

JM

**Johnson Matthey
Gender Pay Gap
Report 2018**

Johnson Matthey
Inspiring science, enhancing life





Johnson Matthey's combined UK gender pay gap has reduced from **9.2%** to **8.5%** and continues to be well placed against the national average gender pay gap of **17.9%**, but there is still a talent gap caused by a gender imbalance across the organisation.



Introduction

Women currently represent

25%

of our UK employees

33%

of our board



38%

of our Group Management Committee



23%

of our senior management



30%

of our other management roles



Johnson Matthey is committed to developing a truly inclusive culture that supports diversity within our company. This is hugely important for us as we want everyone who works for us to feel included. In addition, leveraging that diversity will enhance our innovation, enabling us to create better products for our customers and a cleaner, healthier world today, and for future generations.

As a company operating in over 30 countries we want to attract, motivate and retain the most talented people from around the globe. We aim to be a natural choice for recruits; a true meritocracy that welcomes all forms of difference, embraces diversity and promotes equality and inclusion.

We believe that being a truly inclusive company, where we respect individual differences and value the contribution of each employee, is fundamental to ensure our continued growth, success and ambitions to be a more sustainable business.

In this report, we set out our UK gender pay gap information. We also explain the reasons for this gap and outline our current initiatives and future plans that will improve our gender balance and ensure fair pay.

Overall, women currently represent 25% of our UK employees. In addition, women make up 33% of our board¹, 38% of our Group Management Committee, 23% of our senior management group and 30% of our other management roles.

It will take us some time to tackle the root causes of our gender imbalance. However, as well as continuing to hire a greater percentage of women now than we did in the past, we have implemented new policies and have a range of programmes and actions in place to improve our gender balance. These are explained in more detail later in this report. We have a clear aim to go further and deliver more opportunities for women to support our commitment to diversity, and for women to consider Johnson Matthey as a company they want to join.



Robert MacLeod
Chief Executive



Annette Kelleher
Chief Human
Resources Officer

Gender pay gap key facts



The gender pay gap is not the same as equal pay.



Women currently represent 25% of our UK employees.



The number of women employed in management positions has increased during 2018.



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



A lower number of females occupy our science, technology and engineering roles.



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

A few definitions to help explain our report

The gender pay gap is not the same as equal pay. 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.

What is the 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 4,000 people in the UK through a number of legal entities. The majority of our people are employed by either Johnson Matthey Plc (88%) or MacFarlan Smith Limited (8%). However, we have decided to also voluntarily disclose our combined UK results, which includes employees in our legal entities with fewer than 250 employees.

4,000

Johnson Matthey employees are employed in the UK

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

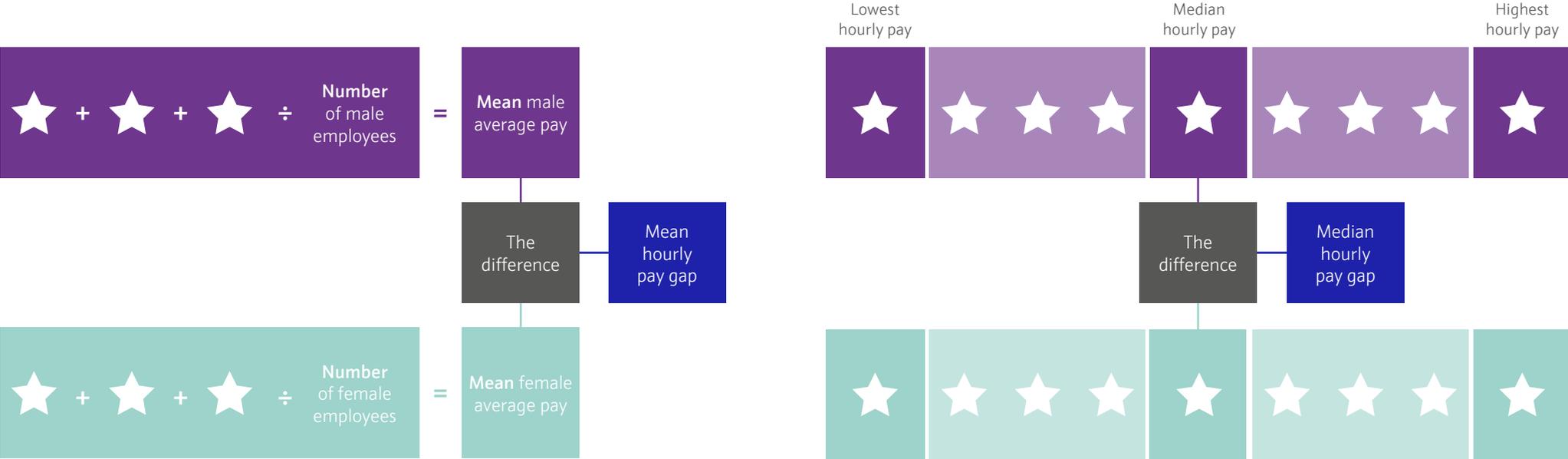


The mean pay gap

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 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

