

UK Gender Pay 2024



At MSD, we continue to be committed to creating an environment where each and every individual is supported to bring their best and whole selves to work. Diversity, equity, and inclusion (DE&I) stands at the very forefront of our purpose to save and improve lives.

In 2023, our median Gender Pay Gap was 11.9% – an increase of 1.4% from the previous year. As an organisation dedicated to fostering an open and inclusive culture, we take the findings seriously and recognise the importance of ongoing and decisive action to bridge the gap.

From talent acquisition to professional development, our aim is to positively impact all stages of the employee life cycle and achieve meaningful, lasting and sustainable change.

The spin-off of one of our manufacturing sites in recent years in conjunction with a series of new acquisitions, has contributed to a transformation in our organisational structure. With our employee base evolving to encompass new talent at different stages of career maturity, we have seen a corresponding increase in our Gender Pay Gap.

Recognising the work we need to do, we engaged an external partner to undertake a comprehensive independent audit of our talent acquisition, development, and people policies to understand what we could be doing differently to impact our Gender Pay Gap. I am pleased to share that the results were overwhelmingly positive, going above and beyond statutory requirements, reflecting our strong foundations for the future as we work to close the gap.

With the establishment of the DE&I Steering Committee, we are also confident that we have the right governance structure and policies in place to ensure that DE&I remains integral to our business. In addition, the UK Women's Network continues to play a vital advocacy role by partnering with senior leadership and amplifying employee voices. As a leadership team, we are committed to closing the gap by identifying and implementing the changes that will make the difference.

The overall figures presented within this report include data from all our UK entities: MSD UK Ltd, Animal Health UK Ltd, MSD R&D Innovation Centre Ltd, Allfex UK Group Ltd and Sureflap Ltd.

We confirm the data reported is accurate, in accordance with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Please note that the results presented here reflect our Gender Pay Gap as calculated on 5 April 2023, and this is explained in more detail on the following page.

Ben Lucas

Managing Director, UK & Ireland

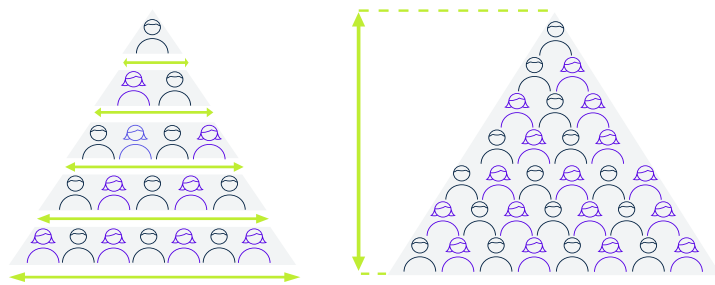


What do the results mean?

Ensuring pay equity

We are dedicated to maintaining a workplace in which everyone feels valued, respected, and given equal access to opportunities. We conduct global centralised pay equity reviews once a year. These reviews are one of the important tools we use to support our commitment to fair and equitable pay. We regularly engage with external legal experts and statisticians to conduct robust pay equity reviews. Following the assessment, pay adjustments are made to address any unanticipated significant pay gaps.

Equal Pay vs Gender Pay Gap



Equal pay requires that women and men carrying out the same or similar work in the same employment must receive the same pay. A Gender Pay Gap is not the same as equal pay analysis.

Gender Pay Gap (GPG) refers to the difference between the earnings of males and females across the business, regardless of the work they do, as captured on 5 April 2023.

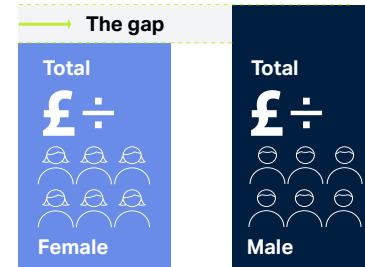
This is measured in mean and median earnings, based on equivalent hourly rates, and is shown as a percentage of male earnings.

Gender Bonus Gap (GBG) is the difference in incentive pay received by males and females in the 12 months prior to 5 April 2023. This includes all bonuses and incentives.

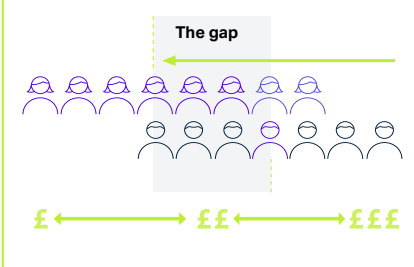
Mean:

The mean is calculated by adding up the total pay of employees and dividing by the number of employees. The calculation is completed separately for males and females, and the means are compared.

