



Diversity and Inclusion

2021 survey outcome

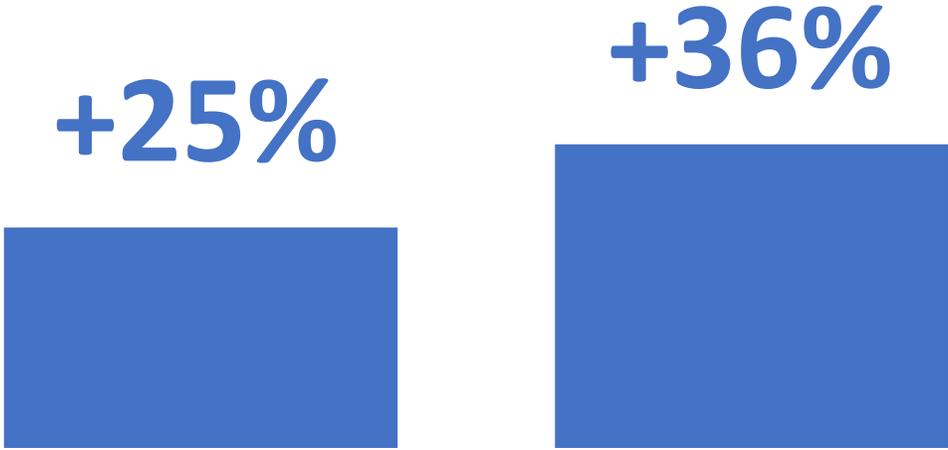
September 2021

CONFIDENTIAL AND PROPRIETARY
Any use of this material without specific permission of EPCA is prohibited

Diverse companies outperform peers – key success factor is inclusion



Difference in likelihood of outperformance of 1st vs 4th quartile, %



Likelihood that **gender diverse companies** outperform less diverse peers¹

Likelihood that **ethnically diverse companies** outperform less diverse peers²

1. Likelihood of financial outperformance by executive team gender diversity quartile: calculated as share of companies in the respective diversity quartile outperforming industry benchmark by region, based on average EBIT margin across 2014-2018; includes companies from North America, Asia-Pacific, Continental Europe, Latin America, and Sub-Saharan Africa.
 2. Financial likelihood to outperform based on EBIT margin from 2011-2015 above industry avg.; Ethnicity defined as all non-white ethnicities. In the US, we also include Hispanic/Latino of any race

...but employees often identify gaps in inclusion

34%
Inclusion and diversity are on employee's minds of online comments about an organization's environment, culture and dynamics focused on inclusion & diversity

Employees generally reflect less positive views of inclusion than they do of diversity

52%
Of mentions on **DIVERSITY** were positive...

...while only **29%**
Of comments on **INCLUSION** had a positive sentiment

Inclusion is necessary to capture the performance benefits of diversity



5 ways inclusion and diversity impact performance:

-  Win the battle for **talent**
-  Improve the quality of **decision making**
-  Increase **customer insight** and **innovation**
-  Drive **employee motivation and satisfaction**
-  Enhance a company's **global image** and **license to operate**

Diversity

“Who is in the workplace”

The composition of employees across various elements of difference (e.g., gender, race/ethnicity, age, sexual orientation, disability), measured at each level of the organization

Inclusion

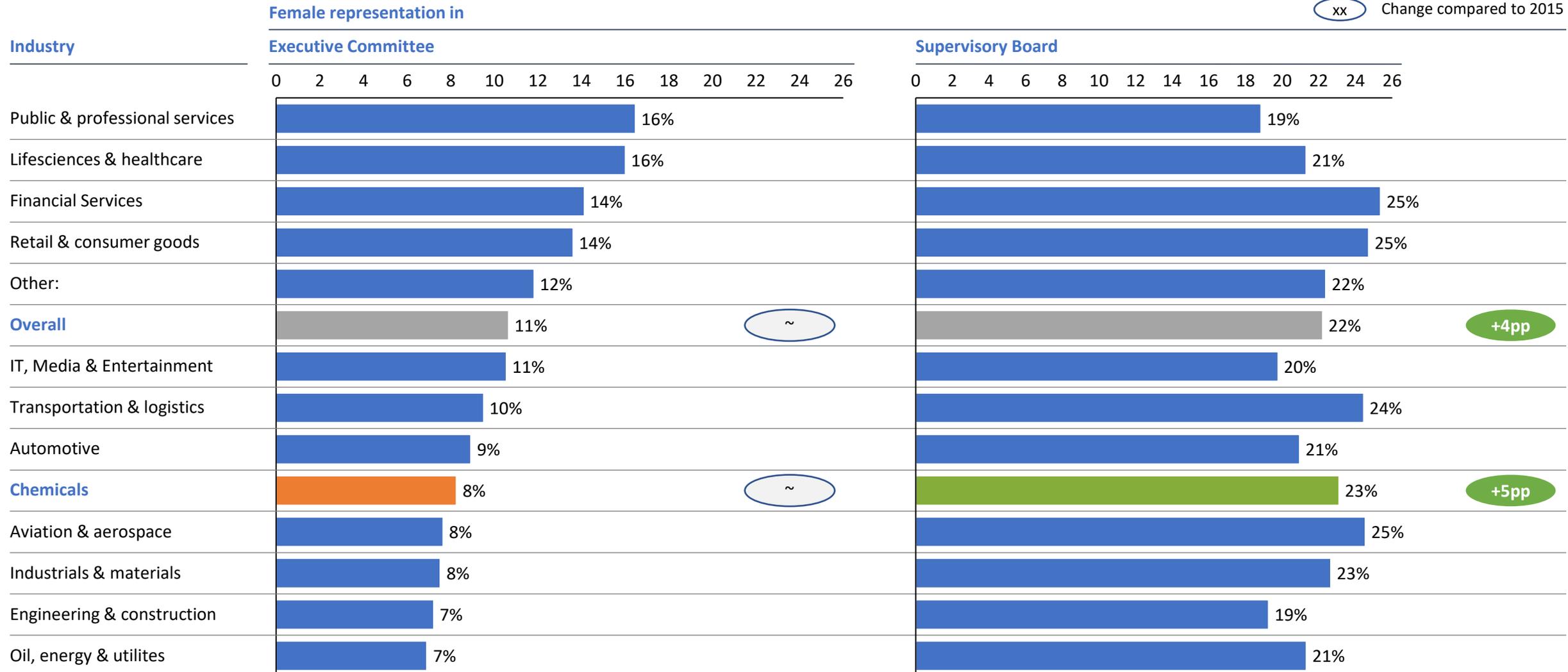
“How employees feel”

The degree to which organizations embrace all employees and enable them to make meaningful contributions

The chemical industry has improved its female share in supervisory boards, yet little progress in Executive Committees



xx Change compared to 2015



EPCA Diversity and Inclusion survey



Survey design

Geographical scope focused on Europe

Analysis of share of women and different practices and activities

Survey on 4 dimensions of diversity management

Surveyed dimensions



Recruiting



Performance & promotion



Retention & inclusion



Environment

Surveyed participants

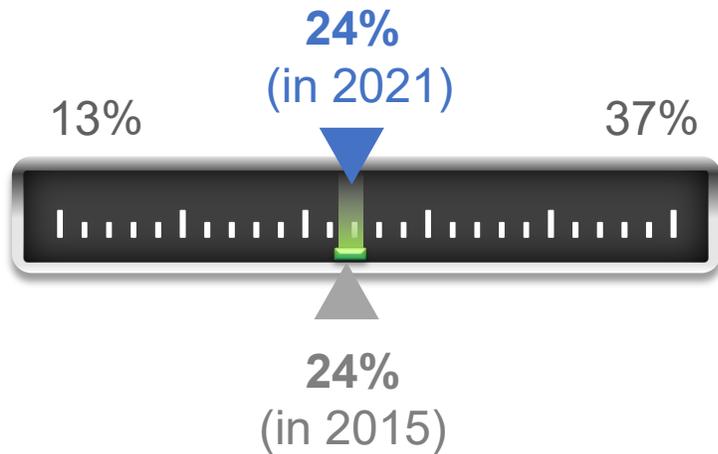
15 EPCA Member Companies representing manufactures and logistic service providers within the petrochemical supply chain

Overall female share did not increase – companies which measure operations vs. white collar have improved

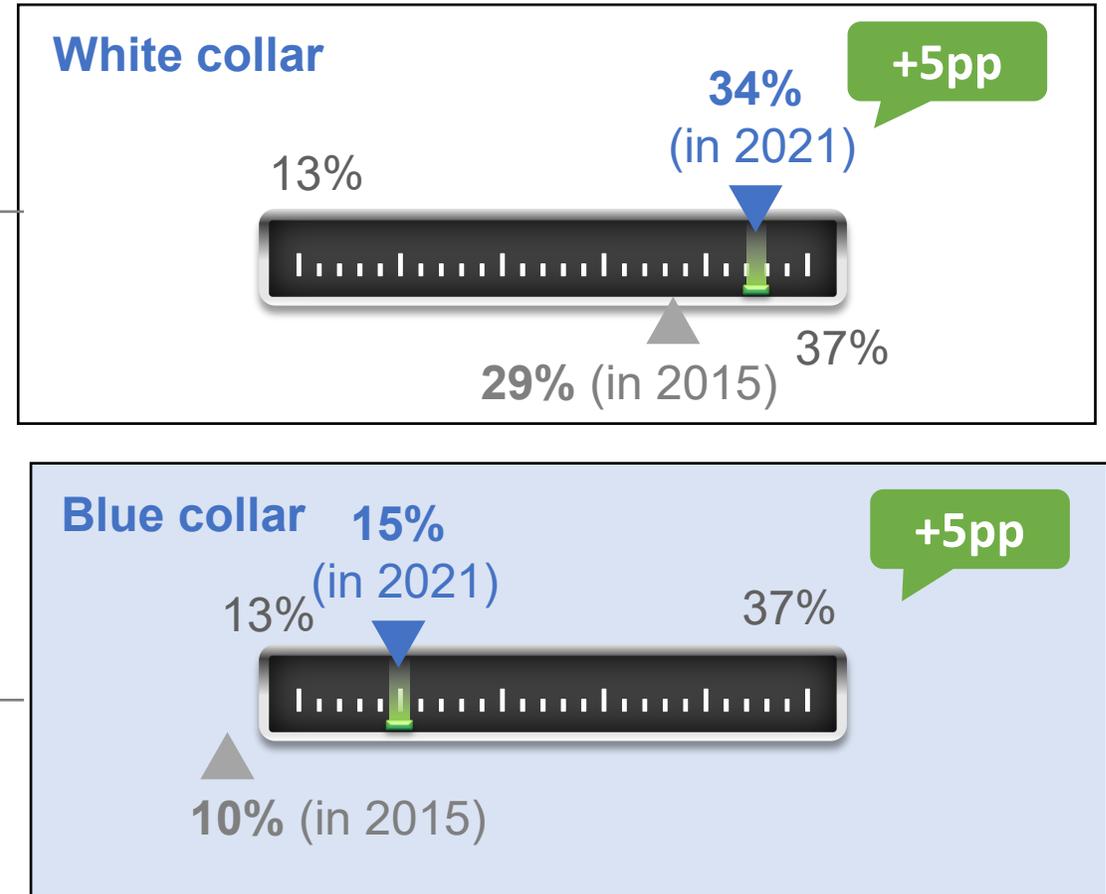
Number average

Change compared to 2015

Female share in companies overall



Female share split by white and blue collars (of companies which provided breakdown)¹

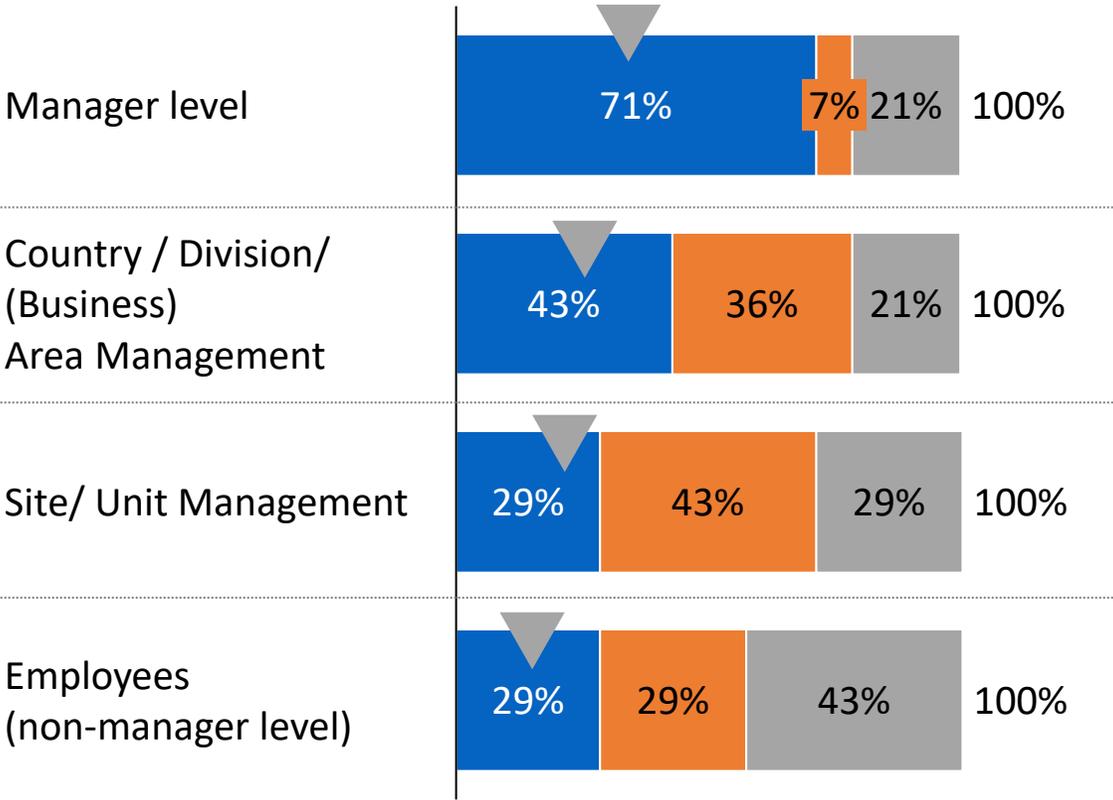


Great progress on tracking and measurement – all companies have relevant systems in place

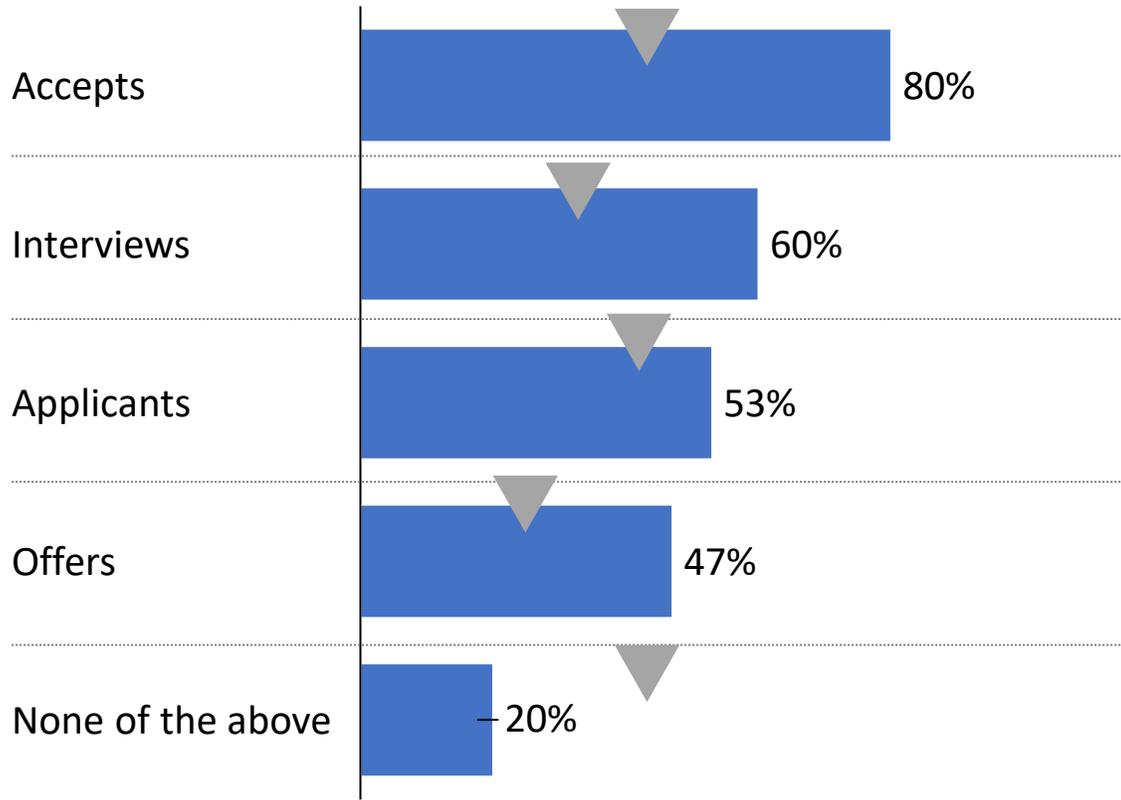


▼ 2015 ■ Set targets and track metrics ■ Track metrics ■ Neither set targets nor track metrics

