Measuring Diversity in the Biotech Industry

Tracking Progress in Small and Large Companies

Bio Biotechnology Innovation Organization

COQUAL

Table of Contents

Over the past year, the biotechnology industry has built upon the commitments of the BIOEquality Agenda to counteract systemic inequality and provide more people with greater opportunities across our sector.

Since last year's report, BIO hosted our first Clinical Trial Diversity Summit and launched a new website, Clinical Trials: The Power of Participation (CTPoP), which provides patients, families, clinicians, and others with scientifically sound resources on clinical trials. We also launched the Forum for Diversity in Biotech and STEM, a LinkedIn page to connect companies and promising talent, to ensure that the biotech workforce hires and promotes the best talent available. And we expanded our relationships with established professional organizations, such as Out Leadership, I Am a Scientist, and Women In Bio.

This third annual report, *Measuring Diversity in the Biotech Industry: Tracking Progress in Small and Large Companies*, shows how companies are making progress while also demonstrating where more work is needed. For instance, women now comprise 49 percent of total sector employees, compared to 47 percent in 2020 and 45 percent in 2019. Yet as we approach gender parity in overall employment, we must continue to attain more women and underrepresented groups in leadership roles, such as executives, CEOs, and board members. This advancement is critical, as our leaders shape the policies and initiatives that sustain our workforce and ultimately drive change and innovation across our industry.

As the world's largest biotechnology advocacy organization, BIO is committed to ensuring that all people in our society are able to participate in—and benefit from—our industry's amazing efforts to cure patients, protect our climate, and nourish humanity. We are also committed to ensuring that our workforce reflects those we serve. It's a responsibility that I don't take lightly, and one that will help determine the welfare and opportunities for underserved and underrepresented people everywhere.

Thank you for reading and learning from this report. And thank you for joining with BIO to advance equity, diversity, and inclusion in our industry.

Sincerely,

Dr. Michelle McMurry-Heath

In 2019, BIO and Coqual (formerly known as Center for Talent Innovation) partnered to create *Measuring Diversity in the Biotech Industry: Building an Inclusive Workforce*, a first-of-its-kind overview of diversity, equity and inclusion (DEI) in the biotechnology industry. Now in its third year, this work continues to provide valuable and nuanced insight into a critical component of the professional workforce. It has progressed and will continue to do so as leaders, employees, and markets alike strive to further equity within our industry.

The research in this report comes from a survey written by Coqual in partnership with BIO. The survey was informed by a literature review of existing DEI industry studies, as well as findings from previous years' reports. The survey was conducted online by Coqual from November 2021 to January 2022, with 99 respondents. Please note that though respondents had until January 2022 to complete the survey, we will refer to the results as the 2021 sample, data, etc. for ease of comparison and comprehension. Each respondent was from a separate BIO member company and completed the survey as a representative of their company.

Respondents included in this year's sample for analysis answered at least 50% of the questions they were shown, excluding questions on demographic representation.

The overall composition of the 2021 sample includes more smaller and newer organizations than in 2019 and 2020, and much of this report is focused on providing insight into the different challenges that affect organizations based on size. Frequently, where available, data for small and large companies in 2021 were compared to small and large company data from 2020.

This year's sample size allowed us to revisit most of the topics covered in previous reports. Similar to the 2020 survey, only respondents who indicated they officially collect Board demographic information could answer Board demographic questions. This sustained, more-rigorous data collection approach was applied to prevent survey respondents from providing data on gender, race/ethnicity, and LGBTQ identity of their Board members that is not self-reported—but unfortunately also prevented us from garnering sufficient response to analyze the data. We again endeavored to explore several areas of interest, such as LGBTQ representation and partnerships with women-owned and/or minority-owned suppliers but did not have sufficiently high response rates to these questions.

This year, we asked participants to share their thoughts and ideas about how BIO as an organization can provide support to companies across the industry. That data can be found in the final section at the end of the report.

In the charts featured throughout, percentages may not always add up to 100 because of computer rounding or multiple responses from respondents. All charts only report sample size ("n") for our 2021 data. For the purposes of this report, the terms "organization" and "company" are used interchangeably to represent survey respondents.

Acknowledgements

BIO would like to thank the research team at Coqual, a critical expert and partner for this report, as well as staff members who contributed to the distribution of the survey, writing, and design of the report. We are grateful to the committed leaders in the industry who serve on BIO's board-level Workforce Development, Diversity, and Inclusion (WDDI) Committee.

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In 2021, BIO partnered for the third consecutive year with Coqual, an industry-leading think tank devoted to diversity, equity, and inclusion in the workplace, to investigate the state of DEI in the biotechnology industry.

This report analyzes the findings from a voluntary survey of 99 BIO member companies fielded from November 2021 to January 2022, including representation data, current DEI approaches and initiatives, and shifts from previous reports.

Key findings include:

- **Business remained strong:** In 2021 companies and industries around the world continued to deal with the effects and repercussions of the ongoing COVID-19 pandemic. The biotech industry was able to remain stable through these continued unprecedented times—78% of the companies in the sample for this report stayed the same size (as measured by number of employees), 19% of companies grew, and only 3% of companies shrank.

- **Mixed results in representation:** The story around representation at the employee and executive level continued to be similar to that in last year's report—there was some improvement in gender representation, but less progress in representation by race/ethnicity.

  - **Gender:** Gender representation of employees in this year's sample nearly reached parity—companies reported that 49% of their total employees are women and 51% are men. However, we continue to see that the representation of women decreases at higher levels of an organization—only 34% of executive teams and 20% of CEOs were reported to be women. Of the companies that completed the survey this year, eight out of ten indicated minimal change (<5%) in the number of women employees, however nearly four in ten indicated a 5% or more increase in the number of women executives (including almost one-quarter indicating a 15% or more increase in women executives). Representation of non-binary professionals remained negligible, as many organizations do not yet collect data about employees who identify outside of the gender binary of men and women.

  - **Race/ethnicity:** Representation for employees of color continues to be an area of needed focus, a trend identified in both previous reports. In the 2021 sample, people of color made up 38% of all employees, but only 24% of executive teams and 28% of CEOs. However, there was meaningful growth when looking within the companies in the 2021 sample—more than four in ten increased representation of executives of color by more than 5%, including 19% that increased representation of executives of color by more than 15%. The majority of the remaining companies had little change in representation of executives of color, and only 4% saw any decrease at all.

- **Maintaining progress on data collection, with continued opportunity:** The number of companies that collect any demographic data remained steady at 75% in 2021, after the large jump from 51% in 2019 to 77% in 2020. The biggest gain was in the percentage of organizations that collect data on LGBTQ identity, more than doubling from 2020 to 2021 (10% to 21%). As in previous years, because few organizations formally collect demographic data from their board members, this year's data did not have enough sample to evaluate gender or race and ethnicity representation at the Board level.

- **Need to increase focus on taking action to attract, hire, and promote key talent:** Almost all organizations (nearly eight out of ten) indicate that attracting, recruiting, and promoting

diverse talent are priorities of their DEI program. However, tactics that would help advance these goals are being used less broadly. For example, career fairs and conferences targeting women and people of color are used to recruit by less than one-third of organizations, and less than one-fifth of companies have set goals to promote/develop women and people of color.

■ **Notable differences between small and large organizations:** In this year's analysis, we focused more deeply on the differences between large and small organizations' DEI efforts. More small organizations (i.e., those with 100 or fewer employees) participated in this year's survey vs. previous years, giving us an opportunity to better understand how size affects the way organizations invest in, communicate about, and prioritize DEI. In terms of overall resourcing, perhaps unsurprisingly, all large organization respondents indicated having HR staff (double vs. small organizations), and the vast majority (more than eight out of ten) of large organizations have DEI programming (as compared to two out of ten small organizations).

- **Small organizations have an opportunity to increase their commitment to DEI:** Four out of ten small companies have a stated goal to create an inclusive environment, and 37% have a public commitment to diversity. While many aspects of DEI may require increased resourcing, making such DEI commitments are an opportunity for small companies to make quick, visible progress and signal priorities to the market.

- **Large organizations set DEI commitments but can make progress on accountability:** Most large companies have an expressed commitment to DEI. Eight out of ten say DEI is one of their organization's stated values, and eight out of ten also have a stated goal to create an inclusive environment and say

their organization has a public commitment to diversity. However, this does not yet consistently result in DEI accountability. Only 15% of large organizations consider workforce diversity in leader evaluations, and DEI metrics impact performance evaluations and/or compensation for leaders in only 23% of organizations.

■ **Continued implementation across a variety of DEI initiatives:** Companies in this year's sample again executed on a range of initiatives to support their DEI efforts. Perhaps unsurprisingly, larger organizations, which have more resources and infrastructure, are more likely than smaller companies to have such initiatives in place. However, employees can experience exclusion and marginalization from managers and colleagues regardless of company size; and in the biotech industry, where growth can happen quickly, those organizations which have not begun to seed DEI approaches risk magnifying inequities with such growth, as well as losing talent to other organizations.

- **Large organizations should focus on sustaining and growing existing DEI efforts:** While companies with 100 or more employees engage in DEI efforts at rates significantly higher than their smaller counterparts, significant areas of opportunity still remain. For example, only 32% of large employers require diverse slates for senior positions and only 28% have sponsorship programs.

- **Small organizations should focus on making progress on prioritized DEI initiatives and setting up Employee Resource Groups (ERGs):** Small organizations not only lag behind large ones on nearly every metric when it comes to DEI initiatives, but also have low participation in a more absolute sense. For example, small companies rarely utilize DEI metrics to impact leader performance metrics (0%), train hiring managers on bias in recruiting (16%), or train employees on unconscious bias (22%). In terms of ERGs, as of 2021, fewer than one out of ten small organizations have them, compared to almost eight out of ten large organizations. Smaller companies can also focus on expanding the types of ERGs they offer—none of this year's small companies have ERGs for veterans, millennials, or parents, and only one out of four offer ERGs for LGBTQ individuals.

- **BIO as a DEI thought leader and resource:** When companies were asked about the support they'd like to get from BIO, more than half indicated they wanted BIO to provide best practices for DEI efforts across the industry so they can understand how best to drive DEI efforts within their organizations. The second-most-common request was for education on organizational approaches to DEI. BIO is committed to providing support to organizations as they continue to pursue DEI goals and initiatives.
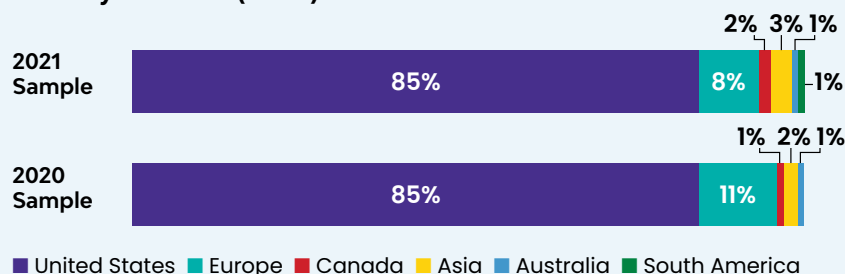
In 2021, survey respondents were again drawn from BIO's diverse community of member companies.

