

Morgan Technical Ceramics 2019



Gender pay
gap report

Gender pay gap report - 2019

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 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 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 2019 the average gender pay gap for our UK workforce was 21.5% (2018: 18.6%, 2017: 24.7%).

Our gender pay gap exists because a greater proportion of our senior leadership is male and has increased due to natural fluctuations in the employee population.

We continue to work hard to increase the number of women we employ, develop and promote to improve our gender balance and become a more diverse organisation.

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 entity. This data includes many different roles that bring 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 different 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.

Mean and Median Gender Pay Gap						
Gender Gap	2017		2018		2019	
	Median Hourly Pay	Mean Hourly Pay	Median Hourly Pay	Mean Hourly Pay	Median Hourly Pay	Mean Hourly Pay
	27.10%	24.70%	19.90%	18.60%	23.70%	21.50%

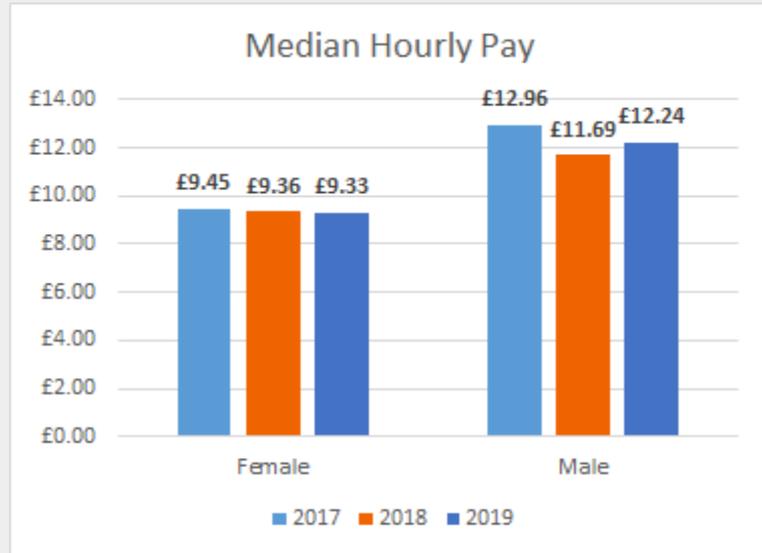
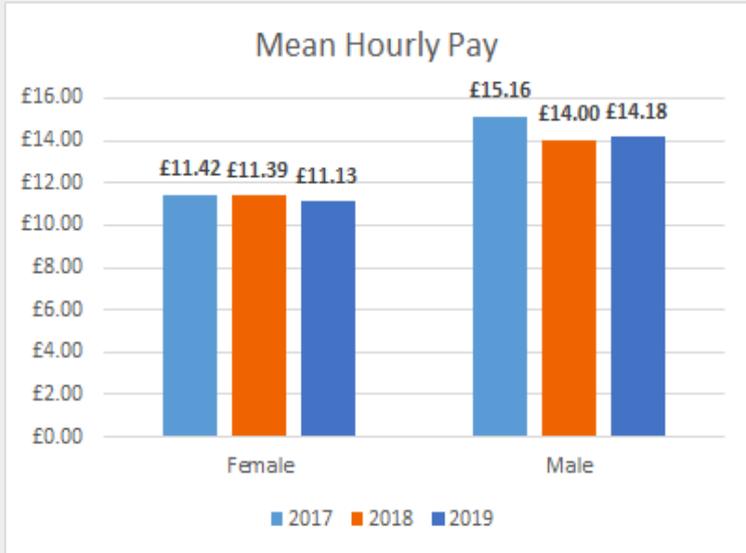
Mean and Median Gender Bonus Gap						
Gender Gap	2017		2018		2019	
	Median Hourly Pay	Mean Hourly Pay	Median Hourly Pay	Mean Hourly Pay	Median Hourly Pay	Mean Hourly Pay
	19.30%	45.00%	33.30%	23.10%	33.30%	27.10%

The figures are based on information as at 5 April 2019, with a comparison to 2018 and 2017.

