

Boots Management Services Limited Gender Pay Gap Report as at April 2018



A message from Seb

“ This report is much more than a government requirement. It is an opportunity for us to keep moving forward, taking steps to help everyone reach their true value and potential. ”

I joined Boots in September 2018 and it is an incredible privilege to be part of a company that has spent much of its 170 year history championing the rights of the amazing people that work here.

Eighty per cent of our colleagues and our customers are female and that makes promoting gender equality in the workplace extraordinarily important to us.

In the past year, we have looked for ways to offer even more flexible working, rolled out training on the importance of avoiding unconscious bias, worked with our gender listening groups and setting up a forum to make sure there is fairness and equality in our pay decision. And I am delighted that we have seen a rise in the number of women offered places in our Year in Industry placements. Among our pharmacists we have a positive pay gap for women and across our business I am pleased to report that we are doing significantly better than the national average on median pay.

In this, our second, gender pay report you can read about the real and genuine actions we are taking to listen, to close the gap and to make Boots a truly inclusive and diverse place to work.

I am incredibly proud of what we have done so far and what I know we will do in the future.

Thank you.



Seb James

Senior Vice President and Managing Director of Boots, UK and ROI

Understanding gender pay gap reporting

With 80% of our customers and 80% of our colleagues being female, gender equality is really important to us and the legislation continues to help us to look at things differently and identify ways we can work to close our gender pay gap.

The legislation requires us to report our mean and median pay gap, bonus mean and median gap, the percentage of male and female employees who received a bonus payment and the percentage of males and females in each pay quartile.

What is the difference between equal pay and a gender pay gap?

A gender pay gap is different from equal pay.

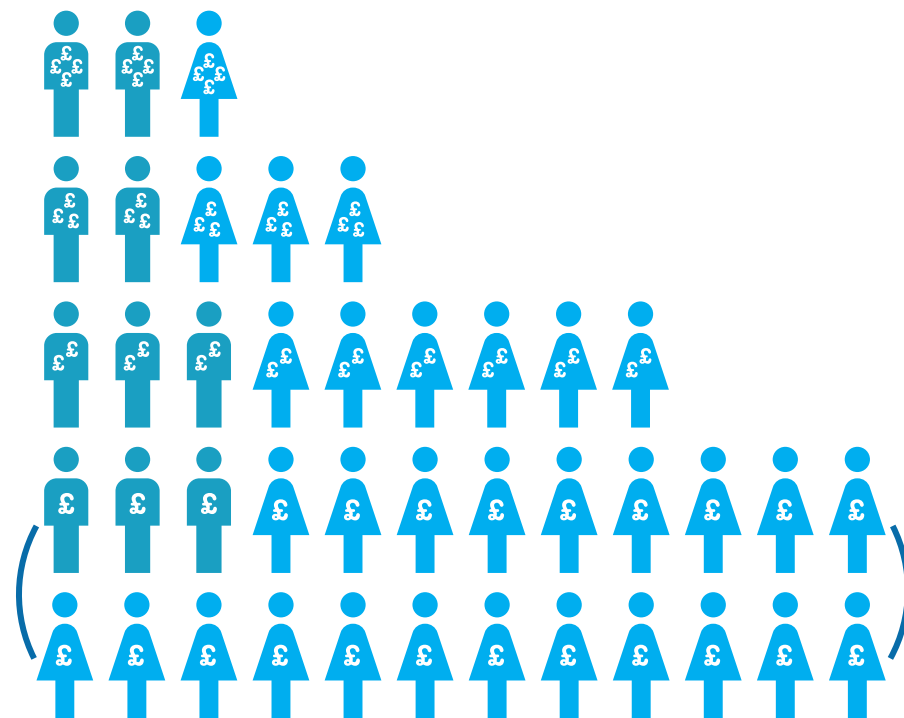
Equal pay

Equal pay is paying males and females equally for like work, work of equal value and work rated as equivalent. There has been legislation outlining equal pay obligations in the UK for nearly 50 years.



