



# GENDER PAY GAP REPORT 2018

We are proud of our diverse global mindset and our ability to provide opportunities for our employees to grow, develop and contribute; to attract and develop talent, build future leaders and improve diversity and inclusion across the company.

We welcome the UK Government's efforts to improve transparency in gender equality and pay in the workplace. Understanding what drives our gender pay gap is just one step on our journey to continually improve the diversity of our global team. In the words of our Chairman and CEO, Dave Ricks...

“By valuing diversity and inclusion and investing in professional growth for everyone, we can increase our productivity and achieve growth of the company. **Diversity and inclusion are business imperatives at Lilly.**”

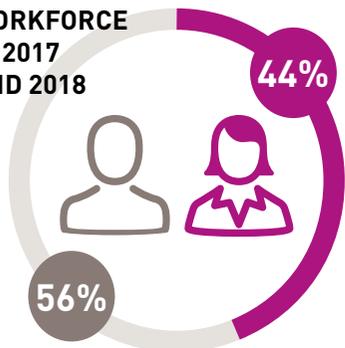
Dave Ricks, Chairman and CEO

## UK GENDER PAY GAP REQUIREMENT

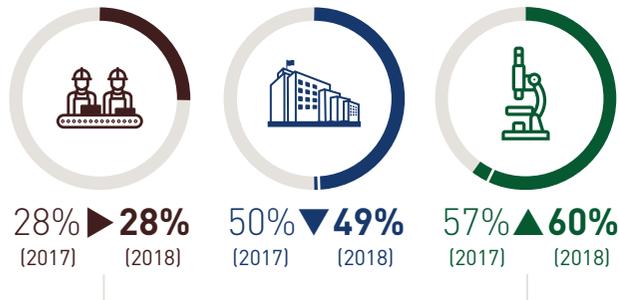
The gender pay gap shows the difference between the average (mean or median) earnings of men and women across all roles and is expressed as a percentage of men's earnings. Beginning April 2018, all UK companies with 250 or more employees are now required to report their gender pay gap annually.

It is important to remember that “gender pay” is not the same as “equal pay”, which is the right of men and women to be paid at a similar rate for work of equivalent value and has been law in the UK since 1970.

