



MSD Australia: Gender Pay Gap Employer Statement 2024

At MSD, we are committed to fostering a workplace environment that promotes gender equity and empowers all individuals to thrive and succeed.

Our global ESG framework includes a commitment to fair and equitable pay for all MSD employees across gender, race and ethnicity.

We strive to be an employer of choice for employees of diverse backgrounds. This commitment is consistent with our core values of integrity, fairness and treating all people with dignity and respect. We maintain a Pay Equity Council that is deeply engaged in our pay equity initiatives. We have also engaged external experts and legal partners to conduct annual pay equity studies.

Diversity, including gender equality, is foundational for MSD. When we're reflecting on our community and the patients and customers we serve, we need to have diversity of thought required to be truly innovative. This is a critical for us in achieving our mission; to develop innovative medicines and vaccines to save and improve lives.



As part of our ongoing commitment to promoting diversity, we have placed significant emphasis on addressing the issue of the Gender Pay Gap. From 2015, we have conducted annual pay gap analyses, and pay equity is systematically evaluated at every stage of the employee life cycle. We have also enhanced our parental leave benefits for all caregivers regardless of gender and implemented new procedures such as assessing participation in talent development programs, while ensuring compliance with legislative reporting obligations.

We are firm believers that publishing and being transparent about our Gender Pay Gap will not only help hold ourselves accountable but also encourage other organisations and society to actively work towards creating meaningful change towards equal pay.

MSD strives to balance the scales of equality, so that everyone irrespective of gender will have an equal chance to contribute both at home and in the workplace, enhancing their individual wellbeing, and our community.

We will continue to collaborate as a community with the support of our Employee Business Resource Groups (EBRGs), core values and our integrated DE&I business strategy.

Enterprise Leadership Council

Eric Flanagan	Locky McIntosh
Kristy Montague	Prashant Nikam
Lisa Onsley	Mathew Oram
Thuy Vo	



We confirm the data reported is accurate, in accordance with the Workplace Gender Equality Agency (WGEA) requirements. Please note that the results presented here reflect our Gender Pay Gap for the reporting year ending 31 March 2023. The overall figures presented within this report include data from all our Australian entities: MSD Australia, Intervet Australia, Allflex Australia

DE&I Landscape at MSD Australia

36



different languages spoken

43



different cultures of ancestry

4%



identify as LGBTQ+

59%



female population

7



different religions

11%



report having a disability

53% Gen X



7% Gen Z
32% Gen Y
8% Baby Boomer

53%



female managers

At MSD we believe there is strength in differences. We are deeply committed to fostering an inclusive environment that embraces and values the varied skills, experiences, backgrounds and cultural perspectives of everyone.

Understanding the Gender Pay Gap

Wage elements included within the calculations: **Gender Pay Gap (GPG)**: To determine the Gender Pay Gap (GPG), as defined in legislation, the following pay elements have been used: **base salary, superannuation, bonus payments, and allowances paid to employees between 1 April 2022 - 31 March 2023**

When examining the results, it is important to understand that **equal pay is not the same as the gender pay gap**, and the two concepts should not be confused.

Equal Pay vs Gender Pay Gap

Equal Pay requires that women and men carrying out the same or similar work in the same employment receive the same pay. At MSD we are committed to equal pay and take measures to ensure that we are paying employees fairly and equitably at every stage of the employee life cycle.

However, the **gender pay gap** measures the **difference** between the earnings of women and men across the business, regardless of the work they do. This is expressed in mean and median earnings, based on equivalent hourly rates, and is shown as a percentage of men's earnings.

