



Smiths Group plc
UK GENDER
PAY REPORT
2017

smiths

bringing technology to life

INTRODUCTION

Smiths is a global business with five divisions and around 22,000 colleagues in more than 50 countries. The Smiths Way is how we do things in Smiths. It embodies our shared values of respect, ownership, integrity, customer focus and passion, which guide our actions and behaviour every day, no matter what our role.

Our customers, colleagues, suppliers and shareholders span varied industries and are located in numerous countries around the world, representing many global markets and cultures. To fuel the growth of our company and meet the evolving needs of our diverse stakeholders, we must draw on the innovative thinking of a diverse employee population.

We're committed to building a diverse and inclusive organisation that learns and grows with the innovation and curiosity that comes from a truly global-minded company.



c 22,000
colleagues



In more than 50
countries

c 1,400
colleagues



In the
UK

“At Smiths we see doing things the right way not as a choice but as a responsibility. We believe our approach to Diversity & Inclusion will result, amongst much else, in a closing of the gender pay gap, helping ensure our people, our stakeholders, and our company benefit as we become a truly diverse and inspiring global business.”

Andy Reynolds Smith
Chief Executive

GENDER PAY REPORTING REQUIREMENTS

This document is in line with UK Government regulations for gender pay gap reporting for companies in the UK.

The regulations encourage employers to take informed action to close their gender pay gaps where one exists. Every year those who employ more than 250 employees must report calculations which show the pay gap between female and male employees.

SMITHS IN THE UK – TOTAL UK POPULATION

Smiths is a UK plc, headquartered in London. Of our approximately 22,000 people worldwide, around **6% 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.

Only our **John Crane** and **Smiths Medical** divisions separately employ more than **250 people in the UK**, and the detail of their figures can be found later in this report.

This report shares our 2017 gender pay numbers, and the actions we're taking through our **Diversity & Inclusion Plan** to help reduce this over time. 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 analyses across various groups to ensure equity.



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

27.1%

Gender Pay Gap
Median

24.6%

Bonus Pay Gap
Mean

22.7%

Bonus Pay Gap
Median

11.0%

Proportion
of Females
Receiving
Bonus
Payment



38.5%

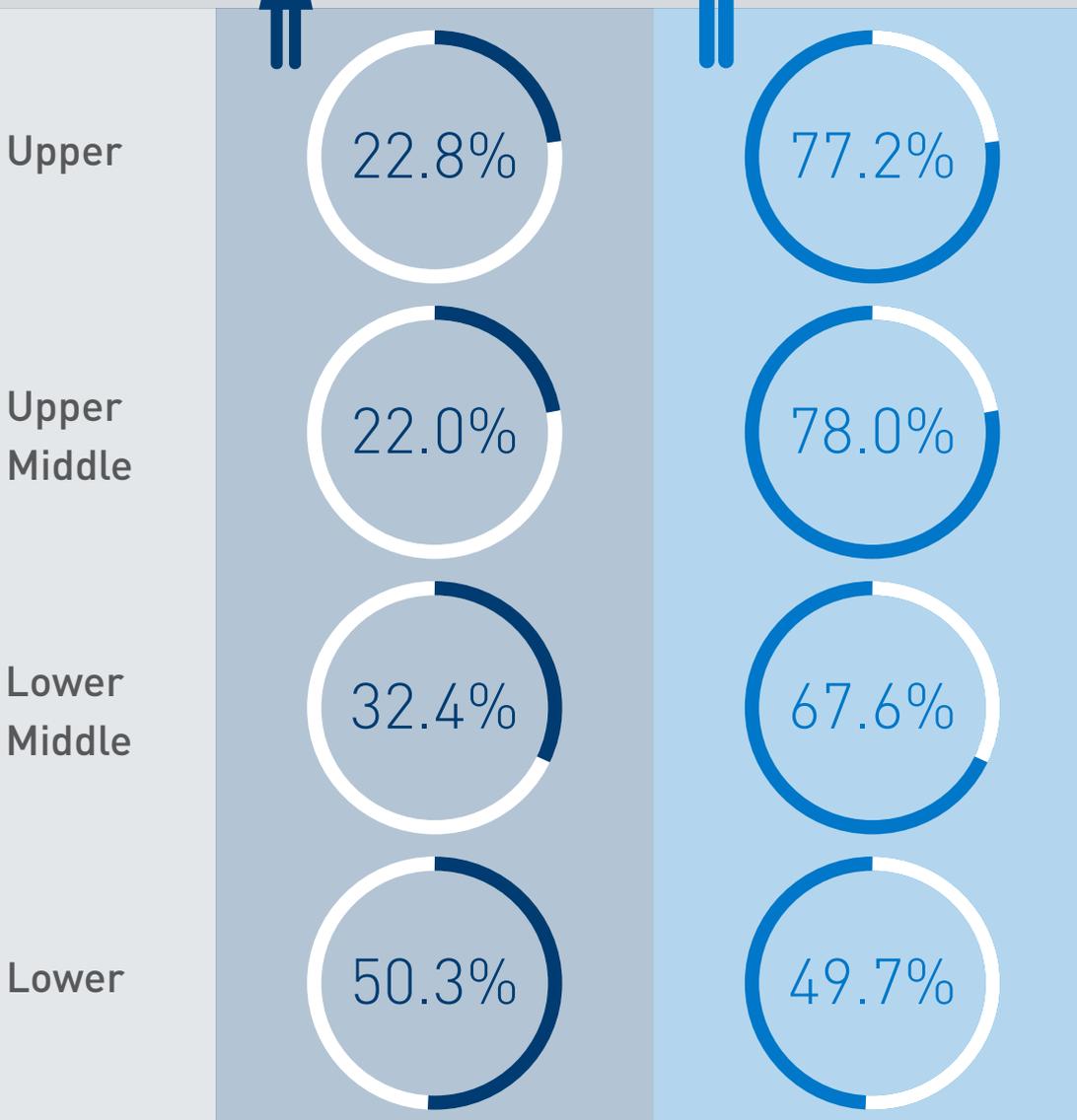
Proportion
of Males
Receiving
Bonus
Payment