### % OF UK WORKFORCE IN 2017 AND 2018

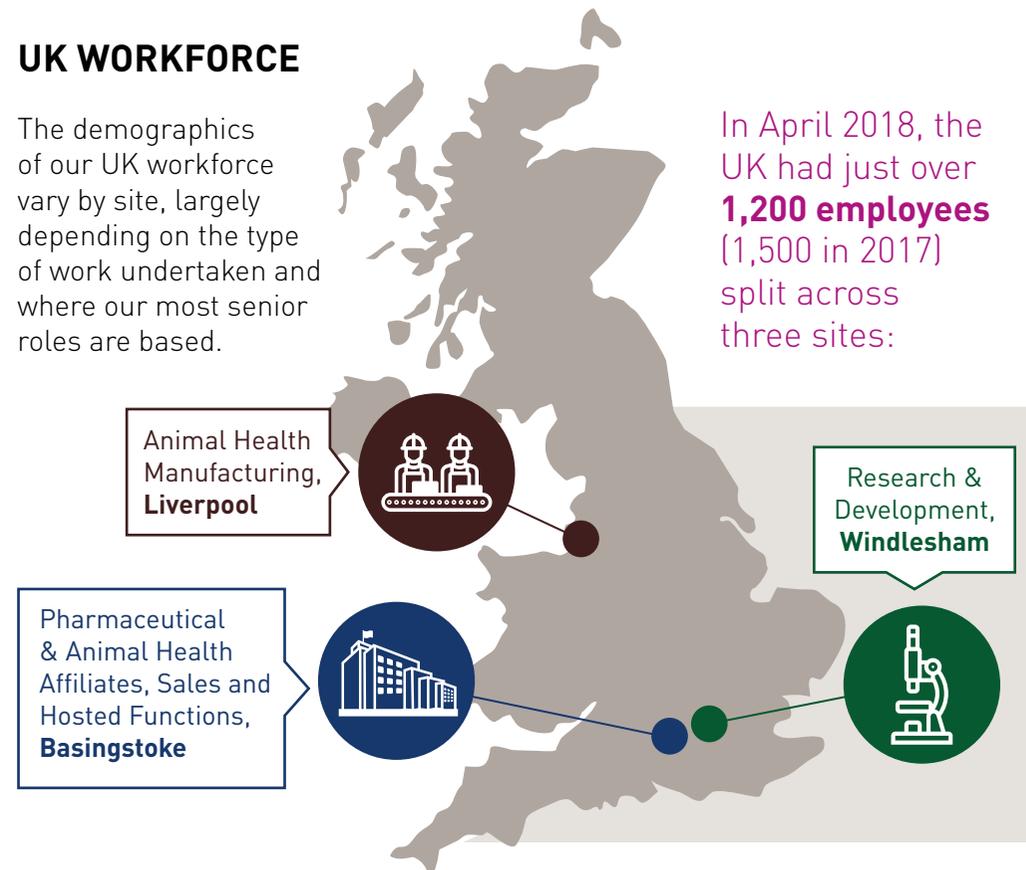


### % FEMALE BY SITE



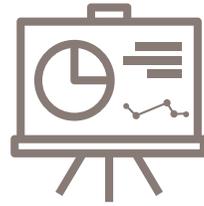
## UK WORKFORCE

The demographics of our UK workforce vary by site, largely depending on the type of work undertaken and where our most senior roles are based.

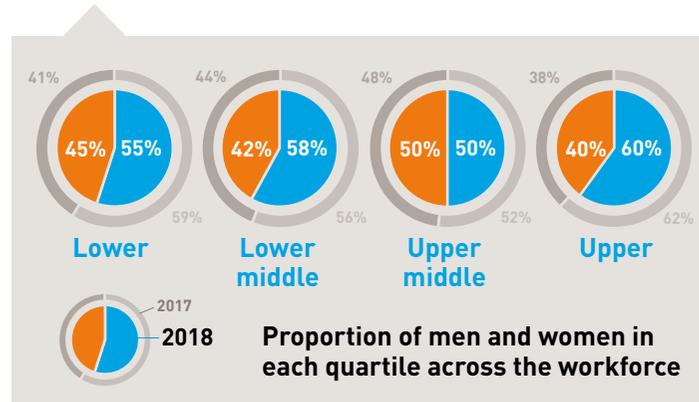


In April 2018, the UK had just over **1,200 employees** (1,500 in 2017) split across three sites:

The UK Gender Pay Gap legislation requires companies to disclose six metrics and has outlined how these should be reported. The data is calculated across all jobs and levels within the organisation as of 5 April, 2018.



## OUR GENDER PAY GAP



Our mean pay gap is **4.1%** with a median pay gap of **-0.9%**. On average this means that across Lilly in the UK, women are paid **4.1%** less than men, and at the median almost **1%** more than men. The Office for National Statistics quotes the average mean UK pay gap as **17.9%** when all workers are included, or **8.6%** among full-time workers.

Women represent **44%** of Lilly's UK employees, and **37%** of director comparable level or above. However, there are more men employed in the lower quartile, which is largely comprised of skilled manufacturing roles at Speke, and in the upper quartile, which includes some of Lilly's higher paid senior roles.

Our mean gender bonus gap is **22.4%** and **22.9%** at the median. This has decreased significantly over the two years but is driven by two key factors:

- Our bonus gap is consistent with the numbers of men and women in our pay quartiles and is reflective of the higher proportion of men in our most senior roles in 2018. In these roles there is greater eligibility for bonus and long term incentive awards.
- The data includes almost one hundred part-time workers, who are treated the same as full-time workers in the analysis but whose bonus payments are made on a pro-rata basis. Women account for **98%** of part-time workers.

We know that the high number of men in the most senior roles and the number of part-time women impacts the overall bonus gap. When we exclude directors and above and part-time workers, our mean bonus gap decreases to **-3.2%** and **-5.9%** at the median. In other words, women are receiving higher bonuses than men.

