



Gender Pay Gap Narrative Report 2019

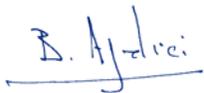
Introduction

At Vectura we believe in and are committed to creating a great place to work which embraces inclusivity at all levels, including gender balance. Our Equal Opportunities policy ensures the provision of equal opportunities in all aspects of employment including recruitment, promotion, opportunities for training, pay and benefits.

The UK Government requires all companies that employ 250 employees or more to report their gender pay and bonus pay gaps. As of 5th April 2019, Vectura Group had a total of five companies (including two companies outside of the UK); all five companies fall outside of the regulatory requirement to report on their gender pay gap. Despite this, we have decided voluntarily to be transparent about our gender

pay gap figures for our largest UK-based company, Vectura Limited, because we believe it is the right thing to do. Publication of the data for Vectura Limited is reflective of the inclusive and engaged culture we have built up at Vectura. We believe it is important to progressively close the gender pay gap to enable us to attract, retain and develop the best talent, and is aligned with our core values.

This report has been approved by our Chairman and Chief Executive Officer



Bruno Angelici
Chairman

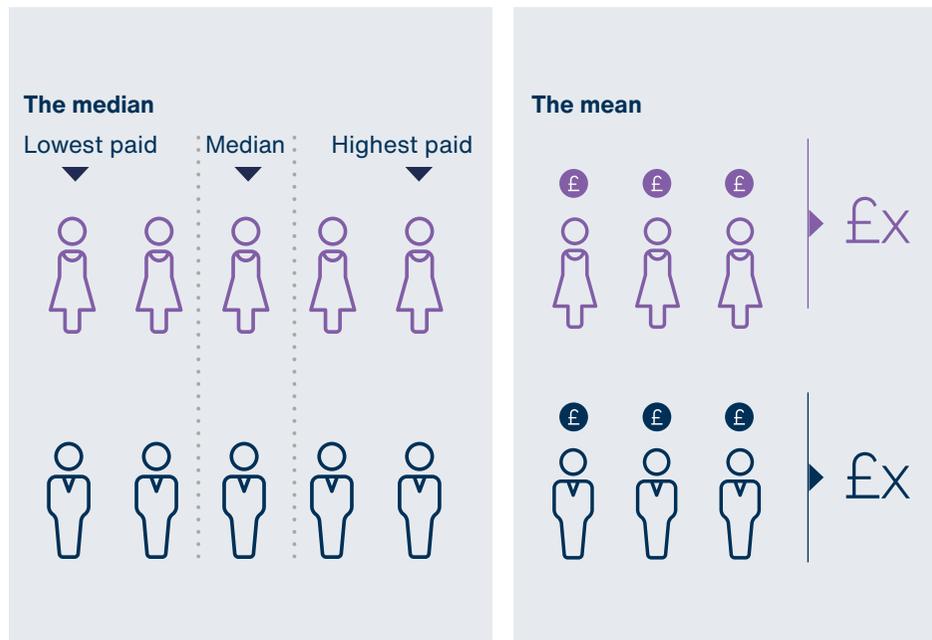


Will Downie
Chief Executive Officer



Understanding the regulations

It is important to understand the distinction between the gender pay gap and equal pay. While the gender pay gap is the difference in the average pay of men and women across the organisation, equal pay refers to a legal requirement that men and women within the same organisation must receive equal pay for doing like-for-like or similar work. Equal Pay has been protected by legislation in the UK for over 40 years but Gender Pay Gap reporting was introduced in 2017 and is the information that organisations are now required to disclose annually.



If we were to line up all of our employees in order of increasing pay with women in one line and men in another, the median gender pay gap would compare the pay of the female in the middle of their line with the pay of the male in the middle of their line. The mean is the comparison of the average pay for a female and the average pay for a male. As all jobs pay differently,

