



Northrop Grumman UK Ltd

GENDER PAY GAP REPORT 2023



A MESSAGE FROM NICK CHAFFEY

Chief Executive, UK



Northrop Grumman is a pioneering company. We design, develop, build and support some of the world's most advanced systems. Whether it's making a 200-ton airplane invisible, predicting cyber attacks before they happen or solving the mysteries of the universe, wherever the boundaries of possible are being pushed, Northrop Grumman is there.

One of our core business values is "we do the right thing" and this is reflected in our commitment to diversity and inclusion. Within our team these are a key determinant of our business success, innovation and growth. A strategic priority for us is

the recruitment, development and retention of employees of all backgrounds, regardless of gender, race, age, disability status, sexual orientation, religion, or any other such characteristic to establish high performing, diverse and innovative teams, which are critical to our success. We pay people fairly and equally for work regardless of gender. However, we do 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 level in the organisation.

Since our first report in 2017, our mean pay gap has reduced significantly from 27.3% to 9.2% in 2023. This demonstrates our commitment to ensuring that women have access to a full range of exciting development opportunities in our business. To improve this further we continue to work with internal and external partners to provide development pathways, particularly in support of the STEM related areas of science, technology, engineering and mathematics. We are always seeking out new and innovative ways to encourage female participation in STEM and leadership career paths to ensure that we identify and remove any obstacles to growth for our current and potential employees.

In this report, we set out in the reasons for the gender pay gap and the ways in which we are actively working to reduce it further given that doing so remains a strategic priority for our business.

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

A MESSAGE FROM KATHY WARDEN

Chair, CEO and President



At Northrop Grumman, our values underpin every action we take. Combined with the innovation and ingenuity of our diverse team, we can accomplish amazing results.

Innovation requires diversity of thought and experience. Embracing belonging and inclusion creates a culture where people of every background can thrive and empowers our more than 100,000 global team members to deliver one-of-a-kind solutions for our customers and our communities.

Inspired by our values, we innovate, operate with excellence, and take bold action when needed. Northrop

Grumman invests time and resources toward building a more equitable company and world – from our Code of Conduct to employee trainings to funding educational STEM programs inspiring the next generation of innovators.

In 2023, our UK team strengthened our commitments including support for the Women in Defence Charter committee, partnerships with impactful organizations like Black Codher and more as detailed in this report.

Building a brighter future starts with focus and action today. Inspired by our shared mission, our team has the talent, dedication and ingenuity to bring forth a more equitable, secure world.

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 100,000 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 UK Armed Forces and wider government.

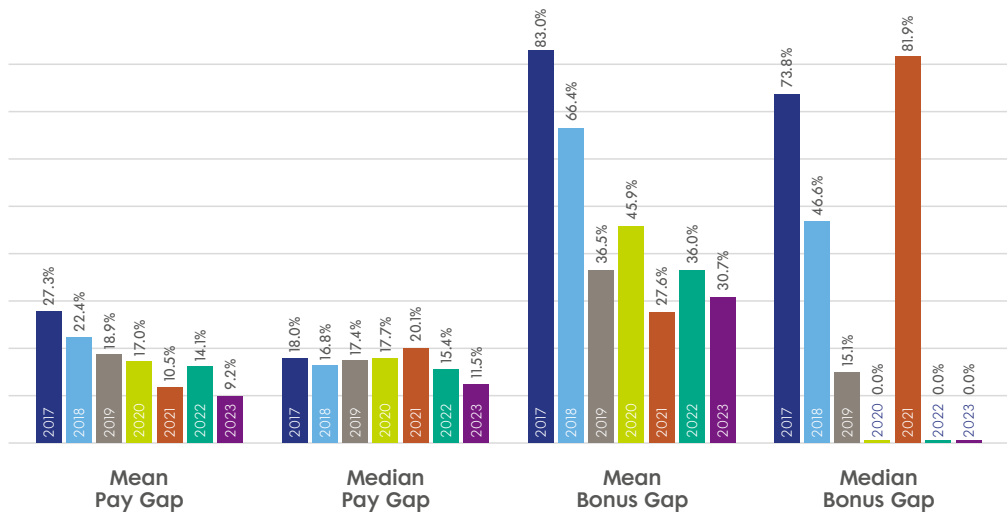
NGUKL had around 710 employees as at 5 April 2023. Our workforce composition is predominately professional, with the majority of roles in science, technology, engineering and mathematics (STEM) occupations.

