



Smiths Group plc
UK GENDER
PAY REPORT
2019

smiths

INTRODUCTION

Smiths is a UK PLC and a global business with around 22,000 colleagues in more than 50 countries.

The Smiths Way is how we do what we do - it embodies our shared values of Respect, Ownership, Integrity, Customer Focus and Passion. Those values guide how we all act and behave every day and form the foundation of our commitment to build a truly diverse and inclusive organisation.

Building ever stronger relationships and meeting the evolving needs of all our stakeholders, including our customers, suppliers, shareholders and colleagues, helps fuel the growth of our business. That means working across numerous global industries, end-markets and cultures, which requires the kind of innovative thinking that comes from a diverse colleague population, in tune with our changing modern world.

We're proud to learn and grow our business, powered by our committed people and the innovation and curiosity of a truly globally-minded company.



~22,000
colleagues



In more than 50
countries



~1,400
colleagues



In the
UK

GENDER PAY REPORTING REQUIREMENTS

This document is in line with UK Government regulations for gender pay gap reporting. The aim is to encourage employers to take informed action to close gender pay gaps where they exist. Every year, businesses who employ more than 250 employees must report calculations which show the pay gap between female and male employees.

“ At Smiths we see doing things the right way as a responsibility, not a choice. We've made progress on our Gender Pay Gap since 2017, but there is more to do. Our recent elevation of oversight for our Diversity & Inclusion efforts to an Executive Committee member is indicative of how determined we are for Smiths to be a truly diverse business.”

Andy Reynolds Smith
Chief Executive

SMITHS IN THE UK – TOTAL UK POPULATION

Smiths is a UK plc, headquartered in London. Of our approximately 22,000 people worldwide, just over 1,400 are employed in the UK, across all five of our divisions and in our Group offices. This report represents the gender pay calculations for that full UK population.

Our John Crane and Smiths Medical divisions have been joined this year by Smiths Detection in separately employing more than 250 people in UK entities, and the detail of their figures can be found later in this report.

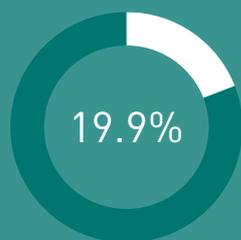
This report shares our gender pay numbers and some of what we're doing to help address them. We're committed to fair pay practices, and recognise that a gender pay gap is not the same as an equal pay issue. We complete annual calibrations of performance ratings, merit increases and bonus pay analysis across various groups to ensure equity.

Since we began reporting our Gender Pay Gap in 2017 we've made progress, reducing the mean pay gap by more than 7% (2017: 27.1%, 2018: 19.3%) and the median pay gap by 2.8% (2017: 24.6%, 2018: 20.9%), although both have increased slightly since the last report.

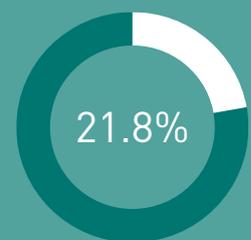
GENDER PAY GAP CALCULATIONS (TOTAL SMITHS UK)

The gender pay gap shows the difference between the mean (average) and median (mid-point) hourly earnings and bonuses of male and female employees, expressed as a percentage of male colleagues' earnings.

