

Evotec UK's
**GENDER PAY GAP
REPORT 2021**

1. INTRODUCTION

Evotec is a global, publicly listed biotechnology company with more than 3,500 employees at 14 sites; our headquarters are located in Hamburg. We do research on innovative approaches to drug discovery and development for and with leading pharmaceutical and biotechnology companies and academic institutions. By assembling top-class scientists, state-of-the-art technologies, as well as substantial experience and expertise in key therapeutic areas including neuroscience, diabetes and complications of diabetes, pain and inflammation, oncology and infectious diseases, Evotec has established a unique leading position.

2. GENDER PAY GAP EXPLAINED

From 2017 onwards, any UK organisation employing 250 or more employees has to publicly report on its gender pay gap in six different ways:

1. Mean pay gap
2. Median pay gap
3. Mean bonus gap
4. Median bonus gap
5. Proportion of men and women who received bonuses
6. Number of men and women according to quartile pay bands

A gender pay gap is not the same as equal pay. Equal pay is a direct comparison between individuals. It considers whether an individual is paid equivalently to other employees doing the same or equivalent work regardless of gender. The gender pay gap, however, shows the difference in the average earnings between all men and women in an organisation regardless of role or seniority.

A company reporting a positive pay gap means its male employees, on average, are compensated at a higher level than its female ones. A company reporting a negative pay gap means its female employees are compensated more than its male ones on average.

From our UK legal entities, only Evotec (UK) Ltd had more than 250 employees in 2021, so this report focuses solely on data from this company.

3. EVOTEC (UK) LTD'S GENDER PAY GAP DATA 2021

We collected our data on 5th April 2021 and at this point in time, our workforce at Evotec (UK) Ltd consisted of 161 women (an increase from 128 in 2020) and 266 men (an increase from 209 in 2020). Employees are split between the quartiles as follows:

Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile	
51.9%	48.1%	37.4%	62.6%	36.5%	63.5%	25.2%	74.8%
55 women	51 men	40 women	67 men	39 women	68 men	27 women	80 men

The 2021 distribution has had a slight improvement to that of 2020 and reflects the increase in both female and male employees in 2021 at Evotec UK. Evotec UK continues to have greater percentages of men in all but one quartile, even though the gap has decreased.

2020 figures

Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile	
56.5%	43.5%	39.3%	60.7%	33.3%	66.7%	22.6%	77.4%
48 women	37 men	33 women	51 men	28 women	56 men	19 women	65 men

When looking at the mean and median gender pay gap, both Evotec (UK) Ltd's mean and median gender pay gap has reduced in comparison to the 2020 figures:

Difference between female and male employees earnings at Evotec UK

Mean gender pay gap (in hourly pay)	20.6% lower (22.5% lower in 2020)
Median gender pay gap (in hourly pay)	11.8% lower (15.1% lower in 2020)

According to women in STEM in 2020, the percentage of women entering STEM subjects at university level was 26% and at employment level was 22%. In 2021, the percentage of female graduates with core STEM degrees is steadily growing, however, the split is still just 26%. This figure is also translated in the female STEM workforce, with women making up 24%.

When compared to these statistics, whilst Evotec has a higher percentage of male employees (61.95%), Evotec UK's percentage of female employees (38.05%) is higher than in some organisations in the STEM sector.

Given the higher proportion of male employees at Evotec UK, there continues to be more male than female employees in the higher pay quartiles at Evotec UK. However, the split between male and female employees becomes greater with seniority, and therefore pay levels. As mentioned, the under-representation of females in the STEM sector, and particularly at senior levels, continues to be typical of the STEM sector and a challenge that most businesses in this sector face.

4. EVOTEC UK'S GENDER BONUS GAP DATA 2021

All Evotec (UK) Ltd's permanent employees in the UK are eligible for an annual bonus. 90.3% of male employees (97.2% in 2020) and 91.5% of female employees (96.2% in 2020) received a bonus in the relevant period for this report. Those employees who did not receive a bonus were not eligible, primarily due to their employment start date not being within the performance year.

Evotec (UK) Ltd has several different bonus schemes, all of which are calculated using business success measures; bonus schemes aimed at higher-level employees also include a measure of success with individual contributions.