Mean:



Median:



Median:

The median is the middle number of a ranking of pay from lowest to highest and gives us the best view of 'typical' pay. The calculation is completed separately for males and females, and the medians are compared.

MSD UK Gender Pay Gap Results 2023

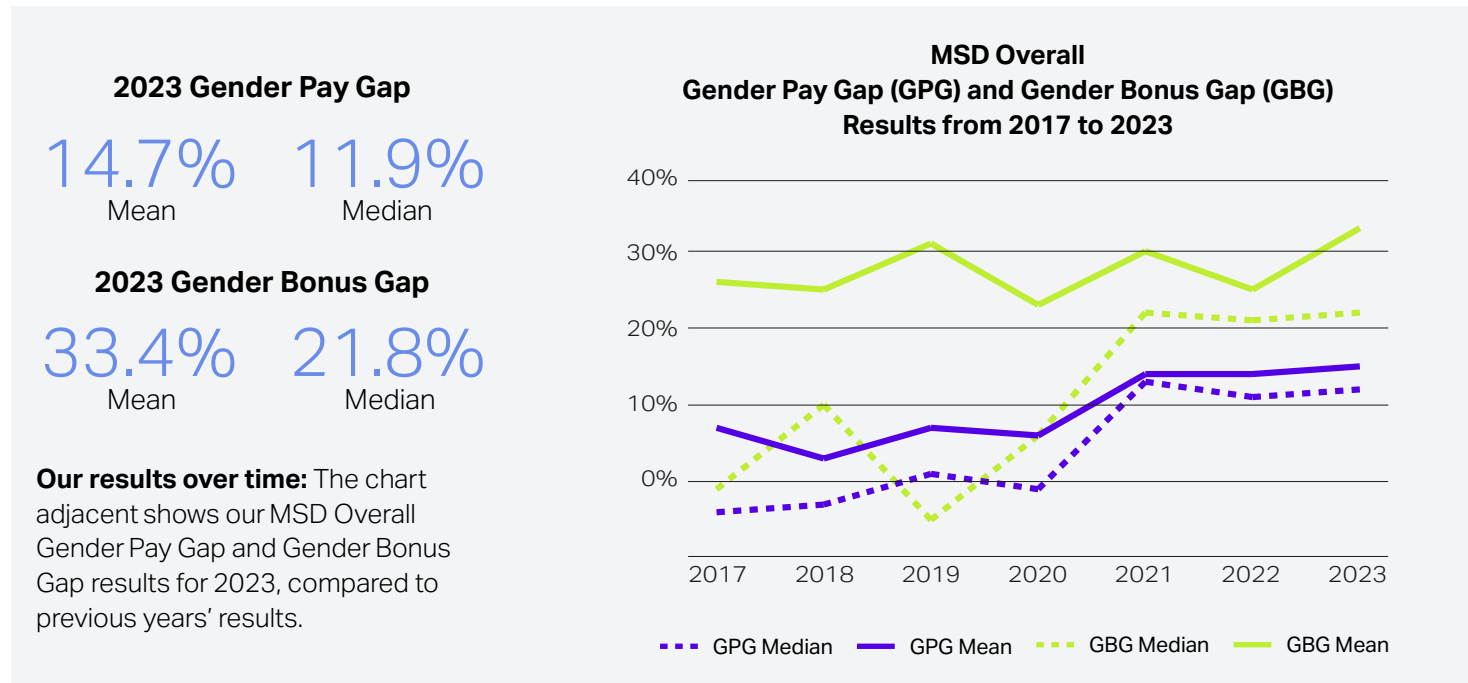
Our Gender Pay Gap has increased year on year, reflecting a need to maximise opportunities for women entering senior roles. We are dedicated to strengthening our efforts as a business to balance career progression for all employees, irrespective of gender.

We endeavour to continue to support our strong pipeline of internal talent and are pleased to see more females represented in the Upper Quartile than our 2022 results – a positive change over time.

All permanent employees at MSD UK are eligible for an annual bonus payment, with the Gender Bonus Gap reporting in favour of males with a median difference of 21.8%. This result is primarily driven by a higher proportion of males in the Upper Quartile and in senior executive leadership roles where incentives make up a comparatively higher percentage of their total compensation package.

As an organisation, we remain strongly committed to closing the gap and creating a diverse, equitable and inclusive workplace for all.

