

McKesson UK *Gender Pay Gap report*



Introduction from our Chief People Officer, Jane Davies

As a large employer in the UK – and a leading provider of healthcare services – we have a duty to make sure that everyone who works for us is treated fairly and given equal opportunities.

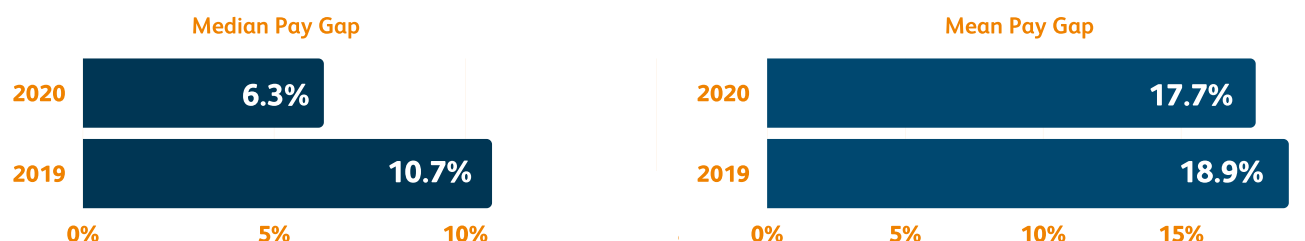
That's why we are pleased to share our latest Gender Pay Gap report. I'm delighted that we have continued to make progress in many areas across our business since last year.



McKesson UK is the parent company of all four entities covered by this report, but we consider ourselves to be one joined up organisation.

So, whilst our report shows results for the four companies separately, it is also useful for context to look at the aggregated results. The median pay gap for McKesson UK overall is 6.3% which is an encouraging improvement from 10.7% in the previous year. The Mean pay gap for McKesson UK is 17.7%, an improvement from 18.9% last year. 64% of those in the top pay quartile are female and 75% of the upper middle quartile are female.

This improvement is partly down to our continued promotion of flexible working and job share opportunities within our pharmacies, to help to encourage parents and those with additional commitments to return to work. We are committed to making sure all of our working policies and procedures, including recruitment, reward and benefits, are truly inclusive, but we know there is even more we can do.



In 2020, we will be moving all colleagues onto a standard set of terms and conditions which includes enhanced maternity and paternity benefits, extended sick pay and enhanced annual leave; this will make things more consistent for colleagues and offer extra support for those looking to grow their family.

Over 70% of our UK colleagues are female, but this is not reflected in our senior positions. As the sole female member of our Executive Leadership Team, I want to carve a path for more women and people of all backgrounds to move into our senior roles, to provide the richness of insight and experience to the leadership of our organisation into the future. We are also going to be setting up a range of inclusion groups through which we can drive positive cultural change within our organisation on various topics, including; Women in Leadership, Ethnicity, LGBTQ+, Disability and Mental Health. We are committed to making McKesson UK a truly inclusive place to work.

We are committed to paying our colleagues fairly for the work they do, and we are on a journey to continue to reduce our gender pay gap over the coming years.

Thank you

Jane Davies
Chief People Officer

Breaking down our reporting

The 2020 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 employees earn compared to male employees, 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 middle value 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. This may 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.

.....

At LloydsPharmacy, we operate around 1,400 pharmacies within local communities across the UK. We also provide outpatient dispensing services in over 40 hospitals, and other pharmacy services to care homes, mental health facilities and prisons.

We employ around 16,000 people to work in frontline and support office roles.

