



Walgreens Boots Alliance

## Gender Pay Gap Report as at April 2018

Walgreens Boots Alliance Services Limited

## A message from Hillary

I'm pleased to share with you the April 2018 Gender Pay Gap report for Walgreens Boots Alliance Services Limited. Since the introduction of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, we've seen this as an ongoing opportunity for the business to take even greater steps in enabling all of our colleagues to reach their full potential in an environment that is fair, transparent and supportive.

We continue to grow our female leadership population and strive to find new ways to attract, develop and promote both internal colleagues and external talent.

A gender pay gap isn't something that can be fixed overnight, but I'm proud that we're addressing the need for change and moving towards a more inclusive and diverse workplace.

A handwritten signature in black ink that reads "Hillary Leisten". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

**Hillary Leisten**

Vice President, International Human Resources Support

# Understanding gender pay gap reporting

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

A gender pay gap is different from equal pay.

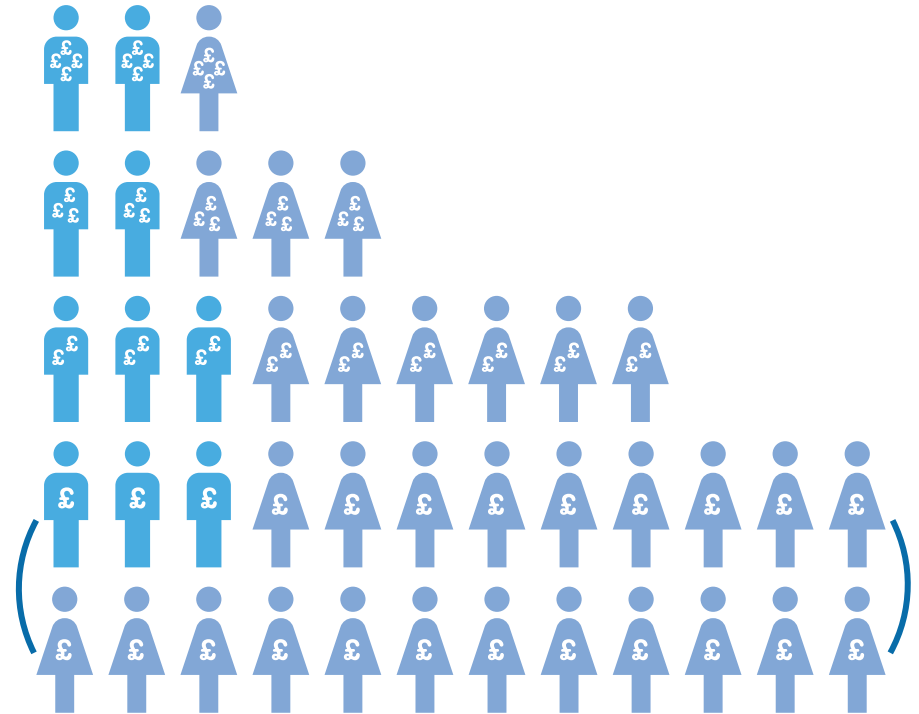
### Equal pay

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.

