



**Breakthrough
Engineering**
for a better
world.

IMI is a diverse business, operating in over 50 countries with many different end markets, industry sectors, technologies and manufacturing processes. We help our customers to solve some of the world's most challenging engineering problems.

We continue to focus on enhancing our culture to truly celebrate and encourage diversity in every capacity. We know that through encouraging diversity of thinking and experiences, as part of a truly inclusive environment, we will unlock further innovation and growth.

An important element of advancing an inclusive and diverse culture is ensuring that our processes are fair for all employees, and at our UK sites this includes checking for pay gaps. We already analyse and publish our gender pay gap results for all UK employees. Our determined commitment to advancing inclusion and diversity at IMI means that starting in 2022, we are now pleased to be able to measure and report our ethnicity pay gap alongside our gender pay gap.



The pay gap regulations

Across IMI we are confident that men and women are paid equally for doing equivalent jobs and we monitor this regularly on a global basis. We do have a pay gap but this results from the proportion of employees operating in senior roles, rather than reflecting an inherent inequality in our pay systems.

A gender pay gap is the difference between the average pay of all men in a company and the average pay of all women in a company, regardless of the type of work they do. The gender pay gap differs from equal pay, which reflects the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. IMI is required to report:

- » The difference in mean and median pay between men and women calculated on the basis of equivalent hourly pay rates (Hourly pay gap);
- » The differences in mean and median bonus pay between men and women (Bonus pay gap);
- » The proportion of men and women receiving bonus pay in a year (Bonus receipt gap); and
- » The distribution of men and women between pay band quartiles, calculated using the range of hourly pay rates (Gender and pay quartile distribution).

Our ethnicity pay gap is calculated in exactly the same way but shows the difference in the average pay between employees from ethnic minority backgrounds, compared to white employees, regardless of the roles they perform. There are no ethnicity pay gap reporting requirements but we have chosen to voluntarily disclose our ethnicity pay gap results in the same way we report on our gender pay gap.

IMI gender pay gap results

IMI's Gender Pay results are calculated for 1,020 employees working for IMI companies in the UK and represent less than 10% of our global workforce. Reporting regulations require us to report figures for Norgren Ltd, but we choose to disclose our gender pay gap across the whole UK organisation to better understand our gender pay gap at a UK-wide level, and in keeping with our commitment to transparency.

For 2022, our median gender pay gap has moved from 17.4% to 20.6% and our median bonus gap from 28.0% to 51.8%. The year-on-year change to our bonus gap was largely due to an exceptional one-off bonus award paid to employees at our Fradley site which positively impacted our 2021 results.

Our longer-term trend still points towards a notable reduction in our pay and bonus gap since we began reporting our results in 2017, providing encouragement that the various diversity initiatives that we have embedded are making a difference and we are delivering sustainable improvement. In 2022, our median pay gap was 20.6% compared to 25.1% when we first published our data in 2017. Our mean pay gap has reduced more significantly to 18.3% in 2022 compared to 36.5% in 2017. We have seen our median bonus gap reduce to 51.8% in 2022 from 68.4%, and our mean bonus gap is 46.1% compared to 80.9% in 2017.

Our analysis of the latest results show that we have continued to make progress in developing more women into positions in our highest paid quartile. However, there is still work to do at more junior management levels and this is a focus area for the future.

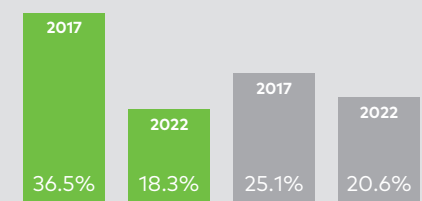
Analysing IMI's gender pay gap

There is a 72% male, 28% female gender distribution in the UK organisation, which is a small 1% improvement in female representation since last year. Unfortunately, the relatively low representation of female employees remains typical of the Engineering sector in which we operate. Our results are borne from women being under-represented in technical and senior functional roles across our business. Even though we have seen some improvement, particularly in our more senior leadership roles, where 43% of our Executive Committee are women, we recognise there is still more work to do to recruit and develop as many women as men into more highly paid technical roles. Our ambition remains to build on the progress made since 2017 and be able to demonstrate clear year on year improvement over a prolonged period.

