

OUR 2018 GENDER PAY GAP REPORT



As one of the UK's top employers*, we're dedicated to creating a working environment of mutual respect, inclusion and accountability.

In line with the new reporting requirements, we welcome the opportunity to publish our most recent gender pay gap data.

The good news is that we've already been successfully working to reduce our gender pay gap and we're committed to reducing it even further in the years to come.

ABOUT MSD

We're a leading biopharmaceutical company whose goal is to help the world be well. Although we're made up of two reporting entities, MSDL (Human Health) and Intervet (Animal Health), this report combines pay data from all areas of our UK business.

ABOUT THE GENDER PAY GAP

What it is:
The gender pay gap compares the average pay of all females in an organisation with the average pay of all males.

What it isn't:
It's not about equal pay, which is a different concept. Equal pay is ensuring that a man and woman who are in a similar role are paid the same amount in line with their skills and experience. At MSD we're committed to equal pay for our men and women, regularly monitoring our compensation practices to ensure that we are paying employees fairly and equitably, and that pay decisions are not based upon age, gender, race or other protected characteristics.

OUR 2018 GENDER PAY GAP RESULTS

MSD PAY QUARTILES



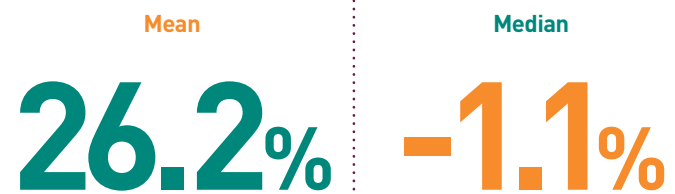
At MSD we have a reasonably balanced amount of women and men in each quartile.

MSD GENDER PAY GAP RESULTS



We've already been working hard to reduce our gender pay gap and last year our mean gap fell from 12.2% to 6.9% and our median from 3.1% to -3.6%. This is well below the national figures of 17.4% at the mean and 18.4% at the median.

MSD BONUS GAP RESULTS



The vast majority of our employees at MSD currently receive a bonus and our mean bonus gap is 26.2%, down from 34.9% in 2017. Our median bonus gap is -1.1%, down from 8.2% in 2017. Although we've compiled the data from both of our UK entities for this report, you can find the separate MSDL and Intervet data reports [here](#).

"I firmly believe that diversity and inclusion aren't simply 'nice' virtues for a company to have or boxes for us to check - they create success both in our bottom line as well as in fostering a happy, healthy, and invested workforce."

Celeste Warren, Vice President of Human Resources and Chief Diversity Officer, MSD

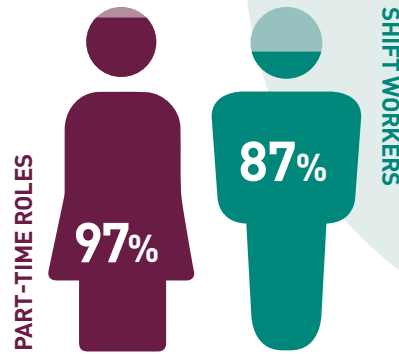
*The Top Employers Institute has awarded MSD the exclusive Top Employers United Kingdom 2018 Certification for our exceptional employee offerings.

FACTORS BEHIND THE RESULTS

As a large biopharmaceutical company, we have a breadth of roles across the UK organisation, which include Manufacturing, Research, Commercial and professional HQ functions.

At MSD we do have more men than women in our most senior positions, which are often roles with global responsibilities, and above market salaries and bonus levels that reflect this. Although it is positive that so much of our global talent is based in the UK, we're aiming to increase the number of women in these senior positions to improve the gap in this part of the business.

As a company that recognises diversity, we're proud to offer our employees a variety of working patterns to suit them, for example part-time and shift work. Most of our part-time roles are held by women (97%) and a large amount of our shift workers are men (87%). As part-time workers on average earn less over the course of a year, and shift workers with a pay premium earn more, this difference in job type plays a big part in our gender pay gap figures.



Though our bonus gender pay gap is lower than last year, and the difference between the percentage of men and women actually receiving a bonus is very small, men are still more likely to receive a larger bonus than women given the number of males holding the most senior roles. This is partly caused by the larger number of women who work part-time, as the regulations do not permit us to pro-rate bonuses for part-time employees in our calculations. However, as part of our commitment to reducing the gap, we'll be looking further at the reasons behind this.



SUMMARY

At MSD we are proud of our diverse workforce, spread across the UK, and will continue to be committed to equal employment opportunities and diversity for all. There is no quick fix for gender pay gap issues, but we will continue to find ways to improve our positioning, working with our leaders across the organisation for positive change.