



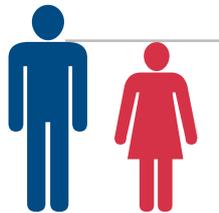
Gender Pay Report 2018

Gender Pay Gap legislation introduced in April 2017 requires all employers of 250 or more employees to publish their gender pay gap. The gender pay gap is the difference between the average earnings of men and women, expressed relative to men's earnings.

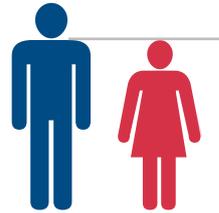
At L3, we are committed to diversity in every aspect of our business. Our inclusive culture welcomes all employees and places a premium on their unique contributions to our success.

By continually investing in diversity initiatives at the corporate and local levels, L3 has forged stronger customer relations, developed more innovative solutions, and attracted the best and brightest to join our team. For L3, diversity just makes good business sense.

Pay difference between Men and Women in L3 MacDonalD Humfrey at 5 April 2018



Male employees earn a mean average of **15%** more than female employees



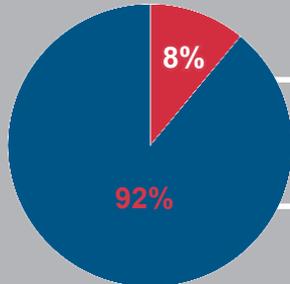
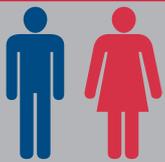
Male employees earn a median average of **16%** more than female employees

This chart expresses the 'mean' and 'median' differences between the ordinary pay of men and women. This calculation includes basic pay and allowances but excludes overtime and non-money benefits in kind such as private medical insurance and salary sacrifice schemes. Whilst it looks like our gender pay gap has got worse since 2017 it hasn't in real terms as we mistakenly reported on our female contractor pay last year. This year we have correctly applied the rules.

It is well documented that our industry has predominantly appealed to a higher proportion of Males than Females. Statistics show that the percentage of female students studying STEM-related subjects at A-level has increased from 6.5% to 11.8% in the last five years alone, with the most recent data showing that around 15% of the UK's STEM workforce are women.¹

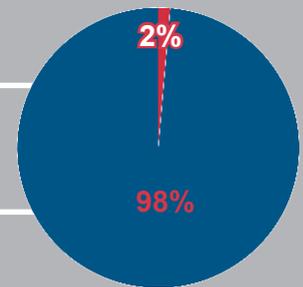
Pay quartiles across L3 MacDonalD Humfrey at 5 April 2018

The charts below show the gender distribution across L3 MacDonalD Humfrey displayed as 4 equal ordinary hourly pay quartiles. Overall women represent 8.75% of employees, as our charts continue to demonstrate there continue to be fewer women in management and technical roles.

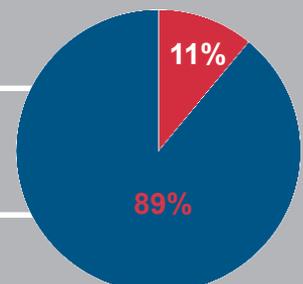


Upper Middle Quartile

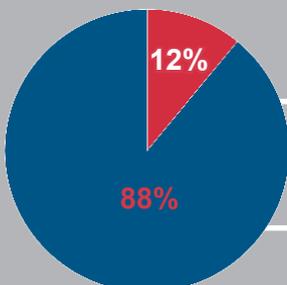
Upper Quartile



Lower Middle Quartile



Lower Quartile

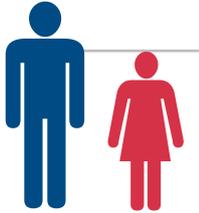




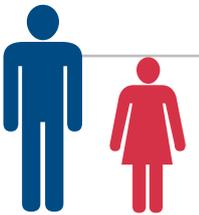
Definition of Gender Pay Gap

The Gender Pay Gap is different from equal pay. Equal pay considers the earnings of individuals doing equal work, whereas the Gender Pay Gap is concerned with the comparison between the average hourly rates of pay of men to women.

Bonus difference between Women and Men at 5 April 2018

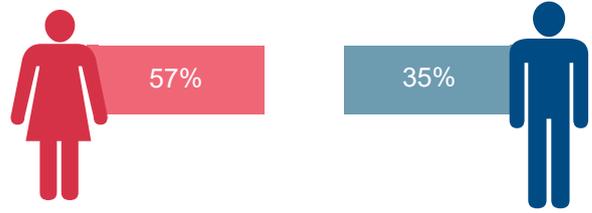


Male employees mean bonus earnings are **26%** more than female employees



Male employees median bonus earnings are **25%** more than female employees

Proportion of employees receiving a bonus in 12 months preceeding 5 April 2018



Bonus Difference between Men and Women & Proportion of employees receiving a bonus

These charts show the 'mean' and 'median' differences between bonus payments made to men and women and the proportion of men and women who received a bonus during the period of 12 months leading up to the snapshot date of 5th April 2018.

How We Are Taking Action

As our business continues to grow and develop we have seen a slight increase in the number of females employed within our business.

We have reviewed our approach to career/ leadership development programmes and introduced training to improve our talent pipeline across the business. This involves continuing to build on our relationships with colleges and universities in both the Home Counties and the Midlands and our team of 'STEM promoters' made up of both male and female employees, play a key role in making visits to present opportunities and encourage school leavers to consider engineering as a challenging and exciting career option, and promotion of our apprenticeship schemes.

A key focus on our recruitment strategy has led to on-going improvements as we continue to focus on promoting female entrants through our business at all levels.

Our action plan includes delivering Diversity training to all of our employees and Unconscious Bias training to our line managers. Additionally we are reviewing and monitoring our flexible working practices and promoting these throughout the company and at recruitment stage.

Declaration

We confirm that the information and data reported are accurate and in accordance with the UK Equality Act 2010, and Gender Pay Gap Information Regulations 2017

Barbara Vickerman
Group HR Director, L3 SDS