



LUXFER

MAGNESIUM ELEKTRON LIMITED
UK GENDER PAY GAP REPORT

Fiscal Year 2023



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The UK Equalities Act 2017 (the “Act”) requires certain organizations of 250 employees or more conducting business in the UK to publish an annual report regarding the pay differences between males and females. Under the Act, organizations must provide a breakdown of males and females in different pay quartiles and detail the proportion of males and females in the company who receive bonuses.

WHAT IS THE GENDER PAY GAP?

The UK Equal Pay Act of 1970 made it illegal to pay males and females different amounts to perform the same work. However, the gender pay gap is different from equal pay. While equal pay and gender pay do overlap, the gender pay gap shows the difference between the average pay of a company’s male and female employees, regardless of the type of work they do. The reported figures also show the bonus pay gap and the proportion of males and females in each quartile of the pay structure within the company. Magnesium Elektron Limited recognizes that collecting and reporting this data helps us understand and take action to close our own gender pay gap. By knowing where we stand, we know where we need to be.

ABOUT US

Magnesium Elektron Limited (the “Company”) is a subsidiary of Luxfer Holdings PLC (“Luxfer”), a global industrial company innovating niche applications in materials engineering. Luxfer specializes in the design and manufacture of high-performance products for transportation, defense and emergency response, healthcare, and general industrial applications.

The Company’s primary operations are located in Manchester, England. The Company employed a total of 314 people as of the snapshot date of 5 April 2023. As such, the Company falls within the scope for reporting under the Act. Luxfer’s consolidated gender pay gap report can be found on our website at <https://www.luxfer.com/environment-social-and-governance/social/>.

Number of Employees			
		2022	2023
Magnesium Elektron Limited	Female	45	56
	Male	209	258
	Total	254	314

HOURLY PAY GAP

What is it? The difference between average hourly earnings received by males and females in the pay period ending on the snapshot date of 5 April 2023, calculated in proportion to the average hourly earnings received by males and expressed as a percentage. ¹

12.7%

Mean hourly pay gap
2022: 10.9%

11.5%

Median hourly pay gap
2022: 6.0%

What does it mean? Being the average, the mean hourly pay gap gives an overall indication of the size of our hourly gender pay gap. The median hourly pay gap is intended to give an indication of the ‘typical’ situation, as it identifies the average hourly earnings in the middle of a list ordered from highest to lowest, and thus is less likely to be distorted by unusually high or low earnings.

What changed? The mean hourly pay gap and the median hourly pay gap both increased from 2022 to 2023. In 2022, the upper pay quartiles were comprised of 83% males and 17% females. In 2023, those proportions shifted to 88% for males and 12% for females. There were a few very high earners in our dataset, most of whom were males. While the top 10 highest earners included two females in 2022, only one female was included in the top 10 highest earners in 2023. The rising mean and median hourly pay gap percentages for 2023 reflect this shift, indicating that our hourly pay gaps are skewed in favor of males.

¹ “Average hourly earnings” includes ordinary pay (salary or hourly wages), bonus pay, and any other relevant payments that were made in the pay period ending on the snapshot date. “Average hourly earnings” excludes overtime pay.

BONUS GAP

What is it? The difference in average bonus earnings received by males and females during the 12-month period leading up to 5 April 2023, calculated in proportion to the average bonus earnings received by males and expressed as a percentage.

13.1%

Mean bonus gap
2022: 19.3%

11.8%

Median bonus gap
2022: -44.8%

What changed? The mean bonus gap closed further in 2023, while the median bonus gap shifted in favor of males. In general, the value of the mean and median bonuses paid to females were slightly lower than the values of those paid to males in 2023. The lower mean bonus gap can be explained by a larger proportion of males, as compared to females, receiving no bonus in 2023. In 2023, 3.6% of females received no bonus, while 10.5% of males received no bonus. Additionally, the overall value of bonuses paid to males and females both nearly doubled in 2023. The total value of male bonuses paid in 2023 was two times larger than that paid in 2022, while the value of female bonuses paid in 2023 was 1.6 times larger than that paid in 2022. We believe the shift in the median bonus gap can be explained by this increase in the value of annual bonuses paid, as the Company's executive and senior leaders are typically high bonus earners and predominantly male.

For the reporting period, cash bonuses relate to performance over the 2022 fiscal year, which are paid in the 2023 fiscal year, while bonuses in the form of stock options relate to performance in previous years. For purposes of this Report, bonuses are calculated as of the date the employee incurs income tax charges, which, in the case of stock options, occurs as of the date the employee exercises their stock options.

PROPORTION RECEIVING A BONUS

What is it? The proportion of males and females who received a bonus during the 12-month period leading up to 5 April 2023.

96.4%

Proportion of females
receiving a bonus

2022: 87%

89.5%

Proportion of males
receiving a bonus

2022: 91%

What does it mean? Comparing the proportion of males and females who received a bonus within the 12-month bonus period tells us how much more likely male full-pay relevant employees are to receive any amount of bonus payment compared to female full-pay relevant employees, and vice versa.

