

JM

Johnson Matthey  
Gender Pay Gap  
Report 2017

Johnson Matthey  
Inspiring science, enhancing life







Johnson Matthey's combined UK gender pay gap of 9.2% is well placed against the national average gender pay gap of 18.8%, but it does highlight a talent gap caused by a gender imbalance across the organisation.

# Introduction

Women currently represent



33%  
of our board

33%  
of our Group Management Committee

40%  
of our senior management

28%  
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.



**Robert MacLeod**  
Chief Executive Officer

**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 board<sup>1</sup>, 33% of our Group Management Committee, 40% of our senior management group and 28% of our other management roles.

It will take us some time to tackle the root causes of our gender imbalance. However, as well as hiring a greater percentage of women now than we did in the past, we 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.



**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 by Johnson Matthey in the UK and in management positions has increased.



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 employees over 4,000 people in the UK through a number of legal entities. The majority of our people are employed by either Johnson Matthey Plc (86%) or MacFarlan Smith Limited (9%). 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.

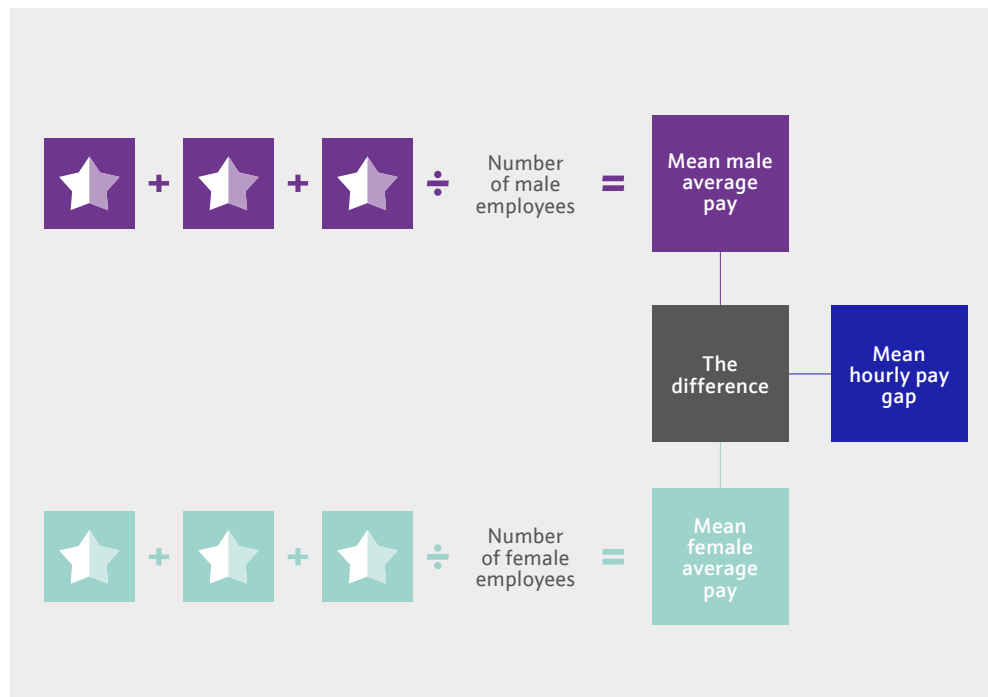
A gender pay gap does not mean that there are equal pay issues, rather it identifies an unequal distribution of men and women across the company where more males are employed in higher paid roles. It can really be thought of as a gender talent gap.

