

## UK Gender Pay Gap reporting 2024

Smith+Nephew is a leading global portfolio medical technology business focused on restoring people's bodies, and their self-belief. We design and make technology that takes the limits off living so patients can live a Life Unlimited.

Our purpose of Life Unlimited and our culture of care, collaboration, and courage, are the foundation of everything we do. 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 enablers of our business success.

Our remuneration strategy is designed to motivate talent to achieve our strategic objectives, deliver on customer commitments, innovate to improve patient outcomes, inspire our employees, and drive long-term success and growth, ultimately delivering value to our shareholders.

Pay equity is key in our commitment to our people. This comprises more than just salary, it covers all contractual terms and conditions of employment, including holiday entitlements, incentives, pension payments and other benefits. We have clear accountability to ensure we are delivering on our commitment through our hiring policies, performance management and reward processes.

### The Gender Pay Gap

For employers with over 250 employees in the UK, it is a requirement to report on the company's gender pay and bonus gap annually. The gender pay gap is the difference between the average earnings of men and women in an organisation.

We report both the 'mean' difference and the 'median' difference. The mean pay difference is calculated by taking the average hourly earnings of everyone in an organisation, including their pay and bonus, and comparing the difference between men and women. The median pay difference is calculated by taking the figure in the middle of the range of pay and bonus organised from the lowest to the highest.

The pay gap is a measure largely influenced by the gender composition of the overall UK workforce and within job families and senior management. It only considers the difference on an unadjusted basis and does not take into consideration justifiable reasons for any differences, for example, job family, performance, skill, and experience.

We also report the mean and median bonus pay gap and the proportion of men and women who receive a bonus, as well as the distribution between genders across pay quartiles.

### Our Gender Pay Gap Results

The data disclosed includes all relevant employees in the UK as of 5 April 2024, which represents 8% of our total global headcount. Smith+Nephew has two entities in the UK, TJ Smith and Nephew Limited and Smith and Nephew UK Limited, and we continue to report on both entities.

Today, our overall gender pay gap is greater than we would like but we are seeing improvements year on year as the actions we are taking to reduce the gap have a positive impact. Our mean pay gap for the UK has reduced from 14% in 2023 to 13% in 2024 and our median pay gap has reduced from 14% in 2023 to 10% in 2024.

Our Mean bonus gap has increased from 22% to 25% and the Median bonus gap has also increased from 14% to 24%, the increase in the gap is mainly driven by more men in sales roles who are eligible for higher earnings through sales commissions compared to those who participate in our annual incentive plans.

Our pay structures and incentive plans are assigned to employees based on their job, grade, geography, and the business they support. As a result, the gender pay gap can be influenced by the number of males and females in senior level roles as well as in different job families.

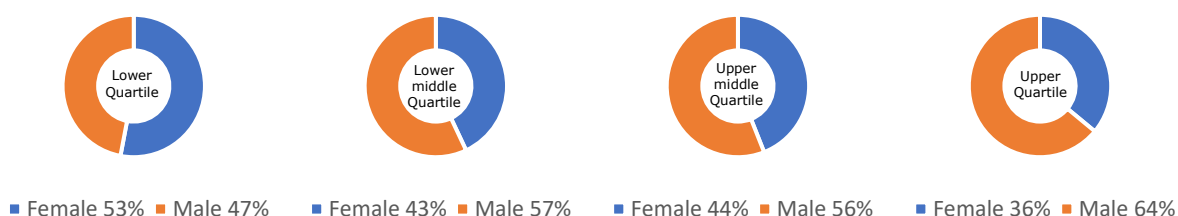
We will continue to drive female representation in senior roles through our talent management processes and address any pay disparities through our robust pay reviews and continue our efforts to review and close the gaps through consistent and unbiased global pay and incentive plans.

