



UK GENDER PAY REPORT

2023

smiths

INTRODUCTION

Smiths Group is a 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.

We are pioneers of progress – improving our world through smarter engineering.

Smarter engineering enables us to solve the toughest problems for our customers and address critical global needs in our markets. At the same time building the long-term sustainability of Smiths and its global operations. We are united by our purpose. It is what we do, how we think, and how we will continue to use our passion for technology and engineering.

Our biggest people initiative in 2023 was the continued rollout of our Smiths Leadership Behaviours to define our expectations for an inclusive and high-performance culture. We continued the rollout of these seven behaviours to fully embed them throughout the organization. Alongside Smiths Leadership Behaviours, talent development is a key priority.

We are focused on growing and promoting talent from within and promoting diversity, equity and inclusion is a priority.

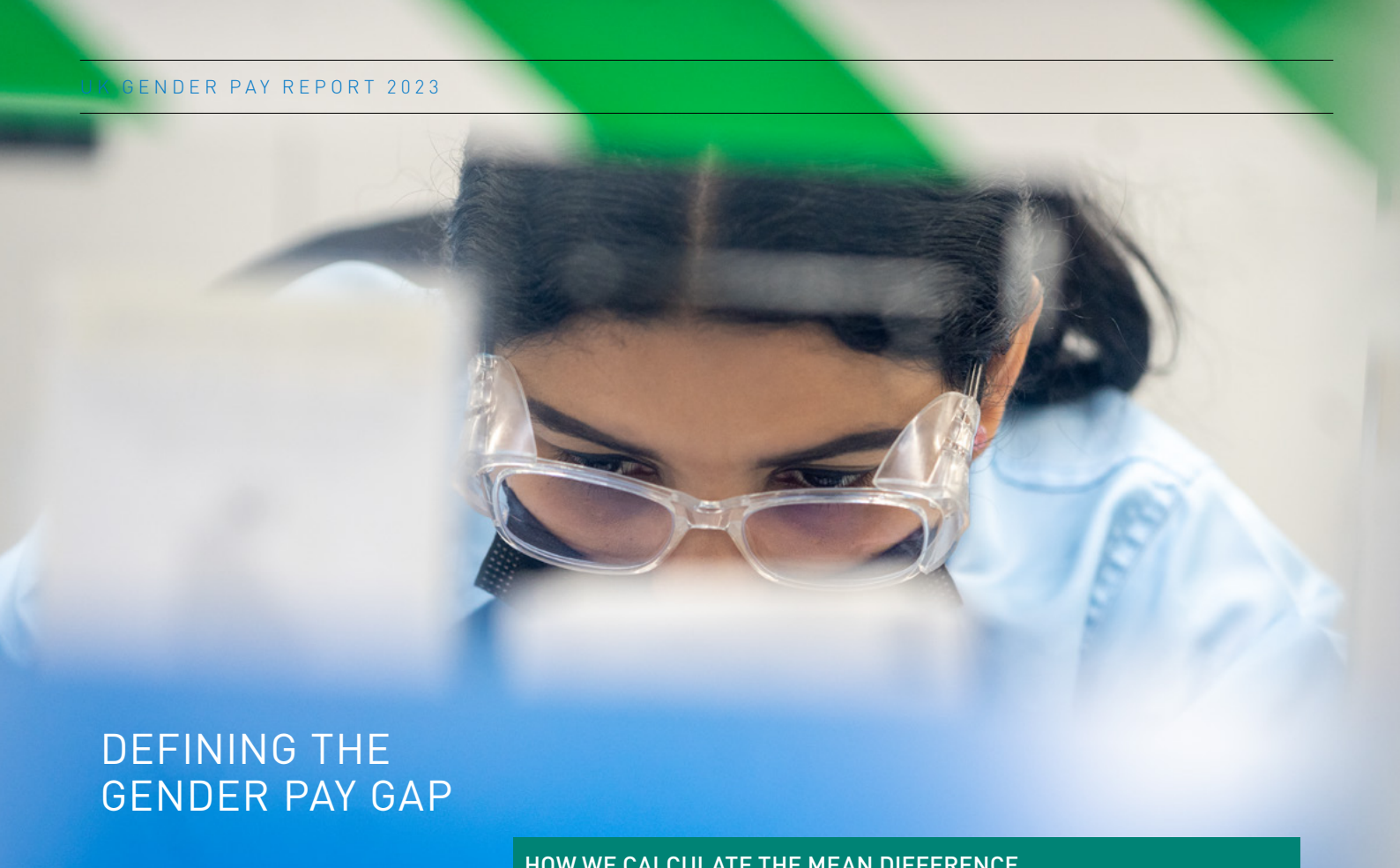
We are specifically focused on increasing gender diversity at all levels of the organisation and we have ramped up our initiatives this year, including introducing women's support networks and flexible working arrangements.