The companies surveyed are headquartered across the globe, including the United States, Europe, Asia, Australia, Canada, and, new in the 2021 sample, South America. Among the 85% of companies headquartered in the U.S., California continued its dominance as a center of industry, while the number of Midwest-based companies declined by more than half (from 13% in 2020 to 4% in 2021) **(Fig. 1a)**. Like last year, nearly half (45%) of companies have international reach, operating beyond the country where they are headquartered **(Fig. 1a)**.
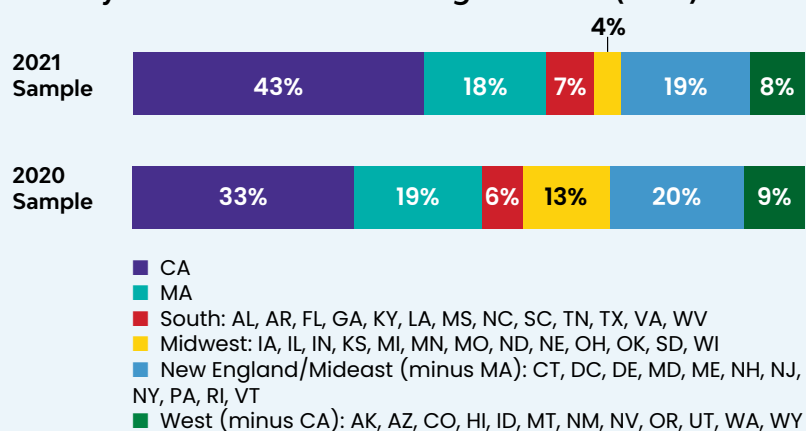
Biopharma is again the focus of most (86%) organizations sampled, with only 3% of organizations representing Agriculture or Environment industries. The number of organizations that selected "Other" as their focus nearly tripled, from 4% in 2020 and 2019 to more than one in ten (11%) companies this year. "Other" focus areas included Industrial Chemicals and Digital Genome Engineering.

Figure 1a. Location and scope of operations of respondent companies

Primary location (n=99)

2021 Sample: United States 85%, Europe 8%, Canada 2%, Asia 3%, Australia 1%, South America 1%

2020 Sample: United States 85%, Europe 11%, Canada 1%, Asia 2%, Australia 1%

Legend: ■ United States ■ Europe ■ Canada ■ Asia ■ Australia ■ South America

Primary location for US-based organizations (n=83)

2021 Sample: CA 43%, MA 18%, South 7%, Midwest 4%, New England/Mideast 19%, West 8%

2020 Sample: CA 33%, MA 19%, South 6%, Midwest 13%, New England/Mideast 20%, West 9%

Legend:
- ■ CA
- ■ MA
- ■ South: AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, TX, VA, WV
- ■ Midwest: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, OK, SD, WI
- ■ New England/Mideast (minus MA): CT, DC, DE, MD, ME, NH, NJ, NY, PA, RI, VT
- ■ West (minus CA): AK, AZ, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY

Scope of operations (n=99)

2021 Sample: Domestic 55%, Multinational 45%

2020 Sample: Domestic 53%, Multinational 47%

Legend: ■ Domestic ■ Multinational

The companies in this year's sample range in size but continue to demonstrate resilience in an uncertain economy. Nearly one in five (18%) companies have fewer than 10 employees, and more than half have 100 or fewer employees **(Fig. 1b)**. Large companies—those with more than 100 employees—make up 43% of the sample **(Fig. 1b)**. Throughout this report, for the purposes of comparison, we will refer to companies with more than 100 employees as "large" and those with 100 or fewer employees as "small."

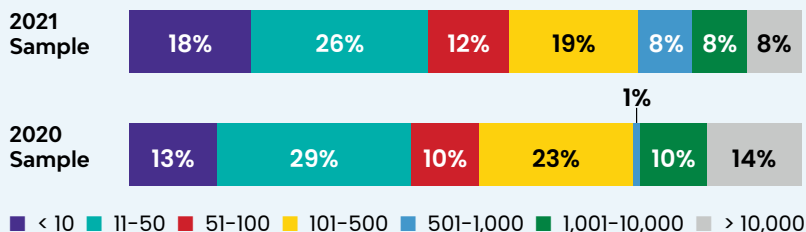The vast majority of BIO companies sampled remained stable in size. While fewer companies grew than last year (26% of organizations in 2020 vs 19% in 2021), 78% of participating organizations remained the same size **(Fig. 1b)**.

Figure 1b. Size of respondent companies

Number of employees (n=99)

| 2021 Sample | 18% | 26% | 12% | 19% | 8% | 8% | 8% |
| 2020 Sample | 13% | 29% | 10% | 23% | 10% | | 14% |

1%

■ < 10 ■ 11–50 ■ 51–100 ■ 101–500 ■ 501–1,000 ■ 1,001–10,000 ■ > 10,000

Change in number of employees from 2020 to 2021 (n=98)

19%

3%

78%

■ Companies that stayed the same size
■ Companies that grew
■ Companies that shrank
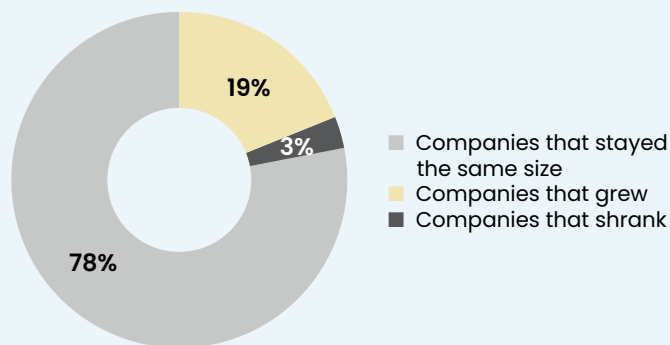
The 2021 sample includes the same distribution of publicly (55%) vs. privately (45%) held companies compared to last year **(Fig. 1c)**. More than half (55%) of companies were pre-revenue at the time of the survey (vs. 44% in 2020) **(Fig. 1c)**. Of the 45% of post-revenue companies sampled, 13% claimed $2 billion or more in total revenue, a slight decline from 20% in the 2020 sample **(Fig. 1c)**.
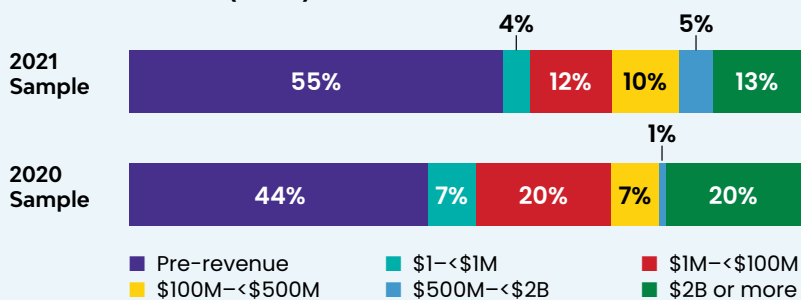
Close to half (46%) of the sample reported a total market cap between $10 million and $300 million. Almost a quarter (24%) of companies have market caps for more than $2 billion **(Fig. 1c)**.

Figure 1c. Financial profiles of respondent companies

Annual revenue (n=98)

2021 Sample	55%		12%	10%	4%	13%
2020 Sample	44%	7%	20%	7%	1%	20%

- ■ Pre-revenue
- ■ $1–<$1M
- ■ $1M–<$100M
- ■ $100M–<$500M
- ■ $500M–<$2B
- ■ $2B or more

Market cap (n=91)

2021 Sample	14%	46%	15%	10%	14%
2020 Sample	15%	38%	17%	10%	20%

- ■ Less than $10M
- ■ $10M–<$300M
- ■ $300M–<$2B
- ■ $2B–<$10B
- ■ $10B or more

Holding (n=99)

45% 55% — **2021 Sample**

45% 55% — **2020 Sample**

- ■ Private
- ■ Public
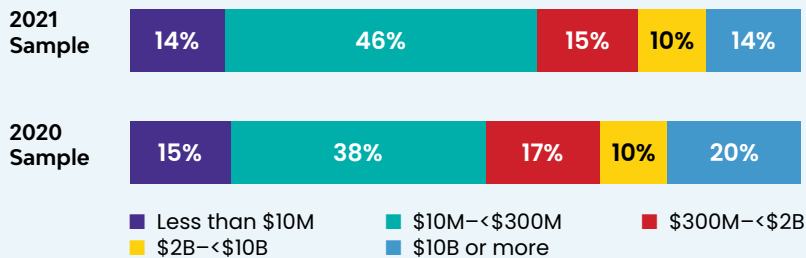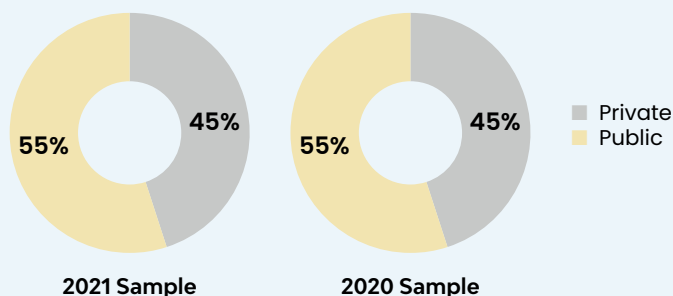
This year marked some movement in company age. Last year, the first year we asked companies to report their age, the majority of organizations (60%) were founded before 2010 **(Fig. 1d)**. This year, companies skewed younger: only 42% were founded before 2010, and 58% are 11 years old or younger **(Fig.1d)**. This year's sample also included more newer companies, as 6% were founded between 2020 and 2021.

Figure 1d. Age of respondent companies

Founding year (n=99)

2021 Sample	25%	17%	27%	24%	6%
2020 Sample	28%	32%	22%	16%	1%

- ■ 1999 and earlier
- ■ 2000–2009
- ■ 2010–2014
- ■ 2015–2018
- ■ 2019–2021
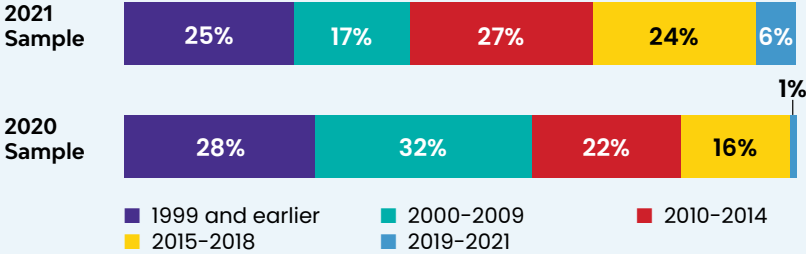
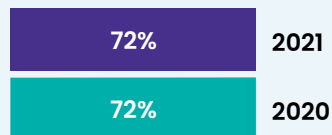Between 2019, the first year we fielded this survey, and 2021, DEI emerged as a priority for the biotechnology industry, as it did for so many industries reckoning with the emergence of COVID-19 and changing racial consciousness in the U.S. and around the globe. Though, changes in the data between 2020 and 2021 were less dramatic than the changes between 2019 and 2020—but DEI and HR have remained an area of increased focus.
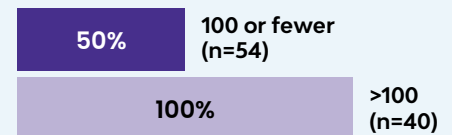
Organizations this year have dedicated HR staff and DEI programming at similar rates to last year: 72% of companies have a dedicated HR staff and 48% of companies have a DEI program, compared to 72% and 45%, respectively, in 2020 **(Fig. 2 and Fig. 3)**.

