



Smiths Group plc
UK GENDER
PAY REPORT
2020



smiths

INTRODUCTION

Smiths is a UK PLC and a global business with around 23,000 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.

Our values have been at the heart of our continuing work to support our people throughout the Covid-19 pandemic.

We set our priorities early in the pandemic: to keep our people safe; to keep our operations going and providing employment; and to continue delivering for our customers and the vital industries they support.

We're proud of how our people have worked together to keep themselves and others safe, and that our enhanced communications, guidance and support has been there to support them as they focus on keeping themselves and others as safe as possible in challenging times. Our colleagues have recognised these efforts in surveys and feedback, with our most recent My Say colleague survey also showing improvement across the business in engagement.

Building ever stronger relationships and meeting the evolving needs of all our stakeholders, no matter what is going on in the world around us, including our customers, suppliers, shareholders and colleagues, helps fuel the growth of our business. As always, 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 continue to learn and grow our business, powered by the efforts and commitment of our dedicated people and the globally-focused spirit of innovation that has been the hallmark of Smiths for around 170 years.



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, every business entity that employs more than 250 employees in the UK must report calculations which show the pay gap between female and male employees.

“ At Smiths we regard doing the right thing as a responsibility, not a choice. That includes working to achieve equity for all when it comes to job opportunities, career advancement and pay. We're continuing to make progress on reducing our Gender Pay Gaps in the UK but we recognise there is always more to do. We remain determined for Smiths to be a truly diverse business. ”

Andy Reynolds Smith
Chief Executive

c. **23,000**
colleagues



In more than **50**
countries



c. **1,400**
colleagues



In the
UK



EXPLAINER

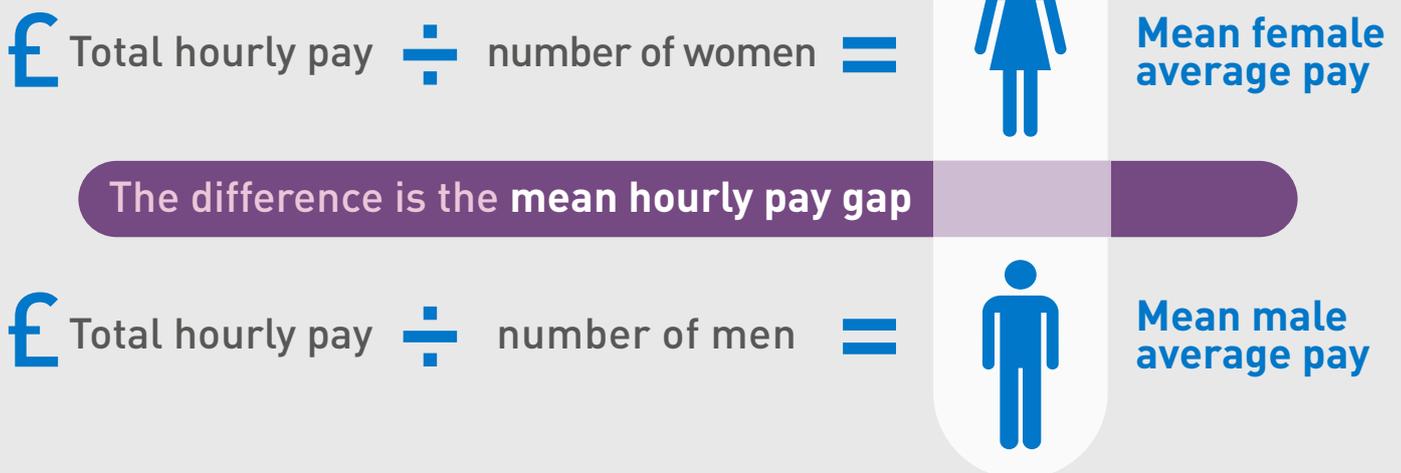
GENDER PAY GAP measures the difference between the average hourly pay and bonus for female and male colleagues.

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.