Tracking of gender-related data and metrics in the organization, Percent



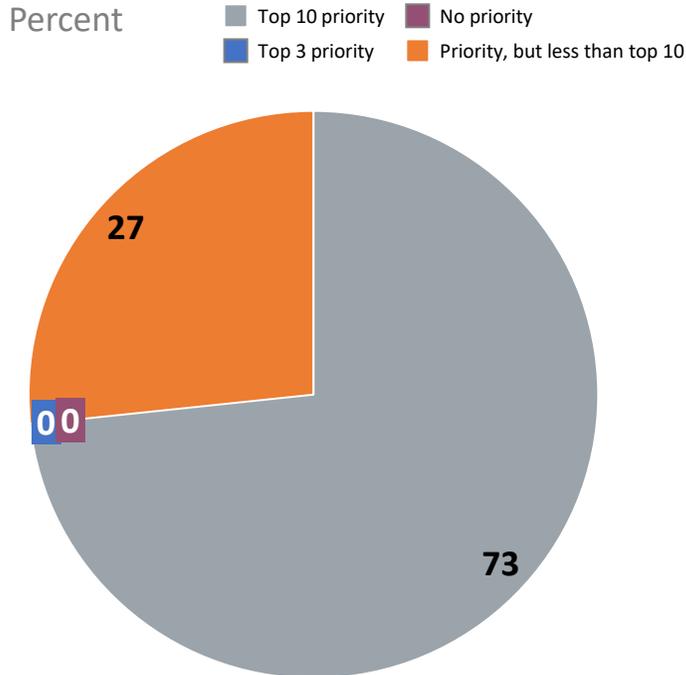
Tracking of gender-related data and metrics in recruiting activities, Percent



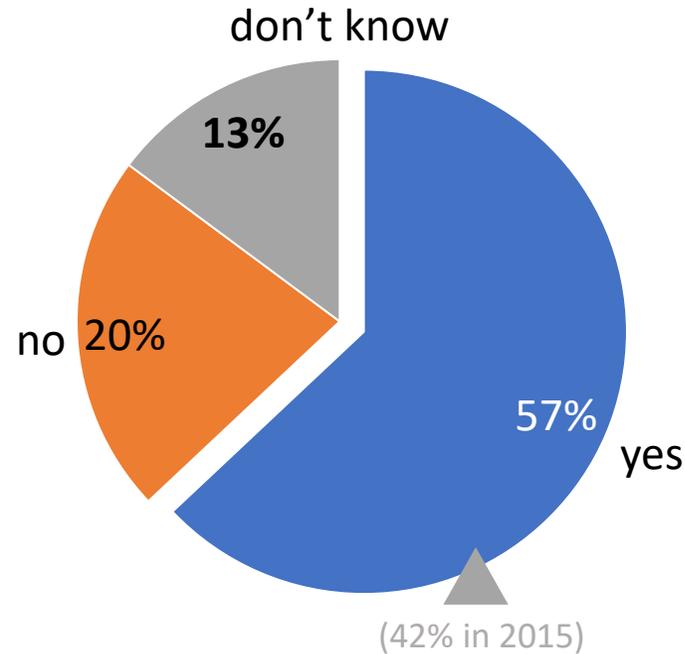
Diversity and inclusion is seen as a priority – yet different ambition levels exist



What priority does gender equality have for your company?



Does your organization have stated gender equality goals?



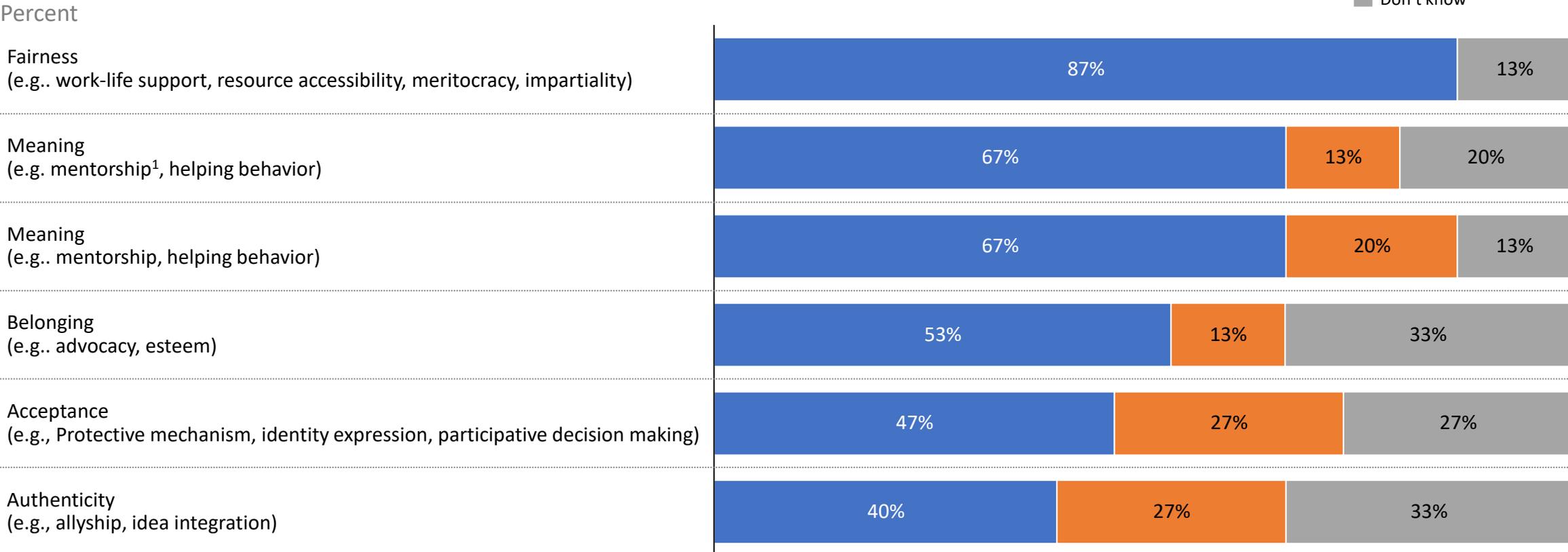
What are your organization's gender equality goals? (examples)

- **Vision** - All employees to be given equal opportunities for the development of skills, new challenges, and promotion irrespective of gender, ethnicity, race, religion, age, sexual orientation, disability, or culture
- **Targets**
 - 20% of senior management by 2023
 - 20-50% of women in leadership positions until 2030
 - Achieve gender parity in recruitment

Inclusive culture and behaviors still largely lacking – how companies can shape their environment so it enables diverse talent to succeed



Which of the following Inclusion measures does your company take to make diverse talent feel they can be themselves to enable them to be their true best?



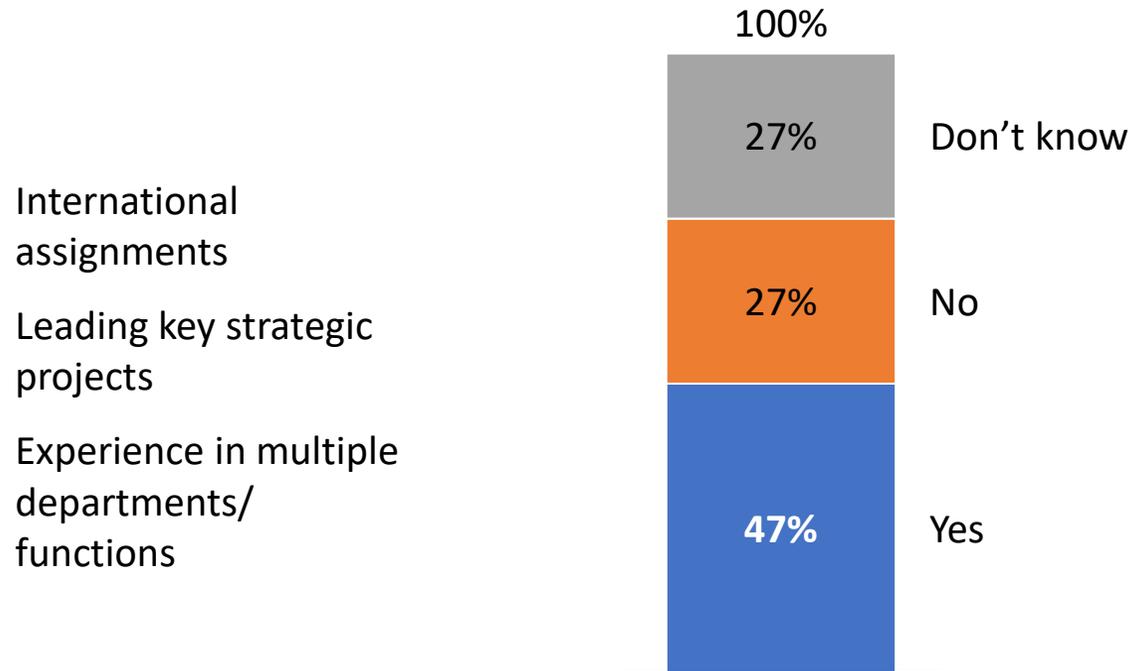
1. Mentorship includes matching women with professionals who provide advice; Sponsorship matching women with professional who create work opportunities for them

Providing career advancing opportunities to diverse talents and moving from mentorship to sponsorship

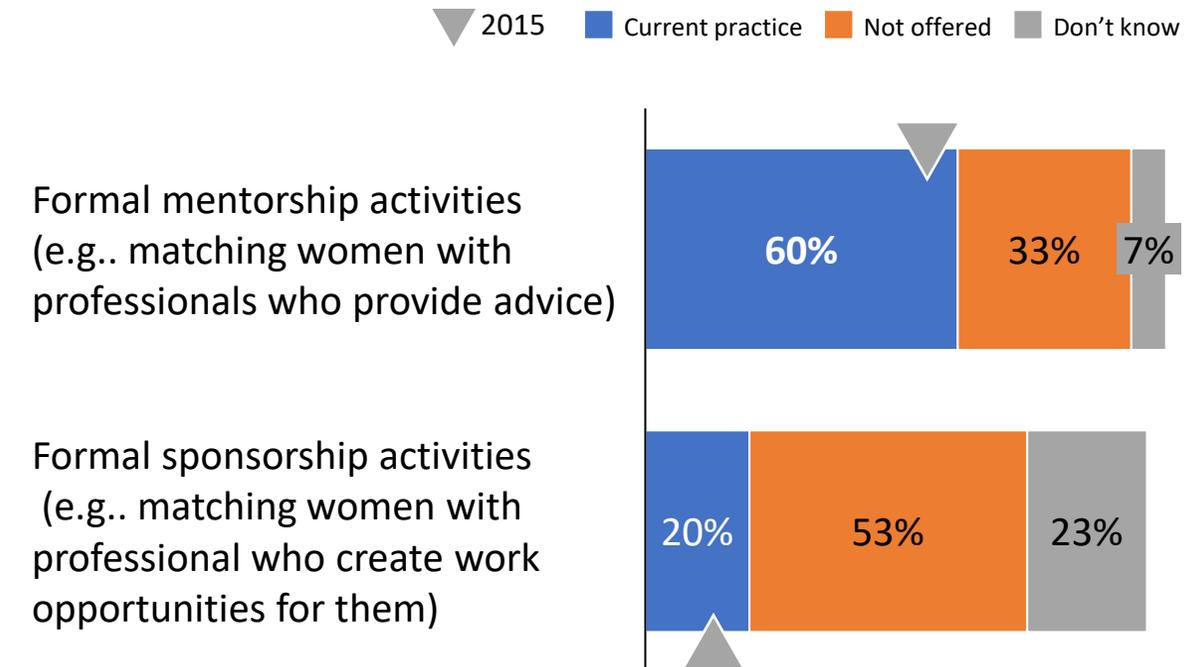


Please provide examples of career critical assignments ¹

Does your organization have in place processes to ensure women and men have equal access to career-critical assignments? Percent



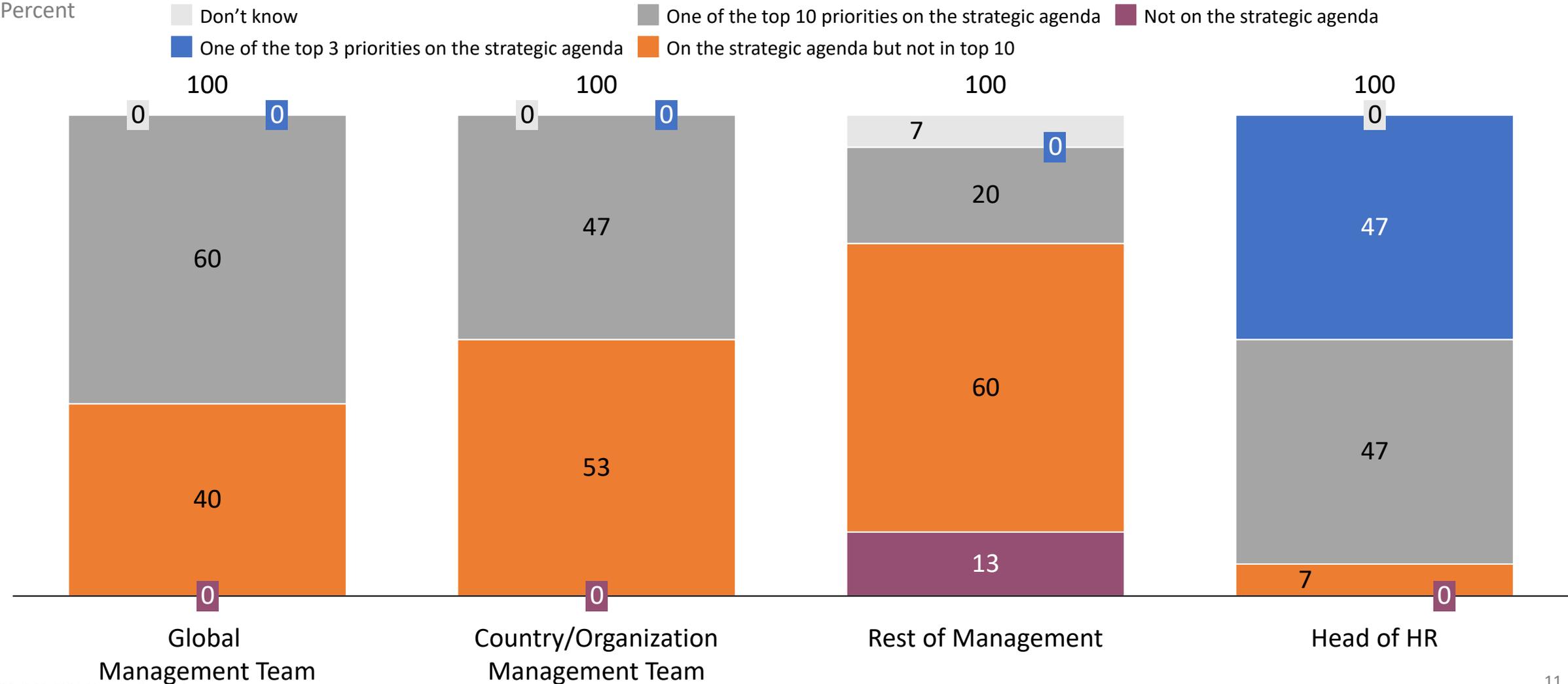
What types of gender specific talent development activities does your organization offer for women or do you plan to incorporate in the next year? Percent



Senior management ownership and cascading gender equality down the organization still an opportunity

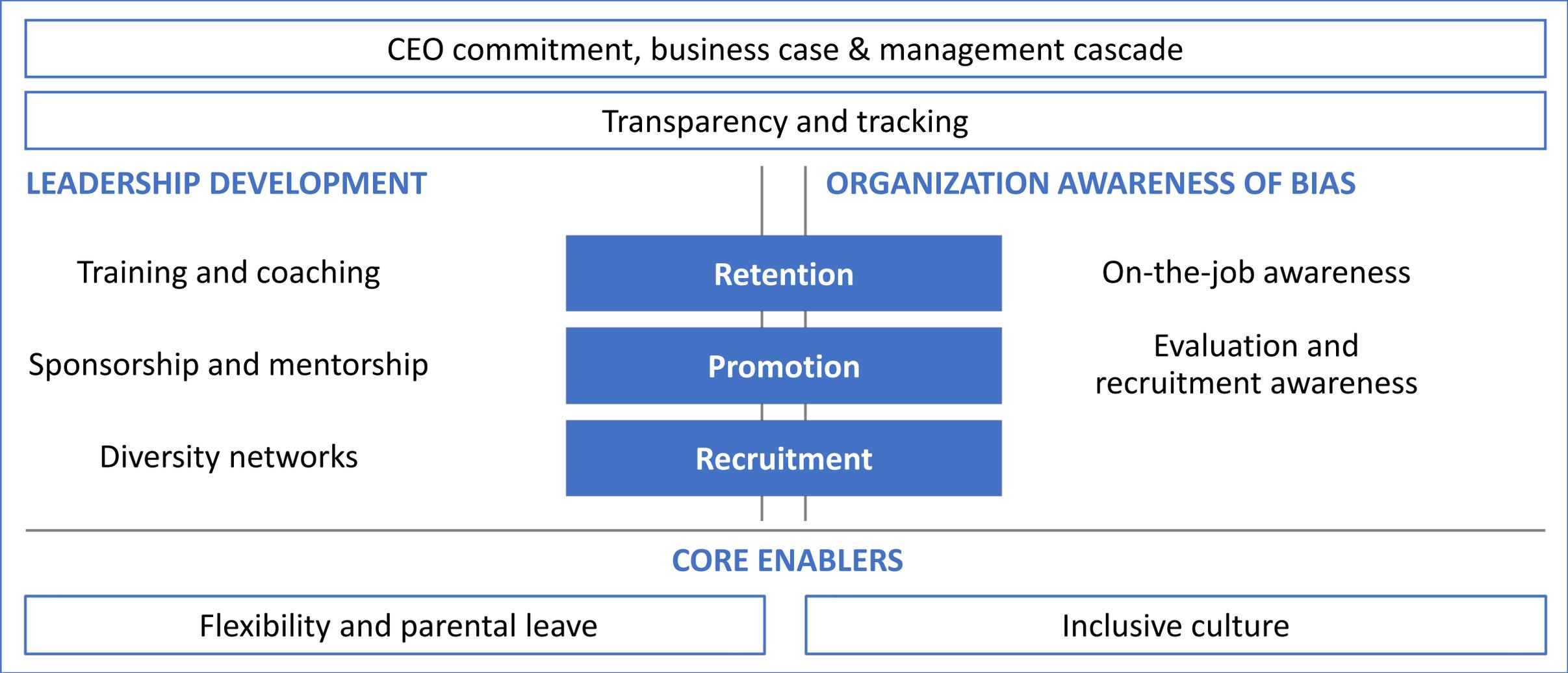


Where does gender equality rank on the strategic agenda for each of the following hierarchies in your organization?