Gender pay gap

A gender pay gap looks at the differences in pay between genders across groups of employees irrespective of the work they perform.



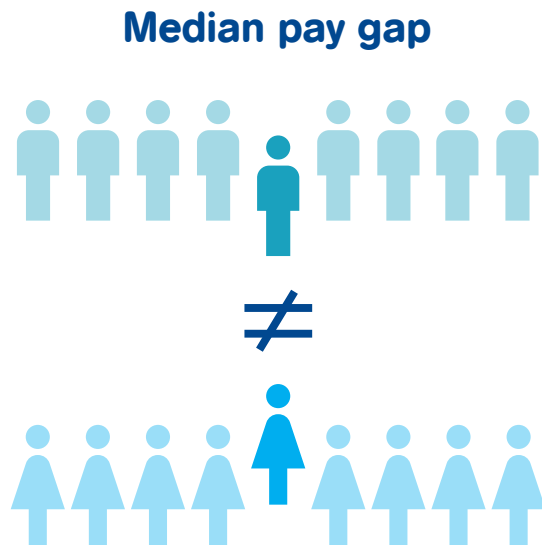
One of the main reasons for the gender pay gap in our society is that men are statistically more likely to be in senior roles.

Understanding gender pay gap reporting

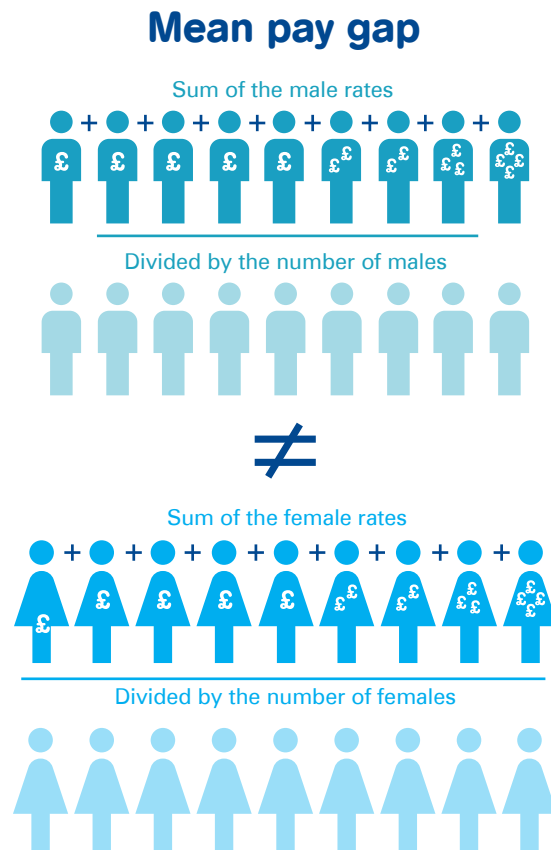
How are the median and mean pay gaps calculated?

The median is the middle point of a range of numbers and the mean is the average of a range of numbers. How do we calculate this for gender pay gap reporting?

Median pay gap – If all our male colleagues stood in a line in order of lowest hourly rate earned to highest and all females did the same, the median pay gap (as a percentage) is the difference in pay between the middle colleague on the male line and the middle colleague on the female line.



Mean pay gap – If we add together all the hourly rates of male colleagues and calculate the average and do the same for female colleagues, the mean pay gap (as a percentage) is the difference in pay between the average male and female hourly rate.

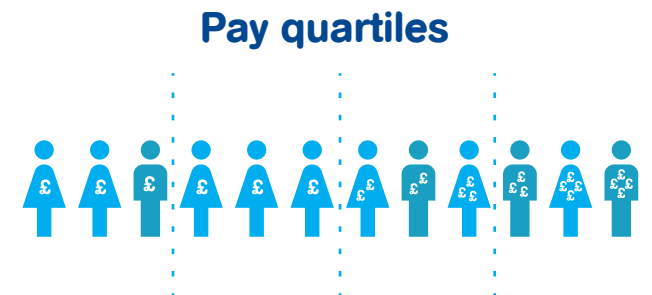


How is the bonus gap calculated?

