



LUXFER

LUXFER HOLDINGS PLC
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 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. Luxfer Holdings PLC 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

Luxfer Holdings PLC (“Luxfer” or the “Company”) is a global industrial company innovating niche applications in materials engineering. We specialize in the design and manufacture of high-performance products for transportation, defense and emergency response, healthcare, and general industrial applications. Using our broad array of proprietary technologies, we focus on value creation, customer satisfaction, and demanding applications where technical know-how and manufacturing expertise combine to deliver a superior product.

Luxfer is listed on the New York Stock Exchange and our ordinary shares are traded under the symbol LXFR. We operate 12 manufacturing plants throughout the UK, the US, Canada, and China, employing approximately 1,450 people globally. As of the snapshot date of 5 April 2022, we employed 504 people in the UK. Therefore, we fall within the scope for reporting under the Act.

ABOUT THIS REPORT

The dataset used to calculate the gender pay gap figures in this Report is comprised of payroll data from our subsidiary operations located in the UK, namely Luxfer Gas Cylinders Limited in Nottingham, UK and Magnesium Elektron Limited in Manchester, UK. It also includes data from our corporate employees located in the UK.

As separate legal entities, Luxfer Gas Cylinders Limited and Magnesium Elektron Limited are required to file annual gender pay gap reports separate from that of Luxfer Holdings PLC if they employ 250 or more people as of the snapshot date of 5 April 2022. From the inception of the Act in 2017 through the 2020 reporting year, both subsidiaries historically met the 250-employee threshold and filed separate gender pay gap reports annually as required by the Act.

Magnesium Elektron Limited employed 254 people as of the 5 April 2022 snapshot date (2021:232) and has filed a separate gender pay gap report for the 2022 reporting year. This report can be found on our website at <https://www.luxfer.com/environment-social-and-governance/social/>.

Luxfer Gas Cylinders Limited employed 235 people as of the 5 April 2022 snapshot date (2021:340) and, therefore, is not required to report separately under the Act for the 2022 reporting year.

Although only one of our UK subsidiaries is required to report separately from Luxfer Holdings PLC for the 2022 reporting year, we believe it is a useful discipline to calculate and report on the size of each subsidiary's gender pay gap for consistency and transparency purposes. Data from both entities, as well as data related to corporate employees located in the UK, are included in this Report, which covers 100% of our UK operations as of the 5 April 2022 snapshot date.

Number of Employees

		2022	2021
Luxfer Gas Cylinders Limited	Female	19	24
	Male	216	316
	Total	235	340
Magnesium Elektron Limited	Female	45	44
	Male	209	188
	Total	254	232
Luxfer Holdings PLC	Female	67 ¹	73
	Male	437 ²	513
	Total	504	586

¹ Includes 3 female corporate employees.

² Includes 12 male corporate employees.

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. ³

5.1%

The mean hourly pay gap
2021: 5.5%

- 8.3%

The median hourly pay gap
2021: - 1.6%

Hourly Pay Gap Subsidiary Data			
		2022	2021
Luxfer Gas Cylinders Limited	Mean	-1%	3%
	Median	-15%	-9%
Magnesium Elektron Limited	Mean	11%	15%
	Median	6%	12%

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.

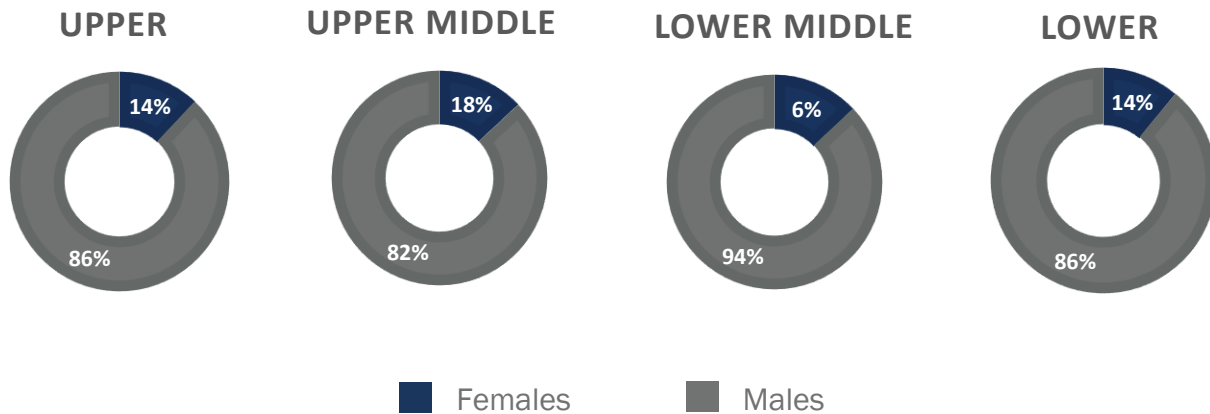
What changed? In 2022, our mean pay gap decreased slightly and our median pay gap increased. We believe the 5.1% mean hourly pay gap is explained by a few very high earners in our dataset, all of whom are males. The presence of these outliers indicates that our mean hourly pay gap is skewed in favor of males. The year-over-year increase in the median hourly pay gap is explained by the average value of bonuses paid to females in 2022 being higher than that in 2021, which impacted the female hourly earnings figures. As a result, the negative median pay gap increased and remained skewed in favor of females.