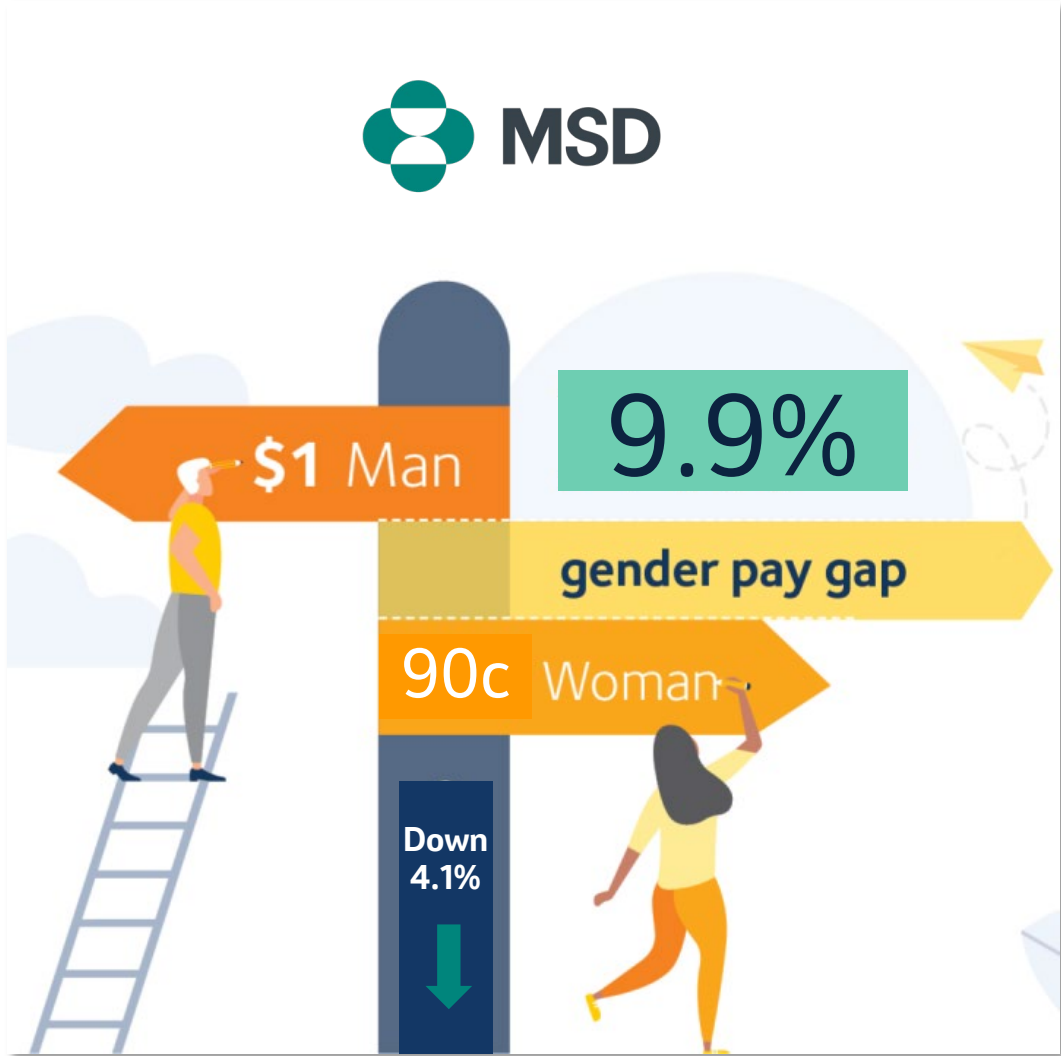
Mean:

The mean is calculated by adding up the total pay of employees and dividing by the number of employees. The calculation is completed separately for men and women and the means are compared.

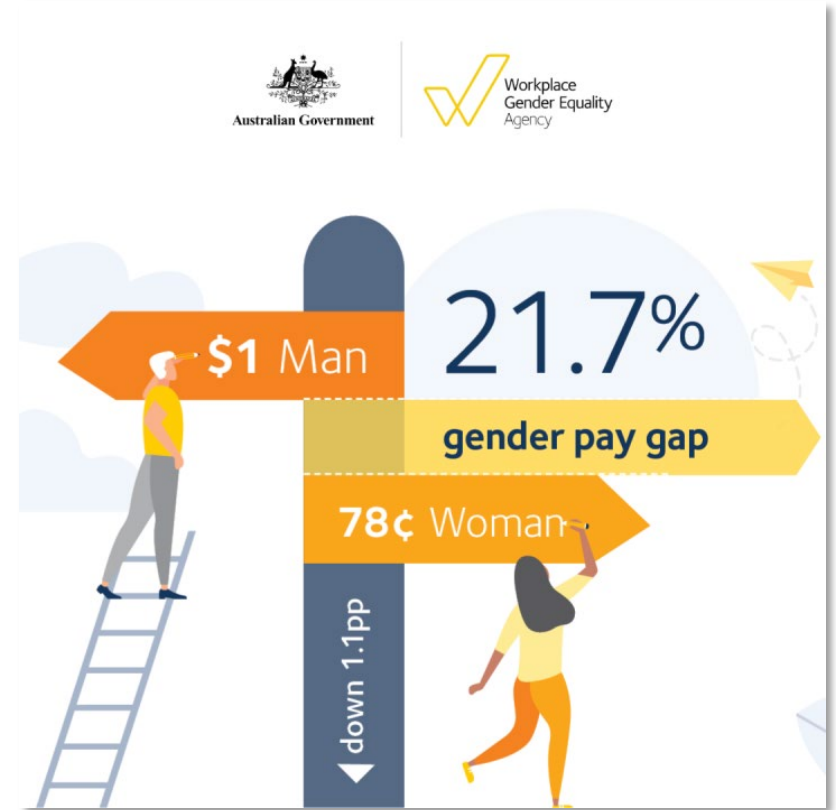
Median:

The median is the middle number of a ranking of pay from lowest to highest and gives us the best view of 'typical' pay. The calculation is completed separately for men and women and the medians are compared

Note: Gender Pay Gap legislative requirements are binary regarding gender (i.e., identifying as male or female). Whilst we are reporting our statistics in accordance with the legislation, here at MSD, we recognise and support all gender identities.



Australia's Gender Pay Gap



MSD Overall Gender Pay Gap Results 2023

MSD Australia has made some good progress in recent years¹, and we are committed to doing more.

	2020 - 2021	2022 - 2023
Median Total Remuneration	14%	9.9%
Median base salary	13.8%	6.4%

¹. Data on file

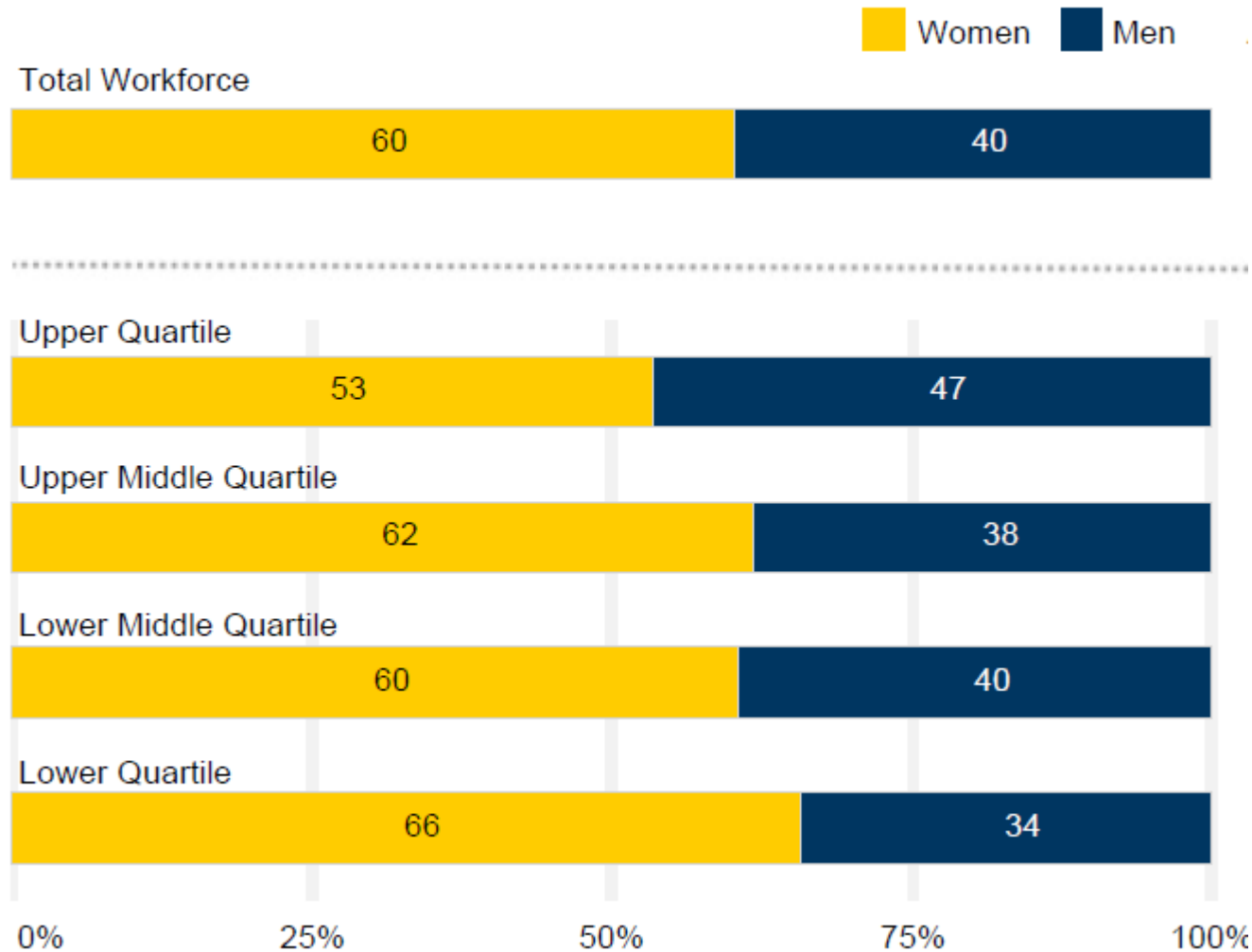
Key takeaways

MSD's Gender Pay Gap is 9.9% compared to the Australia-wide gender gap of 21.7%

As we reflect on the data, we know that making a meaningful impact takes both time and decisive action.

Our leadership team is fully committed to being active allies by advocating for greater diversity and representation across our workforce.

MSD Gender Composition by Pay Quartile



To understand the gap, we can drill down into Gender Composition by Pay Quartile.

MSD Australia's workforce has a higher percentage of women than men across all pay quartiles.

The data tells us that our Gender Pay Gap is predominantly driven by a higher proportion of women in the lowest pay quartile across the organisation.

To close the gap, we are working on measures to drive both short-term and long-term change.

Our Diversity & Inclusion Commitments

Parental leave policy

Our commitment to promoting a family-friendly environment at work remains steadfast, and we are dedicated to fostering equal parental responsibilities. As part of our ongoing efforts, we have recently bolstered our Parental Leave policy, granting all employees the opportunity to take 12 weeks of paid leave starting from their first day of employment.

Women in leadership

In the 2022-23 WGEA reporting period, twice as many females promoted into both management and non-management roles. Our ongoing commitment to talent development is also evident with 50% of management and senior leadership roles being held by female employees.

Women in STEM

In 2023, our Women's Network Champions took part in the Techgirls + Mercer Co.Lab program, mentoring school aged students who will be the next generation of women in STEM. The intent of this program was to connect current + future STEM talent to inspire ideas and careers that go on to develop solutions for real world problems.

Family-friendly policies

We prioritise inclusivity and regularly assess our HR policies to ensure they reflect and include all of our employees. Recognising that the definition of "family" can extend beyond immediate family, especially for our First Nations employees, we have recently broadened our definition of family. This expansion aims to acknowledge and support the diverse familial structures and relationships that our employees may have.

