

GENDER PAY GAP REPORT 2019





INTRODUCTION

By Paul Howarth, Chief Executive Officer and Clare Barlow, Chief Human Resources Officer

In NNL we are fully committed to all aspects of diversity and inclusion. Our 2019 people plan was designed with input across all our key stakeholders including our Board, trade unions and employees and had a strong equality and diversity focus.



During the year we formed a specific Equality, Diversity & Inclusion (ED&I) network with large numbers of employees volunteering to be ED&I ambassadors. Together, with support from our three trade unions, we have developed a five year ED&I action plan around five key workstreams (attracting diverse talent, creating a sense of belonging within NNL, career development, data and metrics and engagement).

More recently our ED&I commitment was demonstrated further by appointing a Head of ED&I Strategy for NNL (Liv Thompson). Sheila Rae and Lindsay Edmiston have been appointed to the Nuclear Skills Strategy Group's Equality, Diversity and Inclusion Committee and Kirsty Hewitson joined the Women in Nuclear UK Executive Committee.

We're delighted that our leaders will help shape the nuclear sector on behalf of NNL and we look forward to sharing their progress.

We are also delighted to announce that we are the proud sponsors of Women in Nuclear UK for 2020 we are excited to support the organisation as it helps to expand female representation across the sector. This is a fantastic demonstration of the commitment throughout our workforce to address equality and inclusion.

NNL has always stood for fairness and we strive to pay our people fair and competitive rates based on equal pay

for work of equal standard. This report highlights the patterns in pay and bonuses received by our employees during 2019. As we are now in our third year of gender pay gap reporting, we are also able to begin to see data trends, which we will share throughout this report.

Being a science and technology organisation, we recognise the value of underpinning our people plan with data. We have spent a considerable amount of effort in the last year to collect and analyse our gender demographic information to enable us to develop and implement our ED&I strategy.

We will carry on throughout 2020 using such information to inform our business decision making processes. Our primary focus for 2020 will be to ensure our promotion process is fair and equitable. We will be reviewing our remuneration mechanisms to ensure they are designed and applied fairly to all.

We can confirm that the data presented in this report has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information Regulations 2017) and is accurate and correct to the best of our knowledge and ability.

CONTEXT AND DEFINITIONS

We have produced this report to comply with The Equality Act (Gender Pay Gap Information Regulations 2017) which requires all organisations with more than 250 employees in the UK to report on their gender pay and bonus gap each year. During 2019, NNL employed 923 people.

UK gender pay gap regulations require reporting on six key metrics, which are explained below. In this report we will compare the difference between pay for our male and female staff as well as the difference between bonus pay for each gender. We also provide some additional figures to give more insight into our UK employee demographic and pay structures, comparing this year's data to that of 2018 and 2017.

To help understand the data the following definitions may be useful:

Gender pay and equal pay

Gender pay legislation requires us to report on the difference in pay and bonus payments between male and female employees across all roles in the organisation. In accordance with the requirements, pay data is taken on a snapshot date, and bonus data is based on payments made between April 2018 and April 2019.

Gender pay gap is different from the issue of equal pay. An equal pay analysis considers whether men and women are paid equally for performing similar roles. We are currently in the process of undertaking an equal pay review to be sure that men and women are paid equally for doing equivalent jobs across our organisation.

Full-pay relevant employees:

All employees who were paid their usual full pay in the pay period considered, are referred to as "full-pay relevant employees."

Mean and median

Mean: the mean pay and bonus pay gaps takes the pay for all male employees and adds the amounts together before dividing this by the number of male employees. The same calculation is done for females. The difference between the two values is then

calculated by subtracting the mean female pay from the mean male pay. This number is then divided by the mean pay for men and shown as a percentage.

Median: the pay and bonus pay for males is ordered high to low, and the mid-point is selected. The same is done for females. The difference between the two mid-points is then calculated by subtracting the female pay mid-point from the male pay mid-point. This number is then divided by the median pay for men, and shown as a percentage.

Quartile pay bands:

Quartile pay bands refer to the proportion of our female and male employees in our lower, lower middle, upper middle and upper pay bands. Each pay band represents a quarter of our overall pay scale.

