

smiths

Smiths Group plc  
UK GENDER  
PAY REPORT  
2018

smiths



# INTRODUCTION

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

We work in The Smiths Way - it embodies our shared values of respect, ownership, integrity, customer focus and passion. Our values guide our actions and behaviour every day, no matter our role. They are the foundation of our commitment to build a truly diverse and inclusive organisation.

Our stakeholders, including our customers, suppliers, shareholders and colleagues, span numerous global industries, end-markets and cultures. Building ever stronger relationships and meeting the evolving needs of all stakeholders helps fuel the growth of our business - and requires the innovative thinking of a diverse colleague population that is in tune with the world around them.

We're proud to be a business that learns and grows with the innovation and curiosity of a truly globally-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're pleased to see our Gender Pay Gap improving compared to our first report, while we recognise there's a good way still to go. We'll continue to prioritise our Diversity & Inclusion efforts to help close the gap, and increase diversity across our 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. 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.

# 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.

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

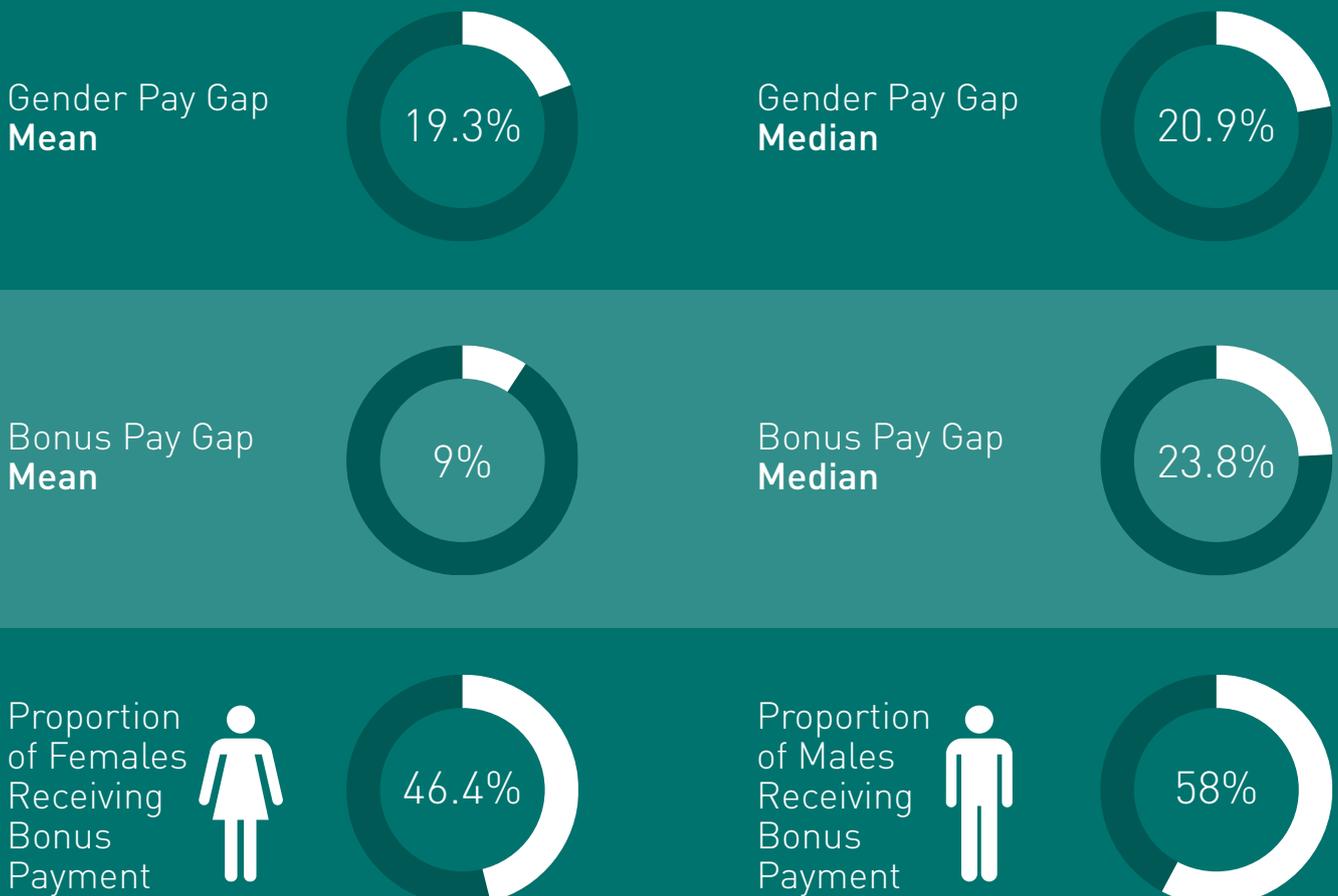
This report shares our 2018 gender pay numbers, and some of what we're doing

