



Gender Pay Gap

ANNUAL REPORT 2021



Scientist



Application Engineer



Site Leader



HR Manager



Finance Director



Office Manager

Gender pay gap report - 2021

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 2021, the average gender pay gap for our UK workforce was 26.0% (2020: 19.4%, 2019:

21.5%, 2018: 18.6%, 2017: 24.7%).

Our gender pay gap exists because a greater proportion of our senior leadership is male, and compared to last year our gap has increased.

The gender pay gap is fluctuating according to the number of male employees at the higher pay ranges relative to female employees. The percentages are sensitive to small changes. We have set ourselves a target that 40% of our leadership population will be female by 2030.

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, with 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.

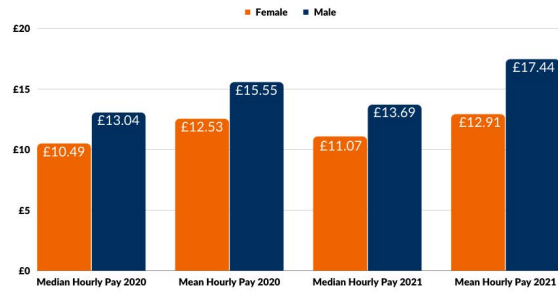
Key insights

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 median hourly pay gap has further decreased when comparing 2021 vs. 2020, however the mean hourly pay gap has increased for Technical Ceramics, largely due to some new senior male recruits and transfers into the entity in the last year. The mean hourly pay gap for the whole UK has actually decreased.

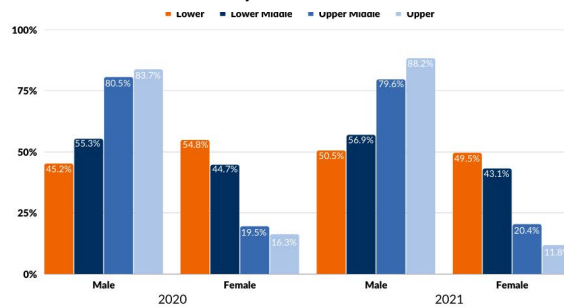
The quartile data shows an increased proportion of male employees in the Lower (50.5%) and Lower Middle (56.9%) quartiles and a decreased proportion of male employees in the Upper Middle (79.6%) quartile, which is an improvement. However, there is also an increased proportion of males in the Upper (88.2%) quartile.

Pay Analysis



Female	£10.49	£12.53	£11.07	£12.91
Male	£13.04	£15.55	£13.69	£17.44
Gender Gap	19.6%	19.4%	19.1%	26.0%

Pay Quartiles



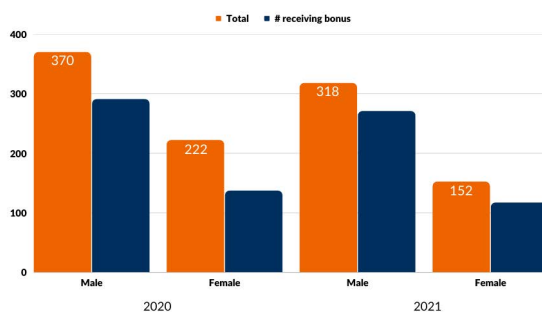
	Male	Female	Male	Female
Lower	45.2%	54.8%	50.5%	49.5%
Lower Middle	55.3%	44.7%	56.9%	43.1%
Upper Middle	80.5%	19.5%	79.6%	20.4%
Upper	83.7%	16.3%	88.2%	11.8%

Bonus



Female	£100	£710	£100	£936
Male	£100	£1,218	£100	£1,195
Gender Gap	0.0%	42.0%	0.0%	21.7%

