succeed at all levels of our business.

The **Northrop Grumman Inclusive Leadership Conference** held biannually to create Diversity & Inclusion ambassadors, includes women and diverse talent from NGUKL.

The **Leadership Cohort Programmes** provide cross-business and cross-functional networks to gain visibility to the executive team and strategic issues.

For Northrop Grumman, widening the talent pool and expanding our leadership pipeline is imperative. One flagship effort is the **Women in Leadership Programme (WIL)**. Launched in 2014, WIL aims to accelerate the readiness of women for their first executive roles, thereby increasing their representation

in leadership. Globally our representation of women across the company has increased across multiple levels. In 2022 the proportion of women reporting directly to the CEO was 41.2%. Women’s representation as Vice Presidents was 33.8%. Women in all levels of management was 27.3% and Women in early to mid-level management was 27%. 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 proud of the progress we have made and are determined to continue to drive this change.**





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