Figure 2. Organizations with HR staff

All respondents (n=99)

72%	2021
72%	2020

By number of employees (2021)

50%	100 or fewer (n=54)
100%	>100 (n=40)

By Holding (2021)

42%	Private (n=45)
96%	Public (n=54)

By Revenue (2021)

59%	Pre-Revenue (n=54)
89%	Post-Revenue (n=45)
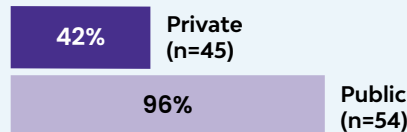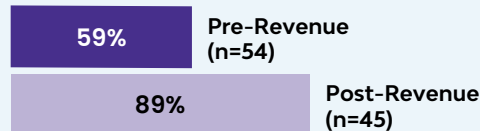
One small company, when asked *Please describe the program(s) you believe have had the greatest impact on diversity, equity, and inclusion in your organization* reported:

"We are a small organization with the HR function only formally established mid-2021. [DEI] will be a critical focus area in 2022."

In keeping with last year's findings, well-resourced companies—those that are larger, publicly held, and/or post-revenue—are far more likely to dedicate resources to HR and DEI as compared to those who are not as well-resourced.

Every single (100%) large company in our sample has a dedicated HR staff, compared to only half (50%) of companies with 100 or fewer employees **(Fig. 2)**. Publicly held companies are m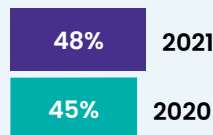ore than twice as likely to have a dedicated HR staff than privately held companies (96% vs 42%) **(Fig. 2)**. While 89% of post-revenue companies have dedicated HR staff, only 59% of companies that are pre-revenue say the same **(Fig. 2)**.

The gulf between well-resourced companies and their smaller, pre-revenue, privately-held peers is even greater when it comes to DEI programs. Large companies are more than four times as likely as small companies to have DEI programming (86% vs 18%) **(Fig. 3)**. Post-revenue companies are more than twice as likely as pre-revenue companies (73% vs 28%) to have DEI programming and publicly held companies are three and a half times as likely as privately held companies (70% vs 20%) to have such programming as well **(Fig. 3)**.

Companies with a dedicated HR staff are far more likely to have a DEI program compared to those without an HR staff (63% vs 7%, compared to 59% vs 11% in 2020) **(Fig. 3)**.

Figure 3. Organizations with DEI programming

All respondents (n=98)

48% 2021

45% 2020

By number of employees (2021)

18% 100 or fewer (n=54)

86% >100 (n=40)

By Holding (2021)

20% Private (n=44)

70% Public (n=54)

By Revenue (2021)

28% Pre-Revenue (n=54)

73% Post-Revenue (n=44)

By HR (2021)

63% Have HR (n=71)

7% No HR (n=28)
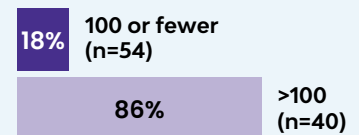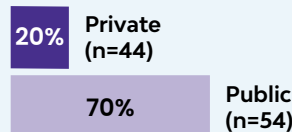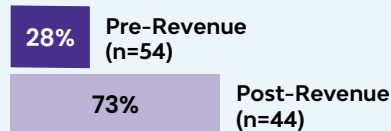
Diversity at all levels of the biotech industry is one key indicator of the success of DEI efforts. This year's findings reveal some gains, but suggest that the highest rungs remain the critical area of focus for greater gender and racial/ethnic diversity. This year we are able to report organization-level gender representation data from 36 companies, and executive-level data from 39 companies **(Fig. 4a)**, an increase from 21 and 22, respectively in 2020.

On average, 49% of total employees at the organizations surveyed are women **(Fig. 4a)**, a steady uptick from 45% in the 2019 sample and 47% in the 2020 sample. Representation of women in the executive ranks, while notably lower than representation overall, also continues to move in the right direction. More than one in three (34%) executives are women **(Fig. 4a)**, compared to 31% in last year's sample.

Unfortunately, gender diversity fell back a bit at the top of the house. Women are now at the helm of only one in five companies (20%) **(Fig. 4a)**; in the 2020 sample, closer to one in four CEOs (23%) were women. Like last year, sample size did not enable us to evaluate gender representation at the Board level.
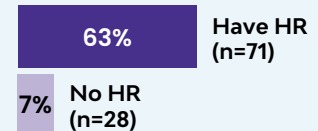
To better understand year-over-year change in the industry, we again asked respondents to share gender demographics for their organizations from two points: the time they took the survey (between November 2021 and January 2022) and at the start of the previous year, 2020.

Compared to our static findings, this method of analysis suggests that there continues to be progress made in the push for gender diversity, particularly when looking at the C-suite. This year

Figure 4a. Representation by gender (2021 data)

Total employees (n=36)

49%	51%

■ Women ■ Men ■ Non-binary/genderfluid ■ Not disclosed

Executive (n=39)

34%	66%

■ Women ■ Men ■ Non-binary/genderfluid ■ Not disclosed

CEO (n=84)

1% — 20% Women, 79% Men

■ Women ■ Men ■ Not disclosed
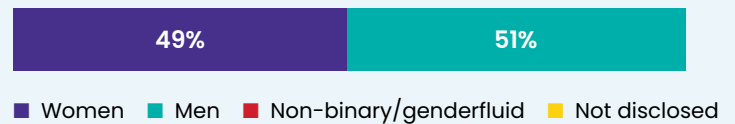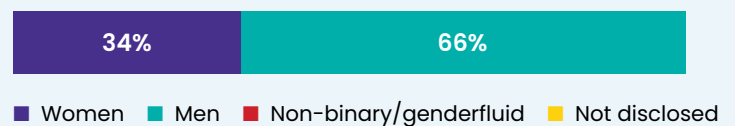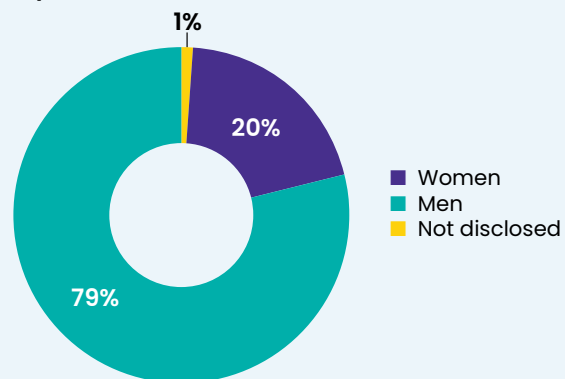
17% of companies indicated a 5% or more increase in the representation of women employees **(Fig. 4b)**, eighty percent reported minimal change in representation of women at the employee level **(Fig. 4b)**. Such slowing shifts may come to be expected as 49% of total employees were women in this year's sample **(Fig. 4a)**.

Regarding the upper rungs of the industry, gains in representation of executive women remained steady – 38% of companies increased such representation by at least 5% in 2021 **(Fig. 4b)**, including 22% that

increased it by more than 15% **(Fig 4b)**. However, in terms of attrition, almost one in four (24%) of companies sampled lost executive women, decreasing representation by more than 5% **(Fig. 4b)**. This is in stark contrast to last year's landscape, when no companies in the sample reported a decrease of greater than 5% of women at the Executive level. Increasing the gender diversity of senior ranks should continue to be a focus, as there is room for growth with only 34% of executives and 20% of CEOs identifying as women **(Fig. 4a)**. However, it should be noted that many industries, and not only the biotechnology industry, have faced challenges in the last two years retaining women in the workforce.[1]

Figure 4b. Change in representation by gender from 2020 to 2021

Total employees (n=30)

Change in representation of women at the organizational level (2020 to now)

3%
80% 7% 10%

- ■ Significant decrease (representation fell by over 15%)
- ■ Moderate decrease (representation fell 5–15%)
- ■ Little change (representation changed by 5% or less)
- ■ Moderate increase (representation rose 5–15%)
- ■ Significant increase (representation rose by over 15%)

Executive (n=32)

Change in representation of women at the executive level (2020 to now)

6% 19% 37% 16% 22%

- ■ Significant decrease (representation fell by over 15%)
- ■ Moderate decrease (representation fell 5–15%)
- ■ Little change (representation changed by 5% or less)
- ■ Moderate increase (representation rose 5–15%)
- ■ Significant increase (representation rose by over 15%)

This year, there is employee representation data from 28 companies and executive data from 31 companies **(Fig. 5a)**, an increase from 18 and 16 in 2020, respectively. Among all companies sampled, non-White employees make up slightly more than one-third (38%) of the workforce. **(Fig. 5a)** Like with gender, we see drop-off in the career pipeline: only 24% of executives and 28% of CEOs are people of color **(Fig. 5a)** (though both are increases from 21% and 24%, respectively, in the 2020 sample).

The need to break down race and ethnicity data beyond White and non-White populations remains a critical task, both as a component of employee self-ID campaigns as well as in programs and policies. Aggregate data can hide nuances when there are differences between racial and ethnic categories. For example, Black and Latinx professionals are underrepresented at every level of the industry, from entry level to C-Suite, compared to their representation in society.

Indigenous talent (identified in our survey as Native American/Alaskan Native or Native Hawaiian/Pacific Islander) comprises 0.6% of employees, similar to last year's findings, but representation in executive roles in this year's sample is nearly 2% **(Fig. 5a)**, as compared to 0% in last year's sample. This is positive news, to be sure. However, it's important to remain aware of the systemic obstacles that Indigenous communities face and acknowledge the historical lack of Indigenous representation in the biotech industry.

Figure 5a. Representation by race and ethnicity (2021 data)

Race and ethnicity	Total employees (n=28)	Exec (n=31)
White	56%	72%
Asian	21%	15%
Hispanic/Latinx	7%	4%
Black	6%	3%
2+ races	3%	0.3%
Native Hawaiian/Pacific Islander	0.5%	0%
Native American/Alaskan Native	0.1%	2%
Not disclosed	6%	4%

CEO (n=71)

- White
- Asian
- Hispanic/Latinx
- Black
- Not disclosed

70% / 14% / 10% / 4% / 1%
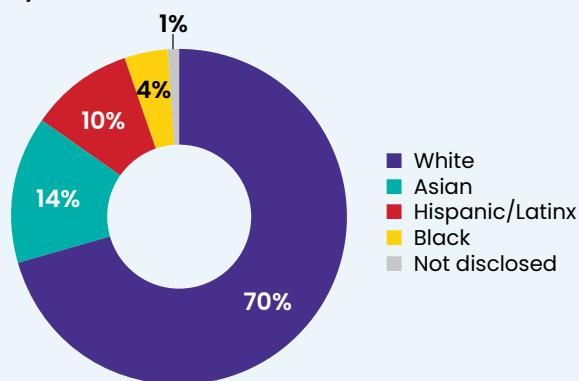
Comparing the companies in the 2020 sample (last year's report) to those in the 2021 sample, the percentage of White representation in executive roles moved from 78% to 72% **(Fig. 5a)**. Additionally, Asian representation in employees moved to 21% (vs. 18% in 2020) and in executives to 15% (vs. 14% in 2020).

