

Gender Pay Gap

2022



Scientist



Application
Engineer



Site Leader



HR Manager



Finance
Director



Office
Manager

Gender pay gap report - 2022

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 2022, the average gender pay gap for our UK workforce was 21.6% (2021: 26.0%, 2020:

19.4%, 2019: 21.5%, 2018: 18.6%).

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

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. This is also evident when considering leadership pay; at Morgan, the average female salary in the UK Senior Leadership population is higher than the average male salary in the same population.

The mean (21.6%) and median (18.6%) hourly pay gaps have decreased when comparing 2022 vs. 2021.

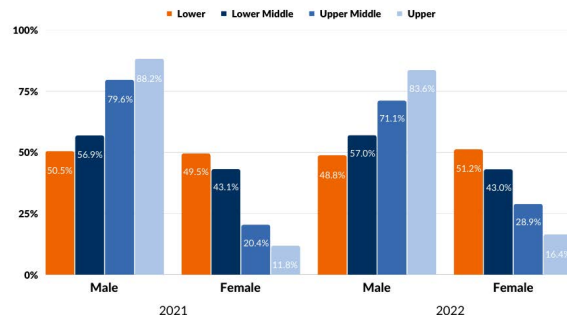
The quartile data shows a decreased proportion of male employees in the Upper (83.6%) and Upper Middle (71.1%) quartiles and an increased proportion of male employees in the Lower Middle (57.0%) quartile, which is an improvement. However, there is also a decreased proportion of males in the Lower quartile (48.8%).

Pay Analysis



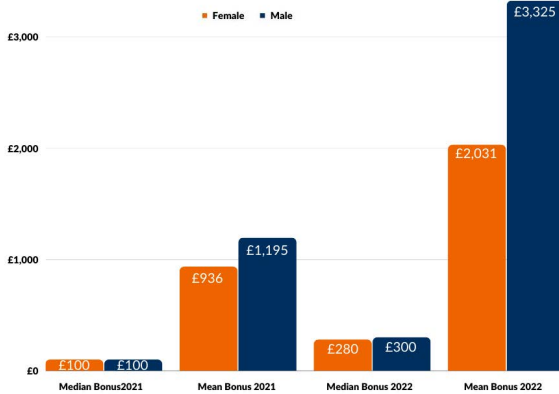
Female	£11.07	£12.91	£11.24	£13.66
Male	£13.69	£17.44	£13.80	£17.42
Gender Gap	19.1%	26.0%	18.6%	21.6%

Pay Quartiles



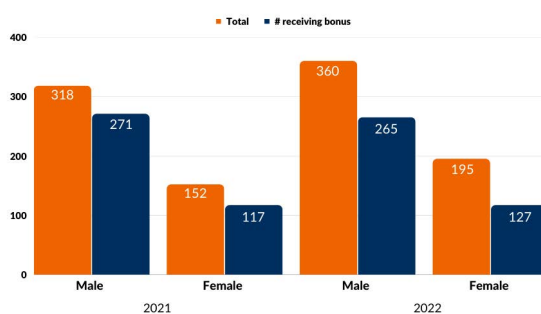
	2021		2022	
	Male	Female	Male	Female
Lower	50.5%	49.5%	48.8%	51.2%
Lower Middle	56.9%	43.1%	57.0%	43.0%
Upper Middle	79.6%	20.4%	71.1%	28.9%
Upper	88.2%	11.8%	83.6%	16.4%

Bonus



Female	£100	£936	£280	£2,031
Male	£100	£1,195	£300	£3,325
Gender Gap	0.0%	21.7%	6.7%	38.9%