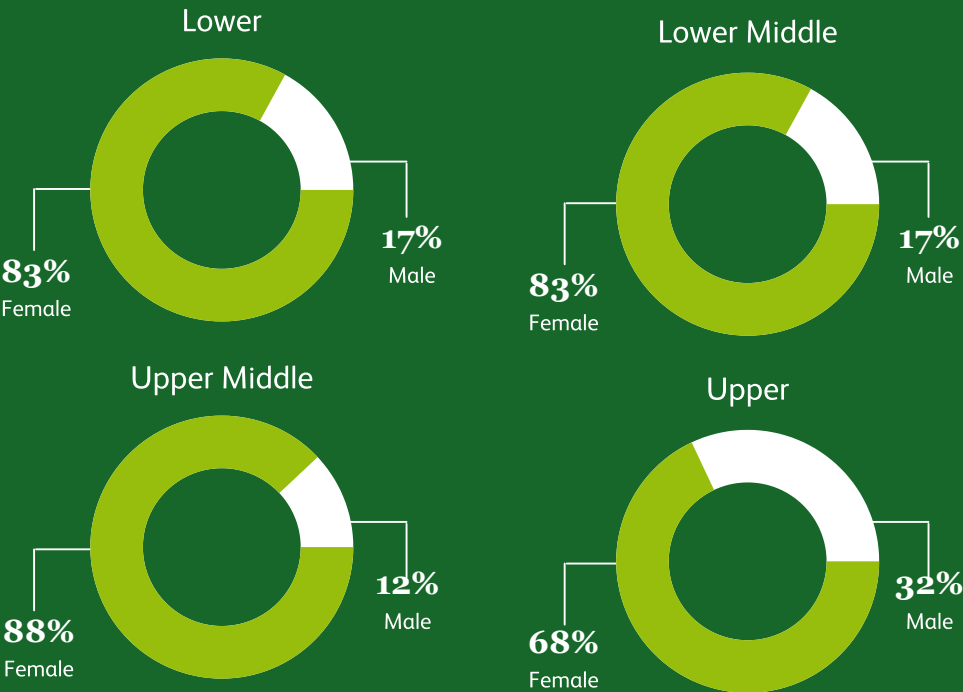
- This year, the median pay gap for males and females is 3.7% which is down from 8.5% in 2019
- The mean pay gap for this year is 25.9% compared with 25.8% last year
- Over 80% of females in LloydsPharmacy received a bonus in the period compared with 58% of males
- The median bonus favours females by over 80%, whereas the mean bonus is 69% higher for males

These results represent some progress, but we still have more work to do to reduce this gap. One of the main reasons for the difference is the gender breakdown within roles across the business. In total we have over 12,500 female colleagues and over 3,000 male colleagues. Many of our retail store or part time roles are occupied by female employees. Females make up 83% of our lower two quartiles compared with just 68% of our highest quartile. Whilst as headline numbers these are not where we would want them to be, it is worth remembering that these part time roles offer working parents and those with other responsibilities, such as caring; the opportunity to work around their lifestyle, which is so valuable to so many of our colleagues.

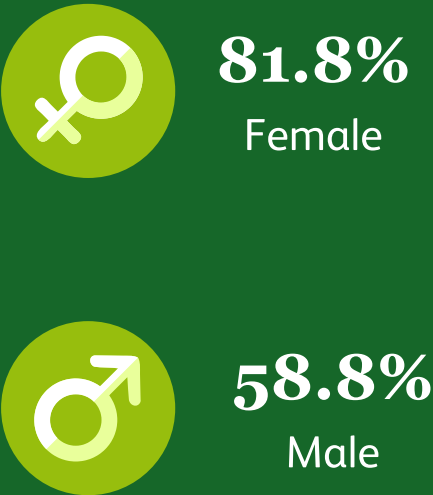
Difference between men & women

	Mean (2020)	Mean (2019)	Median (2020)	Median (2019)
Pay Gap	25.9%	25.8%	3.7%	8.5%
Bonus Gap	69.2%	69.7%	-83.0%	46.8%

Proportion of females and males in each pay quartile



Percentage of colleagues receiving bonus



At AAH, we deliver vital medication and healthcare products to every single dispensing point in the UK. We operate 16 warehouses and deliver 14 million items every week.

We employ around 3,000 people to work in frontline and support office roles.

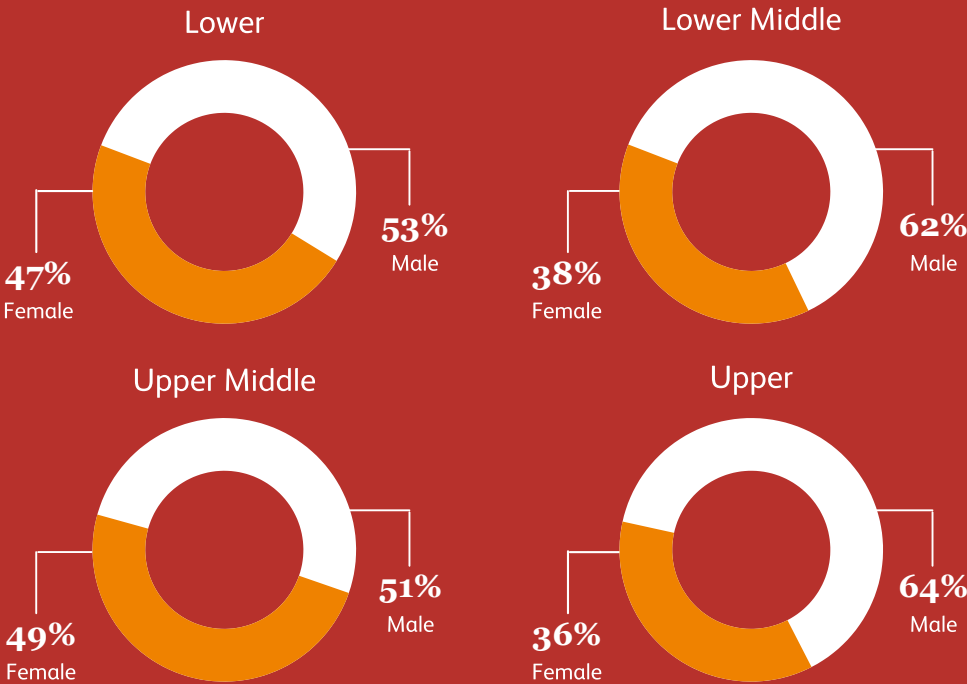
- This year, the median pay gap for males and females is 0.3% which shows near absolute parity across the genders.
- The mean pay gap for this year is 9% compared with 10.7% last year
- Over 63% of females in AAH received a bonus in the period compared with 50% of males
- The median bonus favours females by 100%, whereas the mean bonus is broadly equal at 0.7% higher for females