+17.9%
ONS Great Britain median pay gap

Men Women

100%

of Johnson Matthey

24.8%
women

75.2%
men

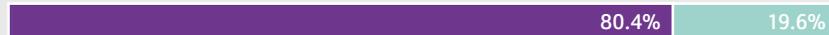


Population by pay quartiles

2018 Lower quartile



2018 Lower middle quartile



2018 Upper middle quartile



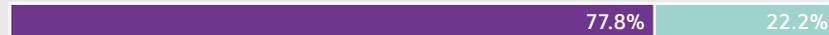
2018 Upper quartile



2017 Lower quartile



2017 Lower middle quartile



2017 Upper middle quartile



2017 Upper quartile



% receive a bonus payment

86.5%

% receive a bonus payment

81.4%

Understanding our pay gap

Johnson Matthey Plc
Our largest employing entity in the UK

+17.9%
ONS Great Britain median pay gap

Men Women

88%

of Johnson Matthey

25.4%
women

74.6%
men

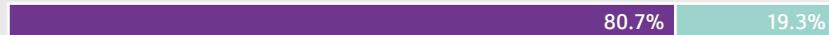


Population by pay quartiles

2018 Lower quartile



2018 Lower middle quartile



2018 Upper middle quartile



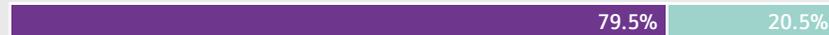
2018 Upper quartile



2017 Lower quartile



2017 Lower middle quartile



2017 Upper middle quartile



2017 Upper quartile



% receive a bonus payment

85.9%

% receive a bonus payment

80.6%

Understanding our pay gap

MacFarlan Smith Limited
Employs individuals in Edinburgh, Scotland

+17.9%
ONS Great Britain median pay gap

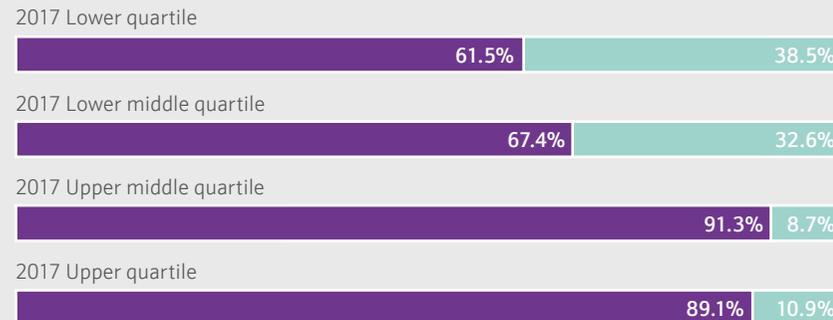
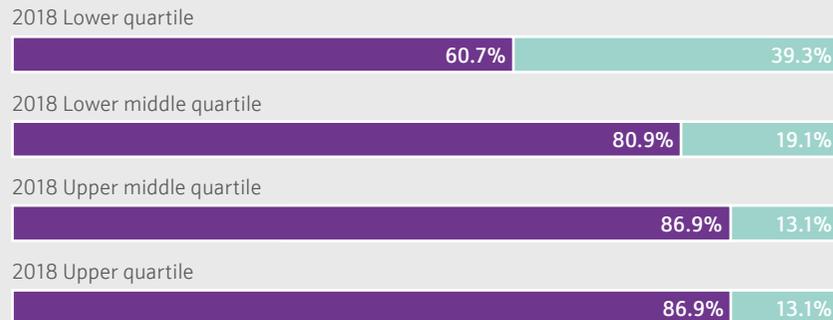


8%

of Johnson Matthey



Population by pay quartiles



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 reduced to 8.5% (from 9.2% in 2017). This demonstrates that we continue to make progress on addressing our gender balance across JM but realise that there is more work to be done.

As we noted in 2017, our gender pay gap continues to be driven by female under-representation and also 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:

- A lower number of 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.



Jane Toogood
Sector Chief Executive,
Efficient Natural Resources

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

What we are doing to eliminate the gap

We are already well on our way and are focusing on a number of key areas to achieve a truly inclusive culture.



Simon Farrant
General Counsel and
Company Secretary

"We are really focused on building a culture of inclusiveness at Johnson Matthey in which people from all backgrounds are able to fully contribute and realise their talents and full potential."

As part of our sustainable business programme, we have set a goal to foster a truly inclusive culture by 2025. To support our achievement of this goal we launched our diversity and inclusion plan in May 2018. This plan has five elements: training and development; standards; data; leadership accountability; and recruitment.

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. In 2019, we aim to roll out further unconscious bias training for all employees that recruit. We will also be providing diversity and inclusion training to all our ethics ambassadors.

In the longer term, we will be integrating diversity and inclusion training into our global induction process, ensuring there is diversity and inclusion content in all our leadership

training courses and rolling out general diversity and inclusion awareness training for all employees.

Standards and data

We aim to ensure that our policies support and encourage diversity and inclusion.

We believe that data is key to support our achievement of our sustainability goal and are working on building our global data capabilities, including reporting on global gender diversity to better enable our progress and decision making in this area.

What we are doing to eliminate the gap



Recruitment and talent management

We use gender neutral recruitment practices that include job adverts with gender neutral language and diverse candidate shortlists. In addition, 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.

As with most large organisations we have fewer senior roles relative to the number of roles throughout the organisation and turnover at our senior level is quite low which means that vacancies for these roles do not arise as frequently. Therefore, it will take us some time to address any imbalances at senior levels. However, we are committed to increasing the number of women we have across all our disciplines and at senior

level roles. With this in mind, 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

Our aim is that everyone is able to build a successful career without compromising their life outside work, whether that be for family life, personal interests or other interests. We believe that achieving this requires a combination of deliberate planned actions whilst also ensuring that we provide an inclusive and agile environment for our people to work in. To support this aim, during 2018, we launched a global flexible working policy that would enable any employee to consider how, when and where they work. However, there is more that can still be done.

To help balance the demands of parenting we introduced a global minimum standard of parental leave during 2018 such that employees are now eligible for no less than 16 weeks of paid leave following the birth or adoption of child if they're the primary caregiver and two weeks if they're the secondary caregiver. 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 making progress and are committed to bringing about change and building an inclusive and diverse environment so that Johnson Matthey is more representative of the world in which we operate.



Declaration

We confirm the information and data reported are accurate as of the snapshot date 5th April 2018 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

