

WHSmith

GENDER PAY GAP REPORT 2017

At WHSmith, we recognise that our 14,000 employees are core to the success of our business whatever their age, race, religion, gender, sexual orientation or disability. We are committed to promoting a culture of inclusion and diversity through our policies, procedures and working practices.

Our median gender pay gap is 0% and our mean gender pay gap is 20% which is slightly above the UK mean pay gap of 17.4%. Our median bonus gap is 48.7% and mean bonus gap is 87.9%. We are aware that the biggest contributing factor to our gender pay gap and bonus gap is the number of senior positions held by men, this is highlighted by the fact that women make up 65% of our workforce but only 27% of our senior management team. At Board level, women now make up 33% of our Board.

All of our policies and practices in relation to recruitment, salary benchmarking and benefits are gender neutral and distinguish our colleagues according to role and not gender.

The publication of this report is a key step change in business and one we are embracing. Transparency is essential as we work to create a business culture which reflects the society we live and work in today. The gender pay gap will only disappear when we have more women participating in senior management and leadership roles and, at WHSmith, we are on a pathway to make this happen.

You can read more about our key initiatives, including developing a more flexible approach to work and our mentoring and development programmes on page six of this report.



Anthony Lawrence
Group HR Director

UNDERSTANDING OUR REPORT

UNDERSTANDING THE GENDER PAY GAP

This is WHSmith's first Gender Pay Gap report for UK employees prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This requires employers with more than 250 UK employees to publish their gender pay gap.

HOW IS THE GENDER PAY GAP CALCULATED?

The Act requires organisations to report the average pay gap by quartiles and average bonus gap together with the proportion of men and women receiving bonuses.

The regulations specifically require both the median and mean gender pay gap to be reported. The method for determining the median gender pay gap requires companies to identify the hourly pay for the middle female and male employee, when ranked from the lowest to the highest. The resulting gap is the percentage difference between the midpoints in the female and male hourly pay. The mean is calculated by adding all average hourly salaries and dividing them by the number of employees. The resulting gap is the percentage difference between the average female and male hourly pay figures.

HOW ARE PAY QUARTILES CALCULATED?

Quartiles are calculated by listing the rates of pay for each employee across the business from the lowest to the highest, prior to splitting the list into four equal-sized groups. The percentage of females and males in each group is then calculated.

WHAT IS INCLUDED IN THE CALCULATIONS?

Our ordinary pay and bonus pay calculations are based on data from April 2017.

Ordinary Pay: is not limited to basic pay, but also includes other types of pay such as holiday pay and shift premium pay. It does not include pay for overtime, pay relating to redundancy/termination of employment, pay in lieu of leave or the value of benefits which are not in the form of money.

Bonuses: Bonus pay includes any additional performance related pay relating to annual bonuses or long-term incentives paid under the Company's executive share plans. Calculations of median and mean bonus pay use bonus pay for the 12 months ending 5 April 2017.

GENDER PAY FIGURES

We have chosen to publish the consolidated data for the WHSmith Group (UK) as well as the specific data for those companies that individually employ more than 250 employees, namely WH Smith Retail Holdings Limited and WH Smith Hospitals Limited. The data for these companies can be found on page eight of this report.

We believe that the Group data gives a more meaningful representation of our gender pay gap as it includes all our UK employees.

As can be seen from the table, our median gender pay gap is 0% and our mean gender pay gap is 20%. Our median bonus gap is 48.7% and our mean bonus gap is 87.9%.

WHSmith Group

PROPORTION OF FEMALES AND MALES IN EACH QUARTILE BAND	FEMALE	MALE
Total	65%	35%
Lower	63%	37%
Lower middle	71%	29%
Upper middle	72%	28%
Upper	53%	47%

	MEDIAN	MEAN
Gender pay gap	0.0%	20.0%
Gender bonus gap	48.7%	87.9%

	FEMALE	MALE
Proportion of females and males receiving a bonus payment	15%	18%
Number of females and males receiving a bonus payment	1,199	815

UNDERSTANDING OUR FIGURES

GENDER PAY GAP

We are confident that our gender pay gap is caused by the gender imbalance in our senior executive positions and is not an issue of pay. As shown in the table below, the mean gender pay gap in the upper quartile is 23.7%. Further analysis shows that if we exclude those in senior executive positions, the mean gender pay gap in the upper quartile falls to 13.1% and overall to 11.9%.