Number of Employees Receiving Bonus



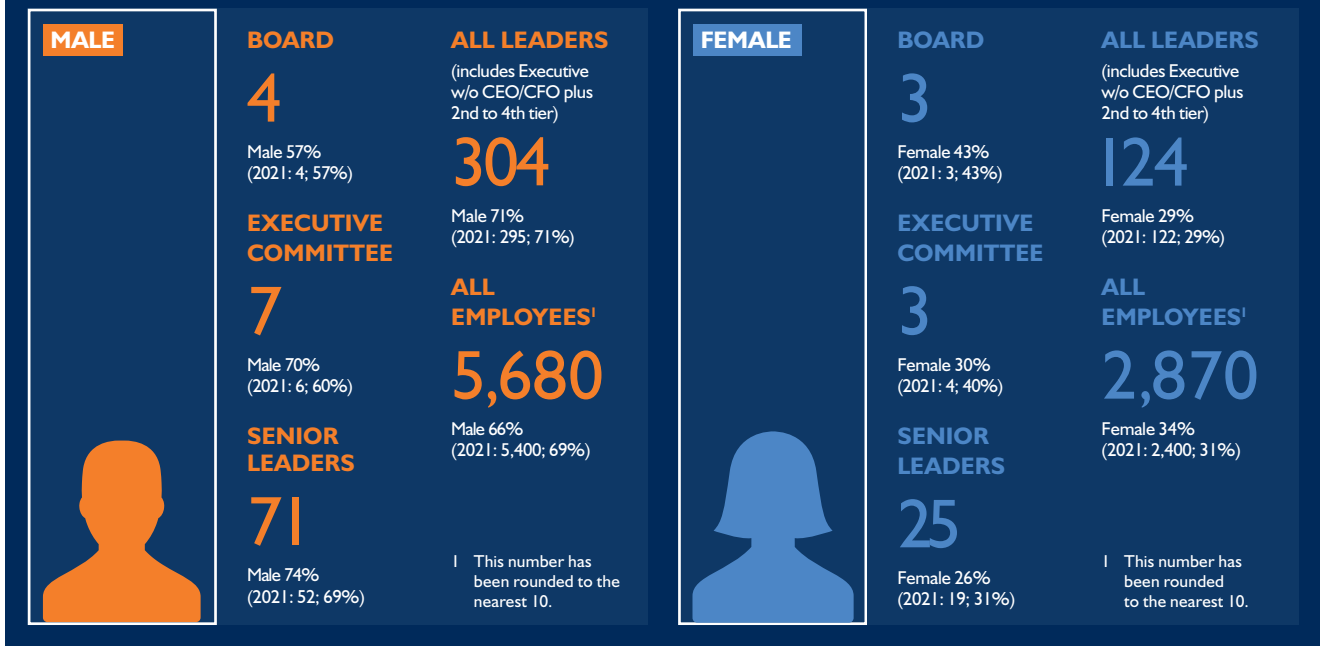
	2021		2022	
	Male	Female	Male	Female
Total	318	152	360	195
# receiving bonus	271	117	265	127
% receiving bonus	85.22%	76.97%	73.61%	65.13%

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 overall when looking at the total UK population, where 72.1% of the Upper quartile is male.

The median bonus pay gap (6.7%) and the mean bonus gap (38.9%) have both increased since last year. This is mainly due to the fact that last year a large number of employees received the same bonus value as a 'thank you' for working during the pandemic. The median (0%) and mean (28.72%) bonus gap for the total UK population are both lower than that of the Technical Ceramics entity.

NOTE - all figures are based on the information as of 5 April 2022, with a comparison to 2021.

WORKFORCE BY GENDER
Members as at 31 December 2022



During 2022, Morgan met the board diversity targets set out in the Financial Conduct Authority's Listing Rules: our Board composition was 43% female, and the role of Senior Independent Director was held by a woman. Our 2030 target is for 40% female representation across our leadership population.

What actions have we taken

Gender diversity remains a focus and we continue to take action 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 2022, we launched our new license to recruit programme, supporting our hiring managers through diversity training, the implementation of more diverse hiring panels and developed

more inclusive language for our job adverts.

Diverse talent is also being reviewed during talent discussions at Board, executive, business unit and functional levels. In addition, during our merit and bonus planning cycles we continue to identify and address any gender bias.

Following the launch of 'Women@Morgan', our employee resource group, we have held several virtual and in person events marking important dates such as 'World Menopause Day' and opening direct lines of communication to leadership

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 (60% v 54%) at Morgan;
- Work life balance is better for women than men in Morgan (65% v 61%); and
- 65% of women feel inspired to do their best work at Morgan, versus 58% of men.

All 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 are building on closing our gender pay gap each year, as we look to achieve our 40% target by 2030. Our commitment starts with our Board but is also a goal shared across our organisation.

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

Our priority focus areas in 2023 and beyond include:

- We are continuing to focus on the whole pipeline. Our entry level employees are the future leaders and managers of tomorrow and getting the gender balance right at this level will support our future goals.

- Supporting the continued growth of our employee resource group 'Women@Morgan' to utilise insights from the group on how to make Morgan a better place to work.

- We recognise that our female leaders and women across our organisation often need targeted support and an open culture to talk about issues that disproportionately impact them. This ranges from childcare responsibilities to menopause, to eldercare. We are implementing family friendly policies to reflect this, policies that better support all our employees.

- In 2023 we are shining a light on our female role models through Women@Morgan and in association with International Women's Day.

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. Overall this supports our purpose to 'improve the quality of life'.

"Diversity, inclusion and belonging matter - they make sense for Morgan and are good for employees.

Our data continues to show that we do not have an equal pay issue, and that the work we are doing to shine a light on gender equality and equity in our business is making a difference.

I am proud of what we have achieved to date, but look forward to reaching our target of 40% of our leadership population being female by 2030."

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