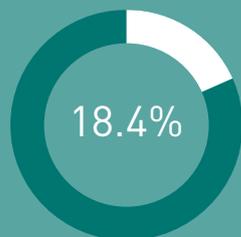
Gender Pay
Gap Mean



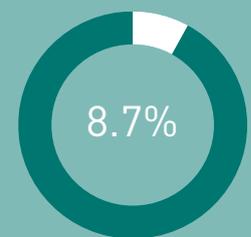
Gender Pay
Gap Median



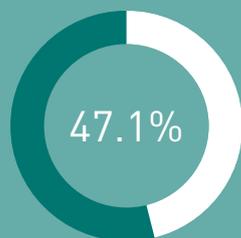
Bonus Pay
Gap Mean



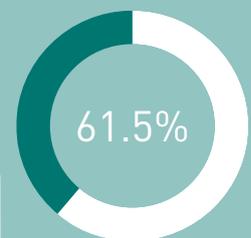
Bonus Pay
Gap Median



Proportion
of Females
Receiving
Bonus
Payment



Proportion
of Males
Receiving
Bonus
Payment



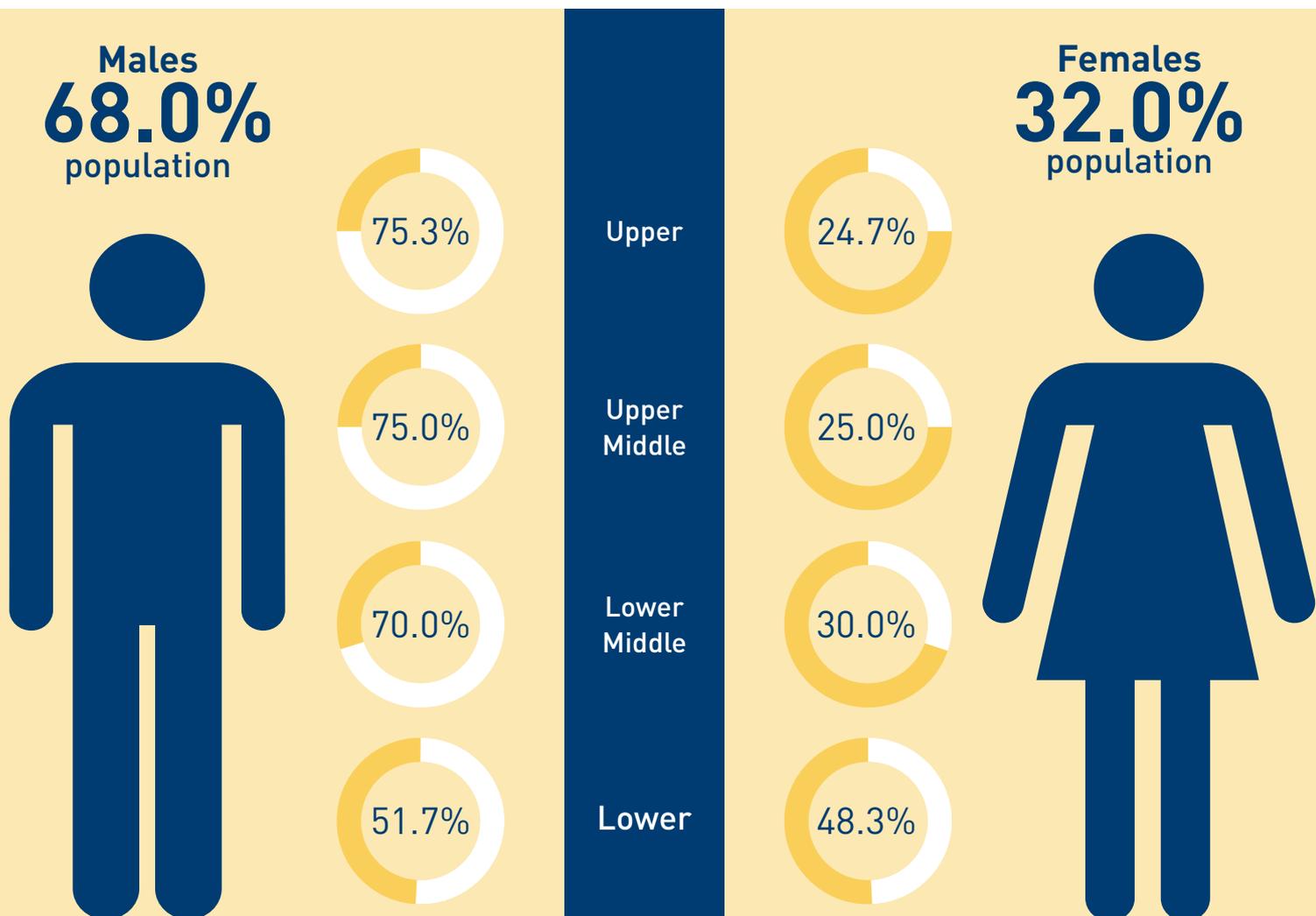
PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

Our gender pay gap is still primarily driven by the imbalance of female colleagues in more senior roles - our overall UK population is 68% male and 32% female. However we've achieved an increase in the number of women in the two upper pay quartiles of almost 5% since 2017. This is also reflected in the ongoing increase in the proportion of females receiving a bonus payment.

