



Reducing the Gender Pay Gap to Drive Success in the Healthcare Industry

A report from the Healthcare Businesswomen's
Association Europe Region, in collaboration with Aon

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Executive Summary

This report shows that the gender pay gap has worsened in Europe's life sciences industry over the last two years. The data in this report has been derived from Aon's Radford 2022 Full Census Global Compensation Database and reflects information gathered from over 50,000 employees from over 180 companies across the life sciences sector in Europe. Despite core affirmative actions - including increasing women's representation in the boardroom, leadership and mentoring programmes for women, and flexible work options - the widening pay gap demonstrates that these have either yet to mature or are not sufficient to drive progress towards gender parity. Clearly, the COVID-19 pandemic has further exacerbated the gender pay gap. While companies built structures to mitigate the gender pay gap, the lockdown of the pandemic placed the bulk of unpaid care work disproportionately on women, and this played out even when both parents were working from home. Achieving greater equity is dependent on creating an ecosystem with paradigm shift in government policies, employer mandates and individual mindsets.

This highlights a clear need for more robust structures to close the gender pay gap. Redoubling efforts in promoting allyship, sponsorship, diversity and accountability at leadership levels need to be complemented by more inclusive definitions of work performance. Real-world qualitative factors, such as the unaddressed impact of women's health in the workplace, must be included in future strategic plans to achieve gender parity.

HBA Europe recognises the urgent need to focus on action to decrease the gender pay gap, and its undesired impact on the role of women in the healthcare and life sciences industry. We will continue pushing for new and better ways to advance women in the life sciences sectors. HBA Europe will also build partnerships with other organisations and collaborate in building tools, frameworks, and processes to achieve gender parity and pay equity.

This is a vital moment to make concerted efforts to create sustainable systems to recover from and move past the economic setbacks faced by women in the workplace during the pandemic. For example, the World Economic Forum's initiative in Hardwiring Gender Parity in the Future of Work is a great example for the life sciences industry¹. HBA Europe calls on organisations in the health and life sciences sectors to join us in acting on solutions to build a more equitable and inclusive healthcare industry to reap the promise of improved financial performance with improved mental health of both male and female employees.

1. World Economic Forum, Hardwiring Gender Parity in the Future of Work (2021)

Introduction

The Healthcare Businesswomen's Association (HBA) is pleased to present the 2022 report on the gender pay gap in the European life sciences sector. In continued collaboration with Aon, gender compensation data across the sector has been analysed and our findings are discussed in this report.

Where is the gender pay gap today following recent years of market volatility? Despite best efforts, the gender pay gap in the life sciences industry in Europe has increased to 14.4 percent in 2022 from 11.5 percent in 2020 favouring men, based on Aon's Radford 2022 Full Census Global Compensation Database. This is a smaller dataset than used in our 2018 and 2020 gender pay gap reports but presents a more comprehensive and representative picture in the locations and functions analysed. The 2022 gender pay gap is similar to 13.0 percent for all industries in Europe, published by the European Union in March 2022, which is based on data from Structure of Earnings Survey (SES) 2018².

The working world and the employment market continue to experience a high degree of turbulence. We are still dealing with the impact of the pandemic, which has reshaped the world with a new way of working. Employees now choose a mix of remote and office-based working with a lot of flexibility offered by their employers. In tandem, the past 12 months have exhibited a whirlwind of volatility with unprecedented levels of job movement built up by post lockdown demand for new talent and a desire to change roles (referred to as "The Great Resignation"). This ultimately led to a fluctuation in salary levels in a race to secure or retain talent.

In addition to this, we are now faced with a new challenge: high inflation and the impact on our cost of living. This has put pressure on businesses and their internal reward teams to respond and provide, to the extent possible, salary budgets to help employees absorb increased costs.

While it appears clear the volatility of the past two years has restricted progressive movement to closing the gender pay gap in the life sciences industry across Europe, it does not mean that continual monitoring is any less crucial. In fact, evidence is building to support inclusion of women in more senior roles as a key to improved company resilience and financial performance³. This will keep it at the top of the agenda of leadership topics as it responds to demand for clearer diversity, equality, and inclusion policies in a post-pandemic world of work.

2. Eurostat, gender pay gaps in the European Union – a statistical analysis - Revision 1, 2021 edition

3. IMF, Economic Gains from Gender Inclusion: Even Greater than You Thought (November 2018)

2022 European Gender Pay Gap Report

The Gender Pay Gap in the Life Science Industry has Increased

Across Europe, there remains a clear gender pay gap. Based on Aon's Radford 2022 Full Census Global Compensation Database, the overall median pay gap in the life sciences industry is 14.4 percent favouring men.

We see a degree of variance across Europe and at a country level in comparison to 2020. Once again this highlights the volatility surrounding gender pay and is a contributing factor to why the overall gap is not closing.

The general picture below provides a snapshot of the current gap in base salary levels across the life sciences sector, but it is also helpful to look the data through different lenses and pinpoint any specific trends.