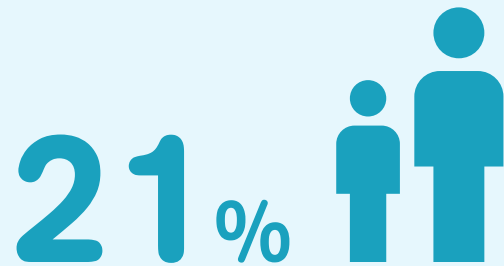
The mean and median bonus gaps are calculated in the same way as the gender pay gaps. However, this time we use the actual bonus paid to colleagues. We also report the number of male and female colleagues receiving a bonus (as a percentage of the total male and female population).

How are the pay quartiles calculated?

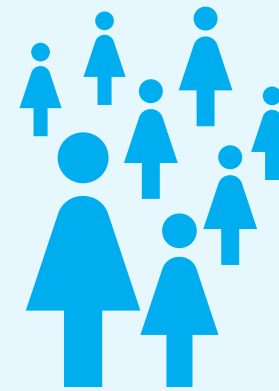
Pay quartiles are calculated by dividing all hourly rates paid across the business, from lowest to highest, into four equal sized groups of colleagues and calculating the percentage of males and females in each.



Our 2018 results



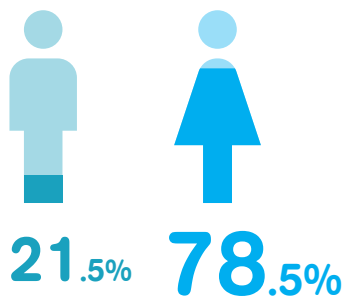
Percentages of all our male and female colleagues



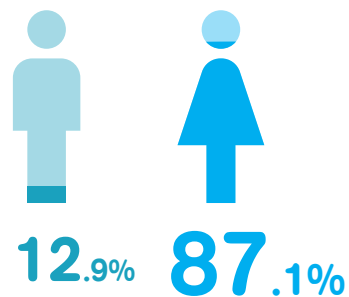
Pay quartiles

The percentages of all male and female colleagues within each quartile pay band is:

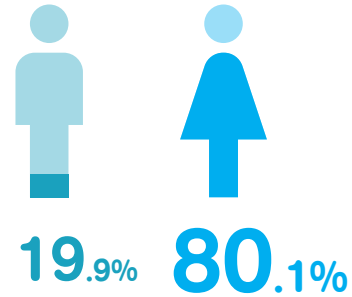
LOWER QUARTILE



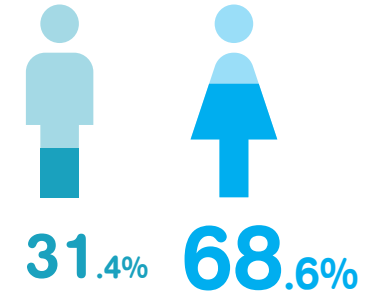
2nd QUARTILE



3rd QUARTILE



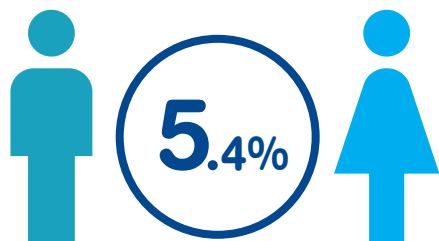
4th QUARTILE



Our 2018 results

Gender pay gap

Median pay gap



Mean pay gap



Median national average pay gap 17.9%, mean national average pay gap 17.1% based on estimates from Office of National Statistics' Annual Survey of Hours and Earnings 2018

The percentage of males and females in each quartile remains very similar to last year with more females than males in lower paid roles across the organisation. In each of these quartiles the gender pay gap is less than 1%. As last year, beneath the headline numbers in quartile 4 there are variations in the proportion of males and females in different functional areas eg more females in HR, more males in IT. We have seen a 1% increase in the number of females in quartile 4. This has contributed to the 1% mean pay gap reduction with having more females on higher hourly rates.