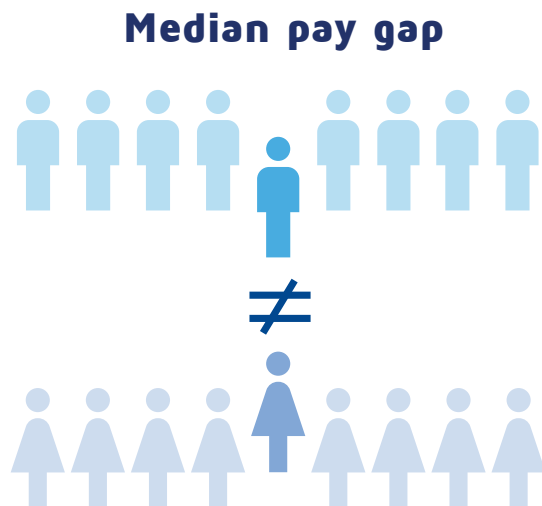


# Understanding gender pay gap reporting

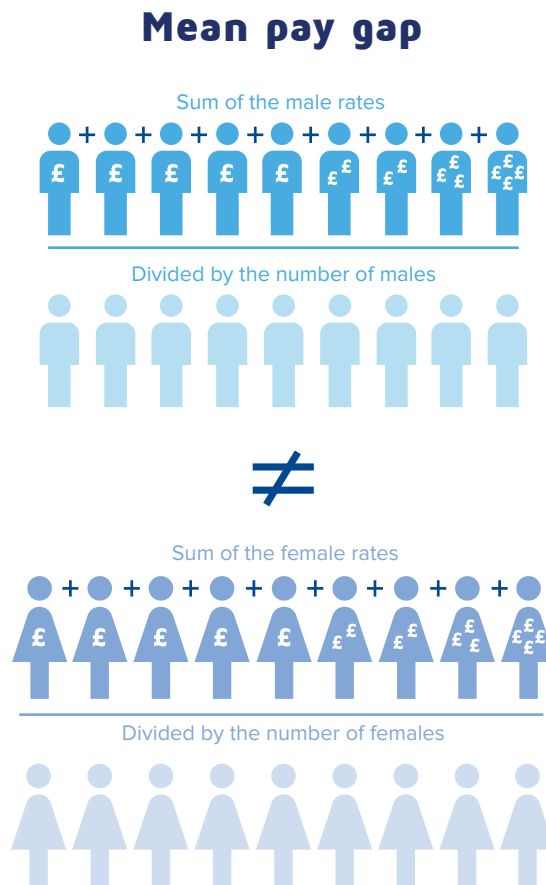
## How are the median and mean gaps calculated?

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 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 gap are calculated in the same way as the gender pay gaps. However, this time we use the actual bonus paid to the colleagues. We also report the number of male and female colleagues receiving 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



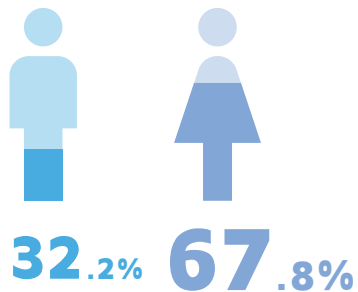
# Our 2018 results



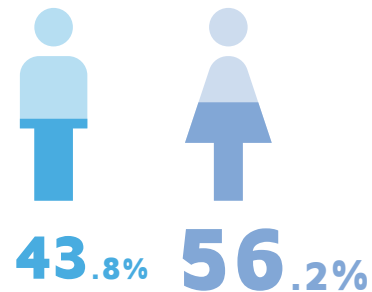
## Pay quartiles

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

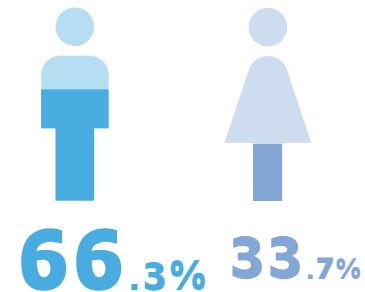
### LOWER QUARTILE



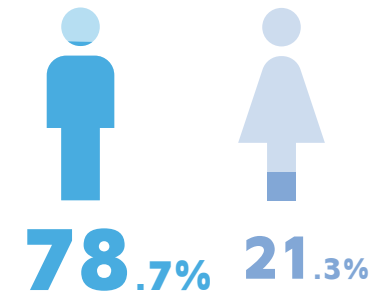
### 2nd QUARTILE



### 3rd QUARTILE



### 4th QUARTILE



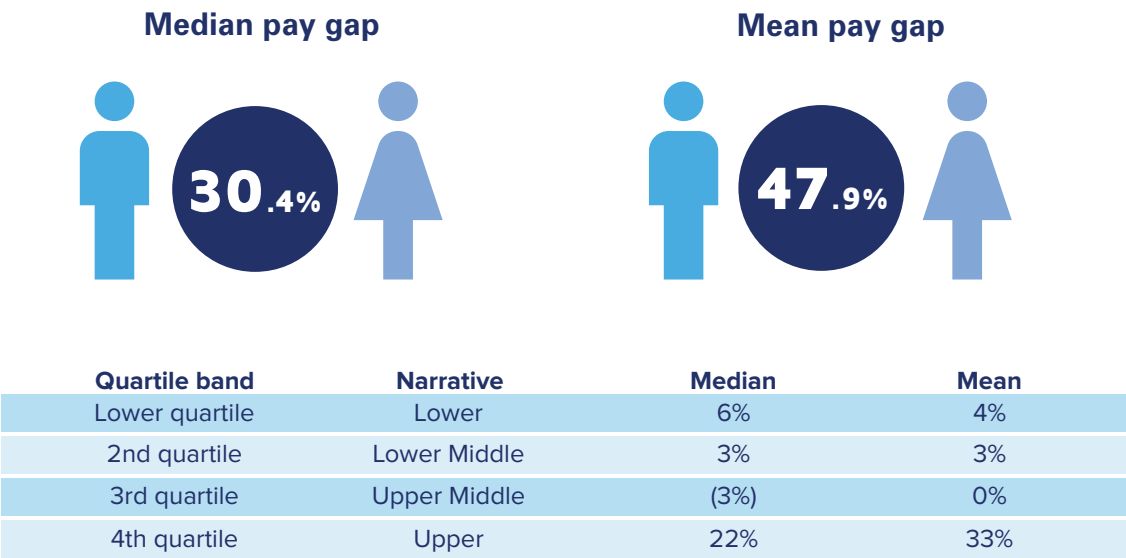
# Our 2018 results

## Reasons behind our gender pay gap

Walgreens Boots Alliance Services Limited is comprised of corporate functions supporting the Pharmaceutical Wholesale Division and International Retail business of Walgreens Boots Alliance, Inc. (NASDAQ: WBA). We have approximately 350 employees. Our senior population is predominantly male and, therefore, the overall gender pay gap appears large, as it compares the lowest paid employees alongside the highest. When comparing like for like roles, we can see that the gender pay gap, when looking at each quartile, particularly the first three (lower quartile, second quartile and third quartile) is far smaller.

