

smiths

UK GENDER PAY REPORT

2021



INTRODUCTION

Smiths is a UK PLC and a global business with around 14,000 colleagues across four divisions in more than 50 countries.

All our colleagues across Smiths are guided by the Smiths Way. The Smiths Way is how we do things and central to this are our values guiding how we behave.

We're united by our Smiths values of integrity, respect, ownership, customer focus and passion. We use these values to guide every decision and action as we work to achieve our ambition of improving our world through smarter engineering. Smiths' success in achieving this ambition depends on the diverse perspectives our teams bring to work every day.

This year, we conducted our employee engagement survey My Say hearing from over 11,600 colleagues on matters including culture, ethics, safety and equal opportunities.

We saw an increase in all of these scores demonstrating our commitment to our values and attracting, developing and retaining a diverse work force.

We also conducted small focus groups with a diverse range of our employees, including colleagues from each of our divisions and countries. We ran 76 focus groups in 21 countries, to hear from over 820 colleagues, spoken in 11 languages to better understand how our employees define diversity and inclusion, and how our leaders can help to support our diversity and inclusion efforts across the business.

We're proud to continue to learn and grow our business, powered by the input and commitment of our dedicated people. We've been pioneers of progress for 170 years, and while we've evolved, we continue to be driven by our never-ending passion for innovation, quality and being responsible around our impacts. In 2021 we worked towards the proposed sale of Smiths Medical, having completed this activity in early 2022. Smiths Medical will appear as discontinued operations in this report.



"An inclusive culture is one where every one of us can enthusiastically strive to be the very best versions of ourselves. One where our differences are not just accepted but actively sought out and valued. It's not enough to simply say that everyone is accepted here at Smiths because we compete on a global scale. Many of the imbalances in our world have been decades in the making. Meaningful change requires action and that is why we are making this a priority for now and beyond."

Paul Keel, CEO



c 14,000
colleagues



in more than
50 countries



c 1,100
colleagues
in the UK

DEFINING THE GENDER PAY GAP

GENDER PAY GAP measures the difference between the average hourly pay and bonus for female and male colleagues.

MEAN PAY GAP is the difference between the pay or bonus of the average female and the average male colleague. This is calculated by adding the total pay of all females together and dividing by the number of females, and the same for males.

MEDIAN PAY GAP is the difference between the pay or bonus of the 'middle' female colleague and the 'middle' male colleague when female and male colleagues are listed in order of pay.

EQUAL PAY is different from the Gender Pay Gap. Equal pay is about ensuring colleagues doing the exact same role get the same pay, whatever their gender.

SMITHS MEDICAL is reported as discontinued operations and is excluded from the main body of the report. Therefore, our 2021 Gender Pay Gap results cannot be directly compared to previous years.

HOW WE CALCULATE THE MEAN DIFFERENCE



TOTAL
HOURLY PAY



NUMBER
OF WOMEN



MEAN FEMALE
AVERAGE PAY

The difference is the mean hourly pay gap

TOTAL
HOURLY PAY



NUMBER
OF MEN



MEAN MALE
AVERAGE PAY

HOW WE CALCULATE THE MEDIAN DIFFERENCE



LOWEST FEMALE
HOURLY PAY



HIGHEST FEMALE
HOURLY PAY

The difference is the median hourly pay gap

LOWEST MALE
HOURLY PAY



HIGHEST MALE
HOURLY PAY

SMITHS IN THE UK – TOTAL UK POPULATION

Of around 14,000 Smiths people worldwide, about 1,100 are employed in the UK, across all of our businesses and in corporate roles. Although only our John Crane and Smiths Detection businesses separately employ more than 250 people in the UK, this report represents the gender pay calculations for our full UK population, including those based out of our corporate HQ in London.

Smiths Group completed the sale of Smiths Medical in 2022 after the announcement of the proposed sale in 2021. As such, Smiths Medical data has been excluded from the main body of the report and is included as discontinued operations towards the back.

