



Novartis UK Gender Pay Gap Report

Introduction

At Novartis, we are dedicated to fostering a workplace where decisions related to employment, such as compensation, are determined by skills, qualifications, and other relevant business criteria pertaining to the job.

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 Pharmaceuticals UK Ltd 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 is legislation already in place in the UK that requires organisations to pay males and females equally for performing the same or similar work or work of equal value.

At Novartis, from the last few years we conduct regular gender pay analyses and remediate annually as appropriate. 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.



Equal Pay

Gender Pay



Mean Pay

Median Pay

Our 2024 Results

Our analysis for Novartis Pharmaceuticals UK Ltd shows that the overall difference between female and male hourly pay earnings is 14.7% (mean) (compared to 16.2% in the previous reporting year) and 10.6% (median) (compared to 12.2% in the previous reporting year), **both of which have decreased.**

The difference between bonus earnings is 39.0% (mean) (compared to 33.5% in the previous reporting year) and 29.2% (median) (compared to 21.2% in the previous reporting year), both of which have increased.

This is based on information as of 5th April 2024. At this date, Novartis Pharmaceuticals UK Ltd had 925 employees of which the gender split was 37% males and 63% females.

Novartis Pharmaceuticals UK Ltd: 2024 Results Gender Pay Gap Reporting Metrics

Hourly pay gap: all employees

14.7%

Mean

10.6%

Median

Bonus Pay gap: all employees

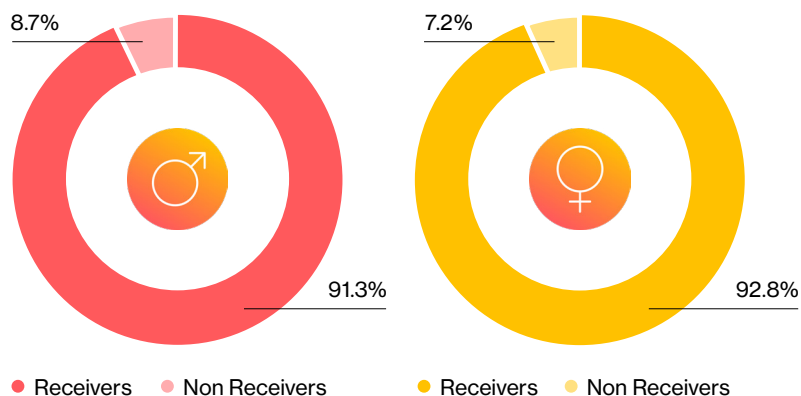
39.0%

Mean

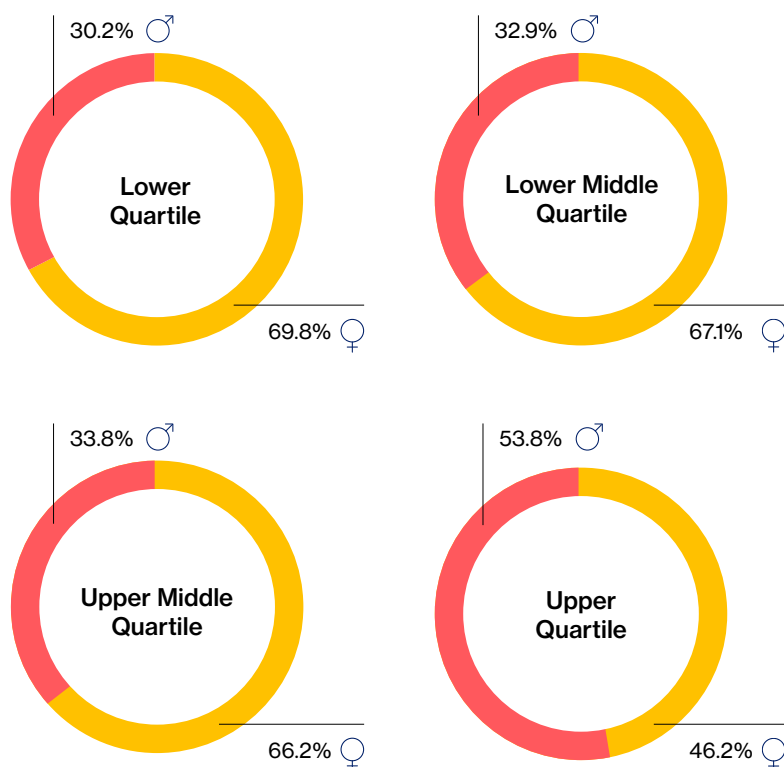
29.2%

Median

Percentage of employees receiving a bonus



Novartis Pharmaceuticals UK Ltd pay quartile results



Key: Male Female

Understanding our gender pay gap results

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

Representation in Leadership:

Despite progress, still many of our most senior positions are held by males in the upper quartile, exacerbating our mean pay gap. Additionally, the disproportionate representation of females in the lower quartile further widens the overall pay gap. We are resolute in our efforts to address this imbalance and elevate more women into senior roles.

