



Diversity, Equity & Inclusion (DEI) Report

Gender Diversity

24 March 2023

The GIST Impact DEI report offers a glimpse into the gender pay gap trends at top European companies and delves deeper into how these pay disparities materialize at different levels of the hierarchy. By analysing labour force participation and pay gap data, we provide a picture of how well these businesses are performing in terms of Diversity, Equity, and Inclusion (DEI). The analysis also serves as a benchmark to help gauge corporate progress on DEI commitments, particularly related to gender diversity.

The GIST Impact DEI report focuses on the top 350 EU companies by market capitalisation across 50 industries, with a total combined market cap of USD 10.1 trillion (as of 31st December 2022) and headquarters in 15 countries. The report examines the representation of women at each seniority level as well as the gender pay gap between men and women at different levels within the organisations.

According to various studies, there exists a positive relationship between a company's performance and the diversity of its workforce. In recent years, there has been increased pressure on companies to increase their diversity and inclusion efforts, including at the board level. Studies have shown that having more women on a company's board leads to a more diverse range of opinions and ideas, which leads to good governance, and effective decision-making, and helps drive long-term value creation^{1 2}. Our report also provides a brief view of the participation of women at the board level for the organisations analysed.

¹ "Women Matter: Gender Diversity, a Corporate Performance Driver," by McKinsey & Company. See: https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/women%20matter/women_matter_october_2007.ashx

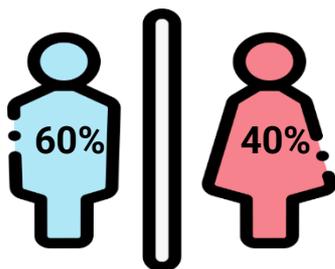
² "The Bottom Line: Corporate Performance and Women's Representation on Boards," by Catalyst. See: <https://www.catalyst.org/research/the-bottom-line-corporate-performance-and-womens-representation-on-boards-20042008/>



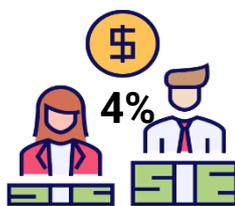
GIST Impact's analysis delivers meaningful quantitative data insights concerning women's workforce participation and career progression, drawing upon publicly available and secondary data sources. This method provides a more nuanced depiction of the impact of gender-inclusive policies and practices than simply presenting gender equality scores based on qualitative data.

Our data analysis also gives context to theoretical frameworks such as the "glass ceiling"³ effect that underscores the discrimination faced by women in the workplace. The glass ceiling effect can have a significant impact on an individual's professional development, and addressing it requires proactive efforts to promote diversity, equity, and inclusion in the workplace.

Female Representation & Gender Pay Gap



Representation (%)



Gender Pay Gap (%)

In the aforementioned companies in 2022, men held three out of every five employment positions (**60%**), indicating that the representation of women is comparatively lower in the workforce. In 2022, The average overall gender pay gap at the organisational level across all of the top 350 EU companies is **4%**. This is significantly lower than the 12.7% gender pay gap recorded across the EU in 2021⁴.

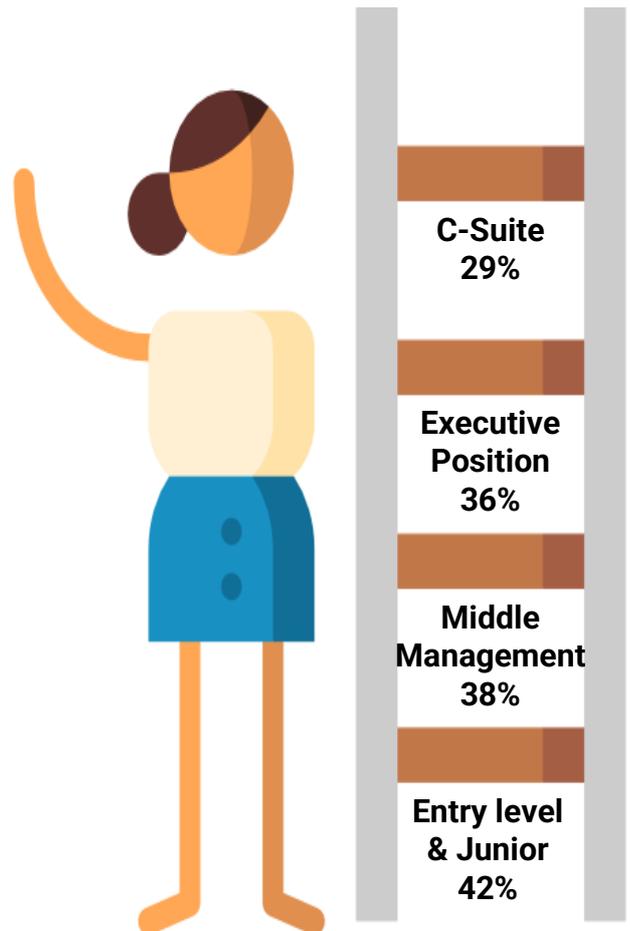
³The "glass ceiling" is a term used to describe an invisible but very real barrier that can prevent individuals, particularly women and minorities, from advancing to higher positions in their careers, despite their qualifications and abilities.

