Johnson Matthey’s combined UK gender pay gap has reduced from 8.5% to 6.0% and continues to be well placed against the national average gender pay gap of 17.3%, but there is still a talent gap caused by a gender imbalance across the organisation.
Introduction

Women currently represent 26% of our UK employees.

As Johnson Matthey continues to focus on embedding a truly diverse and inclusive culture, we have seen some positive shifts in our Gender Pay Gap since last year. We know that a diverse workforce will enhance our innovation, decision making, product development and help us attract and retain the best talent.

As a global company, we want to attract, motivate and retain the most talented people. Being a diverse and inclusive place to work and welcoming all forms of difference, embracing diversity and promoting equality and inclusion will allow us to achieve this on a global scale.

Being truly inclusive is driven by our values. As a company we believe that being diverse and inclusive allows us to take better care of each other, work better together and promote innovation. Being inclusive is also a key part of being a company that acts with integrity.

In 2019, we continued the trend of hiring a greater percentage of women year on year. We have also implemented new policies and have put a range of programmes in place to improve our gender balance. The focus on diversity continues here at Johnson Matthey. We have clear objectives for 2020 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.

Overall, women currently represent 26% of our UK employees (up by 1%). Women also make up 40% (up by 7%) of our board, 33% of our Group Management Committee, 28% (up by 5%) of our senior management group and 29% of other management roles.

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.

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

Women currently represent 26% of our UK employees.

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

The number of women employed in management positions increased in 2019, from 28% to 29%.

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 4,300 people in the UK through a number of legal entities. The majority of our people are employed by either Johnson Matthey Plc (89%) 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.

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.

4,300
People in the UK employed by Johnson Matthey
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 mid-point. 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

+17.3%
ONS Great Britain median pay gap

100%
of Johnson Matthey

<table>
<thead>
<tr>
<th>Year</th>
<th>Median pay gap</th>
<th>Mean pay gap</th>
<th>Median bonus pay gap</th>
<th>Mean bonus pay gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>+8.5%</td>
<td>+6.9%</td>
<td>+7.4%</td>
<td>+3.8%</td>
</tr>
<tr>
<td>2019</td>
<td>+6.0%</td>
<td>+5.4%</td>
<td>-2.28%</td>
<td>-7.2%</td>
</tr>
</tbody>
</table>

% receive a bonus payment
96.5%

Population by pay quartiles

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Lower quartile</td>
<td>62.1%</td>
<td>37.9%</td>
</tr>
<tr>
<td>2018 Lower middle quartile</td>
<td>80.4%</td>
<td>19.6%</td>
</tr>
<tr>
<td>2018 Upper middle quartile</td>
<td>80.6%</td>
<td>19.4%</td>
</tr>
<tr>
<td>2018 Upper quartile</td>
<td>77.6%</td>
<td>22.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Lower quartile</td>
<td>62.2%</td>
<td>37.8%</td>
</tr>
<tr>
<td>2019 Lower middle quartile</td>
<td>80.2%</td>
<td>19.8%</td>
</tr>
<tr>
<td>2019 Upper middle quartile</td>
<td>76.8%</td>
<td>23.2%</td>
</tr>
<tr>
<td>2019 Upper quartile</td>
<td>76.1%</td>
<td>23.9%</td>
</tr>
</tbody>
</table>

Men: 26.2% women 73.8% men
Women: 73.8% men 26.2% women
Understanding our pay gap

Johnson Matthey Plc
Our largest employing entity in the UK

89%
of Johnson Matthey

<table>
<thead>
<tr>
<th>2018</th>
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<tbody>
<tr>
<td>Median pay gap</td>
<td>Mean pay gap</td>
</tr>
<tr>
<td>2018</td>
<td>2019</td>
</tr>
<tr>
<td>Median pay gap</td>
<td>Mean pay gap</td>
</tr>
<tr>
<td>80.7%</td>
<td>75.3%</td>
</tr>
<tr>
<td>19.3%</td>
<td>24.7%</td>
</tr>
</tbody>
</table>