## Additional Data

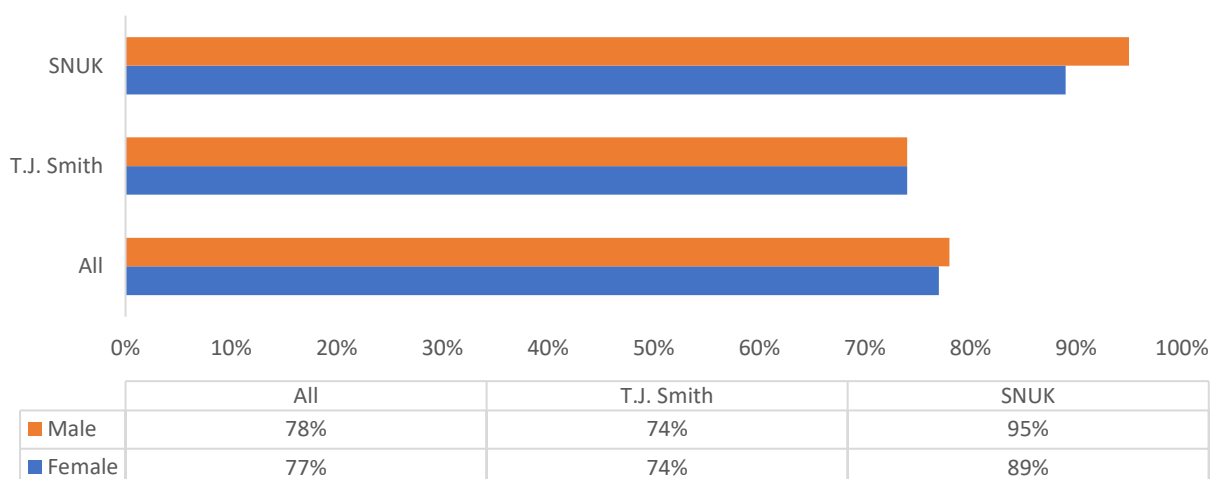
The breakdown of our pay and bonus gap by UK employing entity is shown below.

	Mean Pay Gap	Median Pay Gap	Mean Bonus Gap	Median Bonus Gap
<b>All UK employees</b>	13%	10%	25%	24%
<b>TJ Smith and Nephew Limited</b>	16%	12%	32%	29%
<b>Smith and Nephew UK Limited</b>	8%	6%	14%	23%

The breakdown of pay by gender and pay by quartile is shown in below.



The percentage of men and women receiving a bonus is shown below. For this purpose, bonus includes all forms of incentives such as annual incentive plan, sales incentive, share-based awards, one-time payments and sign-on bonuses.



## Actions implemented in 2024

We recognise the need to support all employees regardless of their gender identity. We want to foster ownership of, and accountability for, driving inclusion and belonging across the company. Several initiatives have been targeted at improving our gender pay ratio in line with our overall commitment to attracting, retaining, and developing diverse talent.

- **Competitive pay data & analysis** - We have updated our internal pay ranges to ensure they remain competitive externally and internally for all jobs irrespective of incumbents. We also conducted an analysis and made a number of adjustments to realign pay.
- **Pay transparency** - We have taken steps to ensure that we have accessible policies, transparent processes and upgraded system capabilities to drive greater transparency of our pay philosophy and methodologies.
- **Talent acquisition** – We continue to focus on having diverse candidate slates and diverse sourcing, and strive to have diverse recruitment panels, wherever possible. In 2024, women accounted for 52% of our overall hiring.

- **Talent succession** - We operate a robust bi-annual talent review process and there has been positive movement in our key metrics over the year. We have 35% (13) female successors (2023: 8) to roles on our Executive Committee, plus 35% of our succession pipeline to our enterprise high value roles are female (2023: 33%).
- **Sponsorship programmes** – We ran our third cohort of Executive Committee sponsorship programmes, which provide a unique development opportunity to build our female talent pipeline.
- **Mentoring program** – We launched a pilot program for our Women’s Network EIG utilising an AI driven career management platform within Workday.
- **Female leader development** – We operate a number of programmes to support female leader development, such as “Elevate”, which is a program designed internally by women to help other women advance their careers, excel, and thrive in the workplace. The most recent cohort has seen more than 120 female professionals putting themselves forward for the programme which will run for 12 months.
- **Employee Inclusion Groups (EIGs)** – Our EIGs help us drive greater inclusion by educating, supporting, enabling and celebrating the gender diversity of our employees through our Women’s Network EIGs such as Society of Women in Engineering (SWE), HerIzon Women’s Inspired Network (Women in Commercial), Gender Alliance for Inclusion (G.A.I.N), Women Inclusion Network (WIN), and Women in Manufacturing and Women in Technology.

By leveraging and continuing to embed our purpose and culture, and driving intentional programmes focused on inclusion and belonging, we expect to see a continued reduction in our gender pay gap.