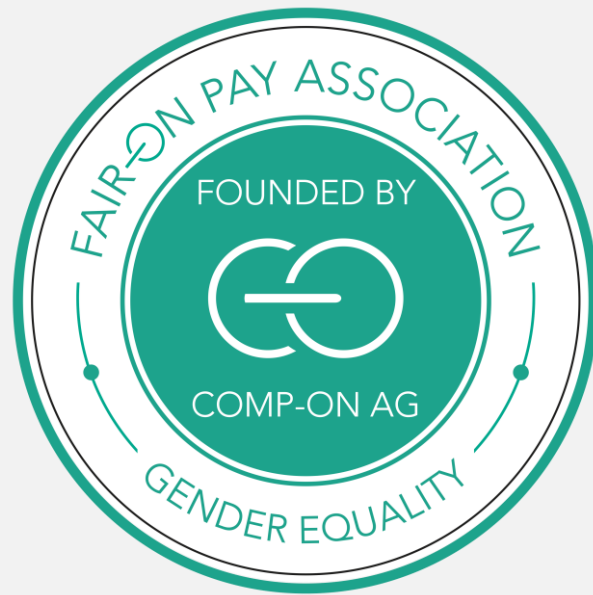


FAIR-ON-PAY REPORT

2ND EDITION / APRIL 2024



Findings on equal pay between women and men
from over 250 Fair-ON-Pay analyses worldwide



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Classification of the report

This report summarizes the most important findings and observations from the equal pay analyses carried out as part of Fair-ON-Pay certification, while also ensuring that no conclusions can be drawn about individual companies.

Further information on
Fair-ON-Pay and the Association
www.fair-on-pay.com

EXECUTIVE SUMMARY

Increasing awareness

Awareness regarding equal pay by gender is steadily increasing within society, driven not only by international organizations and national legislators, but also by various associations and dedicated employees. Companies are displaying a surge in interest towards certifications such as Fair-ON-Pay, even in cases where legal requirements are absent. This is an indication of a growing societal commitment to addressing gender inequality in the workplace.

With the "Fair-ON-Pay" procedure, companies undergo a standardized assessment to ensure compliance with strict specifications regarding equal pay between women and men. Confirmation of compliance can be obtained through the issuance of a certificate attesting compliance with equal pay.

The Fair-ON-Pay Report draws upon analyses conducted since 2019. This second edition compiles the latest findings from over 250 analyzed companies, encompassing approximately 200,000 employees, and presents actionable insights for practical implementation.

Management Fair-ON-Pay Report



Loran Lampart
President
of the Association



Marc Pieren
Board Member
of the Association

Pay gap is not a myth

Various sources show that the pay gap in a great number of countries is to the disadvantage of women. This trend can also be seen in the companies certified with Fair-ON-Pay. In more than 9 out of 10 companies, an unexplained residual pay gap remains to the disadvantage of women, even though most of the companies meet the criteria for a Fair-ON-Pay certification.

Differences in employment

Among the analyzed companies, a distinct contrast in role-specific attributes emerges: women frequently find themselves in roles of lower hierarchy and lesser complexity. This disparity is notably pronounced, especially at the extremities of the spectrum. Furthermore, the prevalence of part-time employment among women consistently surpasses that of men, posing potential impediments to their progression into managerial roles.

Lack of structure

Equal pay is based on equal pay for equal work and work of equal value. However, determining equality is not easy and requires consistent and clear structures. An objective structural key - such as grades, ranks or, even better, an analytical job evaluation - is crucial to identifying and addressing unexplained pay differences in companies. This makes it all the more surprising that many companies lack clear structures. This finding goes beyond the problem of gender-specific pay differences and generally leads to heterogeneous pay within the company.

THE PRESSURE IS INCREASING

At a time when calls for equal pay and equal opportunity in the workplace are growing louder, international treaties, national legislation and corporate responsibility are becoming increasingly important. These forces are driving change toward fair pay practices and equitable work environments.

International contracts

International treaties are constantly increasing the pressure to comply with equal pay. One expression of this is the **EU directive on pay transparency*** adopted in 2023. This requires companies to report regularly on pay differences and take measures to eliminate inequalities. It aims to increase transparency and fight discrimination.

Standards & social responsibility

Companies that do not comply with **ESG criteria** (e.g., reporting on equal pay) risk financial losses. **EPIC's** recommendation for regular analysis increases this pressure. As goal # 8.5 of the UN's **Sustainable Development Goals**, equal pay is an important factor for sustainable, responsible corporate governance.



