

GENDER PAY IN VICTREX

A commitment to diversity

We're really proud of our diversity and equal opportunities policy at Victrex. By having a diverse workforce, we're able to draw on a wealth of skills, experience and talent to improve teamwork, drive innovation and successfully deliver our strategy and business goals.

For us, diversity reflects differences in ethnicity, gender, language, age, sexual orientation, religion, socio-economic status, physical and mental ability, thinking style, experience and education. Put simply, we're all equal and we treat each other in the same way we'd expect to be treated ourselves.

Gender diversity and pay

One aspect of our diversity is gender. And as a public sector employer with more than 250 employees, we're required by law to publish information about our 'gender pay gap'. The UK government defines this as:

"The difference in the average earnings of men and women, expressed relative to men's earnings. For example, women earn 15% less than men per hour."

For reporting purposes, we took a 'snapshot' of Victrex Manufacturing Limited at 5th April 2017 when there were 518 relevant people employed on full pay.

Snapshot headlines

- Of the 518 employees, 83% were male and 17% female.
- 76% worked within STEM (science, technology, engineering, maths) functions, and 88% of this group were male.
- 75% of our Executive team were male and 25% female.
- The proportion of male vs female employees in each of our pay bands was split as follows:
 - Lower quartile - 64.34% male vs 35.66% female
 - Lower middle quartile - 89.23% male vs 10.77% female
 - Upper middle quartile - 93.85% male vs 6.15% female
 - Upper quartile - 82.17% male vs 17.83% female
- The mean hourly rate of pay for males compared with females was 0.59% higher.
- The median hourly rate of pay for males compared with females was 13.49% higher.
- 10.38% of males were paid a bonus, compared with 17.48% of females.
- The mean bonus payment for males compared with females was 73.88% higher.
- The median bonus payment for males compared with females was 49.62% higher.
- 41% of our employees were receiving shift premium pay and 99% of them were male.

Analysis and action

Based on this data, we'll be reviewing and updating our pay policies, where necessary, to ensure that pay, bonus and progression are managed fairly, based on the skills and performance of our employees, regardless of their gender.

And whilst our male-dominated workforce is fairly typical of a manufacturing organisation, we're taking action to attract more females into Victrex and STEM-based careers, whether through apprenticeships, or by working with local schools in our communities, or with external partners. Using these approaches and more, we'll enhance our talent pipeline with more female employees.

Calculations and considerations

Actual pay after salary sacrifice

We used this method to calculate hourly pay, rather than the gross salary for every role, because Victrex operates a salary sacrifice scheme for pensions, childcare vouchers, cycle to work and share incentive plans. Given that some employees take advantage of these benefits, whilst others don't, it gives a truer picture of variations in our employees' actual pay.

Shift premium pay

Shift premiums are paid to reflect different working patterns in our manufacturing operation, where the majority of employees are male. As a result, this has directly impacted the median hourly rate of pay calculation and also explains why 99% of employees receiving shift premium pay were male.

Bonuses

For our calculations in this report, we included:

- 'completion bonuses' for fixed-term employees, paid as a retention incentive for short-term assignments, and
- the taxable gain on the sale of share options (eligible to all), where employees decided to sell, for whatever reason, eg share price, personal financial circumstances.

Given that our annual bonus payment wasn't triggered in the 2016 financial year, we feel that the bonus data we've reported this year isn't truly reflective, compared with other years when the bonus has been triggered.

Exclusions

The data excludes:

- our former Chief Executive, David Hummel, as he was employed by our USA entity
- non-Executive Directors, as they were employed under separate service agreements
- employees in our Invibio group, as there are less than 250 of them, and
- the sale of share options that didn't result in a taxable gain.

Next year's report

We already know that next year's report will be different, as it will include the pay of our new Chief Executive Jakob Sigurdsson (employed in the UK) and the annual bonus payment for the 2017 financial year, which has already been triggered.

I confirm that the information and data reported is accurate as of the snapshot date of 5th April 2017.



Jakob Sigurdsson

Chief Executive Officer

Victrex plc