In order to work out the quartile pay bands, we divide up our workforce into quarters according to their full-time equivalent salary. The lowest paid quarter is referred to as Quartile 1 and the highest paid quarter of the workforce is referred to as Quartile 4. The percentages of females and males in each quartile is then calculated.

GENDER PAY GAP

Gender Pay Gap

In 2019, NNL had 923 full-pay relevant employees, and our mean gender pay gap was 9.1% (down from 11% the previous year), meaning women at NNL are paid on average 9.1% less than men. Since we believe that people working full time at the same pay point level receive equal pay, this number reflects the fact that at NNL we have more women in lower paid roles than men.

	2017	2018	2019
MEAN	8.4%	11.0%	9.1%
MEDIAN	16.9%	16.8%	16.8%

Our total headcount in NNL has remained consistent over the last three years, with similar recruitment and leaving patterns hence it is not surprising that our mean gender pay gap remains around 10% (and median around 17%). Whilst we are putting into action several initiatives which we hope will improve female representation across the business, it is likely to take several years before these impact our gender pay gap

Bonus Pay Gap

NNL has a company-wide Target Achievement Scheme (TAS), which the majority of the workforce are eligible to receive. This bonus scheme pays the same amount to all eligible employees thus producing a median of zero.

	2017	2018	2019
MEAN	6.8%	11.2%	14.3%
MEDIAN	0.0%	0.0%	0.0%

NNL has a small number of individuals who instead of receiving the TAS bonus are eligible to receive a personal bonus. The bonus amount differs depending on scheme rules and on the basic pay of those who receive it.

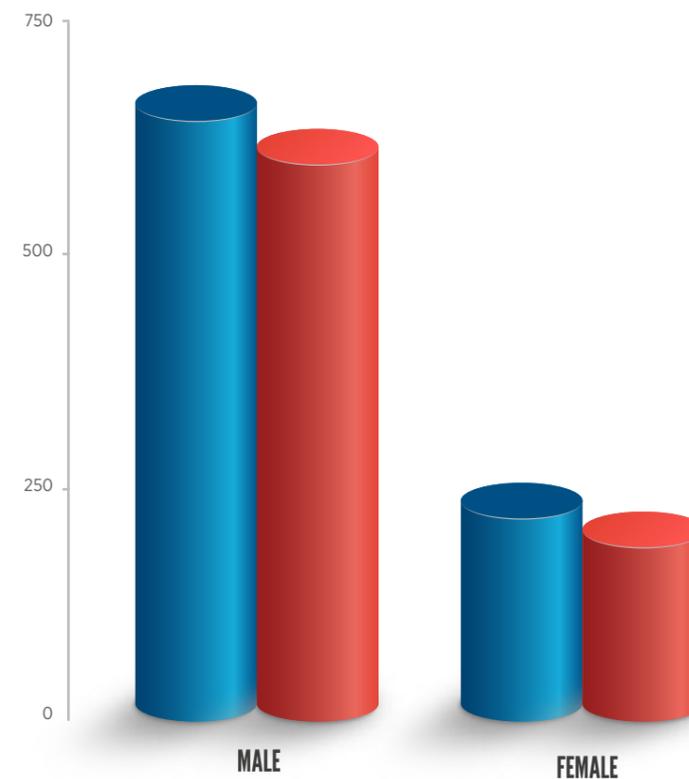
Focusing specifically on the personal bonus median pay gap, in 2018 we reported this to be 4.4%. For the small population of individuals who are eligible to receive such bonuses in 2019 there is no difference in the mean and median bonus pay between male and female staff.

	2017	2018	2019
MEAN	-25.1%	-18.1%	-4.7%
MEDIAN	2.2%	4.4%	-0.8%

Considering all types of bonuses within NNL, year-on-year our distribution has increased, such that in 2019 more of our workforce were eligible to receive a bonus than in previous years. This has introduced a slightly larger gender difference of 5.6% in 2019, attributed to the composition of employment terms and conditions between our staff members and the gender distribution in senior management roles.

% of eligible workforce in receipt of bonus of any type:

	2017	2018	2019
MALE	84%	82%	93%
FEMALE	83%	83%	88%



Number of employees who could have received a bonus (in blue) next to those who did (in red) divided into male and female.