This year's gender pay gap report shows that overall, we continue to go down the path towards closing the gap since our first published report in 2017. At the same time, progress isn't linear and year-to-year fluctuations in the data demonstrate that we must continue to prioritise this area with ongoing support from leadership. We are committed to closing the gap and are determined to make further, sustainable progress in years to come.



“Our commitment remains steadfast to improving gender balance and understanding better the challenges that are unique to women in advancing their careers, including through closing the gender pay gap. Together, we can move the conversation forward and create the right environment to help the women leaders of today – and tomorrow – flourish”

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

$$\text{TOTAL HOURLY PAY} \div \text{NUMBER OF WOMEN} = \text{MEAN FEMALE AVERAGE PAY}$$


The difference is the mean hourly pay gap

$$\text{TOTAL HOURLY PAY} \div \text{NUMBER OF MEN} = \text{MEAN MALE AVERAGE PAY}$$


HOW WE CALCULATE THE MEDIAN DIFFERENCE



The difference is the median hourly pay gap



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 (-11.4%) and median (-3.0%) hourly pay gap are both in favour of women.

A key factor influencing our gender pay gap is the significant representation of women in leadership and higher-paying roles. Women are well-represented in executive positions, occupying a substantial proportion of decision-making roles. The distribution of women in these higher-paying roles has contributed to an overall positive gender pay gap.

Bonus pay gaps continue to 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 payouts, typically granted several years ago, and they were typically of a higher value than females.

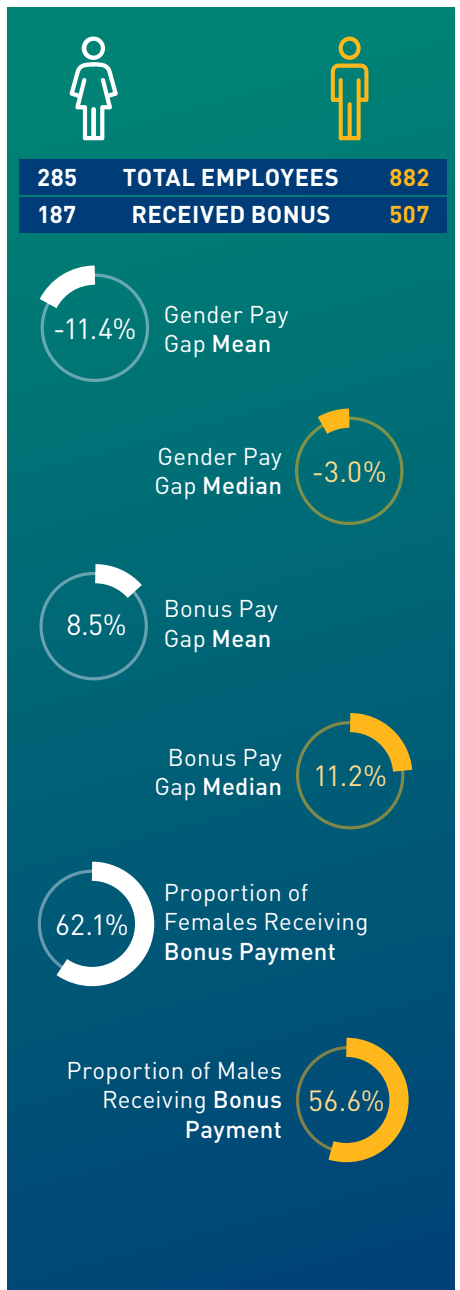
A continued focus is needed to increase female representation throughout the business.

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.

GENDER PAY GAP CALCULATIONS

TOTAL SMITHS UK

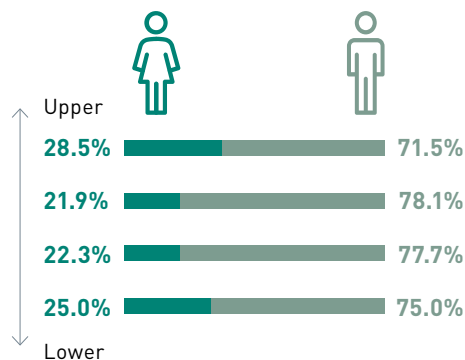
The gender pay gap shows the difference between the mean (average) and median (mid-point) hourly earnings and bonuses of female and male employees, expressed as a percentage of male colleagues' earnings.



PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

Smiths has continued to see an increase in the percentage of females in the upper quartile, driven by our focus on improving the number of women in leadership.

The proportion of women in our global workforce is 29% and we are committed to improving the gender balance at Smiths throughout the organisation.



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.



- c 15,000 colleagues
- in more than 50 countries
- c 1,200 colleagues in the UK

Over the last year we have undertaken several initiatives including:

- Sustained a significant emphasis on our diverse pipeline of talent, establishing clear processes in areas such as succession planning for critical roles.
- Improved our leadership diversity index - the proportion of colleagues who sit in key feeder roles to the Executive Committee who are diverse, with a focus on gender diversity.
- Extended our Executive Committee Mentoring scheme launched last year to include the next level within Smiths, with every Executive Committee member mentoring up to four people. Currently, 40% of these mentees are women and roughly a quarter have already been promoted into positions with new responsibilities.
- Hosted a DEI event at our UK HQ with some of the UK's biggest engineering, industrial, aerospace and defense companies alongside 25X25 Limited. The event championed diversity, helped us learn from each other and deepened the discussion on the barriers to improve gender balance. More than 60 women participated in the discussion and the panel consisting of CEOs and executives from their businesses.
- We launched a series of Listening Roundtables engaging our Women in Senior Leadership and Women in Engineering globally. This initiative was further integrated with our #EmpowerYou program, incorporating elements from #Iamremarkable. After completing 4 successful pilots, the initiative is being rolled out globally.
- Our leaders are instrumental in advancing our Diversity & Inclusion agenda, as exemplified during the Senior Leadership Team Summit. We witnessed significant engagement with the problem statement presented, accompanied by a strong commitment to both sharing insights and implementing actionable plans.

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.

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



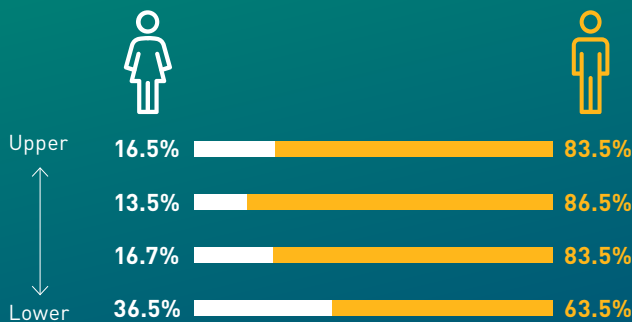
SMITHS IN THE UK – REPORTING ENTITIES

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 2023.

Gender Pay Gap Calculations	John Crane UK Limited	Smiths Detection-Watford Limited
Gender Pay Gap Mean	-1.1%	2.0%
Gender Pay Gap Median	21.5%	3.1%
Bonus Pay Gap Mean	-67.4%	54.6%
Bonus Pay Gap Median	14.5%	56.3%
Proportion of Females Receiving Bonus Payment	50.0%	47.2%
Proportion of Males Receiving Bonus Payment	59.7%	40.9%

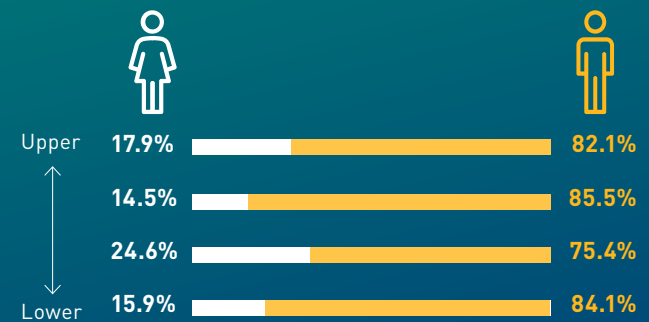
PROPORTION OF FEMALES AND MALES IN EACH PAY QUARTILE

JOHN CRANE UK LIMITED



John Crane UK Limited has a small number of females in the UK, with a number of these in senior global leadership roles which causes a skew in the mean data. There are 80 females compared with 305 males.

SMITHS DETECTION-WATFORD LIMITED



Smiths Detection-Watford Limited has a decrease in the hourly pay gap however the bonus pay gap has increased significantly as site bonus plans did not pay out, where they did in the previous year. There are 50 females compared with 224 males.



UK GENDER PAY REPORT

2023

We confirm the information and data reported is accurate as of the snapshot date of 5 April 2023.

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

Richard Thompson
Vice President Marketing
Smiths Detection-Watford LTD

smiths