As a reminder, this year's data did not provide a large enough sample size to be able to evaluate race and ethnicity representation at the Board level.

Many BIO companies continue to make significant progress on racial diversity at the executive level. More than four out of ten (42%) of companies surveyed increased representation of executives of color by more than 5%, of which nearly half increased such representation by more than 15% **(Fig. 5b)**. The majority of the remaining companies stayed relatively stable in their representation of executives of color and only 4% saw any decrease at all. **(Fig. 5b)**.

Figure 5b. Change in representation by race and ethnicity from 2020 to 2021

Executive level (n=26)

Change in representation of people of color at the executive level (2020 to now)

4%

| 54% | 23% | 19% |

- ■ Significant decrease (representation fell by over 15%)
- ■ Moderate decrease (representation fell 5–15%)
- ■ Little change (representation changed by 5% or less)
- ■ Moderate increase (representation rose 5–15%)
- ■ Significant increase (representation rose by over 15%)
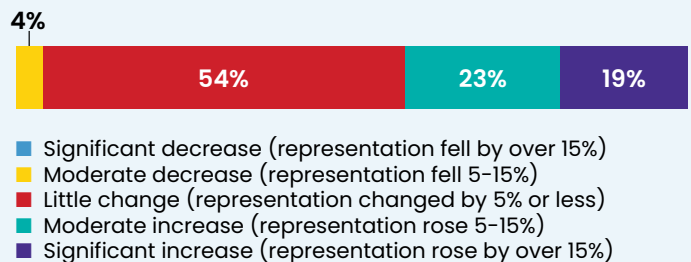
A critical component in reporting representation data is the collection of such data. Seventy-five percent of companies in the 2021 sample collect any employee demographic data **(Fig. 6)**, remaining steady after the large jump from 51% in 2019 to 77% in 2020 **(Fig. 6.).** There is a discrepancy here between large and small companies—every large company in this year's sample indicated they collect some sort of employee demographics, while only 56% of small companies do so.

The biggest gain was in the percentage of organizations that collect data on LGBTQ identity, more than doubling from 2020 to 2021 (10% to 21%) **(Fig. 6)**, a hopeful trend that may indicate progress toward a more equitable culture for LGTBQ staff. Finally, smaller, pre-revenue companies are more likely to have higher non-disclosure rates than better-resourced companies in our sample, which aligns with the fact that such organizations are also less likely to have HR departments.

Figure 6: Collection of employee demographic data

Collects any employee demographic (n=91)

- 2021: 56% | 75% | 100%
- 2020: 77%
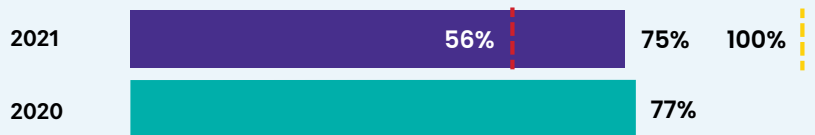
Which demographics does your organization ask employees to disclose? (n=66)

Age*
- 2021: 72% | 74% | 76%

Gender
- 2021: 69% | 83% | 95%
- 2020: 84%

Race/Ethnicity
- 2021: 62% | 80% | 95%
- 2020: 88%

Veteran Status
- 2021: 45% | 68% | 86%
- 2020: 78%

Disability Status
- 2021: 34% | 59% | 78%
- 2020: 63%

LGBTQ Identity
- 2021: 10% | 21% | 30%
- 2020: 10%

Legend: ■ 2021 ■ 2020 ■ Small companies ■ Large companies *Not asked in 2020
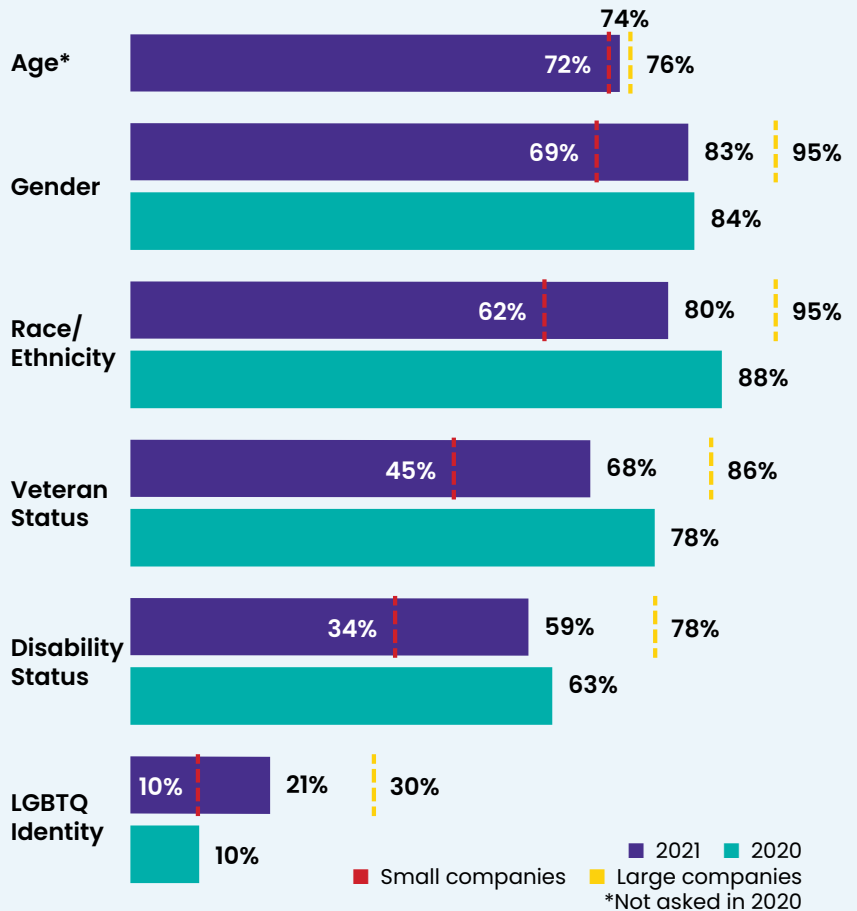
DEI Maturity Curves

Coqual's DEI maturity curve provides a framework that larger companies can use to understand how to approach any DEI area—no matter where they are on the curve. For larger companies, the DEI maturity curve stages are as follows:

I. **Diagnose:** Gather data to define the current state of DEI and make the case for action

II. **Educate:** Ensure the importance of DEI as well as key DEI principles are understood across the organization

III. **Act:** Launch pilot programs to assess impact, gain buy-in, and adjust implementation parameters

IV. **Scale:** Grow pilot programs to broad use and embed DEI principles with individuals and in the organization

Coqual's new DEI maturity curve for smaller organizations provides a framework tailored to fit their needs. Diagnosis and education at these organizations can be more efficient, given fewer stakeholders, but are still crucial as company leaders and HR spe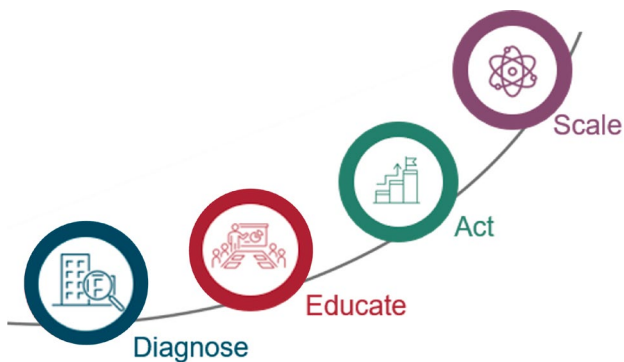cialists develop more mature DEI approaches at their companies. Scaling is less necessary at smaller organizations, given there are simply fewer employees to reach.

The small organization DEI maturity curve stages are as follows:

I. **Diagnose:** Gather data to define the current state of DEI and make the case for action

II. **Educate:** Ensure the importance of DEI as well as key DEI principles are understood across the organization

III. **Implement:** Launch targeted programs to embed DEI principles with individuals and the organization as a whole

The DEI maturity curves continue to be frameworks for organizations to use for both their broader approaches to DEI and also individual initiatives. Where that organization sits on the curve should guide what level, type, and sequence of action the company takes to move forward.

In this year's survey, organizations reported on their approaches to DEI across four categories:

- Commitment to DEI
- Data collection, tracking, and accountability
- Hiring targets
- Goals to promote and develop talent

Commitment to DEI

BIO organizations remain committed to DEI, maintaining progress that was made between 2019 and 2020. This year, 69% say DEI is one of their organizations stated values **(Fig. 7),** 59% have a stated goal regarding creating an inclusive environment **(Fig. 7)** and 55% say their organization has a public commitment to diversity **(Fig. 7)**.

Organizational commitment to diversity is correlated with organizational size. Only 60% of small organizations reported that DEI is one of their stated values or priorities, vs. 82% of large companies **(Fig. 7)**. The difference is even more stark when looking at a public commitment to diversity—only 37% of small companies indicated they have such commitment, vs. 79% of large companies **(Fig. 7)**. Making a commitment to DEI, internally and externally, is something more small companies can do without adding significant resources.

Figure 7: DEI values and goals

Say DEI is one of their organizations stated values or priorities (n=91)
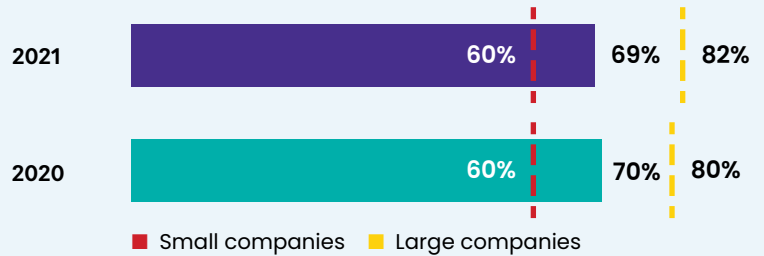
2021	60%	69%	82%
2020	60%	70%	80%

■ Small companies   ■ Large companies

Have a stated goal regarding creating an inclusive environment (n=91)

2021	42%	59%	82%
2020	47%	61%	76%

Say their organization has a public commitment to diversity (n=91)

2021	37%	55%	79%
2020	38%	56%	74%

■ Small companies   ■ Large companies
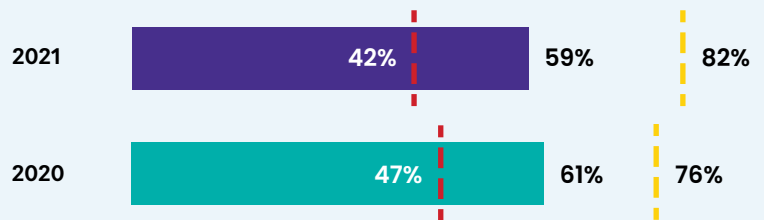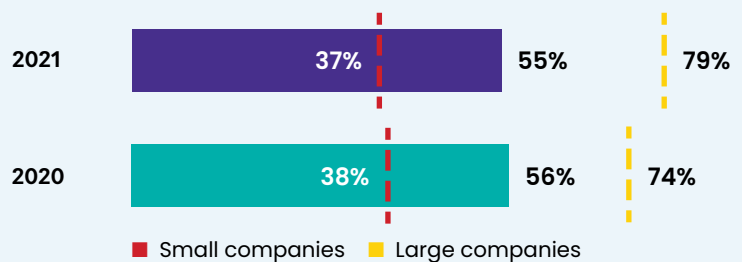
Commitment to DEI: Company Culture

Employee commitment to DEI remains a bright spot for nearly all respondents – 88% of companies in the sample (vs. 87% in 2020) said their employees consistently demonstrate a commitment to creating an inclusive environment **(Fig. 8).** Small companies (87%) and large companies (90%) alike indicated high employee commitment to inclusivity.