CASE STUDY

Richard Cooke, Senior Electron Optical Technologist
And Prospect Union Rep for Safety, Equality & Workplace

“ I joined one of NNL’s predecessor organisations 30 years ago as an Electron Microscopist. My interest in equality and diversity was sparked in 2005 shortly after becoming a Union appointed Safety Rep for Prospect, looking at safety and welfare issues.

The proportion of women in similar roles to me was alarmingly low but this still challenged the welfare provision with changeroom space, lockers and showers in short supply. As I spent more time looking at issues around harassment, bullying and dignity at work, I became a workplace representative. Then early in 2010, I agreed to be the Branch Equality Diversity and Inclusion Rep in advance of the 2010 Equality Act coming into place.

Since then I have promoted fair treatment for all, which has had the effect of improving gender balance, although there are always further improvements to make. I recognised that small changes add up to big effects and over the years I’ve helped shape NNL to be more inclusive and supportive employer.

I actively encourage other men to recognise the importance of gender balance – little, often and walking the talk. For me this is about living our company’s values, setting an example and being ready with a comment

or story to improve the context and keep gender parity at the forefront of ad hoc and day-to-day conversations.

As an NNL ED&I ambassador, I am currently involved in writing guidance for provision of workwear and PPE particularly accounting for effective fit for women and thermal comfort for all who handle radioactive materials. This is really key to ensuring that all career paths are open to women, as all too frequently it’s the small things like inadequate clothing that put off young females from progressing down a STEM route in the nuclear sector!

I was delighted to be recognised for my commitment to gender parity by winning “The Women in Nuclear UK, Ally of the Year award 2019” - it was a special day for me and being one of only a handful of men in a room full of women really brought home to me how it must feel on a day-to-day basis for all the women working in the sector dominated by men!



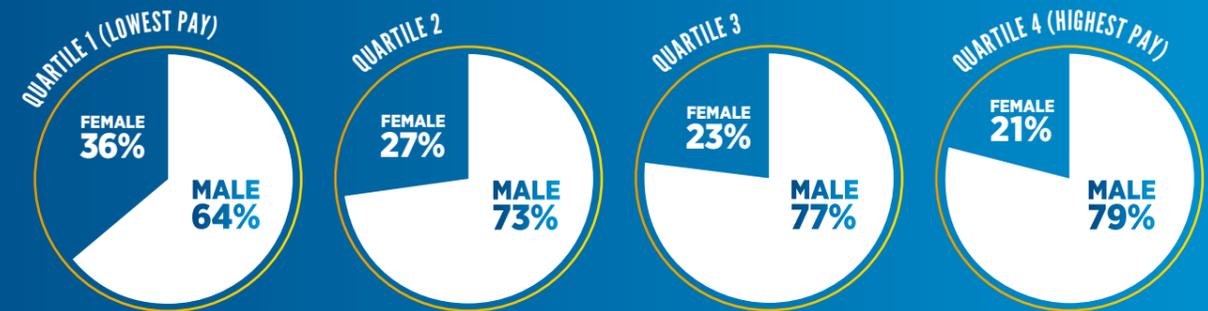
OUR DATA

Pay quartiles by gender

The charts below illustrate the proportions of men and women in four quartile pay bands as described above. They show the gender split in 2019.

Quartile 1 represents the lowest paid quarter of the workforce, while Quartile 4 represents the highest paid quarter.

The purpose of this assessment is to assess how the levels of equality differ from the lowest to the highest paid roles. The tables show our year-on-year data trends to demonstrate how our gender split has evolved over time.



	MALE	FEMALE									
2017	64%	36%	2017	74%	26%	2017	76%	24%	2017	80%	20%
2018	64%	36%	2018	75%	25%	2018	76%	24%	2018	77%	23%
2019	64%	36%	2019	73%	27%	2019	77%	23%	2019	79%	21%

As can be seen, these data show that we have a higher percentage of female employees in the lower quartile of our organisation as compared to the highest. This supports our assumption that it’s the under-representation of women in highly skilled/paid roles that is the main source of our gender pay gap.

