

JM

**Johnson Matthey
Gender Pay Gap
Report 2020**

Johnson Matthey
Inspiring science, enhancing life



Johnson Matthey's combined UK gender pay gap is **6.7%**. We continue to be well placed against the national average gender pay gap of **15.5%** and we remain fully committed to achieve gender balance across our organisation.



Introduction

In April 2020 women represented

27%

of our UK employees

38%

of our board



57%

of our Group Management Committee



30%

of our senior management



30%

of our other management roles



Over the past few years we have seen positive shifts in our Gender Pay Gap, so it is disappointing to report a small increase in 2020. However, we continue to focus on embedding a truly diverse and inclusive culture and believe that if we continue to focus on making the changes we have identified in our diversity and inclusion agenda, we will return to a positive shift in the coming years.

Diversity and inclusion (D&I) forms the core foundation of who we are in Johnson Matthey. D&I enables our innovation and agility because of the value we place on diversity of all kinds. Our shareholders and customers trust us because our rich diversity is a hallmark of a sustainable, well run business.

Integral to our culture are two fundamental beliefs that all differences matter and that all people are valued. Our integrity is a direct result of ensuring that all voices are heard. In JM, we want everyone to thrive and bring their whole selves to work.

In this report, we set out our UK gender pay gap information. We also provide some insight into this gap and run through current initiatives and future plans to improve our gender balance and ensure fair pay.

In April 2020, women represented 27% of our UK employees (up by 1%). Women also made up 38% of our board, 57% (up by 24%)

of our Group Management Committee, 30% of our senior management group and 30% of other management roles.

In 2020, we continued the trend of hiring a greater percentage of women year on year. We implemented a set of talent principles to ensure a focus on diversity across all of our transformation programmes. We have also updated our recruitment practices, learning and career development programmes. As part of our commitment to diversity we have engaged our workforce in a dialogue around their perceptions of JM as an employer.

We have clear objectives for 2021 and beyond to deliver more opportunities for women and support our commitment to diversity, and for women to consider Johnson Matthey as an employer of choice.



Robert MacLeod
Chief Executive



Annette Kelleher
Chief Human
Resources Officer

Gender pay gap key facts



The gender pay gap is the average difference in pay between men and women.



Women currently represent 27% of our UK employees.



The number of women employed in management positions increased in 2020, from 29% to 30%.



Johnson Matthey is committed to being a meritocracy where men and women are paid fairly.



Female representation is lower in our science, technology and engineering roles.



A number of initiatives are ongoing or are planned for the future.

Helpful definitions

Understanding the gender pay gap

The gender pay gap can be thought of as a talent gap as it identifies an unequal distribution of men and women across the company where more males are employed in higher paid roles.

Reporting our UK gender pay gap

Regulations in the UK require all legal entities in Great Britain that employ 250 or more employees to publish a number of statistics relating to the difference in remuneration between their male and female employees. Johnson Matthey employs nearly 4,600 people in the UK through a number of legal entities. The majority of our people are employed by either Johnson Matthey Plc (85%) or MacFarlan Smith Limited (8%). However, we have also decided to voluntarily disclose our combined UK results, which includes employees in our legal entities with fewer than 250 employees.

4,600

People in the UK employed by Johnson Matthey

The gender pay gap is not the same as equal pay

Equal pay means that men and women with equivalent experience and performance doing equivalent work should receive equal pay. Johnson Matthey is committed to providing equal pay for equivalent work because it's the right thing to do.

Our pay policies and practices are designed to control potential biases and to help ensure a meritocracy where men and women with the same experience and performance doing equivalent work are paid equally. We also have a standard global approach to job grading, which underpins how we reward our employees.

A gender pay gap does not mean that there are equal pay issues, rather it identifies an unequal distribution of men and women across the company where more males are employed in higher paid roles. It can really be thought of as a gender talent gap.