However, such commitment isn't as consistent at the leadership level. The percentage of organizations reporting that their leaders consistently demonstrate a commitment to creating an inclusive environment dropped from 84% in the 2020 sample to 70% in the 2021 sample **(Fig. 8).**

Figure 8. Commitment to DEI

Say employees consistently demonstrate a commitment to creating an inclusive environment (n=91)

2021: 87%, 88%, 90%
2020: 87%

■ Small companies ■ Large companies

Say leaders consistently demonstrate a commitment to creating an inclusive environment (n=91)

2021: 69%, 70%, 71%
2020: 84%

■ Small companies ■ Large companies

When asked *Please describe the program(s) you believe have had the greatest impact on diversity, equity, and inclusion in your organization?*

"Having a CEO who is out front and vocal on the issue, along with a diverse set of available candidates...and support from other elements within the company; Communication and modeling. [DEI] measured as part of routine surveying (Great Places to Work Survey)."

Commitment to DEI: Leadership Accountability

Leadership accountability remains an area of opportunity for organizations of all sizes. This year, 11% of companies said DEI metrics impact performance evaluations and/or compensation for leaders, down from 12% in 2020 **(Fig. 9)**. Among larger companies, 23% hold leaders accountable in this way, while only 2% of small companies in our sample consider DEI metrics in performance evaluations and/or compensation for its leaders (down from 8% in 2020) **(Fig. 9)**.

Figure 9: Leadership Accountability

Say diversity and inclusion metrics impact performance evaluations and/or compensation for leaders (n=99)

2021   2%   11%   23%
                12%
2020   8%   15%

■ Small companies   ■ Large companies
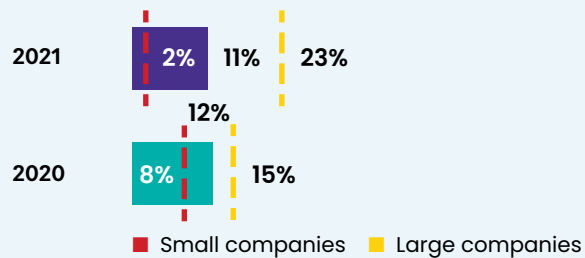
Commitment to DEI: Supplier Diversity

A company's third-party partnerships are another important avenue through which organizations can demonstrate commitment to DEI, especially by working with women-owned and/or minority-owned suppliers. In this area, there continues to be room for growth. Only 25% of companies consider diversity when selecting third-party suppliers and vendors (down slightly from 28% in 2020) **(Fig. 10)**. And only 15% of companies track supplier diversity data (down slightly from 18% in 2020) **(Fig. 10)** — which means that even if companies are considering diversity, many aren't measuring whether a more

diverse pool of partners is being cultivated over time. Tracking such data is an important way for organizations to hold themselves accountable to action.

Larger organizations are more likely to consider diversity when selecting third-party suppliers (46% of large companies vs. 10% of small companies), which is unsurprising given the infrastructure and effort often involved. As such, large companies should be aware of market muscle they have to push for increased diversity with these partners.

Figure 10: Supplier Diversity

My organization considers diversity when selecting suppliers and vendors (n=91)

■ 2021
■ 2020

25%

28%
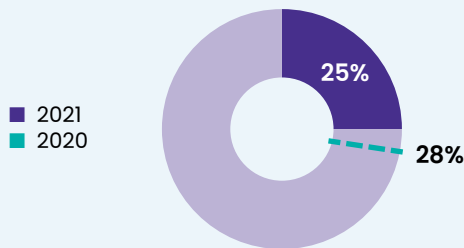
My organization gathers and analyzes supplier diversity data (n=91)

■ 2021
■ 2020

15%

18%
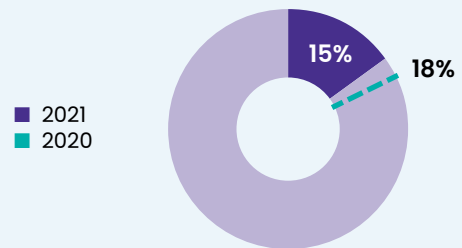
Commitment to DEI: Business Case

In order to drive commitment to DEI, it is critical for companies to understand the "why" behind their approaches and actions. As such, we asked organizations to share the priorities of their DEI programs—and received a variety of responses. The large majority of organizations indicated priorities around creating inclusive cultures (96%), training leaders to be inclusive (87%), and attracting and recruiting diverse talent (94% and 96%, respectively) **(Fig. 11)**.

Coqual's *Innovation, Diversity, and Market Growth* report found that diversity and inclusion are key to driving innovation and improved business outcomes. Explicitly linking DEI to the business is a best practice; yet only about two in three companies (68%) report that achieving business results is a priority of their DEI program **(Fig. 11)**. This indicates there is opportunity for organizations to better understand the impact their DEI program can have on their bottom lines.

Figure 11: Business case for DEI

What are the priorities of your organization's diversity and inclusion program? (2021 data) (n=47)

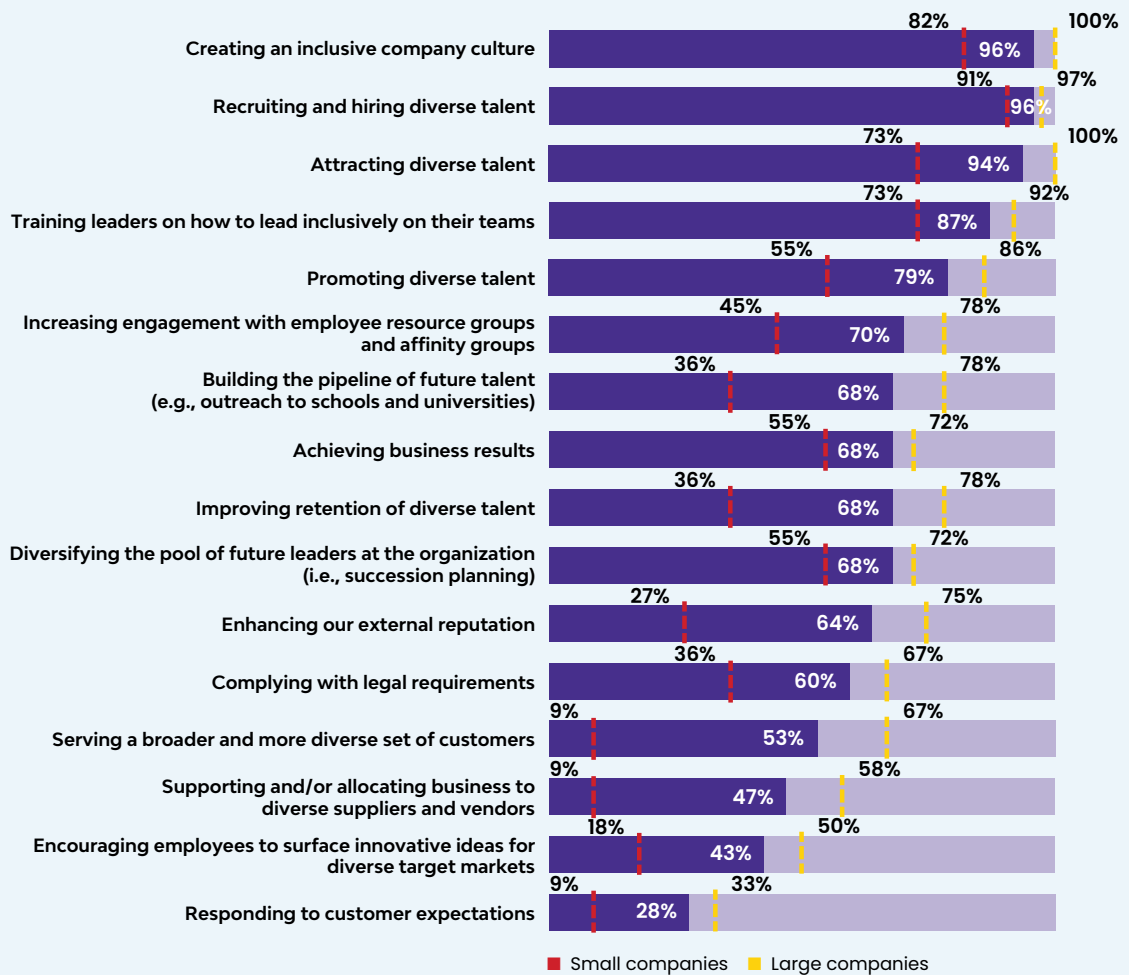| Priority	Small companies	Overall	Large companies
Creating an inclusive company culture	82%	96%	100%
Recruiting and hiring diverse talent	91%	96%	97%
Attracting diverse talent	73%	94%	100%
Training leaders on how to lead inclusively on their teams	73%	87%	92%
Promoting diverse talent	55%	79%	86%
Increasing engagement with employee resource groups and affinity groups	45%	70%	78%
Building the pipeline of future talent (e.g., outreach to schools and universities)	36%	68%	78%
Achieving business results	55%	68%	72%
Improving retention of diverse talent	36%	68%	78%
Diversifying the pool of future leaders at the organization (i.e., succession planning)	55%	68%	72%
Enhancing our external reputation	27%	64%	75%
Complying with legal requirements	36%	60%	67%
Serving a broader and more diverse set of customers	9%	53%	67%
Supporting and/or allocating business to diverse suppliers and vendors	9%	47%	58%
Encouraging employees to surface innovative ideas for diverse target markets	18%	43%	50%
Responding to customer expectations	9%	28%	33%

■ Small companies ■ Large companies

Accountability and Reporting

When employees experience bias, harassment, or discrimination, an inclusive culture provides clear and safe avenues to report such instances. With greater resources for such infrastructure, larger companies are far more likely to have policies on the books and clear channels to report discrimination and bias. But to keep employees safe, smaller organizations need to put such protections in place, especially those that may be locally or legally required.

A critical component of accountability for DEI can be the publishing of DEI data. The number of organizations that publish employee representation data dropped slightly from 27% in 2020 to 24% in 2021.

Figure 12: Say their organization publishes employee representation data by gender and race (n=91)

24%

27%

- 2021
- 2020
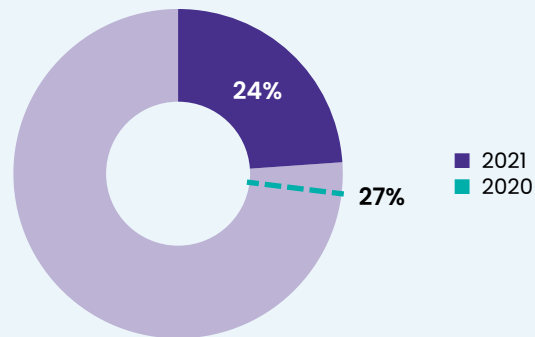
One small organization, when asked what else they wanted to share about their DEI practices shared:

"One question asked if we publish DEI data, but didn't get into details about HOW we publish that data. At our organization there is an annual read out on DEI, but the data isn't available on demand or published externally."

