

smiths

**UK GENDER  
PAY REPORT**

2022



## INTRODUCTION

Smiths Group is a FTSE100 global industrial technology company focused on improving the world through smarter engineering. Listed on the FTSE100 in the UK, the business is truly global with over 15,000 employees operating in four divisions – John Crane, Smiths Detection, Flex-Tek and Smiths Interconnect – across more than 50 countries worldwide.

Smiths Group is a company with an incredible heritage. It has been in continuous operation now for 170+ years and counting. And today's Smiths Group is looking with confidence to the future. We have a refreshed management team in place, a business more focused on our industrial core following the sale of the Medical unit – which completed in January 2022 – and a clear strategic focus on the three key pillars of Growth, Execution and People. This is enabling us to unlock the significant growth potential of the business and continue to build a more diverse and inclusive working environment where our people feel safe, valued and included.

In 2022 we introduced a new set of leadership behaviours – based on working groups and input from our teams – which describe how we work with one another, demonstrate our company values, and create value through our actions. Crucially, the leadership behaviours apply to everyone at Smiths – from support and operations roles to senior executives. Our aim is for these to inspire and help strengthen and shift the Smiths culture to become even more inclusive.

Whilst all seven of the behaviours are important, there is one that particularly resonates in the context of this report: 'Leads inclusively and empowers'. A key part of becoming more inclusive is achieving gender balance. This is primarily dependent on the commitment of leadership, and the leadership of Smiths Group is dedicated to achieving gender balance. In 2022 we continued to make good steps here, but we're not where we want to be yet - there's a lot more to do.



"We are committed to attracting as many strong, diverse, value-centric female leaders as we can and to put in place the structures to help them grow and to prosper. This is how we see change happening at Smiths – capable, committed, talented people coming together and putting into motion a force to affect positive change."

**Paul Keel, CEO**



## 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.

### 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

## GENDER PAY GAP – SMITHS IN THE UK

Of over 15,000 Smiths people worldwide, about 1,200 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 mean hourly pay gap (-3.8%) and bonus pay gap (-17.9%) are both in favour of women. We have made great progress toward closing the gap since our first published report in 2017 where our mean hourly pay gap was 27.1% and bonus pay gap was 22.7%. In addition, our median pay gap is closer to 0% than it was in 2021 (2021: 6.2%).

Bonus pay gaps show volatility and can significantly fluctuate year on year, as they reflect variations in business performance and the vesting of senior executive incentive schemes. More males received senior executive incentive scheme pay-outs, typically granted several years ago, and they were typically of a higher value than females.

There is still work to do. Whilst our mean hourly gender pay gap is in favour of females, the median pay gap remains. A continued focus is needed to increase female representation throughout the business.

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.

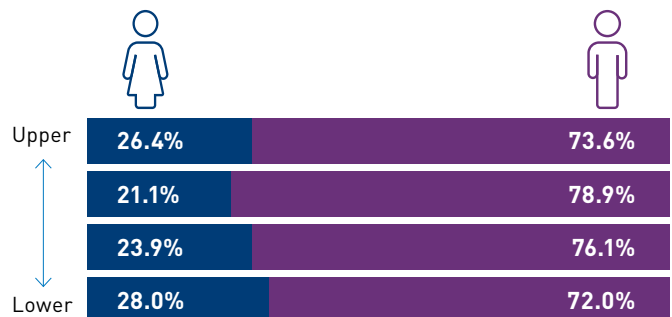
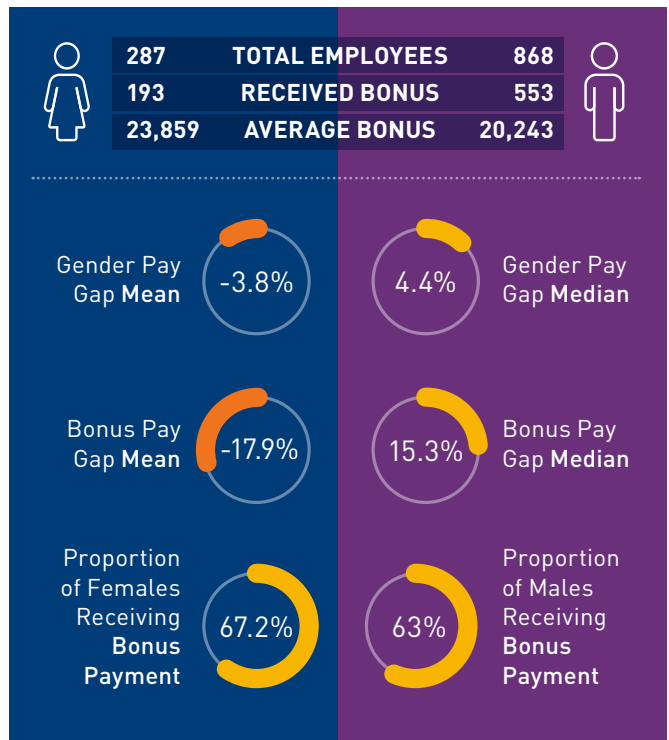
### PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

Women are distributed more evenly throughout the pay quartiles and there is a continuing increase in the percentage of females in the upper quartile, driven by our goals to increase the number of women in leadership. The proportion of women in our global workforce is 28% and we are committed to improving the gender balance at Smiths throughout the organisation.

