

ULTRA.



Gender Pay Gap Report

2019

Introduction

At Ultra, we are committed to delivering on our vision to be a leading partner delivering outstanding solutions to our customers' most complex problems in defence, security, critical detection & control.

In January we launched a new vision, mission, strategy and values for Ultra. We have also made good progress with our **Focus**, **Fix** and **Grow** transformation initiatives.

A key part of our work in 2019 has been to define five-year goals for all of our key stakeholders: employees, customers, suppliers, communities and shareholders.

Our goal for employees is to 'create a dynamic, inclusive and inspiring work environment that attracts, develops and retains the best diverse talent pool'.

2019 was the first year of our new HR strategy and we have seen some strong progress against our ambitious people agenda. We believe that many of the initiatives we are working on will improve our gender pay position over time.

Our 2019 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.



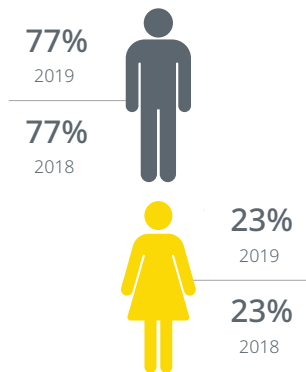
Simon Pryce
Chief Executive Officer



Steve Izquierdo
Chief HR Officer

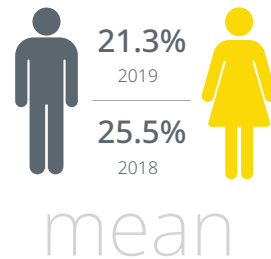
Gender Pay Gap 2019 data

+ Gender representation:

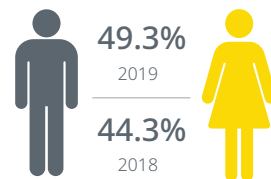


Results:

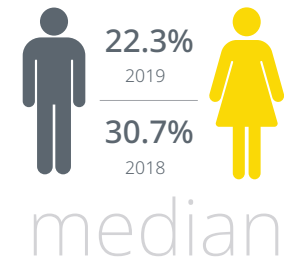
+ Gender Pay Gap



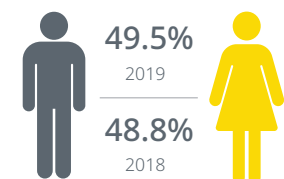
+ Gender Bonus Gap



+ Gender Pay Gap

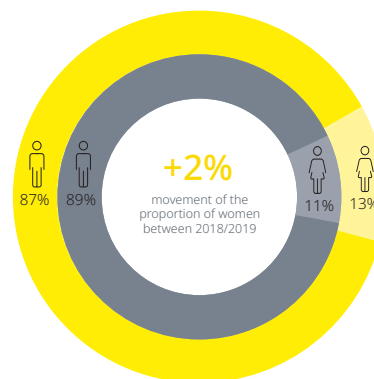
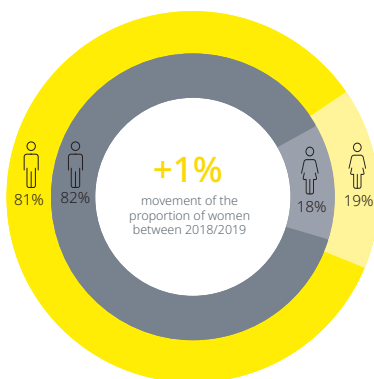


+ Gender Bonus Gap



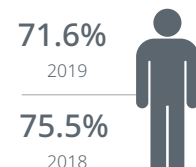
+ Proportion of men and women in each pay quartile band:

middle upper

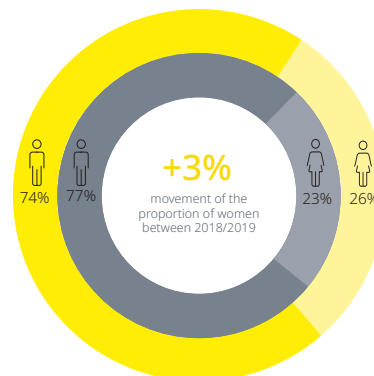
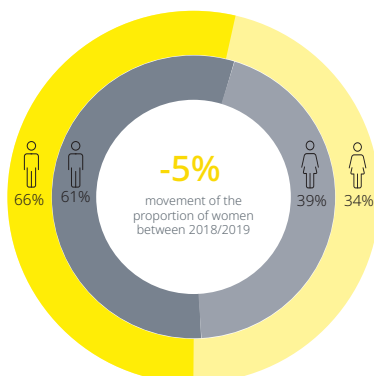


upper

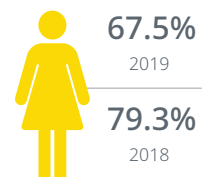
+ Proportion of employees receiving a bonus:



lower



middle lower



Reading our data

Although we recognise there is still a lot to do to improve our gender pay gap, we're pleased that the mean pay gap has reduced by 4.2% and the median pay gap by 8.4% in 2019. We hope this is a sign that our more focussed HR strategy and cultural work is starting to have an impact on our employees at Ultra.

The mean bonus pay gap has widened by 5% but the median bonus pay gap has remained broadly the same. This is likely due to higher bonus payments for 2018 performance over 2019, with the wider gap reflecting fewer bonus eligible women in senior roles at Ultra.

We have seen small but positive changes on the proportion of women in the higher pay quartiles with 5% fewer women in the lower quartile in 2019. We achieved 1-2% improvements at the middle upper and upper quartiles.

Overall, we have made some small improvements year on year but we are committed to moving the dial on this much further.

Our HR strategy



We have set clear goals and targets to meet our aspirations for all our key stakeholders by 2024. Over the last 12 months, we have made strong progress against the six key pillars of our HR strategy and have put in place senior roles in the HR team for Talent Management, Talent Acquisition and Total Rewards to drive and deliver our work.

The next few pages show some of the examples of work we have delivered in 2019 and the actions we are taking for 2020. This will help us meet the goals we have set and will also help with our ambition to reduce our gender pay gap further.





1. Building the talent pipeline

2019 Delivery:

- We have significantly increased the depth and robustness of our succession planning and development process. As part of this we specifically focussed on our female talent. We have identified key and high potential talent and have created actions which will be tracked quarterly to progress their careers at Ultra.
- We have appointed a global lead for talent acquisition responsible for meeting the recruitment needs of all our businesses. We have trained managers in interviewing skills and unconscious bias and have committed to building diverse candidate slates for all external roles.
- We have identified key critical and succession roles in the company and are building an external pipeline of diverse candidates to fill these roles when they become available.
- To improve internal opportunities for our employees, we have defined a global job posting policy and process.

2020 Actions:

- ✓ Roll out the global job posting policy and process
- ✓ Continue to build the external pipeline of diverse talent
- ✓ Follow through on succession planning actions
- ✓ Continue to implement the talent acquisition model across Ultra
- ✓ Enhance our graduate recruitment offer
- ✓ Develop a stronger employer brand presence



2. Strengthen leadership and functional capability

2019 Delivery:

- In 2019 we defined what great leadership looks like in Ultra. The 12 competencies are grouped into four elements: Self, Thought, Achieving through others and Results; forming our Leadership STAR model. This shifts the leadership culture from being historically focussed on results to being more balanced on the 'people' elements of leadership: developing talent, building teams and creating the right culture.
- We have been defining our leadership programmes to support these new competencies and these will be rolled out in Q2 2020, with a strong focus on appropriate diversity in all of the programmes.
- We rolled out a new development conversation process 'ACE', focussing on understanding our employees Aspirations, Capabilities and Engagement to better meet their needs and support personal development and career planning.