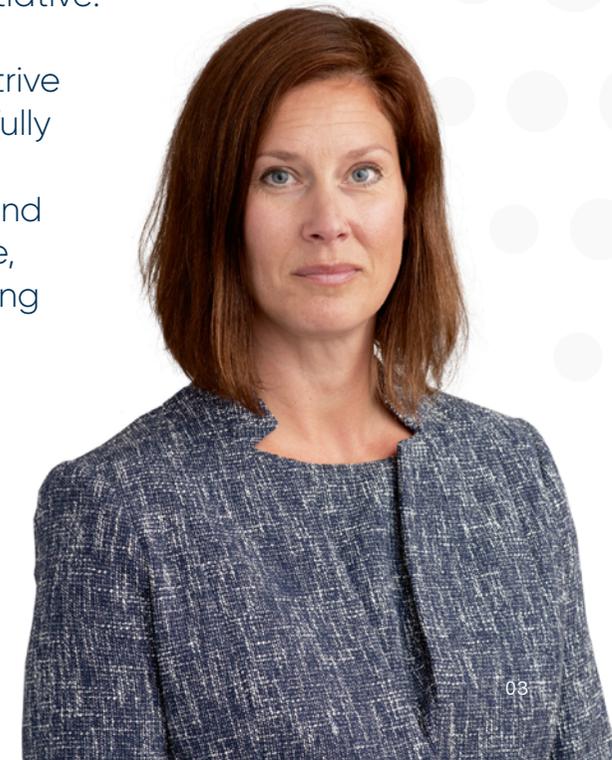
and the number of men and women performing these jobs will inevitably vary, a gender pay gap therefore exists.

At Vectura, we fully support this government initiative and remain committed to gender neutral reward, recruitment and progression approaches in order to attract and retain diverse talent.



GPGR is such an important initiative: It reminds us all to challenge stereotypes and bias, as we strive for a fully inclusive and powerfully diverse organisation. Every individual has a part to play and can make a positive difference, as we work together on this long term inclusivity agenda.

Jo Hombal, EVP – Human Resources



Our results for Vectura Limited

Our median gender pay gap for Vectura Limited has fallen from 12.8% in April 2018 to 9% as at 5 April 2019.

Pay gap*

Gap	Percentages		
	2019	2018	2017
Mean pay gap	30.2%	34.6%	32.8%
Median pay gap	9.0%	12.8%	15.1%
Population (215)		Male: 104	Female: 111

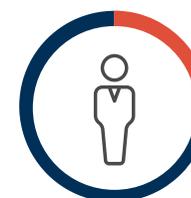
Pay Quartiles	Percentage of men		
	2019	2018	2017
Upper	53.7%	51.9%	54.7%
Upper middle	52.8%	51.0%	58.5%
Lower middle	44.4%	43.1%	32.1%
Lower	42.6%	38.5%	43.4%
Population (215)		Male: 104	

Pay Quartiles	Percentage of women		
	2019	2018	2017
Upper	46.3%	48.1%	45.3%
Upper middle	47.2%	49.0%	41.5%
Lower middle	55.6%	56.9%	67.9%
Lower	57.4%	61.5%	56.6%
Population (215)		Female: 111	

Bonus gap*

Gap	Percentages		
	2019	2018	2017
Mean bonus gap	67.4%	67.4%	85.3%
Median bonus gap	22.9%	18.9%	25.1%
Population (222)		Male: 104	Female: 118

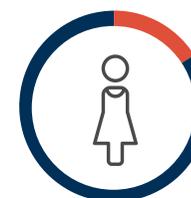
Proportion of men who received a bonus



Bonus received:
78.8%

Bonus not received:
21.2%

Proportion of women who received a bonus



Bonus received:
83.9%

Bonus not received:
16.1%

*All numbers have been calculated in line with the regulatory guidelines

Clarifying our results

We are pleased to report that both our mean and median pay gap have reduced since 2017. Our mean bonus gap has remained consistent with 2018 and the median has increased. Vectura Limited's relatively small headcount (222) means that our data is subject to volatility, particularly for the mean figures which are sensitive to outliers. Despite this volatility, we remain focussed on ensuring we have appropriate initiatives in place to address the gap and to create a fully inclusive working environment in which all colleagues can thrive.

Addressing imbalance

Our commitment to equal opportunities, diversity and inclusion is enshrined in our working practices and policies. We offer a range of dynamic, flexible working opportunities which promote work-life balance and enable us to retain talented employees without compromising their development and career progression. Around 17% of our workforce are making use of some form of flexible working arrangement, including part-time, job share or homeworking. Our family-friendly policies provide enhanced maternity, paternity, adoption and shared parental paid leave which enable both parents to take an active role in the upbringing of their children.

During 2019, we continued to make a concerted effort to maximise diversity and inclusion across the breadth of the employee life-cycle: recruitment, retention and development as outlined in this report.