MSD Overall Gender Pay Gap (GPG) and Gender Bonus Gap (GBG) Results



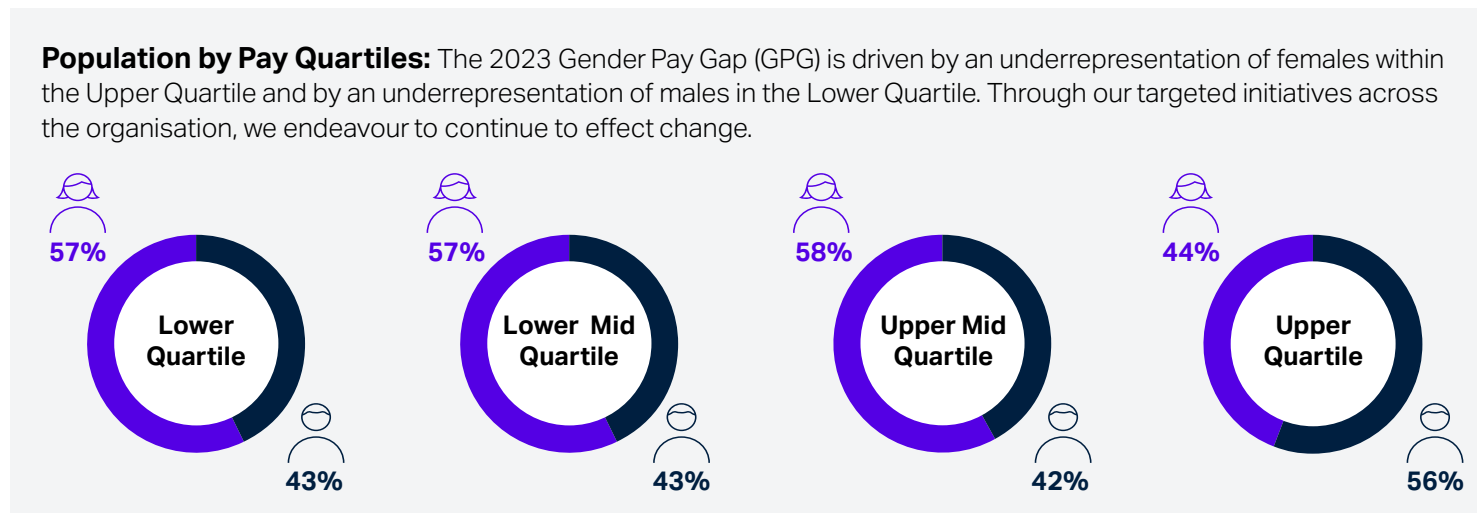
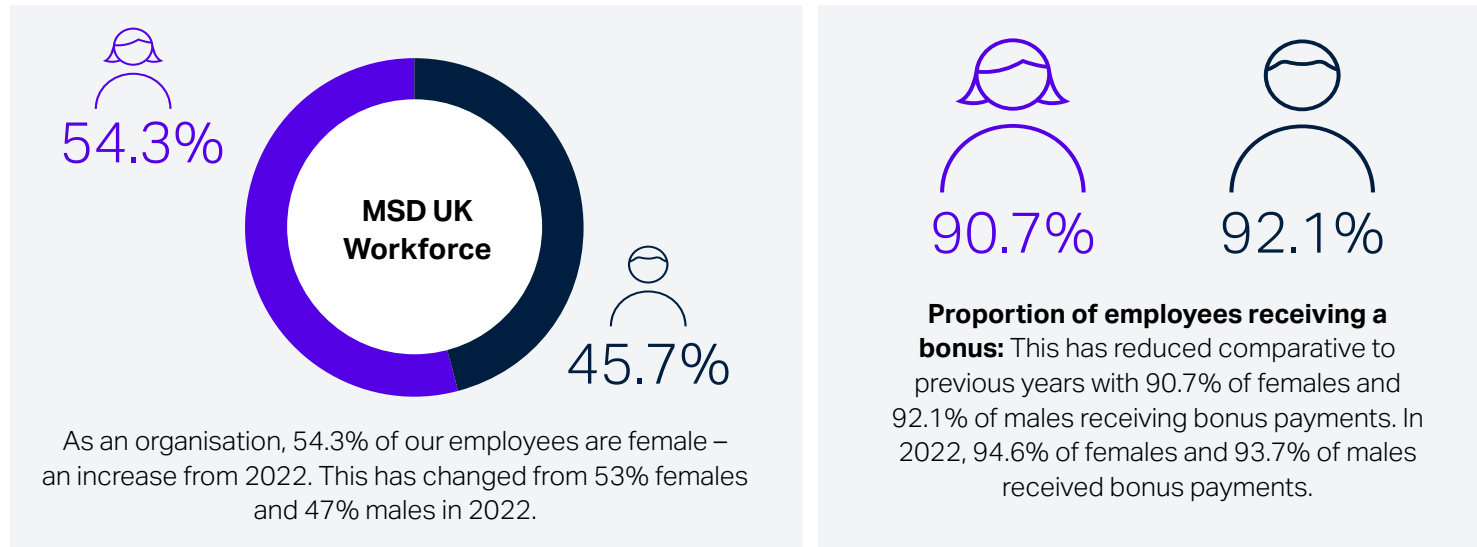
Wage elements included within the calculations