⁴ See: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Gender_pay_gap_statistics



Women at Different Seniority Levels

Our analysis reveals a pattern that aligns with the well-established "glass ceiling effect," wherein women's workforce participation gradually declines with an increase in seniority level. Women's participation dropped from **42%** at entry-level and junior positions to **29%** at the C-Suite level. In line with various studies, the data also indicates that there is a greater pay difference faced by women along with lower representation at higher levels of seniority. The highest gender pay gap (**7%**) was also observed at the C-Suite level⁵, indicating that the glass ceiling effect not only impacts women's representation in the workforce but also affects their income-earning potential at top European companies⁶. However, it's noteworthy that women's representation at the C-Suite level was comparatively higher in these EU companies than the global average. In 2022, women held only 25% of C-Suite positions globally, implying that European companies are making progress in improving gender diversity in top leadership roles⁷.



⁵ Refer Fig 1 below

⁶ Refer Fig 1 below

⁷ Women in the workplace in 2022 by McKinsey & Company. See: <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace>



Breaking the Glass Ceiling

An in-depth analysis of women's participation and income at different seniority levels in the top 350 EU organisations reveals that women face larger pay discrepancies as they reach the most senior level positions, indicating they are at a disadvantage over their male peers when it comes to pay at this stage in their careers. Figure 1 below showcases the income earned by male and female employees (represented by bars) and the resultant gender pay gap (represented by dots) at different seniority levels⁸ across these organisations. As per our analysis, for entry-level positions we notice a negative pay gap for women, indicating that women earn more than men on average in lower-paid entry-level positions. Furthermore, it is evident from the graph that as women move to higher positions the gender pay gap increases.