60.7%

PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

Pay quartile  **Females** 31.9% population  **Males** 68.1% population



Our gender pay gap is primarily driven by the imbalance of female colleagues in the more senior levels of the organisation.

Our overall UK population is 68.1% male and 31.9% female, with the highest paid quarter of our population further skewed to **77.2% male and 22.8% female**.

We believe the lower tenure of females (**8.7 years**) also contributes to the differential, with the average tenure for males at Smiths being **11.5 years**, both over the same period as the gender pay figures in this document.

Furthermore, a critical pool of talent for Smiths is the engineering and technical professions, in which females have historically been significantly underrepresented in the market, both in the UK and globally.

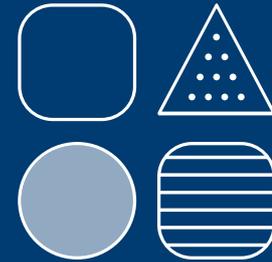
These engineering and technical roles are also a primary source of candidates for promotion and appointment into management and leadership positions, and so the historical underrepresentation of females in these roles also impacts the composition of the Middle Upper and Upper quartile bands, where the most senior and highly paid roles are represented.

OUR ACTIONS – OUR DIVERSITY AND INCLUSION PLAN

Our plan for Smiths is to increase the diversity of our entire population, including more equal representation of women, because we believe this leads to a more engaged, more effective workforce and better business outcomes.

Our recently introduced Diversity and Inclusion Plan is in support of this intent. Our overarching goals and objectives are noted below, and the plan itself is available on our corporate website at www.smiths.com.

Our aim is a supportive, inclusive environment with managers and team members discussing challenges and accomplishing work in a respectful manner. By embracing our differences, we'll attract, retain and inspire a highly productive and engaged workforce and be better prepared to outperform our competitors.



Our success depends on the diverse perspectives our team brings to work every day. Our workplace respects and values each individual for their diversity and supports them in contributing to their fullest.

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 success depends on the diverse perspectives our team brings to work every day. Our workplace respects and values each individual for their diversity and supports them in contributing to their fullest.

Respect is one of our **five core values** at Smiths, and diversity and inclusion is woven into every aspect of our culture, led by CEO Andy Reynolds Smith, the senior leadership team and our dedicated VP of Culture and Diversity, Gretchen Rawdon.

To foster this culture, we listen to our colleagues through two-way dialogue to determine what would best help them succeed at work through our twice-yearly My Say survey and ongoing manager conversations. We also track progress through our Inclusion dashboard.

