



Gender pay
gap report

Morgan Technical Ceramics 2020

Gender pay gap report - 2020

Recruiting and retaining the best people from the widest possible talent pool is a priority at Morgan Advanced Materials, and that is why our gender diversity matters.

What is the 'gender pay gap'

A gender pay gap is a measure of the difference in the average pay of men and women - regardless of the nature of their work - across an entire organisation, business sector, industry or the economy as a whole. It can be driven by the different number of men and women across all roles.

One of the main reasons for the gender pay gap in our society is that men are more likely to be in senior job roles.

There is an important distinction between gender pay gap reporting, which relates to pay averages across the organisation, and the concept of "equal pay", which refers to individual male and female employees being paid equally for doing the same job at the same level.

From 5 April 2017, employers in the UK with a headcount of 250+ were obliged to publish annually, certain information relating to the salaries and bonuses paid to their male staff members as compared to their female staff members.

Understanding our pay gap

In 2020 the average gender pay gap for our UK workforce was 19.4% (2019: 21.5%).

Our gender pay gap exists because a greater proportion of our senior leadership is male.

We continue to work hard to increase the number of women we employ, develop and promote to improve our gender balance and become a more diverse organisation.

How are the median and mean pay gaps calculated?

Using the calculations set out in the gender pay gap reporting regulations, we have taken pay data from our Technical Ceramics legal entity. This data includes many different roles that bring a variety of rates of pay.

Imagine a situation where all our female employees stood next to each other in one line in order of lowest hourly rate of pay to highest. Then imagine the same situation where all our male employees did the same.

The median gender pay gap is the difference in pay between the female employees in the middle of their line and the male employees in the middle of their line.

The other measure is the mean gender pay gap, which shows the difference in average hourly rate of pay between men and women.

This is also affected by the numbers of men and women in different roles.

These median and mean calculations are also carried out when comparing bonus pay over a twelve month period.

We also share the percentage of men and women in each pay quartile. Quartiles are calculated by listing the rates of pay for each employee across the business from lowest to highest, before splitting that list into four equal-sized groups and calculating the percentage of males and females in each.

The data presented has been prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information Regulations 2017) and is an accurate reflection of our Morgan Technical Ceramics UK entity.

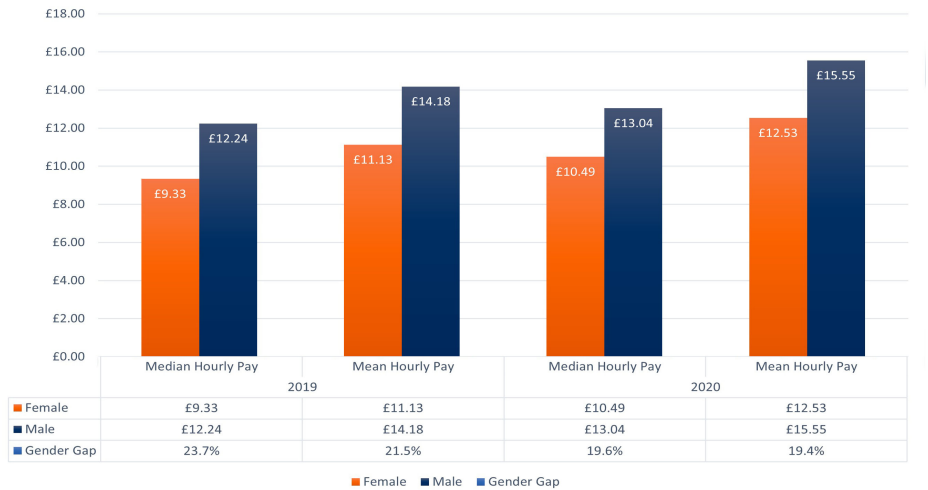
Key insights

The analysis continues to indicate that the gender pay gap is not caused by pay inequality in terms of pay rates for the same role.