Mean versus median pay gap

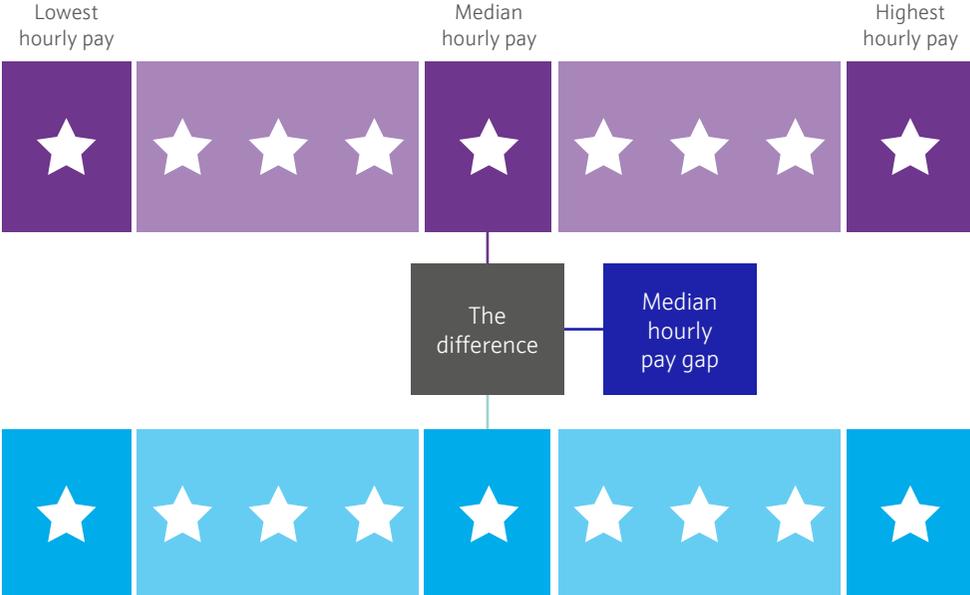
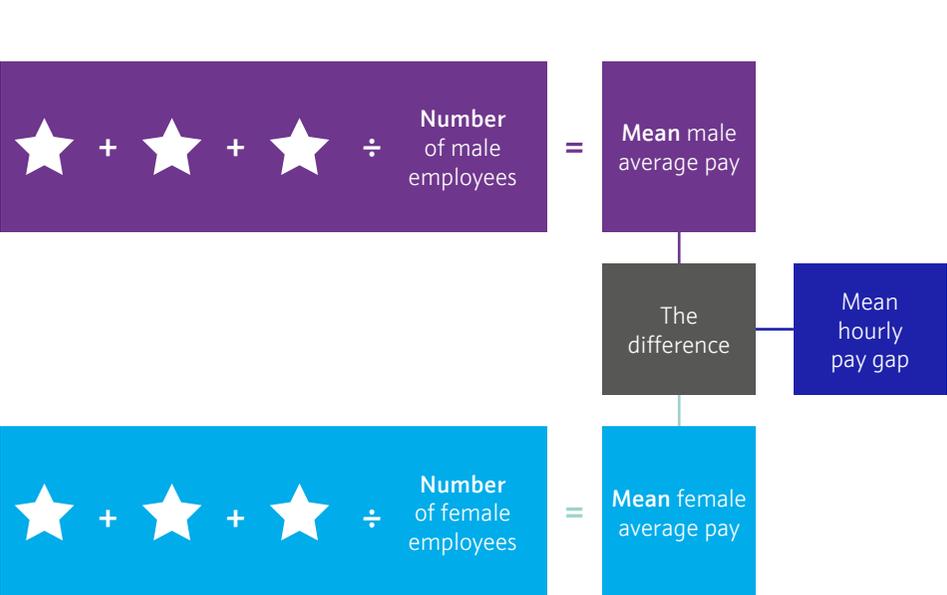


The mean pay gap

The mean gender pay gap is the difference in the average hourly Ordinary Pay rate for women compared to men.

The median pay gap

The median represents the midpoint. If you separately lined up all the women and men, the median pay gap is the difference between the hourly Ordinary Pay rate of the middle woman compared to that of the middle man.