National legislation

Around the world, new national legislation is developing towards more and/or stricter measures regarding compliance with equal pay. **Reporting** obligations have already been introduced in several countries, each with a different focus (e.g., Switzerland, UK, EU, Japan, Iceland).

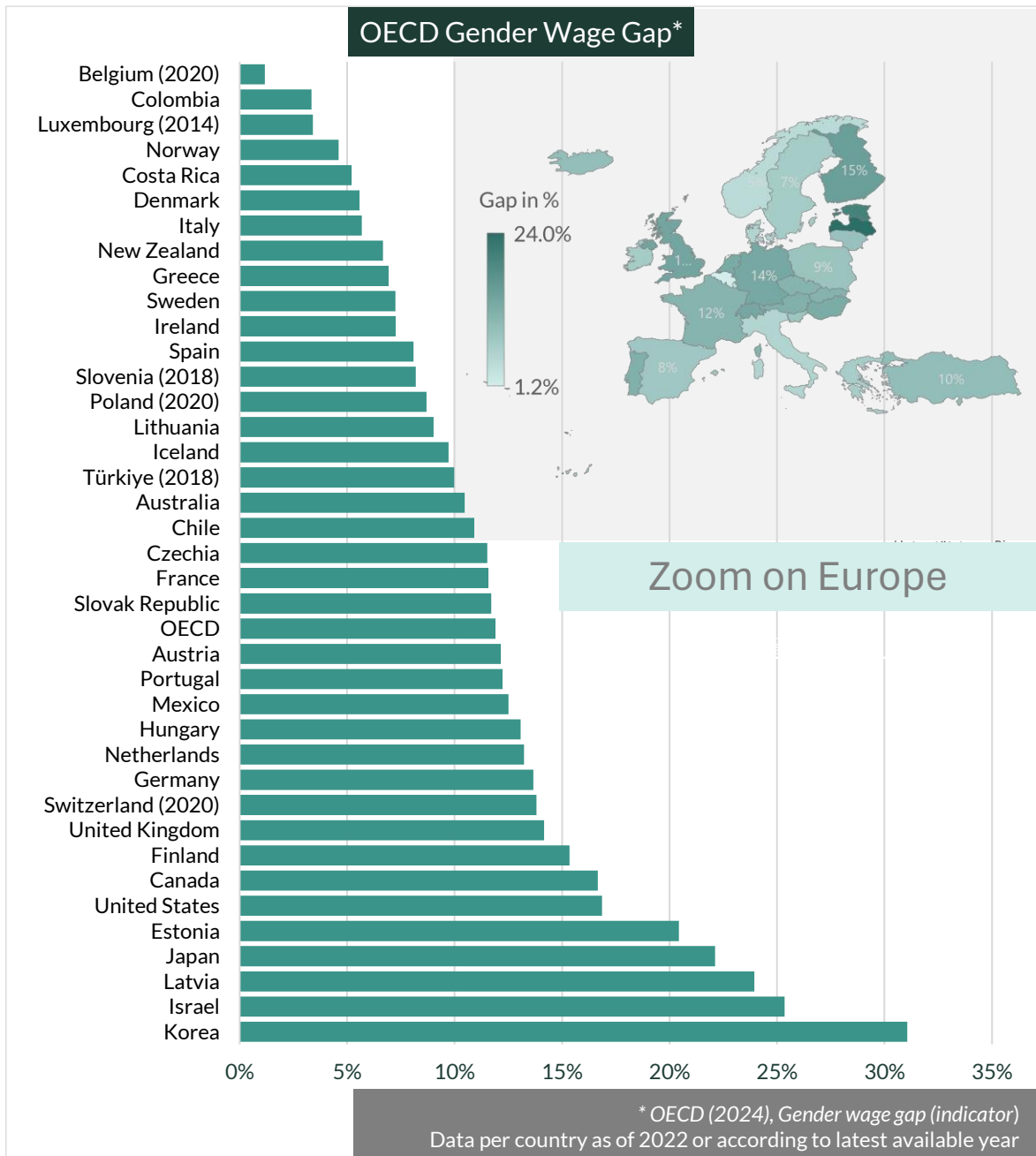
Employer Branding

Companies that take a proactive approach to equal pay and equal opportunity, and are recognized for it, not only enhance their image and reputation, but also demonstrate their commitment to good corporate citizenship.