What MSD is doing to make a meaningful impact

We are proud to reflect on the progress MSD has made over the past year. There is more work to do, and we are committed to closing the gender pay gap. In 2024, MSD will build on our progress with new and ongoing initiatives to amplify the voice of diversity and inclusion across our organisation.

Gender Pay Audits

We are committed to ongoing regular assessment and analysis of our pay structures to identify and rectify any unjust wage gaps. Pay equity is systematically evaluated at every stage of the employee life cycle, including new hires, lateral transfers, secondments & promotions. We also continuously monitor and adjust pay structures to ensure ongoing fairness and alignment with organisational values.

Enterprise Learning Programs

Our Enterprise Leadership Skills are designed to help us shape our future, unlock potential in ourselves and in others, and deliver impacts for the patients, customers and communities who need us most.

In addition, we will continue to conduct training programs to raise awareness about gender and other biases and promote an inclusive workplace culture, including unconscious bias training for all people managers. Of particular importance will be an ongoing focus on ensuring fair and unbiased hiring and promotion processes, addressing unconscious biases that may contribute to gender-based disparities.



What MSD is doing to make a meaningful impact

Flexible Work Policies

MSD has long had a commitment to flexible work practices, and we continue to review and implement flexible work arrangements to accommodate the diverse needs of our employee population, particularly for employees with caregiving responsibilities.

We believe that offering flexible work options can help individuals balance work and personal responsibilities, as well as reducing the impact of career interruptions which can contribute to the gender pay gap.

Amplifying Employee Voices

We are committed to fostering a safe and supportive environment for our employees to share and voice their concerns. Our annual Diversity, Equity & Inclusion survey provides valuable insights into our employee's perspectives and helps shape our DE&I strategy across the organisation and within our Employee Business Resources Groups (EBRGs). The refreshed Women's Network EBRG will be focussed on expanding awareness and engagement of the network within the organisation, and gaining an understanding of who are the women of MSD and how can the Women's Network and broader organisation best support them. They will also seek to support employees in learning more about Women's Health issues.

We also continue to partner with external organisations to learn and apply best practices across all dimensions of Diversity, Equity & Inclusion.





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