Bonus:

Everyone is entitled to a bonus at Novartis UK, however, due to start dates some employees did not receive one, were new joiners who missed the cut-off date. The increased bonus gap is primarily due disproportionately representation in senior positions, which are predominantly occupied by men. We are steadfast in our commitment to rectify this issue by actively promoting women to these senior roles.

What are we doing to close the gaps?

Overall, there has been positive movement in our Hourly Gender Pay Gap compared to last year, with **slight decreases in the Mean and Median Pay Gap.**

However, the Mean and Median Bonus Gender Pay Gaps have increased compared to last year. We are therefore undertaking several initiatives and will maintain our focus on enhancing workforce diversity and decreasing our gender pay gap.



Diversity & Inclusion

At Novartis, we are committed to embracing diversity and inclusion. Our goal is to cultivate a fair and inclusive workforce that appreciates unique and inquisitive perspectives, allowing each individual to express their authentic selves. We strive to provide equitable opportunities for everyone to realise their potential and play a role in transforming medicine for a better future. Novartis prioritises our strategic initiatives in diversity and inclusion as follows:

Equity:

We are committed to fostering a diverse, equitable, and inclusive environment that ensures all associates are treated with dignity and respect.

Inclusivity:

We are committed to offering all employees equal opportunities to engage in our organisation and progress in their careers, while also educating our workforce on the importance of inclusivity.

Society:

We will engage with various communities while maintaining a learning-oriented approach, striving to contribute to the creation of a safer and more inclusive world. In alignment with our dedication to Diversity, it is essential to attract a diverse workforce, as this will enhance and advance our DEI initiatives within the organisation.



Pay Transparency and Pay Equity

At Novartis, we are committed to ensuring that women and men receive equal compensation for work of equal value. In alignment with this, we have renewed our pledge with the Equal Pay International Coalition (EPIC) to maintain gender balance in management and continue to enhance pay equity and transparency for all our associates.

Since our EPIC Pledge was established in 2018, we have made significant strides in our principles and processes aimed at ensuring pay equity and transparency across all regions where we operate. Notably, we have achieved 100% coverage of associates in regular pay equity studies, eliminated inquiries about historical salaries in 100% of our recruitment processes, and ensured that all associates have access to pay transparency through their compensation statements, which align with external benchmarks. Additionally, we have observed an improvement in gender balance within management roles.

These commitments are anticipated to drive progress in mitigating the considerable pay gaps between men and women. Our initiatives include the removal of biases from our systems and processes, as well as the enhancement of our pay transparency efforts.

1. Monitor pay equity

We have successfully implemented a comprehensive pay equity analysis cycle that adheres to global methodology.

2. Remove bias

We are dedicated to fostering a workplace where decisions related to employment, such as hiring and remuneration, are determined by an individual's skills, qualifications, and other relevant business criteria. We have removed historical salary comparisons from our hiring processes and now emphasise an objective evaluation of a candidate's pertinent experience, education, and competencies, utilising both internal and external benchmarking data to mitigate potential biases.

3. Pay Transparency

Transparent communication regarding individual compensation levels in relation to both internal and external benchmark data.

4. Track and Monitor DEI

At Novartis, we prioritise fairness and accountability, having implemented Human Capital Key Performance Indicators (KPIs) to monitor our advancement in fulfilling our EPIC pledge commitments. We have established metrics to assess diversity within our recruitment processes, the promotion of women overall and within management, and to ensure compliance with diverse candidate slates and interview panels (with at least one woman consistently included in the interview panel and a minimum of two women interviewed for each position). These metrics serve to identify and rectify biases and disparities in our processes and practices.



Culture for Our People

Novartis implements an Equal Opportunities Policy that serves as the foundation for all employee-related practices, policies, and procedures. These practices encompass various aspects, including but not limited to job design, advertising, recruitment, transfers, promotions, training and development, as well as decisions related to employment. This policy is instrumental in fostering equitable treatment for all current and prospective associates.

Furthermore, we want to create a diverse, equitable and inclusive workplace where every one of us can be our best and true selves, so that together we can discover more, reach underserved communities and reimagine medicine. Therefore, we continue to pledge support for the United Nations Standards of Conduct for Business, tackling discrimination against Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI+) people.



