

ALLIANCE HEALTHCARE MANAGEMENT SERVICES LIMITED

Gender Pay Gap Report

As at April 2017



A message from Julian

The Gender Pay Gap Report for Alliance Healthcare is an additional step forward in our Corporate Social Responsibility (CSR) drive to reduce inequalities in the workplace.

I welcome the Gender Pay Gap Report as an opportunity to take stock of our business, and highlight areas where improvements in the workplace can be progressed. I personally pledge to support the commitments we state in this report, with the inclusion of my leadership team, and all colleagues at Alliance Healthcare in the UK.

We recognise that we must continue to build on the positive steps already taken to reduce any gender pay gaps. It is absolutely fundamental we continue to address any gender inequalities and concentrate our efforts in supporting the exciting plans being set out by our Equality Committee.

Alliance Healthcare is committed to providing opportunities in the workplace for all our UK employees to grow and achieve their full potential. We will further provide support for our managers, with the right tools and resources needed to get the most from their teams, and help to develop employee skillset.

We look to inspire our people and support everyone that works with Alliance Healthcare in their career progression. We all have a role to play in achieving our potential, and as a business we are proud to support initiatives that reduce our existing gender pay gap.

Best wishes,
Julian Mount
Managing Director, Alliance Healthcare UK



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Managing Director
Alliance Healthcare UK

Alliance Healthcare is one of the UK's leading pharmaceutical wholesaler and distributors, and part of the Pharmaceutical Wholesale Division of Walgreens Boots Alliance, Inc. (Nasdaq: WBA), the first global pharmacy-led health and wellbeing enterprise.



Our story in the UK began over 90 years ago when pharmacist Ernest Skues founded UniChem, the London based cooperative, which was financed and managed by local independent pharmacists.

The UniChem brand, today known as Alliance Healthcare UK, has always been at the heart of the communities it serves, supporting the health and wellbeing of women and men, and providing employment opportunities for both genders alike.

Our Pharmaceutical Wholesale Division

We are particularly proud that a woman, Ornella Barra, currently Co-Chief Operating Officer for Walgreens Boots Alliance, Inc., has been an integral part of the history and evolution of Pharmaceutical Wholesale, the WBA Division of which our UK business is part.

In the late 80s, Ornella was appointed Managing Director and later Chairman of Alleanza Salute Italia, which in time became Italy's leading pharmaceutical wholesaler. She joined the board of Alliance Santé, an international pharmaceutical company, and remained at the forefront of every deal, helping to grow this company through a series of acquisitions.

At the end of the 90s, Ornella was appointed as board member and Executive Director of Alliance UniChem Plc. In 2006, Alliance UniChem Plc. and the Boots Group PLC merged, forming Alliance Boots, where Ornella was latterly Chief Executive, Wholesale and Brands. With the creation of Walgreens Boots Alliance, she continues to oversee Pharmaceutical Wholesale as well as other businesses and functions, and to inspire male and female colleagues across our Company.

In September 2017, **Fortune** magazine published its annual list of the **"50 Most Powerful Women in international business"** (outside the U.S.) in which Ornella was featured in 13th position. Ornella has consistently ranked in the top 15 of the list every year since 2010.



Our colleagues have always been important to us and gender balance and closing the gender pay gap is an important part of this continued journey. We recognise that meaningful change takes time and are fully committed to making further progress on this journey.

We welcome the introduction of gender pay gap reporting and see it as an opportunity to identify the root causes of any gender pay gap and, through our equal opportunities policy, find solutions for all colleagues and help them fulfil their potential.

WHY WE ARE DOING THIS

For the first time, UK companies with over 250 employees are required to publicly report on their gender pay gap under new legislation that was introduced in April 2017.

The legislation requires us to report our mean and median pay gap, bonuses mean and median pay gap, the percentage of male and female employees who received a bonus payment and the percentage of women and men in each quartile.

Reducing all inequalities in the workplace is really important to us, and the legislation is helping us to look at things differently and identify ways we can work to close our gender pay gap, and move towards rectifying any imbalance in the workplace.

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.