# Mean Versus Median Pay Gap



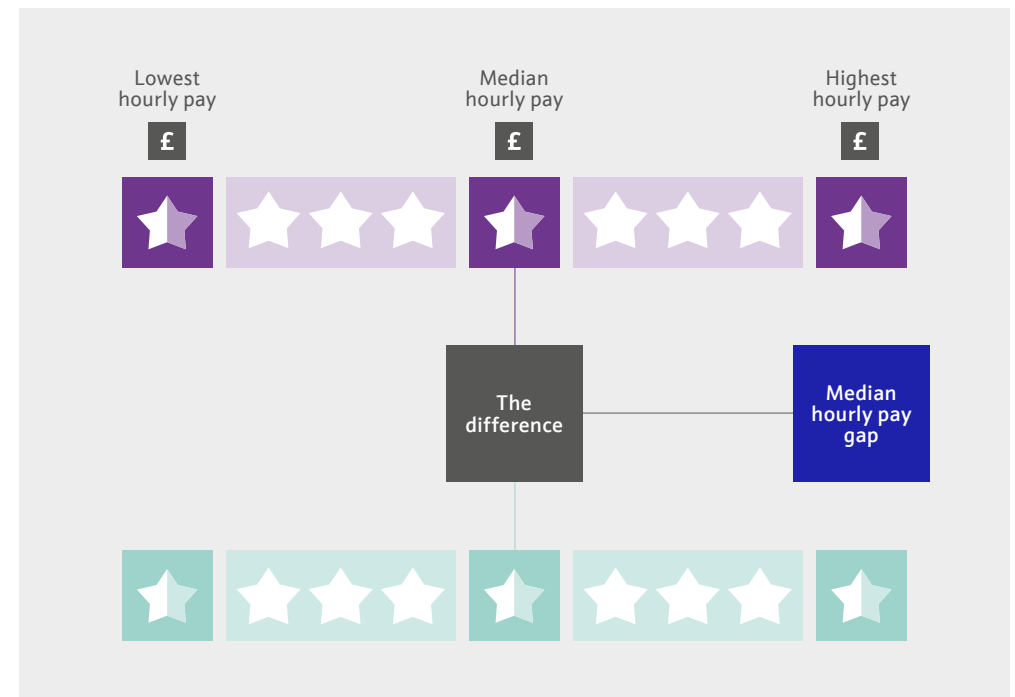
## The Mean Pay Gap

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



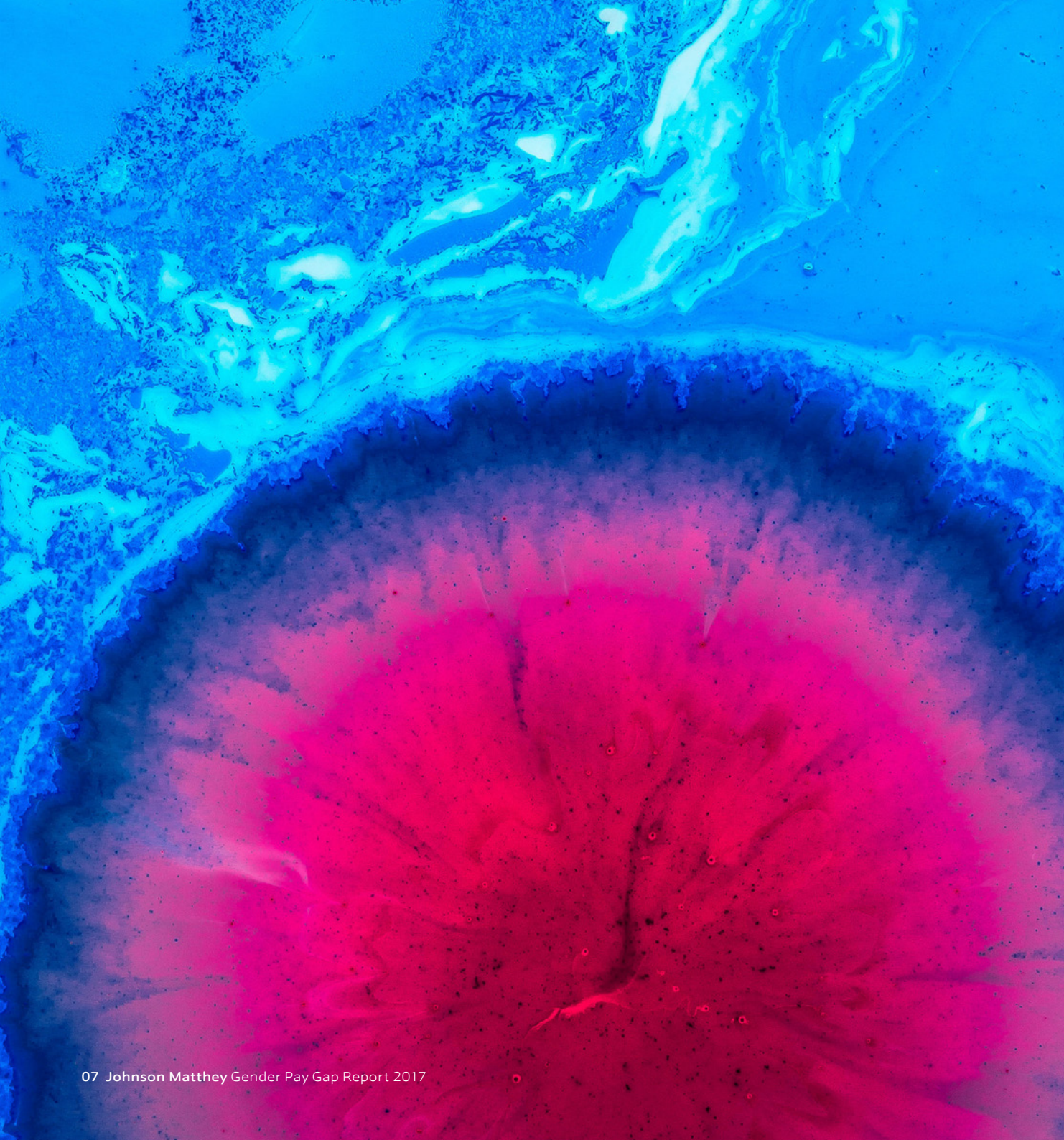
## The Median Pay Gap

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.