2020 Plan:

- ✓ Launch the four leadership development programmes
- ✓ 360 degree feedback against the leadership competencies
- ✓ Launch the managing fundamental programme to our 600 front line managers on what being a great manager at Ultra is
- ✓ Roll out ACE deeper into the organisation
- ✓ Develop functional capability programmes for key functions
- ✓ Roll out mentoring programme



3. Compelling reward and recognition

2019 Delivery:

- We defined our global pay philosophy. All of our reward and recognition elements will be tested against this. The philosophy has several elements to it including 'delivering consistent and fair reward supported by robust policies and processes' as well as 'being transparent'.
- To support reward decisions we have defined a global grading structure which is being rolled out to our top 150 employees in Q1 2020 and the rest of the organisation by the end of 2020. This will enable us to better align reward to 'bands' in the organisation to ensure consistent and fair reward for similar sized roles across the organisation.
- Increased the central oversight of our senior employee pay through our central reward team.
- Implemented an individual component to the bonus structure so that we can better differentiate and reward high performance, whilst also recognising those who improve Ultra's culture.
- Improved market data and analytics to deliver better reward outcomes for our employees.

2020 Actions:

- ✓ Roll out the global grading structure across the organisation with aligned rewards
- ✓ Implement recognition programmes to embed our new values and drive functional excellence
- ✓ Review our benefits programme to ensure they are competitive



4. Succeed through diversity

2019 Delivery:

- Our businesses have continued to roll out local training in areas of neuro-diversity, unconscious bias and many other topics to support more inclusive work environments.
- We have continued to support local STEM and women in engineering initiatives.
- We have designed a 'Strategies for Success' programme which will focus on women's development in 2020, with around 80 high-performing and high-potential women attending the programme over nine months. This initiative is sponsored by our two female Board members.
- We have completed a thorough review of all our policies with a specific focus on family-friendly policies to ensure that they meet the needs of a diverse workforce and are externally competitive.

2020 Actions:

- ✓ Develop and implement an Ultra Global Diversity & Inclusion Plan and D&I network.
- ✓ Implement the Strategies for Success programme
- ✓ Continue to support sponsorship of STEM and women in engineering opportunities
- ✓ Deliver understanding different styles of leadership programme
- ✓ Continue to promote flexible working policies
- ✓ Develop a stronger employer brand presence



5. Create a winning culture

2019 Delivery:

- In 2019 we launched our first ever global engagement survey 'UltraViews'. We had a very good response rate with 79% completion and an overall engagement index of 70%. The engagement of Ultra's women overall was 3% higher than men. Ultra women scored more positively than men in having the resources and support to do their roles and in their pride in the company. Women scored the same on performance management, empowerment, reward and recognition, while scoring slightly lower on teamwork, manager relationships and opportunities for career advancement. A detailed action plan at the Group level and in all the businesses has been created to address areas for improvement.
- We have launched a new vision, mission, strategy and values for Ultra. Our new ASPIRE values (Agile, Sharing, Performing, Innovating, Rewarding and Empowering) set out the way that we do business in Ultra and in the behaviours we expect from all our employees.

2020 Plan:

- ✓ Deliver on the actions from the global engagement survey
- ✓ Complete two pulse survey reviews to monitor progress against engagement
- ✓ Roll out and embed the vision, mission and values across Ultra
- ✓ Continue to drive Great Place to Work initiatives



6. Transform our business

2019 Delivery:

- We have made strong progress on our Global HR Information System implementation in 2019. This will enable us to have better information and analytics on our employees to make better data driven decisions once implemented in Q1 2021.
- Following on from our business strategy work, we have designed the new operating model for Ultra and these changes are being implemented through 2020.

2020 Actions:

- ✓ Implement the new operating model
- ✓ Deliver the HRIS programme milestones
- ✓ Continue to promote ethics and code of conduct initiatives
- ✓ Harmonisation of policies

Summary

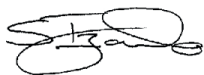
Our 2019 Gender Pay Gap has improved from the 2018 position but we still have a lot to do to get this to where we want it to be. We remain confident that this pay gap does not stem from paying men and women differently for the same or equivalent work rather it is a reflection of the fact that women are under-represented at the more senior levels of our organisation.

We are making good progress with our HR strategy and have a strong plan in place with the resources to support its delivery over the coming years. We know that it will take time to put this all in place and to move the culture of the organisation to where we want it to be but we are excited about this journey and the progress we are making.