Accountability and Reporting: Communications

Another key component of accountability and reporting is ensuring that employees have information about DEI efforts at the company and more broadly. The percentage of organizations communicating to their workforce about DEI issues remained steady vs last year (38% in 2020 vs. 39% in 2021) **(Fig. 13).**

Larger companies can set up DEI-specific internal communications plans about goals and implementation, while smaller companies can add a DEI spotlight to employee newsletters or set aside time on town hall agendas. Keeping DEI front-of-mind and helping employees understand the resources that are available to them through ongoing communications can provide critical support.

Figure 13: Say their organization sends regular communication about DEI to employees (n=89)
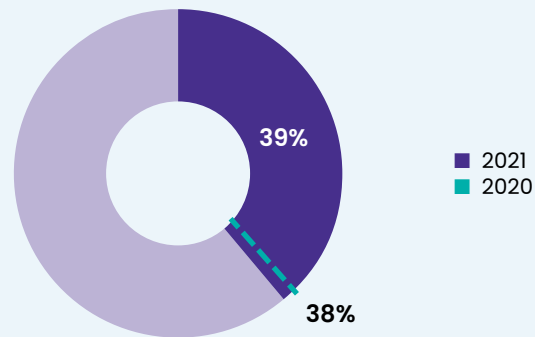
39%

38%

■ 2021
■ 2020

When asked *Please describe the program(s) you believe have had the greatest impact on diversity, equity, and inclusion in your organization?*

"Tracking metrics to ensure continued awareness and importance to the organization"

"The continued enhancement of diversity dashboards has enabled strategic analysis of our representation (in the U.S.) on the basis of gender, race/ethnicity, and generation. We do this at the enterprise-wide, business unit, and functional level."

Spotlight: Employee-focused DEI Communication Strategy

Given the need for more accountability and transparency on DEI (particularly at smaller companies), organizations should consider this three-phase process for communicating to employees about DEI efforts. Before kicking off, it is important to be clear about the goals of such communications—for example, to increase transparency about DEI, dialogue about the need for greater equity, and/or provide visibility for rising leaders from underrepresented backgrounds. Then, companies can then adjust and fine-tune their communication approaches to best reach their goals.

Sample Approach:

Develop and implement different levels of communication from leadership and key DEI stakeholders to provide ongoing connection to organizational DEI efforts.

- **Quarterly Town Halls**
  - Objectives: Provide staff the opportunity to hear directly from all members of senior leadership and to ask questions about DEI and the future of the organization
  - Structure:
    - Ask each leader to share a 1- to 2-minute update about their team's DEI efforts
    - Share firmwide updates on DEI initiatives
    - Collect questions in advance of the session from staff and answer during the town hall

- **Monthly DEI Emails**
  - Objectives: Provide employees with DEI- and industry-focused news on a regular basis, as well as more transparency about organizational operations and DEI initiatives
  - Structure:
    - Share day-to-day updates about DEI and the state of the business and industry at-large
    - Ask employee resource groups (ERGs) or other community members and leaders to contribute content and to announce initiatives and upcoming events
    - Allow employees to submit questions to be answered in the emails

- **Targeted CEO or Leader Communications**
  - Objectives: Tie the CEO (or other leadership) more directly to rank-and-file employees and provide an opportunity to connect with staff at all levels
  - Structure:
    - Collect key topics and DEI-relevant updates that the CEO can share across the organization to provide visibility to efforts and outcomes
    - Have CEO or other leaders share video or written content directly with employees across the organization, particularly during times of high workloads or stress

Accountability and Reporting: Leadership

Rewarding leaders who contribute to a fair and inclusive company culture (and holding those who don't accountable) is a crucial signal of a company's maturity in DEI. Unfortunately, such measures are still not commonplace among respondents—only 27% of companies say leaders at their company are tasked with specific DEI goals **(Fig. 14)**. For large companies, 40% indicated that leaders are held accountable in this way, while only 17% of small companies did the same.

Even fewer organizations consider DEI in evaluating their leaders. In 2021, only 15% of companies indicate their organization considers workforce diversity in leader evaluations, vs 22% in 2020 **(Fig. 15),** with little differentiation between small (14%) and large (15%) companies**.** Adding diversity considerations to leader evaluations sends a clear message that the ability to lead employees of all backgrounds is a requirement of growth and seniority at a company, and that the company truly implements their DEI values.

Figure 14: Say leaders at their company are tasked with specific DEI goals (n=96)

27%
24%
■ 2021
■ 2020
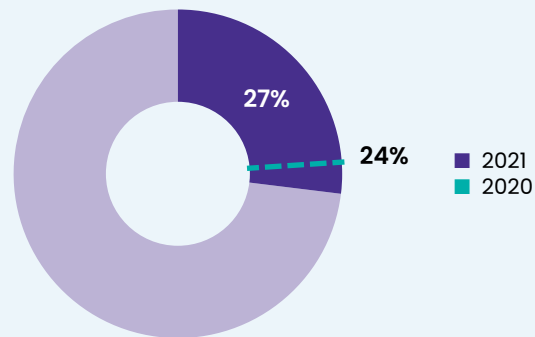
Figure 15: Say their org considers workforce diversity in leader evaluations (n=89)

15%
22%
■ 2021
■ 2020
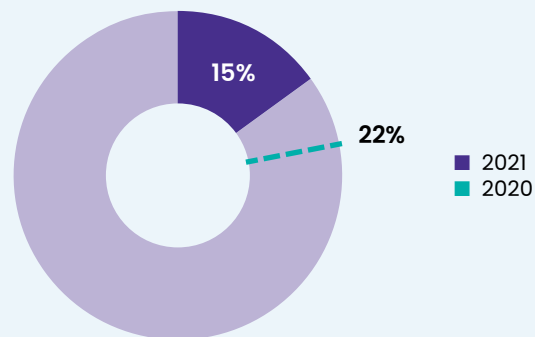
Accountability and Reporting: Policies

A key component in a successful DEI strategy is ensuring an organization has policies in place that provide accountability for major DEI infractions.

While more than nine in ten large companies have an anti-bias or discrimination policy, only about seven in ten smaller companies have one **(Fig. 21)**.

When it comes to concerns about harassment, 73% of companies prioritize accountability regardless of seniority or performance **(Fig. 21)**. But that has dropped from 80% in 2020—and only 51% prioritize accountability for bias regardless of seniority or performance **(Fig. 21)** (compared to 59% in 2020). These basic elements should be considered table-stakes to signal a company is safe for employees of all backgrounds.

Smaller organizations are less likely to report that they hold staff of any level accountable for harassment; only about six in ten smaller organizations say they "hold individuals accountable for harassment regardless of seniority or performance," while nearly nine in ten larger organizations say the same **(Fig. 21)**.

Another opportunity, in particular for small organizations, is having channels for reporting. This year, 92% of large companies indicated they have clear channels to report experiences of discrimination and bias, whereas just half (50%) of smaller companies reported the same **(Fig. 21)**. For smaller companies, aside from being table stakes, such avenues of communication can help them stand out as an employer of choice for employees of underrepresented backgrounds.

Companies continued to report that, as part of their DEI efforts, they are overwhelmingly focused on attracting a diverse pool of talent (94% of respondents, compared to 93% in 2020) **(Fig. 16)** and recruiting and hiring diverse talent (96% in 2021, 95% in 2020) **(Fig. 16)**.

However, these commitments do not always align with practice: Only 15% and 14% of companies say they have concrete hiring targets for women and employees of color, respectively **(Fig. 17)**, (compared to 18% for both in 2020). As in so many areas of business, metrics and targets drive progress. Without clear targets to aspire to, it can be difficult to make tangible gains.

Hiring targets are particularly important to Black and Latinx women in STEM who, when looking for jobs in these fields, experience a double tax at the intersection of their gender and race. Coqual's *Wonder Women in STEM and the Companies that Champion Them*, we found that 44% of Black women and 42% Latinx women support targets for hiring and promotion.[2]

Other DEI hiring best practices also remain relatively rare for both large and small organizations. Only one in three companies requires a diverse slate of candidates for open positions, for example, a decrease from 38% in 2020 **(Fig. 19)**.

Diverse hiring committees can be another important way to ensure all candidates receive fair consideration, regardless of background. Only 30% of all organizations have diverse hiring committees, which rises to 45% when only looking at large organizations, which are more likely to have the resources and employee base to create such committees **(Fig. 19)**. Other best practices that are infrequently used in the industry include career fairs, conferences and events that target women and/or people of color (32% and 31%, respectively) **(Fig. 17).** On the contrary, both large (87%) and small (71%) companies frequently take referrals from current employees **(Fig. 17)**. This approach must be used with caution, as often times employees tend to refer candidates with whom they share similar backgrounds and networks. Given existing pools of diversity are often small within organizations, referrals alone are not enough to hire more underrepresented candidates.

Figure 16: What are the priorities of your organization's diversity and inclusion program? (n=47)
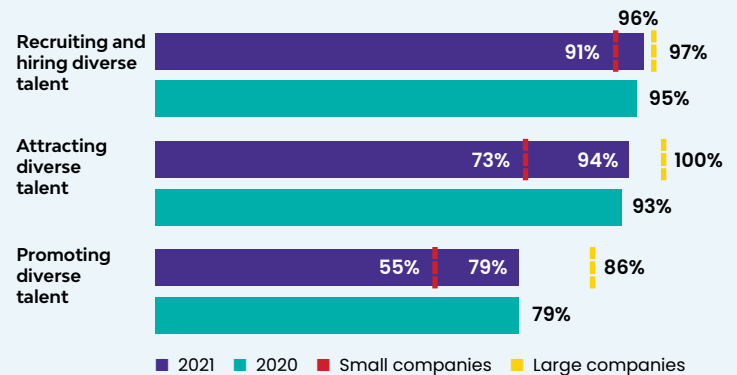
Figure 17: Hiring Practices

Another important tool for biotech companies to maintain and grow their base of underrepresented talent is to focus on retaining and promoting their current diverse employees. Indeed, 79% of organizations indicated that promoting diverse talent is a priority of their diversity and inclusion program **(Fig. 16)**.

Yet too few companies are taking action in this area—one that is critical to increasing satisfaction at work and commitment to the company, but also to correcting systemic inequities that have long disadvantaged diverse employees, and to preventing diverse employees from being a "revolving door" of talent in organizations.

Fewer companies in this year's sample as compared to last years sample are setting goals to promote and develop women (19% in 2021 vs. 24% in 2020) or people of color (15% vs. 18%) **(Fig. 18)**. The difference is not big, but companies may be starting to lose ground on the gains made in 2020.

One way organizations can help to support the promotion of all talent, but particularly those for whom promotion is traditionally more difficult (e.g., employees of color, women) is to make materials available that clarify how to be promoted. However, only 30% of respondents stated that their organization ensures that materials that clarify how promotions work are available to employees **(Fig. 19)**. Unsurprisingly, larger organizations (47%) are more likely to ensure materials that clarify how promotions work are available to employees **(Fig. 19)**.