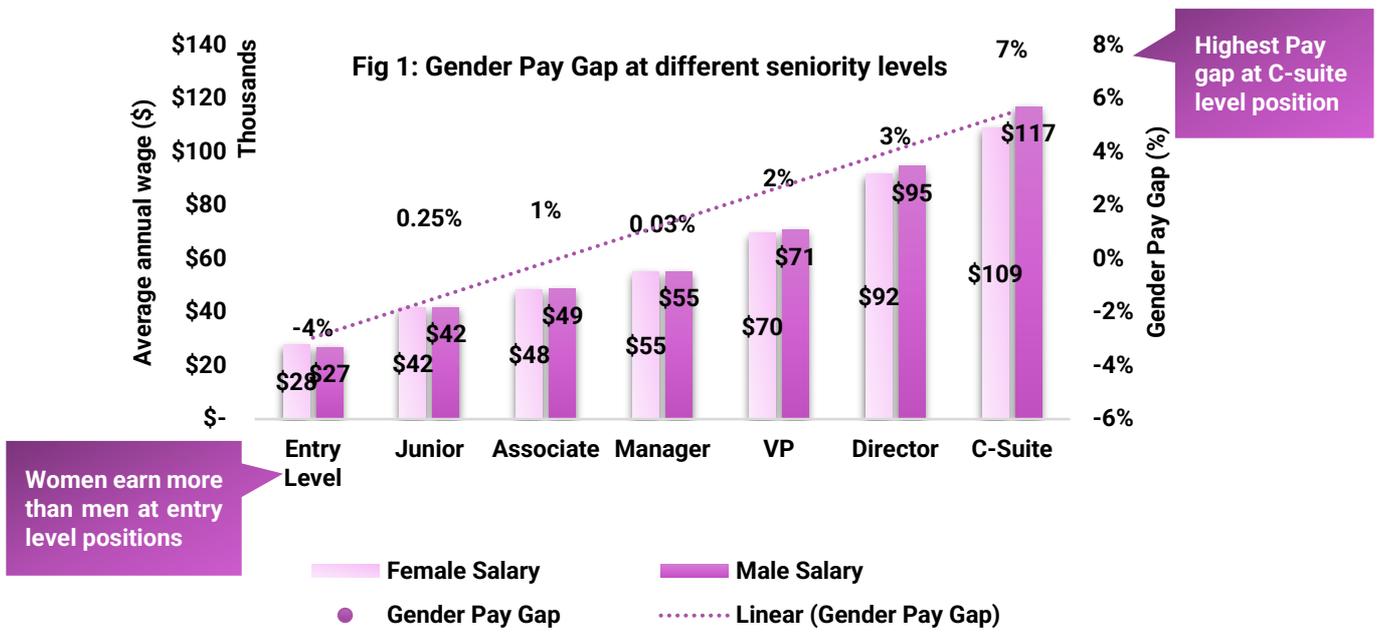
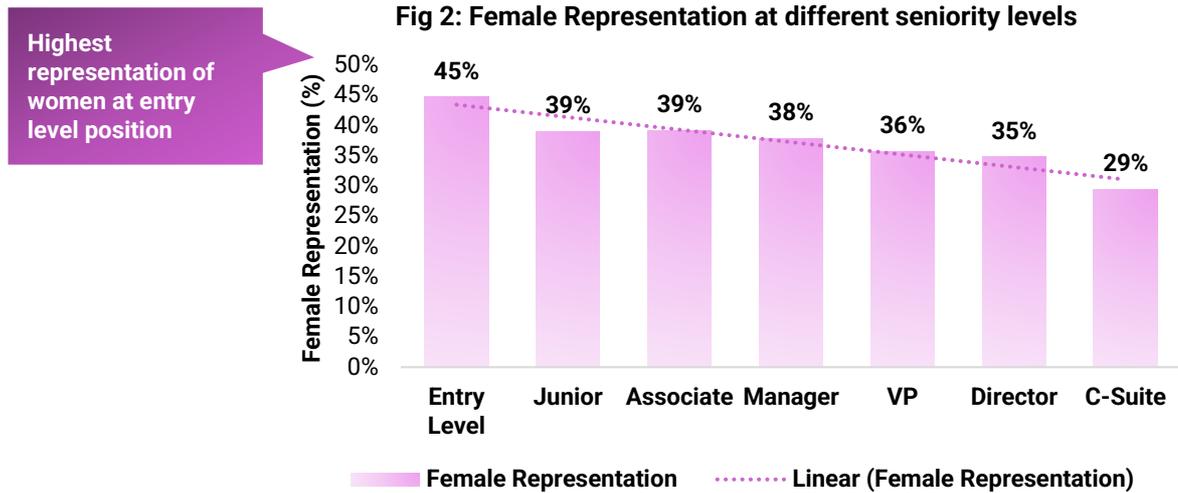


Figure 2 highlights the representation of women in these EU-based companies at different seniority levels. It is evident from the graph that the participation of women decreases with an increase in seniority levels (see Fig 2 below). Thus, the effect of the higher gender pay gap in more senior positions in these companies is exacerbated by

⁸ The seniority levels i.e. Junior, Associate, Managers etc. are equivalent across all the companies.



the lower representation of women in senior roles in comparison to their labour force participation at entry-level positions.



Another interesting insight from our analysis is that the gender pay gap at all seniority levels except the C-suite level is lower in comparison to the mean gender pay i.e., 4% as can be seen in figure 3 below. The highest deviation from the mean gender pay gap for women is at the C–Suite level, which further substantiates the existence of a larger pay gap at higher income levels. Overall, the gender pay gap in senior positions is a complex issue that is likely influenced by a range of factors, including gender bias⁹ ¹⁰, lack of female representation¹¹, negotiation and salary transparency¹², and occupational segregation¹³. Addressing these factors is essential for reducing the gender pay gap and achieving greater gender equality in the workforce.