Positive movement of 3% in the Upper Middle quartile since 2017 (2017: 22.0%, 2018: 24.4%), and an ongoing improvement since last year, indicates more senior women in the business. And despite wavering since last year due to natural variations in colleague movements into and out of the business, balance in the Upper pay quartile has improved to 24.7% female (2017: 22.8%, 2018: 24.9%) and 75.3% male (2017: 77.2%, 2018: 75.1%), a positive movement of almost 2% since 2017.

Engineering and technical professions remain a critical pool of talent for Smiths, given the nature of our business. Historical underrepresentation of females in these roles continues to have an impact. Colleagues in these roles remain a primary source of candidates for promotion or appointment into management and leadership positions, so this continues to impact the composition of the Middle Upper and Upper quartile bands, where the most senior and highly paid roles are represented, although progress is being made.

Although we are making overall progress it's clear that there is some way to go and that, taking the tendency for variations in our population as colleagues join and leave into account, the scale of progress is likely to vary from year to year.



DIVERSITY AND INCLUSION AT SMITHS

Smiths' success depends on the diverse perspectives our teams bring to work every day. Our workplace respects, values and supports each individual for their diversity. Guided by the Smiths Way and our core value of Respect, diversity and inclusion is not only the right thing to do, but necessary for our organisation to be more innovative, drive employee engagement and help our employees feel they belong at Smiths.

We believe our differences make us stronger. Our intent is to increase the diversity of our entire population, including more equal representation of women. We have the firm belief that this leads to a more engaged and effective workforce, which makes us better prepared to outperform our competitors, leading to better business outcomes that benefit us all.

Our Diversity and Inclusion Plan supports this. Our overarching goals and objectives are noted below with the plan itself available on www.smiths.com



GOALS AND OBJECTIVES

Diverse workforce: Grow a diverse, high-performing workforce that reflects our global business.

Inclusive and Engaged Organisation: Build an inclusive culture that engages all individuals and values diverse talents and perspectives.



OUR COMMITMENTS IN ACTION

Our values define how we behave in Smiths and reinforce how we work to ensure every colleague is valued for their uniqueness and diversity. We want everyone to feel supported in their workplace and able to contribute to their fullest.

Led by Chief Executive Andy Reynolds Smith, diversity and inclusion is woven into every aspect of our culture. To reinforce our commitment to being a truly diverse and inclusive business, the operational responsibility for this has been elevated to the Executive Committee level where

it is now overseen by Karen Bomba, President of Smiths Interconnect.

To ensure we continue to develop our culture, we listen to colleagues to determine where we're good and where we can be better as a place to work through our twice-yearly My Say survey, and manager conversations. We track our overall progress through our Inclusion dashboard, capture real-time feedback and are focused on taking action in the areas that matter most to our colleagues.

Since we published our last Gender Pay Report, we have taken additional action in support of creating a more diverse and inclusive workplace. We have:

1

Conducted 14 visioning workshops with colleagues about the experiences and challenges they encounter. Given the global nature of Smiths, in the year ahead we plan to hold further workshops across the world to understand how our people's experiences and challenges may differ by region and culture. Feedback from these workshops is informing where we focus our efforts now and in the future.

2

Established a cross-divisional Diversity and Inclusion Council to help provide strategic direction, guiding principles and tactical initiatives on behalf of each division.

4

Partnered with PwC to use their leading edge Blind Spots unconscious bias training materials to create a new e-learning module that has been rolled out globally.