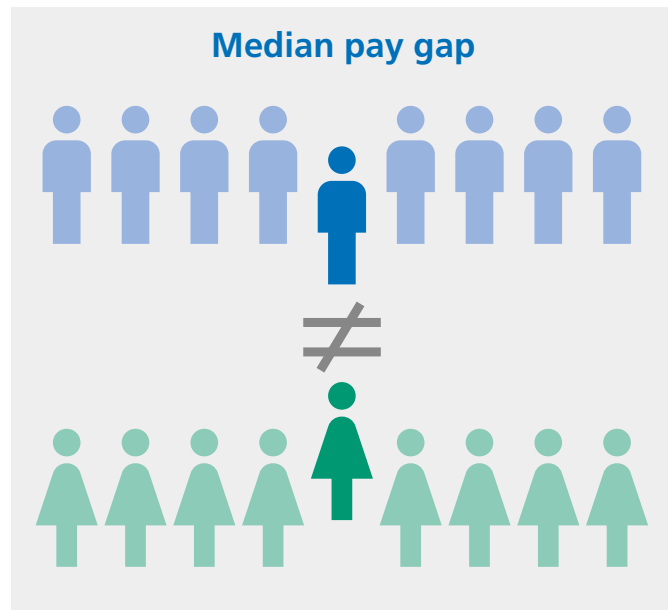
One of the main reasons for the gender pay gap in our society is that men are statistically more likely to be in senior roles.

Understanding gender pay gap reporting

How are the median and mean pay 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 all 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.

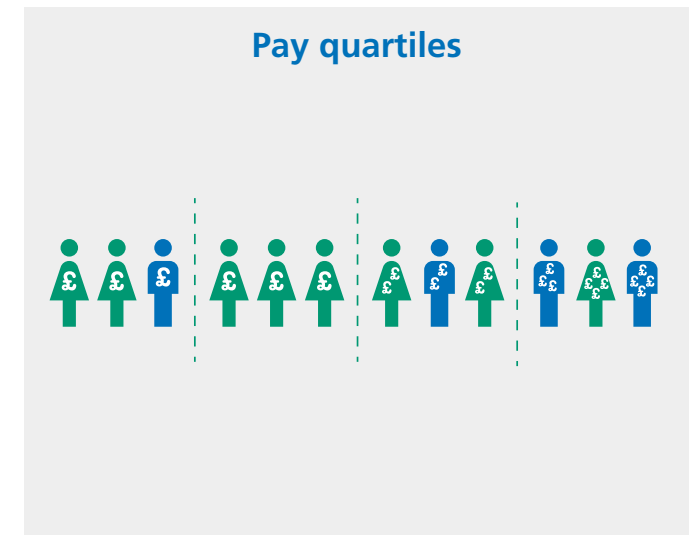


How is the bonus gap calculated?

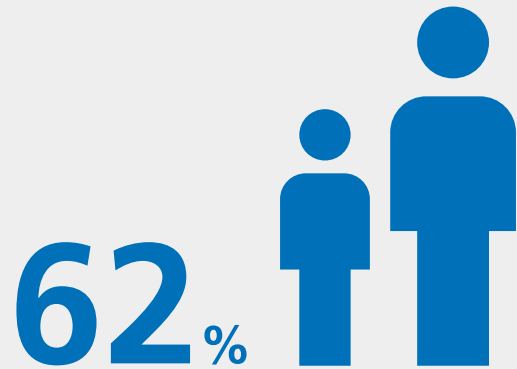
The mean and median bonus gaps are calculated in the same way as the gender pay gaps. However, this time we use the actual bonus paid to colleagues. We also report the number of male and female colleagues receiving a bonus (as a percentage of the total male and female population).

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.



Our 2017 results



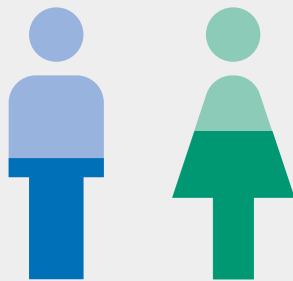
Percentages of all our male and female colleagues



