

incora™

GENDER PAY REPORT

Developed with the support from Gallagher |
Reward & Benefits Consulting

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1. Introduction

In light of the Government Regulations regarding Mandatory Gender Pay Gap Reporting, which applies to all employers in England, Wales and Scotland with at least 250 employees as of the 5th of April 2023 snapshot date, Gallagher Reward Consulting have been tasked with writing the Gender Pay Narrative to support the gender pay gap reporting requirements for Incora.

2. Foreword

As a business we have a passion for excellence, providing innovative supply-chain solutions for companies and the military around the world. Everything we do, from our financial disciplines to our human resource policies, is focused on that aspiration. As an organization, our promise to our customers is to reduce complexity and increase reliability so that they can deliver mission-critical solutions that improve our world.

We care for our people and recognize that they are our greatest asset. We want to ensure our workforce is diverse and inclusive and our culture continues to be open and fair. We are passionate about being an inclusive organization and seek to provide job opportunities for everyone regardless of gender, age, background and nationality. We are committed to building an organization that leverages individuals' unique talents so that we deliver a world-class service to our customers.

We are on a longer journey to developing a diverse and inclusive organization and as part of this we continue to develop the action plans and to build on the programmes and activities we already have in place. We have a mean gender pay gap of 11.35% favouring males, with our median gender pay gap reversing in favour of females sitting at 7.14%. The variance between the mean and median data indicates that the data set is skewed as the median is less susceptible to outliers and extreme values. These figures compare favourably to the national figures reported by the Office for National Statistics.

Females currently represent 37% of our overall workforce. We actively continue to invest in providing access to training and development opportunities to our entire workforce to encourage and promote progression across the organization.

In our seventh reporting year, our leadership team continues to strive towards making our organization a fair and balanced workplace. Our D&I Council, supported by our Executive Sponsor, in its first full year of operation, has launched Ascend, our first Employee Resource Group. Its purpose is to better represent the needs of women across Incora, seeking to maximize female potential across the organization while at the same time, making Incora more attractive and appealing to prospective female hires. We have just signed the "Women in Aviation" charter, as we look to encourage the advancement of women in all aviation career fields and interests and are targeting to have 40% female representation in senior roles by 2030.

We continue to ensure our HR policies encourage and support flexible working within the organization and are working to ensure that what we have in place works for everyone. Our HR team actively supports our diversity message by positively influencing and challenging our hiring managers to ensure they recognize how their individual behaviours and actions impact our overall ability to create an open, fair and inclusive workplace culture which reflects our company values.

3. Gender Pay Gap

Mandatory Gender Pay Gap Reporting applies to all private and voluntary sector employers in England, Wales and Scotland with at least 250 employees as of the 5th of April 2023 snapshot date. Those organizations are required to publicly report their gender pay gap metrics as follows on the government-sponsored website, with the aim of eliminating the gender pay gap:

Mean gender pay gap	Median gender pay gap	Gender bonus gap
Difference between average hourly earnings of males and females	Difference between median hourly earnings	Proportion of male and female employees receiving bonus within the 12 month period
Mean gender bonus gap	Median gender bonus gap	Pay quartiles
Difference between average bonus earnings	Difference between median bonus earnings	Insight into career paths

As of the 5th of April 2023 payroll, our mean gender pay gap stood at 11.35% favouring males, with our median gender pay reversing in favour of females sitting at 7.14%:

Mean Hourly Pay Differences		Median Hourly Pay Differences	
Male Hourly Rate	£22.16	Male Hourly Rate	£15.74
Female Hourly Rate	£19.64	Female Hourly Rate	£16.86
Pay Gap	11.35%	Pay Gap	-7.14%

These are both below the national mean (13.9%) and well below the median (14.3%), sitting in favour of males, as reported by the Office of National Statistics, 2023.