The sale of Smiths Medical has significantly changed the UK workforce demographics. We are therefore setting a new baseline for our metrics which cannot be directly compared to last year’s data. (2020: 480F/1103M vs 2021: 267F/831M)

Smiths is committed to fair pay practices and recognises 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 in pay. We have also been an accredited Living Wage employer in the UK since 2018.

We’re continuing to make progress on reducing our overall Gender Pay Gap since reporting started in 2017. The exclusion of Smiths Medical has meant that our mean hourly pay gap has reduced significantly (from 11.2% in 2020 to -0.1% in 2021), with women being distributed more evenly throughout the pay quartiles. However, we now have less women overall.

In addition, our median is closer to 0% than it was in 2020.

Bonus figures fluctuate year on year, as they reflect variations in business performance and the vesting of senior executive incentive schemes. The Bonus pay-out was lower in 2020 compared to 2019, with several of our businesses and markets affected by the impact of Covid-19. As a result, Divisional bonus payments varied greatly and some site bonuses weren’t paid out which has skewed the bonus data.

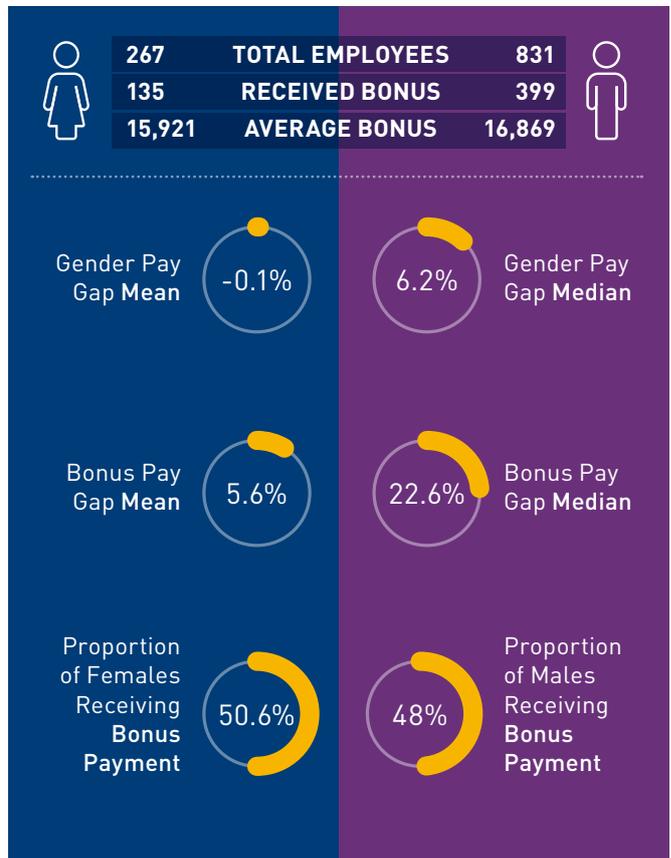
Long Term Incentives paid out higher than Bonus in 2020 as they were assessed against a longer time period, so Covid-19 had less of an impact. More males received LTIP pay-outs, and they were typically a higher value than females.

There is still work to do. Whilst our mean hourly gender pay gap is close to 0%, the median pay gap remains. A particular focus is needed to address the bonus pay gap and to increase female representation throughout the business, including the upper quartiles.

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 female and male employees, expressed as a percentage of male colleagues’ earnings.



PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

While our overall gender pay gap is still primarily driven by the imbalance of female colleagues in more senior roles, we are moving in the right direction.