Pay quartiles

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

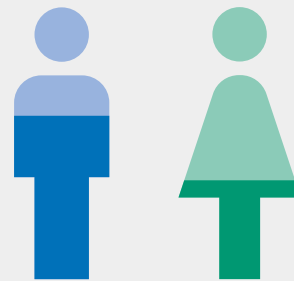
LOWER QUARTILE



46%

54%

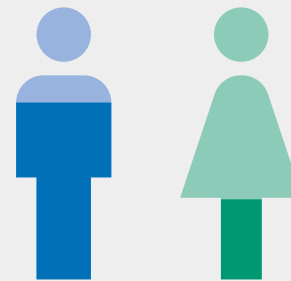
2nd QUARTILE



62%

38%

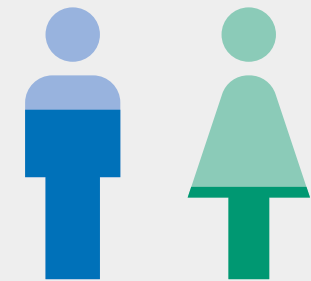
3rd QUARTILE



75%

25%

4th QUARTILE



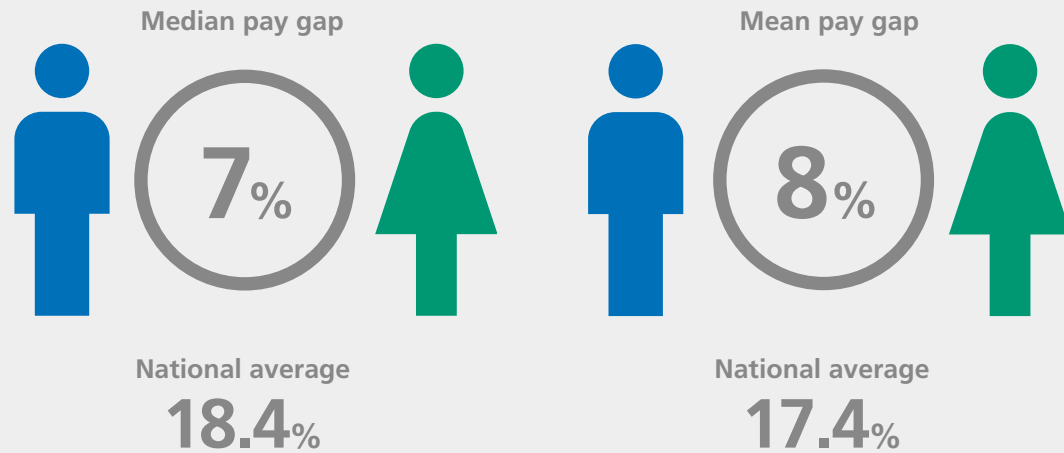
64%

36%



Our 2017 results

Gender pay gap

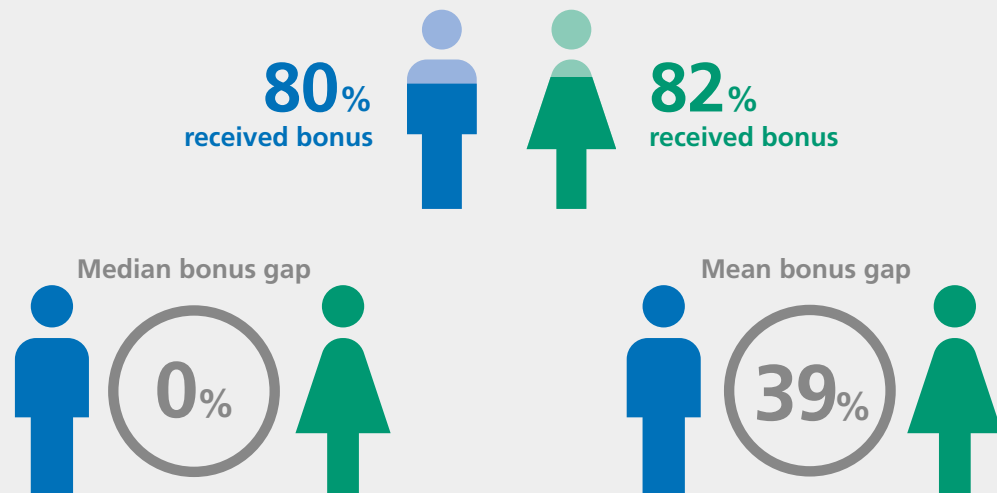


Source: Median national average pay gap 18.4%, mean national average pay gap 17.4% based on estimates from the Office of National Statistics' Annual Survey of Hours and Earnings 2017

Our gender pay gaps, both median pay gap and mean pay gap, are significantly less than the national average of 18.4% and 17.4% respectively, but we recognise there is still work to be done to reduce the gap further. The main reason for our gender pay gap is the structure of our workforce, with fewer females than males in our more senior roles across the organisation.

We've worked hard over the years in both our Service Centres and the Support Centre to ensure we have fair pay and reward structures across the business. In our Service Centres, where the majority of our people work, we have developed – with our trade union partners – fixed pay rates for all of the roles, thus ensuring equal pay for equal work. We now need to build on the progress made and ensure any gender pay gap is addressed across the business.

Bonus gap



All bonuses paid in the year up to 5 April 2017 are used for the calculation. Across the organisation we have various bonus schemes. All of our bonus schemes are gender neutral by design and the majority of male and female employees received a payment.