through our Diversity and Inclusion Plan to help reduce this gap. 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.

We're pleased to share our progress over the last year, showing that our actions around diversity and inclusion are having an impact. We've reduced the mean gap by nearly 8% and the mean bonus gap by more than 13% 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.



This progress has come, in part, by an increasing number of women in higher-level roles. This has increased the number of women in the upper pay quartiles by +4.5% over the last year. Our gender pay gap is still primarily driven by the imbalance of female colleagues in more senior levels - our overall UK population remains 68.1% male and 31.9% female. The top two pay quartiles, although showing some progress since last year, are still skewed to 75.1% male and 24.9% female.

A critical pool of talent for Smiths remains the engineering and technical professions, in which

females have historically been significantly underrepresented in the market, both in the UK and globally.

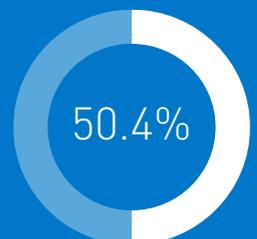
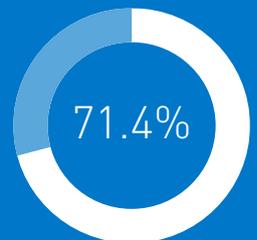
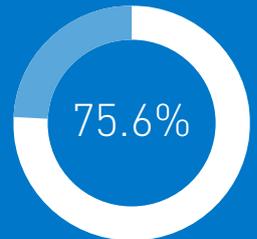
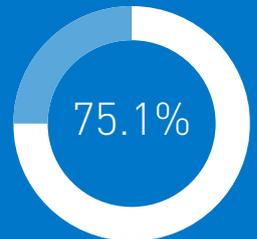
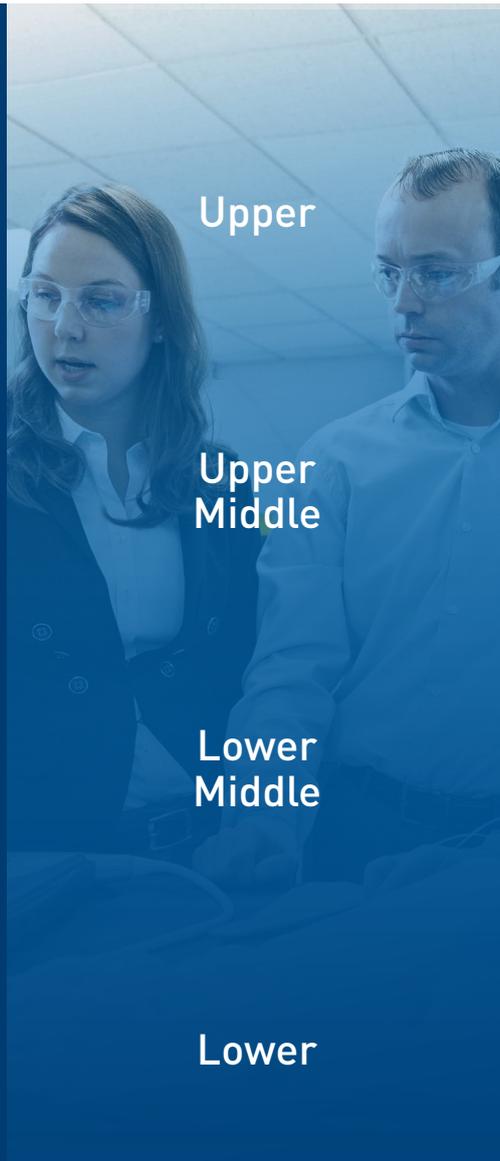
These engineering and technical roles are also a primary source of candidates for promotion and appointment into management and leadership positions, so the historical underrepresentation of females in these roles also impacts the composition of the Middle Upper and Upper quartile bands, where the most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

## PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

**Females**  
31.9% population

**Pay**  
**quartile**

**Males**  
68.1% population

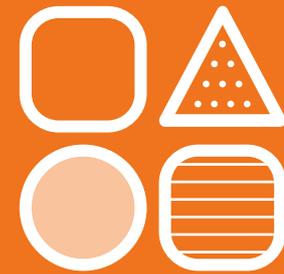


# OUR ACTIONS – OUR DIVERSITY AND INCLUSION PLAN

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 Diversity and Inclusion Plan is in support of this. Our overarching goals and objectives are noted below with the plan available on [www.smiths.com](http://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 colleagues bring to work every day. Our workplace respects and values each for their diversity and supports them in contributing to their fullest.

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

To foster this culture, we listen to colleagues to determine what would best help them succeed through our twice-yearly My Say survey and manager conversations. We track progress through our Inclusion dashboard, capture real-time feedback and take action in the areas that matter most.

## 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:

- Held our first global D&I Forum, a three-day virtual event with 10 senior leaders discussing the importance of diversity and inclusion with more than 2,500 colleagues
- Hosted our inaugural Smiths Day global celebration of all things Smiths which highlighted the diverse and global nature of our colleagues and business, drawing us together through shared pride and a strong drive for a diverse and inclusive future
- Created a new programme focused on further developing our value of Respect to be introduced to all colleagues in the months ahead
- Introduced a new recruiting approach, including balanced slates and balanced interview panels
- Highlighted a selection of our talented female engineers through video and case studies on our website

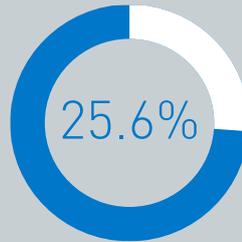
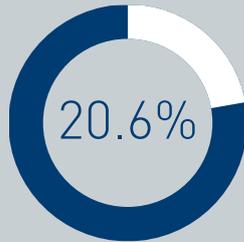


# SMITHS IN THE UK – REPORTING ENTITIES

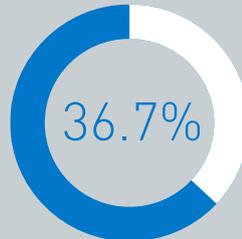
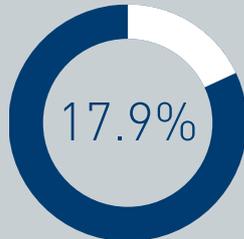
## GENDER PAY GAP CALCULATIONS

**John Crane  
UK LTD**      **Smiths Medical  
INTL LTD**

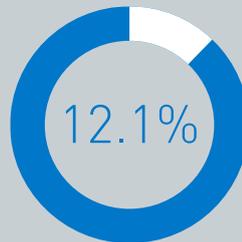
Gender Pay Gap  
**Mean**



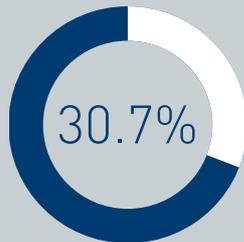
Gender Pay Gap  
**Median**



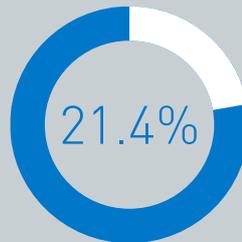
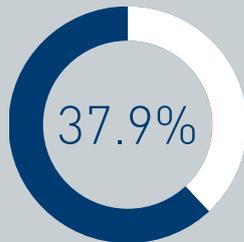
Bonus Pay Gap  
**Mean**



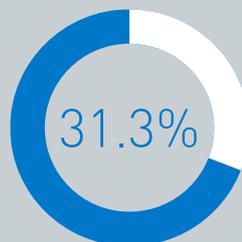
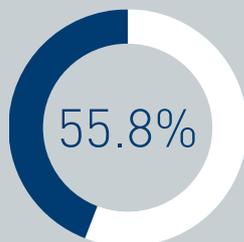
Bonus Pay Gap  
**Median**