3

Published a new Board Diversity Policy which states that by 2020 at least 50% of our Board is to have a birthplace or background outside the UK and that no less than 40% is comprised of females plus historically underrepresented ethnic groups, targets we have already achieved.

5 Launched a Career Returners programme aimed at attracting prospective colleagues back to work after a career break, including time out of the workplace to start or build their families.

6 Celebrated our second annual Smiths Day where Respect was one of the main themes. Chief Executive Andy Reynolds Smith talked about how vital Respect is to the whole of Smiths during two live broadcasts on the day. He also shared video content of colleagues outlining the different things Respect means to them.

7 Highlighted a selection of our talented female engineers, through videos and case studies on our website and social media channels to mark International Women in Engineering Day, including video of our Board member, highly respected engineer Dame Ann Dowling.



8 Introduced a new recruiting approach, including balanced slates and balanced interview panels.

9 Chief Executive Andy Reynolds Smith has become a member of the 30% Club.



SMITHS IN THE UK – REPORTING ENTITIES

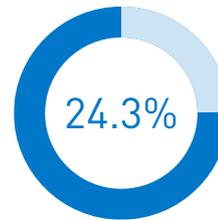
GENDER PAY GAP CALCULATIONS

John Crane UK LTD

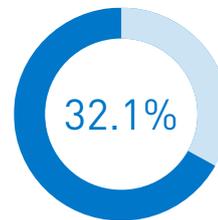
Smiths Medical International LTD

Smiths Detection-Watford LTD

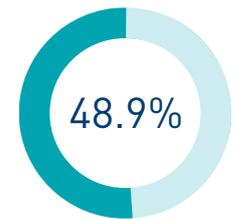
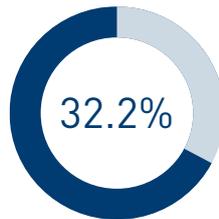
Gender Pay Gap **Mean**



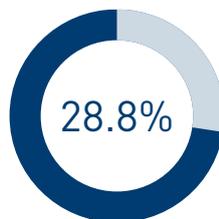
Gender Pay Gap **Median**



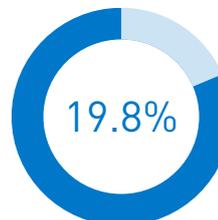
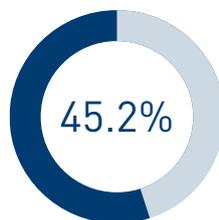
Bonus Pay Gap **Mean**



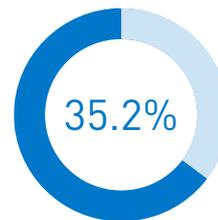
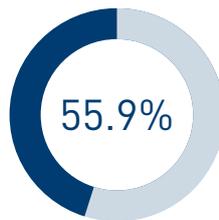
Bonus Pay Gap **Median**



Proportion of Females Receiving Bonus Payment



Proportion of Males Receiving Bonus Payment



The gender pay gap shows the difference between the mean (average) and median (mid-point) hourly earnings and bonuses of male and female employees, expressed as a percentage of male colleagues' earnings.

PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

John Crane UK LTD

Smiths Medical International LTD

Smiths Detection-Watford LTD



John Crane continues to make good broad progress on pay gaps since 2017, with an overall increase in females in the business and in the Upper quartiles in particular.

Smiths Medical overall remains gender balanced with an increase in overall females to 52.2%, with an increase in three quartiles including the Upper Middle quartile since last year.

Smiths Detection is reported for the first time as it passed 250 colleagues in a UK entity, with the historic imbalance of females in the engineering professions and low attrition rates contributing to a higher number of males in the business.

We confirm the information and data reported is accurate as of the snapshot date of 5 April 2019



Adam Powell
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Financial Control
John Crane UK LTD



Louis Jones
Director, EMEA Finance & Accounting
Smiths Medical International LTD



Richard Thompson
Global Director Aviation
Smiths Detection-Watford LTD