At WHSmith, 27% of senior executive positions are held by women. This number increases to 48% of senior roles if you include the next level of management. Over the past three years, we have taken steps to increase the number of women in senior executive positions and have seen this number increase by 36%. However, we recognise that there is much more work that we can do.

As can be seen from the table on page four, our overall median gender pay gap is nil. This is because the majority of our employees work in stores and earn equal pay for equal roles.

BONUS GAP

Our short-term and long-term bonus plans are gender neutral by design. However, as with our gender pay gap, the make-up of our workforce influences both our median and mean bonus gaps, which are 48.7% and 87.9% respectively.

We know that our bonus gap is particularly influenced by our long-term incentive awards to our most senior executives, the majority of whom are men. These roles have a higher bonus opportunity in percentage terms.

GENDER PAY GAP BY PAY QUANTILES	MEDIAN	MEAN
Lower	0.0%	1.9%
Lower middle	0.0%	-0.8%
Upper middle	0.0%	0.4%
Upper	11.9%	23.7%

As a business, we are committed to promoting a culture of inclusion and diversity. We have worked hard to implement a number of initiatives to support this however we know there is still more to do. Our aim is to continue to develop these initiatives for every stage of the employee cycle from sales assistants to senior executives and those who undertake leadership roles to ensure that we attract, retain and engage more women across the business.

We understand the importance of work life balance and promoting agile working. Our line managers are encouraged to consider requests for flexible working hours and home working. This change in approach also includes, for example, the ability to buy additional holiday and our 'school starter' scheme which grants working parents and grandparents time off to take their child to their first day at school.

Listed below are some of our other key initiatives:

- **Developing our succession pipeline.**

In order to ensure we have a pipeline of women ready for promotion, we invest time in supporting managers to identify talent in their teams. Mentoring plays a critical role in the development of our talent pipeline at all levels as it provides targeted 1:1 support from a more senior role model. All of our most senior female executives act as a mentor supporting women with their development requirements.

- **Internal networking and development programmes.**

We have created programmes that focus on developing the skills and behaviours that we know will support an individual's progression, including increasing self-awareness, career development, influencing, communication, resilience, negotiation, management and leadership. Everyone

within the business can access these programmes. We are also proud to be working with 'Everywoman' who run a programme that provides our employees with links to an external network of professional women in other organisations so that contact, connections and relationships can be made easily. Both external research and our own employee surveys highlight that role models are critical in encouraging women to develop their careers.

- **Learning and development weeks.** During our 'Learning at Work Week' programme, 'Women in Leadership' has been a key theme for a number of years, with talks from our most senior female executives, master classes and chances to network and discuss important topics.
- **Recruitment.** To ensure we attract more women into our business at a senior level, we continue to aim for gender balanced shortlists for internal and external recruitment at a senior executive level.
- **WHSmith is a member of the 30% Club.** WHSmith is proud to be a member of the 30% club, which helps businesses create sustainable strategies to increase the number of women in senior executive roles.
- **Return to Work programme.** WHSmith has been working with Workingmums.co.uk who provide an online job and community website for professional and working mothers. The website allows us to advertise our roles and showcase our commitment to gender diversity and to raise our brand profile as a family friendly employer, supportive to working women both currently in the business and to those wishing to join us. This year, we were delighted to be shortlisted in the 'Top Employer Award' programme in the 'Family Support' category.

STATUTORY DISCLOSURE

WH Smith Retail Holdings Ltd

PROPORTION OF FEMALES AND MALES IN EACH QUARTILE BAND	FEMALE	MALE
Total	65%	35%
Lower	63%	37%
Lower middle	71%	29%
Upper middle	72%	28%
Upper	52%	48%

	MEDIAN	MEAN
Gender pay gap	0.0%	20.6%
Gender bonus gap	51.0%	87.9%

	FEMALE	MALE
Proportion of females and males receiving a bonus payment	15%	19%
Number of females and males receiving a bonus payment	1,148	786

DECLARATION

This statement confirms that the published information is accurate and meets the requirements of the Regulations.



Anthony Lawrence
Group HR Director

WH Smith Hospitals Ltd

PROPORTION OF FEMALES AND MALES IN EACH QUARTILE BAND	FEMALE	MALE
Total	66%	34%
Lower	58%	42%
Lower middle	73%	27%
Upper middle	71%	29%
Upper	63%	37%

	MEDIAN	MEAN
Gender pay gap	0.0%	1.2%
Gender bonus gap	0.0%	-21.5%

	FEMALE	MALE
Proportion of females and males receiving a bonus payment	12%	14%
Number of females and males receiving a bonus payment	51	29