The gender pay gap is analysed before income tax and national insurance but after allowing for salary sacrifice deductions. Without these deductions, and considering gross pay, our gender pay gap reduces from 9.2% to 4.7% for the UK as a whole.

# Understanding Our Pay Gap



**Johnson Matthey UK**  
Consolidated numbers including all UK employees

**+18.8%**

ONS Great Britain Median Pay Gap

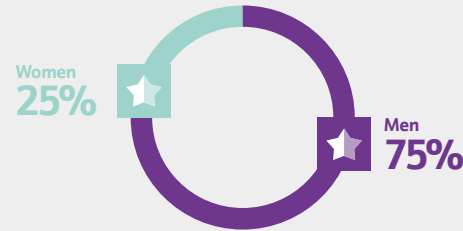
**+17.7%**

ONS Great Britain Mean Pay Gap

% of Johnson Matthey UK



% of employees



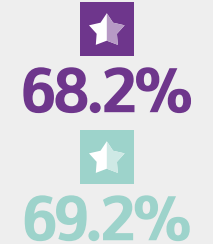
Median Pay Gap

**+9.2%**  
**+4.7%\***

Mean Pay Gap

**+7.1%**  
**+7.1%\***

% receive a bonus payment



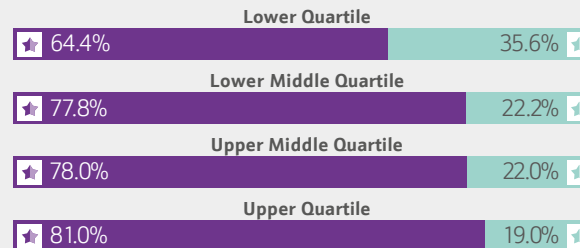
Median Bonus Pay Gap

**+19.5%**

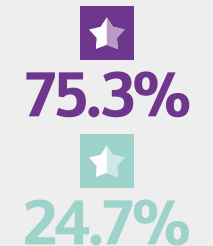
Mean Bonus Pay Gap

**+14.5%**

Population by Pay Quartiles



Grand Total  
% of employees



\* Our employees voluntarily participate in our benefit plans by way of salary sacrifice which has the effect of reducing their pay. These figures show the pay gap position prior to employees voluntarily participating in our benefit plans by way of salary sacrifice.



# Understanding Our Pay Gap



**Johnson Matthey Plc**  
Our largest employing entity in the UK

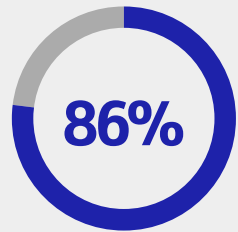
**+18.8%**

ONS Great Britain Median Pay Gap

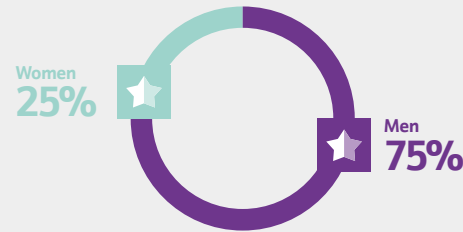
**+17.7%**

ONS Great Britain Mean Pay Gap

% of Johnson Matthey UK



% of employees



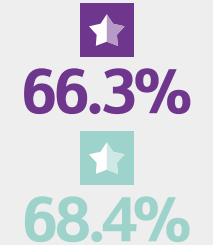
Median Pay Gap

**+6.4%**  
**-0.2%\***

Mean Pay Gap

**+3.7%**  
**+3.5%\***

% receive a bonus payment



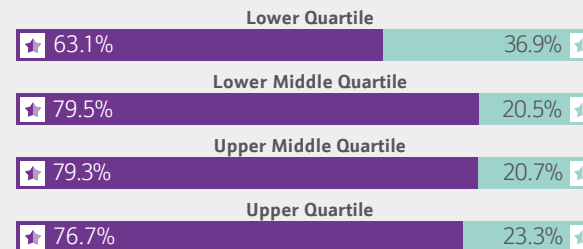
Median Bonus Pay Gap

**+15.4%**

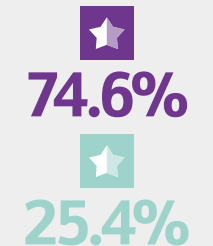
Mean Bonus Pay Gap

**+16.3%**

Population by Pay Quartiles



Grand Total  
% of employees



\* Our employees voluntarily participate in our benefit plans by way of salary sacrifice which has the effect of reducing their pay. These figures show the pay gap position prior to employees voluntarily participating in our benefit plans by way of salary sacrifice.