During 2017 and 2018, more women than men received promotions and over the same period 66% of new hires were women.

**80%** of women receive a bonus compared to **73%** of men. This is due to the higher percentage of men in non-bonus eligible roles primarily driven by the Speke manufacturing site.

### Mean & Median Pay Gap

The difference in hourly rates of male and female full-pay employees

### Quartile Pay Bands

The proportion of male and female full-pay employees by quartile

### Mean & Median Bonus Gap

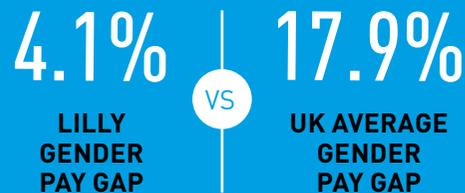
The difference in average bonus paid to male and female employees

### Bonus Proportions

The proportion of male and female employees who received a bonus

# WHAT ACTIONS ARE WE TAKING?

Lilly's UK business has a significantly smaller gender pay gap than the UK average (4.1% versus 17.9%) and we are proud of the work we are doing to build a diverse and inclusive workforce both globally and here in the UK.



“Take what you find here and make it better and better.”

Colonel Eli Lilly, 1882

## POLICIES AND PRACTICES

An important focus of Lilly's People Strategy is to ensure pay is administered in a fair and equitable way across the workforce. Employees are paid based upon factors such as the content and level of the job, prior work experience, years of service, time in role, education and performance. Our global job structure and salary scales help us maintain equitable pay across our workforce. The UK was also one of seven countries included in Lilly's 2018 Pay Equity analyses. The overall findings were favourable resulting in very few adjustments.

Our UK policies also support a wide range of opportunities including part-time working, home working, career breaks as well as family leave events. Flexible working arrangements ensure we attract and retain top talent and achieve work-life balance for our employees. Employee feedback from our 2018 Rewards Preference Survey on flexibility and well-being will help inform us further.

## SUPPORTING FEMALE LEADERS

We are proud that two of our three sites are led by women and we have been focused on increasing the number of women at senior levels and in traditionally male-dominated roles in areas such as manufacturing.

A strategic priority globally at Lilly is to measure ourselves against clear

goals to increase representation of women in senior positions within the organisation. We have an active Women in Lilly Discovery and Development (WILDD) forum for networking, shared learning and mentoring to facilitate the development of female scientists to progress their careers.

“I'm passionate about creating a safe, inclusive workplace where women can advance and we can embrace diversity in the way that we work, every day”

Ashley Diaz-Granados,  
VP & General Manager UK Hub

## DIVERSITY AND INCLUSION AND UK EMPLOYEE RESOURCE GROUPS (ERGS)

A focus on diversity and inclusion is built into our workplace culture. From recruiting and hiring to talent management processes and supervisor coaching, we see direct benefit when our workforce is representative of the customers we serve. We also benefit from each employee's diverse views and ideas. A strong emphasis has been placed on inclusive leadership and unconscious bias education.

We are honoured to be a Global Stonewall Champion and take part in the Stonewall Workplace Equality Index (WEI); an

assessment of achievements and progress on LGBT equality. LGBTAllies is just one of the ERGs operating across our UK sites who focus our work with Stonewall. We partner with the Business Disability Forum to assess and improve our facilities, processes and working practices. We are also members of the UK Government's Disability Confident Scheme as a committed employer. The scheme works with employers to ensure disabled people and those with long term health conditions have the opportunity to fulfil their potential and career aspirations. This is supported by the enABLE ERG. Our Diversity Champions Network is comprised of UK colleagues across all three sites and business areas with a passion for diversity and inclusion.

We have an active Gender Inclusion Network (GIN) that works to remove obstacles that prevent women and men at Lilly from achieving their full potential and our GenL group works to encourage integrated working and collaboration across generations while supporting active ageing.



Ashley Diaz-Granados  
VP & General Manager  
UK Hub



Karen Alexander  
Senior HR Director  
UK Hub