SOURCE: EPCA Diversity & Inclusion survey

Research shows an ecosystem is required to make change happen



Survey shows great progress on transparency and mentorship, opportunity to further improve inclusion



Progress since 2015

Step-up



Already good & retained progress



Little change - needs improvement



Transparency & tracking

CEO commitment

Inclusive culture

Mentorship

Training and coaching

Sponsorship

Flexibility and parental leave

Management awareness and cascade in the organization

Evaluation and recruiting awareness

Creating an inclusive culture



Affiliation

Social cohesion
Team building



Acceptance

Protective mechanisms
Identity expression
Participative decision making



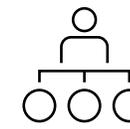
Fairness

Work-life support
Resource accessibility
Meritocracy
Impartiality



Belonging

Advocacy
Esteem



Meaning

Mentorship
Helping behavior



Authenticity

Allyship
Idea integration

Each inclusion indicator and lever is important both on Enterprise and Individual level

Appendix

Summary of detailed insights from survey (1/2)



General insights

- Research shows that **diverse companies have in average higher financial performance** – a business case also for the chemical industry to further promote diversity and inclusion
- Since 2015, the chemical industry has successfully increased the female share in supervisory boards to 23%, yet unfortunately **declined the number of executive board representatives to now only 8%**. While more diverse profiles are brought into companies, further work is needed on inclusion measures to make profiles stay and be successful
- A survey with a **focus group of EPCA members** was run to understand the drivers of diversity and inclusion – while advancements have been made in transparency and tracking, mentorship, and diversity networks, there is still a **need to work on sponsorship, business case & management cascade, evaluation and recruitment awareness and an inclusive culture** to make diverse talents successful
- Of the surveyed companies, in average **24% of total company female share** was achieved (same in 2015), while the companies reporting a split between operations and white collar showed a 5% improvement compared to 2015.

Recruiting

- Most companies have **activities in place to promote gender equality in recruiting**, particularly gender sensitive language, mixed recruiting teams, awareness of bias and attendance of women specific career events
- Every company surveyed believes it has sufficient ambition and commitment at management level, yet **only 60% have revised candidate screening** – this is an opportunity to further increase the funnel of incoming talent

Performance and promotion

- Tracking of diversity has arrived in all companies at multiple levels and targets have been set – yet there is **opportunity to increase incentivization to reach these targets** (currently only 27% of companies)
- The most important drivers of promotion are performance at current level, ability to perform at next level and relevant experience
- Most **critical career assignments** involve international mobility (50% of respondents) or managing big strategic projects, yet **only ~50% of companies have processes in place to ensure women and men have equal access to these opportunities**
- Flexibility programs have become standard in almost all organizations
- Promotion is considered to be fair, yet there is an opportunity to further improve unconscious bias training quality and to **further adopt evaluation criteria for gender equality and for flexible programs**
- While most companies have several different talent development activities for women such as identifying high potential female talent, mentorship and internal women networks, there is **room for more sponsorship and rotational opportunities**

Summary of detailed insights from survey (2/2)



Retention & inclusion

- According to the survey, many companies have brought in more female and diverse talent into companies. Yet there is an **opportunity to increase inclusion measures**, i.e. activities to ensure women stay and have an environment in which they can be successful
- Along the 6 inclusion levers, **fairness, meaning and affiliation are already actively supported in most companies**. A minority of companies already promotes acceptance, belonging and authenticity which is clearly an opportunity for chemical companies
- But companies are also different – crucial to find the 1-2 most important drivers of inclusion of a company and to regularly assess and drive that (and then move on to the next)

Environment

- Most companies have a **good environment for flexible programs and offer maternity & paternity leaves**, other programs such as ramping up/off, onboarding, elderly care are still in minority
- Most surveyed companies (73%) have gender diversity in their top 10 strategic priorities (none in their top 3) – however, **most companies do not have this as a strategic priority below the board level**
- The survey shows that only 27% of chemical companies have developed a business case for diversity and inclusion
- Most companies have unconscious bias and anti-harassment trainings, there is opportunity to **further build awareness of day-to-day issues and build skills & capabilities** to handle this, also while many companies have started to use more gender sensitive language, there is **room to set up a structural guidance to this language to make diverse talent belong and feel welcome**
- Most companies do **involve men** only in trainings or for joining network meetings, but less **for sponsorship activities**
- **67% of companies surveyed have set themselves gender equality targets**, but most are focusing on either senior management or recruiting – there is an opportunity for **more holistic/structural targets**, and to increase the targets (which are currently mostly well below 50%)

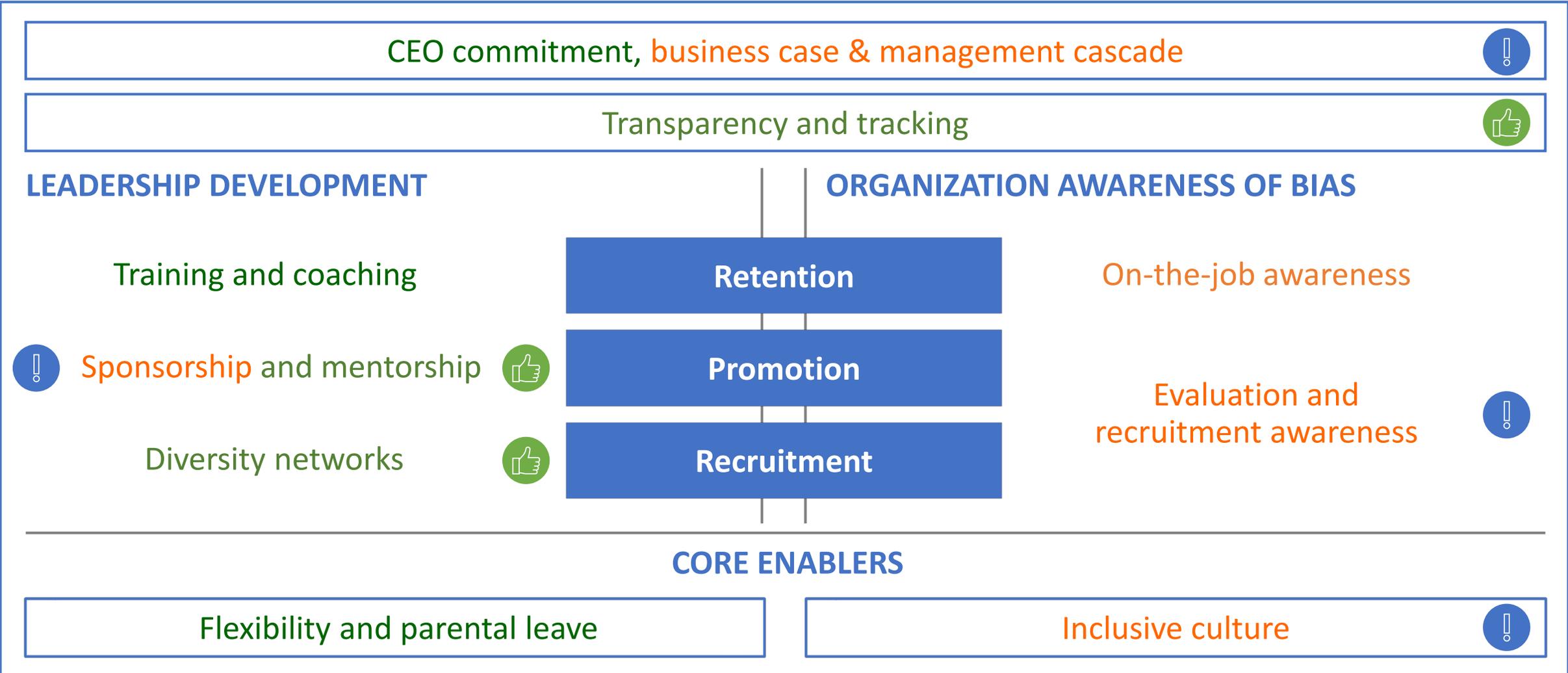
Conclusion

- **The chemical industry has made progress on gender equality** – while the female share has remained stable at 24%, there was progress on tracking and measurement – all companies have relevant systems in place, improved mentorship a& diversity networking and ambitions on diversity & inclusion set
- **Opportunities to improve further**
 - Inclusive culture and behaviors, particularly shaping the environment to make diverse talent successful
 - Transition from mentorship to sponsorship – providing career advancing opportunities to diverse talents
 - Evaluation and recruitment awareness – adaptation of evaluation criteria to e.g., flexible programs
 - Senior management ownership and cascading gender quality down the organization
 - Challenging ambition, detailed plan and incentivization of gender equality

Great progress on transparency and mentorship, opportunity to further improve inclusion

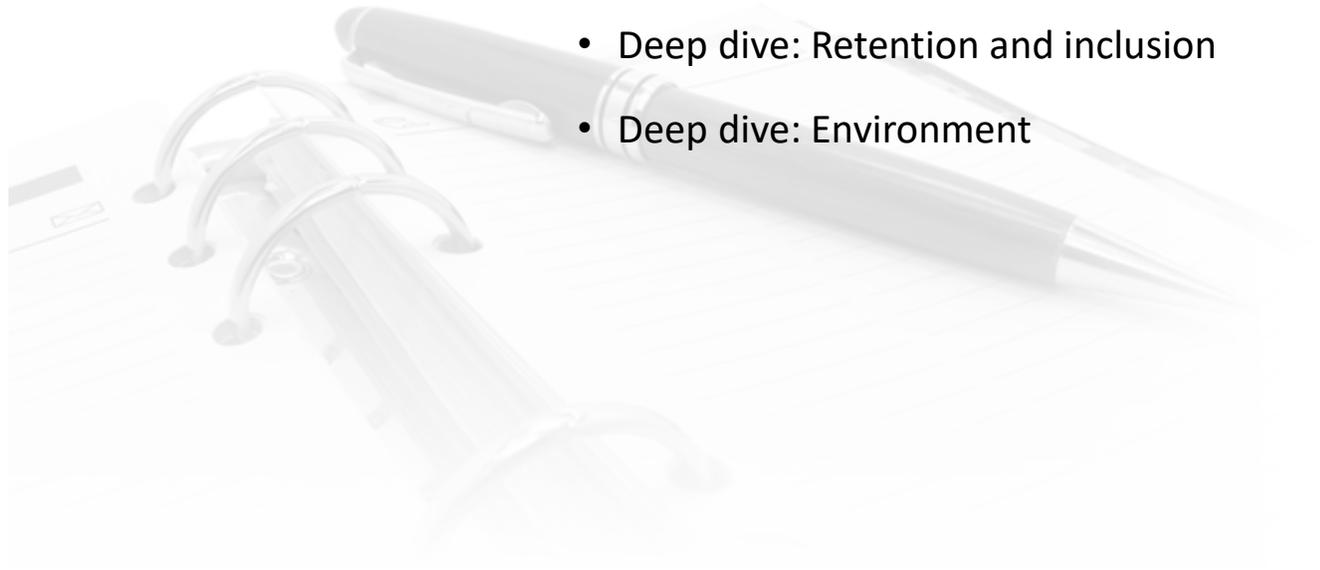
Evaluation of status
 Already present (green thumbs up)
 Present, but needs to be improved (orange thumbs up)

Change compared to 2015
 Improved (green thumbs up)
 Little change (blue thumbs down)



- **Deep dive: Tracking**

- Deep dive: Recruiting
- Deep dive: Performance and promotion
- Deep dive: Retention and inclusion
- Deep dive: Environment

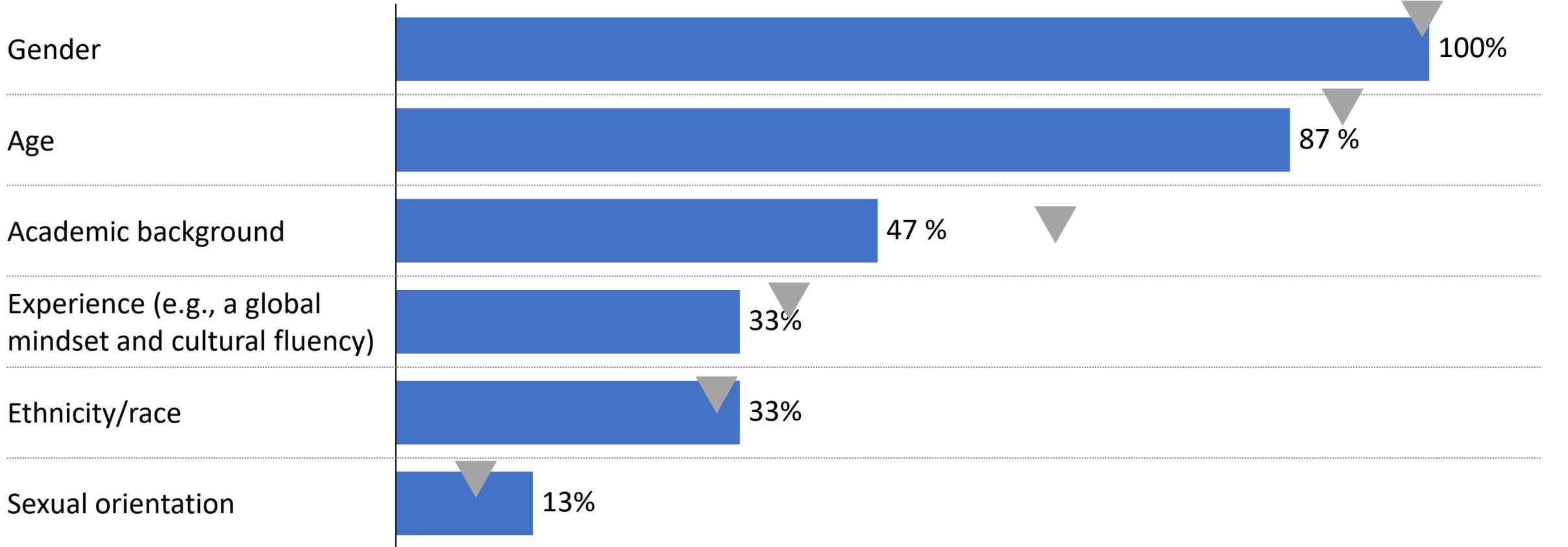


Diversity dimensions tracked



Which diversity dimensions does your company track?

