

Gender Pay Gap Report as at April 2018



A message from Rob

Welcome to our second Gender Pay Gap Report. Important progress has been made so I am pleased to be able to share these results with you today.

This document demonstrates not just that our pay gap is closing, but that we are tackling the broader issues of diversity and inclusion.

As well as seeing an increase in the number of men in support roles, we now have more women in leadership positions than ever before. This underpins the true intention of Gender Pay Gap regulations – to increase diversity across businesses.

So how have we closed the gap? Well, the introduction of a new pay and benefits scheme for our Audiologists in 2017 helped reduce the gap from 39% to 27%. It has also significantly reduced the gap we saw in bonus payments; a reduction from 85% to 53%.

As Managing Director, I believe everyone should have the same opportunities to fulfil their potential. I'm sure we can all agree that we want a workplace that works for everyone and I am proud of the progress we have made in just one year.

But while these results are positive, we still have more to do. My aim is to see all our gender pay gaps fall below the national average and to eventually eliminate any gaps entirely.

I'm proud to show that we're addressing the need for change and moving towards a more inclusive and diverse workplace. Equality and fairness will continue to underpin my leadership as we work even harder towards our 2019 report.



Rob Skedge
Managing Director, Boots Hearingcare

Rob Skedge

Understanding Gender Pay Gap reporting

With 57% 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 quartile.

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

A gender pay gap is different from equal pay.

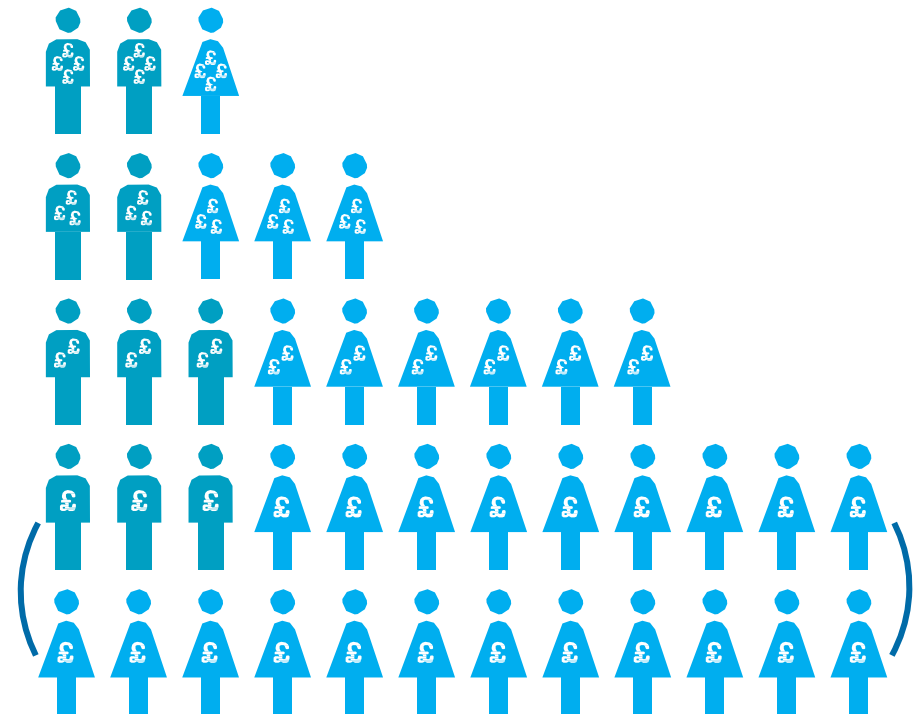
Equal pay

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.

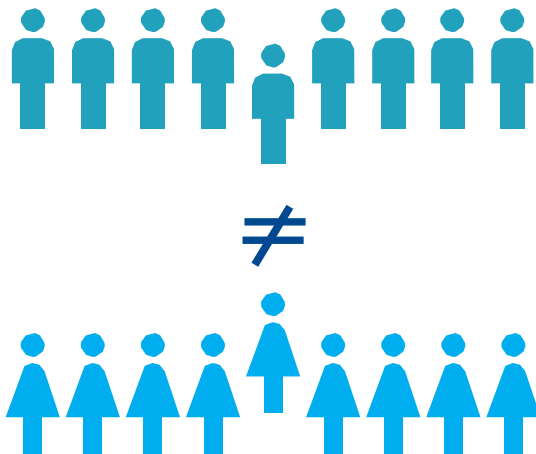
Understanding Gender Pay Gap reporting

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?