Key insights

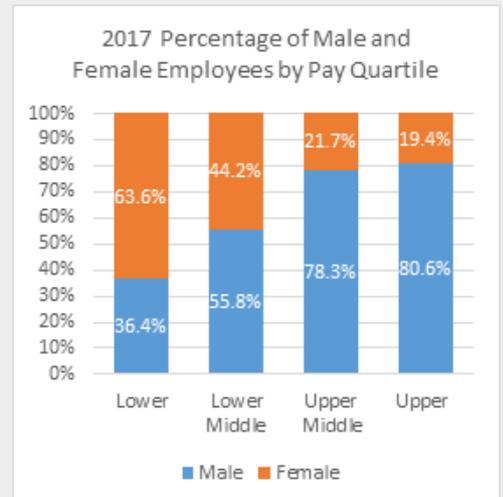
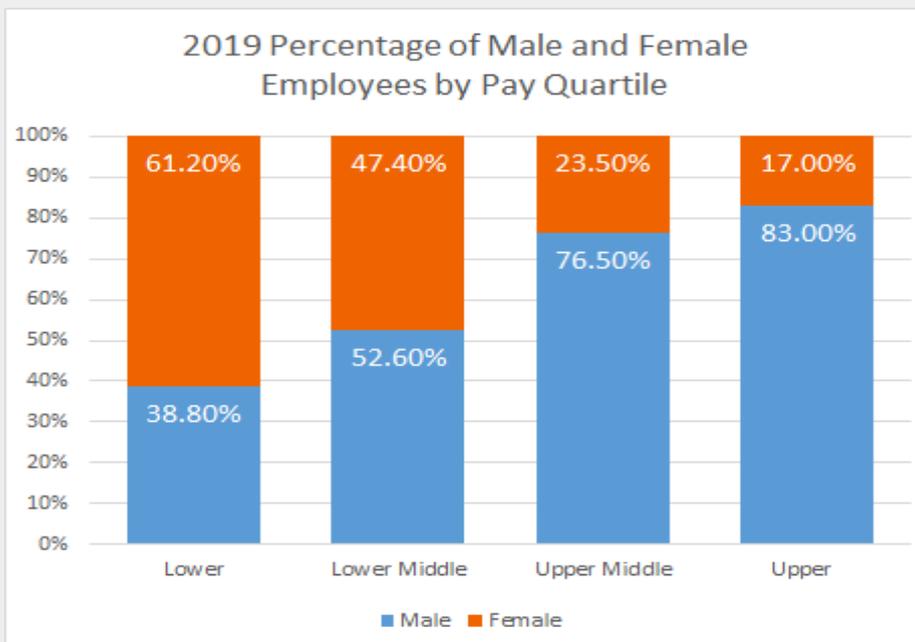
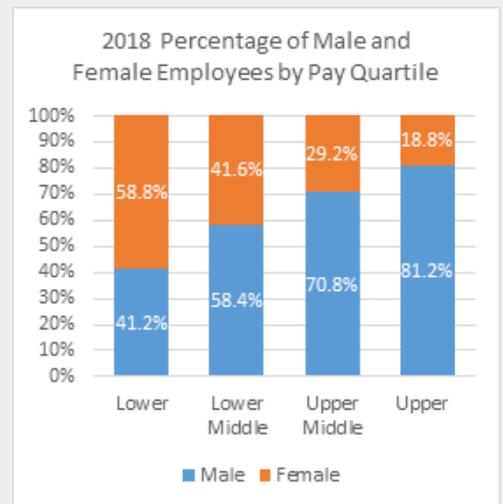
The analysis continues to indicate that the gender pay gap is not caused by pay inequality in terms of pay rates for the same role.

The hourly pay gap has increased when comparing 2019 vs. 2018, but the gap is still lower than in 2017. There are no specific organisational changes that explain the increase, it is down to natural fluctuations in the population.