All UK

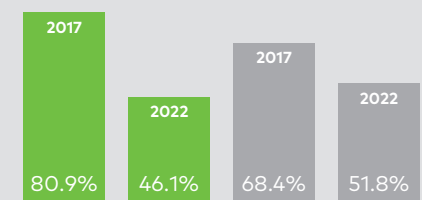
■ Mean ■ Median

Pay difference between women and men

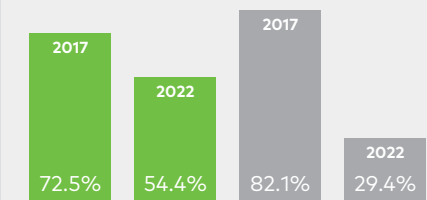
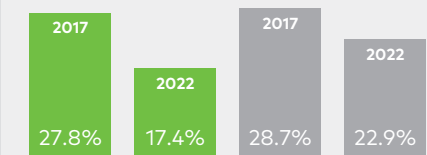


The above diagram shows our 2017 and 2022 gender pay gap for all UK employees, and for the reportable entity, Norgren Ltd. Our figures show that the median average pay for women in the UK in 2022 is 20.6% lower than that for men.

Bonus difference between women and men

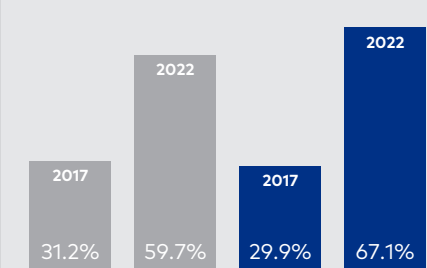
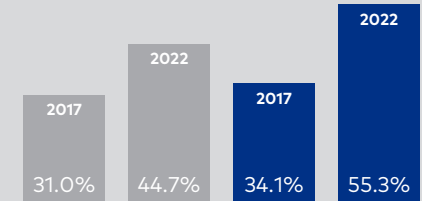


Norgren Limited

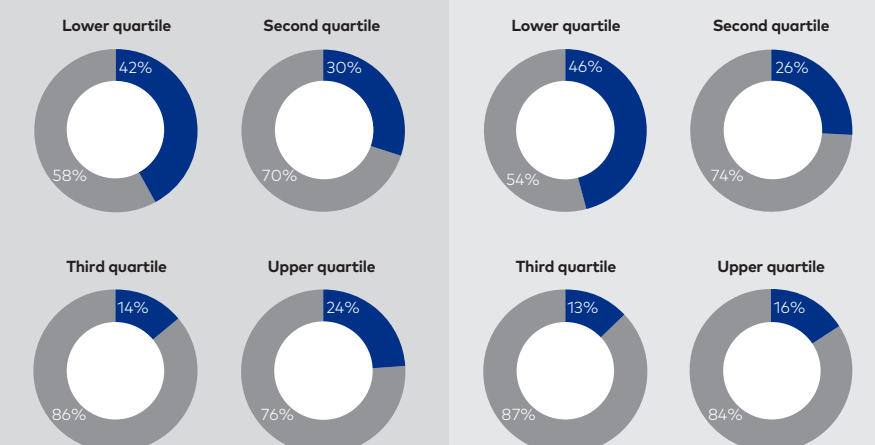


■ Men ■ Women

Proportion of UK employees receiving a bonus



The gender distribution of employees at each pay quartile



IMI ethnicity pay gap results

Our ethnicity pay gap results are based on data for 374 of our UK employees (40% of our UK population, or 4% of our global population) who have voluntarily provided their ethnicity data. Based on this, 14% of employees are from ethnic minority groups (compared to an estimated 15.2% in England and Wales, according to the Office for National Statistics), with Asian or Asian British (9% of total employees) being the most represented minority category in our UK sites.

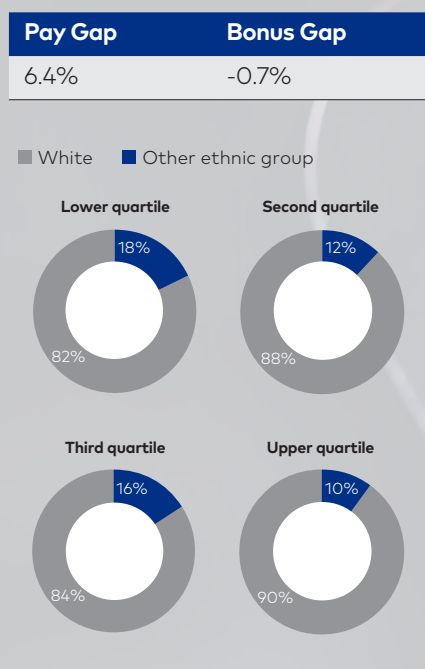
In 2022 we have an overall median pay gap for all ethnic minority groups of 6.4%. This means that on average people of colour are employed in roles that pay 6.4% less than the roles occupied by white employees. Our median bonus gap was -0.7%, meaning on average, people of colour earned a bonus that was slightly more than white employees. We will closely monitor and report our results annually, using this analysis to help us monitor and seek to drive realistic and sustainable improvement in our performance against our key ethnicity pay metrics.