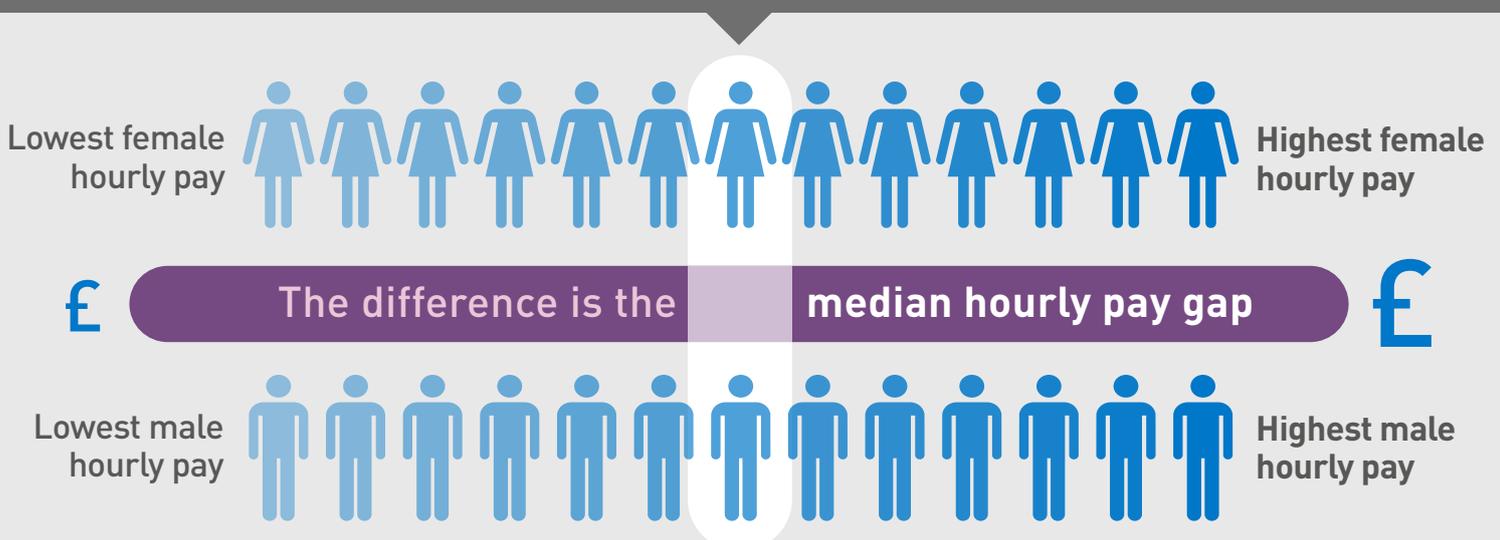
MEDIAN PAY GAP is the difference between the pay or bonus of the 'middle' female colleague and the 'middle' male colleague when female and male colleagues are listed in order of pay.

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.

HOW WE CALCULATE THE MEAN DIFFERENCE



HOW WE CALCULATE THE MEDIAN DIFFERENCE



SMITHS IN THE UK – TOTAL UK POPULATION

Of around 23,000 Smiths people worldwide, about 1,400 are employed in the UK, across all of our businesses and in corporate roles. Although only our John Crane, Smiths Medical 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 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. We've reduced the median

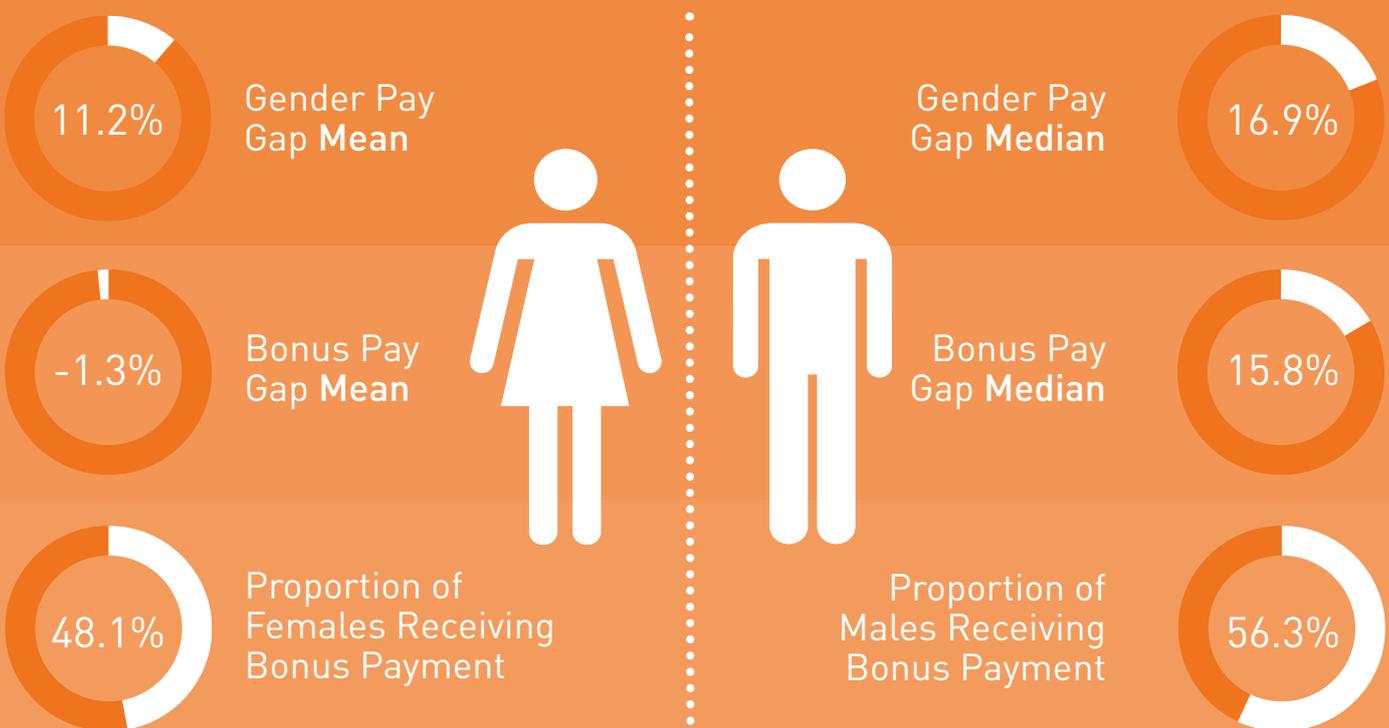
gender pay gap to 16.9%, down by 7.7% (2017: 24.6%) and the mean gender pay gap by almost 16% to 11.2% (2017: 27.1%), with the proportions of females and males receiving bonuses continuing to move towards parity.