³ “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



Pay Quartiles (% Female) Subsidiary Data

	Luxfer Gas Cylinders Limited	Magnesium Elektron Limited
Upper	9%	15%
Upper Middle	12%	19%
Lower Middle	7%	16%
Lower	5%	21%

What changed? Compared to 2021, there was a slight increase in the percentage of females in the two upper quartiles (2021: Upper - 12%, Upper Middle - 13%, Lower Middle - 14%, Lower - 11%, respectively). This increase is explained by internal promotions and the recruitment of females into higher level roles. Additionally, there was an increase in the percentage of females in the Lower quartile. This increase likely resulted from 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.

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.

41.8%

The mean bonus gap
2021: 34.9%

-56.7%

The median bonus gap
2021: -86.6%

Bonus Pay Gap			
Subsidiary Data			
		2022	2021
Luxfer Gas Cylinders Limited	Mean	18%	-137%
	Median	36%	-15%
Magnesium Elektron Limited	Mean	19%	42%
	Median	-45%	26%

What changed? In 2022, the mean bonus gap increased, and the median bonus gap decreased. We believe that the year-over-year change in both figures is explained by the significant decrease in the number of bonuses paid in the period of 6 April 2021 to 5 April 2022 versus 6 April 2020 to 5 April 2021. Luxfer Gas Cylinders Limited did not meet performance targets required for bonus payouts in the period of 6 April 2021 to 5 April 2022, resulting in an overall decrease in bonus payouts to employees in the reporting period. Only 49% of employees received bonuses across the organization in the reporting period, whereas 79% of employees received bonuses in the period of 6 April 2020 to 5 April 2021.

The mean bonus gap is explained by the presence of a few very high bonus earners, the majority of whom were males, thereby skewing the mean bonus gap in favor of males. The average value of bonuses paid to men in 2022 was higher than the average value of bonuses paid to men in 2021. Accordingly, the mean bonus gap increased in favor of men.

The median bonus gap can be explained by the fact that 204 males received a bonus in 2022 versus 400 males receiving bonuses in 2021. Because a fewer number of males received a bonus in 2022, the value of the identified median bonus increased for males. Therefore, the overall median bonus pay gap decreased. However, the median bonus pay gap at -56.7% is heavily skewed in favor of females. This is explained by the fact that 93% of females worked in office, technical, and administrative roles, which tend to be higher paying and include a more substantial bonus component.

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.

65.7%

The proportion of females receiving a bonus
2021: 82.2%

46.7%

The proportion of males receiving a bonus
2021: 78.2%

Proportion Receiving a Bonus Subsidiary Data

		2022	2021
Luxfer Gas Cylinders Limited	Female	11%	71%
	Male	1%	67%
Magnesium Elektron Limited	Female	87%	89%
	Male	91%	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? Luxfer has a complex bonus scheme, which includes variable incentive pay associated with individual performance and the performance of the Company (in the case of corporate employees) or the relevant subsidiary (in the case business unit employees) as a whole, including both short-term incentive pay and long-term equity awards. As explained above, one Luxfer subsidiary did not meet the performance targets required for cash bonus payouts in the period of 6 April 2021 to 5 April 2022, resulting in a substantial decrease in the number of people, both male and female, who received bonuses in the reporting period.

The number of females who earned bonuses compared to the total population of females significantly affects the percentage, causing it to be higher and giving the appearance that there is a greater gap between females and males receiving bonuses than actually exists (e.g., two (2) females from Luxfer Gas Cylinders Limited received a bonus in the form of stock options and this accounted for 11% of the total population of females; whereas, three (3) males received similar bonuses and this only accounted for 1% of the total population of males).

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