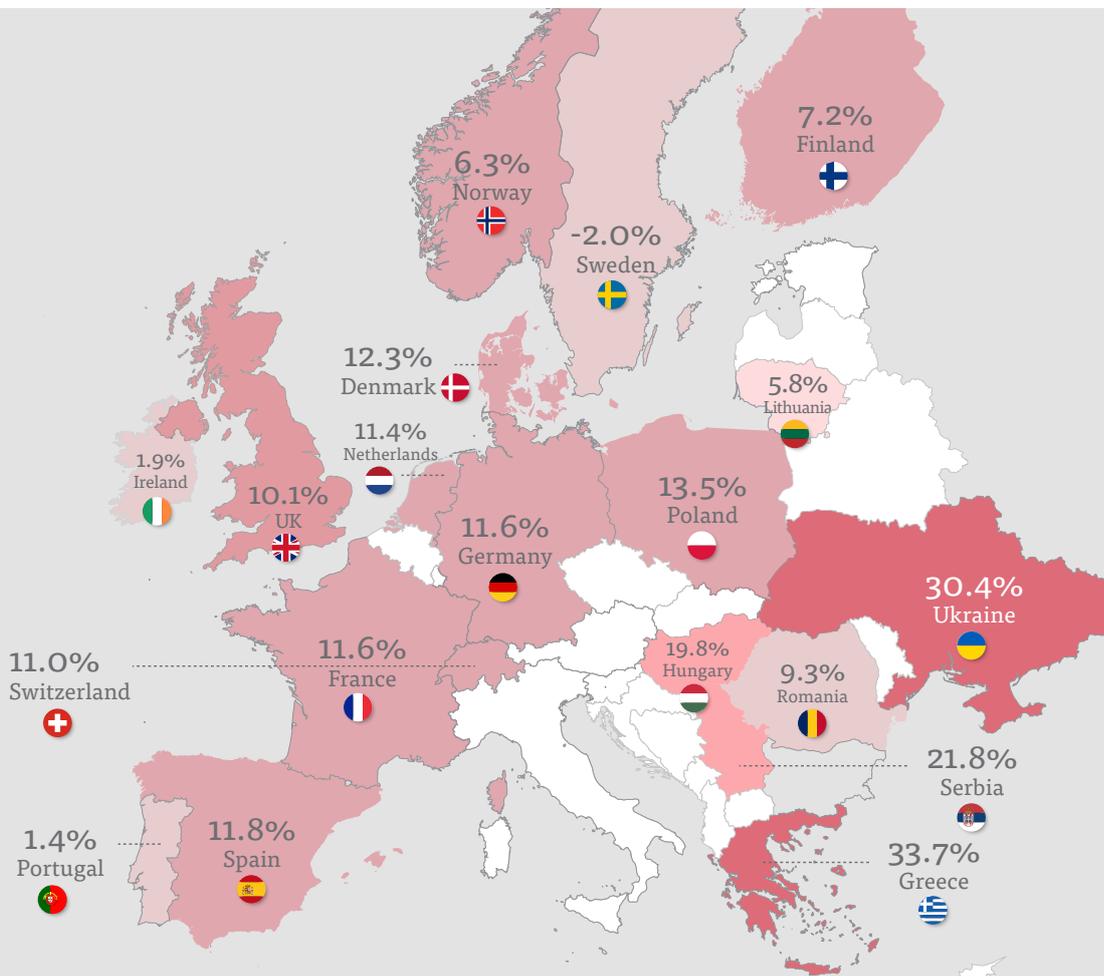


Figure 1: The map shows the Gender Pay Gap across Europe in 2022

Country	2020 Gender Pay Gap	2022 Gender Pay Gap	Difference
Denmark 	6.3%	12.3%	5.9%
Finland 	6.1%	7.2%	1.1%
France 	6.4%	11.6%	5.2%
Germany 	12.3%	11.6%	-0.8%
Greece 	27.7%	33.7%	6.0%
Hungary 	19.7%	19.8%	0.1%
Ireland 	8.3%	1.9%	-6.4%
Lithuania 	2.7%	5.8%	3.1%
Netherlands 	17.5%	11.4%	-6.1%
Norway 	5.4%	6.3%	0.9%
Poland 	14.3%	13.5%	-0.8%
Portugal 	6.9%	1.4%	-5.5%
Romania 	3.5%	9.3%	5.8%
Serbia 	17.6%	21.8%	4.1%
Spain 	10.7%	11.8%	1.0%
Sweden 	8.9%	-2.0%	-10.9%
Switzerland 	12.0%	11.0%	-1.0%
Ukraine 	33.2%	30.4%	-2.8%
United Kingdom 	6.7%	10.1%	3.4%

Table 1: Gender pay gap across Europe in 2020 and 2022

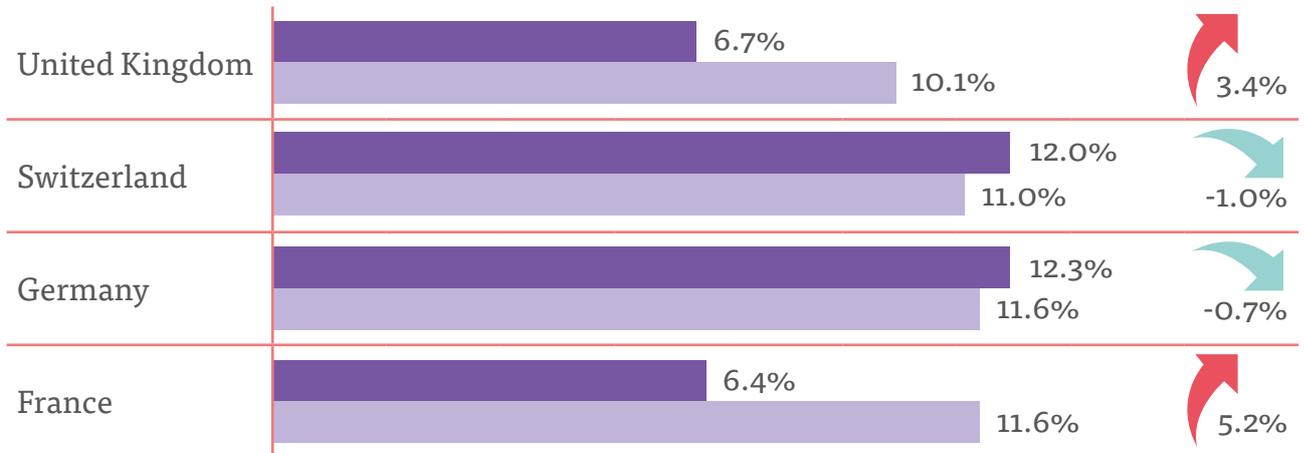
Trend disparity also detected across the largest European markets

An important lens is to focus on the specific trends seen across the largest European markets: France, Germany, Switzerland, and the United Kingdom.

In parallel with what we see across all-European Countries presented in the report, we see a similar variation between the large European markets, with the gender pay gap slightly reducing across the German and Swiss markets but increasing significantly across the French and British markets, an unlikely surprise given the equity efforts committed by each of these countries to close the overall gender pay gap.

- In France, we see a significant shift in the gender pay gap with a 5.2 percent increase in the gap between men’s base salaries over women’s base salaries. This is compounded by the increase in the gender bonus gap and the proportion of females not receiving a bonus since 2020.
- Germany exhibits a small but positive improvement compared to 2020 trends across the median gender pay and medium bonus gap data. It is, however, also the only country to demonstrate an improvement in the proportion of females receiving a bonus in 2022.
- Switzerland also appears to show a small but positive improvement in closing the gender pay gap in relation to median pay only. The median bonus pay gap has slightly increased, with a much larger reduction seen in the proportion of women receiving bonuses since 2020.
- The United Kingdom exhibits a similar trend to France, with the gender pay gap alarmingly widening by 3.4 percent and the gender bonus gap also significantly widening. In both years, the proportion of women receiving the bonus is lower compared to men.