Progress continues on the Bonus Pay Gap, with the mean figure in favour of females this year. All bonus figures fluctuate year on year, as they reflect variations in business performance and the vesting of senior executive incentive schemes. For reference, this year the median difference of 15.8% reflects a cash figure in the vicinity of £400.

We are also heading towards parity on the overall proportion of females and males receiving bonus payments, with an increase of almost 10% to 48.1% (2017: 38.5%) of females receiving them, against a continuing decrease to 56.3% of males, reflecting the increase in numbers of senior female roles in the business.

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 with a combined increase of females in Upper and Upper Middle roles of 6% since 2017, which is also reflected in the increase of females receiving a bonus payment.

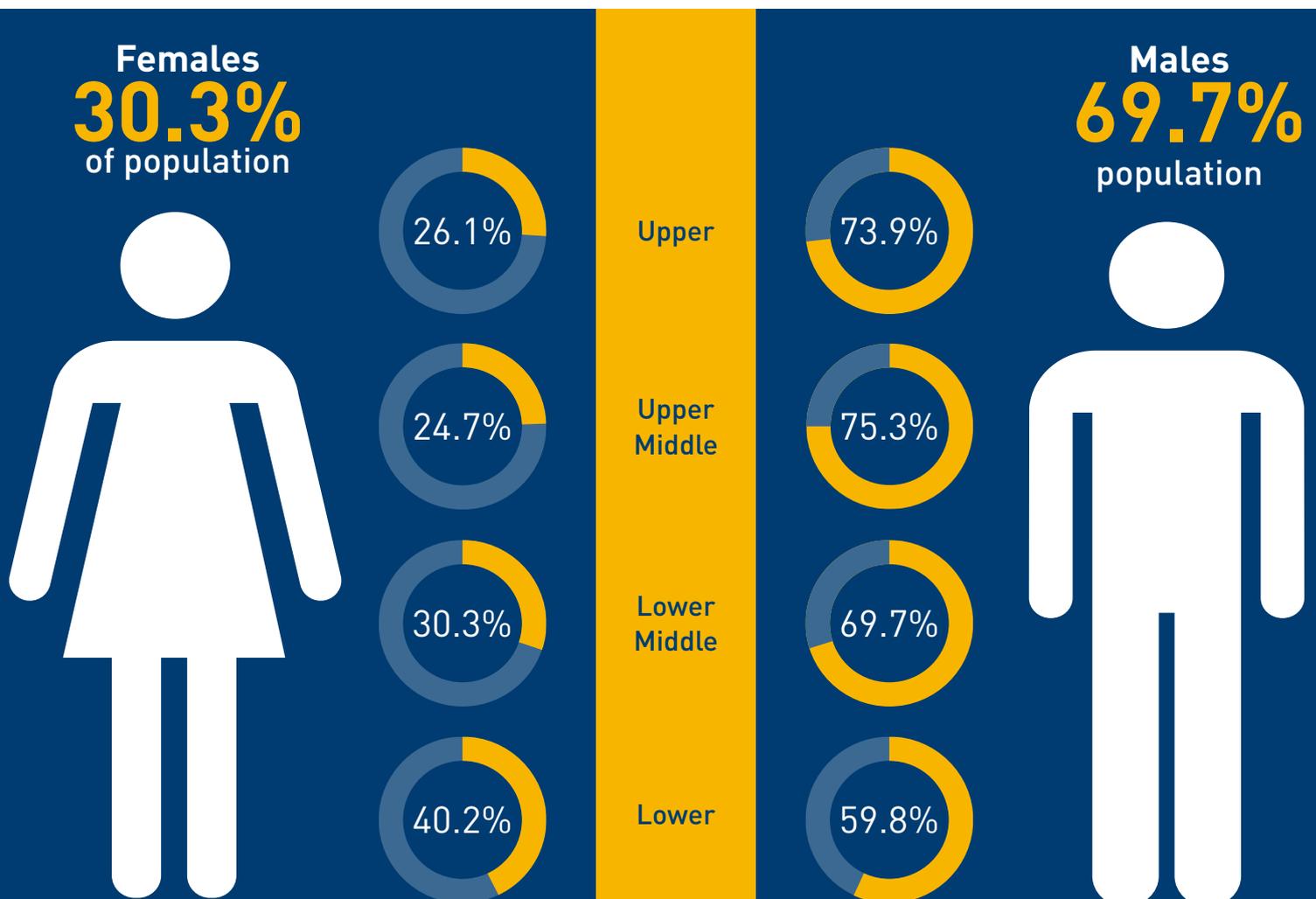
We're also achieving improvements in overall gender balance in Lower Middle and Lower roles with an increase of males in these roles of more than 12% since 2017.