The higher mean bonus gap is again due to the structure of our workforce, with fewer females than males in our more senior roles across the organisation.

What are we doing to address our gender pay gap?

A key Corporate Social Responsibility (CSR) goal for Alliance Healthcare UK is to reduce all inequalities in the workplace.



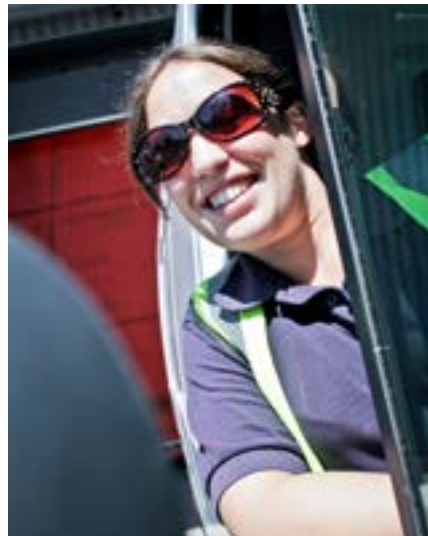
Many of our CSR activities are aligned to the UN Sustainable Development Goals, including Sustainable Development **Goal 5 – achieve gender equality and empower all women and girls.** As such, we have recently formed an Equality Committee – made up of men and women from across the workforce and representing all levels of colleagues – to help move our agenda on this important topic forward. Equality is a huge topic, and our first activity area is ‘women in the workplace.’ The group will help to shape the future of our business and influence positive change to our policies and procedures. Other important focus areas for this group’s work are to educate and inspire.

Educate – all people managers will be informed of the importance of gender equality, with tools and resources to support their management responsibilities of all our people.

Inspire – we will also take the opportunity to celebrate and recognise our inspirational male and female colleagues celebrating key dates in the calendar, such as International Women’s Day and International Men’s Day in March 2018 and November 2018 respectively.

Flexible working policies – We have a wide range of family friendly policies including Parental Leave, Adoption Leave, Dependents Leave and Flexible Working, and have done for many years. 21% of our colleagues work part-time (30 hours or less per week). We continue to review our policies and work with our Equality Committee steering group, to raise awareness of all policies and changes.

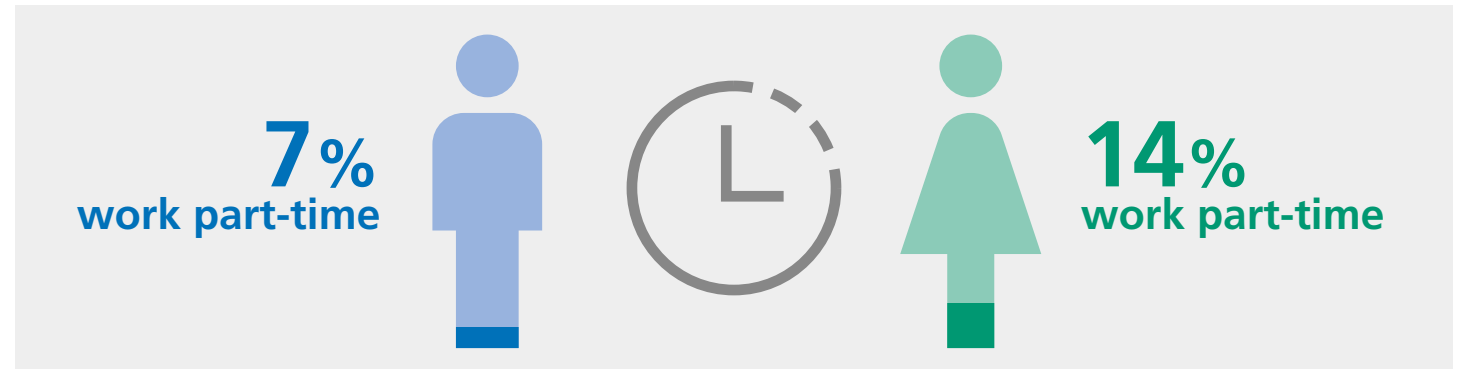
Recruitment – We want to continue our drive to be fair and inclusive in our recruitment practices, and are currently reviewing our processes to identify areas for improvement.



Our commitment

As a business we continue to build a **diverse and inclusive culture**. We are proud that 14% of our female colleagues and 7% of our male colleagues work part-time giving them the opportunity to balance their home and work lives.

We are committed to encouraging and supporting all colleagues across the organisation and inspiring everyone to reach their full potential.



We confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Toby Carpenter
HR Director

Pablo Rivas
Finance Director