⁹ "Why Women Don't Apply for Jobs Unless They're 100% Qualified" by Tara Sophia Mohr (Harvard Business Review) - <https://hbr.org/2014/08/why-women-dont-apply-for-jobs-unless-theyre-100-qualified>

¹⁰ "Gender Bias in Hiring: What You Need to Know" by Shelley Correll (Harvard Business Review) - <https://hbr.org/2017/06/gender-bias-in-hiring-what-you-need-to-know>

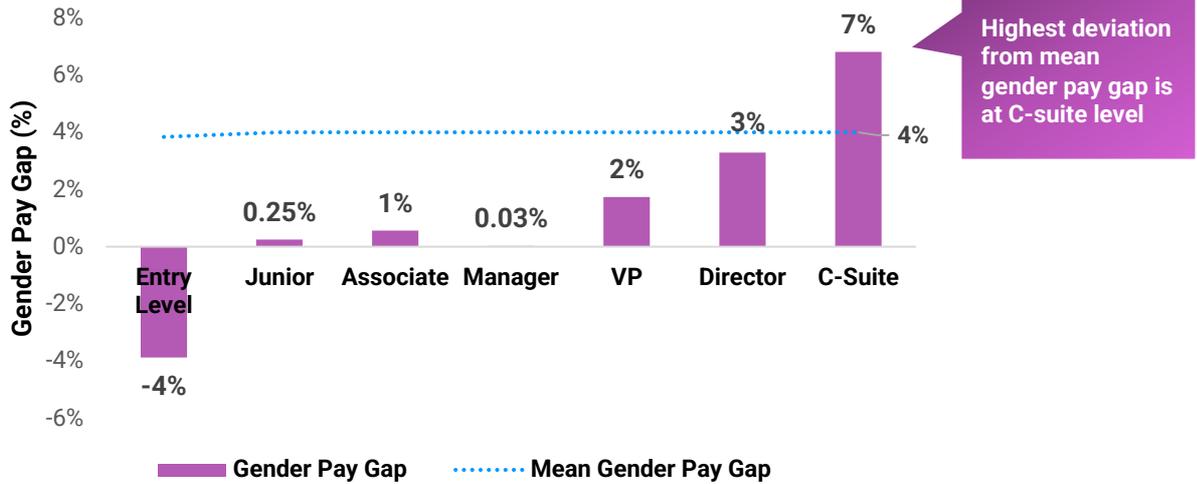
¹¹ "The Pipeline Problem: How to Get More Women in Senior Positions" by Leah Fessler (Quartz at Work) - <https://qz.com/work/1392385/the-pipeline-problem-how-to-get-more-women-in-senior-positions/>

¹² Why Women Don't Negotiate Their Job Offers by Hannah Riley Bowles (Harvard Business Review) - <https://hbr.org/2014/06/why-women-dont-negotiate-their-job-offers>

¹³ Women in Male-Dominated Industries and Occupations (Quick Take) by Catalyst - <https://www.catalyst.org/research/women-in-male-dominated-industries-and-occupations/>