# Understanding Our Pay Gap



## MacFarlan Smith Limited

Employs individuals in Edinburgh, Scotland

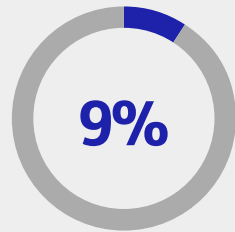
**+18.8%**

ONS Great Britain Median Pay Gap

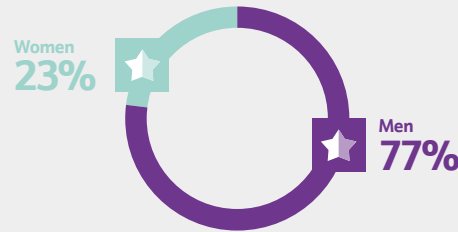
**+17.7%**

ONS Great Britain Mean Pay Gap

% of Johnson Matthey UK



% of employees



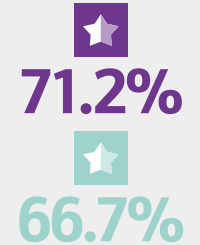
Median Pay Gap

**+16.1%**  
**+18.2%\***

Mean Pay Gap

**+16.0%**  
**+15.3%\***

% receive a bonus payment



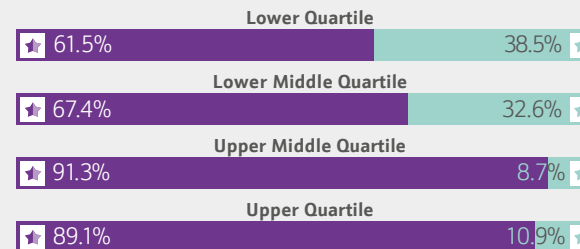
Median Bonus Pay Gap

**Nil%**

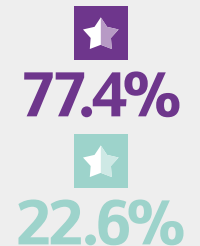
Mean Bonus Pay Gap

**-15.7%**

Population by Pay Quartiles



Grand Total % of employees



\* Our employees voluntarily participate in our benefit plans by way of salary sacrifice which has the effect of reducing their pay. These figures show the pay gap position prior to employees voluntarily participating in our benefit plans by way of salary sacrifice.

# 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 is 9.2%, significantly lower than the Office of National Statistics (ONS) Great Britain median of 18.8%. If allowance is made for the fact that employees voluntarily participate in a range of benefit plans by way of salary sacrifice, many of which are designed to enable greater flexibility, the median pay gap on pre-salary sacrifice earnings is 4.7%. This shows we are making good progress, compared to the national median and that our focus on eliminating our gap is having a positive impact.

Our gender pay gap is 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 women<sup>2</sup> 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.

Our commitment to diversity and inclusion is reflected in the next phase of our sustainable business programme. We have set a goal to foster a truly inclusive culture by 2025 and will explain this goal more in our 2018 Annual Report which will be published in June. As our culture becomes more inclusive, diversity will also flourish.



**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.”**

## Awareness and Learning

- 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. We are using this as a foundation for a future blind recruitment system where information such as name, age and gender is withheld from CVs of applicants to avoid any unconscious bias.
- We also encourage voluntary employee network groups that exist to inspire and influence employees on the topics of inclusion.

## Encouraging Women into STEM

- We have recently boosted our investment in apprentice and graduate outreach with a particular focus on STEM roles. We will continue to do more in this area as we aim to encourage more women into STEM roles and then support them with structured career development that will enable them to move into senior level positions. We also work with a number of STEM related charities and associations to help encourage girls into STEM subjects.

# 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 Policies

- 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.
- We already provide a good maternity, adoption and shared parental leave policy to help balance the demands of parenting between both parents and we also provide agile and flexible working policies. However, our goal is to improve the take up, by men and women, of these policies and 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 2017 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