* The new EU directive on pay transparency must be implemented by member states by June 7, 2026. By then, national laws must be in place to meet the requirements of the directive.

EQUAL PAY WORLDWIDE

The OECD Gender Wage Gap shows a clear trend regarding gender-specific wage differences; for all available countries, the gap is to the disadvantage of women. The large differences between the various countries are also striking.



FAIR-ON-PAY SAMPLE

The database (sample) is made up of the 258 companies analyzed with Fair-ON-Pay from the period June 2019 to March 2024. The companies represent a wide range of countries, industries and company sizes.



258 companies

worldwide reviewed on equal pay with Fair-ON-Pay.

A total of 476 analyses were carried out for these 258 companies in the period from 2019 to 2024.



11 countries

Top 3 regions

- 91% Switzerland
- 6% EU
- 2% America



194'500

Total employees (EE)
based on headcount with around 145,000 full-time equivalents.

Median proportion of women across all companies is 39%.



14 Industries

Top 5

- 33% Financial & Insurance
- 12% Retail & Cons. Goods
- 12% Industry
- 7% Energy
- 6% Pharma & Life Science

The analysis included 258 companies from 11 different countries, ranging from small and medium-sized enterprises (SME) with 50 employees or more to large international corporations with thousands of employees.

In corporate groups / holding companies with several legal entities, the individual companies were also analyzed separately.

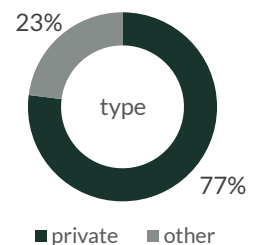
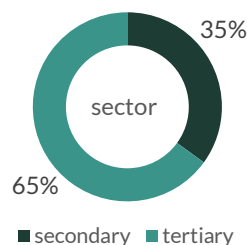
Only the most recent Fair-ON-Pay result per company is taken into account, irrespective of how long a company has been in the certification process (and thus how many analyses have been carried out over time).



60% SMEs

Distribution of company sizes

- 7% less than 100 EE
- 53% 100 to 500 EE
- 22% 500 to 1,000 EE
- 18% more than 1,000 EE



GROSS & NET PAY DIFFERENCE

The analysis shows that women are at a disadvantage with a median gross pay gap of 18.7%. However, around 80% of this difference can be explained by objective, non-discriminatory factors such as personal qualifications and the complexity and hierarchy of the role.

(High) gross pay differences

In the majority of companies, the gross gender pay gap disadvantages women. The difference varies greatly from company to company, sometimes even exceeding -40%; with a median of -18.7% (mean -18.0%).

The *pharma & life science* and *financial & insurance services* sectors have the highest gross pay gap at -29.2% and -25.7%, respectively. In contrast, the *healthcare* sector has the lowest gross pay gap at -4.9%.