### 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.



## MAKING PROGRESS

Our primary focus in terms of gender diversity is on developing senior leadership roles at Smiths for women, as well as in technology and engineering roles. Over the last year we have undertaken several initiatives including:

- Placed a significant emphasis on our diverse pipeline of talent, establishing clear processes and stage gates in areas such as succession planning for critical roles
- Improved our leadership diversity index - the proportion of people who sit in key feeder roles to the executive committee who are diverse, with a focus on gender diversity
- Strengthened our internal talent progression rate – the proportion of people we promote into feeder roles below the executive committee. 80% of roles are now hired internally, vs 40% in the past, again with a focus on gender diversity
- Initiated an executive committee mentoring scheme with every one of our members mentoring up to four people. More than half of these mentees are women and roughly a third have already been promoted or moved into positions with new responsibilities
- Focused on gender balance in our executive committee: Since our CEO came on board, of his six new appointments to his team, there has been a 50-50 male female split.
- Joined the '25x25', an initiative championed by our CEO to increase the number of women CEOs in the FTSE
- Initiated CEO roundtables enabling our emerging and future leaders to meet with our executive team and discuss leadership, performance and strategy

Crucially, actions start from the very top – and we are pleased to report that our Board are actively engaged in diversity initiatives. We have four exceptional Board members who are women and most recently one of our Board members joined an extended leadership summit to share learnings from her career on building a high performing organisation.

And we are not resting on our laurels. There is much more to do, and these initiatives and more continue to be in focus over the coming year and beyond as part of our ongoing commitment to champion all forms of diversity and inclusion within Smiths Group.

### Parental Leave\*

In the UK, we offer enhanced maternity leave of 26 weeks fully paid leave and 2 weeks fully paid paternity leave. We also offer fully paid adoption leave and shared parental leave during the first 26 weeks following the adoption or birth of a child. Further parental leave is available for up to 52 weeks following the adoption or birth of a child, paid in line with statutory requirements.

*\*eligibility criteria apply*



 c 15,000 colleagues

 in more than 50 countries

 c 1,200 colleagues in the UK

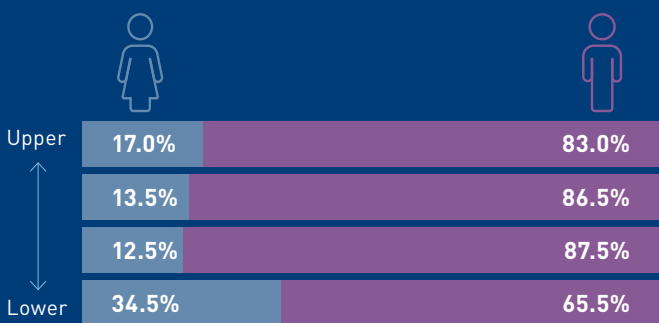
## SMITHS IN THE UK – REPORTING ENTITIES

Two 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 as at 5 April 2022.

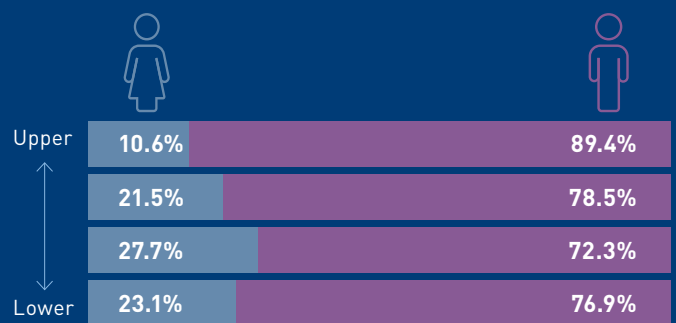
Gender Pay Gap Calculations	John Crane UK Limited	Smiths Detection-Watford Limited
Gender Pay Gap Mean	4.2%	16.8%
Gender Pay Gap Median	19.6%	16.5%
Bonus Pay Gap Mean	-27.9%	34.0%
Bonus Pay Gap Median	29.7%	23.8%
Proportion of Females Receiving Bonus Payment	51.4%	83.3%
Proportion of Males Receiving Bonus Payment	57.5%	87.0%

### PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

#### John Crane UK Limited



#### Smiths Detection-Watford Limited



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.

John Crane UK Limited 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 Limited has an increase in the hourly pay gap however the bonus pay gap has reduced significantly as site bonus plans paid out, where they did not in 2021.



## UK GENDER PAY REPORT

We confirm the information and data reported is accurate as of the snapshot date of 5 April 2022.

A handwritten signature in black ink, appearing to read 'Adam Powell'.

**Adam Powell**  
Senior Finance Director  
Financial Planning &  
Analysis John Crane UK LTD

A handwritten signature in black ink, appearing to read 'Richard Thompson'.

**Richard Thompson**  
Vice President Marketing  
Smiths Detection-Watford LTD

**smiths**