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. While we are seeing

positive improvements in the numbers of senior women in Smiths the UK, it is clear the historical underrepresentation of females in these key professions is continuing to have an impact.

Our ongoing annual support for initiatives such as Women in Engineering Day, International Womens Day, Ada Lovelace Day, Women and Girls in Science Day and others, and our internal Career Returners campaign, are part of our commitment to working to adjust the gender balance in these professions.

Overall, we're seeing positive ongoing improvements, although 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

As for so many organisations, the last year was dominated at Smiths by addressing the challenges of Covid-19.

While the demands of responding to the pandemic mean we have focused mostly on maintaining our existing efforts, no matter what is going on in the world our commitment to an ever more inclusive and diverse Smiths has never wavered. We still believe our success depends on the diverse perspectives our teams bring to work every day.

The Smiths Way and our values, including our core value of Respect, guide us to value and support every one of our colleagues for their diversity. We believe this is not only the right thing to do, but is equally necessary for our organisation to be more innovative, drive employee engagement and help our employees feel they belong at Smiths.

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, with the plan 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

Inclusion and diversity is woven into every aspect of the culture at Smiths, with our overall efforts spearheaded by our Chief Executive Andy Reynolds Smith.

The operational responsibility for making progress sits at the Executive Committee level, with the baton passed on to our Group HR Director, Sheena Mackay, after having been previously overseen for the standard two-year period by Karen Bomba, President of Smiths Interconnect.

We continue to listen to our 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. In our last My Say, all Inclusion and Diversity measures improved, demonstrating our efforts are being recognised and valued by our colleagues. This includes: Equity (regardless of background, everyone at Smiths can succeed), Authenticity (I feel comfortable being myself at work) and Belonging (I feel a sense of belonging at work).

In addition, we increased our sense of Balance with more people saying they have been able to find the balance they desire between their work and personal life. Taken together with our continued tracking of our progress on our Inclusion dashboard, this insight helps us focus on the areas that matter most to our colleagues.

While the Covid-19 pandemic has meant we have had to focus on maintaining our existing efforts, since our last Gender Pay Report:

1

Our Diversity and Inclusion Council have continued to help provide strategic direction, guiding principles and tactical initiatives on behalf of each division, although due to the pandemic meeting less often than previously.

2

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.

3

We expanded our Career Returners programme, aimed at attracting former and potential employees back to work after a career break, including time out of the workplace to start or build families, with a view to potentially helping further broaden our gender balance, extending the programme to India.