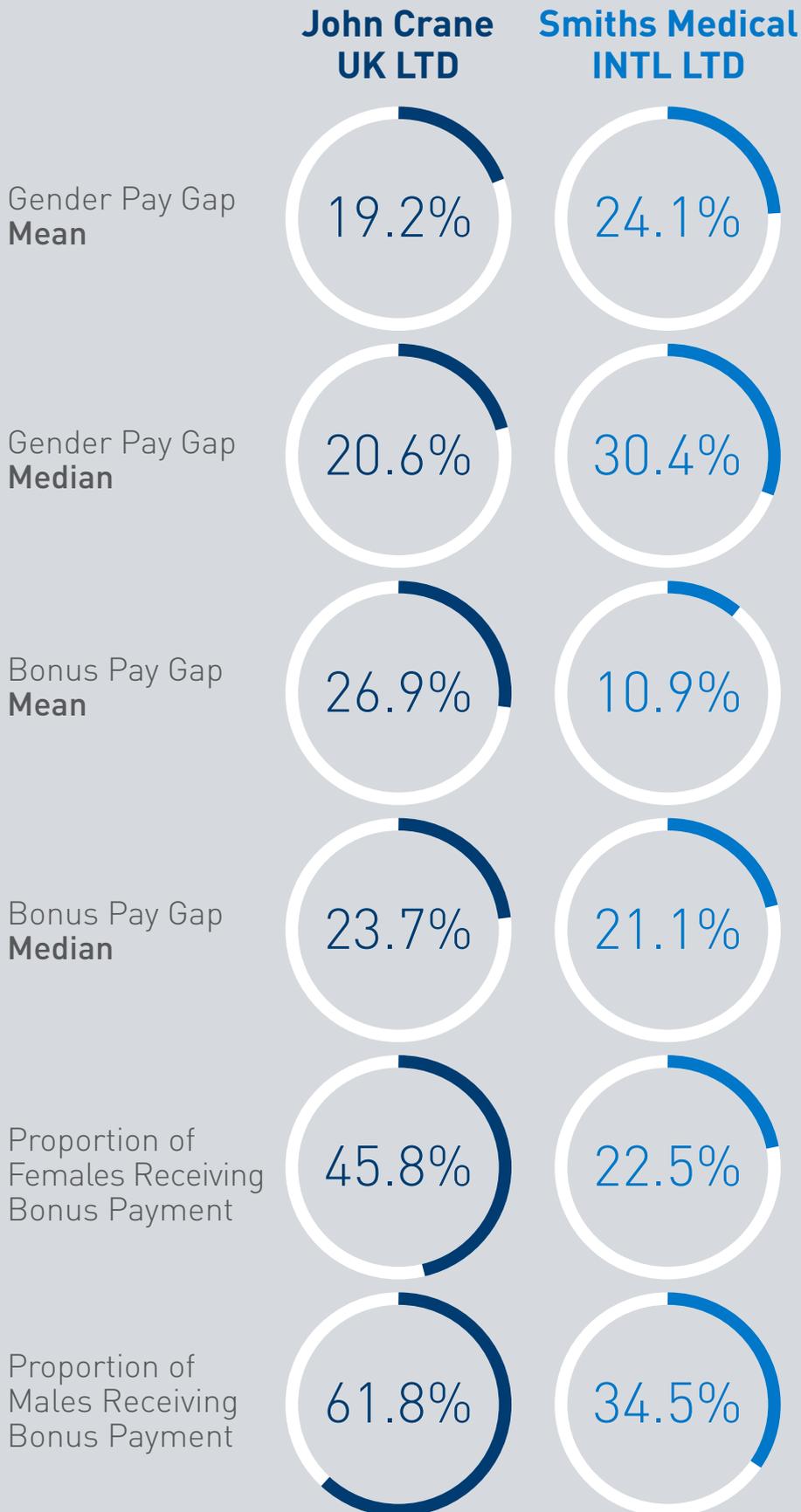
Avoiding bias in our organisation is part of our approach, completing calibrations of performance ratings, merit increases and bonus pay analyses across various groups to ensure equity. These types of programmes and processes support our leadership's commitment to creating a diverse and inclusive work environment.