Percent

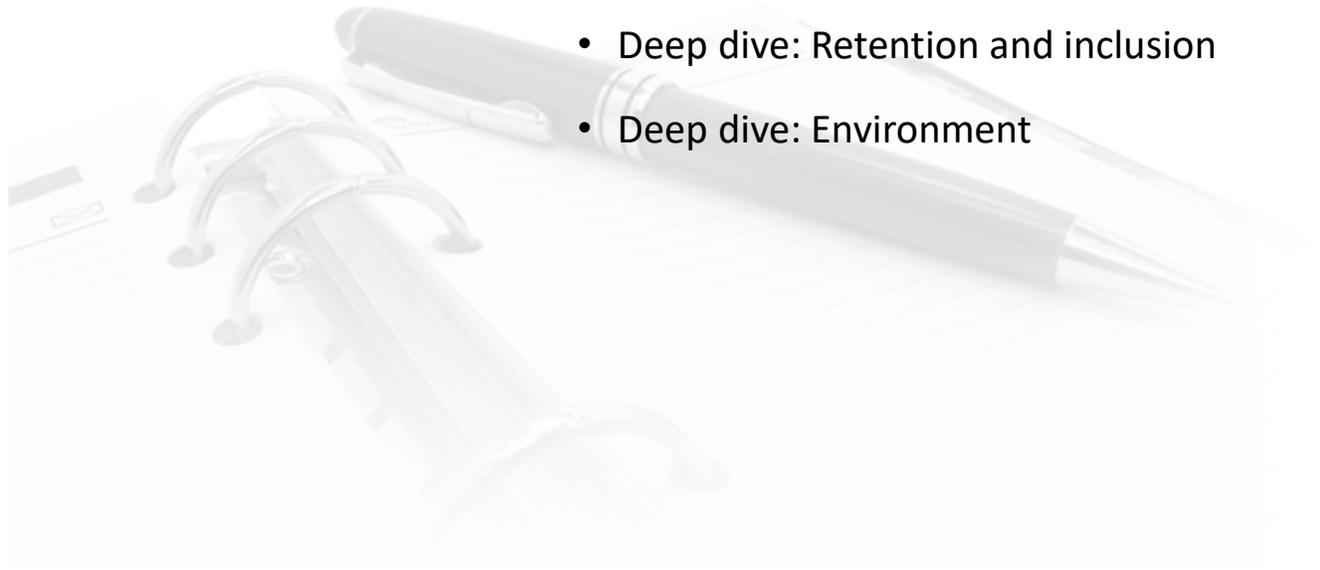


Going forward, this survey will focus on gender diversity (m/f/d), some of the questions focus on female share only (when specifically mentioned)

Contents



- Deep dive: Tracking
- **Deep dive: Recruiting**
- Deep dive: Performance and promotion
- Deep dive: Retention and inclusion
- Deep dive: Environment

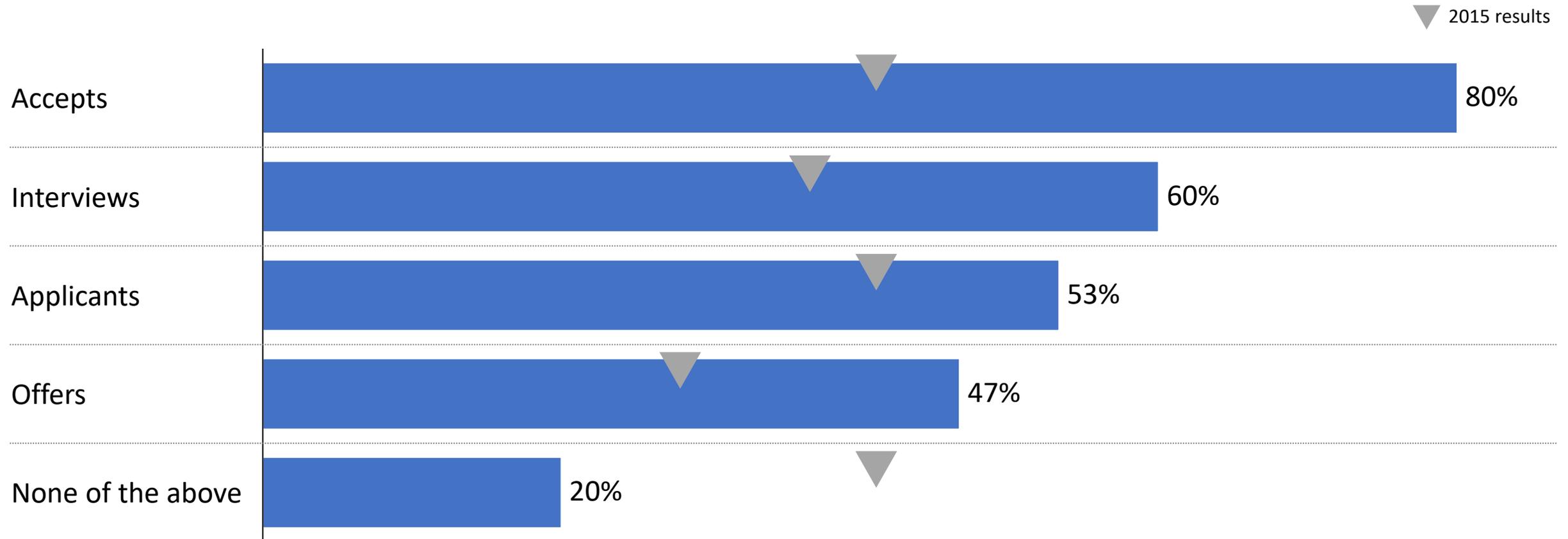


Tracking of diversity in recruiting



For which of the following recruiting activities does your organization track and measure gender?

Percent

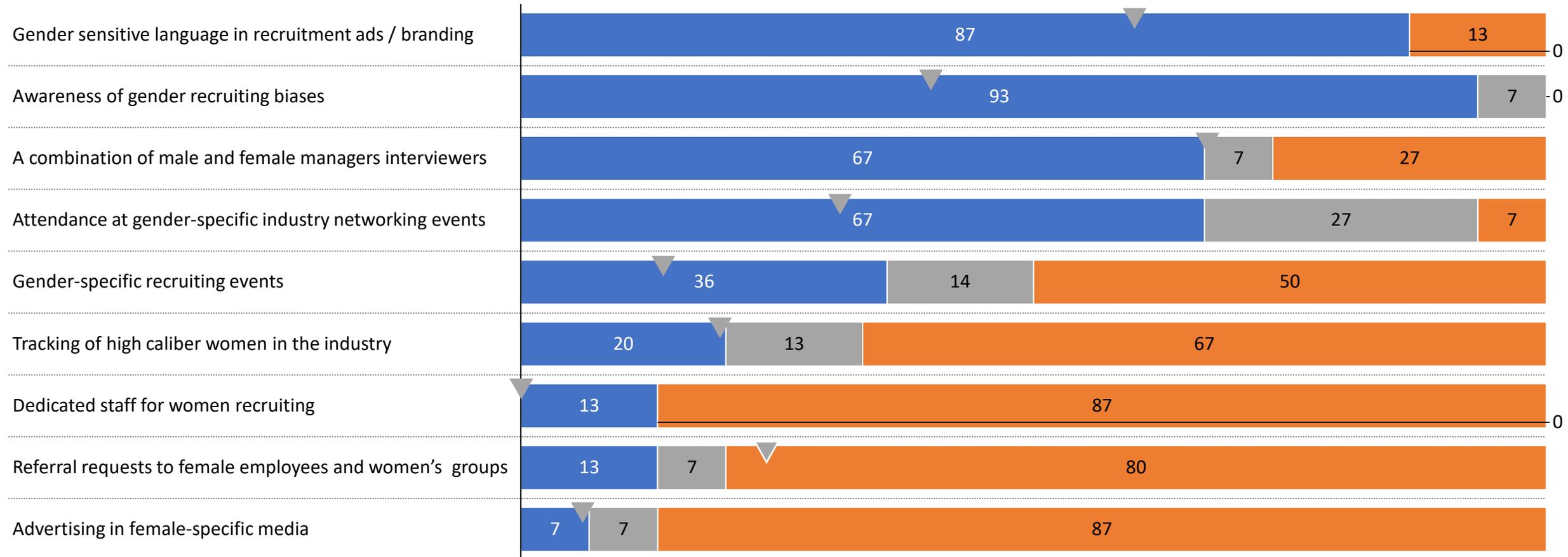


Gender specific recruiting activities



■ Current practice
 ■ Plan to incorporate
 ■ Do not plan to incorporate
 ▼ 2015 results

Which of the following practices do you currently have in place to promote gender equality in recruiting or do you plan to incorporate in the next year?, Percent

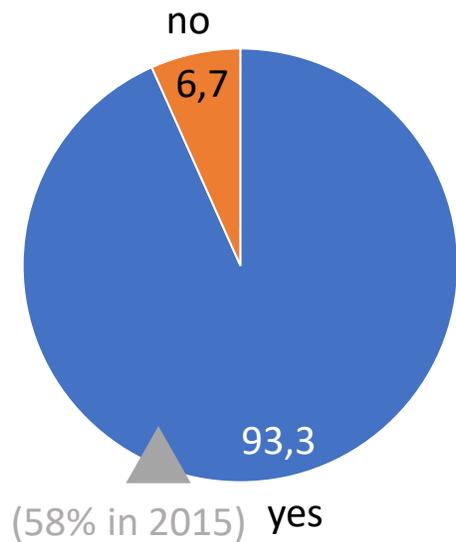


Ambition for gender equality in recruiting



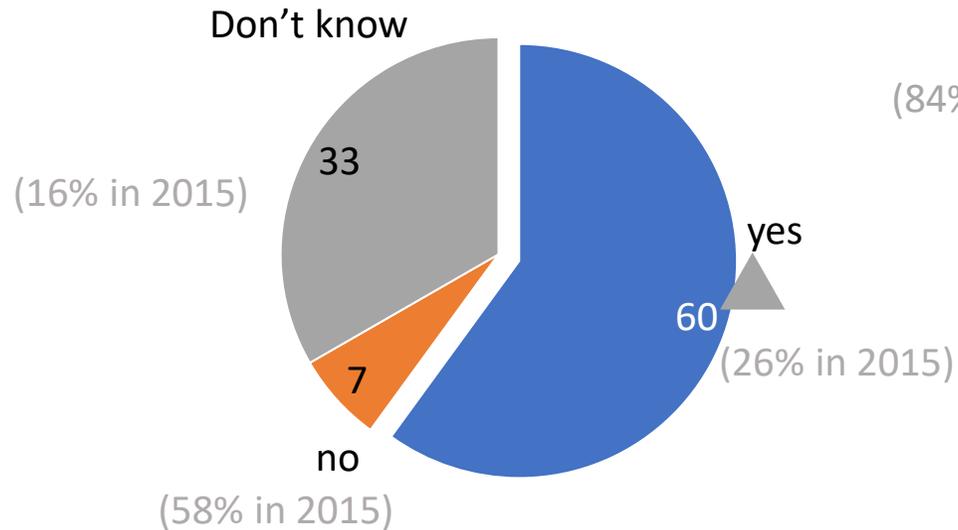
Do you think your organization has sufficient ambitions and actions in place to promote gender equality in its hiring practices?

Percent



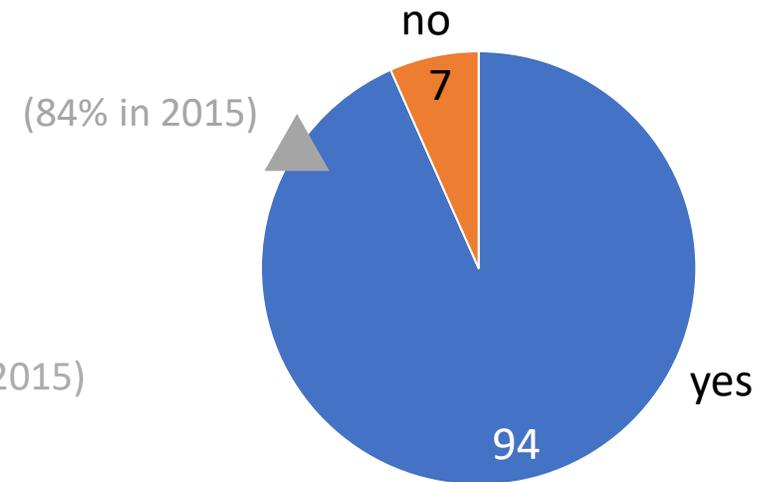
Have you designed or revised your candidate screening and selection criteria to account for any unequal treatment of men and women?

Percent



Do senior managers in your organization express a commitment to recruiting women?

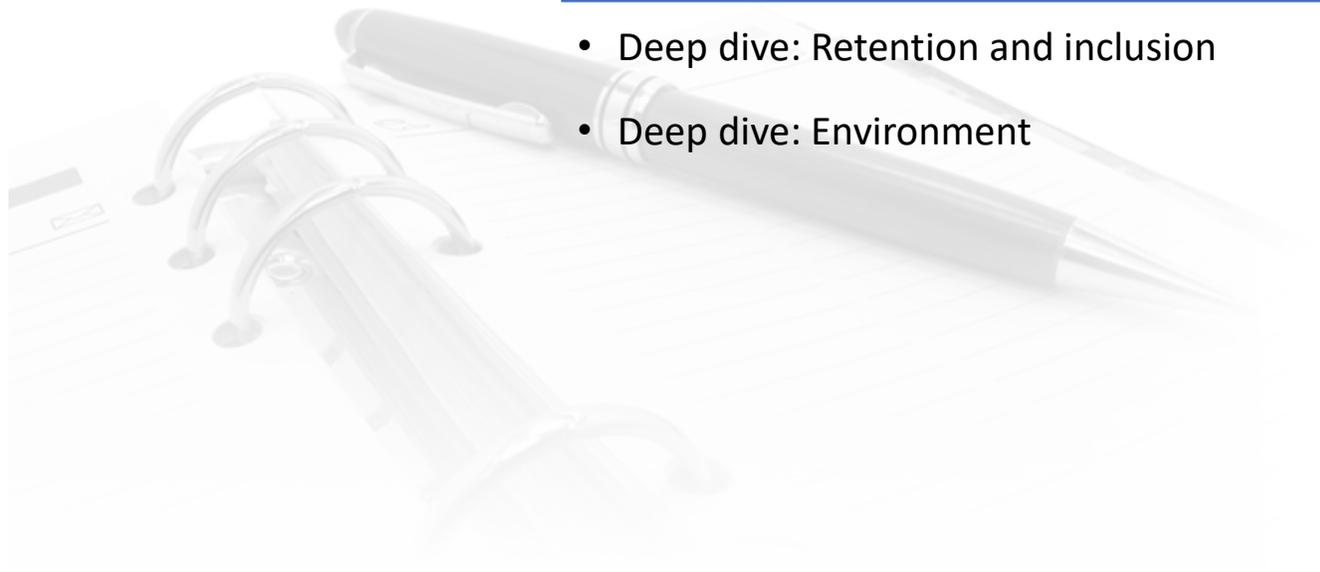
Percent



Contents



- Deep dive: Tracking
- Deep dive: Recruiting
- **Deep dive: Performance and promotion**
- Deep dive: Retention and inclusion
- Deep dive: Environment

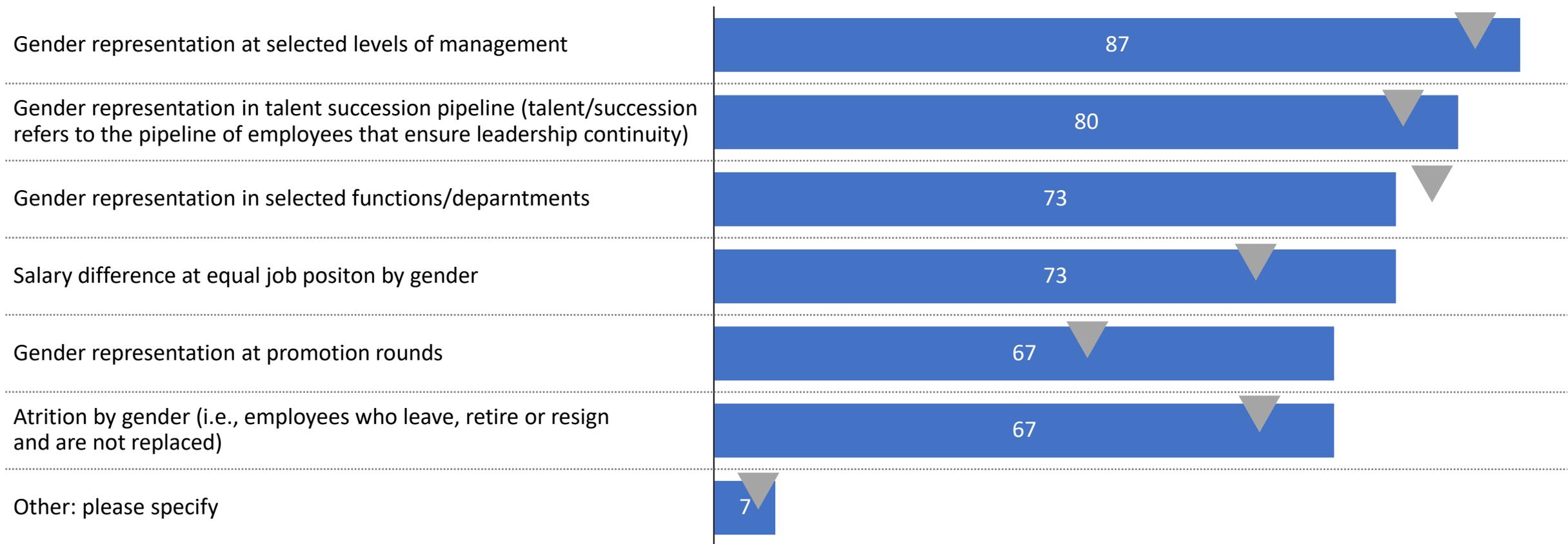


Tracking and measuring gender equality in activities



▼ 2015 results

For which of the following activities does your organization track and measure gender equality?, Percent



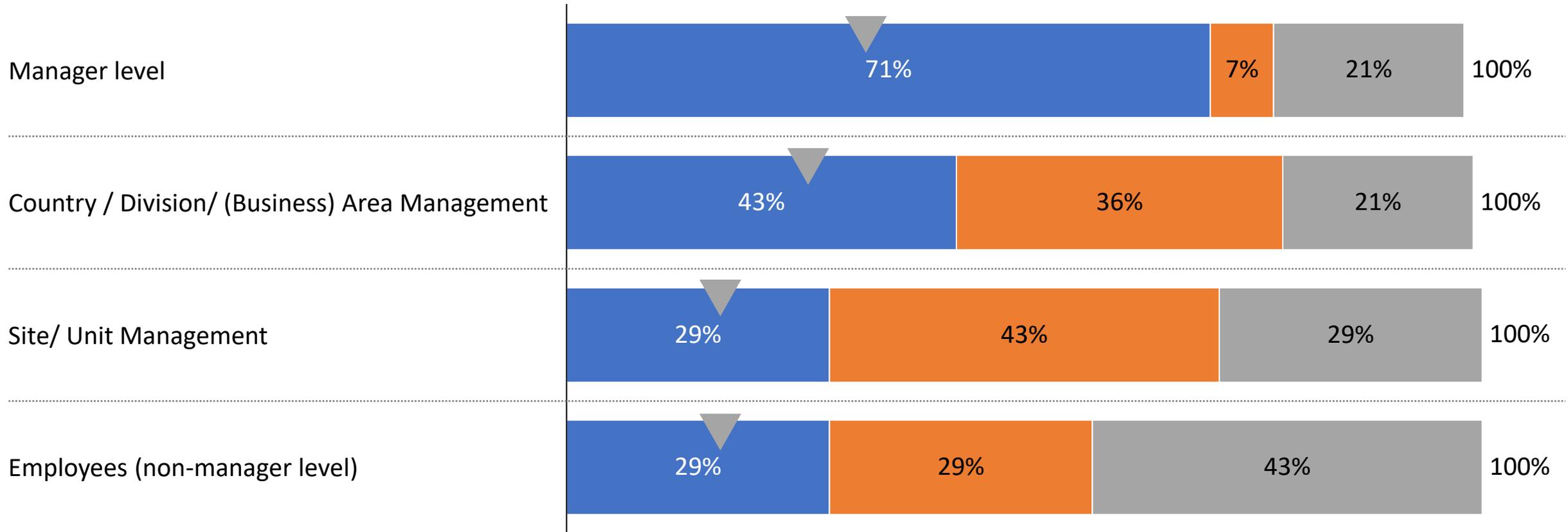
1. Attrition means employees who leave, retire or resign and are not replaced)