Median Gender Pay Gap in France, Germany, Switzerland and the United Kingdom

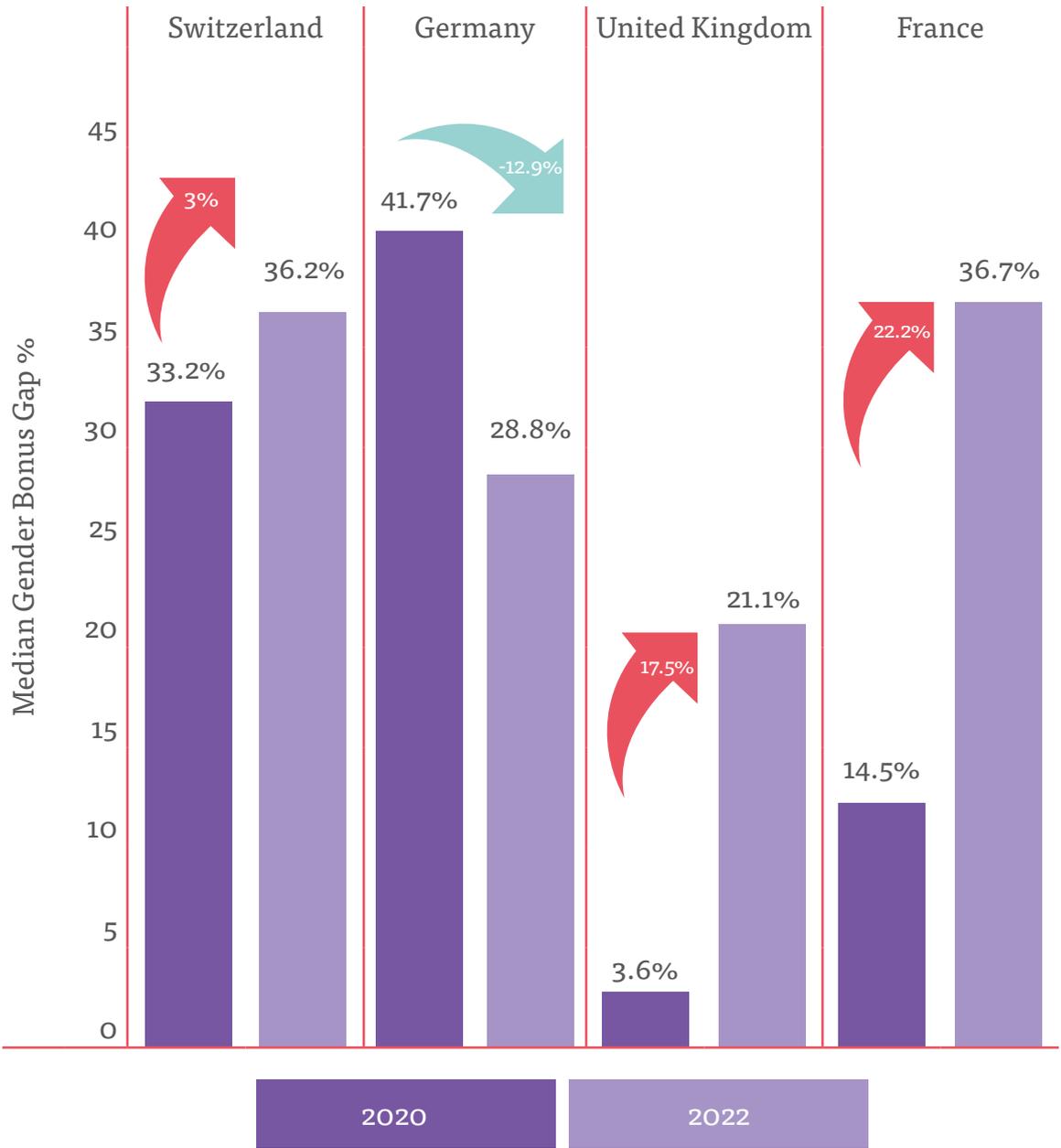


	United Kingdom	Switzerland	Germany	France
2020	6.7%	12.0%	12.3%	6.4%
2022	10.1%	11.0%	11.6%	11.6%

Figure 2: Median gender pay gap in France, Germany, Switzerland, and the United Kingdom



Median Gender Bonus Gap in Switzerland, Germany, United Kingdom and France



	Switzerland	Germany	United Kingdom	France
2020	33.2%	41.7%	3.6%	14.5%
2022	36.2%	28.8%	21.1%	36.7%

Figure 3: Median gender bonus gap in France, Germany, Switzerland, and the United Kingdom

Country	2020			2022			Difference 2020 vs 2022 trending
	Male	Female	Difference	Male	Female	Difference	
Switzerland	68.2%	72.0%	3.8%	62.3%	57.4%	-4.9%	-8.7%
Germany	41.3%	39.6%	-1.7%	30.4%	34.2%	3.8%	5.5%
UK	45.3%	44.3%	-1.0%	46.4%	42.4%	-4.0%	-3.0%
France	47.4%	44.7%	-2.7%	54.3%	45.1%	-9.2%	-6.5%

Figure 4: Proportion of men and women receiving bonus compensation by country

Four out of five sub-industries have increased their Gender Pay Gap over the last two years

The life sciences industry is a combination of sub-industries with different operating models, and this leads to gender pay gap variation. In this report, we distinguish between medical devices, biopharmaceuticals (pre-commercial and commercial), clinical research organisations/contract manufactory organisations (CROs/CMOs) and other life science companies.

- The gender pay gap still emerges clearly in each sub-industry.
- Pre-commercial bio-pharma recorded the first ever gender pay gap of more than 20 percent.
- Improvements have been registered only in medical devices industry (2.5 percent smaller in 2022 when compared to 2020).
- In pre-commercial bio-pharma we see a significant shift in the gender pay gap with more than six percent increase in the gap. The increase in commercial bio-pharma is five percent. By contrast, no relevant change was reported in other life science.
- Changes emerge in the gender pay gap ranking of sub-industries: Pre-commercial bio-pharma has the highest gender pay gap in 2022 (22.4 percent), followed by other life science (18 percent). While in 2020 the highest gender pay gaps were reported for other life science (17.9 percent) and Medical Devices (17.6 percent).
- Gender pay gap for CROs has increased from 7.6 percent in 2020 to 11.7 percent in 2022.



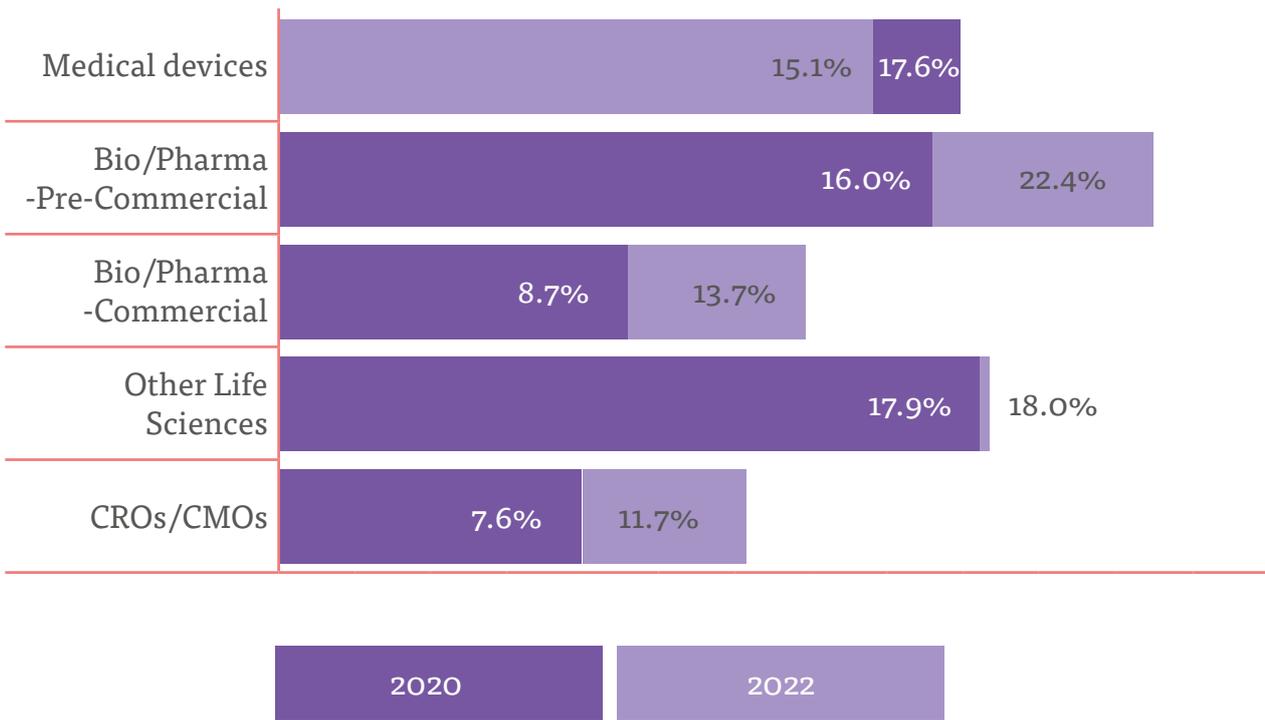


Figure 5: Median gender pay gap by sub-industries

There is a perceptible Gender Pay Gap in Life Sciences companies by size

The gender pay gap could be viewed through the lens of company by size and headcount. We have seen in previous analyses that smaller companies tend to have a larger gender pay gap. A combination of limited need to track and report the gender pay gap and often rapid hiring patterns to support scaling for growth agendas can lead to de-emphasising the pay gap.

Larger companies can rely on attrition and have the resource available to make impactful key hires and to increase the number of promotions, whereas small companies are less able to make these changes since the core team is often largely stable.