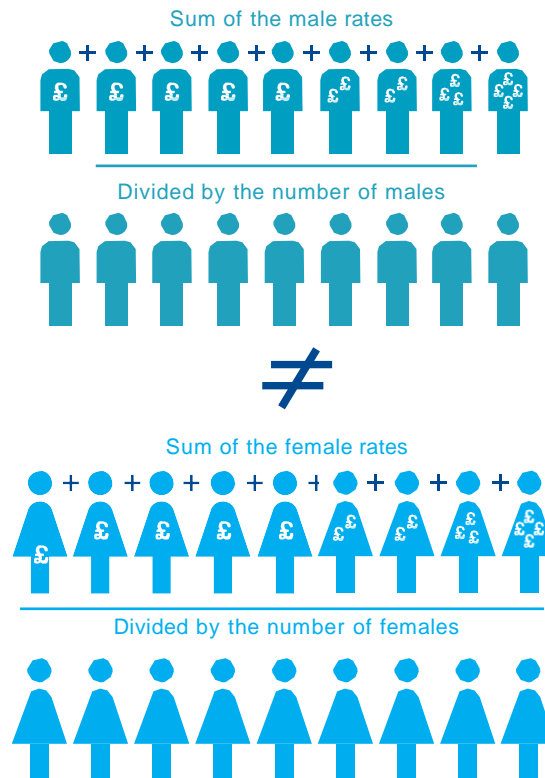
Median pay gap – If all our male colleagues stood in a line in order of lowest hourly rate earned to highest and all females did the same, the median pay gap (as a percentage) is the difference in pay between the middle colleague on the male line and the middle colleague on the female line.

Median pay gap



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.

Mean pay gap



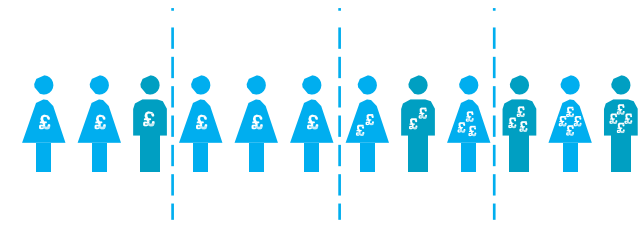
How is the bonus gap calculated?

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.

Pay quartiles



Our 2018 results

Percentages of all our male
and female colleagues



 43%

 57%



Pay quartiles

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



LOWER QUARTILE

 26.3%  73.7%



2nd QUARTILE

 34.2%  65.8%

3rd QUARTILE

 49.1%  50.9%

4th QUARTILE

 64.6%  35.4%



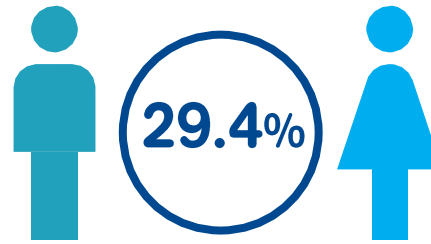
Our 2018 results

Gender pay gap

Median pay gap



Mean pay gap



Median national average pay gap 18.4%, mean national average pay gap 17.4% based on estimates from the Office of National Statistics' Annual Survey of Hours and Earnings 2017

Our median pay gap has dropped from 39% to 27% in 2018. With our mean pay gap dropping as well to 29% from 35%. The percentage of males and females in lower quartiles remains very similar to last year with more females than males in lower paid roles across the organisation. However we are now seeing a favourable result to women in the 3rd quartile although the gap has increased for men in the 4th quartile. We believe the more senior female leaders who have recently been appointed will impact this positively in favour of females in 2019.

Bonus gap

99.3%
received bonus



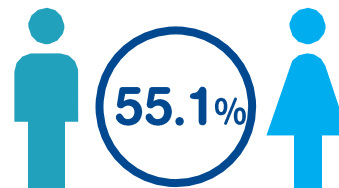
99.9%
received bonus



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 impact of this was that the median and mean bonus gaps have reduced significantly from 85% to 53% and 64% to 55% respectively. This is great progress and largely down to the new Audiologist pay and benefit scheme, where pay is now based on performance and not purely the size of the store. The 2019 data will be the first year that no commission payments have been paid so we anticipate this will see the gap close further again in 2019.

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

- Embedded a new Audiologist pay and benefit scheme to give all Audiologists a higher guaranteed salary and a quarterly bonus based on store targets
- Increased maternity and paternity pay to support and colleagues to take time off to welcome new additions to their families
- Introduced a compulsory recruitment selection process for flagship stores to make sure all career development opportunities were open to all Audiologists
- Changed the way we pay Hearing Care Advisors and Store Co-coordinators so that they too are now entitled to an annual bonus
- Continued to promote and offer flexible working policies to all colleagues including caring for families and children

What we're doing in the future

- Reviewing reward frameworks for support roles to make sure that we are rewarding colleagues for performance and competitively in the market
- Reviewing where we spend our annual salary budget to reduce gender pay gaps further and reward those colleagues that perform well
- Extending life assurance benefit to all colleagues including those who work past age 65 from 1.4.19 to promote and recognise those that wish to work past state retirement age widening the diversity in our teams

Our commitment

As a business, we will continue to build a more **diverse and inclusive culture**. We are proud that 37% of our female colleagues and 8% 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.

Sharon Brand

HR Director, Boots Hearingcare

Sue Reece-Jones

Finance Director, Boots Hearingcare

