

UK gender pay reporting

The UK government has introduced a requirement that all employers publish their gender pay ratio for their UK businesses with over 250 employees by April 2018. Two Smith & Nephew businesses meet this reporting criteria, but 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

Today, our overall gender pay gap is greater than we would like. Our mean pay gap for the UK is 29%¹ and median gap is 15%². There are two main reasons for this:

- First, we are a global business headquartered in the UK and a high proportion of our senior executives are based in the UK and are predominantly male, including our two most senior and highly paid positions, our CEO Olivier Bohuon and CFO Graham Baker.
- Second, we have more men than women in senior positions overall.

It is important to note that this gender pay gap measures average pay rates of men and women across our UK employees and does not mean that we are paying male employees more than female employees for 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.

Beneath the most senior management level the gap narrows considerably; mean gap is reduced to 18% and median gap down to 14%.

Actions underway

While we believe that all our employees are paid fairly for the role that they do, we recognise that more work is needed to improve the gender pay gap and are addressing the factors that contribute to this in our workforce, including:

- **Developing our female leaders** through programmes such as “Elevate”, which more than 275 female professionals attended in 2017. Elevate has been highly successful, with the majority of participants stating they prioritise making time to attend the monthly webinar sessions and more than one-third promoted or changed roles in the past year.
- **Improving promotion and recruitment processes** to reduce gender-bias, improving female representation on succession planning and delivering inclusivity training for managers to reduce possible gender bias.
- **Continuing to expand our Diversity and Inclusion** programmes and to identify immediate areas and opportunities to close the gender pay gap, as well as taking these principles further to outside of UK and reviewing regional and global opportunities.

Additional reporting

The data disclosed herein includes all relevant³ employees in the UK as of 5 April 2017. Smith & Nephew has two entities in the UK with more than 250 employees which it is required to report gender pay data for: T.J. Smith and Nephew, Limited and Smith & Nephew UK Limited. The data for these two entities is included within the overall Smith & Nephew UK gender pay results. It is also shown below by entity as submitted to the gender-pay-gap.service.gov.uk website.

All of our UK-based senior executives are included in the Smith & Nephew UK Limited 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
All UK employees	29	15	55	45	46	54	42	58	36	64	45	17	52	67
T.J. Smith and Nephew, Limited⁴	20	14	56	44	45	55	44	56	35	65	33	8	46	63
Smith & Nephew UK Limited⁴	42	33	56	44	44	56	41	59	31	69	59	29	78	81

References

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

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