At NNL, roles within the professional and support services are (on average) paid less than our technical and operational roles. We have a higher proportion of women in the former roles. In addition, many of our lower-paid technical roles attract additional allowances for working in high-hazardous areas. This further skews the data in favour of male colleagues, because such roles are typically in our most heavily male-dominated facilities.

In Quartile 1, 36% of our staff are female. We recognise that we have similar female representation in Quartile 2, 3 and 4 ranging from 21 to 27%. These figures compare favourably to the nuclear industry average of 22% female representation and supports our hypothesis that we pay equally and promote fairly throughout our organisation.

That said, we recognise the enormity of the challenge to increase the female representation across NNL. However, it is important to acknowledge that the STEM talent pool from which we recruit is male dominated. Hence, we continue to focus our efforts in supporting organisations and initiatives that help encourage female participation in STEM activities with the aim of increasing the flow-through of female talent into our sector in the future.

HOW WE ARE CLOSING OUR GENDER PAY GAP

As mentioned in our 2018 report we are working closely with the other organisations to improve female representation across industry. Our commitment to the four gender targets outlined in the Government's 2018 Nuclear Sector Deal remains:

- To attract, develop and retain a diverse workforce
- 40% of the UK Nuclear Workforce to be female by 2030
- The proportion of women in senior management to be 25% by 2030
- 50% of all apprenticeships to be held by females in 2021

Within NNL we have made some fantastic progress against these targets. During 2019, a pilot programme was held for our Senior Leaders targeting those individuals highlighted as having potential to progress beyond their current roles. This is the first time that such a developmental programme has been put in place. Further development centres will be cascaded throughout the business and going-forward more emphasis will be placed on supporting female leaders.

Work has also continued understanding the critical roles and people in NNL which

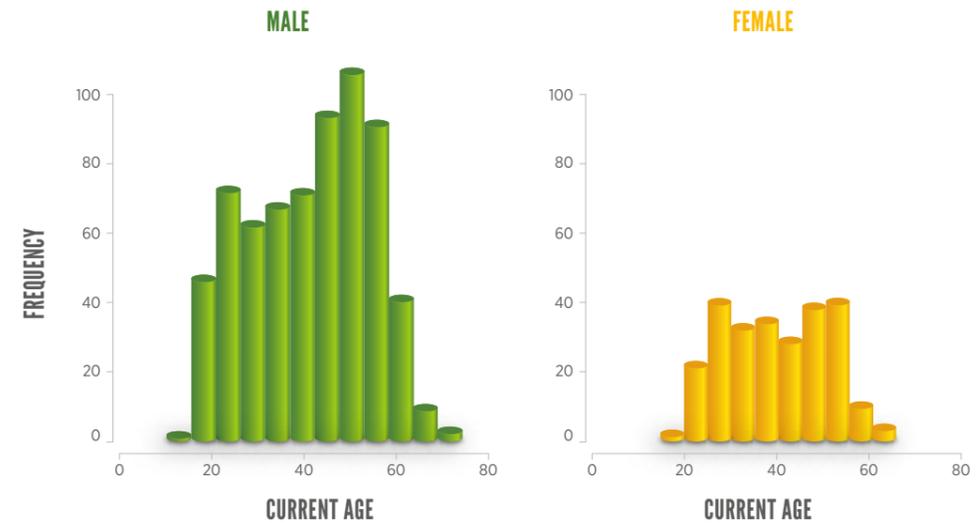
enables succession plans to be in place and risks mitigated. We recognise that we have diverse challenges with respect to age demographics and social mobility and we need to attract more females, as part of our aim to ensure we have a diverse workforce, at all stages of the career path to meet our predicted retirement schedules.

Our workforce is currently 28% female, with 40% female representation on our Board. Two of our seven facilities already exceed the 40% female gender target. While we acknowledge we still have some way to go to meet all of the government targets mentioned above, we compare relatively well against the nuclear sector as a whole which is approximately 20% female in the general workforce and 13% at Board level.