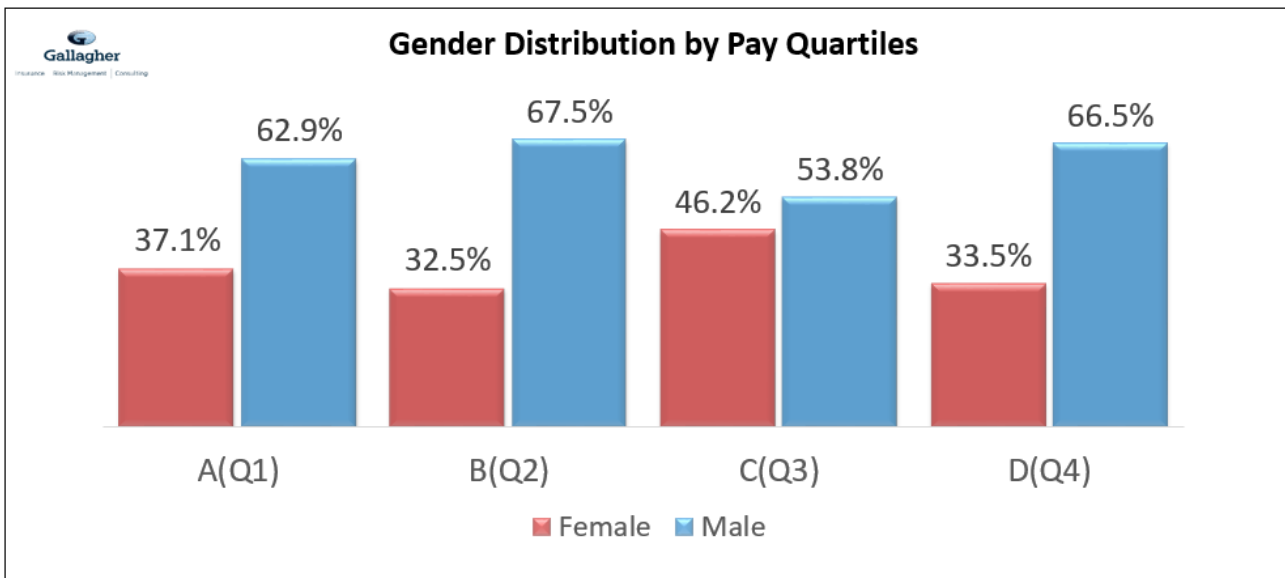
The underlying reason behind the mean gap is predominantly due to the higher representation of males in more senior leadership roles which attract higher levels of remuneration. Both the Aerospace and wider supply chain management industry sectors are typically male-dominated, and this is reflected across our organization, recognizing most of our roles are sourced from this industry. We know we have a lack of female representation in some of our more highly skilled roles which is contributing to our pay gap as we have a predominance of highly qualified males in higher-paid roles which attract higher pay because of a scarcity of skills and competition in the market and were we find a predominance of males.

4. Bonus Payments

The bonus gap at Incora is currently favouring female employees at the median by 1.50%, and then reversing in favour of male employees at the mean by 49.41%. This indicates that the data set is significantly skewed, with a wider range in the bonus amounts found in the much larger male data set compared to a narrower range in the smaller female data set of those in receipt of bonuses. We recognize this is primarily driven by several senior roles in our salesforce who generated significant sales achievement in the last reporting cycle, all of whom are male. We have a higher proportion of female employees receiving a bonus.

5. Career Paths and Earnings

Our gender distribution by quartiles, as defined by the regulations, show us that female employees are represented in all quartiles, though least represented in the second lowest (B) and highest (D) quartiles.



HR Strategy

Our HR philosophy is to attract and retain high caliber individuals and to leverage their unique talents to help create unique customer experiences every day.

This reporting cycle has been commercially challenging, which has significantly disrupted our supply chain and depressed demand as we operate against a backdrop of high inflation, sky-rocketing costs, lengthy lead-time extensions for shipment and slower-than-expected recovery from the pandemic. As a result, in the post reporting cycle, in June 2023, Incora filed for bankruptcy under Chapter 11. As an organization we are seeking to right-size our debt while continuing to meet customer demands.

This has resulted in unprecedented change in the organization, as we have undertaken significant organizational redesign. We have now restructured to create two distinct channels, Hardware and Chemicals, pivoting our support functions under these so that we are better placed to deliver a “strong, sustainable company” (David Coleal, Chief Executive Officer).

Against this backdrop, we have looked to provide stability across our workforce. We launched Incora Cares, fostering a well-being culture across the organization and ensuring that employees are recognized as people, not just workers. This initiative combines multiple employee support streams including mental & physical health & wellbeing support, financial wellbeing & education to ensure employees feel better supported and better equipped to manage the current cost-of-living crisis through the introduction of discount portals. We are pleased that during this time we maintained a strategic focus on employee financial wellbeing, delivering salary increases and bonuses to eligible employees, as part of our annual review process. Our employee attitude survey shows encouraging employee support, with a higher reward score balanced by a slight dip on engagement overall.

Where possible and taking account of the requirements of the role, we offer a hybrid work environment, as we help our employees invest in their home/work balance with full flexibility. Where the requirements of the role permit, we offer this from commencement of employment, which supports our wider Diversity & Inclusion strategy as we seek to highlight the importance of inclusion across our organization, opening up dialogue and building awareness on issues relating to respect for diversity in our business.

We actively ensure that all our HR policies and tools proactively support flexible working across the organization as we believe that these policies encourage our talented and driven employees to deliver results and in turn advance their careers in our organization. As part of this, all recruitment conversations promote our flexible work culture.

