Subject: EDGE Gender Pay Gap Analysis Method

I have performed a review of the EDGE Gender Pay Gap Analysis Method, as described in the EDGE Unexplained Gender Pay Gap (UGPG) Analysis Methodology and the Unexplained Gender Pay Gap (UGPG) Analysis Certification Body Verification Requirements, in order to establish its scientific robustness and alignment with legal requirements in terms of gender pay equity in Switzerland, as set out by the “Federal Law on Gender Equality” dated 24th of March 1995 with its further amendments and the “Executive Order for the Audit of the Gender Pay Gap Analyses” dated 21st of August 2019.

The review revealed that:

1. The method compliant analysis uses a **linear regression model using Ordinary Least Squares**.

2. It needs to be applied to cover **all employees** in an organization.

3. It covers both ‘Salary’ (base salary) and ‘Pay’ (base salary plus bonuses and other cash benefits) as the dependent variables, the latter taking into account every component of the remuneration paid to employees.

4. The definitions of base salary and bonuses follows **regulatory/legislative criteria** for inclusion/exclusion and categorization of base pay & bonuses/benefits for relevant jurisdiction of the organization using it.

5. It measures salary and pay (as defined above) against the following explanatory variables which are all objective and non-discriminatory by nature:
   - variables related to the **personal characteristics** of the employee: tenure, age, performance rating (optional); and
   - variables related to the **type of job** of the employee: responsibility of the role, type of performed function, level of responsibility.
6. As the variables used in the analysis include factors related to personal characteristics and the type of job, the EDGE Gender Pay Gap Analysis Method is a computational tool that can provide statistically robust results to reveal whether an organization has any unexplained gender pay gap, i.e. a pay gap which cannot be explained by the factors incorporated in the model.

7. While it allows for customized regression analysis measuring salary and pay (as defined above) against explanatory variables (also defined above) and additional variables defined by the organization in line with the organization’s compensation and benefits structure, it expressly excludes any discriminatory variables, such as race, nationality or part-time, or any other variables that are not strictly related to the skills and/or competencies of the employee, or the nature of the job.

8. It provides for differentiated thresholds in terms of the unexplained gender pay gap to be met based on the number of explanatory variables used. For the EDGE standard regression analysis, the unexplained gender pay gap should fall between +5% or -5%. In the case of a customized regression analysis, these tolerance thresholds are reduced.

I therefore conclude that the EDGE Gender Pay Gap Analysis Method is a scientific, legally compliant method to investigate gender pay equity in the workplace in Switzerland.

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