4

Due to the pandemic we were unable to celebrate our annual Smiths Day where the importance of our values, particularly Respect, is always our main theme. We're planning to bring the event back in 2021, run remotely and socially distanced, to help us connect our business across the world.

5

We marked International Women's Day by supporting the Gender Equal World campaign internally and externally on our social media channels. We also supported International Women in Engineering Day through the Shape the World selfie campaign, and shared a video of Board members Tanya Fratto, Pam Cheng, Karin Hoeing and Dame Ann Dowling promoting engineering as a career to young women and men.



6

Publicly noted our stance against racism with a clear statement from our Chief Executive regarding the tragic incidents surrounding George Floyd in the summer of 2020.

7

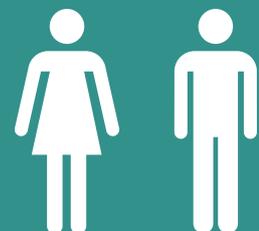
Continued with our new recruiting approach that includes balanced slates and balanced interview panels.

8

Chief Executive Andy Reynolds Smith remains a member of the 30% club.

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.



SMITHS IN THE UK – REPORTING ENTITIES

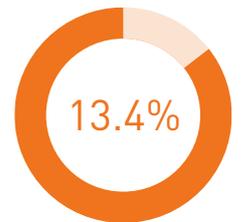
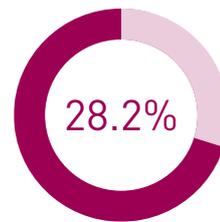
GENDER PAY GAP CALCULATIONS

John Crane UK LTD

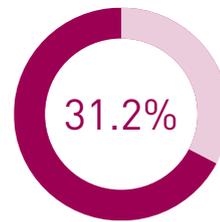
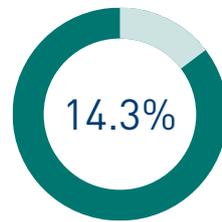
Smiths Medical International LTD

Smiths Detection-Watford LTD

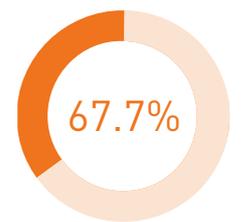
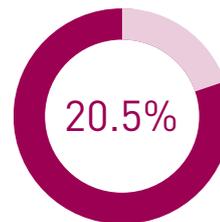
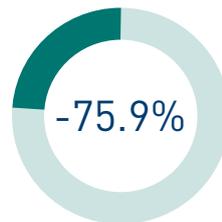
Gender Pay Gap Mean



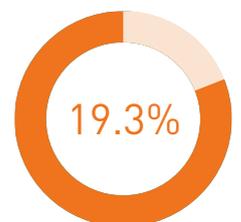
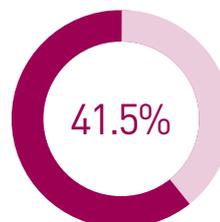
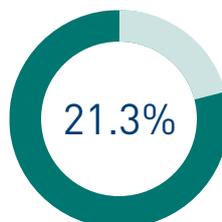
Gender Pay Gap Median



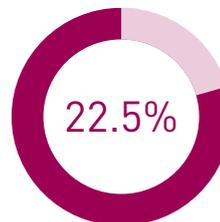
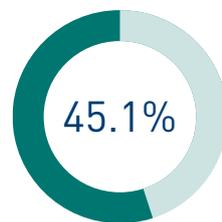
Bonus Pay Gap Mean



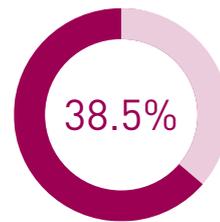
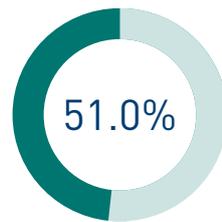
Bonus Pay Gap Median



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 progress, closing the gap further on the median pay gap and bonus gap, with females overall paid more than males in the UK this year, although this has been affected by the move of a senior female into the UK.

Smiths Medical median pay continues to head in the right direction with a broadly balanced gender distribution, and an increase in females in Upper and Upper Middle roles.

Smiths Detection continues to improve its median and mean pay gaps, with effective parity around males and females receiving bonus payments, although the historic imbalance of females in the engineering professions and low attrition rates still contribute to a higher number of males in the business overall.

We confirm the information and data reported is accurate as of the snapshot date of 5 April 2020



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Senior Finance Director
Financial Control
John Crane UK LTD



Louis Jones
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Global Director Aviation
Smiths Detection-Watford LTD