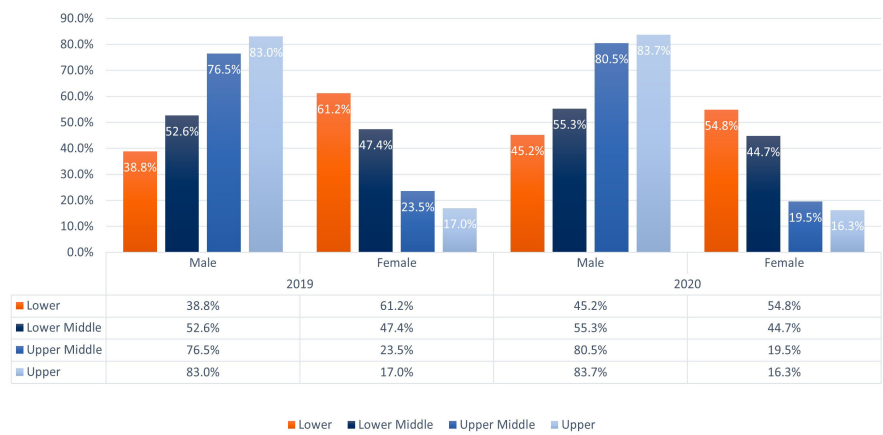
The hourly pay gap has decreased when comparing 2020 vs. 2019. There are no specific organisational changes that explain the decrease, it is down to natural fluctuations in the workforce.

The quartile data shows an increased proportion of male employees in the Lower (45.2%) and Lower Middle (55.3%) quartiles which is an improvement, however, there is also an increased proportion of males in the Upper (83.7%) and Upper Middle (80.5%) quartiles.

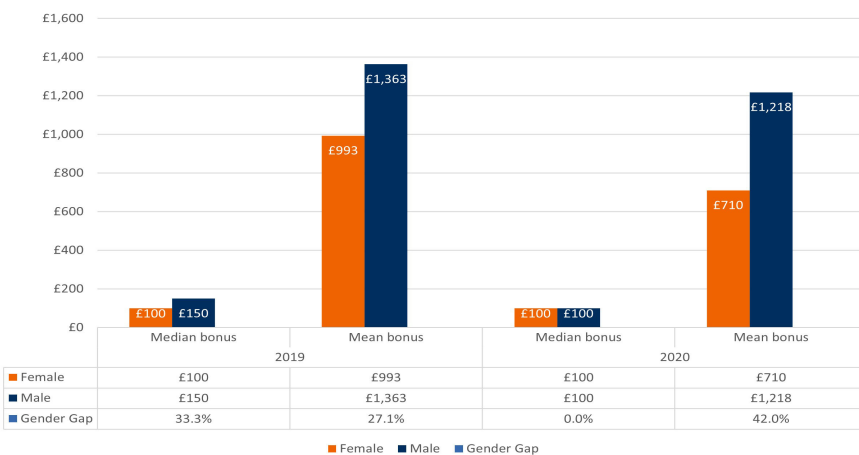
Pay Analysis



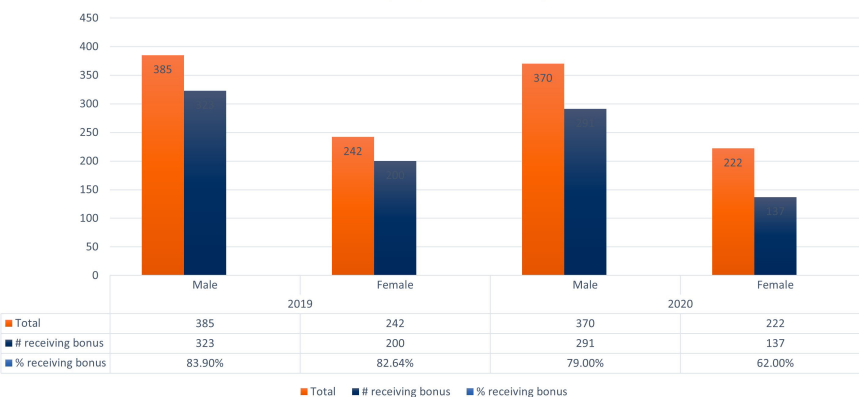
Pay Quartiles



Bonus



Number of Employees Receiving Bonus



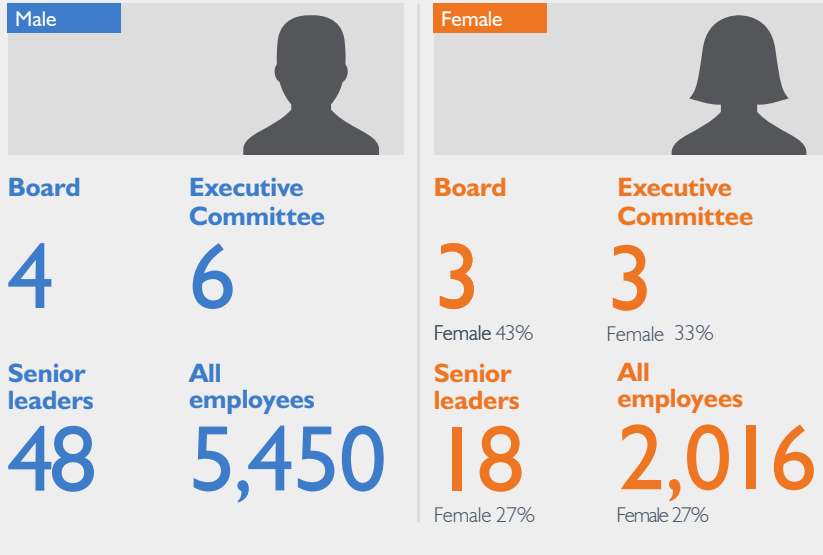
The pay quartiles data continues to provide clear evidence that there are more men in senior roles and this is the key factor affecting the results for both pay and bonuses. The picture is better than this however when looking at the total UK population, where 74.9% of the Upper quartile is male.