Ordinary Pay is not limited to basic pay, but also includes other types of pay such as allowances, pay for leave and shift premium pay. It does not include pay for overtime or pay relating to redundancy / termination of employment. The figures used are gross before income tax and national insurance deductions but after any deductions for salary sacrifice benefits e.g. pension, childcare vouchers etc.

Understanding our pay gap

Johnson Matthey UK
Consolidated numbers including all UK employees

+15.5%
ONS Great Britain median pay gap

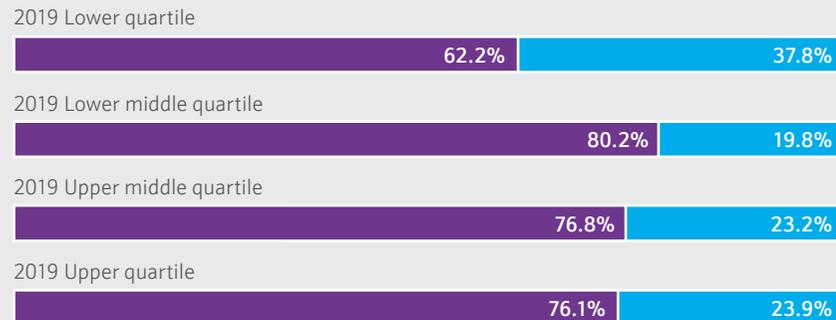
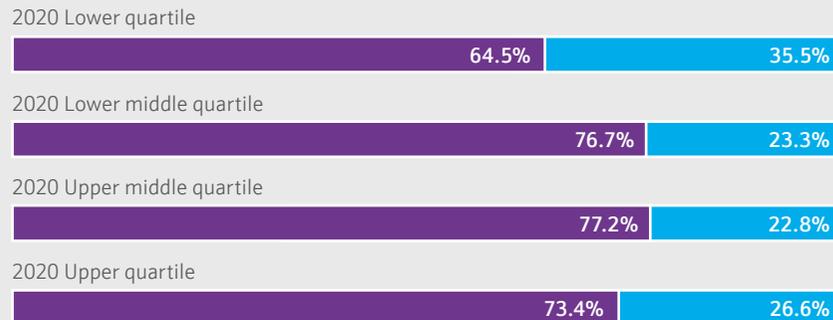
Men Women

100%

of Johnson Matthey



Population by pay quartiles



% receive a bonus payment

86.8%

% receive a bonus payment

80.6%

Understanding our pay gap

Johnson Matthey Plc
Our largest employing entity in the UK

+15.5%
ONS Great Britain median pay gap

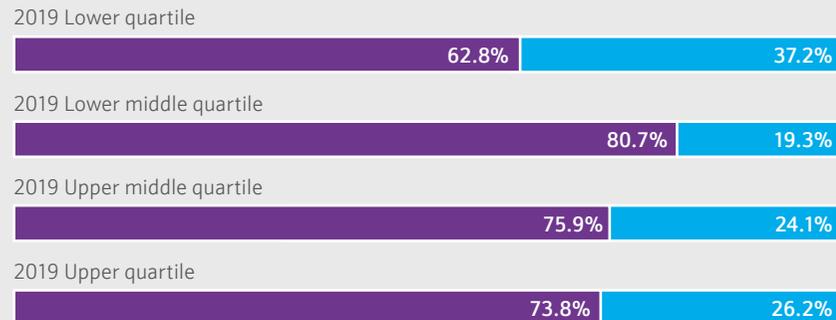
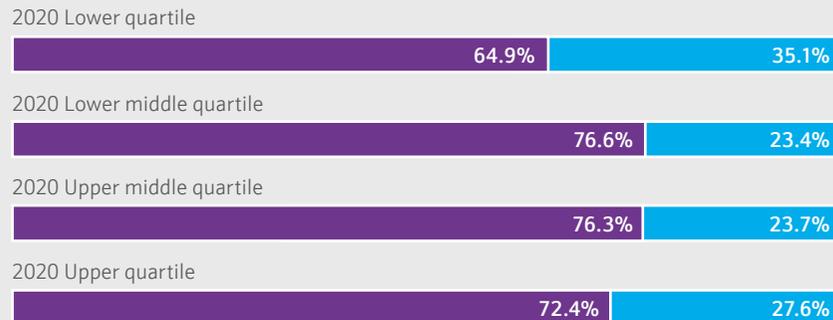
Men Women