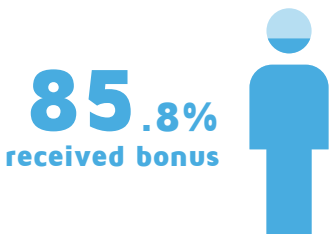
We have relatively low attrition at senior levels, with average length of service being approximately 10 years. This has provided us with limited opportunities for new appointments, regardless of gender at a senior level. Whilst we have certainly promoted female employees into senior roles, we find our external applicants to be predominantly male. Within the external market for Pharmaceutical Wholesale, we have found that many senior positions are occupied by males, which has an impact on the gender balance of the talent pool from which we are recruiting.

## Gender pay gap

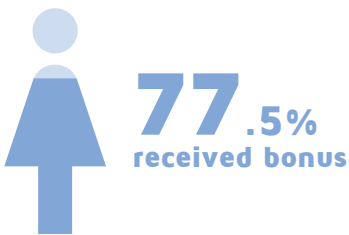


Median national average pay gap 17.9%, mean national average pay gap 17.1% based on estimates from Office of National Statistics' Annual Survey of Hours and Earnings 2018

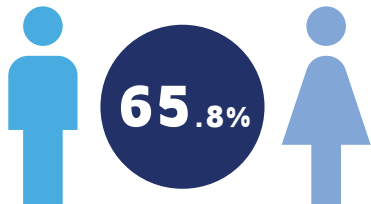
## Median bonus gap



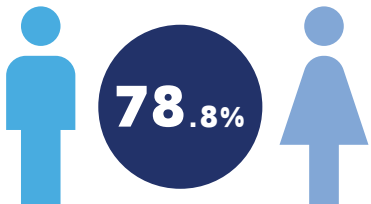
## Mean bonus gap



## Median pay gap



## Mean pay gap



# What are we doing to address our gender pay gap?

| WHAT WE'VE DONE SO FAR  | WHAT WE WILL BE DOING   |
|---|---|
| <p>We have undertaken a number of initiatives to <b>drive equality</b> within our workplace.</p> <ul style="list-style-type: none"> <li>• <b>Maternity pay:</b> We have an <b>enhanced maternity support policy</b>. We are committed to having the right offer in place to help our female colleagues balance their home and work life.</li> <li>• <b>Flexible working policies:</b> We have a variety of flexible working policies in place and continue to encourage the provision of <b>flexible working arrangements</b>, particularly for colleagues with childcare commitments. Additionally, we continue to invest in telepresence technology, as part of our wider Corporate Social Responsibility agenda.</li> <li>• <b>Encouraging colleagues to explore different work areas:</b> <b>Traditionally male oriented functions</b>, such as IT and Finance are reviewing how they can foster the <b>development of female talent</b> within their teams as well as progression to senior roles.</li> <li>• <b>Recruitment:</b> We continue to review our recruitment practices and processes and develop our employer brand to <b>encourage a greater number of female candidates</b> to apply for roles with us.</li> <li>• <b>Internal talent review:</b> We have established an internal talent review process to identify and support future and emerging talent, with specific focus on the <b>development of female colleagues into Executive roles</b>.</li> </ul> | <ul style="list-style-type: none"> <li>• We have <b>actively promoted</b> female talent into leadership roles and will continue to do so through our internal talent review processes. We have and continue to strengthen the relationships with our external recruitment partners, ensuring that we are provided with a selection of candidates that reflects the diversity of our business.</li> <li>• Across various teams in the business, we have been and continue to operate schemes designed to promote and <b>develop female leadership</b>. For example, one of our teams runs a “Women in the Workplace” scheme that encourages self and team development, gender awareness and empowerment and supports the personal growth of our colleagues.</li> <li>• We are appointing a <b>new Diversity &amp; Inclusion Manager</b> for our international businesses to further develop and promote our diversity and inclusion strategy.</li> <li>• We are <b>developing our Employer Brand and our Employee Value Proposition</b> to assist us in attracting, inspiring and retaining diverse talent. This will help us to tell a global story and to differentiate ourselves from other employers.</li> </ul> |

# Our commitment

As a company we continue to build a diverse and inclusive culture. We are committed to encouraging and supporting female colleagues across the organisation and inspiring everyone to reach their full potential.



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

**HILLARY LEISTEN**

Vice President, International Human Resources Support

**MARK MULLER**

Vice President, Corporate Controller