Figure 18: Which of the following statements are true at your organization? (n=91)

My org has set goals to promote/develop women

2021   12% 19%   28%

2020   24%

■ Small companies   ■ Large companies
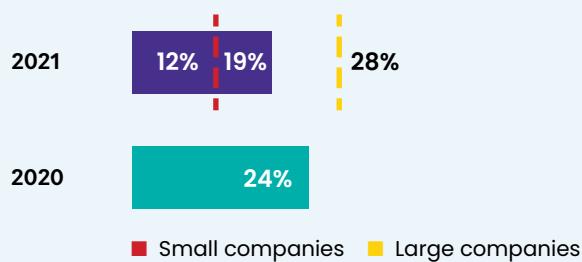
My org has set goals to promote/develop people of color

2021   10%   15%   23%

2020   18%

■ Small companies   ■ Large companies
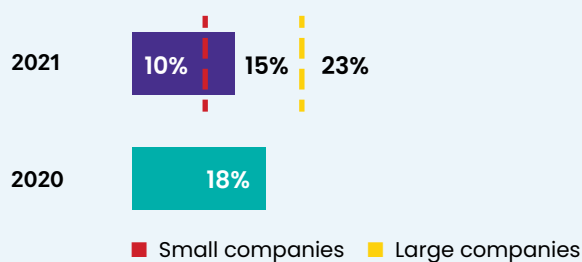
DEI Initiatives

To understand how companies are continuing to act on their commitments to DEI, we showed respondents a list of DEI solutions and asked which, if any, are currently in place in their organization to support DEI efforts. We then grouped these initiatives into three focus areas:

- Hiring and Promotion

- Official DEI training and programs

- Company policies

Companies continue to show an investment across a variable range of DEI initiatives. Larger organizations, which have more resources for DEI initiatives, are more likely than smaller companies to have such initiatives in place. As programs mature, organizations can share success metrics, continue to test effectiveness, and adapt to ensure equitable outcomes.

The fact that smaller companies participate in fewer DEI initiatives makes sense in some ways; companies with fewer than 100 employees do not tend to have the same resources or infrastucture to manage employees. However, the gap is still important. Employees can experience exclusion and marginalization from managers and colleagues regardless of company size—and in the biotech industry, in which growth can happen quickly, those organizations who have not begun to seed DEI approaches (and may see them as a "nice to have") risk magnifying inequities with such growth. Alternatively, small organizations who *have* established DEI infrastructure beyond top-line goals are poised to set themselves apart as employers to attract and retain the best talent as they grow.

Figure 19: Which of the following hiring and promotion practices does your organization have or do to support its diversity and inclusion efforts? (2021 data)

Hiring and promotion (n=88)

Practice	Small companies	Large companies
Reviews job postings to ensure requirements are necessary for the role	54% / 69%	89%
Requires job postings to consider internal candidates	30% / 44%	63%
Trains hiring managers on bias in recruiting	16% / 38%	66%
Requires a diverse slate of candidates for senior positions	24% / 31%	39%
Makes materials that clarify how promotions work available to employees	16% / 30%	47%
Forms diverse hiring committees	18% / 30%	45%
Requires a diverse slate of candidates for all open positions	28% / 30%	32%
Creates a clear and equitable succession planning process	12% / 25%	42%

■ Small companies   ■ Large companies

The number of companies implementing best practices to bolster hiring practices has remained steady since 2020, for nearly all areas represented in **Figure 19.** However, overall adoption remains below 50% for almost all initiatives and there was a decline in one major initiative - only 30% of companies in the 2021 sample require a diverse slate of candidates for all open positions **(Fig. 19)** vs. 38% in the 2020 sample.

When it comes to diversity in leadership—a crucial place to hire for diversity, given senior leaders' impact on company strategy and culture—the practice of requiring a diverse candidate slate remains rare. Only about four in ten large companies (39%) and about one in four small companies (24%) require a diverse slate of candidates for senior positions.

Organizations should prioritize equity as they develop and grow from within; succession plans should be equitable to ensure that diversity in leadership increases—and sustains—over time. Only 25% of organizations indicated that they have created a clear and equitable succession planning process **(Fig. 19)**.

Additionally, organizations can do more to retain, develop and promote internal diverse candidates for open roles. Only 44% of organizations require job postings to consider internal candidates **(Fig. 19)**, which is an opportunity to ensure that employees of *all* backgrounds can see pathways for growth within their companies. Large organizations are more than twice as likely as small organizations to require that internal candidates be considered for all job postings **(Fig. 19)**.

In the report, *Disrupt Bias, Drive Value,* Coqual finds that representation in leadership is one way to mitigate the perception of bias at work among diverse groups, and these initiatives are a key part of the process.[3]

Figure 20: Which of the following official DEI training and programs does your organization have or do to support its diversity and inclusion efforts? (2021 data)

Official DEI training and programs (n=90)

	Small companies	Large companies
Gives advice or training for all employees on how to give feedback	43% / 56%	72%
Trains managers on how to behave inclusively	29% / 48%	72%
Trains employees on unconscious bias	22% / 44%	74%
Implements mentorship programs	22% / 40%	64%
Provides leadership development programs for employees from underrepresented groups	10% / 22%	38%
Offers programs that provide short-term job experience in another department or division e.g. rotational programs	2% / 19%	41%
Implements sponsorship programs	4% / 14%	28%

■ Small companies   ■ Large companies

While there has been some movement compared to last year's report in terms of organizations implementing official DEI training and programs, overall participation in such initiatives has remained relatively flat, across management, trainings, development opportunities and mentorship/ sponsorship programs.

Management

Managers play an outsized role in not only the implementation of DEI initiatives, but also in the *perception* of how important and pervasive DEI is at an organization. However, less than half (48%) of organizations indicated they conduct manager

trainings on how to behave inclusively **(Fig. 20),** a slight increase from 44% for the 2020 sample. Only 29% of smaller companies **(Fig. 20)** indicated holding such trainings. These trainings could be a "low-hanging" fruit opportunity as they can be outsourced to professionals instead of hiring experts in-house.

In *The Power of Belonging* series, Coqual describes the critical role that managers play, as they are a primary source of praise, feedback, and responsiveness, as well as arbiters of autonomy. Yet managers rarely have access to the development and training offered to those at the top.[4]

Coqual finds that, on teams, inclusive leadership is associated with lower perceptions of bias, higher perceptions of fairness, and an innovative speak-up culture—demonstrating huge returns on investment in this leadership approach.[3,5]

Feedback is another critical aspect of management. Providing colleagues with clear, frequent, actionable feedback is an important way to ensure that all employees can learn and grow. Effective feedback can be a particularly powerful tool in the advancement of traditional underrepresented groups; often, members of such groups don't receive the feedback they need to navigate homogenous systems and organizations. In 2021, 56% of organizations indicate that they offer training on how to give feedback **(Fig. 20)**, vs. 55% in 2020. This is another area where small employers may be able to find quick wins—only 43% currently offer feedback training **(Fig. 20)**, and this is another opportunity to outsource such development.

Fewer large companies are training employees on giving feedback. The number of larger employers that offered training in 2020 was nearly 79%; this year, it's dropped to 72% **(Fig. 20)**.

Managers also need to be held accountable to expectations of diversity, equity and inclusion. Today, only about half of respondents offer ways for employees to provide confidential feedback about their managers **(Fig. 21)**. Only 36% of small companies do this **(Fig. 21)**, even though it is an initiative that is relatively low cost in terms of implementation. And even fewer organizations (35%) provide more robust 360 performance reviews **(Fig. 21)**. Larger organizations should be the first to consider this in-depth method of feedback, given its administrative intensity. At smaller organizations, periodic anonymous surveys or "warm lines" to share manager feedback can provide avenues for feedback that are simpler to administer with more limited budget and scale.

When asked *Please describe the program(s) you believe have had the greatest impact on diversity, equity, and inclusion in your organization?*

"Training and education on unconscious bias, privilege, race and ethnicity, cultural awareness leadership program for women."

Trainings

There are many DEI trainings that organizations can choose to undertake across the employee lifecycle. For example, in addition to the management training on behaving inclusively, only 38% of organizations train hiring managers specifically on understanding bias in recruiting **(Fig. 19)**. Additionally, 44% of organizations indicated that they train employees on unconscious bias **(Fig. 20)**, similar to 2020. 74% of large organizations offered such training, while only 22% of smaller organizations did so.

Many employees are not being exposed to anti-bias trainings outside of the workplace, and it is important for employers to offer such sessions to drive towards more equitable workplaces. Small companies again have an opportunity here to outsource these trainings to experts until their organization grows large enough to have in-house expertise.

Development opportunities

Development opportunities are critical to retaining, growing and promoting all talent, but especially diverse talent. Organizations that deploy rotational programs provide employees with experience in new parts of the enterprise, allowing them to build expertise and be more competitive candidates if,

and when, they seek internal or lateral transfers to new business units. For organizations seeking to retain employees from underrepresented groups, rotational programs help them build strong networks and find new opportunities without leaving the company. Currently, only 19% of organizations overall, and 2% of small organizations and 41% of large organizations, offer such rotational programs for their employees **(Fig. 20)**.

While job rotations may be more difficult for smaller organizations, there are other ways the companies can prioritize retention and career growth for diverse employees. For example, requiring job postings to consider internal candidates, as discussed above, and developing and distributing materials to clarify how promotions work at the company. While 47% of large companies make such materials available, only 16% of smaller organizations do so **(Fig. 19)**. This represents a big opportunity for companies of all sizes, but especially smaller organizations.

Mentorship and Sponsorship programs

Organizations in this year's sample are more than twice as likely to offer mentorship programs (40%) as sponsorship programs (14%) **(Fig. 20)**, and the percentage of organizations that offer mentorship programs has increased year over year from 30% in the 2020 sample to 40% in 2021 **(Fig. 20)**. However, the prevalence of sponsorship programs dropped from 20% in the 2020 sample to 14% in the 2021 sample **(Fig. 20).** At smaller companies, while a sponsorship program may not be feasible, education on the concept of sponsorship and importance of relationships between senior leaders and rising talent from underrepresented backgrounds can go a long way. Larger companies implementing sponsorship programs can provide a high return on retaining, developing and promoting diverse talent (only 28% of large companies indicated they have a sponsorship program today) **(Fig. 20)**.

When asked *Please describe the program(s) you believe have had the greatest impact on diversity, equity, and inclusion in your organization?*

"Formal mentoring for underrepresented groups with involvement from Senior Executive Leadership"

"In 2021 we launched [a mentoring program] which provides an opportunity for our Black and Latinx Directors through Vice Presidents to develop meaningful relationships with an Executive Committee member and each other aimed at career growth and development...Discussions center on career aspirations and leadership topics, as well as challenges and enablers to growth and advancement. Several mentors and mentees have shared that this is one of the most meaningful programs they have experienced due to the visibility and access they are receiving to [executive leaders] and peers and the genuine care and interest in their growth and development."

Company policies around DEI often set the foundation for DEI initiatives. Without sufficient implementation of DEI company policies, it can be difficult for employees to have faith and trust in DEI at their organization.