Gender Pay Gap (GPG): To determine the Gender Pay Gap (GPG), as defined in UK legislation, the following pay elements have been used, as provided by MSD: basic pay, unpaid leave deduction, car allowance, parental leave pay, shift pay, long service award and referral bonus received on 5 April 2023.

Gender Bonus Gap (GBG): All bonuses paid to relevant employees in the 12 months prior to 5 April 2023 have been included for the Gender Bonus Gap metrics. Bonuses included were: AIP, SIP, retention bonus, sign on bonus, achievement award, long service award, lump sum award, referral bonus, and RSUs; inclusion of these is defined in the regulations.

MSD UK Gender Pay Gap Results 2023

MSD Pay Quartiles, Workforce Split and the Proportion of Employees Receiving a Bonus.

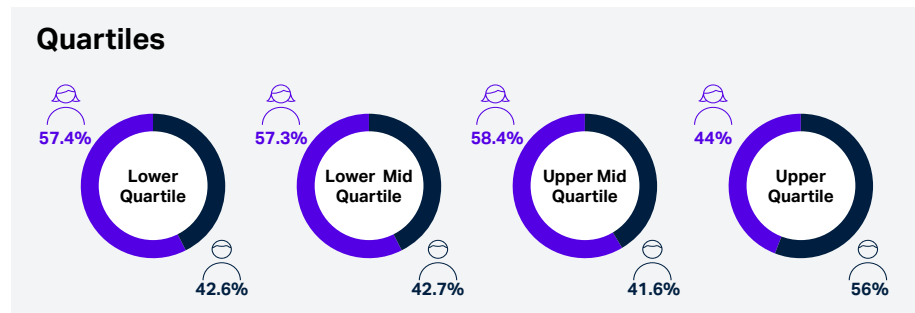
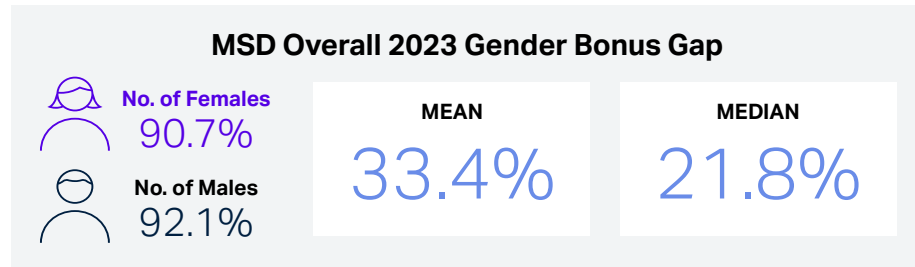
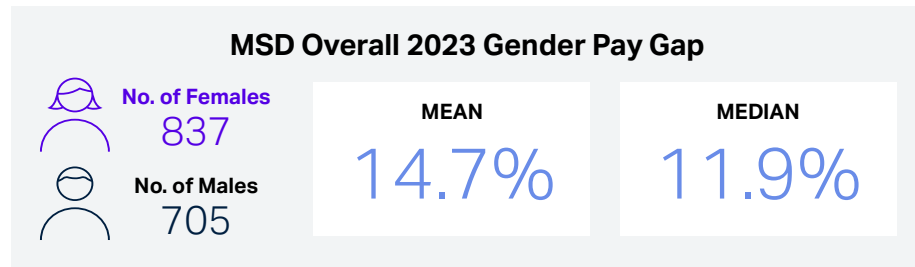


It is important to note that UK Gender Pay Gap legislative requirements are binary regarding gender (i.e., identifying as male or female). Whilst we are reporting our statistics in accordance with the legislation, here at MSD, we recognise and support all gender identities.