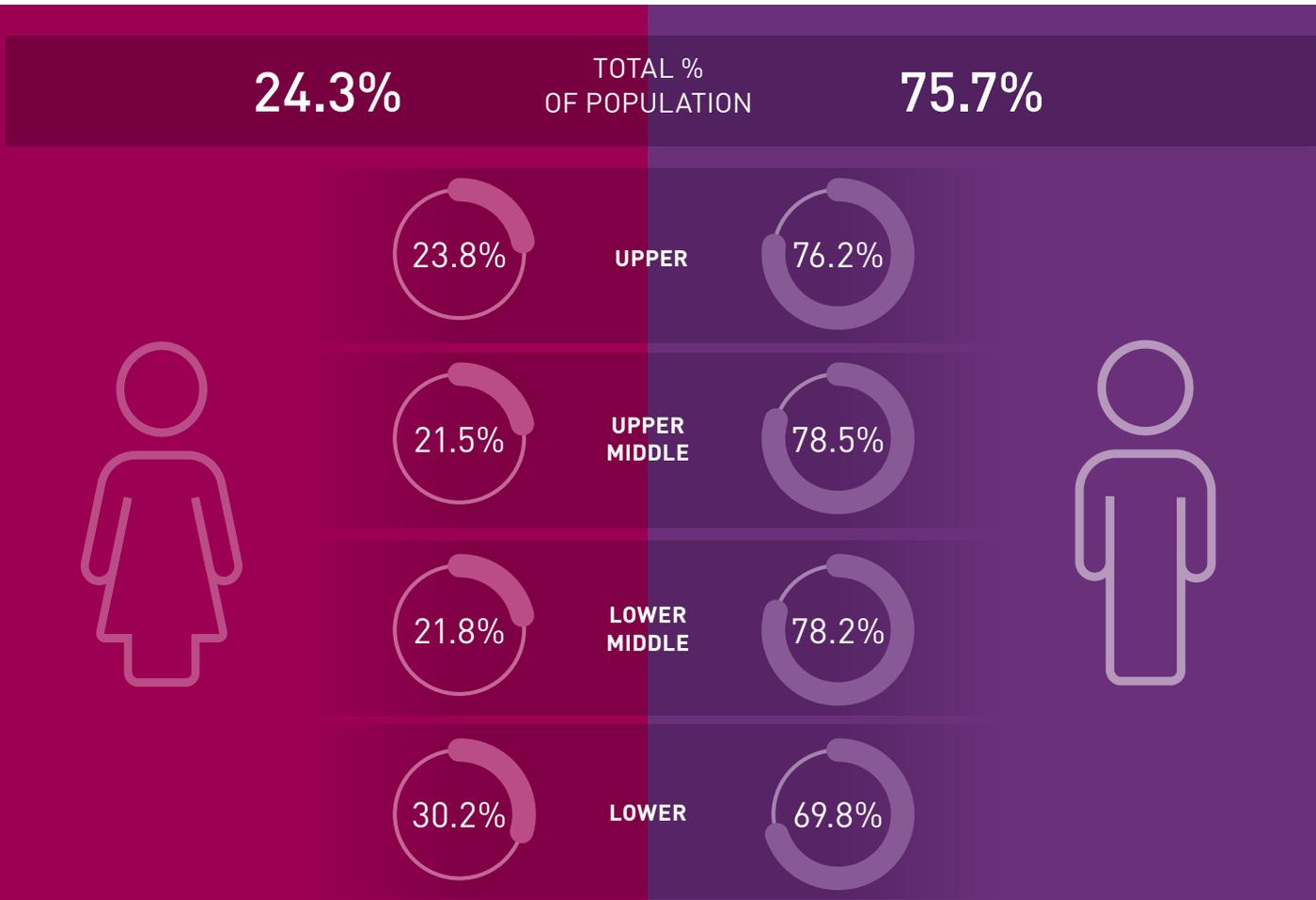
While our business changes over time, the engineering and technical professions remain a critical pool of talent for Smiths, and these roles still provide a primary source of candidates for promotion or appointment into management and leadership positions. It is clear the historical underrepresentation of females in these key professions is continuing to have an impact.

