

McKesson UK

Gender Pay Gap Report (2019)



Introduction from our HR Director



McKesson is pivotal to the health and wellbeing of people in the UK. Our strong partnership with the NHS is making better health possible for all communities across the nation; in patients' homes, on the high street, online, in prisons and in hospitals.

Whether it is dispensing their prescriptions, distributing or even manufacturing their medicines, providing a medical service or selling healthcare products – many people in the UK benefit in some way from the services and products provided by McKesson UK.

That's why it's important to me that McKesson UK reflects the communities that we serve and the diversity of the UK. Whether it's our Pharmacists, Drivers, Nurses, Warehouse teams or support centre, it's vital that we provide equality, flexibility, opportunity, progression and inclusion for all.

This is the third Gender Pay Gap report we have compiled, and I'm pleased to say that in comparison to last year, in most areas we continue to make improvements to reduce our gender pay gap.

However, along with many organisations we know we need to do more to close the gender pay gap that still exists and make professional and managerial roles more attractive and more accessible to women. Greater representation of women in senior roles, along with increased diversity of all kinds, can have tremendous advantages for our business.

The key points of note from our report this year are:

- LloydsPharmacy Ltd makes up 78% of our workforce, which includes our pharmacy-based colleagues and the vast majority of the Support Centre. I am pleased to see that our median pay gap has reduced from 13.6% to 8.5% over the past 12 months.
- Our median gender pay gap in LPCH is in favour of females and has grown from last year, but this position reflects the make-up of that area of our business; with many, predominantly female, professional nurses in higher paid positions.

Whilst our progress is generally encouraging, we still have work to do. We are absolutely committed to building and improving diversity through fair processes and policies. We encourage flexible working and provide the tools for colleagues to achieve their career ambitions with us, regardless of their gender or any other protected characteristic.

Our commitment is to offer leading career opportunities with a diverse range of clinical and professional career pathways, to enable our colleagues to reach their full potential.

Jane Davies

McKesson UK HR Director

McKesson UK

A quick guide to Gender Pay Gap

The 2019 McKesson UK Gender Pay Gap report

This report provides figures from each of our registered companies that employed over 250 people at the reporting date;

- LloydsPharmacy Limited
- AAH Pharmaceuticals Limited
- LloydsPharmacy Clinical Homecare Limited
- Barclay Pharmaceuticals Limited (part of the AAH family)

In each section, we have presented the gender pay gap and gender bonus gap for each company, along with the proportion of females in each quartile.



Understanding the calculations: mean, median and bonus gap

Gender pay gap reporting looks at the difference between what female colleagues earn compared to male colleagues, across all roles within an organisation, as a whole. This is not the same as equal pay, which assesses the pay of women versus men for doing equally sized roles.

The mean is the average of a range of numbers. If we add together the hourly rates of all our male colleagues and divide by the number of males in that population, then do the same for our female colleagues, the mean pay gap would be the difference between the average figures for each gender, expressed as a percentage of the average hourly rate of men.

The median is the midpoint of a range of numbers. If we ordered our male colleagues' hourly earnings from lowest to highest and we did the same for all females, the median pay gap would be the difference between the middle value in the range for each gender, expressed as a percentage of the average hourly rate of men.

The bonus gap is calculated in the same way, in line with Government guidelines. However, instead of hourly rate, it looks at the actual bonus value paid to colleagues. It is worth noting that this calculation doesn't use full time equivalent bonus payments, and so where bonus payments are pro-rated for part time colleagues, who are typically more likely to be female; their awards will appear lower in value versus their full time counterparts, which has a tendency to make the bonus gap look larger than it is in relative terms.

Pay quartiles

We work out our pay quartiles by ordering the hourly rates paid across the business from lowest to highest. This is then split into four equal sized groups and the percentage of males and females in each group are calculated.

