



GENDER PAY IN VICTREX

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 that we'd expect to be treated ourselves.

By having a diverse workforce, we are able to draw on a wealth of skills, experience and talent to improve teamwork, drive innovation and successfully deliver our strategy and business goals.

Gender diversity and pay

Each year, following the introduction of the new Gender Pay regulations in 2017, we are required 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."

So, for reporting purposes, we took a 'snapshot' of Victrex Manufacturing Limited at 5th April 2018.

Snapshot headlines

Employees

- There were 630 relevant people employed on full pay.
- 83% were male and 17% female.
- 74% worked within STEM (science, technology, engineering, maths) functions, and 89% 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 - 69.14% male vs 30.86% female
 - Lower middle quartile - 87.66% male vs 12.34% female
 - Upper middle quartile - 91.08% male vs 8.92% female
 - Upper quartile - 82.8% male vs 17.2% female.

Pay

- The mean hourly rate of pay for males was 5.65% higher than females.
- The median hourly rate of pay for males was 13.47% higher.
- 83.11% of males were paid a bonus, compared with 82.35% of females.
- The mean bonus payment for females was 9.00% higher than males.
- The median bonus payment for females was 0.08% higher.
- 42% of our employees were paid a shift premium and 99% of them were male.



Analysis and action

Analysis

On the whole, the results are broadly similar with the previous year. However, with the bonus payment being triggered in 2017, this helped to bring down the gap on mean and median bonus payments, although this had no material impact on the overall results.

It is clear that we still have more work to do, both in terms of the number of females we employ and the differences that currently exist in the median rates.

Action

In the past year, we have started to review our pay, bonus and progression policies to support all of our employees, with the aim of introducing a more consistent global approach.

We are continuing to work closely with our schools and communities, to help attract more female employees in the future. And we saw an increase in the number of female apprentices who joined in 2018. Four out of 18 are female – up from just one last year.

We have also started to broaden our range of recruitment sources. For example, we promote vacancies through several channels - internally, through our website, and we use local agencies and media to ensure our local population is more aware of Victrex and the excellent opportunities we offer. Whatever the recruitment campaign or source, we always stress our commitment to diversity and equal opportunity.

Context, calculations and considerations

The following context and calculations are important to understand our approach to the gender pay gap reporting.

Actual pay after salary sacrifice

We used actual pay after salary sacrifice to calculate the reported hourly pay rates.

We applied this calculation, 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.

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 directly impacts 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, which were 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.



Other notes

The data excludes:

- our new Group Finance Director, Richard Armitage, as he joined after the 'snapshot' date
- 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 did not result in a taxable gain.

The data includes:

- our Chief Executive, Jakob Sigurdsson, who joined us on 1st September 2017
- our former Group Finance Director, Louisa Burdett, as she left after the 'snapshot' date, and
- employees who joined us from 1st April 2017, following our acquisition of Zyex Ltd.

I confirm that the information and data reported is accurate as of the snapshot date of 5th April 2018.

Jakob Sigurdsson

Chief Executive Officer

Victrex plc