Median Gender Pay Gap by company headcount size

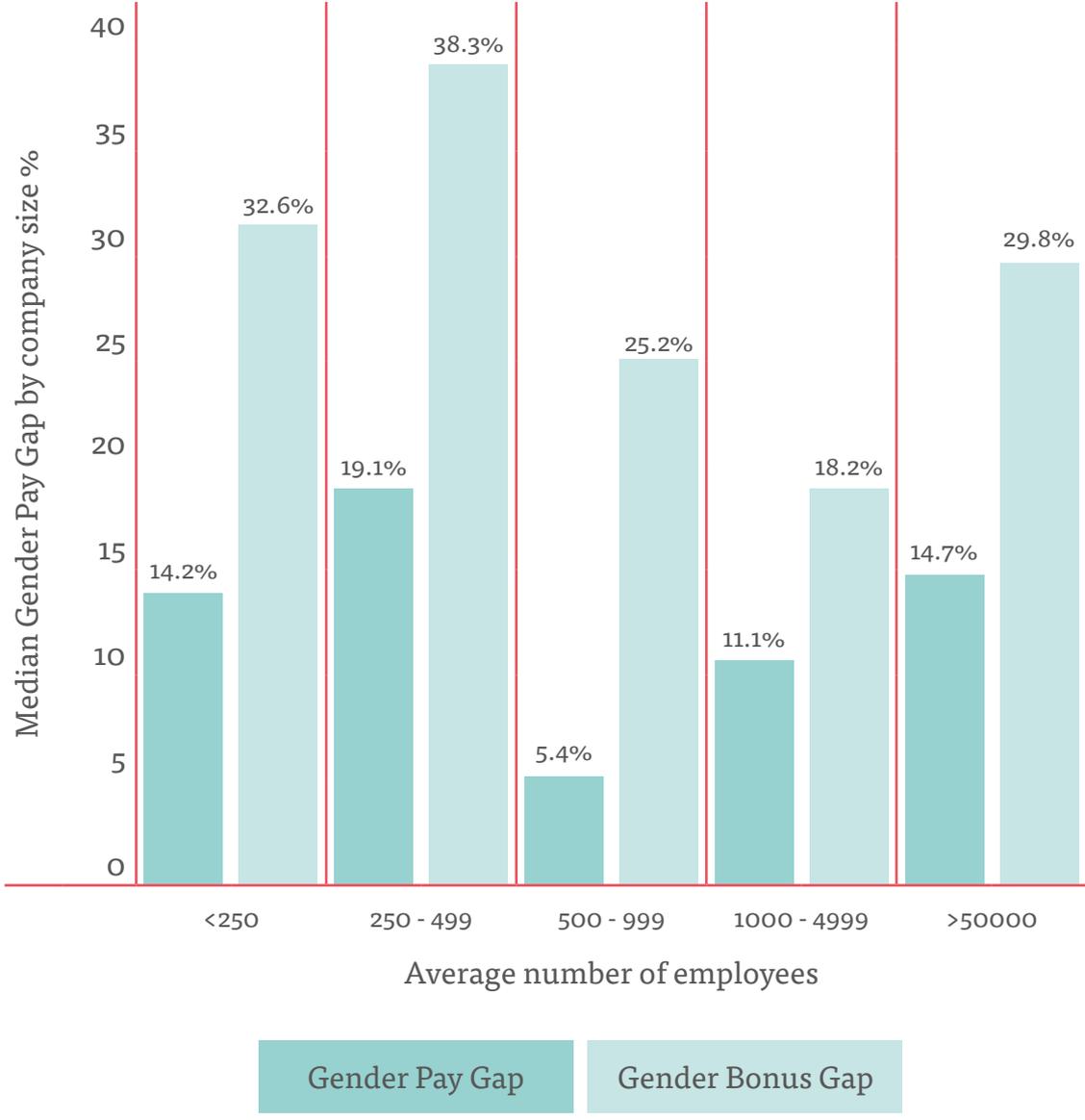


Figure 6: Median gender pay gap by company headcount size

Men are paid consistently more across different Life Sciences functions

After exploring industry and company size, we can now assess the differences across business functions within companies, focusing on corporate and business services, manufacturing and R&D. The largest gap in gender pay is within corporate and business services with 26 percent, followed by R&D at 15 percent and eight percent for manufacturing (Figure 7).

The number of women receiving a bonus in the manufacturing function is higher than men, however, the in-balance in favour of men is still present in corporate and business services and R&D (Figure 8). It is symptomatic of a wider trend that women rarely, in median terms, have a bonus figure that exceeds their male counterparts (Figure 9). Indeed, the bonus pay gap is greater in corporate and business services (36 percent), R&D (27 percent) and manufacturing (17 percent). Therefore, overall, all women in life sciences are receiving fewer bonuses and, when they do receive one, the value of the bonus tends to be smaller.