LloydsPharmacy Limited

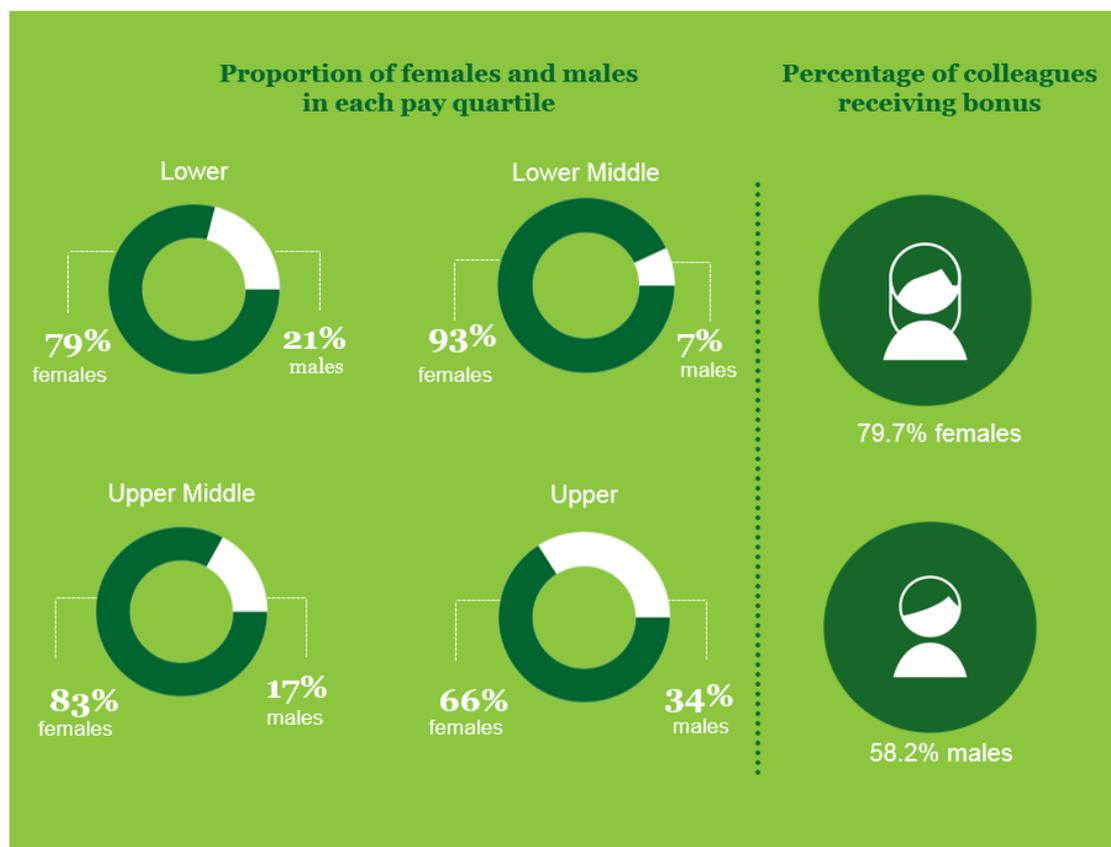
Including pharmacy-based colleagues and our support centre

LloydsPharmacy has a footprint of around 1,500 community pharmacies across the UK. We also provide outpatient dispensing services in over 50 hospitals, and other pharmacy services to care homes, mental health facilities and prisons.

- Within our support centre, our gender split is relatively equal (45% male, 55% female); however, in pharmacy, we have a high percentage of females (82%)
- A reduction in our median pay gap of 37.5% (5.1 pp) in a single year, from 2018, is a really encouraging sign and is reflective of the prevalence of women in professional and managerial roles
- When we look at the figures solely for pharmacy-based colleagues, our median gender pay gap is minimal (almost flat) at 0.8% which is a fantastic result in a retail-type environment; driven by our mix of skilled professionals supporting their local communities within our pharmacy network
- A higher proportion of females received a bonus compared to males; however, the bonus gap is reflective of the different bonus schemes applicable to populations within the LloydsPharmacy business and is further skewed by the pro-ration of bonuses to part time colleagues, who are often female. Within each population, the application of bonus schemes is consistent based on role type or function, and is not in any way determined by gender or any other protected characteristic

Difference between men and women

	Mean (2019)	Mean (2018)	Median (2019)	Median (2018)
Pay Gap	25.8%	26.1%	8.5%	13.6%
Bonus Gap	69.7%	65.9%	46.8%	40.0%



