

Novartis **Gender Pay Gap** Report



Introduction

At Novartis we are committed to providing a work environment where employment-related decisions, including compensation, are based on skills, qualifications and other job-related business criteria.



Overview on Legislation

The Gender Pay Gap requirements in the UK focus on the difference in average pay between males and females across the whole organisation. All companies with 250 or more UK-based employees are required to analyse and publish their gender pay gap annually. Novartis UK has three employing entities. Novartis Pharmaceuticals UK Ltd is one of these entities and has over 250 employees, and as such is required to report Gender Pay Gap information.

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 refers to legislation already in place in the UK, and that requires organisations to pay males and females equally for performing the same or similar work or work of equal value. At Novartis, we conduct regular gender pay analysis and remediate annually as appropriate. To help prevent pay differences, we eliminated the use of historical salary data when making internal and external offers.

Additionally, we are sharing with our associates their pay as compared to internal and external benchmarks. We remain committed to achieving a gender-balanced representation in management.

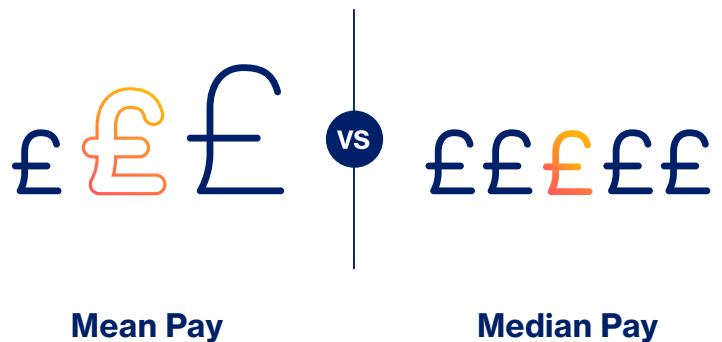
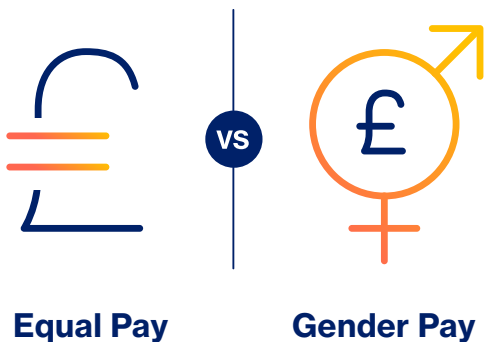
The difference between Mean and Median

Mean Pay

The mean is calculated by adding up the total pay of employees and dividing it 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.



Our results 2023

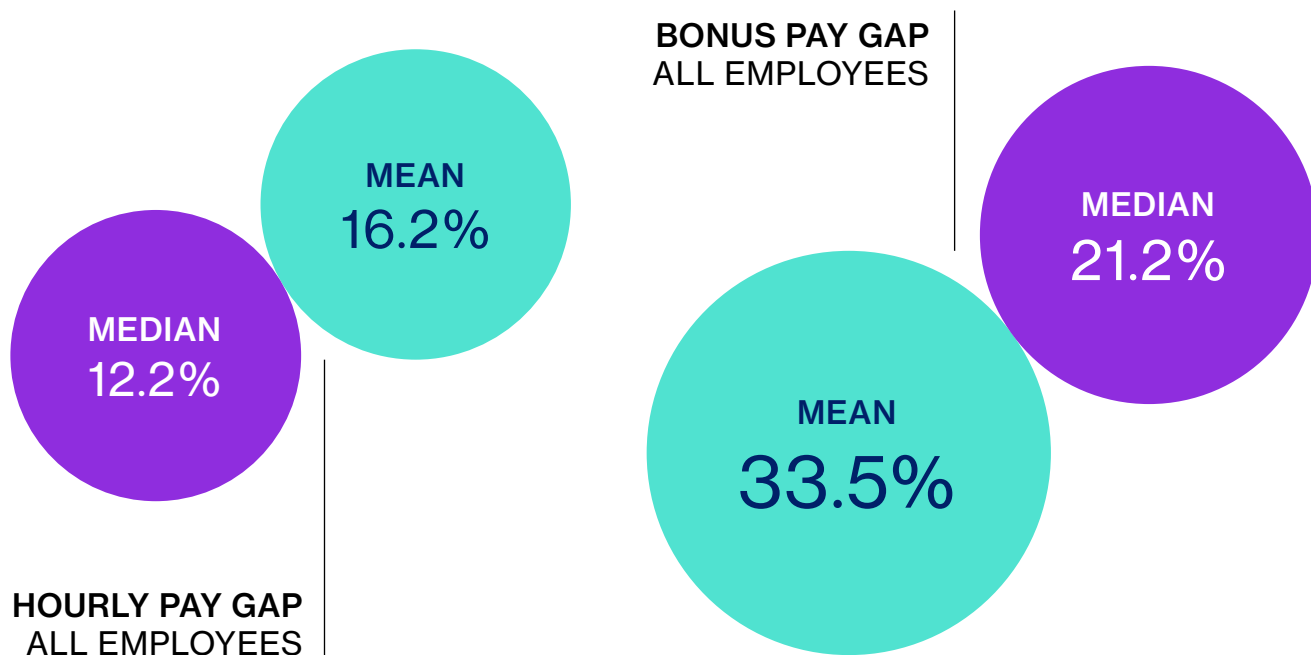
Our analysis for Novartis Pharmaceuticals UK Ltd shows the overall difference between female and male hourly pay earnings is a mean of 16.2% (compared to 14.6% in the previous reporting year, thus representing an increase). The median difference is 12.2% (compared to 12.1% in the previous reporting year, therefore almost remaining the same).