Recruitment

In order to recruit from the widest possible talent pool, we advertise on job boards specifically geared towards attracting candidates from minority groups, we use gender neutral language in job adverts, develop diverse candidate lists for jobs where possible and use diverse panels when interviewing people to avoid unconscious bias. We also encourage colleagues to actively and positively promote our business and inclusive culture on the main social media channels.

We leverage our internal and external networks and online forums, engaging with women who are returners from a career break or raising a family, to promote our career opportunities.

During 2019, we launched our apprenticeship scheme in our Regulatory Department and encouraged students to select maths and sciences at an early age through our STEMNET group participation. We welcomed a number of intern students to join us to work with our laboratory teams, providing them with valuable insights into a career in science. We also offer a work experience programme for local schools and colleges.



At Vectura we are committed to narrowing the gender pay gap and have put a clear action plan in place in order to encourage equality and inclusiveness at all levels in the company.

Will Downie, Chief Executive Officer



Clarifying our results (continued)

Retention

Part of our defined culture includes delivering for patients with pride. Therefore, once we have attracted talented people, we want them to stay and to gain every opportunity for professional growth and development. Our range of flexible working options are designed to enhance work-life balance and we offer opportunities for development to improve engagement. We hold monthly wellbeing campaigns to promote the physical and mental wellbeing of all colleagues and we introduced mental health first aiders in 2019 to supplement our existing Employee Assistance Programme.

We continue to roll out our leaders and managers development programmes, both of which are designed to embed our culture and drive individual and collective success.



92% of Vectura leaders have attended one of our leaders and managers development programmes, supporting their personal growth, and consequently, that of their teams.

Liza Hemmings, Director – Human Resources Operations



Development

In order to support our inclusivity agenda and enable career progression, we offer financial assistance to our colleagues to study for vocational qualifications.*

We also encourage reskilling through internal job moves across functions, e.g. between our quality, pharmaceutical development and manufacturing groups. And since new skills can also be acquired outside the day job, we have a very active social committee which provides all employees with the opportunity to get involved with charitable support initiatives, supporting their personal and professional growth.

Our focus on talent management, succession planning and promotions has continued to ensure we have a strong proportionate pipeline of female leaders.

We believe that individual success depends on ability, behaviour, performance and potential and remain committed to offering career opportunities without discrimination. Our promotion process ensures employees are assessed objectively against the requirements for the job, their individual contribution and capability.

We review and monitor the distribution of performance ratings and promotions annually to ensure our approach to performance management is gender neutral and free from any form of bias.

* Around 5% of our workforce at Vectura Limited studied for degrees or professional qualifications supported by the Company over the last 5 years.

What's next for Vectura?

In order to reduce gender imbalance, there needs to be a continued and determined focus on gender equality. At Vectura we have always recruited and promoted the right people for the right jobs based on personal merit and regardless of gender (or any other personal characteristic) and we will continue to do so.

Whilst we have made good progress during 2019, we know we can do more from an inclusivity perspective.

We will continue to focus on recruiting from the widest possible talent pool; taking measures to attract diverse candidates and encouraging young people to opt for a career in science.

We will leverage all internal opportunities to drive a greater gender balance in our senior positions. We will build on our existing talent management, succession planning and promotion processes to ensure we have a broad, diverse mix of people with a range of skills, capabilities and behaviours, and enable them to progress.

We hope that all companies in our industry will continue to pull together to drive positive change.

Thoughts from our team...



Our colleagues really value opportunities to work flexibly and it's great that we have been able to support 17% of the Vectura team to do so. It also helps us attract and retain key talent.

Tony Fitzpatrick, EVP – Operations



I really appreciate the flexibility that Vectura provides me to work part-time and fit my work around my family commitments.

Victoria Rees, Senior Occupational Health Advisor



Maintaining an appropriate work-life balance is made significantly easier with flexible working at Vectura and is crucial to ensure my wife and I can continue to pursue our individual careers.

Mark Harris, Head of Tax



Balancing work life with family life is challenging, but having flexible working practices has allowed me to have the best of both. I really appreciate the chance to take a more active role in my children's lives, and spend genuine quality time with them, whilst still being able to progress my career at Vectura.

Matthew Green, Specialist Pharmaceutical Development



Following my return to work after maternity leave, I changed my working hours and now work a four day week. This flexibility helps me to balance my home life commitments whilst continuing to develop my career.

Elizabeth Knowles, VP - Corporate Development and Investor Relations



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