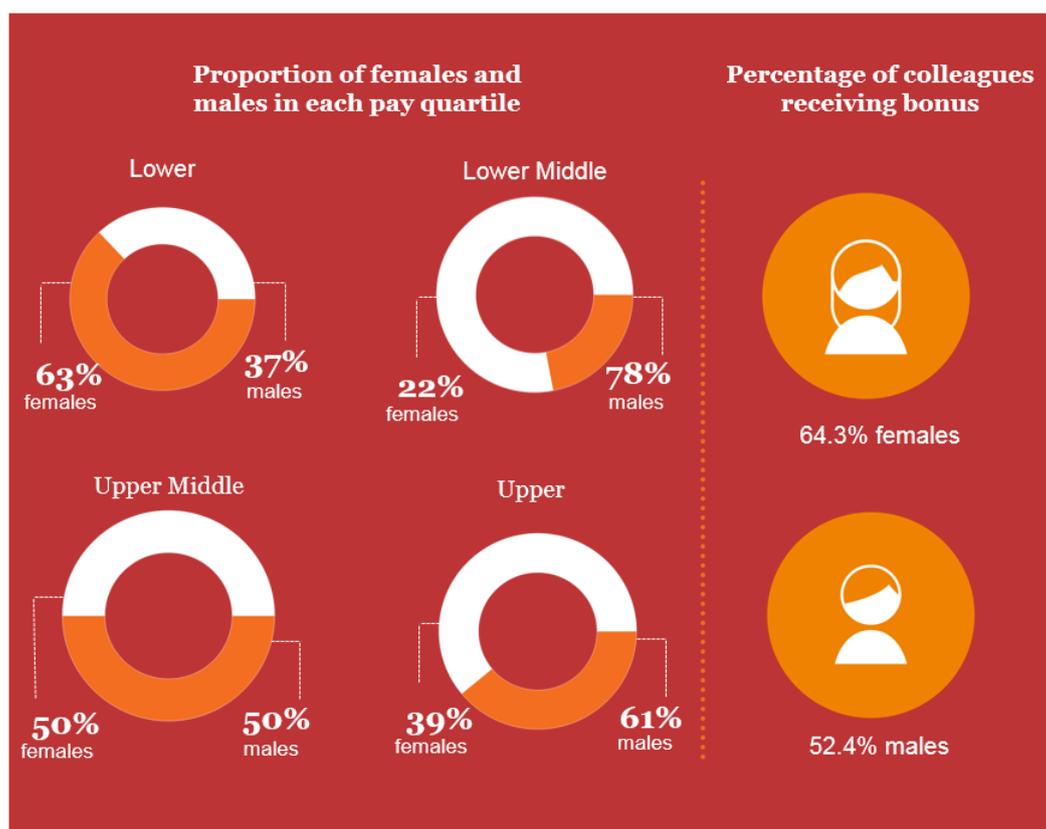
AAH Pharmaceuticals Limited

AAH is a leading distributor of pharmaceutical and healthcare products serving pharmacies, hospitals and doctors nationwide. In the UK, All About Health (AAH Pharmaceuticals Ltd) is the largest community pharmacy network. Delivering over 15 million items per week to more than 14,000 pharmacies and other organisations, AAH is the largest pharmaceutical wholesaler within the UK and operates from 16 local distribution centres.

- We have a broadly equal split of males (55%) and females (45%) in AAH Pharmaceuticals Ltd
- We have seen a slight increase (0.4 pp) in our mean gender pay gap figures for this business area, however; the median gender pay gap is trending back towards equality from a larger pay gap in favour of women in 2018, which is a good sign
- 58% of our Warehouse Operatives are female, and of those, 70% work part time hours. Whilst this may account for some of the mean pay gap, it is worth noting that this type of work offers fantastic opportunities for working parents and those with other commitments to have a career that is flexible to meet their individual circumstances
- The median gender bonus gap has moved to a negative gap (in favour of females) since 2018 due to a change in the way that long service recognition payments are now paid as a bonus
- A higher proportion of females received a bonus than their male colleagues

Difference between men and women

	Mean (2019)	Mean (2018)	Median (2019)	Median (2018)
Pay Gap	10.7%	10.3%	- 0.4%	-1.8%
Bonus Gap	48.0%	46.7%	-28.0%	34.0%