We actively create an environment where everyone is motivated to develop and progress through innovative HR policies and practices and an encouraging environment. We have several mental health first aiders across the organization, who provide tangible support to others who are experiencing a mental health issue or emotional distress.

We proactively keep in touch with those on maternity leave and support our career returners with a number of different tools to positively impact their back to work experience.

We recognize the motivational importance of positive senior role models to inspire confidence and success. We are pleased that 37% of roles are occupied by females. Overall, 30% of leadership

positions are held by women. We acknowledge that our strategy needs to evolve to ensure that we attract a higher proportion of females into our organization and that we actively ensure our hiring managers reflect our strategic approach to diversity.

We ensure roles are externally benchmarked, enabling us to obtain accurate market rates for each role. We acknowledge pay differentials may still remain in certain cases due to factors such as length of service, seniority and performance. Where pay differentials exist due to gender and are not justified by length of service, seniority or performance, we ensure that every effort is made to bridge those gaps. As part of our annual performance management and pay review process we ensure that our people are being paid fairly based on their role, responsibilities, experience and performance.

During the year, we launched our company-wide commercially focused set of bonus plans which are now better aligned to our strategic business priorities and are now rewarding the right performance-focused behaviours.

Recruitment

We ensure our recruitment approaches have a strong focus on ensuring a good gender balance in potential candidates presented, recognizing that during the reporting cycle we have needed to focus more heavily on sector experience to drive us forward and better position Incora for long-term growth, which has resulted in more male candidates in an industry which is male dominated during the reporting cycle.

We are pleased that 40% of our degree apprentices are female and we will continue to work hard to increase these proportions. We are committed to promoting our industry and as a corporate member of “Women in Aviation”, encourage the advancement of women in all aviation career fields and interests.

Development

Employee Development is a critical focus within our organization, and we are committed to making the most effective use of the talent, skills and abilities of our employees. We support the training and development of all our employees and apply a gender lens to all our talent development and succession planning discussions.

During the first year of operation, our D&I Council have launched our first Employee Resource Group, Ascend to maximize female potential across the organization while at the same time, making Incora more attractive and appealing to prospective female hires. We have just signed the “Women in Aviation” charter and as an organization are targeting to have 40% female representation in senior roles by 2030. The council’s strategy will continue to evolve as they seek new partnerships encourage broader interest in the sector. We continue to operate a programme of events to highlight the importance of inclusion, equality and unity across our organization for key calendar points throughout the year, including:

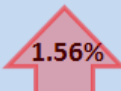
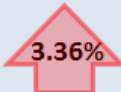
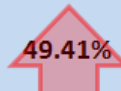
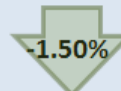
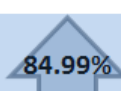
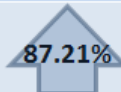
- Black History Month and Martin Luther King Day
- LGTBQ+ History month
- Diwali celebrations and key Jewish holidays
- International Women’s Day

We have leveraged our intranet and e-learning experiences combined with using story-telling and personalized e-cards employees can share with each other.

We have identified STEM champions, drawing individuals from across the UK organization.

6. Year on Year Comparison

When we consider year on year comparison, we note a slight widening of the gender pay gap. No bonus was paid in the prior reporting cycle.

	2021	2022	2023	2023 Vs 2022
Mean Gender Pay Gap	13.07%	9.80%	11.35%	 1.56%
Median Gender Pay Gap	-8.21%	-10.50%	-7.14%	 3.36%
Mean Gender Bonus Gap	-182.08%	-	49.41%	 49.41%
Median Gender Bonus Gap	-173.99%	-	-1.50%	 -1.50%
Males receiving bonus	0.64%	0.00%	84.99%	 84.99%
Females receiving bonus	0.40%	0.00%	87.21%	 87.21%

7. Closing remarks

We know and understand the reasons why we see a gender pay gap within our organization and are committed to actively managing this differential, as we try to move towards a more gender balanced workforce.

We constantly develop and improve our HR policies and practices to encourage and promote the development and progression of all our employees. We will continue to leverage technology to help us identify areas of our organization that need renewed focus to drive continuous improvement relating to gender equality.

Building on our values detailed below, we will continue to work with all of our employees, and regardless of ethnicity, gender, age, disability, religion or sexual orientation, provide them with opportunities to build their confidence and help them in reaching their full potential.

Our Values

- **Courage:** we will step outside our comfort zone, challenging ourselves and each other to be better
- **Collaboration:** we will succeed through the power of working together as one, accepting and celebrating difference and sharing ideas
- **Commitment:** we will show dedication and initiative to solve problems, achieve outstanding results and always deliver with flawless execution