Looking at the median pay gap, the results show that there is relative parity between gender pay in AAH which is driven by consistent pay setting in our volume filled roles. The main reason for the difference in the mean pay gap is that the majority of senior roles are occupied by males.

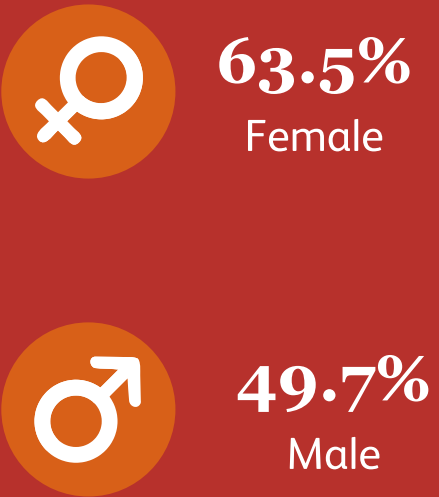
Difference between men & women

	Mean (2020)	Mean (2019)	Median (2020)	Median (2019)
Pay Gap	9.0%	10.7%	0.3%	-0.4%
Bonus Gap	-0.7%	48.0%	-100.0%	-28.0%

Proportion of females and males in each pay quartile



Percentage of colleagues receiving bonus



LLOYDS PHARMACY CLINICAL HOMECARE

At LPCH, we provide nursing services to patients in their homes that allows them to live more independent lives outside of hospital. We care for people with a range of complex conditions including cancer, home parental nutrition and Chron’s disease.

We employ around 1,300 people to work in frontline and support office roles.

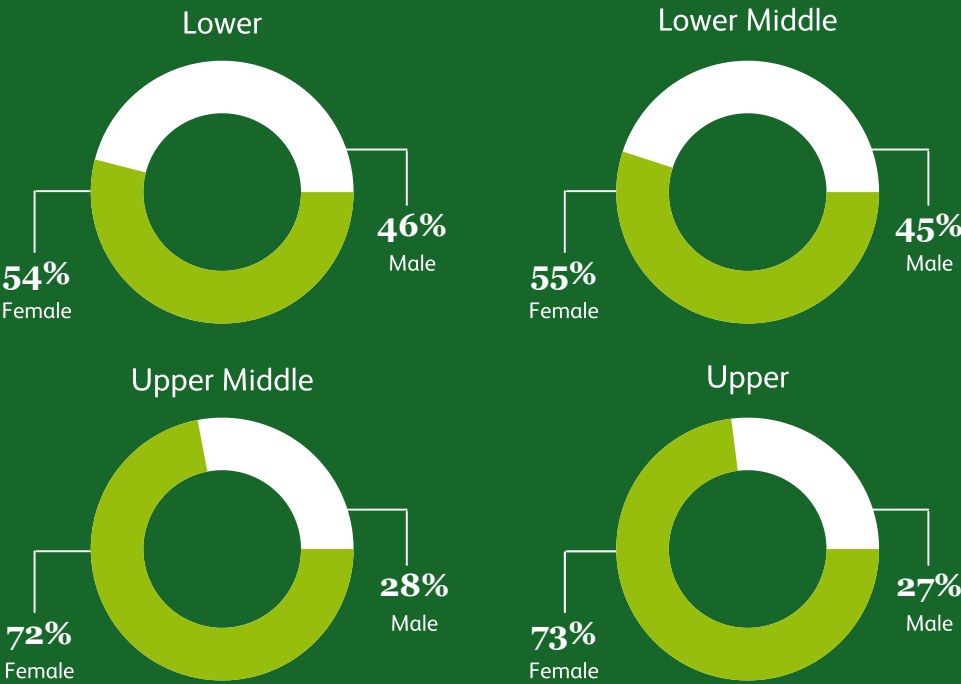
- This year, the median pay gap is -28.9% in favour of females which is similar to last year
- The mean gap for this year is -9.2% in favour of females, compared with 9% last year
- Over 70% of both males and females in LPCH received a bonus in the reporting period
- The median bonus gap is flat at 0%, whereas the mean bonus is 24% higher for males

In LPCH, we have a negative pay gap (in favour of females) which is driven in part by our higher numbers of qualified nurses, who are typically female. Females make up over 70% of our highest two pay quartiles.