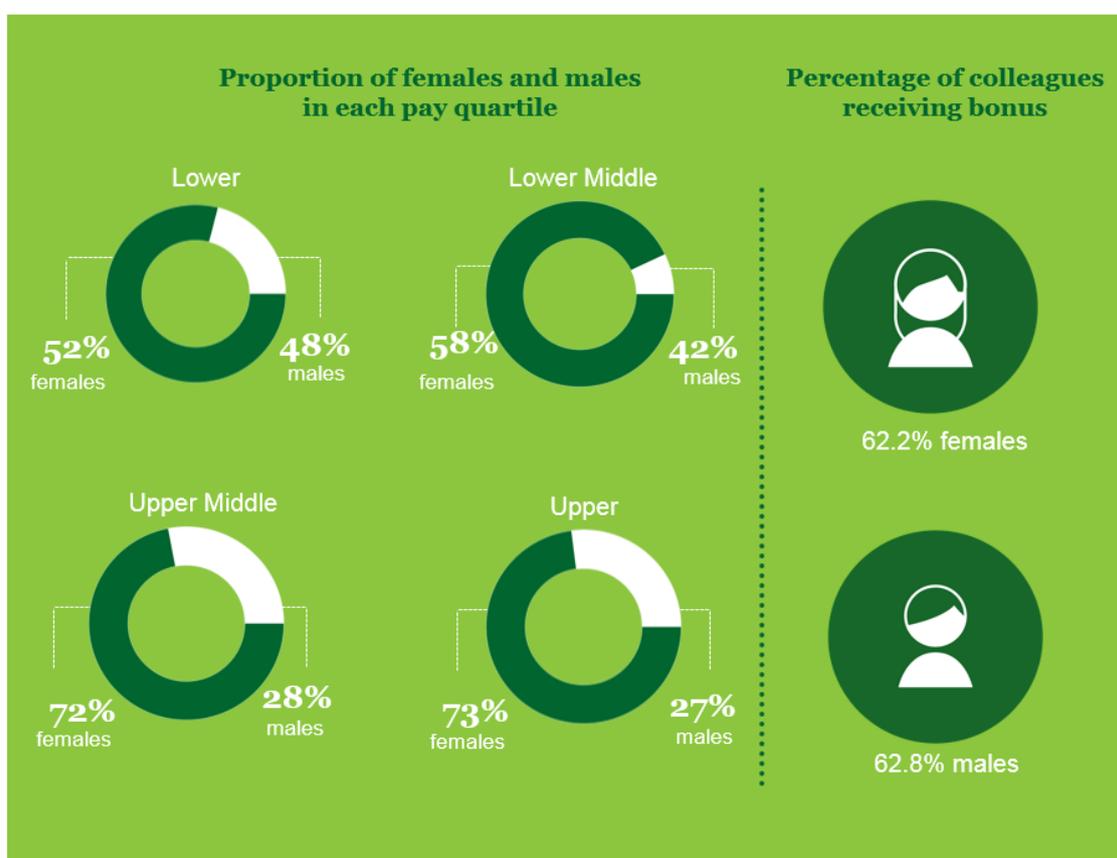
LloydsPharmacy Clinical Homecare (LPCH)

LPCH provides care to more than 80,000 patients in the comfort of their own home, at their place of work or in the community. Services range from straightforward delivery of medication, to specialist nursing for complex conditions. Working in partnership with the NHS, pharmaceutical companies, private medical insurers and consultants, to support a range of simple and complex patient needs.

- We have a higher proportion of females (64%) than males (36%) in LloydsPharmacy Clinical Homecare Ltd, as we employ a lot of nurses to deliver our services, many of whom are female
- There is a higher proportion of female clinical professionals in our top quartiles who attract a higher salary; therefore, presenting our gender pay gap in favour of women
- The median bonus gap shows complete equality in bonus payments between men and women, which is great to see. The mean bonus gap shows a large differential, but due to the generally consistent value of bonuses paid to the majority of recipients and the small size of the population, the gap is skewed by higher bonuses being paid to a small number of individuals.

Difference between men and women

	Mean (2019)	Mean (2018)	Median (2019)	Median (2018)
Pay Gap	-9.0%	-3.2%	-35.5%	-29.0%
Bonus Gap	49.1%	40.1%	0%	0%

