

Evotec UK's
**GENDER PAY
GAP REPORT
2017**

1. INTRODUCTION

Evotec is a leader in the discovery and development of novel small molecule drugs with operational sites in Europe and the US. The Company has built substantial drug discovery expertise and an industrialised platform that can drive new innovative small molecule compounds into the clinic. In addition, Evotec has built a deep internal knowledge base in the treatment of diseases related to neuroscience, pain, oncology, inflammation and metabolic diseases. Leveraging these skills and expertise the Company intends to develop best-in-class differentiated therapeutics and deliver superior science-driven discovery alliances with pharmaceutical and biotechnology companies. Evotec has offices in France, Germany, Italy, Switzerland, UK and US. Our UK offices are based in Abingdon, Oxfordshire and Alderley Park, Cheshire.

2. GENDER PAY GAP EXPLAINED

From 2017 onwards, any UK organisation employing 250 or more employees has to publicly report on its gender pay gap in six different ways:

1. Mean pay gap
2. Median pay gap
3. Mean bonus gap
4. Median bonus gap
5. Proportion of men and women who received bonuses
6. Number of men and women according to quartile pay bands

A gender pay gap is not the same as equal pay. Equal pay is a direct comparison between individuals. It considers whether an individual is paid equivalently to other employees doing the same or equivalent work regardless of gender. The gender pay gap, however, shows the difference in the average earnings between all men and women in an organisation regardless of role or seniority.

A company reporting a positive pay gap means its male employees, on average, are paid more than its female ones. A company reporting a negative pay gap means its female employees are paid more than its male ones on average.

3. EVOTEC UK'S GENDER PAY GAP DATA 2017

We collected our data on 5th April 2017 and at this time our workforce at Evotec UK consisted of 93 women and 187 men. The figures show that Evotec UK has:

Difference between female and male employees earnings at Evotec UK

| | |
|---------------------------------------|-------------|
| Mean gender pay gap (in hourly pay) | 28% lower |
| Median gender pay gap (in hourly pay) | 13.6% lower |

Evotec UK has a higher percentage of male employees (66.8%) than female employees. Given the higher proportion of male employees, there are more male than female employees in all pay quartiles at Evotec UK. However, the split between male and female employees becomes greater with seniority, and therefore pay levels. The under-representation of females at senior level is typical of the STEM sector and a challenge that all businesses in this sector face.

| Lower Quartile | | Lower Middle Quartile | | Upper Middle Quartile | | Upper Quartile | |
|----------------|--------|-----------------------|--------|-----------------------|--------|----------------|--------|
| 41.4% | 58.6% | 45.7% | 54.3% | 27.1% | 72.9% | 18.6% | 81.4% |
| 29 women | 41 men | 32 women | 38 men | 19 women | 51 men | 13 women | 57 men |

4. EVOTEC UK'S GENDER BONUS GAP DATA 2017

All Evotec UK's permanent employees in the UK are eligible for an annual bonus. 95.8% of male employees and 94.1% of female employees received a bonus in the relevant period for this report. Those employees who did not receive a bonus were not eligible, primarily due to their employment start date not being within the performance year.

The bonus figures show that Evotec UK has:

Difference between female and male employees bonus pay at Evotec

| | |
|-------------------------|-------------|
| Mean gender bonus gap | 73.5% lower |
| Median gender bonus gap | 21.3% lower |

Evotec UK has several different bonus schemes, all of which are calculated using business success measures and individual contributions. Evotec UK's bonus pay gap reflects the lower level of females at senior level where bonus is a larger component of overall compensation.

A higher percentage of our leadership team are male which explains why there is a higher mean bonus pay gap. Although there is a higher proportion of males to females in the higher pay quartiles, Evotec UK also has a significant proportion of males in the lower two pay quartiles who receive lower bonuses (see quartile table above). This results in the median bonus gap being lower than the mean bonus gap.

The figures are also affected by the bonus pay gap being based on actual payments received with the pro-ration of bonus calculations for part-time workers. Pro-ration is a contributing factor to the size of the reported bonus and impacts on both the mean and median bonus gap as a higher proportion of female employees at Evotec UK are part-time.

5. EVOTEC UK'S COMMITMENT TO REDUCING THE GENDER PAY GAP

Whilst Evotec UK's reward policy and practice is one that rewards based on market comparisons and is gender neutral, we offer flexible working practices to all employees and have a diverse workforce, there is more that Evotec can do to reduce the gender pay gap.

Evotec UK is committed to reducing the gender pay gap and our UK HR team will continue to work with the leadership team to create initiatives to close the gender pay gap. This will include:

- ▶ addressing the under-representation of females in senior positions by encouraging female employees to acquire the skills necessary to move to a senior position
- ▶ proactive succession planning
- ▶ ensuring that unconscious gender bias during the recruitment process is not present
- ▶ promoting our flexible working practices to all employees
- ▶ promoting our maternity/paternity/Shared Parental Leave policies to all employees

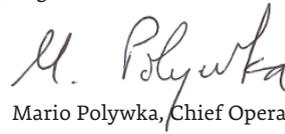
Such changes will take time to implement and we continue to work with our employees and our local community to raise awareness of the opportunities at Evotec UK and in the STEM sector.

6. COMMENT

Evotec UK's aim is to develop best-in-class and first-in-class differentiated therapeutics on its systematic, unbiased and comprehensive infrastructure. To achieve this aim we employ a highly skilled, diverse workforce who are recruited and developed based upon their skills, experience and ability. We offer a transparent and inclusive environment that rewards in a non-gender biased way based upon company and individual performance. We have systems in place to ensure that our salaries and bonuses are reviewed, benchmarked and moderated.

We acknowledge that Evotec UK has a gender pay gap and are committed to reducing this year on year by addressing our gender imbalance at senior levels and increasing awareness of current processes and practices that support employees in their worklife balance and their development within the organisation.

I confirm that the information in this report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Mario Polywka, Chief Operating Officer