In general, Evotec (UK) Ltd's bonus pay gap reflects the lower amount of females at senior levels and within roles where the bonus is a larger

component of overall compensation. The 2021 figures show that there has been a significant improvement, as in the previous years, in the mean gender bonus gap when compared to the 2020 figures:

Difference between female and male employees bonus pay at Evotec

Mean gender bonus gap	47.08% lower (65.4% in 2020, 89.1% in 2019)
Median gender bonus gap	25.01% higher (20.4% in 2020, 19.8% in 2019)

Although there is a higher proportion of males to females in the higher pay quartiles, Evotec (UK) Ltd continues to have a significant proportion of males in the lower two pay quartiles who receive comparatively lower bonuses (see quartile table above). This results in the median bonus gap being lower than the mean bonus gap, due to a higher percentage of our senior employees being male, and these more senior employees having a compensation package that includes both a short-term incentive and a long-term incentive plan. In successful years for the company, these bonus plans can be very lucrative, and leads to a higher mean bonus pay gap.

It should be noted that Evotec is a global organisation with its head offices in Hamburg, Germany. Worldwide, Evotec continues to employ a significant number of women at senior levels and in roles where the bonus is a significant component of overall compensation. As these women have their base in other countries and are not employed by Evotec (UK) Ltd, they are not covered by this UK gender pay gap report; were the gender pay gap report to include all Evotec offices globally, the bonus differential between men and women would be less significant.

The figures are also affected by the bonus pay gap being based on actual payments received and does not take into account the pro-ration of bonus calculations for part-time workers. Pro-ration is a contributing factor to the size of the reported bonus and impacts on both the mean and median bonus gap as a higher proportion of female employees at Evotec (UK) Ltd are part-time.

5. EVOTEC UK'S COMMITMENT TO REDUCING THE GENDER PAY GAP

Whilst Evotec (UK) Ltd's compensation policy and practice is one that rewards based on market comparisons and is gender neutral, we offer flexible working practices to all employees and have a diverse workforce, there is more that Evotec can do to reduce the gender pay gap.

Evotec UK is committed to reducing the gender pay gap and our UK HR team will continue to work with the leadership team to create initiatives to close the gender pay gap. This will continue to include:

- ▶ We have and will continue to encourage employees at all levels to network within the STEM sector by attending and presenting at conferences and other events
- ▶ We have introduced a global ESG function into the Company, and one of the remits of the Department will be to ensure gender diversity (amongst other ESG factors)
- ▶ We will continue to offer an industrial student placement programme in our Discovery Chemistry team and will expand this to include other scientific teams.

- ▶ We will also continue to offer work experience to students of school age to encourage them to follow STEM based careers
- ▶ Our dedicated team of recruiters will continue to attend careers events at local schools, colleges, universities and scientific bodies to promote the STEM industry
- ▶ We have produced a leaflet for use at careers events which highlights the flexible working practices available to all employees at Evotec
- ▶ We will review the language used in job adverts to ensure that the language used is gender neutral
- ▶ We will continue to address the under-representation of females in senior positions by encouraging female employees to acquire the skills necessary to move to a senior position. In 2020–2021 Evotec saw a number of women promoted to higher grades within the organisation globally
- ▶ We have reviewed and will actively continue to review our website to promote our flexible working practices and work/life balance ethos to all employees and potential employees
- ▶ We will continue to promote our maternity/paternity/shared parental leave policies to all employees
- ▶ We will continue to offer all employees access to the same training opportunities
- ▶ We will work with our managers to ensure that there is no unconscious bias within the workplace whether for existing employees or prospective employees
- ▶ We will publish Evotec UK's pay scales to ensure transparency
- ▶ Global Salary Structural alignment project in October 2021.

Such changes will take time to have an impact, and we continue to work with our employees and our local community to raise awareness of the opportunities at Evotec UK and in the STEM sector. The percentage of female graduates in STEM subjects is steadily increasing, and we acknowledge and take seriously our role in encouraging more females into the industry.

6. COMMENT

Evotec UK's aim is to develop best-in-class and first-in-class differentiated therapeutics on its systematic, unbiased and comprehensive infrastructure. To achieve this aim we employ a highly skilled, diverse workforce who are recruited and developed based upon their skills, experience and ability. We offer a transparent and inclusive environment that rewards in a non-gender biased way based upon company and individual performance. We have systems in place to ensure that our salaries and bonuses are reviewed, benchmarked and moderated.

We acknowledge that Evotec (UK) Ltd has a gender pay gap and are committed to reducing this by addressing our gender imbalance at senior levels and increasing awareness of current processes and practices that support employees in their worklife balance and their development within the organisation.

I confirm that the information in this report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Christophe Muller
EVP Global Head of Business Development and Abingdon Site Head