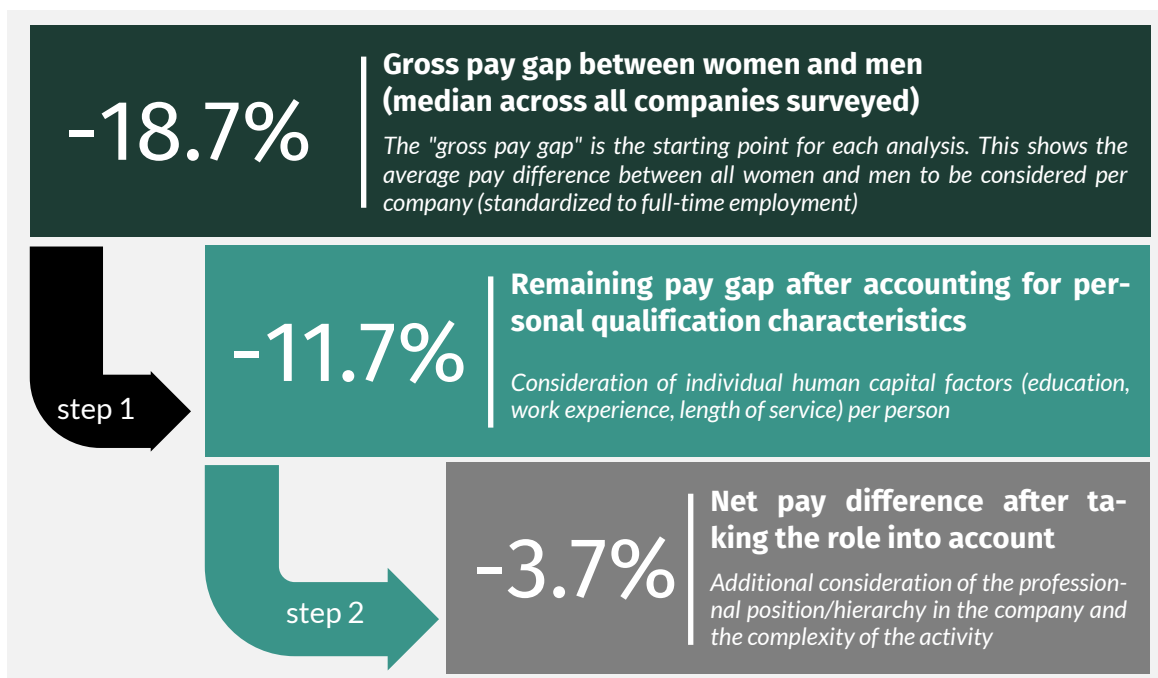
Remaining net pay difference

The gross pay difference is then analyzed in two steps in the statistical model.

Step 1: Consideration of human capital (personal qualification factors; see page 8 for details) reduces the difference to -11.7% in the median (mean value -11.3%).

Step 2: Additional consideration of the role (complexity and hierarchy) explains a further part of the difference and reduces the remaining gender-specific net pay difference to -3.7% in the median. The median R2 as the coefficient of determination / quality measure of the calculation lies at 86.6%.

The *IT & Media* sector shows the largest net difference (-5.0%), the *Healthcare* sector the smallest (-0.4%).



IMBALANCE DISADVANTAGING WOMEN

Although many companies show good results, 93% still have a net pay gap to the disadvantage of women (negative net gap). 4.7% of the sample of companies do not currently comply with equal pay with Fair-ON-Pay; all of them with a result to the disadvantage of women.

Clear trend

After the objective explanatory factors have been taken into account, a net gender pay gap remains as a percentage (*net gender pay gap*). With a result of 0%, there is therefore no statistical, gender-specific net pay gap at company level.

The 258 companies analyzed with Fair-ON-Pay already show a clear trend at first glance: 93% of the companies still have a net pay difference to the disadvantage of women (see visualization below).

Various results

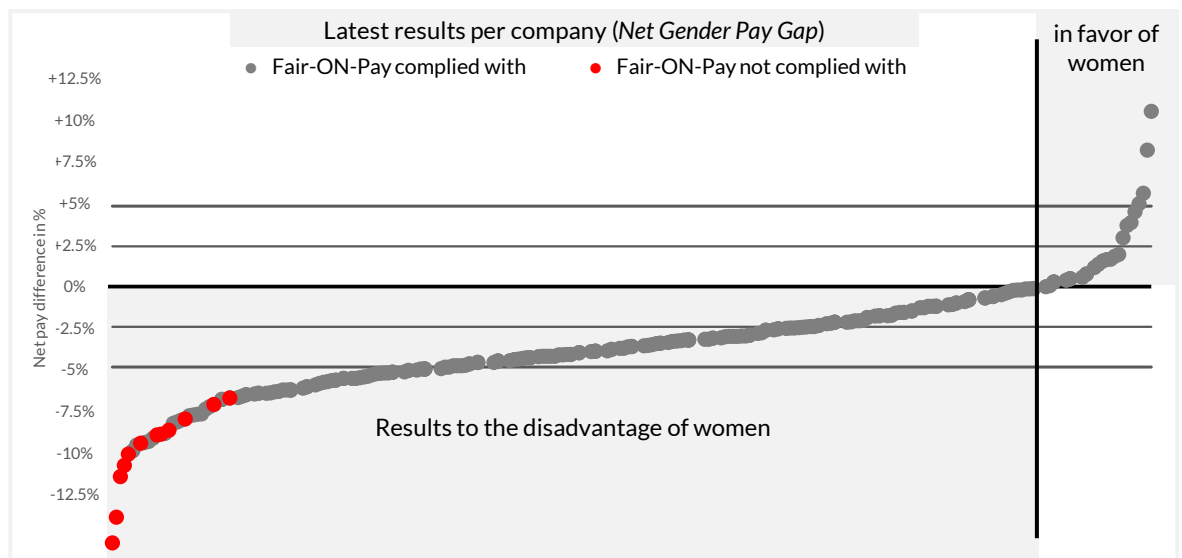
On closer inspection, the results vary considerably with regard to the net pay gap. Many companies show "good" results close to a net zero.

