



# Novartis Gender Pay Gap 2023

## Introduction

The Novartis Ireland Country Leadership team are pleased to announce an improvement in our Gender Pay Gap. Novartis views this as a positive tool to further review where we are as an organization. This will help us as an organization to continue building on our current initiatives that we have been implementing to improve gender equity. The country leadership team look forward to reviewing this in the coming years, and understanding what progress has been achieved.

## Overview on Legislation

The Gender Pay Gap requirements in Ireland focus on the difference in average pay between males and females across the whole organisation. All companies with 250 or more Ireland-based employees are required to analyse and publish their gender pay gap annually. Novartis Ireland has one legal entity with over 250 employees, and as such is subject to these requirements; this will be Novartis Ireland's second year reporting.

## Understanding the difference between Equal Pay and Gender Pay

It is important to understand the distinction between the gender pay gap and equal pay. The gender pay gap is a measure of the difference between the average hourly and bonus earnings of all males and females in the business. It should not be confused with equal pay, which is legislation already in place in Ireland that requires organisations to pay males and females equally for performing the same or similar work or work of equal value. At Novartis, we continue working on this by pledging to conduct regular gender pay analyses and remediate annually as appropriate. To help prevent pay differences, we pledge to eliminate the use of historical salary data when making internal and external offers. Additionally, we commit to paying transparently by sharing with our associates their pay as compared to internal and external benchmarks. We remain committed to achieving a gender-balanced representation in management. Equal Pay refers to males and females being paid equally for performing the same or similar work or work of equal value. Equal Pay is already required by the Employment Equality Act in Ireland.

## What we are required to report

All analysis is based on a 'snapshot' date of our pay on 30<sup>th</sup> June 2023. Results must be published within 6 months of this date (30<sup>th</sup> December 2023) on our company website, and in future years organisations will also be required to report their results on a new government portal which is currently under development. All Pay and Bonuses looked at for this analysis cover the full year leading up to the snapshot date (1<sup>st</sup> July 2022 – 30<sup>th</sup> June 2023).

**Mean Pay** - The mean is calculated by adding up the total pay of employees and dividing by the total number of employees. This calculation is completed separately for males and females with the difference expressed as a percentage of males' earnings. As an example, a mean of 10% shows that females are paid 10% less than males when comparing the respective averages.

**Median Pay** - The median is the middle number in a ranking of pay from lowest to highest. This calculation is completed separately for males and females with the difference expressed as a percentage of males' median. As an example, a median of 15% shows that females are paid 15% less than males when comparing the respective gender mid-points

Last year, we reported on Novartis Ringaskiddy as this was a legal entity within Novartis Ireland however with the transfer to Sterling Pharma Solutions, we're no longer required to report this entity, therefore it is not shown in this report.

### Our 2023 Results

Our analysis shows that the overall difference between female and male hourly pay earnings is 10.8% (mean) and 11.8% (median) for Novartis Ireland Limited and the difference between bonus earnings is 27.0% (mean) and 28.7% (median). This is based on information as of 30th June 2023. At this date, Novartis Ireland Limited employed 1,045 employees of which the gender split was 44% males and 56% females.

At NIL there are 12 part-time employees, of which 10 are female.

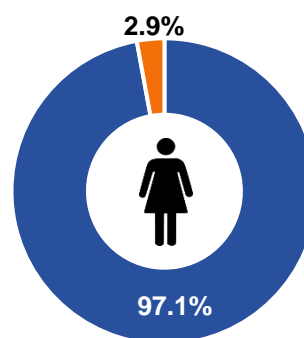
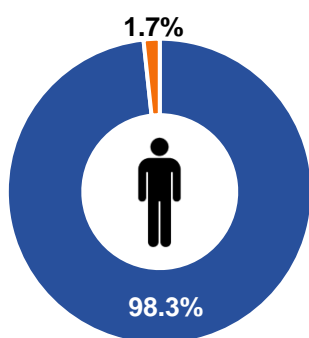
During the pay period, there were 8 temporary employees, 6 of whom were female.

Year on year there have been slight decreases in our Gender Pay Gap, decreasing slightly at both Mean and Median Gaps. Unfortunately, there has not been an improvement in the Gender Bonus Gap.

For Part-Time and Temporary contract employees there has been large deviations year on year in the numbers, this is due to the changes in representation of males and females and also the small number of employees skewing the sample size.

	2023 Results		2022 Results	
	Mean	Median	Mean	Median
Hourly pay gap: all employees	10.8%	11.8%	14.8%	17.9%
Hourly pay gap: part-time employees	24.1%	25.9%	-22.5%	21.0%
Hourly pay gap: employees on temporary contracts	42.4%	50.8%	0.1%	-2.1%
Bonus Pay Gap	27.0%	28.7%	24.8%	28.6%

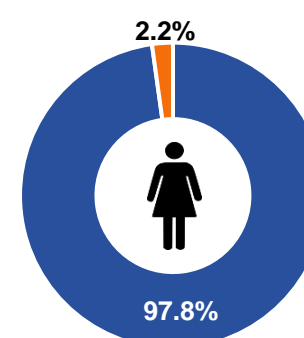
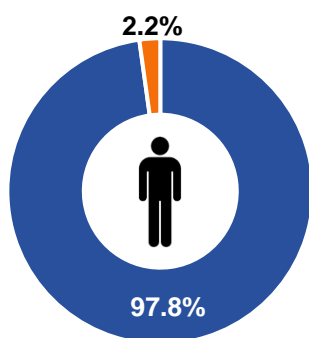
### Percentage of employees receiving a bonus