Population by pay quartiles

<table>
<thead>
<tr>
<th>Pay Quartile</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Lower quartile</td>
<td>61.7%</td>
<td>38.3%</td>
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<td>2018 Lower middle quartile</td>
<td>80.7%</td>
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<td>80.7%</td>
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<td>2018 Upper quartile</td>
<td>75.3%</td>
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<td>75.9%</td>
<td>24.1%</td>
</tr>
<tr>
<td>2019 Upper quartile</td>
<td>73.8%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

96.7% receive a bonus payment
Understanding our pay gap

8% of Johnson Matthey

21.0% women 79.0% men

Median pay gap
Mean pay gap
Median bonus pay gap
Mean bonus pay gap

2018
+17.5%
+14.1%
Nil%
+4.6%

2019
+14.3%
+12.4%
-17.9%
-1.2%

Population by pay quartiles

2018 Lower quartile 60.7% 39.3%
2018 Lower middle quartile 80.9% 19.1%
2018 Upper middle quartile 86.9% 13.1%
2018 Upper quartile 86.9% 13.1%

2019 Lower quartile 54.7% 45.3%
2019 Lower middle quartile 78.4% 21.6%
2019 Upper middle quartile 81.6% 18.4%
2019 Upper quartile 90.2% 9.8%

% receive a bonus payment
95.6%
96.7%
Understanding our pay gap

Our pay ranges differ by function as well as by job level to reflect the variations in market rates of pay. Therefore, the gender split between functions impacts our gender pay gap.

The median pay gap for our people in the UK has significantly reduced from 8.5% in 2018 to 6.0% for 2019. This is due to Johnson Matthey’s ongoing commitment to reducing the gender pay gap as well as the strong female talent across Johnson Matthey that is emerging during our talent review process. The recognition of our strong female talent is particularly evident when looking at the annual bonus data. The percentage of women in senior management positions has also significantly increased since 2018 (from 23% to 28%). Having more women in senior positions speaks strongly to our commitment to be a diverse and inclusive organisation and has also had a positive impact on the gender pay gap.

However, across our general population there has been little change in the gender split since 2018 and, as we noted then, our gender pay gap 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 24% of UK graduates studying science, technology, engineering and mathematics (STEM) being women² it is challenging to recruit more women into our technical roles.

- 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 attract a shift allowance, and women are less likely than men to work these shift patterns.

“Diversity brings with it different perspectives, which help us drive innovation and deliver better business results.”

Jane Toogood
Sector Chief Executive, Efficient Natural Resources

² WISE Resources 2019.
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.

This year, we have focused on gender to accelerate our Diversity and Inclusion agenda. We have implemented internal guidance on gender balance targets to significantly increase female occupancy of roles by end 2025. This focus has enabled an increase to 23 from 75 in our Equileap ranking.

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 STEM, operations and commercial roles. This kind of success in the graduate programme is key to re-balancing the leadership pipeline for these functions.

Training and development

We offer a range of diversity and inclusion programmes to raise awareness and help educate our people in the areas of diversity, inclusion and unconscious bias.

Analysing our internal talent review processes, we have identified opportunities to develop talent in our female middle management population. In addition, we have developed a programme to remove some of the barriers that our female employees may experience when trying to develop their careers and increase their chances of being considered for more senior roles in the organisation.

Diversity and Inclusion is now embedded into our induction processes and our leadership development programmes. We also offer a range of Diversity and Inclusion training at all levels of the organisation, and unconscious bias training is now a prerequisite for all hiring managers.

Standards and data

We have improved our data capture on Diversity and Inclusion and gender balance when looking at recruitment, turnover and availability of internal talent pipelines. Because we know that data is key to supporting our sustainability goal, 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 also track engagement and enablement of our female employees via an employee opinion survey.
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.

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 bias at senior management level is evidenced by the positive changes in the gender balance at that level, with females now representing 28% of senior management, up from 23% 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 men and women, of these new policies and associated benefits.

We know that it will take time for there to be meaningful 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 2019 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