However, a considerable proportion are currently only barely meeting the targets (see detailed distribution on p. 7).

Small minority does not comply

In addition, 4.7% of companies currently do not comply with the Fair-ON-Pay requirements for equal pay in the workplace. In these companies, systematic pay discrimination on the basis of gender can therefore be identified with a sufficiently high level of statistical certainty. All cases currently concern (large) net pay differences to the disadvantage of women.

Many of these companies have introduced measures for improvement and are planning or have already successfully implemented a Fair-ON-Pay certification.



BORDERLINE CASES REMAIN

Almost 30% of companies currently exceed the $\pm 5\%$ threshold and only barely meet the Fair-ON-Pay requirements statistically (borderline cases). In addition, only a minority of companies are candidates for Fair-ON-Pay Advanced certification.

Significant proportion of borderline cases

Although some companies show good results close to 0%, a third of the companies also have a gender-specific net pay gap of more than $\pm 5\%$ (see distribution in the table on the right). This third is statistically differentiated into borderline cases, where the confidence interval statistically overlaps with $\pm 5\%$, and results that no longer meet the Fair-ON-Pay requirements and therefore do not receive a certificate.

In borderline cases, there is a latent risk of losing the certificate at the next analysis. Currently, only a few of these companies have already lost their certificate during a maintenance analysis.

Result net pay difference	in #	in %
below $\pm 2.5\%$	78	30.4
between $\pm 2.5\%$ and $\pm 5\%$	94	36.6
over $\pm 5\%$; but statistically complied (borderline)	74	28.7
over $\pm 5\%$; targets not met	12	4.7

Few Advanced candidates

Although two-thirds of the companies have a net pay gap of less than $\pm 5\%$, only 39% are currently candidates for Fair-ON-Pay Advanced certification based on the strict statistical and structure-related standards (see page 10 for details).

Medium-term improvements visible

The results of the companies with at least 2 analyses over time show no clear trend; half of them achieve a lower net pay gap, while the other half deteriorate. Small companies in particular (<200 employees) fluctuate noticeably in their results.

In companies with 3 or more analyses, on the other hand, 75% improve over time; on average by 1.0% point! This confirms the finding that improvements in the role structure and the promotion of awareness of equal opportunities take time and therefore only lead to noticeable successes in the medium term.

Statistical criteria briefly explained

Compliance with equal pay at company level

-5%
0%
+5%

- ① **Statistical threshold:** Range within which the pay gap should lie so that equal pay is deemed to be complied with.
- ② **Confidence interval:** There is a range around the estimated pay gap, within which the "true" value lies with a high probability.
- ③ **As long as the interval overlaps with the statistical threshold, equal pay in the company is considered complied with.**

DISTRIBUTION WOMAN / MAN

In many companies, there is a proportional imbalance in the structural distribution of the sexes. Women are significantly underrepresented in higher hierarchies and more complex roles. In terms of human capital, the differences are less pronounced.

Similar "human capital"

On average, women have slightly fewer potential years of work experience and years of service than men in the same company.

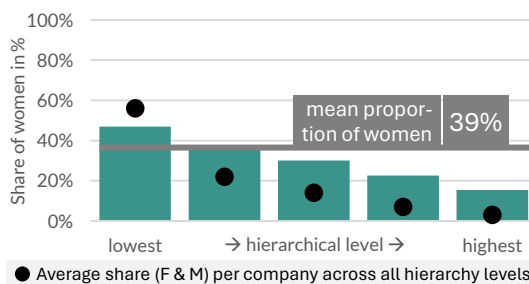
Gap* women vs. men	Years of service	-0.6 years
	Work experience (age minus years of education and training)	-1.1 years

* Companies' average gap between women and men

In addition, women have proportionally fewer tertiary qualifications and more often have vocational qualifications or lower levels of education. The resulting human capital of women per company is therefore generally lower than that of men.

