

## UK gender pay reporting

On 4 March, Smith & Nephew reported its UK gender pay gap within our annual report and on 29 March have submitted this data to the UK government portal as required. UK gender pay reporting legislation (introduced in 2017) requires employers with 250 or more employees to publish their gender pay ratio for their UK businesses. Smith & Nephew has two entities in the UK that meet this reporting criteria: TJ Smith & Nephew Ltd and Smith & Nephew UK Ltd. To ensure we fully understand the situation at Smith & Nephew, we have analysed the gender pay data for all our UK employees.

Smith & Nephew is committed to being a company that values difference, and where employment practices are based upon equality of opportunity, regardless of factors that are unrelated to the ability of the person to perform the essential functions of the job.

## Our UK gender gap results

Our gender pay gap report reflects the current data of the organization on April 5, 2018, compared with the same date in 2017. Based on this, our reported gender pay gap is greater than we would like. Our mean pay gap for the UK increased from 29% (in 2017) to 31% (in 2018) and the median pay gap from 15% to 21% for the same period. The reasons for the increase are the following:

- A higher level of female attrition with more males being promoted or recruited during the year into senior level positions
- The move of one senior level female executive from the UK to the US early in the year.

It is important to note that the gender pay gap measures average pay rates of men and women across our UK employees, not the difference in pay between male and females doing the same job or work of equal value. Our internal pay ranges, pay practices and bonus structures are gender neutral and our performance management reviews are undertaken on the basis of objective criteria.

## Actions implemented in 2017/18

Over the past year, we have new culture pillars and strategic imperatives that demonstrate our commitment to diversity and inclusion. We have already seen this commitment in action, as we have added additional female leaders at the executive level and strengthened our commitment to attracting and retaining diverse talent. We already have a number of initiatives underway to improve our gender pay ratio at Smith & Nephew, in line with our overall commitment to attracting, developing and retaining diverse talent. These include:

- **Added female leaders to our executive and senior leadership:** Examples include Chief Quality and Regulatory Affairs Officer reporting to CEO, and Finance and EMEA senior leadership reporting to Executive Committee.
- **Developing our female leaders** through programmes such as “Elevate”, which was attended by 280 female professionals in 2018. Elevate has been highly successful and the programme was expanded in 2018 to include first level managers through vice president.
- **Training our Managers and HR.** As part our ambition to identify and develop best talent we have conducted trainings for all people managers globally as well as our Human Resource team to create awareness of and mitigate unconscious biases.

- **Conducting a masterclass for Talent Acquisition Team.** We have conducted a Talent Acquisition Masterclass for our global Talent Acquisition Team in order to further drive Diversity and Inclusion in our recruitment processes and methods.
- **Procuring Talent** by posting jobs using new diverse job channels to be more inclusive in our candidate pipelines.
- **Creating a Female Ambassador Network** with female role models to inspire current and prospective talent to join us. In doing so we have launched an inspiring video on International Women's Day 2018 as well as have launched Story Telling for Senior Females so that female have the tools to tell their unique stories to rising female talent.

### Additional reporting

The data disclosed herein includes all relevant\* employees in the UK as of 5 April 2018. Smith & Nephew has two entities in the UK with more than 250 employees which it is required to report gender pay data for. The data for TJ Smith & Nephew Ltd and Smith & Nephew UK Ltd is included within the overall Smith & Nephew UK gender pay results. It is shown below by entity.

All of our UK-based senior executives are included in the Smith & Nephew UK Ltd dataset. We believe that the overall UK employee data as reported above is representative of Smith & Nephew in the UK.

	Total hourly pay analysis		Proportion of gender type by quartile (Q)								Bonus paid analysis			
	Average variance %	Median variance %	Q1 %		Q2 %		Q3 %		Q4 %		Average variance %	Median variance %	% receiving bonus	
			F	M	F	M	F	M	F	M			F	M
<b>All UK employees</b>	31	21	56	44	44	56	38	62	35	65	48	25	53	63
<b>T.J. Smith &amp; Nephew, Limited<sup>4</sup></b>	14	21	56	44	44	56	39	61	37	63	14	-30	46	56
<b>Smith &amp; Nephew UK Limited<sup>4</sup></b>	42	29	56	44	44	56	37	63	29	71	59	45	69	77

\*Relevant as defined in the regulations from the Equality Act 2010.

## References

1. The mean pay gap is the difference between the average of men's and women's pay.
2. The median pay gap is the difference between the midpoints in the ranges of men's and women's pay.
3. The data was compiled in accordance with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.
4. This represents all of the legally required information for this entity