85%

of Johnson Matthey



Population by pay quartiles



% receive a bonus payment

86.5%

% receive a bonus payment

80.4%

Understanding our pay gap

MacFarlan Smith Limited
Employs individuals in Edinburgh, Scotland

+15.5%
ONS Great Britain median pay gap

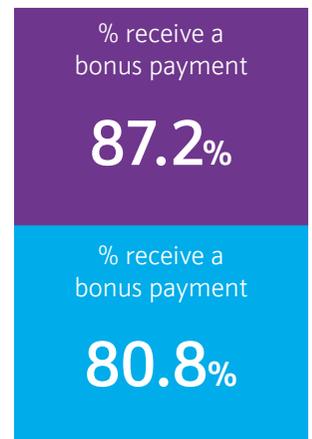
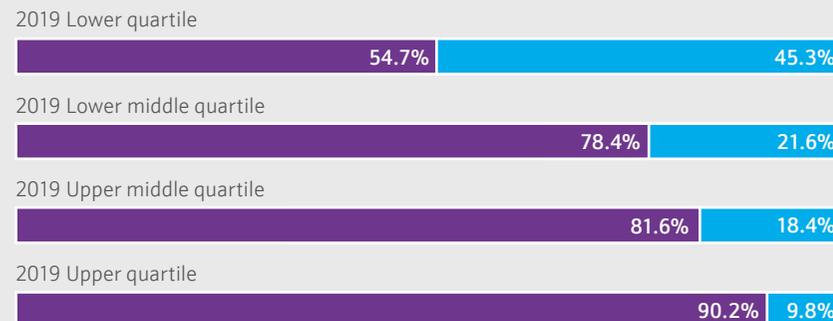
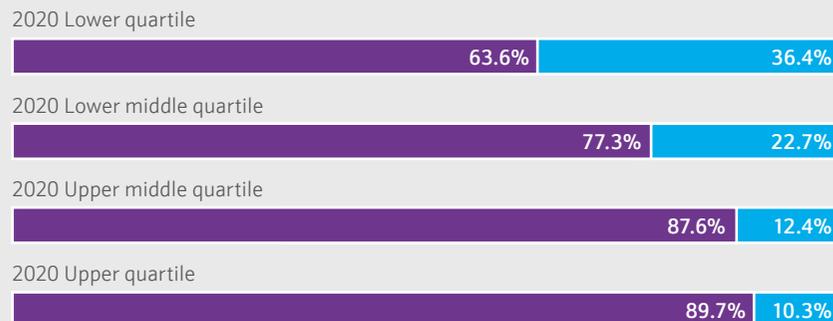


8%

of Johnson Matthey



Population by pay quartiles



Understanding our pay gap

While good progress has been made in addressing gender imbalance in our management roles, we must focus on the broader population to continue to positively shift our gender pay gap.

We have continued to increase the number of women in our management level positions (up 1% from 2019) and we are committed to maintain this trend. However, across our general population there has been little change in the gender split since 2018. We must tackle gender imbalance within this population to move the dial further.

Our gender pay gap also continues to be driven by female under representation and by the gender split in our different functions. This is because our pay ranges differ by function as well as by job level to reflect the variations in market rates of pay for different functions.

For example, our pay ranges for chemical engineers are higher than for roles in Human Resources (HR) at the same grade, and as we have more male chemical engineers and more women in HR, this uneven gender distribution contributes to our gender pay gap.

Our gender pay gap also reflects broader issues that are also evident in the wider economy, including:

- Fewer women occupy our science, technology and engineering roles. With only 26% of UK graduates studying science, technology, engineering and mathematics (STEM) being women² it is challenging to recruit more women into technical roles, although we have had some good success in recruiting more women into our graduate programme.
- A large number of our manufacturing roles are held by men, which is consistent with the demographics in the wider economy. In particular, shift patterns requiring employees to work less sociable hours are eligible for a shift allowance, and women are less likely than men to work these shift patterns.