Underrepresentation in management

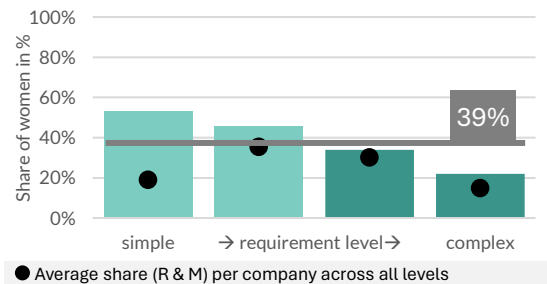
The proportion of women within companies falls steadily as the hierarchical level rises. In 50% of companies, there are no women at the highest hierarchical level.



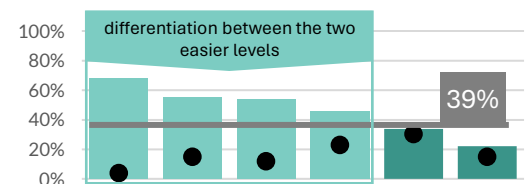
The proportional imbalance to the disadvantage of women does not change significantly in a more detailed analysis with more hierarchical levels (in cases where the companies have more levels at all).

Overrepresentation in simple jobs

Conversely, women are often proportionally overrepresented in jobs with a lower level of complexity / requirements.

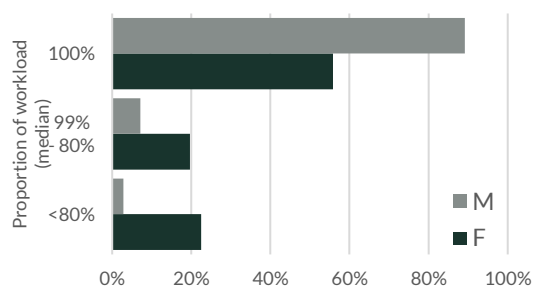


This becomes even clearer when differentiating / splitting the two simpler levels:



Part-time gap

Women are more likely to work part-time. In the median of all companies, only around 56% of women are employed full-time compared to 89% of men. Men working part-time for less than 80% are also very rare.



LACK OF ROLE STRUCTURE

One central observation has remained the same since the previous report: Most organizations lack a clear role structure (landscape). This is the only way that the principle of "equal pay for work of equal value" can be reviewed and proactively promoted.

Lack of structure in many companies

Structure is the be-all and end-all when comparing roles and salaries in an organization and thus monitoring and controlling equal pay and other aspects in the company. This is the only way to check and proactively promote the principle of *equal pay for work of equal value*.

Quick Fact #1

In 50% of all companies, every second role is occupied by just one person.

Quick Fact #2

Around 70% of companies do not have a standardized role structure that can be used to systematically compare employees.

Without a uniform role structure, constellations with many individual roles (only one person in the role) make objective, transversal comparability across the entire company particularly difficult.

This is not only problematic in terms of equal pay, but also in terms of pay transparency, which is an increasingly significant topic. However, an essential prerequisite for this is a (comparable) structure for roles.

The **Fair-ON-Pay Advanced** certificate therefore requires, among other things, a continuous, objective structural element based on which the analysis data can be systematically and comprehensibly grouped and evaluated.

Massive pay differentials in some cases

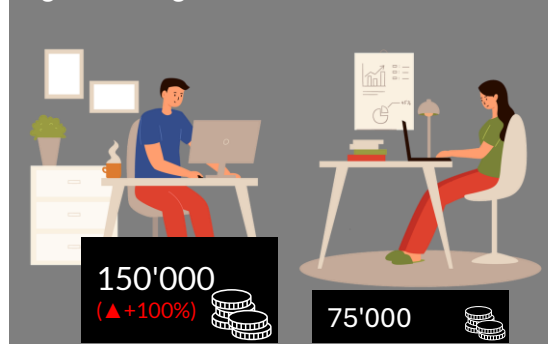
94% of all companies have at least 1 role with a pay gap of >40% between employees (see box below); every second company has 9 or more such roles. These are often accompanied by individual male outliers (often older, long service) with very high salaries.

Quick Fact #3

In half of the companies there are pay differences of more than 100% within roles; in a few extreme cases there are even differences of 300% to 500%!

Although it usually only affects a minority of roles, this obviously contradicts the principle of *equal pay for work of equal value* (or there is a lack of a good role structure to adequately differentiate activities that are not of equal value).

Example: 2 people perform the same role. A delta (▲) of 100% means that one person is paid twice as much as the other. Such massive deltas in the basic annual salary (always for a 100% workload) are visible in the companies regardless of gender.