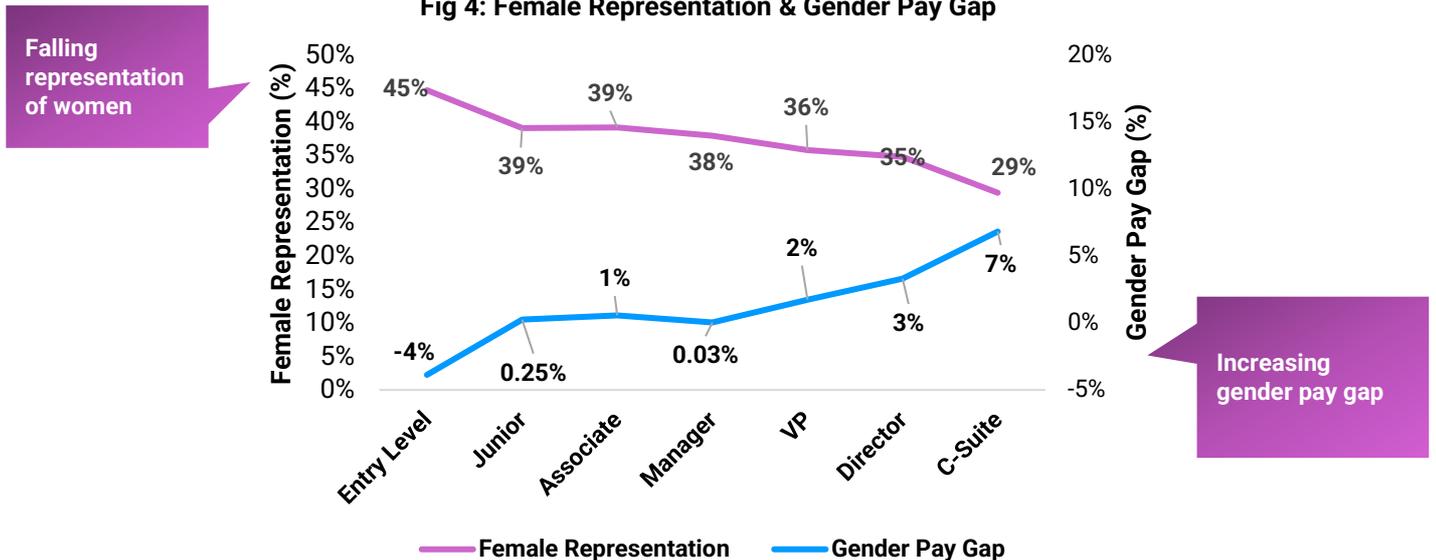


Fig 3: Deviation from mean Gender Pay Gap at different seniority levels



We see higher female representation and a lower gender pay gap within entry-level positions across these EU companies, with fewer female voices represented in the most senior decision-making positions. This dichotomy of increase in the gender pay gap as women move up in the hierarchy is reflected best in Figure 4 below.

Fig 4: Female Representation & Gender Pay Gap

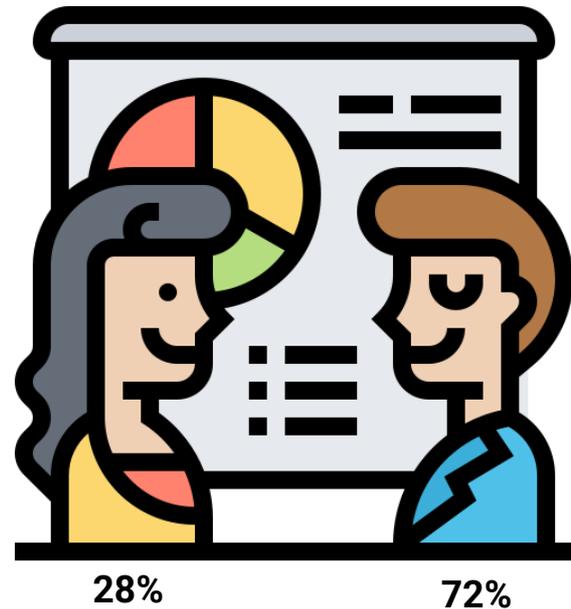




Women on Boards

In recent years, there has been increased pressure on companies to increase their diversity and inclusion efforts, including at the board level^{14 15}. Many stakeholders, including investors, customers, and employees, are demanding greater transparency and accountability around DEI practices. Investors are increasingly using their influence to push for more diverse boards, with some even making it a condition of their investments. Our analysis of board diversity for the EU companies shows that despite the global push to have more diverse boards, men still hold 3 out of every 4 board seats i.e. a mere **28%** of board-level positions are held by women.

Board Representation (%)



¹⁴ "Why Board Diversity Matters" by Harvard Business Review. See: <https://hbr.org/2016/02/why-board-diversity-matters>

¹⁵ "The Case for More Diversity on Corporate Boards" by The New York Times. See: <https://www.nytimes.com/2021/03/15/business/dealbook/diversity-corporate-boards.html>