The difference between bonus earnings is 33.5% (mean) (compared to 30.0% in the previous reporting year) and 21.2% (median) (compared to 20.0% in the previous reporting year) have slightly increased.

This is based on information as of 5th April 2023. At this date, Novartis Pharmaceuticals UK Ltd has 829 employees of which the gender split was 37% males and 63% females.

Novartis Pharmaceuticals UK Ltd: 2023 Results

Gender Pay Gap Reporting Metrics



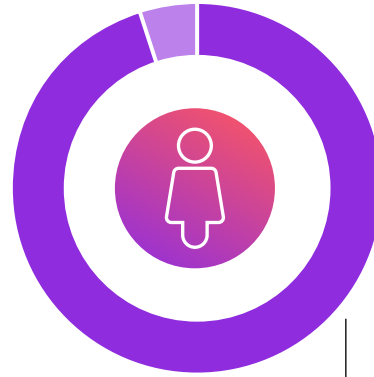
Percentage of employees receiving a bonus

NON
RECEIVERS
6.6%



RECEIVERS
93.4%

NON
RECEIVERS
4.8%

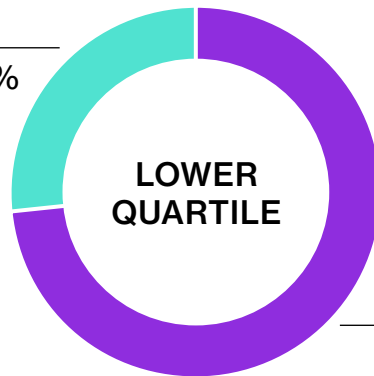


RECEIVERS
95.2%

Novartis Pharmaceuticals UK Ltd pay quartile results



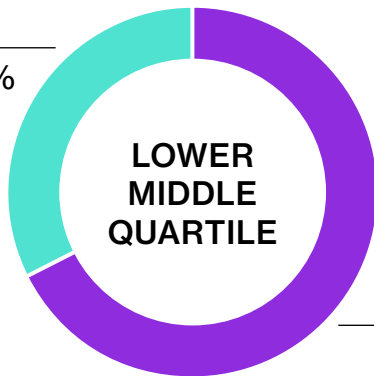
26.4%



73.6%



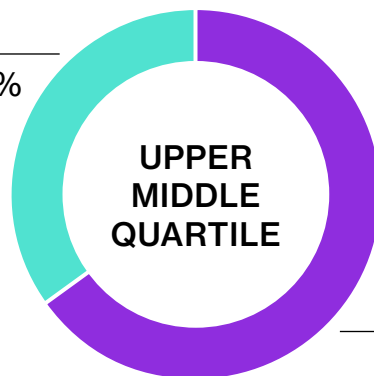
32.4%



67.6%



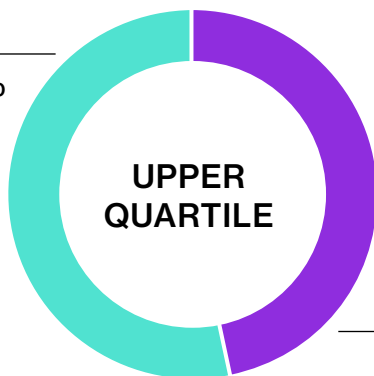
34.8%



65.2%



53.1%



46.9%

Understanding our gender pay gap results

Similar to last year, there are areas that we believe contribute to our Gender Pay Gap Report:



Representation in Leadership

Some 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, e.g. data scientist, biostatisticians etc. Nationally, there is a significant gender gap in STEM at both college and workforce levels. This occupational segregation contributes to the disparities in pay.



Bonuses

Our bonus cycle is run from January to December, a sizeable portion of employees joined within the bonus snapshot period (2022-23) and weren't eligible for bonuses, the majority of these were male employees.

What are we doing to close the gaps?

Overall, there has been little movement in our Gender Pay Gap compared to last year and there is a slight increase in the Mean Gap, with the Median Pay Gap almost remaining **the same**.

We are committed to continuing to drive our pay gap down and to continue to foster a diverse workforce. There are several actions that we continue to take and will remain focused on to help improve the diversity of our workforce and reduce our gender pay gap.



Diversity & Inclusion

At Novartis, we aspire to champion 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 Pay Equity

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 Nations' Equal Pay International Coalition (EPIC).

These commitments are expected to provide momentum in addressing the significant pay disparities between men and women, with initiatives ranging from removing bias from systems and processes to expanding pay transparency efforts.

- 1. Monitor pay equity with global consistency:** We have already established a robust pay equity analysis cycle based on a global methodology.
- 2. Remove bias from the system:** We are committed to having a work environment where employment-related decisions, including selection and compensation, are based on skills, qualifications, and other job-related business criteria.

We have eliminated the use 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 external benchmark data.
- 4. Tracking and Monitor DEI Progress:** At Novartis, we value fairness and accountability and we have established Human Capital KPIs to track our progress against our EPIC pledge commitments. We have metrics in place that track diversity in our hiring processes, female promotion overall and in management as well, and focus on adherence to diverse candidate slates and panels (one woman is in the interview panel always, and minimum two were interviewed for the role). These metrics can help us uncover and address bias and disparities in processes and practices.



Culture for Our People

Novartis operates an Equal Opportunities Policy which underpins all employee practices, policies and procedures. These practices include, but are not limited to, job design, advertisements, recruitment, transfers and promotions, training and development, and employment related decisions. This policy helps to promote equal treatment for all associates or potential associates.