Proportion of  
Females Receiving  
Bonus Payment



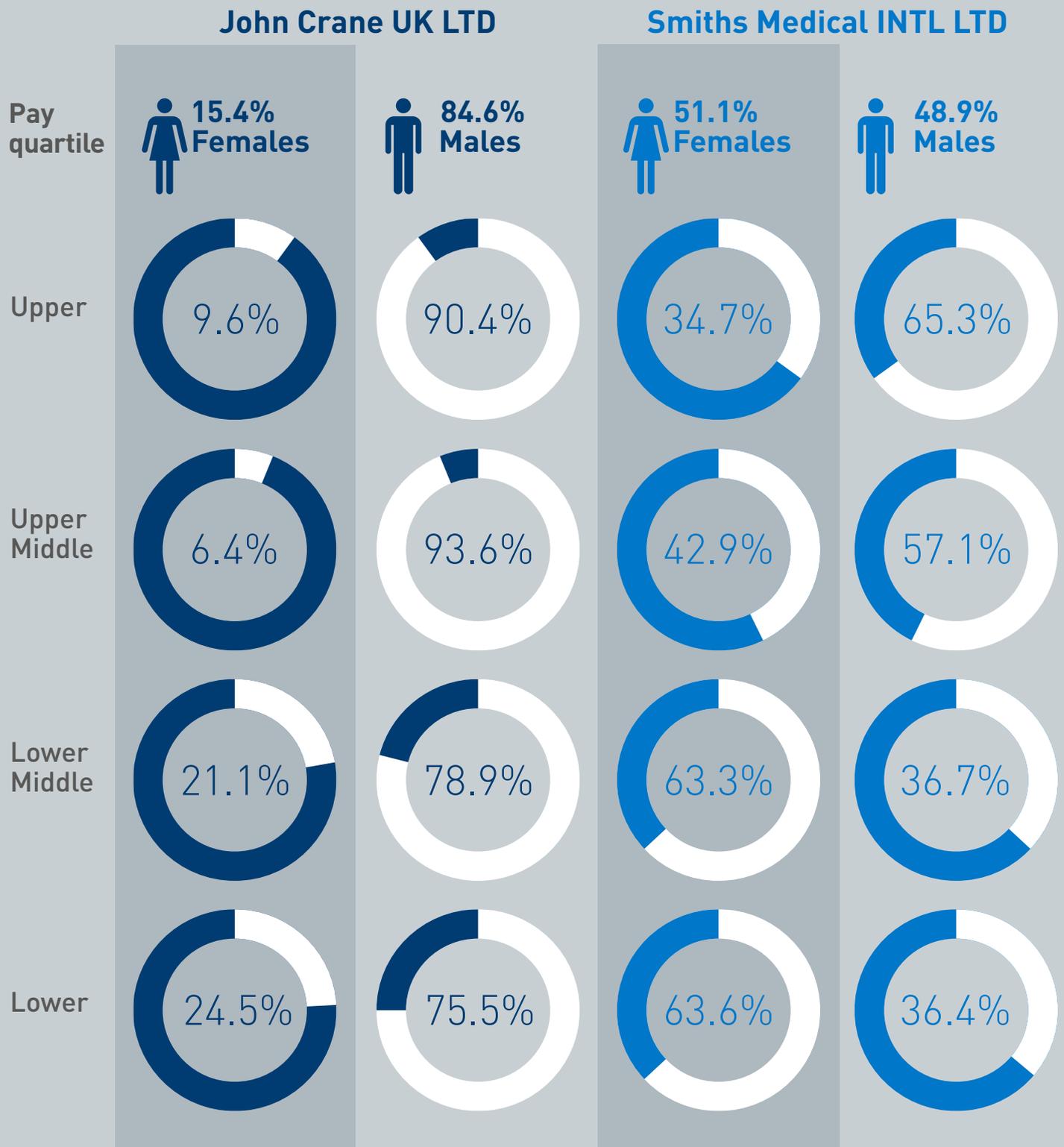
Proportion of  
Males Receiving  
Bonus Payment



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 and Smiths Medical International's pay gap numbers have increased slightly since the last report, indicating that the positive outcomes we have achieved to date in closing the pay gap have come from our other division and Group offices in the UK.

Smiths Medical has a balanced gender mix of 48.9% male and 51.1% female, though more senior jobs continue to hold male incumbents. 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 2018

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**Adam Powell,**  
Controller, EMEA,  
John Crane UK Limited



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