Tracking gender-related metrics by organizational hierarchy



■ Set targets and track metrics
 ■ Track metrics
 ■ Neither set targets nor track metrics
 ▼ 2015 results

At what level in the organizational hierarchy do you currently track gender-related data and metrics?, Percent

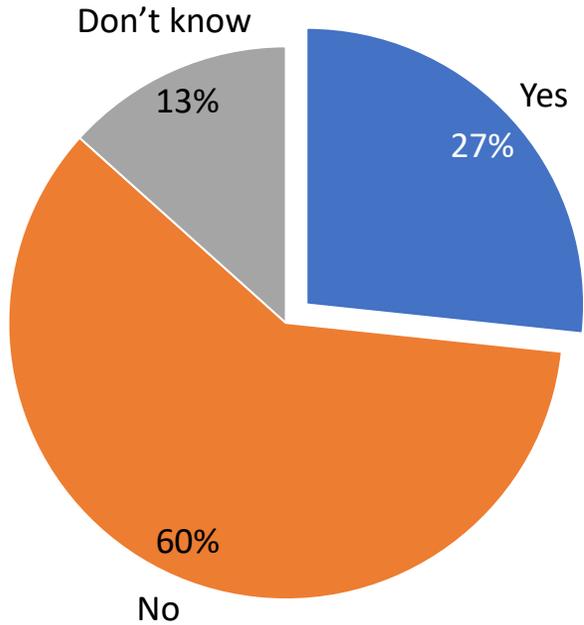


Incentivization of gender equality



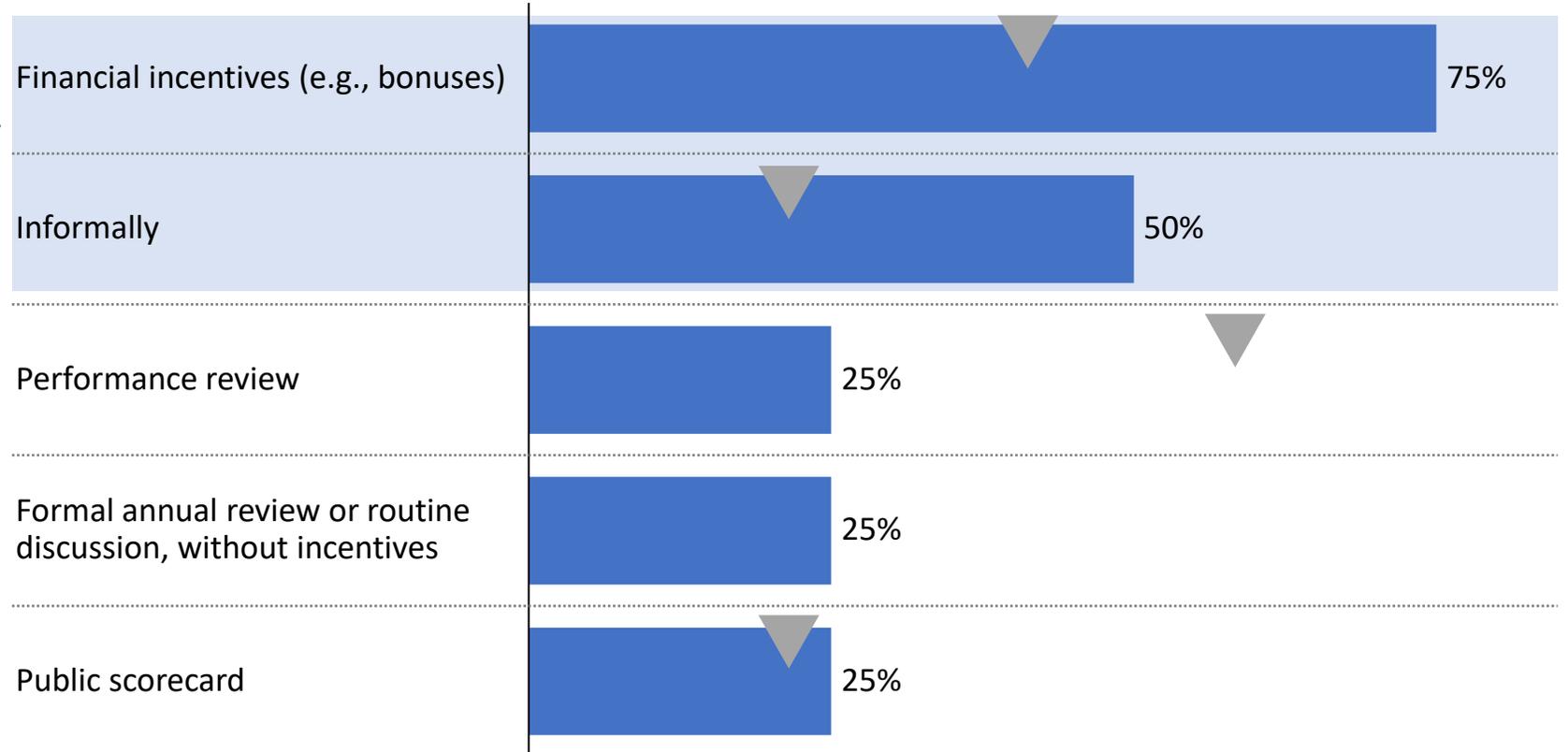
■ yes ▼ 2015 results

Does your organization incentivize performance on gender equality targets & tracks individual performance?, Percent



2015: 21% yes; 68% no; 11% don't know

In which of the following ways are managers tracked and incentivized for performance on Gender equality targets?, Percent %



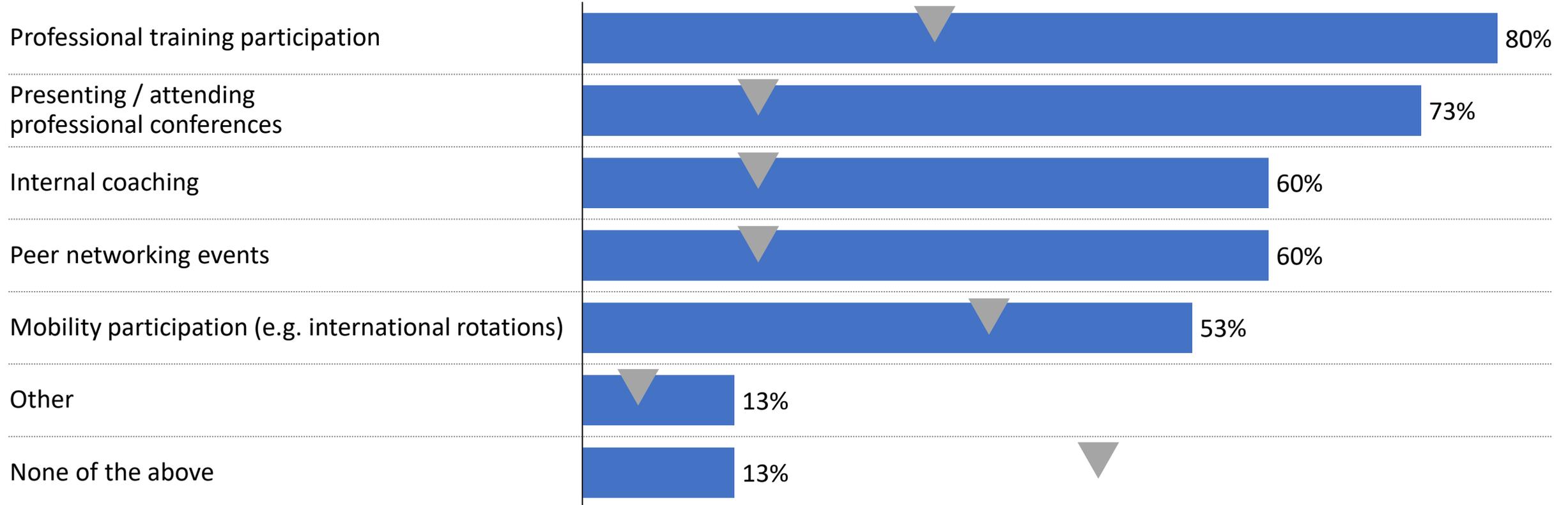
Women's participation in talent development activities



Does your organization proactively support women's participation in the following talent development activities in your organization?

Percent

▼ 2015 results



Promotions and performance evaluation



Please rank how important each of the following characteristics are when considering promotions at your organization

- 1 Performance at current level

- 2 Potential/Ability to perform at the next level

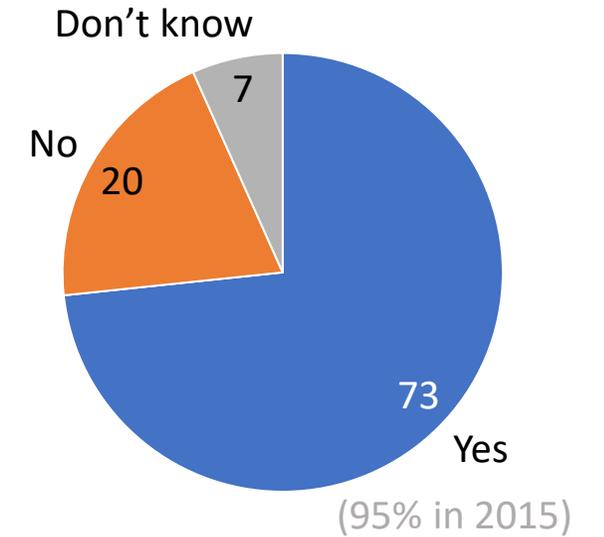
- 3 Relevant experience
- 3 Sharing your organization's values

- 5 Sponsorship network

- 6 Academic or professional certifications
- 6 Support from peers

Are your performance evaluation criteria standard across the organization?

Percent



Career critical assignments



Please provide examples of career critical assignments ¹

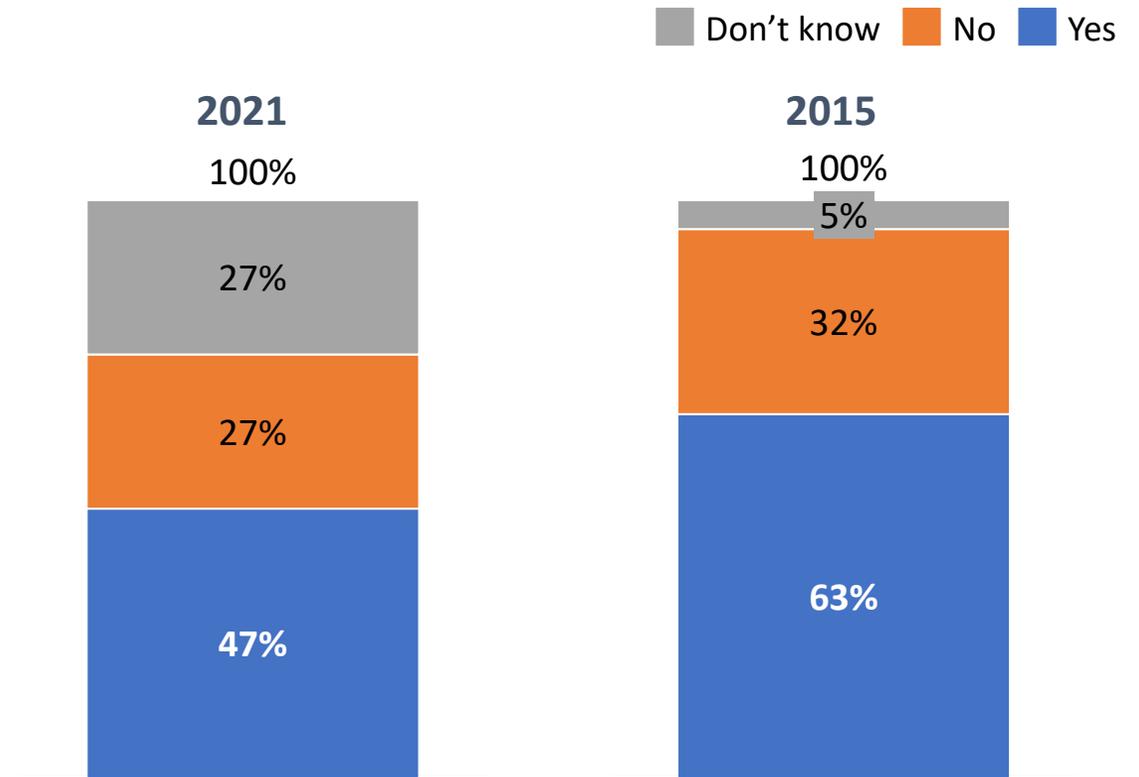
International assignments

Leading key strategic projects

Experience in multiple departments/ functions

Does your organization have in place processes to ensure women and men have equal access to career-critical assignments?

Percent



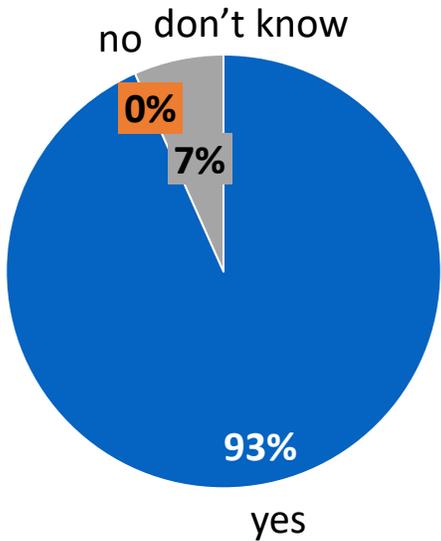
1. Career critical assignments include any projects or activities that are important to progress to the next level. (e.g., working on projects that are cross- regional or across functions/ departments).

Promotion and retention process



Do you consider your promotion and retention processes to be fair for both genders?

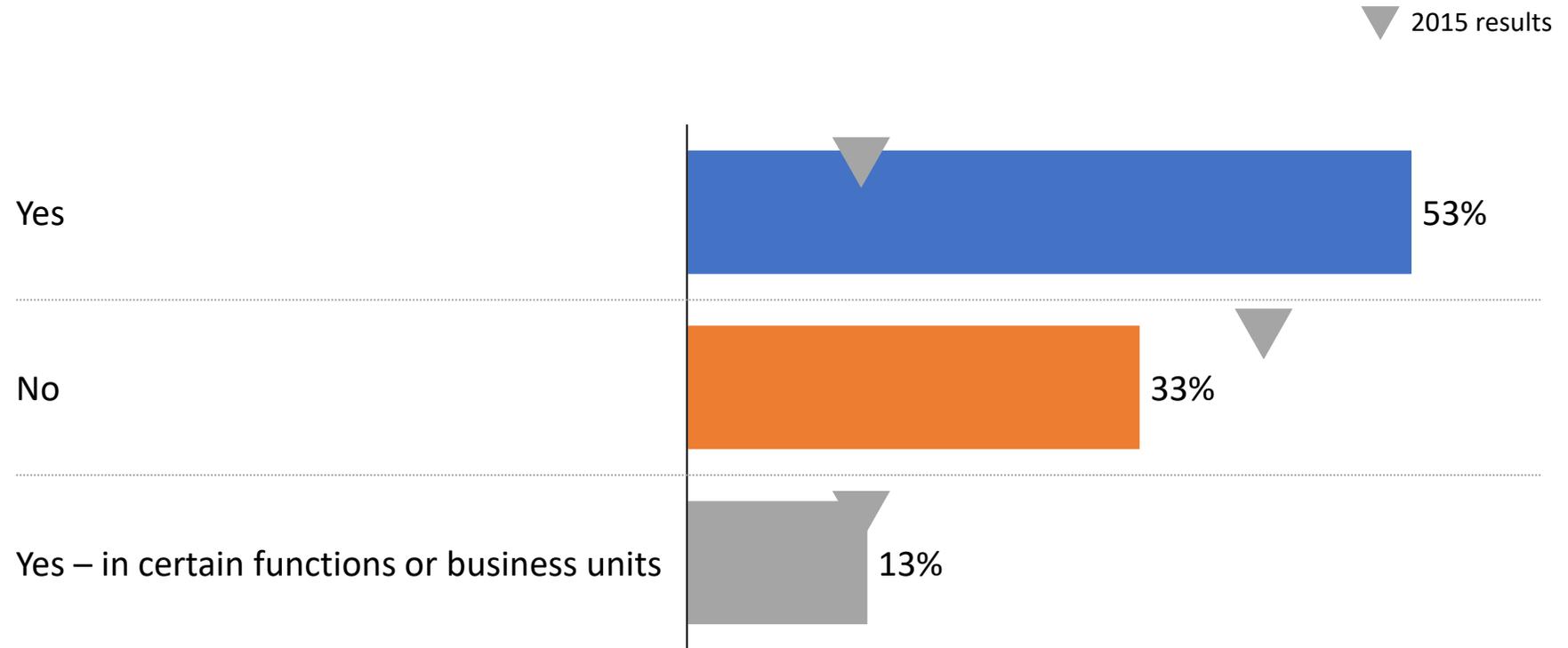
Percent



2015: 84% yes; 11% no; 5% don't know

Does your organization use unconscious bias training to support gender equality¹ in decisions around promotions?