- Dedicated VP of Culture and Diversity and a supporting team
- Introduced an unconscious bias training programme for all colleagues
- Created a Women's Leadership Network focused on developing strategies and programmes to attract, develop and retain high-performing women
- We run STEM apprentice and graduate programmes in engineering and finance to attract and develop a truly diverse intake of early career talent



SMITHS IN THE UK – REPORTING ENTITIES

GENDER PAY GAP CALCULATIONS



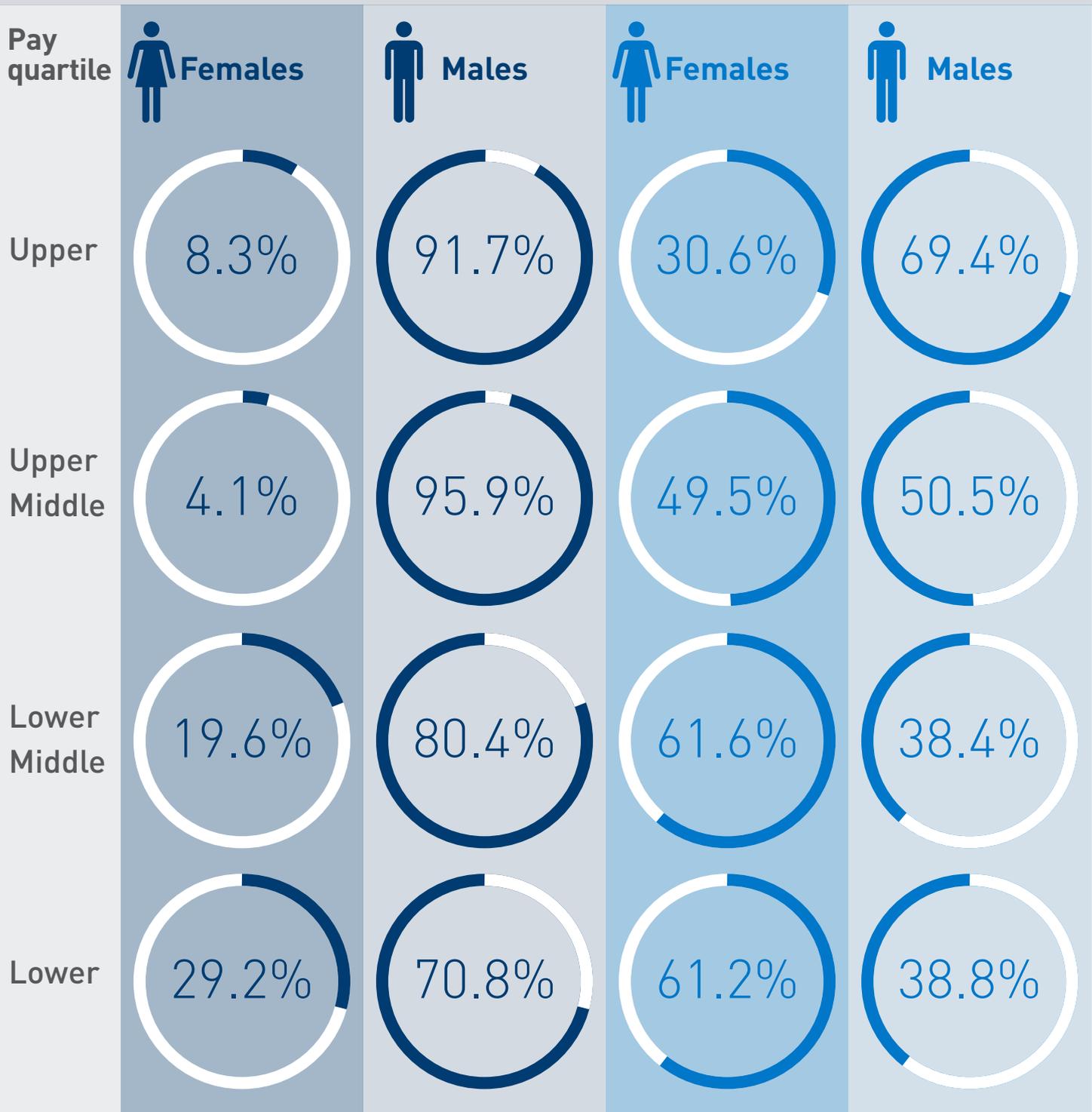
The gender pay gap shows the difference between the mean (average) and median (mid-point) hourly earnings and bonuses of male and female employees, expressed as a percentage of male colleagues' earnings.



PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

John Crane UK LTD

Smiths Medical INTL LTD



John Crane and Smiths Medical both have lower gender pay gaps than the overall Smiths UK population, however, they have a mixed story in respect of female representation.

Smiths Medical has a more balanced gender mix although a similar level of overall pay gap to the total Smiths UK population. John Crane has significantly lower female representation in the UK and globally, influenced by a historical under-representation of females in the engineering industries and a high percentage of long-tenured employees.

We confirm the information and data reported is accurate as of the snapshot date of 5 April 2017



Adam Powell,
Controller, EMEA,
John Crane UK Limited



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