Ron Gerrard
Chief EHS & Operations
Officer

“Diversity and inclusion is the cornerstone of a sustainable business. It enables greater innovation, agility, engagement and ultimately success.”

What we are doing to eliminate the gap



We are making good progress with the gender pay gap as we continue to focus on a number of key areas to achieve a truly inclusive culture.



“Diversity helps us to welcome different perspectives and open new possibilities.”

Jane Toogood
Sector Chief Executive,
Efficient Natural Resources

We have continued to focus on gender as a key part of our diversity and inclusion agenda. We have implemented guidance on gender balance targets for 2025. This focus has enabled an increase in our Refinitiv index ranking of 3.5 points to 63.

We have been very successful in attracting and recruiting females onto our global graduate programmes, with two thirds of our UK graduate hires being female this year in science, operations and commercial roles. This kind of success in the graduate programme is key to rebalancing the leadership pipeline for these functions.

Training and development

Diversity and inclusion is embedded into our induction processes and our leadership development programmes and unconscious bias training is now a prerequisite for all hiring managers.

We also offer a range of diversity and inclusion programmes at all levels to raise awareness and help educate our people across the organisation.

Analysing our internal talent review processes, we have identified opportunities to develop talent in our female middle management population. We have implemented a talent policy and set of principles to maintain focus on diversity across all of our transformation programmes.

Standards and data

Because we know that data is key to supporting our sustainability goal, we plan to further improve the quality of our data capture on diversity and inclusion and gender balance. We continue to work on further developing our global data capabilities, to better enable our progress and decision making in this area.

We aim to ensure that our policies support and encourage diversity and inclusion. We will also track perceptions of our female employees of Johnson Matthey as a diverse and inclusive organisation via our employee opinion survey and our country engagement forums.

What we are doing to eliminate the gap

Recruitment and talent management

We continue to use gender neutral recruitment practices, using job adverts with gender neutral language and diverse candidate shortlists. We are also piloting a 'blind CV' process in the US.

Our talent acquisition and communications teams continue to transform our candidate communications and experience to ensure that our Employee Value Proposition (EVP) resonates with all our internal and external audiences and attracts a range of talent that is as diverse as possible.

To avoid adopting any gender pay bias that may exist in the wider market on recruitment, we have clearly established and applied pay policies and pay ranges by function and job level.

Our commitment to addressing gender imbalance at senior management level is evidenced by the positive changes in the gender balance at that level, with females

now representing 30% of senior management, up from 28% last year.

Despite this positive shift, we know there is still progress to be made and we remain committed to further increasing the number of women we have across all of our disciplines and at all levels. We actively manage careers and succession plans to ensure balanced talent pipelines and identify under representation so that strategies can be put in place to address any imbalance.

Flexible working and parental leave

We want all employees at Johnson Matthey to be able to build a successful career here without compromising their life outside work, whether that be for family life, personal interests or other interests. In support of this, in 2018 we launched a global flexible working policy and we continue to work to ensure it is embedded into our working practices across Johnson Matthey, enabling any employee to consider how, when and where they work.

2018 also saw the introduction of a global minimum standard of parental leave. Employees are now eligible for no less than 16 weeks of paid leave following the birth or adoption of a child if they are the primary caregiver, and two weeks if they are the secondary caregiver.

However, there is still much to do, and our goal now is to improve the take up, by people of any gender, of these new policies and associated benefits.

We know that it will take time for there to be even more change. We are committed to making progress and building an inclusive and diverse environment so that Johnson Matthey is more representative of the world in which it operates.



Declaration

We confirm the information and data reported are accurate as of the snapshot date 5th April 2020 and in line with the UK Government's Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Annette Kelleher

Chief Human Resources Officer,
Johnson Matthey Plc

Johnson Matthey
Inspiring science, enhancing life