FAIR-ON-PAY: ASSOCIATION & LABEL

The Fair-ON-Pay Association aims to promote equal opportunities worldwide and, in particular, equal pay in society and in companies. It helps companies to analyze and identify gender-specific pay differences.

EPIC member

As a non-profit organization, the Fair-ON-Pay Association is a member of the Equal Pay International Coalition (EPIC); a coalition led by the ILO, OECD and UN Women aimed at eliminating the gender pay gap and accelerating the realization of equal pay.

Fair-ON-Pay label

The association manages and maintains the Fair-ON-Pay Label, along with the methodology and standard criteria for compliance. Fair-ON-Pay verifies and certifies compliance with equal pay between women and men in a company (with at least 50 employees and 10% or 10 individuals of each gender).

Accredited experts from BDO and Comp-On carry out the standardized Fair-ON-Pay analyses and prepare the reports.

Two certification levels

Depending on the result and compliance with the Fair-ON-Pay standard criteria, the quality auditor SGS issues the corresponding certificate. Companies are thus committed for a 4-year period.

The analysis is carried out twice during the term of the certificate. In the event of non-compliance, the certificate will be revoked.

Standard criteria	Fair-ON-Pay	Fair-ON-Pay Advanced
Quality measure model	R2 at least 70%	
Statistical net gap	< ±5%	< ±2.5%
Net gap as a % figure	-	< ±5%
Confidence interval	-	max. 7.5%-points wide
Structure element	-	min. 1 (next to the role)



METHODOLOGY OF THE ANALYSIS

Fair-ON-Pay uses the standardized analysis methodology Log-ON. It uses a complex statistical data regression model to identify systematic, gender-based pay discrimination within an organization.

Good practice methodology

Log-ON is based on the standard analysis tool (Logib) of the Swiss Federal Office for Gender Equality (FOGE). Logib was developed in the early 2000s and has been continuously improved since then. The methodology has also been awarded the EPIC "Good Practice Label" and the UN Prize for Excellence in Public Service.



Determination of pay discrimination

Log-ON calculates what proportion of the gross pay difference between all employees of a company can be statistically explained (regressed) by objective, non-discriminatory personal qualification characteristics and job-related factors.

In this way, Log-ON can determine whether a net pay difference remains as a residual, which is only explained by the additional factor of gender. This possible net pay difference is considered systematic and therefore discriminatory if it exceeds a statistical threshold.

“The Fair-ON-Pay Association has actively contributed to the promotion of equal pay by supporting many companies in analyzing pay differences between women and men with Logib”.

PATRIC AEBERHARD
HEAD OF THE DIVISION
WORK, EBG



Scientific basis

In Switzerland in particular, several legal opinions and scientific evaluations on various aspects of the statistical equal pay analysis with Logib have been prepared over the last 15 years. Among other things, these have confirmed the scientific nature of the analysis methodology and its procedure.

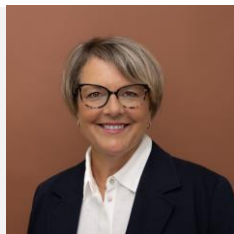
COMPANY VOICES

With each additional certified company, awareness of the importance of equal pay grows. The continuously increasing number reflects the growing interest and entrepreneurial commitment. The appeal and positive effects of certification are also confirmed by company testimonials.



"We aim to be one of the best employers in Switzerland. We attach great importance to equal pay. We are very proud of our Fair-ON-Pay certification, which recognizes our commitment as an exemplary employer."

MARKUS KRIENBÜHL, HEAD OF PEOPLE & CULTURE, RIVELLA



"This certification is the culmination of the important work we have done in recent years. It demonstrates our commitment to social responsibility and positions us as a fair employer with a long-term commitment to equal pay."

ALINE KLEINFISCHER, HEAD HR, CA INDOSUEZ (SWITZERLAND) SA



"The "Fair-ON-Pay" procedure makes the company's commitment to equal pay visible and creates transparency for the various target groups. In my view, this is clear added value for every certified company."

MICHAEL KÄSERMANN, PARTNER, BDO



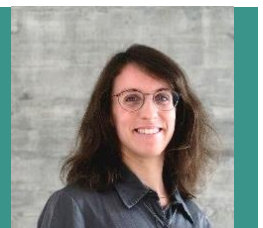
"Many of our members are Fair-ON-Pay certified and are therefore committed to regularly actively monitor equal pay!"

