

UK gender pay reporting for the period ending 5 April 2023

Smith+Nephew reported our gender pay gap covering all UK employees for the twelve-month period ending 5 April 2023 within our annual report published on 11 March 2024. We have also submitted our data to the UK government portal.

At the heart of our purpose and culture are the principles of respect for difference, transparency, fairness and equity. We do not view these simply as the 'right things to do' but as critical enabler of our business success. Although this analysis provides an update on the UK government requirement to publish our gender pay ratio for our UK employees, it is important to call out that we have a broader imperative focusing on improving inclusion, diversity and equity across our entire global footprint.

Pay equity is key in our commitment to our people. We have a globally consistent approach to managing pay equity, with clear accountability to ensure we are delivering on our commitment. Additionally, we have a clear guidance on hiring, promotions and annual pay review process to maintain pay equity.

Our gender gap results:

It is important to note that the gender pay gap measures the difference between average pay rates of men and women across our UK employees. It does not mean that we are paying male employees differently to female employees for doing the same job or work of equal value. It only reports on the unadjusted pay gap, not taking into consideration our justifiable reasons for differences in pay (for example, performance and talent ratings, premium location). Our internal pay ranges, pay practices and bonus structures are gender neutral and our performance management reviews are undertaken based on objective criteria.

Today, our overall gender pay gap is greater than we would like but we are seeing improvements year on year. Our **mean and median pay gap** for the UK have both decreased from **16% in 2022 to 14% in 2023**. The reportable headcount in the UK is a small percentage of our Global population, and changes in individual incumbent locations can sometimes impact our numbers. We continue to drive female representation in senior roles during our talent management processes and address any pay disparities through our robust compensation reviews.

Our **bonus average** stays unchanged at **22%** and the **bonus median** has decreased from **18% to 14%**, a positive reflection of the expansion of bonus eligibility further in the organization which has helped drive further consistency and improvements.

We are committed to continue our efforts to review and close the gap where possible.

Actions implemented in 2023

We have continued with several initiatives aimed at improving our gender pay ratio at Smith + Nephew, in line with our overall commitment to attracting, retaining and developing diverse talent. These include:

- **Routinely analysing benchmark compensation** data at a country level. Updating our internal salary ranges to ensure they are competitive externally and internally for all jobs irrespective of incumbents.
- **Initiated our Pay Transparency journey**, ensuring that we have the right policy, processes and system capabilities to drive greater transparency of our compensation philosophy and methodologies. This includes completing a regression analysis for ten of our priority markets, including the UK, to enable clear identification of our adjusted pay gap and specifically target any required remediation action.
- **In Talent Acquisition** we continue to focus on having diverse candidate slates and diverse sourcing, and strive to have diverse recruitment panels, wherever possible.
- **Proactively monitoring our female talent through succession plans**, a robust talent review process and key metrics and continued focus on our Sponsorship programme whereby our Executive committee are sponsoring female top talent in their organisations providing a unique development opportunity to build our female talent pipeline.
- **Developing our female leaders** through programmes such as "Elevate", which is a simple, virtual and interactive externally run programme that helps develop our female talent by providing continuous momentum for professional development across the breadth of S+N. It has been designed by women to help other women advance their careers, excel, and thrive in the workplace. The most recent cohort has seen more than 150 female professionals putting themselves forward for the programme which will run for 12 months.
- **Surveyed senior females in the last quarter of 2022** to understand and prioritise areas of focus to help them develop and advance at Smith and Nephew. Some actions following the survey were:
 - Continue our acceleration programmes such as 'Sponsor+' to provide additional exposure and development to our senior female talent. The latest cohort concluded in June 2023 consisted of 73% of females and more than 150% of them had career advancements in the form of promotions or lateral moves.
 - Providing further management training in unconscious biases and allyship.
 - Embedding mitigation of unconscious bias in all our people process:
 - Guidance around mitigating Unconscious bias into our annual people processes such as performance & talent processes.

- Use Visual Aids: presenting Workday profile photos alongside talent data gives a visual representation of how diverse teams are. It is easier to then 'spotlight' the discussion on any patterns in underrepresentation of certain groups.
- Role of Inclusion Interrupter & bias champions in Talent reviews: Acknowledges bias in discussions and encourages participants to focus on facts rather than personal observations.
- **Rolling out engaging career conversations** interactive guides and micro learnings to support more transparent development conversations.
- **Continue to train our leaders and managers** on how to lead inclusively.
- **Champion our Employee Inclusion Groups (EIGs)** around the globe, along with driving the right governance, frameworks, and dedicated sponsorship. Driving greater inclusion by educating, supporting, enabling and celebrating the gender diversity of our employees via our Women's Network EIGs, e.g., Society of Women in Engineering (SWE), HerIzon Women's Inspired Network (Women in Commercial), Gender Alliance for Inclusion (G.A.I.N), and Women Inclusion Network (WIN), Women in Manufacturing and Women in Technology. Sessions hosted by our EIG's cover three core pillars, Professional Development, Advocacy and Network and are inclusive of various topics, for example career pathways, personal branding etc, delivered by sharing insights and personal stories.
- **Launched Our "Commitments"** to replace our Winning behaviours, which includes a specific focus on inclusion and diversity. This is cascaded and actively discussed throughout the organization and embedded into our performance & talent processes.
- **Launch of our 9-member Global Inclusion Council**, 5 of the members are females.