Median Gender Pay Gap by function

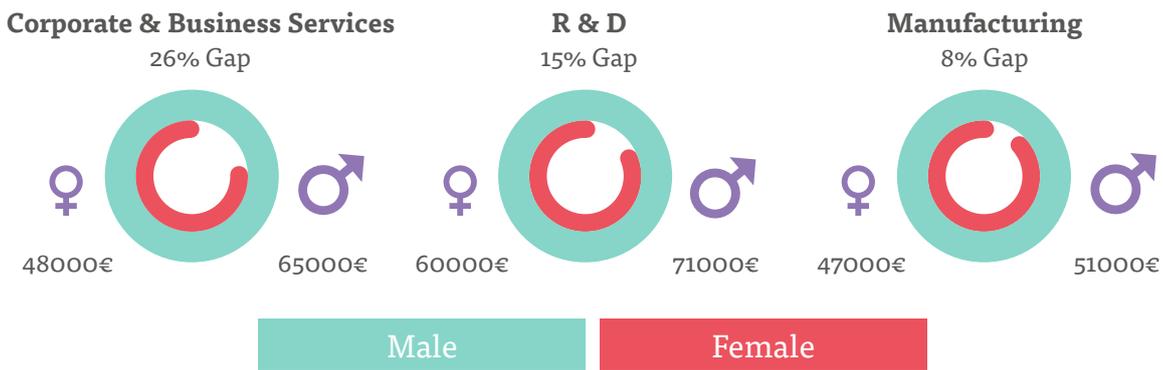


Figure 7: Median gender pay gap by function

Proportion of men and women receiving a bonus by function

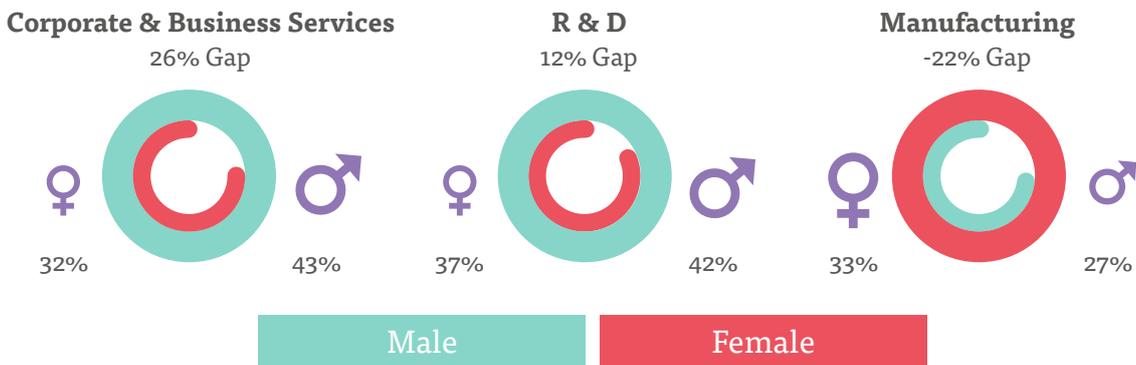


Figure 8: Proportion of men and women receiving a bonus by function

Median Gender Bonus Gap by function

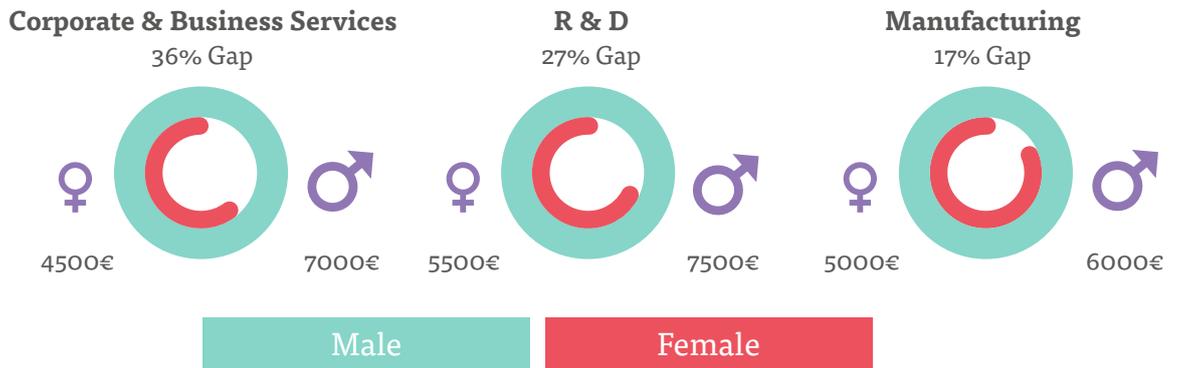


Figure 9: Median gender bonus gap by function

The Gender Pay Gap has increased consistently across all employee categories

A final but equally important analysis is to look at the employee categories within life sciences companies.

- The gender pay gap increased by 10 percent overall and the gender bonus gap increased by 30 percent overall.
- The pay gap exceeded 10 percent for executives, management and professional individual contributors.
- The gender pay gap of support individual contributors, which includes laboratory and manufacturing staff, remains the category with the lowest pay gap despite an increase of 3.6 percent in the last two years.
- The largest increase in the gender pay gap was within management, which increased by 4.5 percent over the last two years.
- The highest bonus pay gap is seen in executives (32.4 percent in 2022) followed by professional contributors (30.9 percent in 2022) employee.
- The gender bonus pay gap increased significantly for professionals (+23.8 percent), management (+15 percent), executives (+8.1 percent) employee categories. The support category bucks this trend, with a small reduction of the gap (-1.9 percent).

Median Gender Pay Gap by employee category



Figure 10: Median gender pay gap by employee category

Median Gender Bonus Gap by employee category

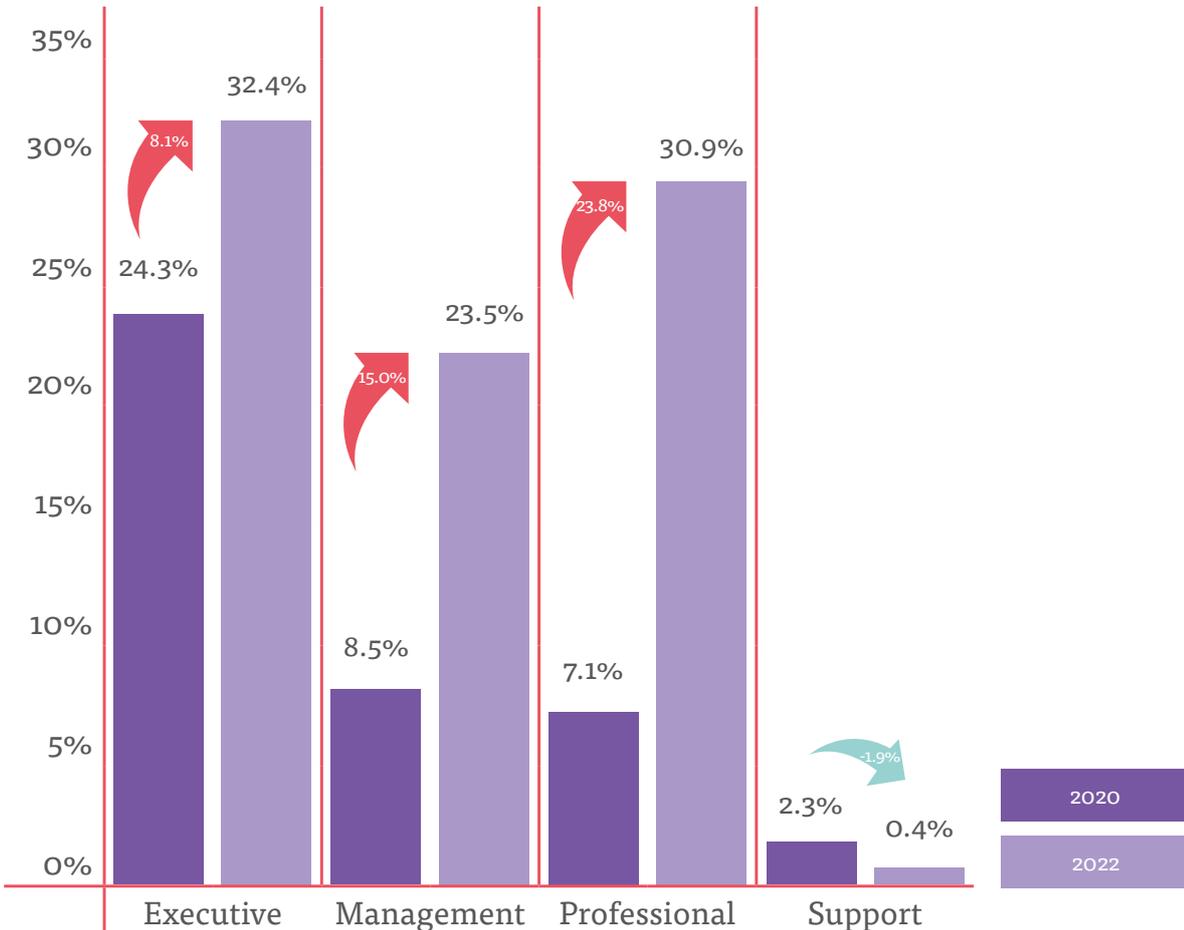


Figure 11: Median gender bonus gap by employee category

Summary

The 2022 report indicates a further widening of the gender pay gap in the Life Sciences industry across Europe. The turbulent employment market and high inflation in the aftermath of the pandemic have contributed to a reversal of ground gained in prior years to closing the gap. The data indicate Sweden, Ireland, Netherlands, and Portugal have spearheaded an improvement in the gender pay gap since our last report. However, the largest European markets like France and United Kingdom show a worsening of the pay gap, which has harmed their promising efforts since 2018. This highlights the stark need for continued monitoring and diligent efforts towards closing the gap to ensure long-term benefits for society.

