

GSK UK gender pay gap report 2018



Our 2018 UK pay gap data

"Our Trust priority and Modern Employer agenda include commitments to create a working environment where all employees feel included, respected and valued for the unique qualities they bring, and are empowered to contribute to their full potential. Fairness in our pay practices including equal pay for equal work is fundamental in our pay philosophy and part of this commitment.



Last year, we reported our first gender pay gap figure as +2.8%. For 2018, we are pleased to report that our pay gap is smaller, at +2.15%, which remains significantly below the national average. Since 2017, we've increased the proportion of women in senior roles in the UK and this was the most important contributory factor behind this improvement. We've reported in our Annual Report about the continued increase in the representation of women in our global management population. To support our ongoing work to increase gender diversity at all levels of the organisation and in all countries, we launched our commitment in 2018 to accelerate our progress on inclusion and diversity, aiming for over 37% female representation in senior roles by 2022. We've also recently set up a global gender council to help guide our work. Alongside this, we continue to value the dialogue we have established with the Women's Leadership Initiative (WLI)."

Simon Dingemans, Chief Financial Officer

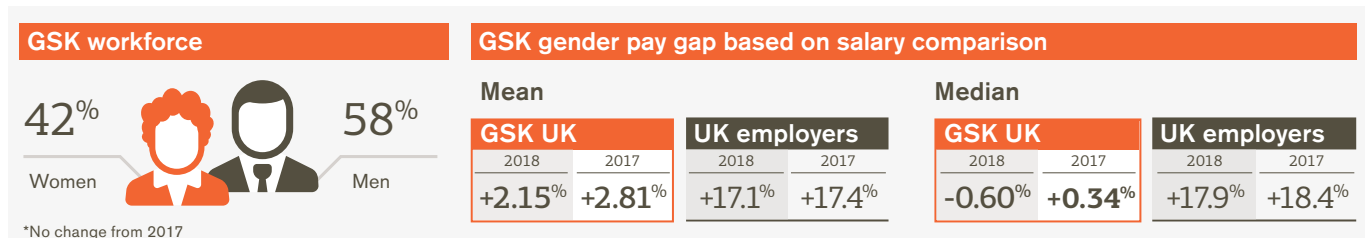
Gender pay explained

The 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 different and is a direct comparison between individuals. It considers whether someone is paid equivalently to others doing the same or equivalent job, regardless of gender. Unequal pay is unlawful.

For the 2018 figures, UK legislation asks for calculations based on data collected on 5 April 2018.



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 the highest paid individuals. It shows the proportion of male and female employees in each quartile.

	Lower		Lower middle		Upper middle		Upper	
	2018	2017	2018	2017	2018	2017	2018	2017
Women	45.53%	46.25%	39.02%	38.47%	43.07%	42.31%	42.39%	41.69%
Men	54.47%	53.75%	60.98%	61.53%	56.93%	57.69%	57.61%	58.31%

Bonus pay (includes long-term incentives)

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

Bonus gap			
Mean		Median	
2018	2017	2018	2017
+7.96%	+19.63%	-6.89%	-3.24%

We've seen a significant improvement in the bonus gender pay gap since 2017. This has been driven by multiple factors, including an increase in the proportion of women in higher paid positions at GSK in the UK. Another is the impact of our share price on the value of our long-term incentives. This was lower on the share vesting date in 2018 compared to 2017. A lower share price leads to a smaller gap in the value of the average pay out and therefore a smaller pay gap. The reverse is also true.



Bonus pay (includes long-term incentives) continued

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

For the difference between our mean and median bonus pay gaps, we have a higher proportion of men to women at the most senior levels, while we also have a significant proportion of men at the lowest pay bands who receive lower bonuses (see quartile diagram on previous page). 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.

Further detail and breakdown of data by legal entity

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

As of 5 April 2018, we had a population of 13,512 employees across four separate legal entities in GSK UK. These are GSK Services Unlimited, GlaxoSmithKline Consumer Healthcare (UK) Trading ("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 and long-term incentives)			
Mean		Median		Mean		Median	
2018	2017	2018	2017	2018	2017	2018	2017
+2.68%	+3.52%	+1.25%	+1.61%	+7.17%	+19.02%	-5.62%	+0.04%

GSK Services Unlimited											
Lower		Lower middle		Upper middle		Upper					
	2018	2017		2018	2017		2018	2017			
Women	47.46%	47.45%	Women	38.93%	38.84%	Women	42.22%	41.69%	Women	41.69%	41.39%
Men	52.54%	52.55%	Men	61.07%	61.16%	Men	57.78%	58.31%	Men	58.31%	58.61%

Consumer Healthcare

Pay gap				Bonus gap (annual bonus and long-term incentives)			
Mean		Median		Mean		Median	
2018	2017	2018	2017	2018	2017	2018	2017
-1.64%	-4.48%	-16.59%	-17.09%	+14.56%	+26.78%	-15.57%	-38.06%

GSK Services Unlimited											
Lower		Lower middle		Upper middle		Upper					
	2018	2017		2018	2017		2018	2017			
Women	31.56%	30.46%	Women	38.13%	34.98%	Women	45.63%	46.36%	Women	44.06%	43.38%
Men	68.44%	69.54%	Men	61.87%	65.02%	Men	54.37%	53.64%	Men	55.94%	56.62%

Our Consumer Healthcare business in the UK comprises 1,280 employees (total GSK UK population of 13,512 employees). Women represent 40% of the Consumer Healthcare workforce.

The workforce profile shows there is a large volume of men in manufacturing roles which tend to be at relatively lower grades and salaries. With 68.44% men in the lower quartile and 61.88% in the lower middle quartile, this is

the key factor behind why the base pay mean (-1.64%) and median (-16.59%) gaps are in favour of women. The mean bonus gap +14.56% reflects the influence of the global and regional leadership level of Consumer Healthcare in the UK, where more senior positions are held by men.