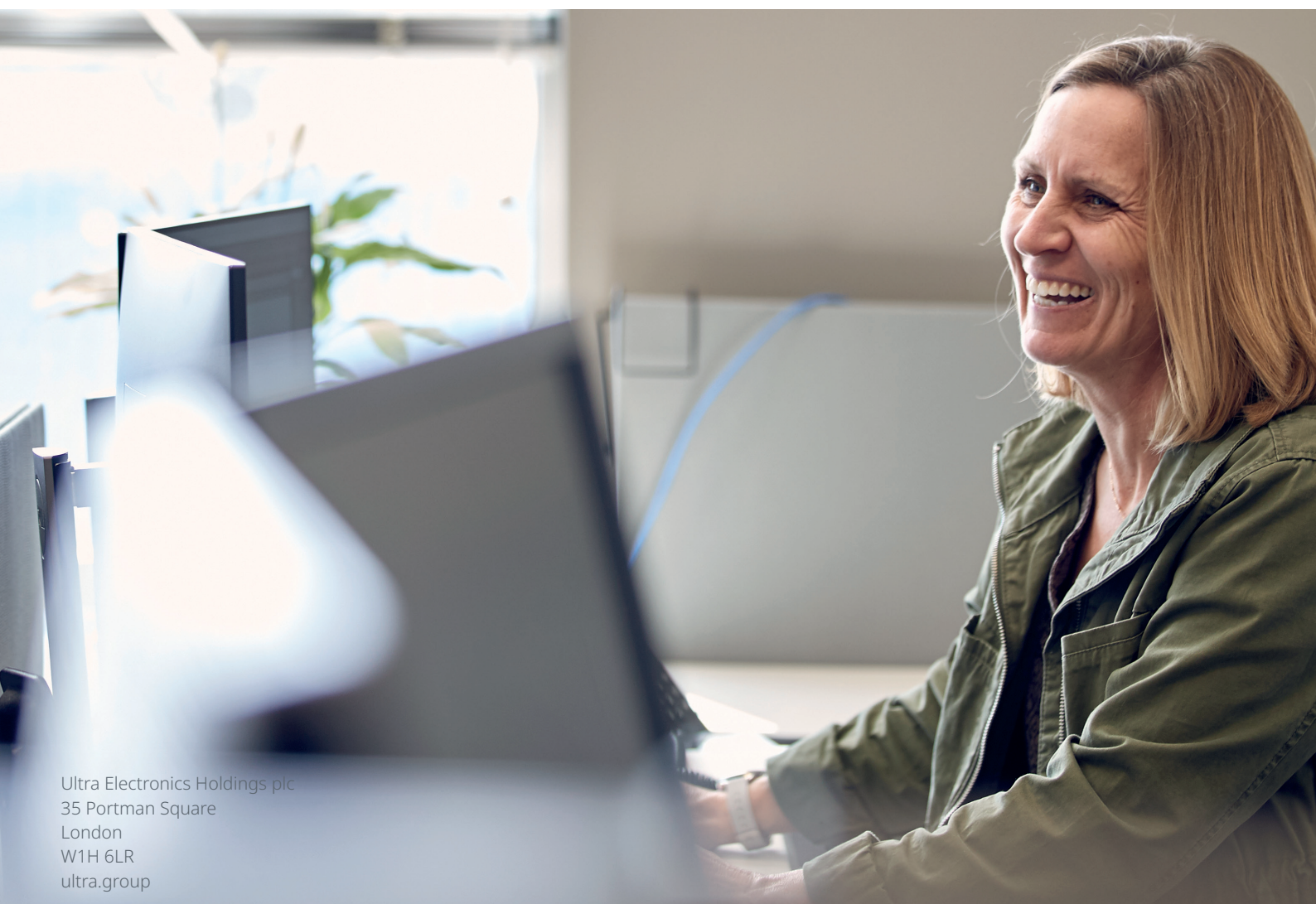
We are fully committed to reducing our gender pay gap further and to meeting our goal of creating a dynamic, inclusive and inspiring work environment that attracts, develops and retains the best diverse talent pool.



Simon Pryce
Chief Executive Officer



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Chief HR Officer



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