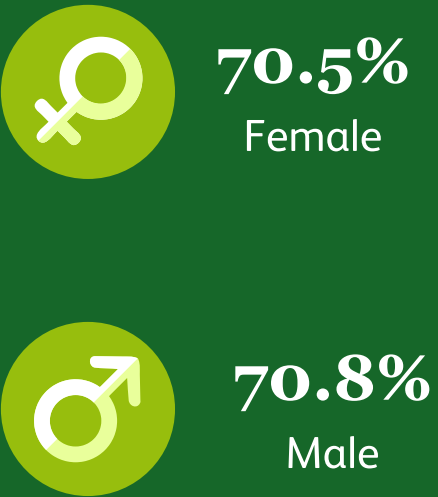
Difference between men & women

	Mean (2020)	Mean (2019)	Median (2020)	Median (2019)
Pay Gap	-9.2%	-9.0%	-28.9%	-35.5%
Bonus Gap	24.0%	49.1%	0%	0%

Proportion of females and males in each pay quartile



Percentage of colleagues receiving bonus



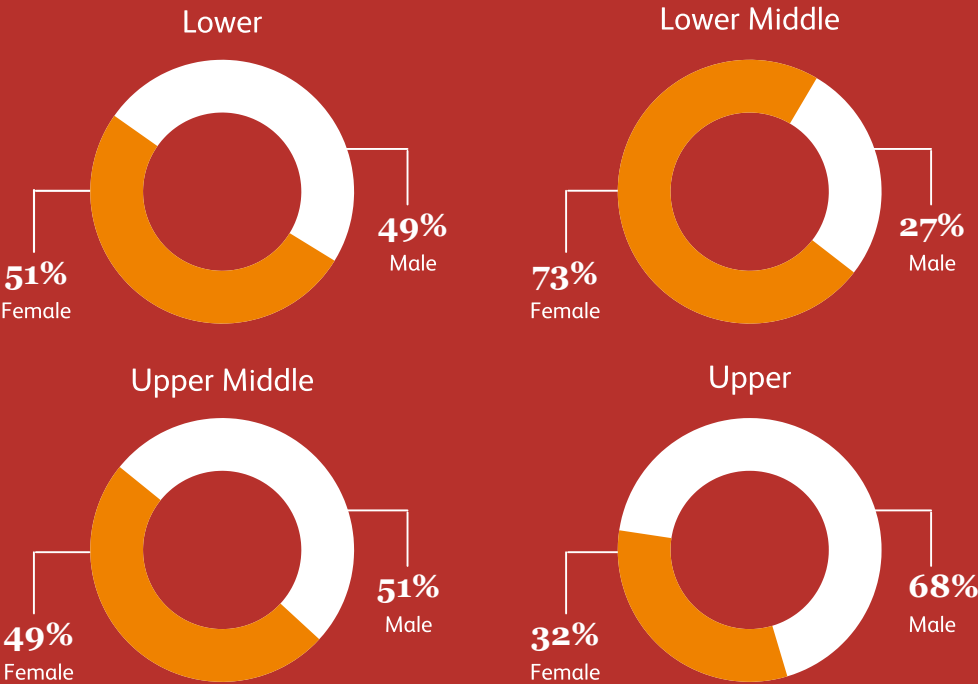
Barclay Pharmaceuticals is a subsidiary of AAH Pharmaceuticals Ltd, distributing vital medication to our customers across the country. We employ around 450 people to work in frontline and support office roles.

- This year, the median pay gap is 7% in favour of males which has improved from 10.2% last year
- The mean gap for this year is 10.8% in favour of males, compared with 8.9% last year
- Over 79.7% of males in Barclay received a bonus in the reporting period, compared with 72.7% of females
- The median bonus is 27.6% in favour of males, whereas the mean bonus is 18.3% higher for females

Difference between men & women

	Mean (2020)	Mean (2019)	Median (2020)	Median (2019)
Pay Gap	10.80%	8.9%	7.0%	10.2%
Bonus Gap	-18.30%	15.10%	27.6%	-38.2%

Proportion of females and males in each pay quartile



Percentage of colleagues receiving bonus