We are committed to supporting STEM education in the communities in which we operate, including in the UK, where many colleagues across our divisions mentor and support children in the delivery of STEM projects through

the Industrial Cadets programme (part of the Engineering Development Trust). Three different schools were supported by three teams of colleagues from across Smiths: Urswick school, Hackney, London, Space Studio, West London and Parkside Academy, Willington, County Durham.

In addition, our ongoing annual support for initiatives such as Women in Engineering Day, International Womens Day, Women and Girls in Science Day, and our internal Career Returners campaign, are part of our commitment to adjust the gender balance in these professions. Our UK HQ is based in the home of STEM pioneer Ada Lovelace, and we help to celebrate Ada Lovelace Day every October, profiling and promoting our female tech talent.

The natural fluctuations in numbers of those joining and leaving our business may lead to future variations year on year.



INCLUSION AND DIVERSITY AT SMITHS

In 2021, our CEO Paul Keel introduced our Smiths Value Engine, outlining our Purpose, Strengths and Priorities across the whole of Smiths. Included within our value engine is our commitment to having an inclusive culture and improving our representation.

We know that when employees feel included, valued, and encouraged to make a meaningful contribution, Smiths will thrive. This is why our Executive Leadership team added inclusion and diversity as part of the **People** focus area of our Smiths Value Engine.

Inclusion and diversity is a priority for Smiths.

We set goals and continuously monitor our action plans to improve our inclusive culture and diversity at Smiths.

Diversity

We want to have an organisation made up of diverse, high-performing,

and passionate people that represent the communities in which we operate, at all levels of the business, but particularly in our senior roles.

Knowing that what gets measured gets managed, we monitor and seek to continuously improve the way we attract, retain, and develop our people to increase female representation.

Inclusion

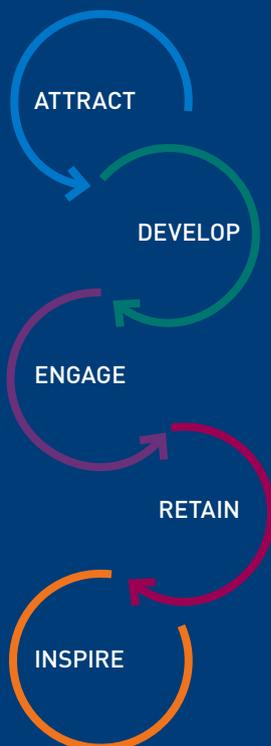
We want an organisation with an inclusive culture, where we engage, value, and respect all individuals and their perspectives. We know that diversity is a byproduct of an inclusive culture and seek to drive both. We monitor the inclusivity of our culture through employee listening activities, like focus groups and our My Say survey, looking at Equal Opportunities, Authenticity, Belonging and Input.

We remain committed to increasing the diversity of our people, including more equal representation of women. The overarching goals and objectives of our Inclusion and Diversity plan remain in place,

INCLUSION AND DIVERSITY GOALS

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.



TALENT ACQUISITION	Attract and onboard diverse candidates to drive innovation and growth in our global markets
TALENT DEVELOPMENT	Target development opportunities to grow diversity at all levels
REWARD & ENGAGEMENT	Engage and reward employees in our I & D journey
SMITHS EXCELLENCE SYSTEM	Ensure continuous improvement through best practice learning and progress measures
ORGANISATION CAPABILITY AND COMMUNITY INVOLVEMENT	Build an inclusive mindset across the organisation and beyond

OUR COMMITMENT IN ACTION

Inclusion and diversity are an integral part of the culture at Smiths, embedded into the people focus area of our Smiths Value Engine, spearheaded by our Chief Executive Officer Paul Keel and our Executive Committee.

As part of our commitment to an inclusive culture, we undertake employee listening activities to ensure colleagues across Smiths are able to share their experiences and input into how we can all make Smiths a better place to work, together. This includes our global My Say survey, as well as our inclusion and diversity focus groups.