Number of Employees Receiving Bonus

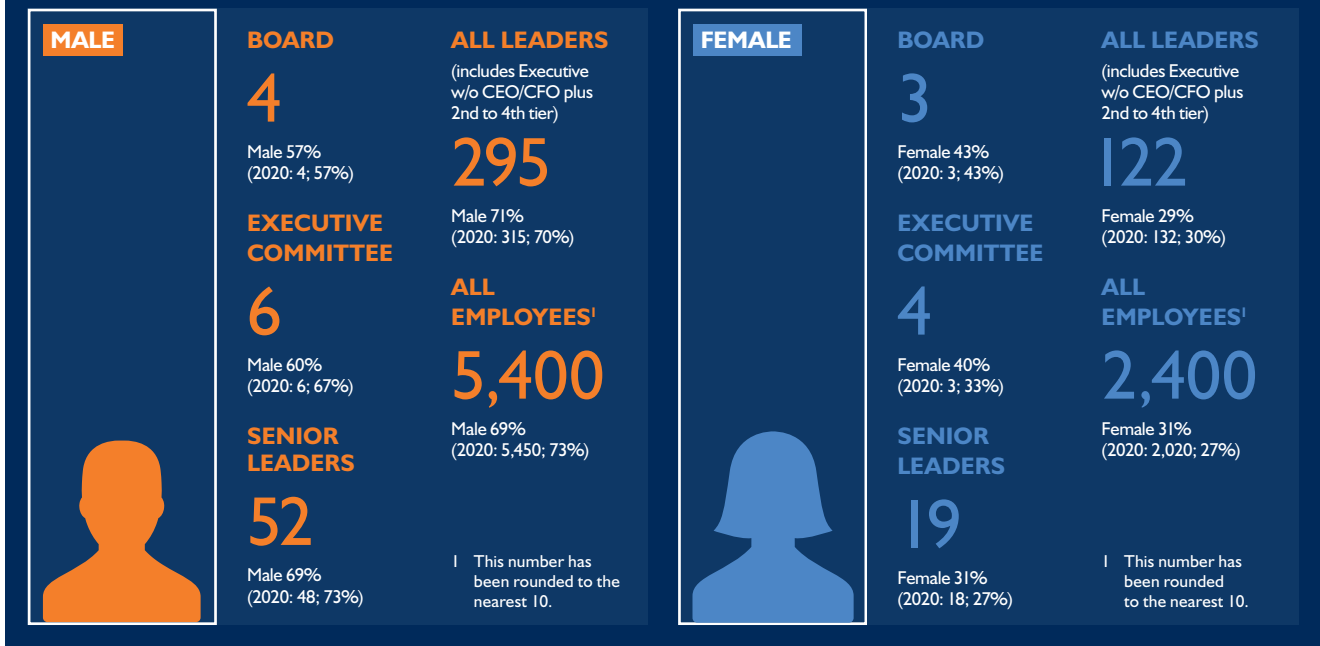


	Male	Female	Male	Female
Total	370	222	318	152
# receiving bonus	291	137	271	117
% receiving bonus	79.0%	62.0%	85.2%	77.0%

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 74.3% of the Upper quartile is male.

The median bonus pay gap remains at 0%, with the median male bonus being identical to the median female bonus. The round median bonus numbers are due to many of the bonuses being paid as a 'flat rate', based on the achievement of certain thresholds. The mean bonus gap (21.7%) has decreased significantly since 2020, and to the lowest level since reporting was introduced.

WORKFORCE BY GENDER
Members as at 31 December 2021



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

Gender diversity remains a challenge for our business, however we are taking actions to achieve a more balanced proportion of women in senior positions.

We continue to ensure that our candidate lists are diverse and have a more inclusive approach using assessment to inform decision making.

We promote female careers via social media, and take gender into consideration when selecting participants for our development programmes.

In 2021, we relaunched our early careers programme, with an increased focus on the diversity of the cohort to build our pipeline of talent, 45% of the cohort were female.

We have also invested in female specific development with a number of our high potential women.

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

During our merit and bonus planning cycles we examine the data to identify and address any gender bias.

We have recently launched 'Women@Morgan', our employee resource group - to engage women and men in addressing female specific topics that will support the development of a more gender inclusive culture.

A key area of development in supporting our women has been listening and understanding their challenges more.

Our recent employee engagement survey told us that:

- Women are more engaged than men (57% v 52%) at Morgan;
- Worklife balance is better for women than men in Morgan (69% v 62%); and
- 85% of women feel valued at Morgan, versus 81% for men.

All of the actions we are taking and the insights we gather from our survey are helping us to become a more diverse organisation, one more reflective of the communities in which we operate.

Our next steps

We're conscious that there's still some way to go to close our gender pay gap. Our commitment to reduce the gap comes directly from our Board.

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

Our priority focus areas in 2022 and beyond include:

- A focus on the whole pipeline, including the recruitment of our direct labour force. Our entry level employees are the future leaders and managers of tomorrow and getting the gender balance right at this level will support greater diversity at the mid and senior levels in the organisation by 2030;

- Developing an appealing employer brand, in order to articulate better our culture and in part the positive experiences of women in Morgan. Through this work we will also support the creation of more female friendly policies;

- Supporting our hiring managers through our new license to recruit programme. This initiative brings inclusiveness and diversity training to hiring managers, supports the implementation of more diverse hiring panels and supports the development of more inclusive language in our job adverts;

- Supporting the growth of 'Women@Morgan' in order to utilise insights

from the group on how to make Morgan a better place to work;

- The utilisation of more female specific development programmes, better supporting the diverse development needs of women at all levels.

We are taking the necessary steps to support women at Morgan and close the gender pay gap as part of our wider support of our execution priority, to make a 'big positive difference'. We want to provide a safe, fair and inclusive workplace, so that people want to work for us and with us. This also supports our overall purpose to 'improve the quality of life'.

"At Morgan, better gender diversity just makes sense – it's good for the company and good for employees.

Our 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 that 40% of our leadership population will be female by 2030, and we are progressing our plans across the business to deliver on that goal."

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