Some key points:

- The median gender pay gap in the life sciences sector across Europe has increased from 11.5 percent to 14.4 percent in past two years (2.9 percent increase). This figure is based on base pay and excludes all other fixed allowances.
- A large degree of variance is observed in figures across Europe.
 - o One out of 19 countries (Sweden) showed a gap in favour of women by 2.0 percent showing a remarkable 10.9 percent improvement in two years.
 - o Seven out of 19 countries have reduced the gap since 2020 with four out of those (Sweden, Ireland, Netherlands, Portugal) showing a significant improvement of greater than 5.0 percent.
 - o 12 out of 19 countries have increased the gap since 2020, with Greece having the highest increase (6.0 percent) taking the gender pay gap to 33.7 percent.
 - o In three of the four largest European markets, the gender pay gap increased due to the gender bonus gap.
- A gap in pay and bonus is prevalent irrespective of company size with bonus pay gap always being in double digits, in favour of men.
- Most life sciences sub-industries have shown an increase in the gender pay gap; amongst them manufacturing continue to have the lowest gap (8 percent). The bonus gap is present in double digits in all sub-industries in favour of men, with manufacturing again showing the lowest gap again at 17 percent.
- The pay gap has increased in all employee categories (Executive, Management and Professional) since 2020. The bonus gap has also widened across these categories (with exception of the Support category).

Overall, whilst some marginal gains have been made, the underlying message of the data indicates that a systematic change in the industry is still required. We hope the actionable insights produced in this report can support companies aiming to improve on gender-based disparity.



Taking action to Close the Gender Pay Gap

The data is clear: not only is the gender pay gap not closing, but it is also worsening. Bold action is needed to reverse the trend and make real progress towards more equality and allow companies to best utilise their talent pool.

HBA volunteers spoke with various industry leaders to identify what can be done by individuals, companies, and governments. Four themes emerged from our research: 1) companies should make gender equality and diversity a strategic imperative; 2) measure gaps in more sophisticated ways to identify levers with the best potential; 3) continue initiatives to systematically reduce gaps and 4) ensure accountability and representation.

Theme 1: Affirm equality as a strategic imperative

Change starts from the top, so companies can make gender equity part of their vision and mission. Equity should not be just an add on, it should be embedded into the corporate strategy, and the onus of this then falls on the leadership team to be role models for equity, willing to address any unconscious biases and challenge any structural or cultural obstacles. Pfizer United Kingdom has done this by creating a role dedicated to the gender pay gap, where the focus was to fully understand the challenges that cause and perpetuate the gender pay gap and create an impactful strategy that will drive far-reaching change. The introduction of the new DE&I strategy has reduced the Pfizer United Kingdom gap substantially, from 15.9 percent in 2018 to 7.5 percent in 2021 and has earned them the Network for Equality & Inclusion (ENEI) award in October 2021 and the HBA Advancement. Commitment. Engagement. (ACE) award in September 2022.

Johnson & Johnson's Credo, the almost 80-year-old text that lays out the company's responsibilities and values, states that "Compensation must be fair and adequate" and "There must be equal opportunities for employment, development and advancement". Novartis has joined the Equal Pay International Coalition, pledging to achieve gender balance in management and further improving pay equity and transparency processes across all countries of operation by 2023.

Similarly, talking about equality should not be just the role of employee resource groups and volunteers – leaders need to be affirmative about it and ensure they are role modelling. When parental leave policies get extended to fathers (see theme 3), it helps to see fathers in leadership positions take their paternity leave.

"At Novartis, we believe that equal pay is essential not only to achieving full gender equity in the world of work, but also a fairer, more inclusive society. Our commitments to Diversity, Equity and Inclusion are fundamental to our culture and purpose to reimagine medicine, ensuring that each one of us can fulfil our personal and professional goals without fear of discrimination.

That's why we continue to challenge ourselves and others to strive for lasting change through our public pledge with the Equal Pay International Coalition. While we're making good progress, we can't take our foot off the pedal. We know we have more to do, and we'll continue to listen and remain curious and open to further opportunities to improve our organization for all."

Hannah Perry
Chief Diversity and Culture Officer, Novartis

Theme 2: Measure to understand

Measuring the gender pay gap and understanding the root cause are the first steps to improving the gap, providing intelligence on where work needs to be done to close it. These are the reasons underpinning the HBA and Aon collaboration for this report. However, knowing there is a pay gap may not be sufficient for companies to address it. More granularity is required to identify the real levers of change. Our interviewees suggested that leaders explore the following questions:

- Knowing there is disparity, are policies intentional to address it?
- Are we retaining men and women to the same degree?
- Are we promoting equally?
- What is the effect of performance, years in the grade, or job type?
- Do we have equality at all levels of the company and at all stages of the career?
- How do we account for special work arrangements? For example, part-time working, which is more frequent for women than men, affects the bonus numbers because these employees received pro-rated bonuses based on the number of hours worked. Statutory calculations do not typically take this into account.

A prerequisite to answering these questions is to have detailed, curated data supported by a sophisticated data infrastructure.

“It’s not good enough to do a broad pay gap analysis. You need to go deeper: neutralise the impact of job families, performance, of years in the role, in the grade... all of this requires us to have the right data infrastructure in place.”

Seren Bayramoglu
VP Talent & Total Reward, Mölnlycke

Once available, key performance indicators (KPIs) should be embedded at all levels of the organisation, and in particular senior leadership (see theme 4 accountability).

Several governments are now instituting policies that support the change needed to facilitate parity, these include mandating transparency. Among those:

- The United Kingdom Government requires companies with 250 employees or more to publish via a government website a detailed report of base and bonus pay for men and women on a yearly basis. Figures must be given for hourly pay, correcting for the impact of part-time working arrangements. Though the Equality and Human Rights Commission (EHRC) did suspend the need for companies to report on the gender pay gap in 2019/20 citing the impact of the Coronavirus pandemic on businesses, a period when equality in the workplace should have been brought to the fore considering the grave impact it had and still has on women in the workplace.

- In France, organisations over 50 employees must publish on their website a professional equality index. This index is based on 5 components: differences in pay between men and women, differences in individual pay raises, number of pay raises after a maternity leave, equity in the top 10 wages, and the differences in promotions. The average grade increased from 84 in 2020 to 86 in 2022; however, not all companies have been complying with the obligation to publish.
- More recently, in 2021, Spanish law also mandates companies above 50 employees to create a record of their pay and total compensation level by gender and by function, job titles or groups of similar jobs.
- This year reporting is also required in Ireland, currently for companies with over 250 employees and with plans to reduce the company size to 150 in 2024 and 50 in 2025. Importantly, the report must also contain a written statement setting out the reasons for the differences in remuneration (i.e., the causes of the gaps) and what measures (if any) are being taken, or proposed to be taken, to reduce the gaps.

Theme 3: Using intelligence gained to take action

Addressing gender inequalities requires action in the ecosystem of governments, organisations, families, and individuals. However, the leaders we interviewed believe they are part of a required system change.

- Employee Resource Groups (ERGs) create visibility around the issues and increase leadership accountability.
- Board level mandate required to hold executives accountable for progress on identified KPIs
- Unconscious bias training is important to raise awareness, but not sufficient. There must be systems to question and neutralise gender biases, particularly in recruitment processes.
 - o For example, blinding CVs to ensure bias minimised to select best candidate, mandating 40 percent or more representation of women on interview panels
- Leadership development programmes targeted for women are a key lever, because women tend to apply less than men to traditional courses.
- Gender neutral parental leave or paternity leave policy is seen as a key lever. Maternity leave is believed to be a major factor leading to pay imbalance. Extending paternal leave could help to put men and women on equal footing, but only where the paternity leave cannot be easily transferred.

Some initiatives can target pay levels more specifically to address the compensation gap:

- At Seuss+ Consulting, pay raises can be given throughout the year rather than sticking with norms of giving yearly increases. This helps to focus on the impact of individuals.
- Bonuses can be based on impact rather than performance, and this impact can be neutralised for seniority level or base salary. This is a mindset shift that helps to reward the real contribution of an individual.
- The practice of asking for the previous salary on recruitment is also known to compound inequalities over time. Novartis no longer asks for this, to eliminate this source of bias.