Analysing IMI's ethnicity pay gap results

As this is the first year of reporting, we will need to conduct additional analyses in order to fully understand our pay gap results. This will enable us to put the right action in place to tackle our ethnicity pay gap. It is important to do this because ethnicity pay gap results are often different for different groups of people. Our early analyses have indicated that for some groups, the ethnicity pay gap is larger, and for others it is a negative pay gap, meaning that people from that group are employed in jobs that on average pay more than their white counterparts. The fact that we have positive pay gaps for some ethnic minority groups, and negative pay gaps for other ethnic minority groups mirrors what is found across the UK in other organisations who are also voluntarily reporting their ethnicity pay gap, as well as the research into ethnicity pay gap conducted by the Office for National Statistics.

The main factor contributing towards our ethnicity pay gap is the fact that we are under-represented by some groups in roles that command higher salaries. In particular, employees from black backgrounds and mixed/multiple backgrounds are under-represented in jobs with a higher salary. Taking steps to improve the attraction and recruitment rates of employees from under-represented groups into professional roles, as well as supporting the progression of junior diverse talent to more senior grades will be key actions in resolving our ethnicity pay gap.

Ethnicity pay gap 2022



How we are addressing the gap

We are committed to enhancing the diversity of our business at all levels. Our initiatives to drive our Inclusion and Diversity (I&D) agenda include:

Personal Accountability

Each Divisional Managing Director and Executive team member is personally accountable for driving diversity in their business. Individual performance targets are set each year and are being monitored through the talent and performance management process.

Engagement

This year we have focussed on embedding I&D into our key business practices. We have continued to facilitate sessions with employees to discuss what I&D really means for them, and have further developed discussions to challenge employees to examine and confront their unconscious bias and how we can build inclusion through action.

Our communications and engagement plan has continued to drive events which educate, celebrate, and highlight many areas of diversity, including International Women's Day, International Women in Engineering Day, PRIDE month, and National Inclusion Week.

Developing

In line with our I&D strategic focus on Engagement and Development, programmes and videos have been developed on the topics of Tackling Inappropriate Behaviour, Psychological Safety for Leaders, as well as a series of I&D related sessions run within teams, tackling topics such as what I&D means for us as a team, understanding and tackling unconscious bias, actively building on inclusion, and working with cross-cultural intelligence.

Resourcing

Employees are given every opportunity to progress and develop their experience at IMI. For example, all of our Growth Accelerator teams are structured with cognitive diversity in mind, and we have seen the benefits of this approach. All internal job opportunities are opened up to all our employees right across our business which helps to promote an open and inclusive culture.

IMI continued to play an active role as part of the Women in STEM campaign for International Women in Engineering Day. We are also establishing stronger relationships with other external engineering groups and societies to help attract candidates from different backgrounds.

Measuring

We are targeting 'Women in Management' as our key metric for improving gender balance in leadership at IMI. This encompasses all managerial levels and will help to accelerate our drive to improve female representation at both junior and senior management levels.

Our 2022 One Big Voice survey has provided many insights into how we are performing. The sense of fairness, respect and inclusion has increased from last year, with 90% of employees feeling individual differences are respected and 89% of employees feeling they are treated fairly and with respect at work.

Consistency

The core principles of our Inclusion and Diversity policy are embedded in all our HR processes and procedures, including our reward and recruitment processes. These processes are regularly reviewed for both appropriateness and competitiveness.

In summary, attracting and retaining a diverse and talented workforce is fundamental to the success of our business. We are more committed than ever to supporting the drive for positive change across the industry. We intend to monitor and seek to drive realistic and sustainable improvement in our performance against our pay gaps, and more generally, our Inclusion and Diversity policy.

We confirm that the data reported is accurate.



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Chief Executive



Liz Rose

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