

# UK gender pay gap report 2017



## Gender pay gap explained

A gender pay gap is not the same as equal pay. It is the description given to the difference in average pay between all men and all women across an organisation regardless of role or grade level.

A company reporting a positive pay gap means its male employees, on average, are paid more than its female ones. A company reporting a negative pay gap means its female employees are paid more than its male ones on average.

Equal pay is a direct comparison between individuals. It considers whether an individual is paid equivalently to other employees doing the same or equivalent work regardless of gender. Unequal pay is unlawful.

## Our 2017 UK pay gap data

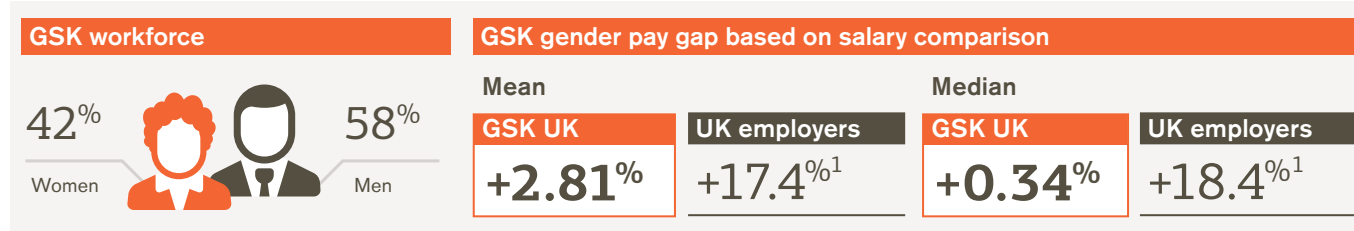
"We welcome the UK Government's commitment to provide greater transparency and dialogue on the subject of gender pay. Fairness in our pay practices including equal pay for equal work is fundamental in our pay philosophy.

GSK has a long-standing commitment to equal and inclusive treatment of all employees. We have been making progress towards increasing gender diversity and are seeing a steady rise in the percentage of women in senior positions.

Our results show a pay gap of 2.81% which is a significantly smaller gap than the UK national average. However, there are no grounds for complacency. Our ongoing commitment to increase gender diversity at all levels in our organisation and to fair and equitable pay practices will continue."

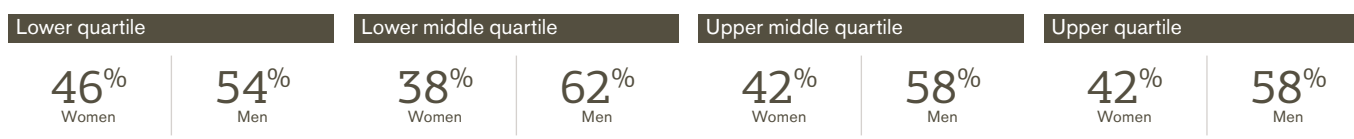
Simon Dingemans, Chief Financial Officer

The new UK legislation asks for calculations based on data collected on 5 April 2017. For a comprehensive picture of the gender pay analysis, the data below reflects all GSK permanent full and part time UK-based employees across all our legal entities.



## Pay quartiles

Pay quartiles show the distribution of earnings when looking at pay. The workforce is divided into four equal groups ranging from the lowest to highest paid individuals. It shows the proportion of male and female employees in each quartile.



## Bonus pay

All our permanent employees in the UK are eligible for an annual bonus.

Our mean bonus gap is bigger than our overall gender pay gap. The government's definition of bonus pay here includes long term incentives (LTI) which applies to eligible employees in our leadership population. Bonus and LTI value increases with grade. A higher percentage of our executive leaders are male which is why the bonus gap is bigger than our overall gender pay gap.

Although there is a higher proportion of men to women at the most senior levels, we also have a significant proportion of men at the lowest pay bands who receive lower bonuses

(see quartile diagram above). This results in the bonus median for men being pulled downwards, to a point below the midpoint for women.

Note: The bonus pay gap is based on actual payments received with the pro-rating of bonus calculations for part time workers. Pro-ration is a contributing factor to the size of the reported bonus gap as the majority of our part time workers are women.

### Bonus gap



<sup>1</sup> Source: ONS Annual Survey of Hours and Earnings



## Further detail and breakdown of data by legal entity

The UK Government requires this data to be reported by legal entity where there are more than 250 UK-based employees.

In GSK in the UK, we have a population of over 13,000 employees across four separate legal entities. These are GSK Services Unlimited, GlaxoSmithKline Consumer Healthcare (UK) Trading Limited (joint venture with Novartis) (“Consumer Healthcare”), ViiV Healthcare (joint venture with Pfizer & Shionogi) and Galvani Bioelectronics (joint venture with Verily). GSK Services Unlimited and Consumer Healthcare each have more than 250 employees in the UK. The gender pay data for these legal entities is below.

### GSK Services Unlimited

Pay gap		Bonus gap (annual bonus & long term incentives)	
Mean	Median	Mean	Median
+3.52%	+1.61%	+19.02%	+0.04%

GSK Services Unlimited pay quartile distribution							
Lower quartile		Lower middle quartile		Upper middle quartile		Upper quartile	
47%	53%	39%	61%	42%	58%	41%	59%
Women	Men	Women	Men	Women	Men	Women	Men

### Consumer Healthcare

Pay gap		Bonus gap (annual bonus & long term incentives)	
Mean	Median	Mean	Median
-4.48%	-17.09%	+26.78%	-38.06%

Consumer Healthcare pay quartile distribution							
Lower quartile		Lower middle quartile		Upper middle quartile		Upper quartile	
30%	70%	35%	65%	46%	54%	43%	57%
Women	Men	Women	Men	Women	Men	Women	Men

Our Consumer Healthcare business in the UK comprises 1,209 employees (from our total GSK UK population of over 13,000 employees). Women represent 39% of the Consumer Healthcare workforce.

The workforce profile shows that there is a large volume of men in manufacturing roles which tend to be at relatively lower grades and salaries. There are 70% men in the lower quartile and 65% in the lower middle quartile and this is the key factor behind why the base pay mean (-4.48%) and

median (-17.09%) gaps are in favour of women. It is also the same dynamic that causes the median bonus to be -38.06% in favour of women. Conversely, the mean bonus gap 26.78% reflects the influence of the global and regional leadership level of Consumer Healthcare in the UK, where more senior positions are held by men.

More information about our commitments and progress on inclusion and diversity can be found in the People section of our Responsible Business Supplement.