■ Receivers ■ Non Receivers

■ Receivers ■ Non Receivers

### Percentage of employees receiving a Benefit in Kind



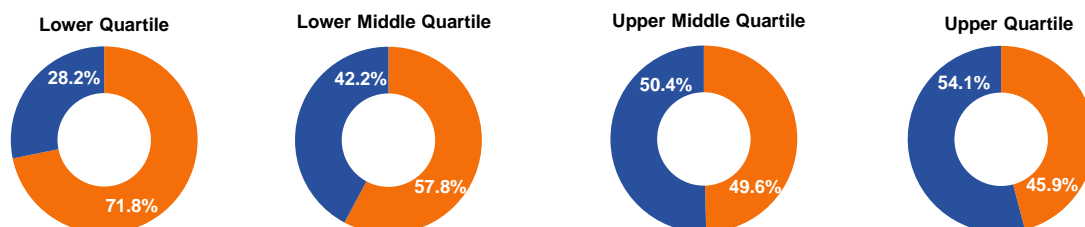
■ Receivers ■ Non Receivers

■ Receivers ■ Non Receivers

## Pay Quartiles

To calculate the quartiles, all hourly pay rates are listed from low to high and the list is then divided into four groups with an equal number of employees in each. The gender division in the resulting four groups is then analysed.

### Novartis Ireland Limited's pay quartile results



Key: **Male** **Female**

## Understanding our gender pay gap results

There are areas that we believe contribute to our Gender Pay Gap:

- **Seniority:** A higher proportion of our most senior positions continue to be occupied by males in the upper quartile which contributes to our mean pay gap, and we are committed to improving gender diversity at this level. In addition, we see a greater proportion of females represented in the lower quartile contributing to the overall pay gap.
- **Role specialisation:** Like others in our sector, we continue to have difficulty in recruiting and engaging females into employment across some of our technical areas. Nationally there is a significant gender gap in STEM at both college and workforce levels.
- **Part-Time employees:** There are a great number of female employees compared to male employees that are Part-Time workers at NIL. Within this group, males are disproportionately the highest paid which is creating a large pay gap at both mean and median. This year, the number of Part-Time workers overall has reduced significantly which is causing the large swings year on year.
- **Temporary employees:** Similarly to Part-Time employees, while it is a small population, NIL has a greater number of temporary female employees. The female employees are earning less than male counterparts which significantly skews the figures. Due to the size of the population and volatile nature of temporary contracts, this has caused the large year on year deviations, and we foresee this being a recurring trend.
- **Bonuses:** Our bonus cycle is run from January to December and associates who resign in advance of the bonus cycle payment date do not receive the bonus payment. We saw a lower percentage of women receive bonus, which was due to attrition from the 12 months reported in NIL, with a higher proportion of female leavers.

## How do we intend to close the gaps?

Our 2023 Gender Pay Gap data shows an improvement from 2022, overall. This is a step in the right direction, but we know this is only a very small change and we have much further to go. Novartis are committed to progressing further and want to continue to move in the right direction. We continue to take actions to improve our workforce diversity and reduce our gender pay gap.

## **Diversity & Inclusion**

At Novartis, we aspire to live diversity and inclusion. We want to build an equitable and inclusive workforce that values unique and curious minds, where we are all free to be our best and true selves. We seek to ensure everyone has a fair opportunity to fulfil their potential and contribute to reimagining medicine for a better world. Novartis' form of focus on our D&I strategic priorities are:

**Equity:** We will create a diverse, equitable and inclusive environment that treats all associates with dignity and respect.

**Inclusivity:** We will educate our people on inclusivity and provide all associates with equal opportunities to contribute to our company and advance their careers.

**Society:** We will listen to different communities with a learning mindset, to do what we can to contribute to building a world that is safer and more inclusive. To support our commitment to Diversity, ensuring we attract a diverse workforce is important for increasing and developing our DEI proposition within the organization.

### **Pay Transparency and Salary**

At Novartis, we believe in equal pay for women and men for work of equal value. In this spirit, we are proud to support the United Nation's Equal Pay International Coalition (EPIC).

Having made our EPIC Pledge in 2018, we have established a multi-year program to prepare and implement global principles and processes for pay equity and transparency across all our countries of operation by the end of 2023 (with the final countries going live in time for the annual compensation cycle manager-to-associate communication in February 2024).

#### **1. Monitor pay equity**

Establishing a robust pay equity analysis cycle based on a global methodology.

#### **2. Remove bias from the system**

Removal of historical salary comparisons from our offer processes and focus on an objective assessment of a candidate's relevant experience, education, and competency against internal and external benchmarking data to remove possible bias.

#### **3. Pay Transparency**

Transparent communication of individual pay positions compared to internal and/or external benchmark data.

#### **4. Gender Balance**

An overall pay gap is often driven by unequal representation of one gender in traditionally higher-paid skill sectors and/or senior leadership levels. By focusing on achieving gender balance in management by 2023, we aim to positively influence the overall gender pay gap.

#### **5. Other ways to close the Gender Pay Gap**

The gender pay gap may also be influenced by the extended time off taken by female colleagues for maternity leave or childcare which historically may have lowered female salaries over time. Novartis Ireland implemented a new non-statutory Novartis Parents Leave policy in 2021, which provides men and non-birthing partners with 26 weeks paid leave to support the wellbeing of their families after a birth or adoption. By promoting this more equitable distribution of parental leave, both internally and externally, we anticipate that the changing landscape of additional parental leave will have a positive impact on female pay in the future.

### **Final Thoughts**

We can confirm that the data and information presented in this report are accurate and meet the requirements of the Employment Equality Act 1998 (Gender Pay Gap Information) Regulations 2022.

The Novartis Ireland Country Leadership team are committed to improving our results to close the gap and will continue to keep this as a standing topic to report, review and discuss in our leadership meetings in 2024.