In addition, to maximise the impact of such initiatives, some companies are defining specific senior roles to ensure alignment with leadership, embedding into strategy and successful delivery. One such example is AstraZeneca where the role of SVP Reward, Inclusion and Talent Acquisition has been created. Bringing these three elements together enables a holistic approach to attracting, retaining and developing diverse talent, ensuring the effectiveness of initiatives aimed at increasing the number of women in senior and leadership roles, such as the 'Women as Leaders' programme, aimed at advancing the next generation of women leaders by supporting them to uncover tools to succeed and fulfil their personal ambitions; and the 'Empowerment' programme, aimed at early-in-career women leaders to empower them to take on more challenging roles, projects or assignments.

"We are focused on increasing the presence of women across our leadership teams and fostering an inclusive culture in which our people feel valued for the contribution they make towards improving the lives of our patients, our employees, and the communities in which we operate. We have dedicated training programmes to support and accelerate the careers and personal goals of the women in our company, and we set scorecard targets on the percentage of women in leadership roles."

Rebekah Martin,
SVP, Reward, Inclusion and Talent Acquisition, AstraZeneca

Theme 4: Leadership accountability

The onus is on leaders to make organisations great places to work for all, for talent development and retention, and for enabling employees to express their full potential. Senior leaders play a powerful part through role modelling the behaviours expected in the organisation. For example, when a senior male takes a sabbatical to support his wife's career, it sends an important message to the teams; it asserts that men are allowed and expected to take time off at this important stage in life, just like women do. KPIs to promote diversity should be embedded at all levels of the organisation.

Our interviewees believe that while we should expect the ambition to be set from the top, individuals also play a role. As each of us are decision makers in our own right, we can detect and interrupt bias by thinking slow, as suggested in Daniel Kahneman's "Thinking fast and slow". And we should educate our loved ones to be champions for equality.

Inequalities exist at multiple levels. Taking care of gender equality leads to questioning intersectionality and to striving for overall equity. Educating ourselves, our teams, co-workers, and families on gender equity can lead to progress for all.

"Never settle. The situation remains vulnerable, so we need to keep the need for equity very present in people's minds, even if our results are good."

Valérie Perruchot Garcia
Communications and Public Affairs Director, Janssen



An Award Winning Initiative Taking Action to Close the Gap

In 2022, a *Closing the Gender Pay Gap* initiative led by Pfizer UK delivered stellar results and served as an exemplary model for what the industry should be doing to close the gap. The program also garnered an HBA ACE award and was celebrated at HBA's Annual Conference in November.

Here is a summary of the award-winning initiative that generated impactful progress for women in the Pfizer UK workforce:

Pfizer's purpose globally is to deliver breakthroughs that change patients' lives. To support that, Pfizer UK has pledged to become as diverse as the patients and communities it serves, addressing the issues that stand in the way of their purpose.

In the third quarter of 2019, Pfizer UK finalised its *Closing the Gender Pay Gap* strategy which consists of five impactful initiatives to achieve gender balance, recalibrating the gender distribution across the different levels of business.

The strategy's impact can be measured in the marked reduction of Pfizer UK's gender pay gap, which dropped from 15.9 percent in 2018 to 7.5 percent in 2021. Since the strategy was introduced, female applications for senior roles and the number of women holding senior roles have risen by double digit figures.

Response to Pfizer UK's initiative has been overwhelming positive and industry peers curious as to how they can implement a similar initiative can view an exclusive LinkedIn Live session with Dagmar Albers, Diversity, Equity & Inclusion, UK Lead, Pfizer. HBA's LinkedIn Live also featured a second 2022 ACE award winning initiative Culture from the Start, another impressive DE&I program established by Delix Therapeutics.

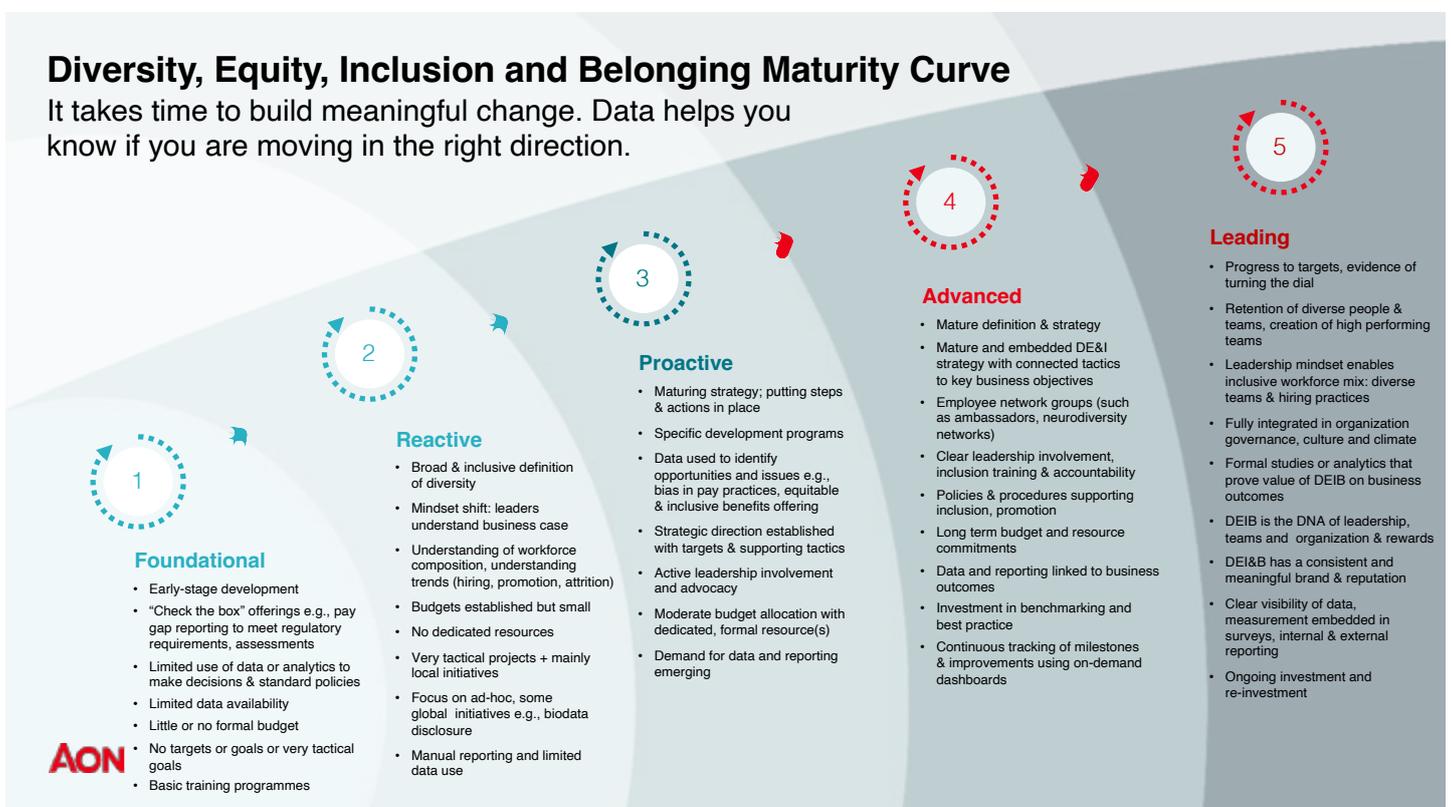
HBA's Advancement. Commitment. Engagement (ACE) Awards recognize company initiatives that help foster and sustain equitable practices and leadership opportunities for women. An independent panel of healthcare industry leaders selects ACE Award recipients for their excellence in advancing their female talent and removing the systemic barriers preventing timely progress to parity. Award criteria include measurable results, business performance, stewardship, execution, and sustainability.