Percent



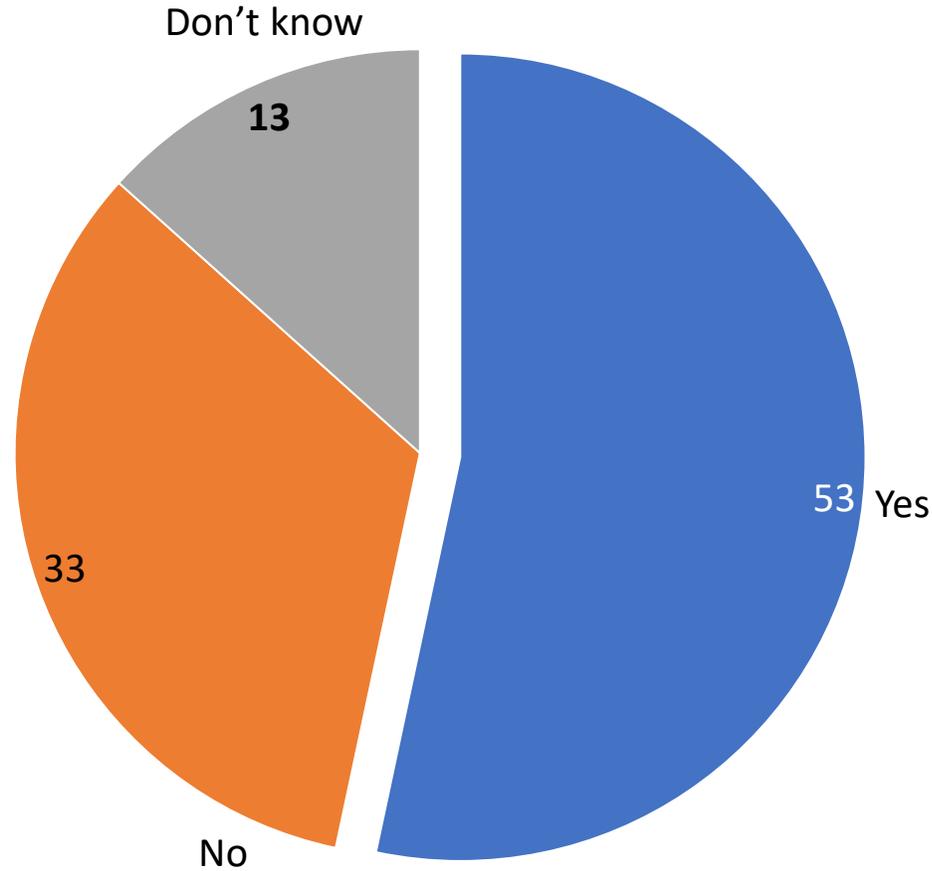
1. Gender inequality refers to any unequal treatment, acceptance and expectations of males and females.

Revision of evaluation criteria



Has your organization revised your evaluation criteria to account for gender inequality (e.g., blinded reviews or emphasizing different leadership and communication styles)?

Percent

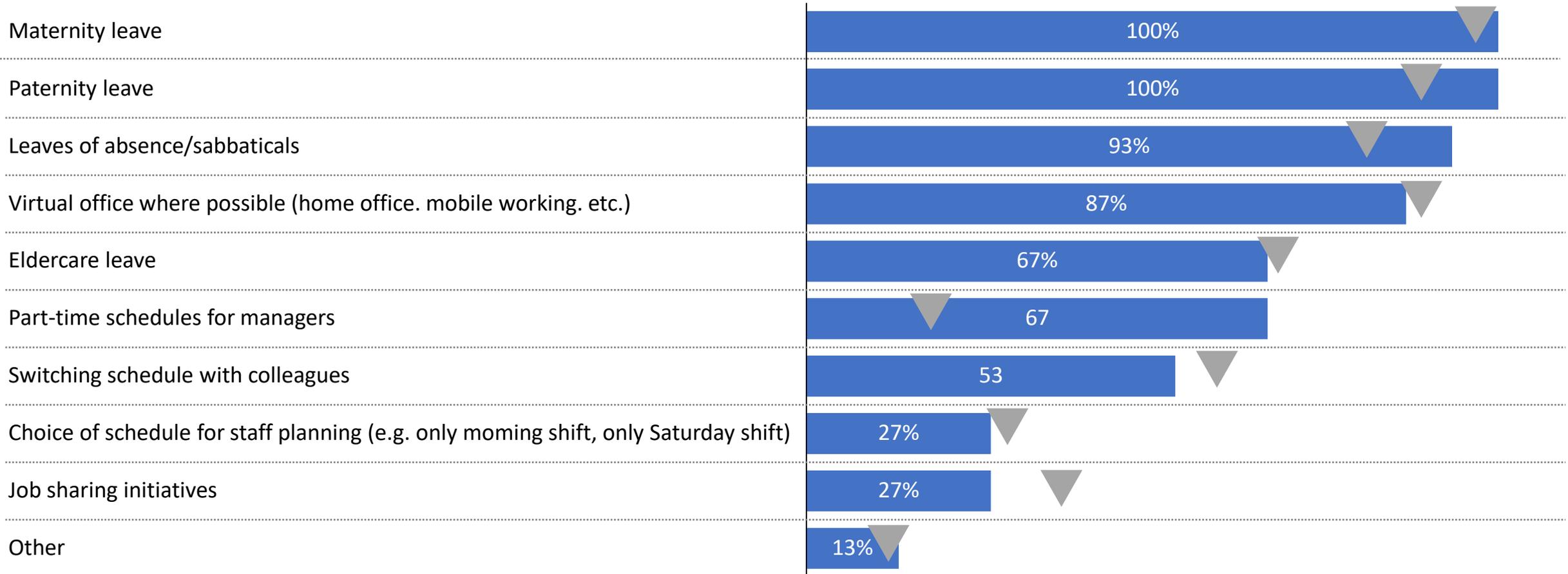


Flexible work offering



▼ 2015 results

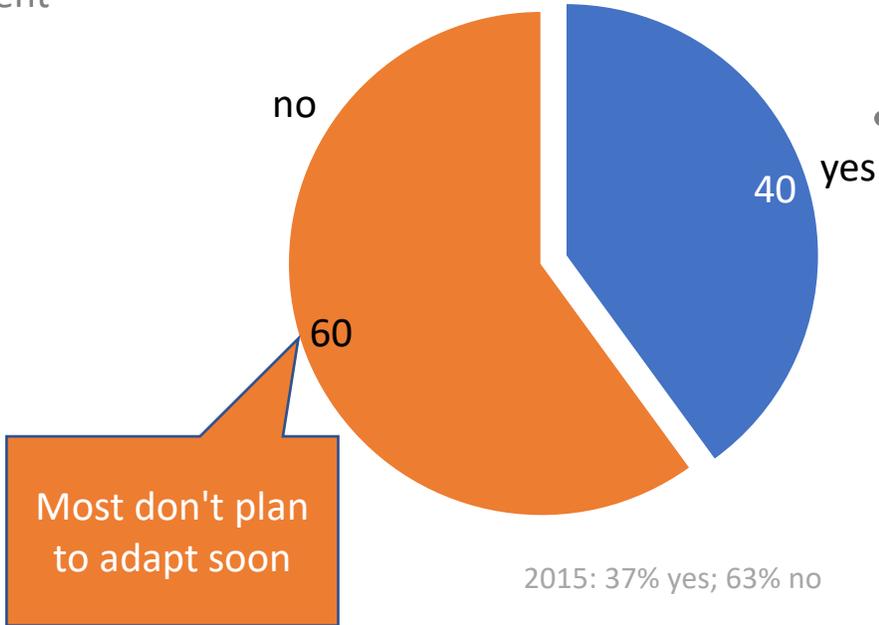
Which of the following flexible work programs does your organization offer?, Percent



Evaluation criteria adaptation

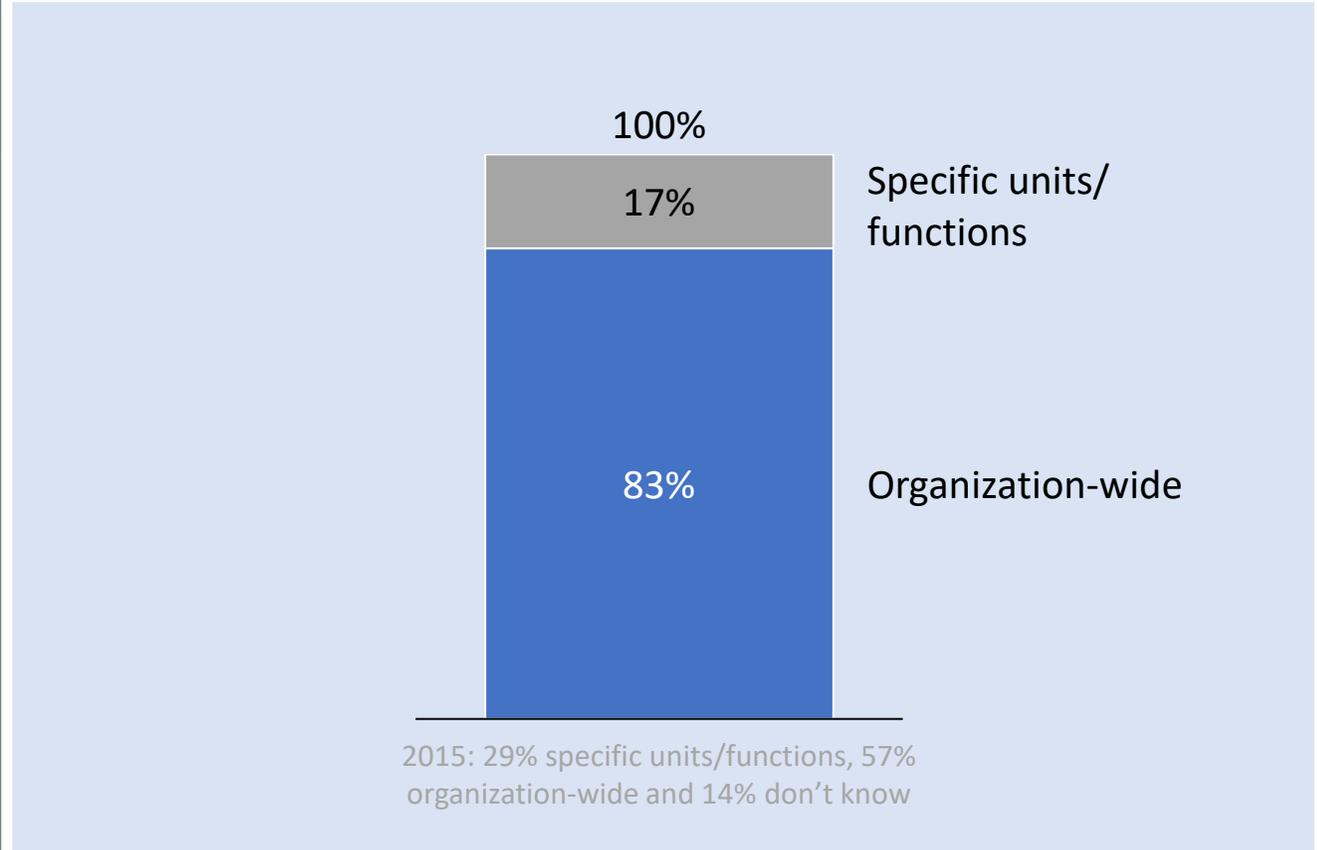
Has your organization adapted performance evaluation criteria to account for flexibility choices (e.g. part-time management positions or parental leave?)

Percent



2015: 0% will be implemented, 75% will not be implemented and 25% don't know

If yes, has that happened organization wide or only in specific units/functions

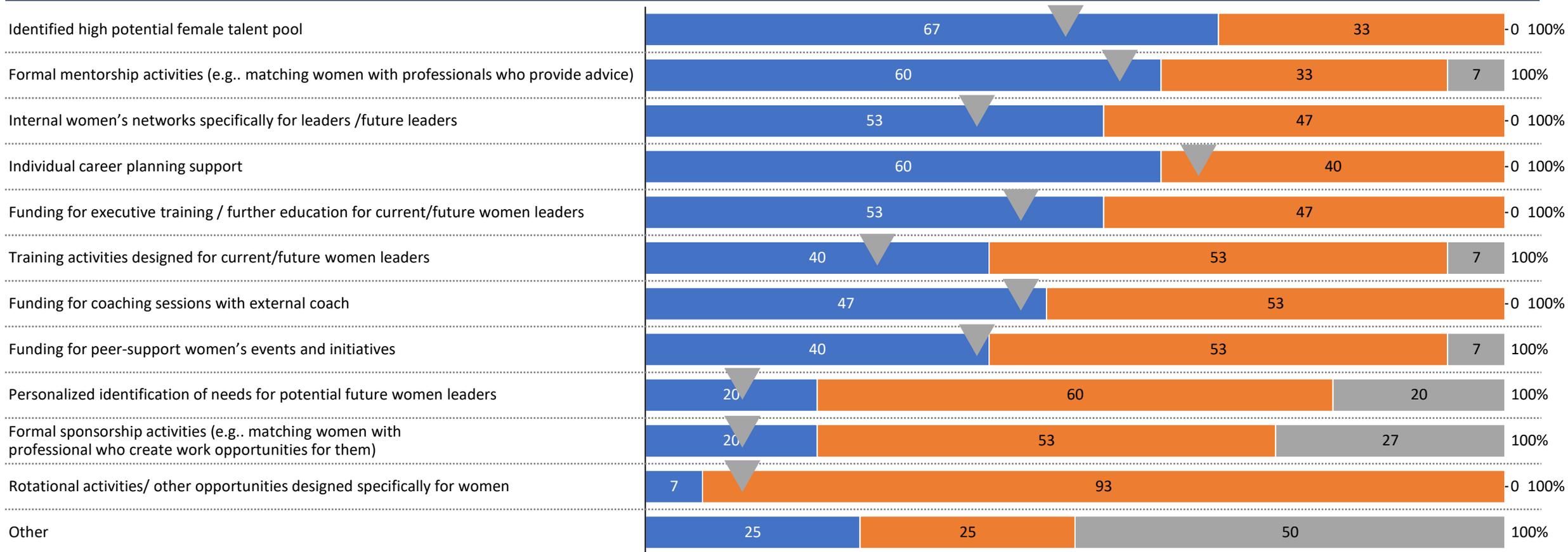


Gender specific talent development activities



■ Current practice
 ■ Not offered
 ■ Don't know
 ▼ 2015 results

What types of gender specific talent development activities does your organization offer for women or do you plan to incorporate in the next year?, Percent %

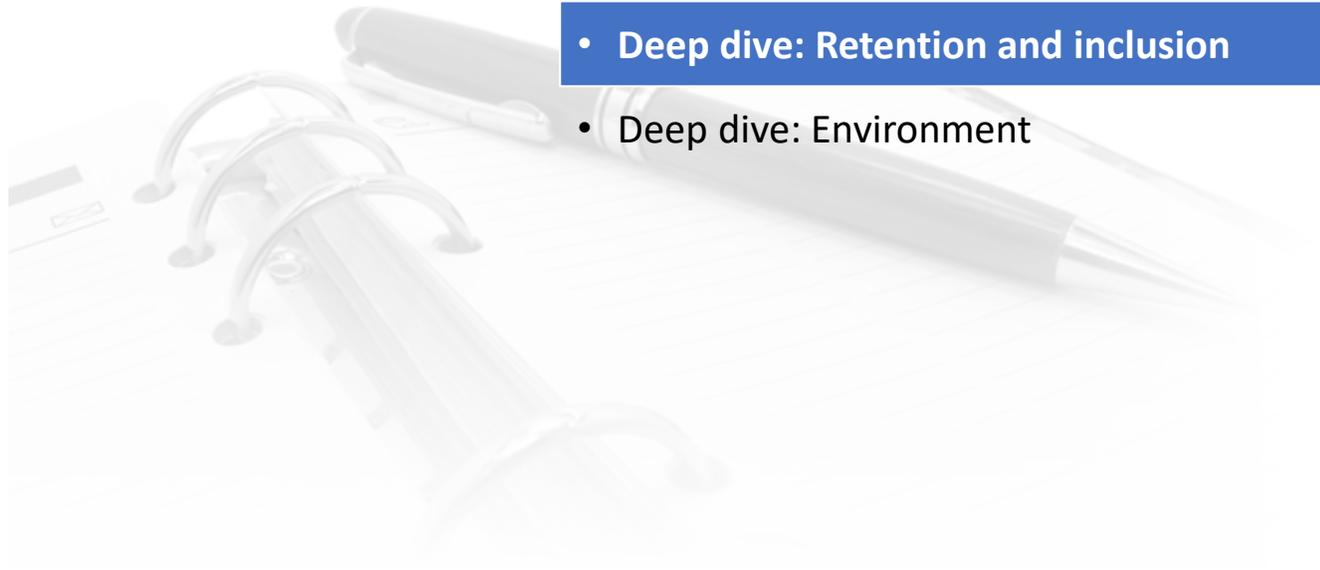


1. Mentorship includes matching women with professionals who provide advice
2. Sponsorship matching women with professional who create work opportunities for them