THE GENDER PAY GAP

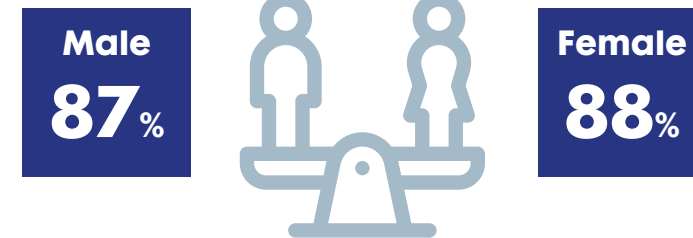
The UK Gender Pay Gap, which we are required to report under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, differs from equal pay. Equal pay is about paying women and men equally for equal work. We have been doing this for a long time and remain committed to this. The Gender Pay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



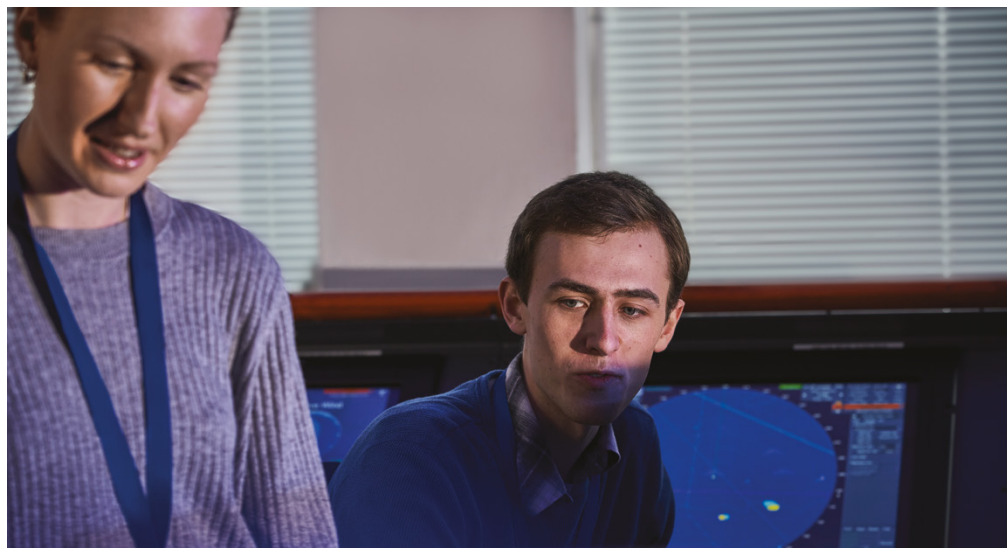
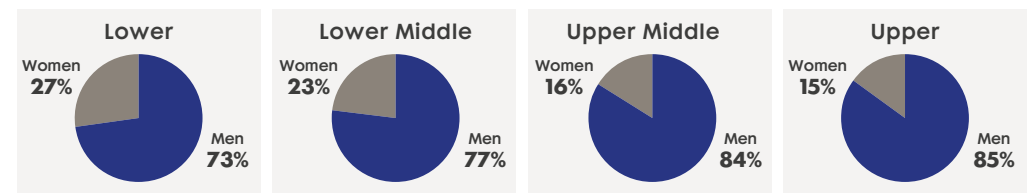
CLOSING THE GAP



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 (midpoint) 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

The gender pay gap has fallen from 15.4% in 2022 to 11.5% in 2023. Our gender bonus gap remains at 0%. The mean pay gap has fallen from 14.1% in 2022 to 9.2% in 2023. The median pay gap has fallen from 15.4% in 2022 to 11.5% in 2023. The mean bonus gap has fallen from 36% in 2022 to 30.7% in 2023. The median bonus gap remains at 0%.

