

WHSmith

GENDER PAY GAP REPORT 2018

INTRODUCTION

Welcome to our second annual gender pay gap report published in line with the Equality Act 2010.

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

Our median gender pay gap for 2018 remains at 0% (2017: 0%) and our mean gender pay gap for 2018 is 19.7% (2017: 20%). Our median bonus gap for 2018 is 0.0% (2017: 48.7%) and our mean bonus gap for 2018 is 88.5.% (2017: 87.9%).

From our analysis we know that the biggest contributing factor to our mean gender pay gap and mean bonus gap is the number of executive positions held by men. At WHSmith, women make up 65% of the workforce and 27% of the senior management team. We know that our 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.

We have been taking steps to address this gender imbalance and, going forward, we are committed to increasing the number of women in senior positions. You can read more about our key initiatives, including developing a more flexible approach to work and our mentoring and development programmes, on pages five and six of this report.

We look forward to reporting on our progress in a year's time.



Anthony Lawrence
Group HR Director

UNDERSTANDING OUR REPORT

UNDERSTANDING THE GENDER PAY GAP This is WHSmith's second Gender Pay Gap report for UK employees prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

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 2018.

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 from the 12 months ending 5 April 2018.

GENDER PAY FIGURES

We have chosen to publish the consolidated data for the WHSmith Group (UK) as well as the specific data for those UK 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 seven 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 19.7%. Our median bonus gap is 0.0% and our mean bonus gap is 88.5%.

WHSmith Group

PROPORTION OF FEMALES AND MALES IN EACH QUARTILE BAND	FEMALE	FEMALE	MALE	MALE
	FY 17	FY 18	FY 17	FY 18
Total	65%	65%	35%	35%
Quartile 1	63%	63%	37%	37%
Quartile 2	71%	70%	29%	30%
Quartile 3	72%	73%	28%	27%
Quartile 4	53%	53%	47%	47%

	MEDIAN	MEDIAN	MEAN	MEAN
	FY 17	FY 18	FY 17	FY 18
Gender pay gap	0.0%	0.0%	20.0%	19.7%
Gender bonus gap	48.7%	0.0%	87.9%	88.5%

	FEMALE	FEMALE	MALE	MALE
	FY 17	FY 18	FY 17	FY 18
Proportion of females and males receiving a bonus payment	15%	29%	18%	34%
Number of females and males receiving a bonus payment	1,199	2,368	815	1,503

UNDERSTANDING OUR FIGURES

GENDER PAY GAP

We believe 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 24.5%. Further analysis shows that if we exclude those in senior executive positions, the mean gender pay gap in the upper quartile falls to 12.1% and overall to 10.5%.

At WHSmith, 27% of senior executive positions are held by women. This number increases to 38% of senior executive positions if you include the next level of management. Our retention strategy at a senior level has meant that we have seen little change in that population over the last 5 years. However, we have taken steps to increase the number of women in senior executive positions when the opportunity arises and have seen this number increase by 36%. Further analysis of our succession planning data shows that this year 52% of all colleagues identified within our Top Talent Group (those with the highest potential to progress) are women.

As can be seen, our overall median gender pay gap for 2018 for the Group is nil versus the UK average of 17.9% (Office of National Statistics 2018). This is as a result of the majority of our employees who receive either the minimum or living wage.

BONUS GAP

Our short-term and long-term bonus plans are gender neutral by design. However, our mean gender bonus gap, which is 88.5% (2017: 87.9%) is also caused by the gender imbalance in our senior executive positions. We also know that our mean 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.

Our median bonus gap is nil (2017: 48.7%). The reduction in the median bonus gap is due to the business running a series of tactical bonus events in stores for store teams during the peak trading periods.

Gender pay gap by pay quartiles

Quartile 1		Quartile 2	
Median %	Mean %	Median %	Mean %
0.0	1.1	0.0	-0.7
Quartile 3		Quartile 4	
Median %	Mean %	Median %	Mean %
0.0	0.1	12.8	24.5

ACTION PLAN

As a business, we are committed to promoting a culture of inclusion and diversity. We continue to work hard to deliver on our 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 life-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 flexible working. We continue to work with line managers to create a more flexible attitude to agile working. Line managers are encouraged to consider requests for flexible working hours and home working. This drive for flexibility 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 last year, '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 use gender balanced shortlists for 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.

STATUTORY DISCLOSURE

WH Smith Retail Holdings Ltd

PROPORTION OF FEMALES AND MALES IN EACH QUARTILE BAND	FEMALE FY 17	FEMALE FY 18	MALE FY 17	MALE FY 18
Total	65%	65%	35%	35%
Quartile 1	63%	63%	37%	37%
Quartile 2	71%	70%	29%	30%
Quartile 3	72%	72%	28%	28%
Quartile 4	52%	52%	48%	48%
	MEDIAN FY 17	MEDIAN FY 18	MEAN FY 17	MEAN FY 18
Gender pay gap	0.0%	0.0%	20.6%	20.2%
Gender bonus gap	51.0%	0.0%	87.9%	88.5%
	FEMALE FY 17	FEMALE FY 18	MALE FY 17	MALE FY 18
Proportion of females and males receiving a bonus payment	15%	30%	19%	35%
Number of females and males receiving a bonus payment	1,148	2,350	786	1,491

“The Group Board is committed to Improving the gender balance across the business. We are making progress however, we know that Improving gender balance will take time and require sustained focus over the long term.”

Stephen Clarke

Group Chief Executive

WH Smith Hospitals Ltd

PROPORTION OF FEMALES AND MALES IN EACH QUARTILE BAND	FEMALE FY 17	FEMALE FY 18	MALE FY 17	MALE FY 18
Total	66%	67%	34%	33%
Quartile 1	58%	57%	42%	43%
Quartile 2	73%	74%	27%	26%
Quartile 3	71%	76%	29%	24%
Quartile 4	63%	58%	37%	42%
	MEDIAN FY 17	MEDIAN FY 18	MEAN FY 17	MEAN FY 18
Gender pay gap	0.0%	0.0%	1.2%	4.6%
Gender bonus gap	0.0%	31.9%	-21.5%	23.0%
	FEMALE FY 17	FEMALE FY 18	MALE FY 17	MALE FY 18
Proportion of females and males receiving a bonus payment	12%	4%	14%	6%
Number of females and males receiving a bonus payment	51	18	29	12

Declaration

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



Stephen Clarke
Group Chief Executive



Anthony Lawrence
Group HR Director