Contents



- Deep dive: Tracking
- Deep dive: Recruiting
- Deep dive: Performance and promotion
- **Deep dive: Retention and inclusion**
- Deep dive: Environment

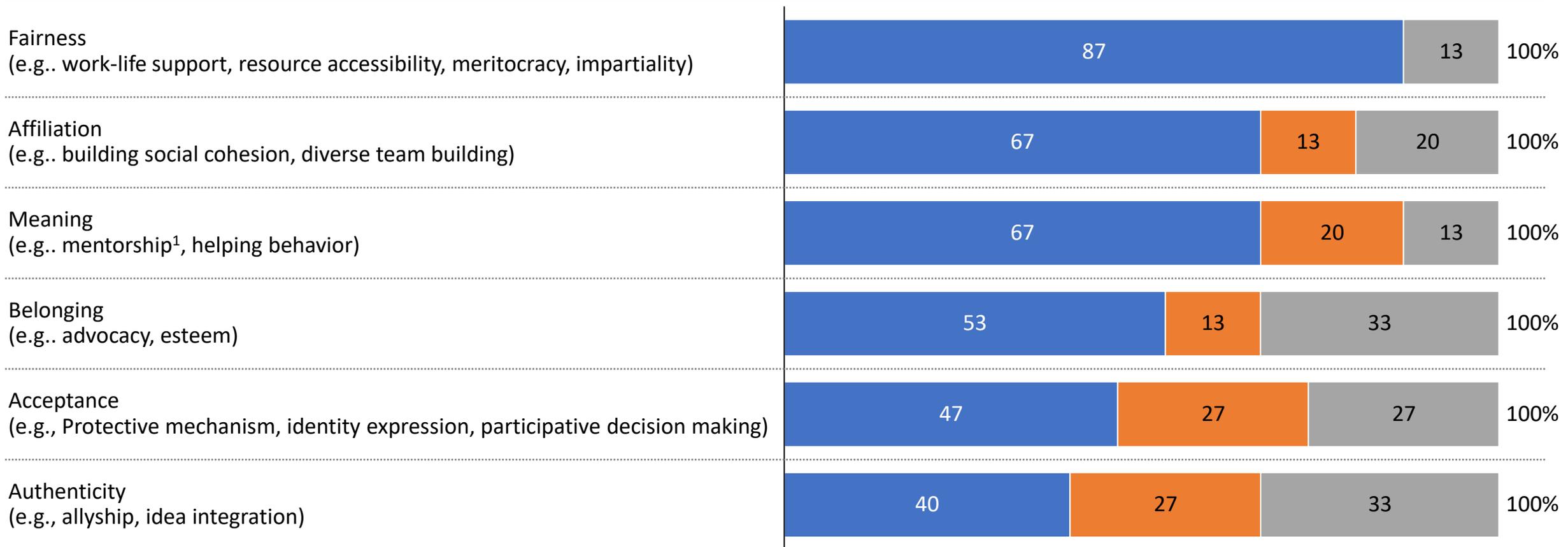


Inclusion measures



■ Active measures in place ■ No measures in place ■ Don't know

Which of the following Inclusion measures does your company take to make diverse talent feel they can be themselves to enable them to be their true best?,
Percent %



1. Mentorship includes matching women with professionals who provide advice; Sponsorship matching women with professional who create work opportunities for them

Most effective and ineffective gender equality measures



What are some examples of the most effective practices regarding gender equality in your organization overall?

- Both maternity and paternity leave
- Flexible home-work and scheduling
- Transparency on female share development in different org units across the organization
- Female mentoring initiatives
- Awareness through communication
- Sponsorship by high-level executives
- Compensation analyses and performance management
- Inclusive hiring guidelines
- Setting of non-financial gender target
- Inclusion of gender goals as part of annual ESG goals with a direct link to the bonus
- Unconscious bias trainings
- Gender pay gap reporting

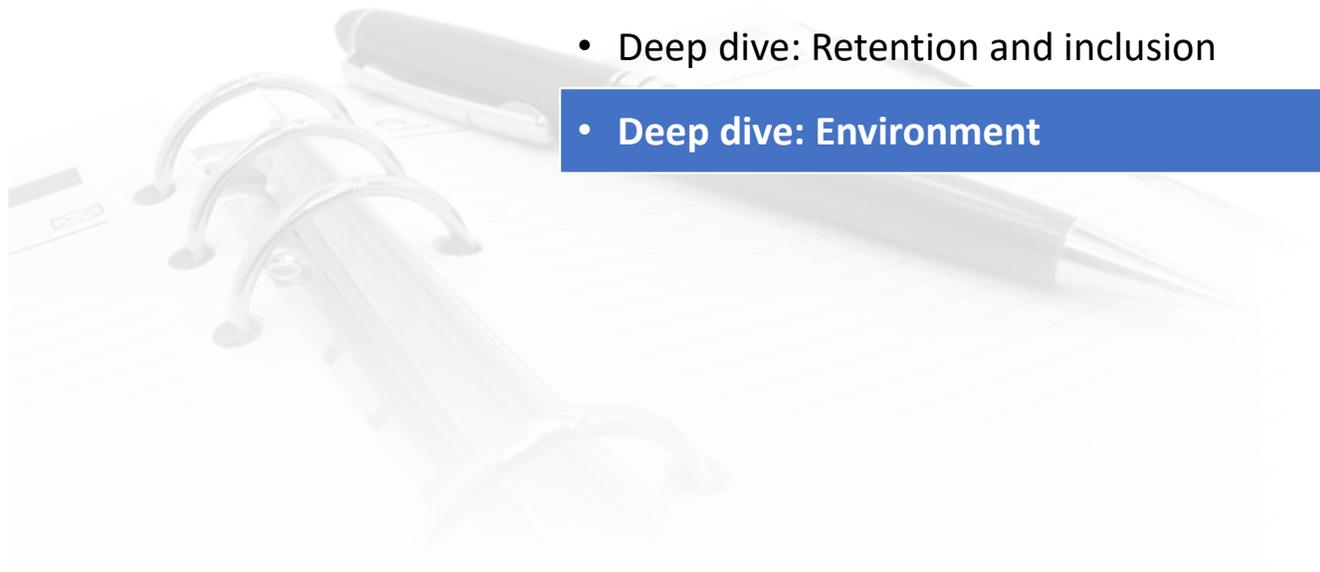
What are some examples of the most ineffective practices regarding gender equality in your organization overall?

- Selection panels with traditional composition
- Fixed presence hours in departments
- Ineffective unconscious bias trainings

Contents



- Deep dive: Tracking
- Deep dive: Recruiting
- Deep dive: Performance and promotion
- Deep dive: Retention and inclusion
- **Deep dive: Environment**

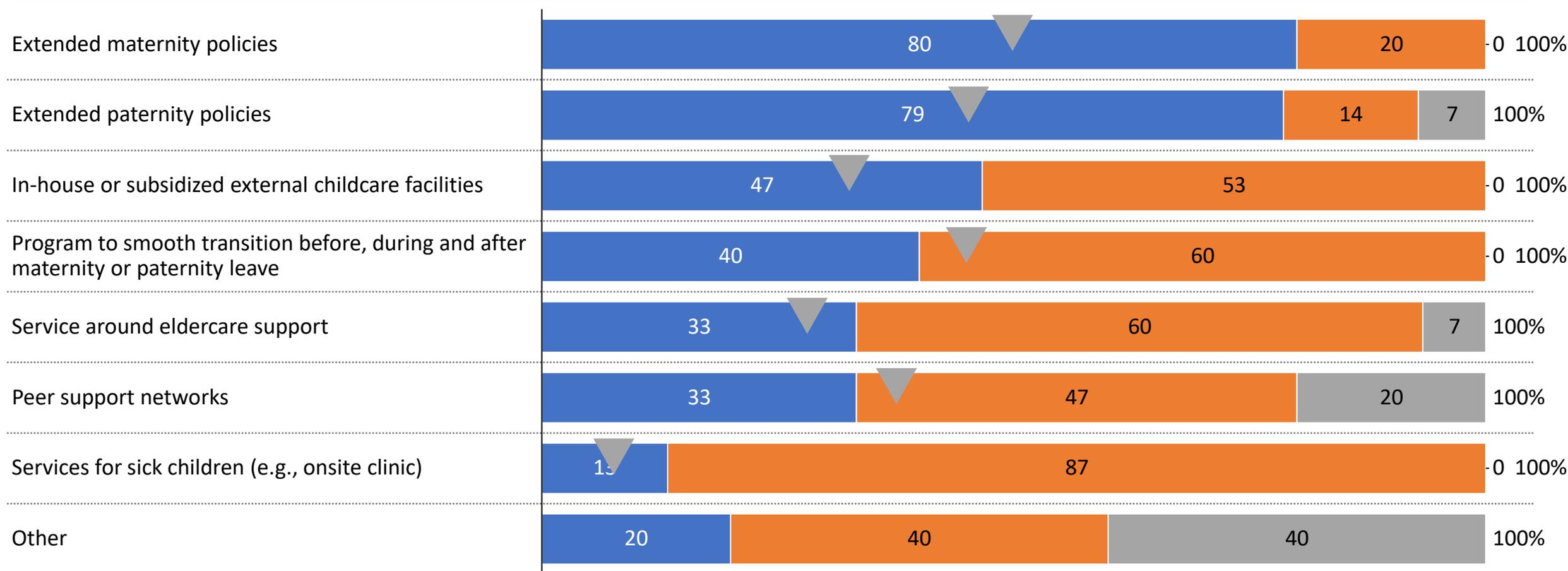


Family care need offerings



■ Current practice
 ■ Not offered
 ■ Don't know
 ▼ 2015 results

Which of the following activities does your organization offer for employees who have family care needs?, Percent %

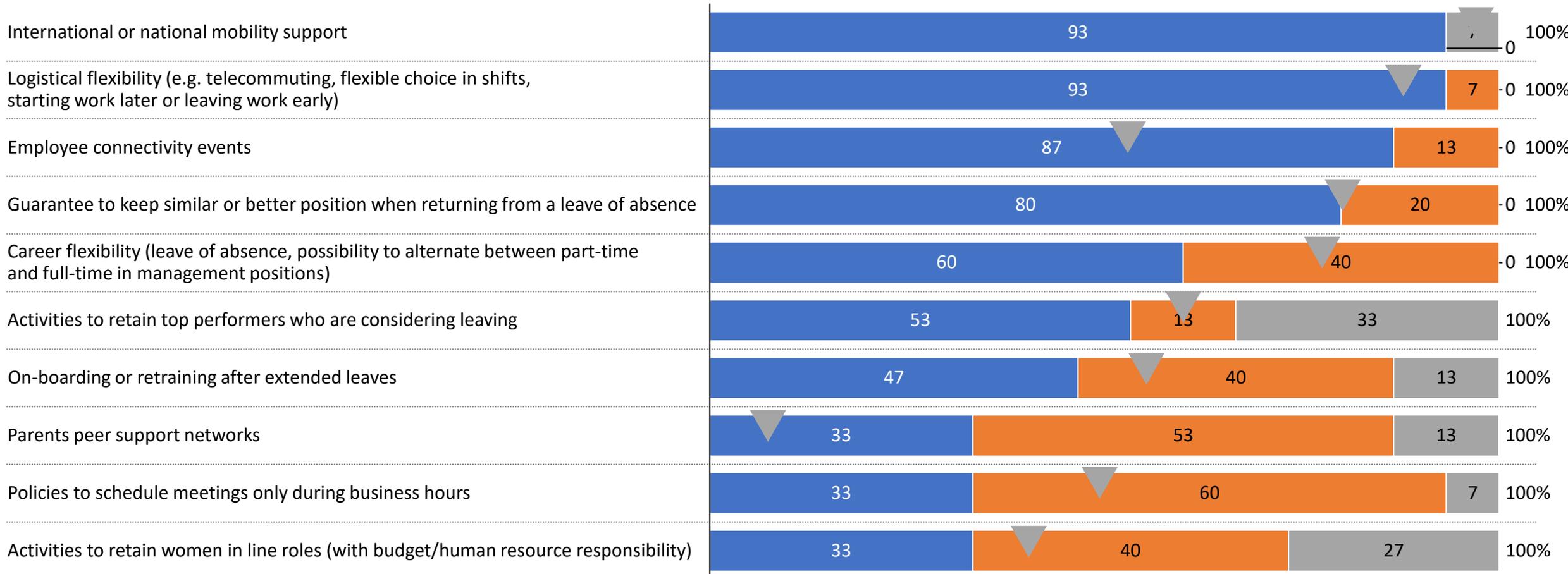


Other activities offered



■ Currently offered
 ■ Not offered
 ■ Don't know
 ▼ 2015 results

Which of the following activities does your organization offer or do you plan to incorporate in the next year for employees?, Percent

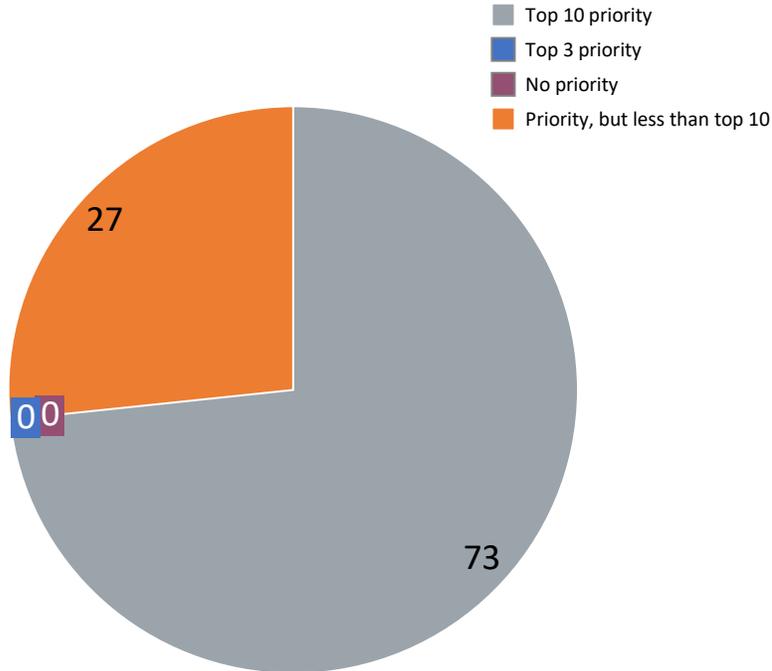


Priority of gender equality



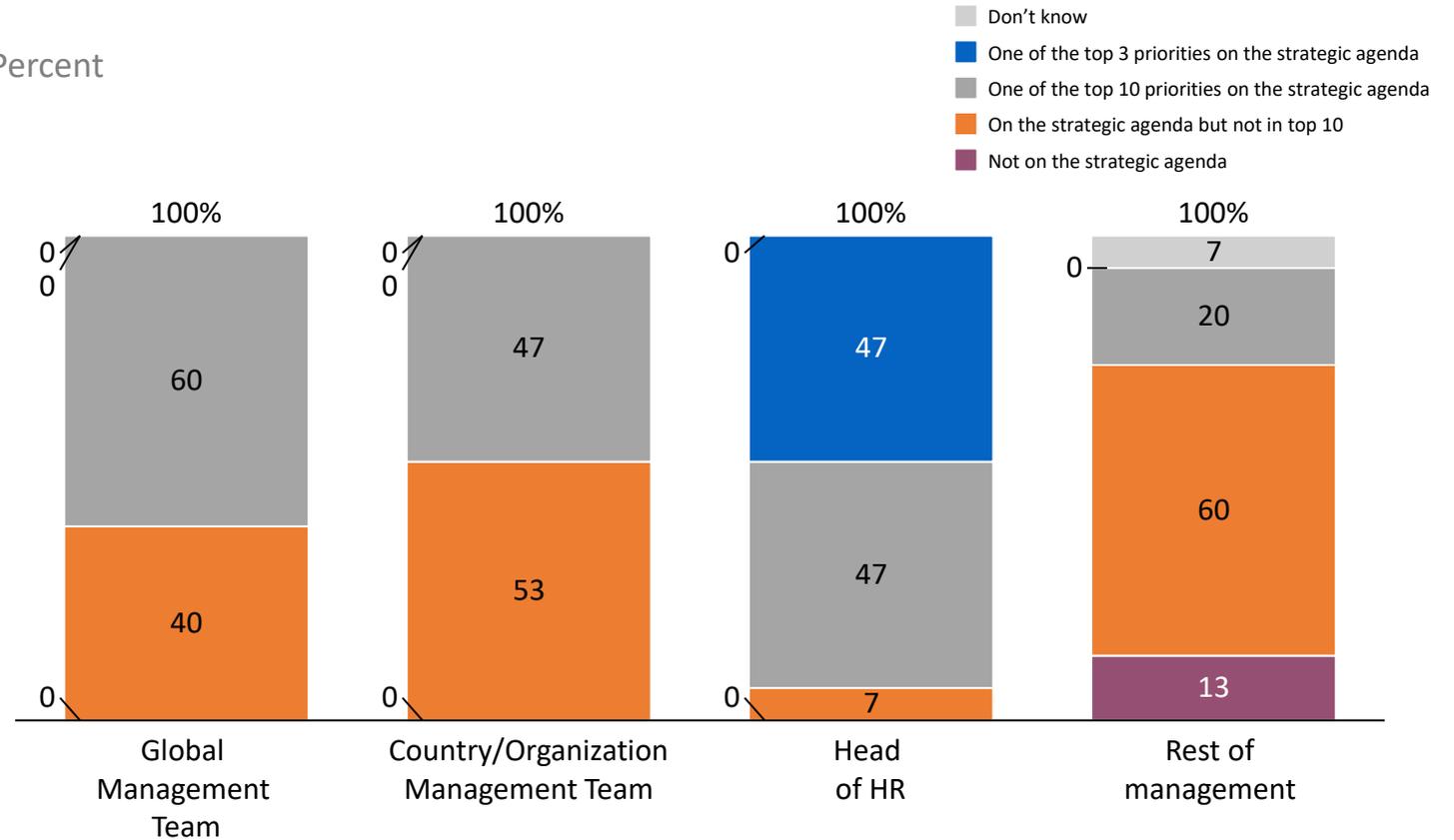
What priority does gender equality have for your company?