We know that our industry has historically employed significantly more men than women. We also operate in a very competitive sector in terms of the availability of talent, and whilst we are proud that many of our employees remain with Northrop Grumman for long careers in a variety of roles, the recruitment and retention challenge within our sector means that it takes time to increase the number of underrepresented populations at NGUKL. Additionally, we continue to experience significant challenges in recruiting females with STEM qualifications as there are just fewer women who study and work in these fields. As a result, our workforce has a greater proportion of male employees. However, we have made significant improvements and are committed to further progress to address the challenge and in doing so benefiting our company, our workforce, and our industry partners.

A greater representation of men in senior roles that attract a higher percentage of variable pay can mean that strong business performance makes it more challenging to reduce the mean bonus gap, however, we continue to identify opportunities to recruit and develop women into senior positions within the organisation, and this has resulted in a reduced mean bonus gap, despite the challenges of implementing this in a relatively small UK organisation.



ATTRACTING AND DEVELOPING TALENT

We remain dedicated to outreach activities to attract talented females to Northrop Grumman and our sector in order to build a robust pipeline of female talent. Initiatives that we are involved in to make this happen include:

- Sponsorship of the **IET Young Women in Engineering Awards** demonstrating our commitment to addressing the shortage of women engineers in our sector.
- Supporting the **Women in Defence** organisation since its establishment in 2017, increasing our sponsorship contributions 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 were proud to sponsor the 'Champion for Maximising Talent' award, two of our talented women were shortlisted for this category in 2023.
- We are a founding signatory of the **Women in Defence Charter**, committing Northrop Grumman to driving inclusion and diversity within our organisation to reaching the vision of 30% female representation in the workforce by 2030. To take an active role in driving this vision forward, the Managing Director from our National Security Solutions business is the Industry Co Chair for the Women in Defence Charter committee.
- Our corporate membership of **WISE (Women in Science and Engineering)** which includes being a signatory of the WISE Ten Steps, to ensure that women have the same opportunities for success as their male counterparts. One of our female graduates has been appointed as a member of the WISE Young Professionals Board, to lead initiatives to inspire, engage and advocate for the next generation of STEM graduates.

- Inspiring the next generation of female engineers via our Women's network, NGWIN. We have been working with WISE and supporting their **My Skills My Life** initiative by holding community outreach events, including at an Islamic Community Centre in London. Designed for girls aged 11–15, the day aimed to ignite their interest in Science, Technology, Engineering, and Mathematics fields. Through hands-on challenges and an insightful workshop, the event provided a platform for empowerment and career exploration.



ATTRACTING AND DEVELOPING TALENT

We have enhanced our development programme offering and opportunities in order to progress and grow our female employees into technical and leadership positions. These include:

- Our 2023 partnership with **Black Codher**, supporting their 30 week intensive part-time boot camps that train black women to become full stack software developers with a potential opportunity for them to join Northrop Grumman in the UK.
- The continued work we undertake through our partnership with **WithYouWithMe**, a social impact organisation focused on solving digital skills challenges and enabling diverse talent to enter the workplace. We have offered permanent roles to two female squad members through this initiative and they are now enjoying successful careers within our organisation.
- The annual **Northrop Grumman Women's Conference** brought together 1000 participants (virtually and in person) during 2023 with the mission to enhance the development and leadership potential of women within our organisation by providing opportunities for learning and networking.
- **NGWIN (UK)** is an internal women-focused Employee Resource Group (ERG) with six chapters, aimed at facilitating female professional and personal development, networking, recruiting, information sharing, and community outreach and alignment to the business. The group continues to support employees with opportunities for development, networking and hosting lunch and learn sessions with our senior female leaders.
- Our leadership development programmes continue to provide cross-business and cross-functional networks for females to gain visibility of the executive team and strategic issues. For Northrop Grumman, widening the talent pool and expanding our leadership pipeline is a strategic priority, and a key part of focus 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 2023 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 females in leadership positions. We are proud of the progress we have made and are determined to continue to drive this change.



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