The Aon Point of View

Aon's recent Global Risk Management survey confirmed that all C-suite respondents see attracting and retaining top talent as a top 10 risk. The momentum behind the diversity and inclusion agenda is further amplified by the forthcoming EU Directive on Pay Transparency, which aims to accelerate progress in closing the gender pay gap. As we have seen in this paper, the gap remains high, and the EU sees policies such as increased pay transparency and enforcement mechanisms as the way to force companies to take more proactive steps. In addition to regulatory pressure, there is a reputational impetus to address diversity, equity and inclusion (DE&I). While pay remains an important lever in attracting and retaining talent, a culture of fair pay and a clear commitment to diversity and inclusion are critical components to a company's broader values and employee value proposition (EVP). This combination of regulatory scrutiny and economic pressure facing companies requires a laser focus on making the right pay decisions within a manageable budget.

Based on Aon's experience companies need to prioritise actions according to their maturity level, described in the graph below.



Nevertheless, there are some common themes we see companies should focus on:

Company DE&I strategy should be the core driver, not local regulatory issues

Companies often do not have a consistent DE&I strategy that provides the framework and methodology for all local initiatives. For example, pay equity methodologies are being locally implemented due to regulatory pressure, but companies do not have an overarching methodology to drive results and monitor progress on a consistent basis. There will always be a need for local adaptation, but providing a holistic, integrated strategy enables companies to have a “audit trail” of initiatives and how they impact the strategic objectives. DE&I strategy will have an impact on many initiatives in the total employee life cycle, from attraction and selection, progression and development, to promotion and rewards.

Data is the starting point

Measure, analyse and track: Diving deeper into the data and tracing each stage of the employee lifecycle helps identify the pain points and diagnose root causes of imbalance. Companies can use data-driven insights to address gaps and drive positive, visible change, for example, by tracking diversity and inclusion metrics throughout the employee lifecycle and setting up a monitoring system to report KPIs – typically to the board and C-suite, as well as externally. Many companies also include diversity improvement goals in their incentive programs to increase accountability. Aon recommends combining not only internal but also external data to ensure you can analyse and regularly audit your programs and policies.

Diagnose driving factors – representation and / or unequal pay

It is disappointing to see the lack of progress in realising pay equity through our analysis of the life sciences industry in Europe. However, it is critical to interpret the data through an appropriate lens to draw the right conclusions. Traditional pay gap reporting, such as the analysis presented in this report, is valuable as it highlights challenges in representation across the workforce, for example, fewer women in senior, more highly compensated positions. However, this analysis should be complimented by looking in depth at factors that explain pay gaps, for example through a comprehensive pay equity audit. Undertaking both exercises allow us to find out if there is a problem with equal pay for equal work or a representation problem (or both). Both analyses are important and will help companies to identify different, but complimentary actions to fix the problem.

DE&I as core element of an attractive employee value proposition (EVP)

Our research shows that 65 percent of candidates have left a hiring process due to an unattractive EVP. Your brand and how you articulate your story in the context of DE&I matters. Candidates increasingly value evidence of commitment to driving diversity and inclusion – for example, through engagement in community activity, clear DE&I and environmental, social and governance (ESG) commitments and accountability, such as linking executive pay to outcomes.

Selection:

There are many examples of where recruitment processes can support a diversity and inclusion strategy; a transparent and inclusive process sets the stage for your candidate. Examples of positive action include using non-biased wording in job descriptions, deploying AI to reduce reliance on biodata and CV screening and implementing fair assessment processes to minimise bias and focus on potential and behaviours. Combining these tactics with adverse impact analysis to understand where diverse talent drops off or out of a selection process can also help identify bias and areas for improvement. Once again, data is key.

Fair and inclusive total rewards:

As the analysis in this report shows, companies should actively review their compensation and benefits packages to align with their DE&I goals. We see an increased focus on analytical job evaluation schemes rather than job mapping as a grading approach, which does not appear to be compliant with the impending EU Directive on Pay Transparency. Consideration is also increasingly given to regular audits of compensation packages and benefits options to ensure they are fully inclusive and equitable.

Progression and Development:

Robust performance management approaches and clear, transparent progression criteria including “stretch” opportunities for high performing talent are non-negotiables. However, women are now four times more likely to require retraining as their career trajectories have been more significantly impacted by the pandemic and by changing skills requirements. Companies should identify, even accelerate, the development of key skills across diverse talent pools and consider how inclusive measures can be integrated to maximise the potential over all employees. Companies are shifting to skills-based talent management practices and considering future skills as a key component of their hiring and progression strategies.

Making progress requires continuous effort and communication

Careful communication of the actions being taken, and progress made, contextualising the data gathered and implementing accountability measures are the final elements for executing a fair pay strategy.

It takes time to enact meaningful change, but there is no bigger priority than building resilience in the workforce.

Aon believes in taking a people-centric approach to building a diverse, equitable and inclusive workforce. Creating a culture of inclusion and a sense of belonging enables innovation, cultivates high performance, and engenders sustainable working practices. We are committed to embedding those practices at our own company and to supporting our clients on their DE&I journeys.

To support client journeys Aon provides data-based approaches, insights and solutions in all relevant aspect of DE&I strategies.



Methodology

This document presents a high-level view of the gender pay gap within the life sciences sector across Europe.

Aon Radford have updated their calculation methodology since this report was last published. The new methodology includes a smaller dataset but more representative of the workforce mix across Europe. The reported numbers are a more accurate estimate of the true gender pay gap in the locations and functions analysed but differ slightly from what was published previously due to the differences in the two datasets.

The data in this report has been taken from Aon's Radford 2022 Full Census Global Compensation Database and contain information gathered from over 50,000 employees from over 180 companies across the life sciences sector in Europe.

The Methodology to calculate the Gender Gaps is as follows:

- Median gender pay gap is based on Base Pay (excluding other fixed allowances)
 - Calculate Pay as the total of all fixed cash payments
 - Calculate the Median Pay for all Females
 - Calculate the Median Pay for all Males
 - The Median gender pay gap is $(\text{Male Median} - \text{Female Median}) / \text{Male Median}$
- Median gender bonus gap
 - Bonus is the total of Bonus Awards paid in the previous year
 - Calculate the Median Bonus for all Females
 - Calculate the Median Bonus for all Males
 - The Median gender pay gap is $(\text{Male Median} - \text{Female Median}) / \text{Male Median}$

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About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

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About the HBA

The Healthcare Businesswomen's Association is a global non-profit organization comprised of individuals and organizations in healthcare committed to:

- achieving gender parity in leadership positions
- providing equitable practices that enable organizations to realize the full potential of women
- facilitating career and business connections to accelerate advancement

The HBA accomplishes its mission through strong business networks, education and leadership development, and global recognition of outstanding individuals and companies.

About Delegant

Delegant Limited is an event and association management organisation based in the UK. Established more than a decade ago, Delegant has worked with customers ranging from leading pharma/biotech companies through to international membership associations.

Delegant specialises in providing full service event management for international meetings & conferences including everything from event branding and design, through to delegate bookings, payments and travel, budget management, social media and venue management. Our services are provided by our in-house Team based in Oxfordshire.

Delegant also manages a wide range of membership associations with services including membership management, events, training, website and graphic design, as well as Secretariat and Accounting functions.



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