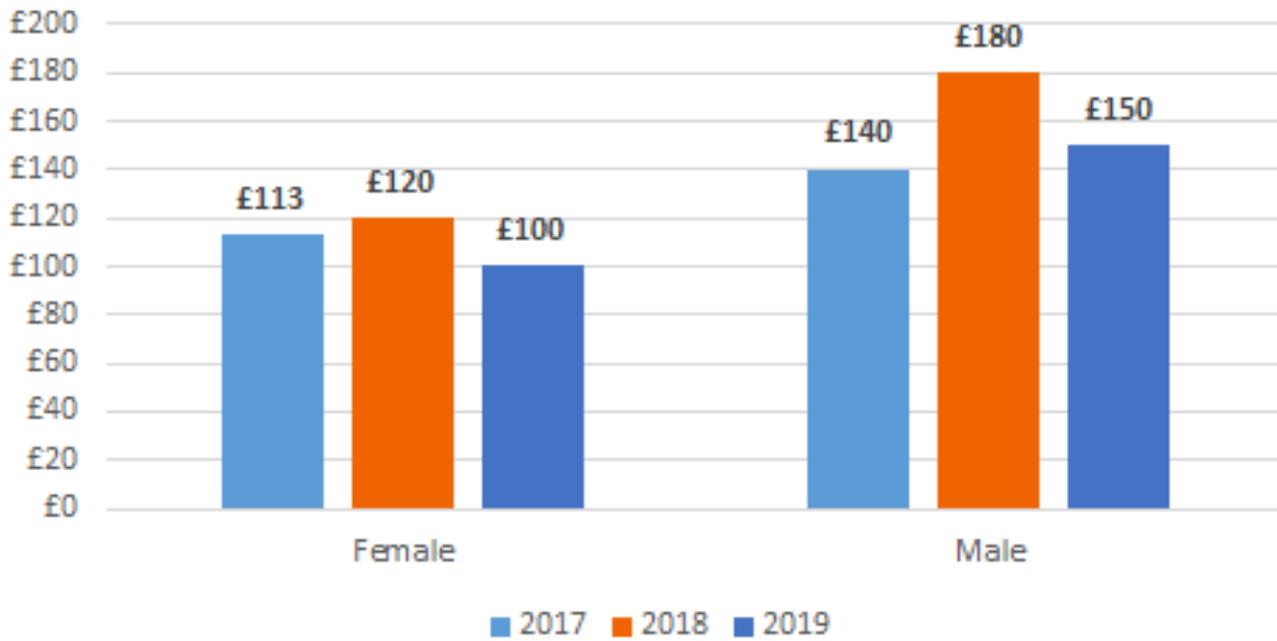


The pay quartiles data continues to provide clear evidence that there are more men in senior roles.

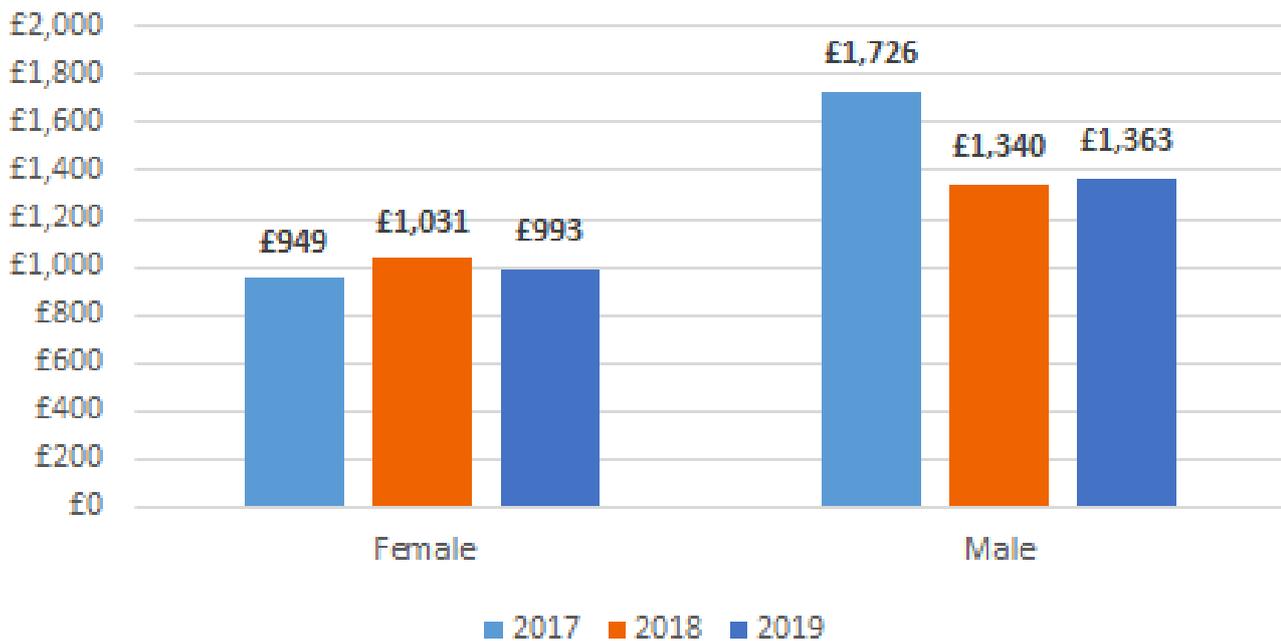
This is the key factor affecting the results for both pay and bonuses (83% male in the upper quartile and 76.5% male in the upper middle quartile of pay rates for 2019, which has increased compared to the prior two years).



