



LUXFER

MAGNESIUM ELEKTRON LIMITED
UK GENDER PAY GAP REPORT

Fiscal Year 2022

UK GENDER PAY GAP REPORT FOR FISCAL YEAR 2022

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 realize 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, UK. The Company employed a total of 254 people as of the snapshot date of 5 April 2022. As such, the Company falls within the scope for reporting under the Act.

The Company fell below the 250-employee threshold as of the 5 April 2021 snapshot date (2021: 232), and, therefore, we did not file a report for the 2021 reporting year. However, we believe it is a useful discipline to calculate the size of our gender pay gap for consistency and transparency purposes, regardless of whether we are required to report. Therefore, we collected and have included the 2021 data in this Report to show the comparison between 2021 and 2022.

A consolidated gender pay gap report for Luxfer Holdings PLC can be found on our website at <https://www.luxfer.com/environment-social-and-governance/social/>.

Number of Employees			
		2022	2021
Magnesium Elektron Limited	Female	45	44
	Male	209	188
	Total	254	232

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 2022, calculated in proportion to the average hourly earnings received by males and expressed as a percentage. ¹

10.9%

The mean hourly pay gap
2021: 15.1%

6.0%

The median hourly pay gap
2021: 12.4%

What does it mean? 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. Being the average, the mean hourly pay gap gives an overall indication of the size of our gender pay gap.

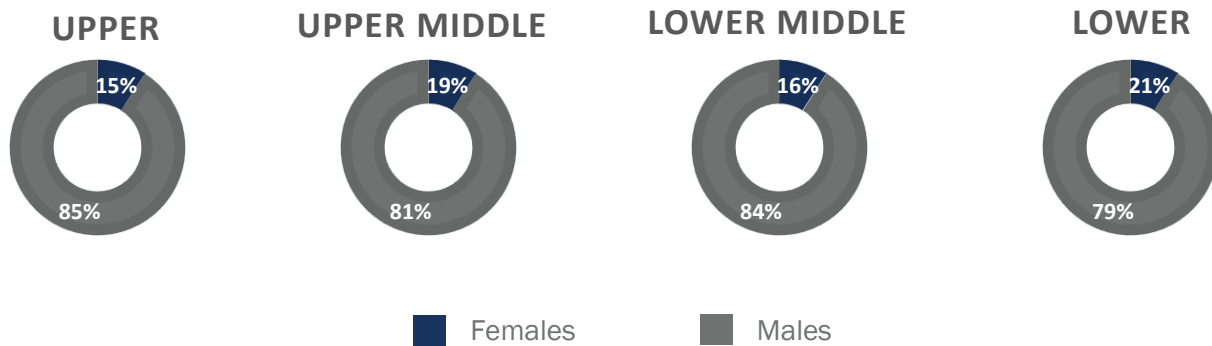
What changed? The mean hourly pay gap and the median hourly pay gap both decreased from 2021 to 2022. We believe the year-over-year change in both figures is explained by the fact that females received bonus payouts of higher value in 2022 than in 2021, which increased the female hourly earnings figures. Although the mean hourly gap is closing, there were a few very high earners in our dataset, all of whom were males. The presence of these outliers indicates that both our mean and median 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.

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 2021, there was a slight increase in the percentage of females in the upper two pay quartiles of the business, and a decrease in the percentage of females in the lower two pay quartiles in 2022 (2021: Upper - 14%, Upper Middle - 14%, Lower Middle - 21%, Lower - 28% respectively). The increase in the percentage of females in the upper pay quartiles is explained by internal promotions and the recruitment of females into higher paying roles. The increase in the percentage of females in the upper quartiles, combined with the decrease in the lower quartiles, demonstrates that there is a relatively equal distribution of males and females across each pay quartile. This distribution indicates that males and females are evenly distributed throughout the Company.

BONUS PAY 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 2022, calculated in proportion to the average bonus earnings received by males and expressed as a percentage.

19.3%

The mean bonus gap
2021: 42.2%

-44.8%

The median bonus gap
2021: 26.1%

What changed? The mean bonus gap is closing, and the median bonus gap shifted in favor of females. The lower mean bonus gap is explained by three (3) females receiving bonuses of significantly greater value in 2022 versus 2021, where only one (1) female received a bonus of significant value in 2021. Specifically, in 2022, the average bonus value among the top three bonus-earning females was 237% higher than the average bonus value among the top three bonus-earning females in 2021.

The value of the average bonus paid to females was only slightly less than the value of the average bonus paid to males in 2022. However, because the total population of females is smaller than the total population of males, the bonus identified as the median female bonus was of a higher value than the median male bonus, causing the median bonus gap to skew in favor of females.

For the reporting period, cash bonuses relate to performance over the 2021 fiscal year, which are paid in the 2022 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 2022.

87%

The proportion of females
receiving a bonus
2021: 89%

91%

The proportion of males
receiving a bonus
2021: 97%

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? The Company 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 incentive pay and long-term equity awards. There was minimal difference between the proportion of bonuses paid to males and females in 2022, indicating that the gap is closing. Bonuses were generally paid to a higher proportion of males in both 2021 and 2022, and we believe this difference results from the higher number of males who applied and were hired to fill vacant positions in recent years. Historically, there has been a higher number of vacant positions in production, and males have been more likely to apply for said positions.

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 the policies and practices already in place to improve the representation of females at all levels of the Company, and we hold ourselves accountable for driving that progress.

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 the outside, 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.

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 2022.



Andy Butcher
Chief Executive Officer
Luxfer Holdings PLC

7 March 2023