The median bonus pay gap (0%) has significantly improved compared to prior years, with the median male bonus being identical to the median female bonus. The mean gap (42.0%) has increased, however it is still lower than in 2017.

All figures are based on information as at 5 April 2020, with a comparison to 2019.

Workforce by gender

As at 31 December 2020



Our Board composition is 43% female and we are proud to be one of the FTSE 250 to have reached the target set by the Hampton Alexander Review.

What actions have we taken

We use the findings from our gender pay report to guide discussions with our people on diversity and the benefits diversity brings to the organisation.

In recruitment, all parts of our business are working to create more diverse candidate lists, especially with regards to gender.

On social media we have encouraged our female employees to describe their own experience of working at Morgan.

We have seen positive feedback from posts made by female employees, especially participants in our leadership development programmes.

We take gender diversity into account as much as possible when we are selecting participants in our development programmes, at graduate level and leadership level (Ignite and Catalyst).

Within the programmes themselves we cover inclusion, global collaboration (as one of our leadership behaviours), the importance of different perspectives, and an appreciation of different genders and cultures.

As a result, we are seeing more discussions about the benefit of diverse teams and views whenever we bring people together e.g. at the business unit virtual conferences, Elevate first-line manager training and Sales Effectiveness training.

From a performance perspective, with a single and consistent performance management approach now in place, all businesses are performing a diversity analysis of the review outcomes and associated bonus and salary awards.

This has been done and discussed at the Board, executive team and business unit level, to identify and address any potential bias within the organisation.

Diverse talent is also being looked at during talent discussions at Board, executive, business unit and functional levels.

A recent analysis has shown that percentage of women leaders across the business is 30%, this is higher than the percentage of women working at Morgan (currently 27%).

We have also set ourselves a target of 40% women in leadership positions by 2030.

see www.morganadvancedmaterials.com/people for more on diversity at Morgan

Our next steps

We're conscious that there's still some way to go to close our gender pay gap.

We recognise that we must do more to actively encourage female talent to gain the experiences necessary to move into more senior roles.

Our commitment to reduce the gender pay gap has come directly from the Board and gender pay gap and wider diversity issues are now a standing item for Board meetings.

The Board reviews initiatives to close the gap and assesses progress towards greater gender equality in senior positions.

We are already working to bring greater gender balance to our business and our communities. This is not only right and fair, but is critically important to the future success of our business.

Our priority focus areas over the short term are:

1. To attract more women into traditionally male dominated (STEM) roles and support their development.
2. To provide more opportunities for women to progress into senior positions, and thereby improve the gender balance of our leadership team.
3. To implement a holistic inclusion & diversity strategy across Morgan. We believe this essential not only to achieve our commitment of 40% women in leadership positions but to make Morgan Advanced Materials an even better place to work with Upper Quartile employee engagement scores.

We are passionate about providing more opportunities for our female employees to develop their career, progress into different and challenging roles and continue to improve their capability.

"We are committed to improving the gender diversity across our business. This data, reflecting part of our business, shows that we do not have an equal pay issue but we have more to do to increase female representation in our workforce, in particular at more senior levels.

We have set a target of 40% of our leadership population being female by 2030 and we are putting plans in place across the business to deliver on that."

Pete Raby

CEO, Morgan Advanced Materials

Useful resources

ACAS guidance on Gender Pay Gap Reporting provides a full description of the reporting requirements, the distinction between Gender Pay Reporting and equal pay and links to useful communication materials: www.acas.org.uk/genderpay

Morgan Advanced Material's people activities are detailed on our website: www.morganadvancedmaterials.com/people

The Women's Business Council provides some helpful resources to help improve gender diversity: www.womensbusinesscouncil.co.uk/toolkits

The UK's leading charity campaigning for gender equality and women's rights: www.fawcettsociety.org.uk