Percent



Where does gender equality rank on the strategic agenda for each of the following hierarchies in your organization?

Percent

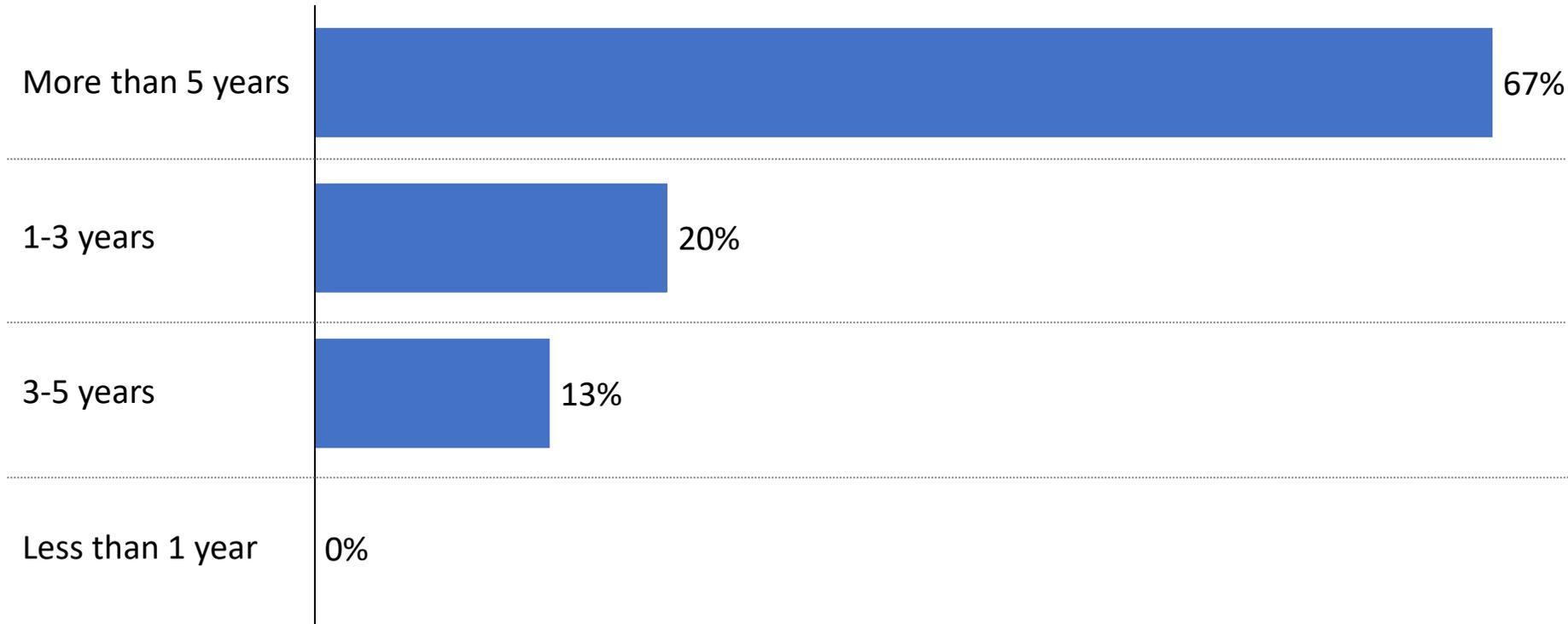


Duration of gender equality on strategic agenda



How long has gender equality been on your global organization manager's agenda?

Percent



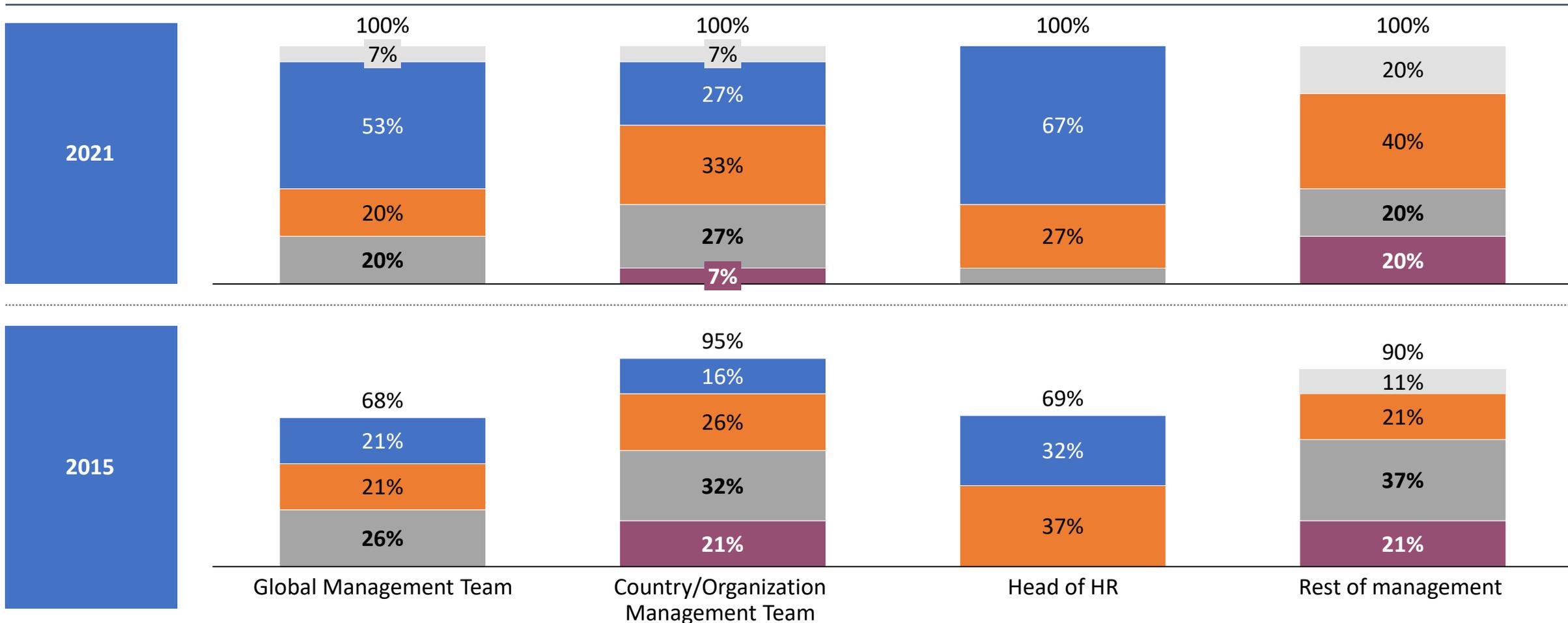
Among survey participants, no correlation has been found between duration of gender equality on strategic priority and female share

Communication of gender equality actions



Don't know
 Actions to foster gender equality and communication of results
 Committed and actions in place, no communication around it
 Committed – but no specific actions
 Not committed

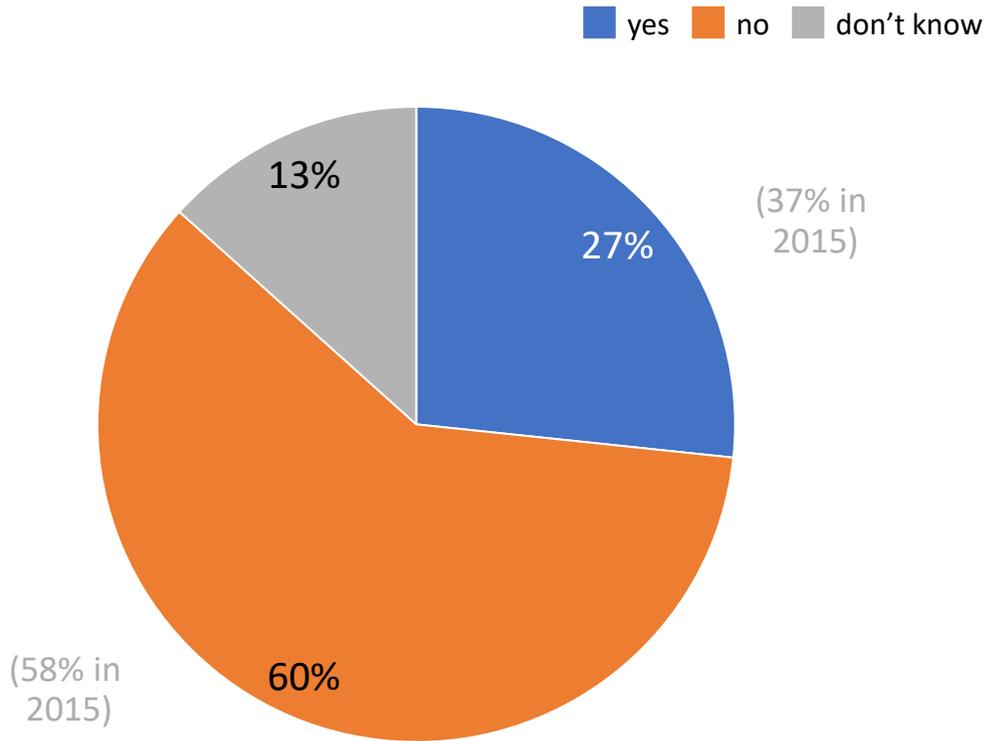
How visibly committed to gender equality are each of the following people in your organization?, Percent



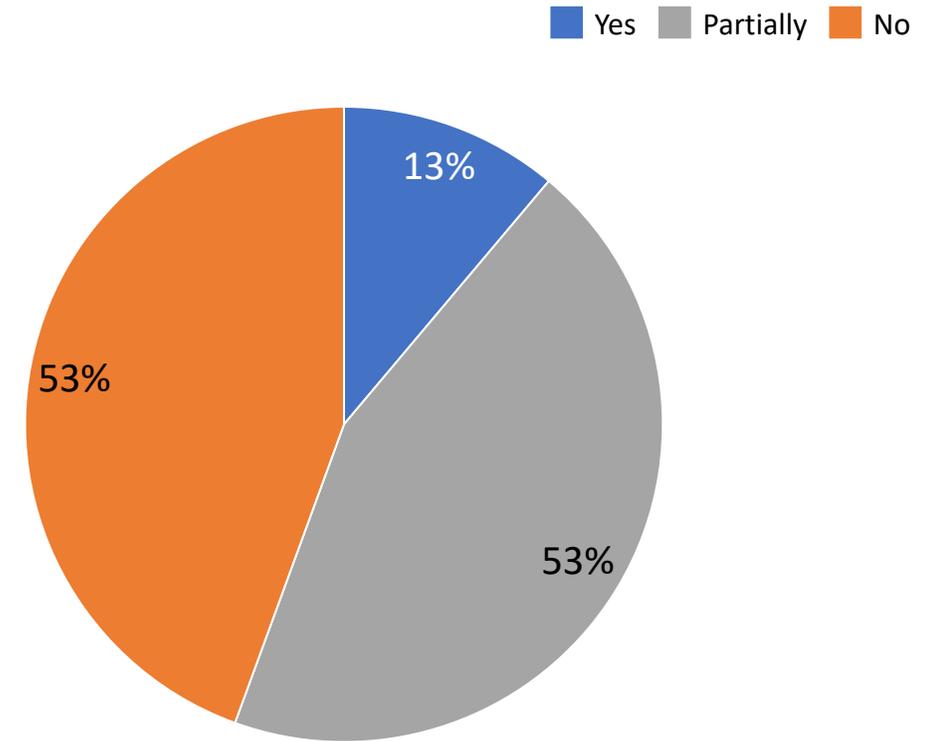
Business case and common language



Has your organization developed a business case for gender equality?, Percent



Has your organization developed a common language to improve diversity & inclusion?, Percent



Gender equality trainings



Which of the following gender equality training activities does your organization currently offer for which level?

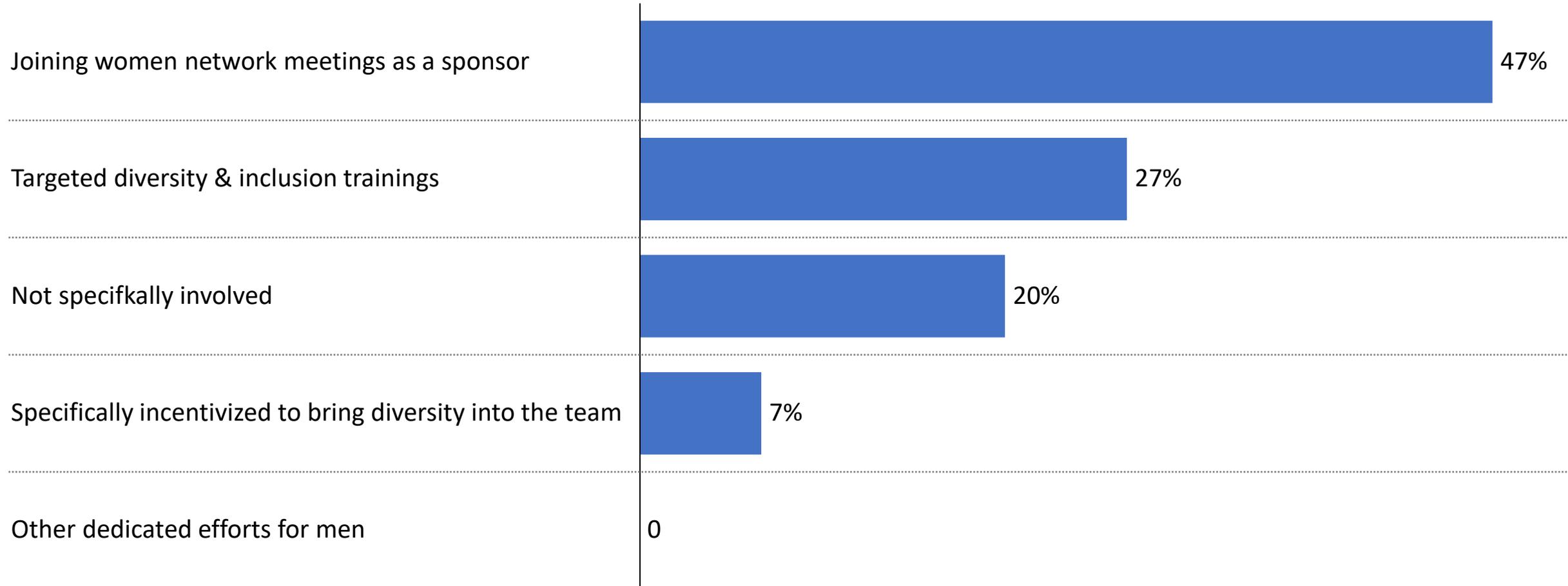
Percent

	Building awareness of gender equality issues and policies	Building skills and capabilities to address gender quality	Identifying and changing mindset and behaviors	Anti-harrassment/ anti-discrimination training
Country / Organization Management	73%	47%	80%	93%
EPCA overall – Managers	67%	40%	73%	93%
Employees (Non-Management)	47%	33%	60%	80%
None	20%	40%	7%	0%

Involvement of men



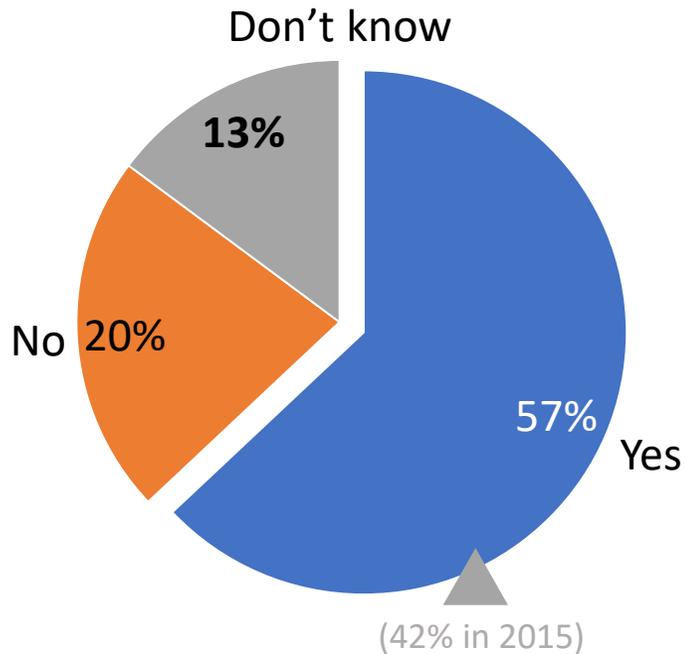
How are men typically involved in your diversity and inclusion efforts? (multiple answers allowed), %



Gender equality goals



Does your organization have stated gender equality goals?



What are your organization's gender equality goals? - Examples

- **Vision** - All employees to be given equal opportunities for the development of skills, new challenges, and promotion irrespective of gender, ethnicity, race, religion, age, sexual orientation, disability, or culture
- **Targets**
 - 20% of senior management by 2023
 - 30-50% of women in leadership positions until 2030
 - Achieve gender parity in recruitment