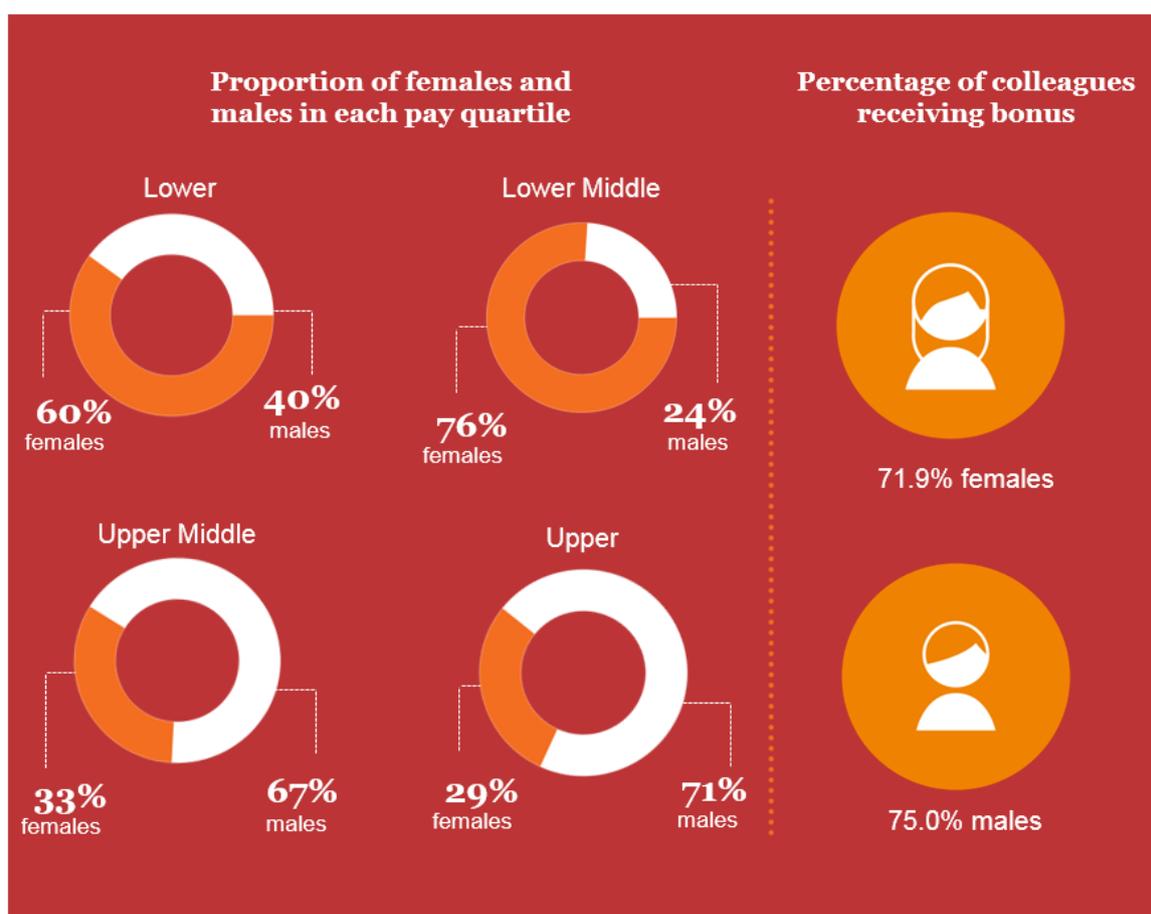


Barclay Pharmaceuticals Limited

- We have a close split of males (51%) and females (49%) in Barclay Pharmaceuticals Ltd
- We have seen a reduction in the mean gender pay gap and bonus gap over the past year, which is really encouraging to see
- The median gender bonus gap has moved to a negative gap (in favour of females) since 2018 due to a change in the way that long service recognition payments are now paid as a bonus
- Broadly equal proportions of men and women received a bonus last year

Difference between men and women

	Mean (2019)	Mean (2018)	Median (2019)	Median (2018)
Pay Gap	8.9%	10.9%	10.2%	8.8%
Bonus Gap	15.1%	20.0%	-38.2%	15.8%



Lowering our gender pay gap

The actions we're taking

Diversity and inclusion

We want to ensure all working practices, including recruitment, reward and benefits are inclusive and flexible to encourage more females to join McKesson in professional and management roles.

We have introduced flexible working and job share opportunities within our pharmacies to encourage working parents and those with additional commitments to return to their chosen profession, whilst allowing them to work around their other commitments.

We are in the process of improving our terms and conditions in relation to maternity, paternity and adoption leave – making it easier for working parents to take the time they need with their new families.

Recruitment and talent development

We want to remove unconscious bias by upskilling managers in the recruitment process. We will continue to support objective interviewing by providing a variety of competency-based questions that centre around our corporate values, which are at the heart of our corporate culture.