Appendix – Our Full Results

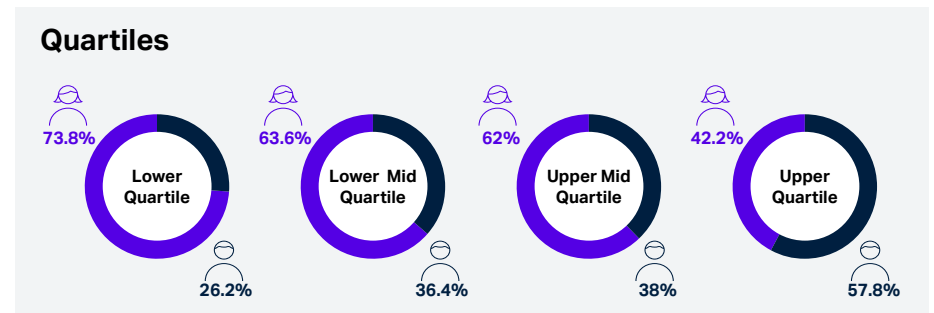
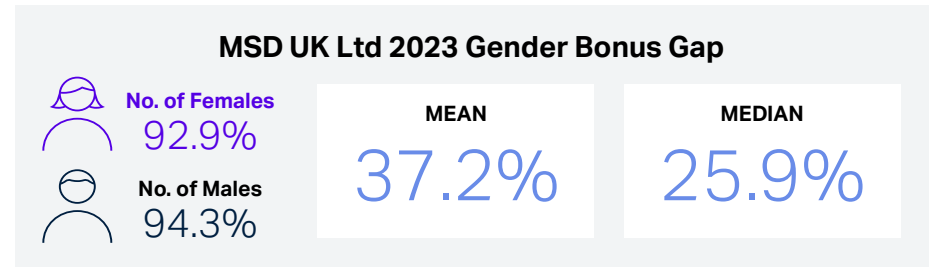
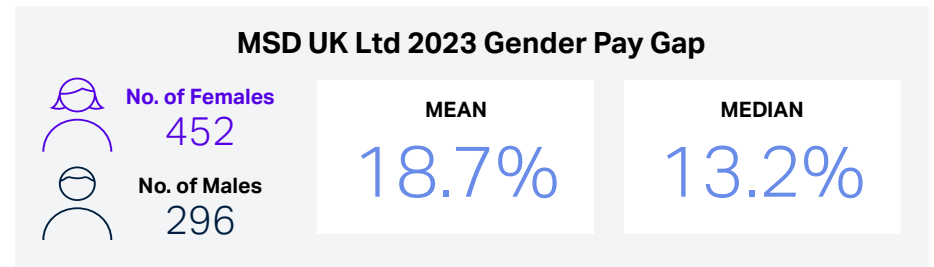
MSD Overall 2023

Includes the following entities: MSD UK Ltd, Animal Health UK Ltd, MSD R&D Innovation Ltd and acquired entities (Allfex UK Group Ltd and Sureflap Ltd).



MSD UK Ltd 2023

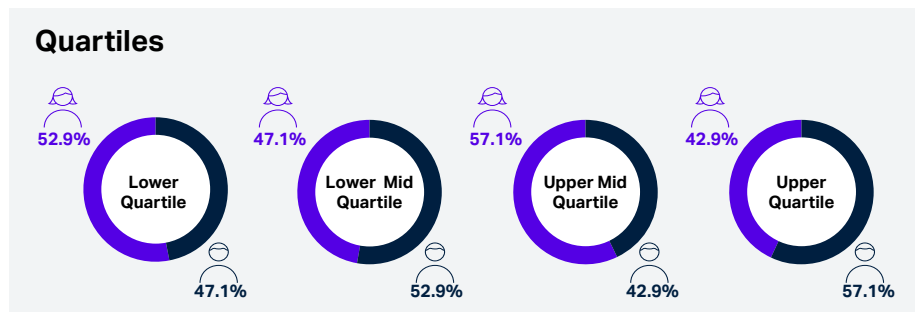
Includes MSD UK Ltd only.



Appendix – Our Full Results

MSD Animal Health UK Ltd 2023

Includes MSD Animal Health UK Ltd only.



Overall Animal Health 2023

Includes MSD Animal Health UK Ltd and acquired entities (Allflex UK Group Ltd and Sureflap Ltd).