What changed? Luxfer has a complex bonus scheme, which includes variable incentive pay associated with individual performance and the performance of the Company as a whole, including both short-term annual incentives and long-term equity awards. More employees received bonuses in 2023 than in 2022 due to implementation of a standardized bonus scheme across the Luxfer organization, when previously business units maintained various bonus programs for lower-level office staff and production workers. As a result, the number of employees who were eligible for and paid a bonus in 2023 increased. Bonuses were generally paid to a higher proportion of males in 2022; however, a higher proportion of females received a bonus in 2023. Specifically, only 3.6% of females received no bonus in 2023, while 10.5% of males received no bonus in the same period. We believe the proportion of females receiving a bonus in 2023 increased, due to the fact that (i) most females worked in office, technical, and administrative roles, which are roles eligible for participation in the Company's standardized bonus scheme; and (ii) more and higher value bonuses were paid in the reporting period as a result of improved Company performance.

PAY QUARTILES

What is it? All employees in the dataset are ranked from highest to lowest paid and divided into four equally sized quartiles. The percentage of females and males in each quartile is then calculated.

Percentage of Females in Each Pay Quartile



What changed? Compared to 2022, there was a slight decrease in the percentage of females in the upper quartiles, and a slight increase in the percentage of females in the lower quartiles. While we are employing females at a higher rate (2% increase in females hired from 2021 to 2022 versus a 24% increase from 2022 to 2023), they were more often hired into roles with pay that falls into the lower quartiles, likely due to increased recruitment of female apprentices who are starting their careers in Science and Technology based roles. Given the nature of apprenticeships, apprentice pay is generally lower than that of employees with more experience or longer tenure. Historically, there has been a higher number of vacant positions in production, and males have been more likely to apply for said positions. Considering there are far fewer women than men employed by the Company, there is a relatively equal distribution of males and females across each pay quartile.

OUR COMMITMENT TO IMPROVING OUR GENDER PAY GAP

Entrenched in longstanding policies of Luxfer, we work to promote workforce diversity, support employee growth and development, and create and maintain an inclusive work environment. We know that there is work left to do, and that significant change takes time. We are committed to enhancing workforce representation through external hiring and internal mobility and by promoting a culture where our people are not only recognized for doing meaningful work but also feel a sense of belonging. To support our aims, we continue to enhance our people processes, policies, and practices to enable more effective access to, and retention of, a broadly diverse workforce.

Hiring a Diverse Workforce

In accordance with our [Equal Opportunity, Non-Discrimination, and Anti-Harassment Policy](#), we've implemented inclusive hiring standards, such as (i) advertising vacancies to a diverse section of the labor market; (ii) asking job candidates experience-related questions and avoiding questions that may suggest an intention to discriminate; (iii) using a number of individuals to complete shortlisting; and (iv) using inclusive language in advertisements, so as to encourage a diverse slate of candidates to apply.

Promoting From Within

We understand the diversity that exists amongst our current workforce and, therefore, in addition to recruiting diverse talent from outside of the organization, we also recruit talent internally to promote our existing workforce. We understand the impact that the investment on career growth has on both the individual and on the organization. Thus, we strive to attract, retain, and encourage internal employees to seek new roles within the organization.

Growth and Talent Development

We believe in each employee's ability to bring their unique skills and passions into the challenging and constantly evolving industries we serve by providing an environment to grow, build relationships, and take advantage of career opportunities. All employees are provided training, learning, development, and advancement opportunities at all levels of the Company.

Ongoing Training

To ensure effective teamwork and achievement of common business goals, all Luxfer personnel are required to complete a variety of anti-harassment, non-discrimination, and unconscious bias trainings annually. Luxfer's talent acquisition team and hiring managers undergo additional training to ensure that a diverse slate of candidates is considered for all job openings.

Competitive Pay and Benefits

Luxfer's compensation philosophy aims to attract, retain, and motivate employees through our incentive and benefit programs. We offer competitive base pay and, depending on position, variable incentive pay associated with individual performance and the performance of the Company as a whole, including both short-term incentive pay and long-term equity awards. Although differences in jurisdiction exist, full-time employees are generally offered paid time off, opportunities to participate in the Company's various pension and retirement savings plans, health benefit coverage, fitness and wellness programs, healthy living incentives, and more.

KEY TAKEAWAYS

We continue to implement actions to close our gender pay gap and have made reasonable progress to date. We are pleased to share that the proportion of women receiving a bonus in 2023 increased and favors females. We recognize that, like many other organizations in our industry, our pay and bonus gap is largely due to the lower representation of women in senior roles. While we have been more successful in shifting our gender mix at more junior levels, this underrepresentation does bring down the average pay for women across our organization. However, we believe this is a short-term impact. Through awareness of the underlying cause and implementation of actions to address this cause, we aim to continue to grow and include more women in future senior roles, thereby closing our gender pay gap.

APPROVAL

This Report, which is provided pursuant to the UK Equalities Act 2017, has been approved by the Board of Directors for Luxfer Holdings PLC for the fiscal year ended 31 December 2023.



Andy Butcher
Chief Executive Officer and Executive Director
Luxfer Holdings PLC

5 March 2024