BALZ STÜCKELBERGER, DIRECTOR, EMPLOYER BANKS



"Practically all Fair-ON-Pay certified companies aim for re-certification when their certificate expires. At the same time, new requests are constantly coming in: companies don't just want to do things well; they also want to be able to show it!"

ELOÏSE ALLIMANN, EQUAL PAY EXPERT, COMP-ON AG



FAIR-ON-PAY CERTIFIED COMPANIES

Complete list : <https://fair-on-pay.com/certified-companies/>

+10 # of new companies currently in the certification process (as of March 2024)

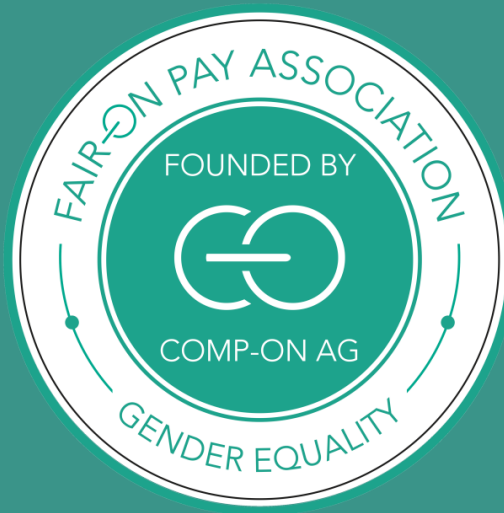
The image displays a comprehensive list of logos for companies that are either certified or currently in the process of certification by the Fair-On-Pay Association. The logos are arranged in a grid-like fashion around a central emblem. The central emblem is a circular logo for the 'FAIR-ON-PAY ASSOCIATION', featuring a stylized 'G' in the center, with the text 'FOUNDED BY' above it, 'COMP-ON AG' below it, and 'GENDER EQUALITY' at the bottom. The surrounding logos include:

- Financial Institutions:** Aargauische Kantonalbank, AEK, aity, Alcon amag, APLEONA, APGISGA, Appenzeller Kantonalbank, BACHEM, BANCA DEL SEMPRONE, BANKSLM, Basler Kantonalbank, BLKB, BCGE, BCJ, BCF, BCN, BCV, BCVS, BERGEON, beyondgravity, BEKB, BCBE, BONHÖTE, BOUVIGUES, BPS (SUISSE), INDOSUEZ, next bank, CIC, CHANEL, CERTAS, CKW., CLER, CME, CNP, comet, Conthey, connect, CSDINGENIEUR+, dbi, DIXI, EFG, elo, ENTRIS, EQUANS, EWA, EWS, EY, FARNER, fecpa, FiBL, FKG, Givaudan, Glarner Kantonalbank, globaz, Goldec, groupe e, HSBC, IMA, INTEGRA, JobCLOUD, KASTLI, KPMG, KURATLE JAECKER, LGT, Capital Partners, Linde, MANOR, meconex, MEIER, METTLER, TOLEDO, MichaelPage, morges, naef, Ville de Neuchâtel, Nidwaldner Kantonalbank, Obwaldner Kantonalbank, OIKEN, OKJOB, ors, Piguët Galland & vous, Protectas, pisp, RAIFFEISEN, randstad, renens, REYL, RHNE, Ringier, axel springer, rivella ag, ROBECO, Rothschild & Co, RUAG, Santander, Schrodgers, SERV, SCOUT 24, SCRASA, Sika, SIX, skyguide, smg, SOCIETE GENERALE, sonepar, SONOVA, STEELTEC, STILL, Sunrise, SUSS, MicroOptics, swisslog, Swissquote, symbiotics, sympany, SYZ, ticketcorner, tpf, tl, travys, Uner Kantonalbank, Uzwil, VAT, Vebego, VERIT, viteos, VORWERK, VPBANK, vuillomenet, Yverdon-les-Bains.

«As the world's leading testing, inspection and certification company, we at SGS are observing our customers' growing need to be able to prove compliance with ESG criteria. The demand for the Fair-ON-Pay certificate has increased significantly in recent years.»

JAN MEEMKEN, MANAGING DIRECTOR SWITZERLAND, SGS





Fair-ON-Pay is a registered trademark of Comp-On AG, HR Solutions

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