In addition to listening to colleagues, we actively encourage opportunities to shine a spotlight on our diverse talented people through panel discussions, case studies and employee profiles.

1

We've continued to use PwC's leading-edge Blind Spots unconscious bias training materials in our e-learning module that has been rolled out globally to every employee at Smiths.



2

We continued to promote and support our Career Returner Programme in UK and India with a target to employ candidates who have been out of work for 12 months+, with a focus on gender.

3

We celebrated our annual Smiths Day in 2021, a celebration of our culture and our people, specifically reflecting on our diverse population as one of our key strengths.



4



We celebrated our talented women on International Women in Engineering Day under the theme "Engineering Heroes", including case studies, people profiles and videos to promote our female engineers internally on our all-employee app Smiths Now, as well as on our website.

OUR COMMITMENT IN ACTION (continued)

5

We created and appointed a new role, based in the UK, to specifically focus on inclusion and diversity at Smiths.



7

We continued with our new recruiting approach that includes balanced slates and balanced interview panels.

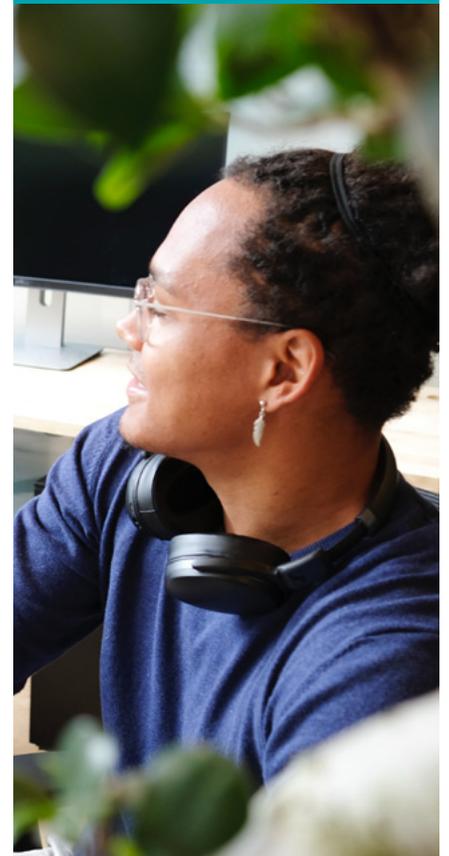
6

We rolled out a series of focus groups to hear our colleagues' feedback on matters relating to diversity and female representation.



8

We launched the Talent Leadership Committee to review and create calibration on our senior appointments with the intention to drive the appointment of senior women and people from underrepresented groups.



SMITHS IN THE UK – REPORTING ENTITIES

Three of our UK entities have at least 250 employees. Under current regulations we're required to report gender pay and bonus gaps for these entities at 5 April 2021.

GENDER PAY GAP CALCULATIONS	John Crane UK Limited	Detection Watford Limited	Smiths Medical International Limited (Discontinued)
Gender Pay Gap Mean	-7.4%	11%	27.3%
Gender Pay Gap Median	16.0%	13.1%	26.6%
Bonus Pay Gap Mean	-97.9%	57.3%	48.5%
Bonus Pay Gap Median	4.5%	66.6%	48.7%
Proportion of Females Receiving Bonus Payment	45.8%	13.0%	56.3%
Proportion of Males Receiving Bonus Payment	53.4%	25.1%	64.4%

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 has a small number of females in the UK, with a number of these in senior roles. There are 72 females compared with 322 males. This means averages can be skewed by one individual.

Smiths Detection Watford has a reduction in the gender pay gap mean and bonus pay gap mean but with an increase in the pay gap median and bonus gap median.

Smiths Medical (Discontinued operations) has a 50%-50% gender split, with the majority of women in the lower levels of the organisation.

UK GENDER PAY REPORT

We confirm the information and data reported is accurate as of the snapshot date of 5 April 2021.



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