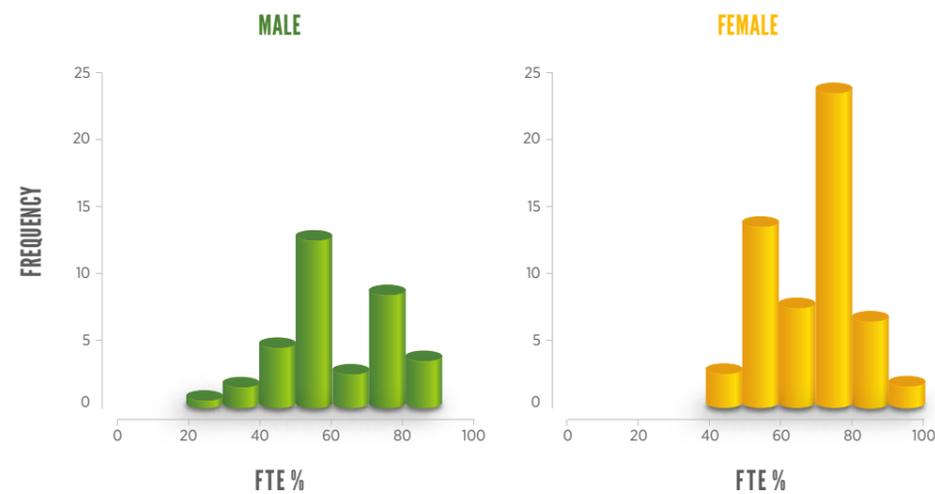
Understanding our workforce is key to developing specific action plans to reduce our gender and bonus pay gaps. Within the last year we have undertaken a substantial amount of benchmarking in order to understand our baseline position. We know more women at NNL work part-time (22%) versus men (5%) and they are not represented to the same proportions in our highest job bands.

We have distinct differences in the age distribution between male and female employees within our workforce, as shown below. We anticipate that a large proportion of our male workforce may retire in the next ten years and we recognise that the age and gender demographic will shift as a result of this.

In 2019, 27% of our graduates and 36% of our apprentices recruited were female. Within the next ten years, if the current trends persist and we assume good female retention rates, we would expect to see a steady shift in improved gender balance across our workforce.



Number of employees in each age range split by gender.



Number of employees (frequency), split by gender against the percentage of a full time role that they work (ie full time equivalent, FTE)

CASE STUDY

Leah Etheridge Radiological & Chemotoxic Safety Assessor

“ I joined NNL’s graduate scheme in 2018 after completing an engineering degree. I had always been fascinated by the nuclear industry but somehow never anticipated that I would work for an organisation like NNL. I am currently based at our Warrington office working as a Radiological and Chemotoxic Safety Assessor in the Safety Engineering and Assessment team, my role is highly varied, travelling to different UK sites and interacting with a variety of individuals.

I joined NNL’s ED&I working group as I had a keen interest in fairness and equality and I’m now joint workstream lead for Career Development. The working group has evolved rapidly over the last year and we are currently developing our five-year strategy. It’s great to be able to shape NNL’s agenda and develop specific initiatives to support other apprentices and graduates.

Since joining NNL and seeing the wider nuclear sector I’m really excited to know what my career holds for me. I’m optimistic that we will see greater female representation in the future. I’ve found the sector to be welcoming and supportive and I’m pleased to have joined NNL at such an exciting time.

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CONCLUSION

NNL strives to promote a diverse workforce and address inequality, including gender. Having conducted our gender pay gap analysis and understood the reasons why it exists, we are developing a five-year action plan as part of our wider ED&I strategy to help us to reduce the gender pay gap in our workforce. This plan will be overseen by a senior management team from across NNL to ensure actions are implemented, monitored and evaluated.

We are committed to achieving the Nuclear Sector’s gender targets. In the past year, we have demonstrated our support by:

- Playing a pivotal role in developing the Nuclear Skills Strategy Groups’ ED&I roadmap
- Supporting the publication of a sector-wide gender data review via the sectors labour market data report
- Supporting the work of Women in Nuclear UK by having representation on the executive committee and sponsoring the organisation as Industry Partner for 2020
- Signing the Nuclear Skills Strategy Groups’ Equality pledge

We are looking forward to reporting our progress against our ED&I strategy to be published in 2020 and to providing continuous support to sector-wide gender initiatives.