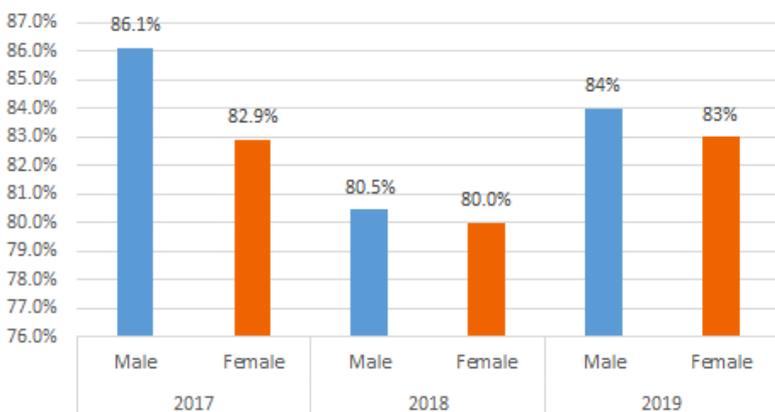
Median Bonus



Mean Bonus



% receiving bonus



The median bonus pay gap (33.3%) has remained consistent when comparing 2019 to 2018.

The mean gap (27.1%) has increased slightly, however it is still significantly lower than in 2017.

There is little difference between men and women when it comes to bonus eligibility.

Workforce by gender

As at 31 December 2019



1. Total workforce rounded to the nearest 10.

Our Board composition is 43% female and we are proud to be one of the FTSE 250 to have reached the target set by the Hampton Alexander Review.

What actions have we taken

We have used the findings from our gender pay report, to guide a discussion with our people on diversity and the benefits to the organisation.

At a leadership level it forms part of the discussion on our senior leadership calls, and in the business is an agenda item at the yearly business conferences.

In recruitment, all parts of our business have briefed agencies to provide diverse candidate lists, especially in regards to gender.

On social media we have encouraged our female employees to describe their own experience of working at Morgan.

We have seen positive feedback from posts made by female employees, especially participants in the graduate development programme.

We take gender diversity into account as much as possible when we are selecting participants in our development programmes, at graduate level and leadership level (Ignite and Catalyst).

Within the programmes themselves we cover inclusion, global collaboration (as one of our leadership behaviours), the importance of different perspectives, and an appreciation of different genders and cultures.

As a result, we are seeing more discussions about the benefit of diverse teams and views whenever we bring people together e.g. at the business unit conferences, Elevate first-line manager training and Sales Effectiveness training.

In addition mentoring has been introduced for participants of our Catalyst and Ignite leadership programmes,

initially for our female participants, but now extended to all participants.

From a performance perspective, with a single and consistent performance management approach now in place, all businesses are performing an analysis of the review outcomes and associated bonus and salary awards.

This has been done and discussed at the Board, executive team and business unit level, to identify and address any potential bias within the organisation.

Diverse talent is also being looked at during talent discussions at Board, executive, business unit and functional levels.

see morganadvancedmaterials.com/en-gb/sustainability-responsibility/people for more information on diversity at Morgan

Our next steps

We're conscious that there's still some way to go to close our gender pay gap.

We recognise that we must do more to actively encourage female talent to gain the experiences necessary to move into more senior roles.

Our commitment to reduce the gender pay gap has come directly from the Board and gender pay gap and wider diversity issues are now a standing item for Board meetings.

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

We are already working to bring greater gender balance to our business and our communities. This is not only right and fair, but is critically important to the future success of our business.

Our priority focus areas over the short term are:

1. To attract more women into traditionally male dominated (STEM) roles and support their development.
2. To provide more opportunities for women to progress into senior positions, and thereby improve the gender balance of our leadership team.

We are passionate about providing more opportunities for our female employees to develop their career, progress into different and challenging roles and continue to improve their capability.

“These results continue to only represent a very small part of our global business. Although limited in scope, the analysis has shown us that we do not have an equal pay issue (i.e. we pay people equally for doing the same work, regardless of their gender). It also tells us we continue to have more men at the top of our organisation, where pay and bonuses are inevitably higher.

We are examining these results to help guide the inclusivity and diversity agenda in our business and ultimately to understand how we can eliminate the gender pay gap in the long term.”

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/sustainability-responsibility/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