Our median pay remains significantly better than the national average of 17.9%, at 5.4%. Whilst our median gap hasn't changed from last year, we are pleased with the 1% reduction in the mean pay gap and confident in our plan to further reduce this in the future.

Bonus gap

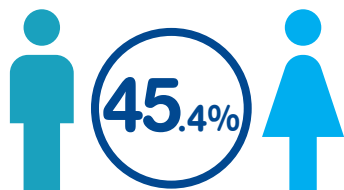
79.4%
received bonus



85.3%
received bonus



Median bonus gap



Mean bonus gap



All bonuses paid in the year up to 5 April 2018 are used for the calculation of the bonus gap. The effect of this was that the mean bonus gap reduced and the median increased. The calculation is based on actual bonus paid rather than full-time equivalent and we have a high proportion of female colleagues who work part-time who received a pro-rated payment.

Our bonus schemes are gender neutral by design and 84% of colleagues received a bonus payment in this period.

What are we doing to address our gender pay gap?

We are committed to encouraging and supporting female colleagues across the organisation and inspiring everyone to reach their full potential

WHAT WE'VE DONE SO FAR

- **Gender listening groups:** We held a number of these during 2018 to understand the perceived barriers to progression and to gather insights to inform our policies and practices.
- **Women in STEM (science, technology, engineering and mathematics) roles:** as a result of encouraging more applications from women there has been an increase in offers to women for our Year in Industry placements compared with 2017 and previous years.
- **Flexible working policies:** more than half of Boots colleagues work part time (less than 30hrs per week) however we have reviewed our flexible working policies and benchmarked these against other similar employers to further understand what more we could do to support flexible working.
- **Pay:** a pay forum has been set up as part of Boots pay governance processes to ensure that pay decisions are fair and equitable to all colleagues.
- **Unconscious bias training:** We have started a company wide roll out plan of unconscious bias training. The recruitment team was the first population to receive this in order to increase their awareness of it and to enable fairer and more inclusive recruitment decisions.

WHAT WE WILL BE DOING

- **Extending the reach of the gender listening groups** to give us better insights into what improvements we can make to encourage a more inclusive working environment.
- **Launching an equality business resource group** open to men and women to provide a platform for colleagues to focus on personal development, career advancement and improving the working environment.
- **Re-launching flexible working policies** to increase awareness and take-up in all functions and at all levels. In particular to improve the take up of job sharing we will be piloting an easier way for colleagues looking to job share to find an appropriate partner.
- **Improving Maternity support:** As a result of feedback from our gender listening groups, we will be improving our maternity information pack and upskilling managers to better support colleagues who are pregnant or transitioning back to work.
- **Research into gendered jobs:** Boots has commissioned research into gendered jobs to help us understand better why men and women typically choose the occupations they do and what influences these choices.
- **Showcasing successful job-shares** and other flexible working arrangements in high level roles on our careers website, to demonstrate both internally and to potential candidates that Boots is committed to supporting flexibility as part of their long-term career plan, should they want it.

Our commitment

As a business, we will continue to build a more **diverse and inclusive culture**. We are proud that 64% of our female colleagues and 40% of our male colleagues work part-time giving them the opportunity they require to balance their home and work lives.

We are committed to encouraging and supporting all colleagues across the organisation and inspiring everyone to reach their full potential.



We confirm that the information contained within this report is accurate.

NATHAN CLEMENTS

HR Director, Boots UK & ROI

MICHAEL SNAPE

Chief Financial Officer, Boots UK & ROI