Organizations should aspire to have policies that protect employees and make them feel safe. This year, 81% of organizations (72% of small companies and 92% of large ones) have an anti-bias or discrimination policy **(Fig. 21)**. Without such a policy on the books, employees, especially those that are in underrepresented groups, may not feel comfortable reporting incidents of bias or discrimination.

A policy that continually emerges as critical to DEI progress is pay equity. Conducting a pay equity analysis helps correct for past bias in compensation decisions, as pay gaps often show up for women and employees who are not White. While pay equity analyses have become commonplace at large organizations (87% of them conduct these analyses) **(Fig. 21)**, only 40% of smaller organizations conduct them **(Fig. 21)**. When it comes to moving from analysis to action, 77% of large companies and 44% of small companies take steps to ensure pay equity **(Fig. 21)**. As smaller organizations move into the "implement" stage of maturity, they should consider pay equity analysis to be a top priority, including leveraging third-party and industry data as needed.

Finally, Coqual's 2021 Equity research suggests that companies should not only *conduct* a pay equity analysis, but also ensure they *communicate to employees* that the pay equity analysis is being conducted, which is linked to higher perceptions of fairness from employees.[6]

Figure 21: Which of the following company policies does your organization have or do to support its diversity and inclusion efforts in hiring and promotion? (2021 data)

Company policies (n=89)

Policy	Small companies	Large companies
Has an anti-bias or discrimination policy	81% (72%)	92%
Holds individuals accountable for harassment regardless of seniority or performance	73% (62%)	87%
Has clear channels for reporting experiences of discrimination or bias	69% (50%)	92%
Offers paid family leave	67% (48%)	92%
Conducts a pay equity analysis	61% (40%)	87%
Takes steps to ensure pay equity	58% (44%)	77%
Provides a confidential way to give feedback about managers	51% (36%)	69%
Holds individuals accountable for bias regardless of seniority or performance	51% (46%)	56%
Sends regular communications about diversity, equity, and inclusion to employees	39% (12%)	74%
Supports employee resource groups or affinity groups	37% (8%)	74%
Conducts 360 degree performance reviews	35% (20%)	54%
Implements a supplier diversity program	16% (0%)	36%
Considers workforce diversity in leader evaluations	15% (14%)	15%

■ Small companies ■ Large companies

Spotlight: Employee Resource Groups (ERGs)

Over the years that BIO has conducted the annual DEI survey of its members, ERGs have remained a key component of many organizations' approach to develop and sustain equitable cultures. That said, ERGs (which are also known as business resource groups, affinity groups, or employee networks) continue to evolve within the biotechnology industry to adapt to the changing landscape of DEI in the professional workforce.

This year, organizations in the sample were less likely to convene ERGs for their employees than they were last year. In 2021, 40% of respondents indicated they offer ERGs vs. 48% in 2020 **(Fig. 22)**. However, those companies with ERGs in place are increasing the number they offer, indicating broad employee interest in such communities.

Seventy-eight percent of larger organizations have ERGs as of 2021. While only 40% of smaller organizations have them, that number is up more than 50% from 2020 **(Fig. 22)**. ERGs are more prevalent at larger and post-revenue organizations, but this is an opportunity for smaller and pre-revenue organizations to build community from the start and set up the infrastructure needed to leverage ERG members' perspectives toward better business outcomes.

While ERGs for women, LGBTQ individuals and people of color tend to be the most common **(Fig. 22)**, we also see that ERGs are serving a wider array of communities and identities (e.g., employees with disabilities, employees with specific professional backgrounds, such as pharmacists). This year, organizations had additional identities and affinity groups to select and reflect which ERGs they currently offer. Even still, the number of organizations that selected the "Other" ERG option increased from 36% last year to 46% this year **(Fig. 22) –**

When asked *What else does your organization do to support its diversity, equity, and inclusion efforts?" Many organizations spoke about their ERGs:*

"The Company's ERGs have a profound impact on our inclusive culture for a myriad of reasons which include inclusive programming and ongoing employee engagement."

"ERGs and webinars. Impact was measured by feedback and specific to ERGs, exceeding over our goal of new ERGs for the year and regular attendance."

"Expansion of ERGs, enablement of global and local diversity councils, and a learning journey to build greater leader capability in mitigating bias, leading courageous conversations, and driving developing habits for driving a more inclusive and equitable workplace culture."

examples from this group include ERGs dedicated to environment issues, ERGs focused on social justice and developing community resources, healthcare workers (e.g., nurses, veterinarians) and ERGs for those who are caregivers for others.

Employees can join ERGs to connect with people of similar backgrounds or to provide allyship and advocacy to employees of different backgrounds from their own.

Organizations that offer ERGs indicated that networking/mentorship opportunities, cultural programming, connections to the business, opportunities for skill development and recognition for leadership are key benefits for ERG members and participants.

Organizations further along the maturity curve often leverage ERGs to support business objectives: to innovate for and gain insights into diverse markets, to develop their pipeline of future leaders, and to improve recruitment and retention of diverse talent. Companies can also utilize ERGs as an opportunity to engage with staff and to further the relationship between leaders and traditional underrepresented communities, as well as provide staff opportunities for visibility and development. For the organizations that do have ERGs, a majority report opportunities for visibility and development, such as regular presentations to leaders and/or the C-Suite, as well as providing ERG leaders with some form of reward or recognition.
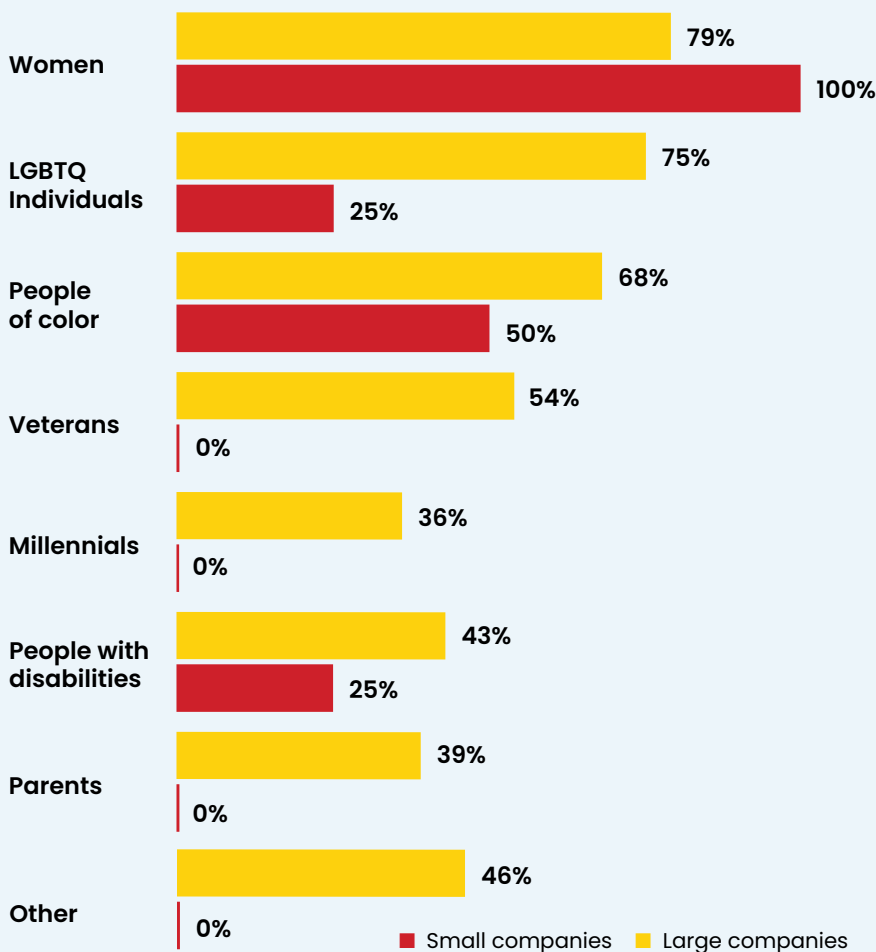
However, this comes with a risk that must be mitigated—many companies, particularly those that are newly prioritizing DEI, may rely too much on ERGs and their members to drive DEI forward—instead of embedding DEI into company values, strategy, and leadership.

Figure 22: Employee Resource Groups (ERGs)

Organizations that have Employee Resource Groups (n=80)

2021: 9% | 40% | 78%

2020: 48%
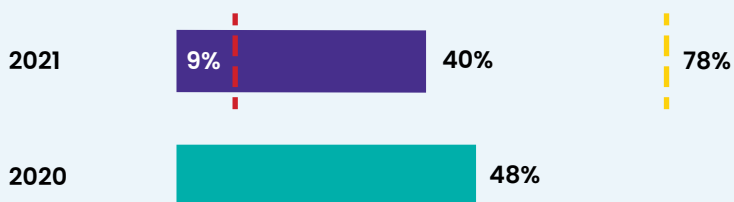
Of organizations with Employee Resource Groups, those that have them for the following groups (2021 data) (n=32)

Women
- Large companies: 79%
- Small companies: 100%

LGBTQ Individuals
- Large companies: 75%
- Small companies: 25%

People of color
- Large companies: 68%
- Small companies: 50%

Veterans
- Large companies: 54%
- Small companies: 0%

Millennials
- Large companies: 36%
- Small companies: 0%

People with disabilities
- Large companies: 43%
- Small companies: 25%

Parents
- Large companies: 39%
- Small companies: 0%

Other
- Large companies: 46%
- Small companies: 0%

■ Small companies ■ Large companies

Recommendations Overview

Organizations within the biotechnology industry maintained momentum in DEI from 2020 to 2021, but many organizations, especially smaller organizations, can further invest in DEI to ensure growth and sustainability of DEI efforts that drive to the industry. Depending on where companies are on the DEI maturity curve, we recommend different steps to move forward.

Large Organization Maturity Curve

1. **Diagnose:** Gather data to define the current state of DEI and make the case for action

2. **Educate:** Ensure the importance of DEI as well as key DEI principles are understood across the organization

3. **Act:** Launch pilot programs to assess impact, gain buy-in, and adjust implementation parameters

4. **Scale:** Grow pilot programs to broad use and embed DEI principles with individuals and in the organization

Small Organization Maturity Curve

1. **Diagnose:** Gather data to define the current state of DEI and make the case for action

2. **Educate:** Ensure the importance of DEI as well as key DEI principles are understood across the organization

3. **Implement:** Launch targeted programs to embed DEI principles with individuals and the organization as a whole

Coqual's DEI maturity curves highlight the steps organizations of their respective sizes can take to develop strategies and develop organization-wide plans to embed DEI into their cultures.

Companies at the "diagnose" stage focus on building and cementing leader buy-in, often by producing data that outlines the depth of different experiences and opportunities for those from underrepresented groups. They also use data to understand which parts of the organization face the deepest DEI challenges.

Companies at the "educate" stage are sharing best practices in DEI, establishing awareness among employees, and gaining commitment to action from leaders.

Where the large and small company maturity curves split, we present two paths for how to focus on the implementation of key DEI policies and practices. Given their more limited resources, small organizations focus on targeted interventions without the same depth of systems in place, but still with baseline policies, protections, and development opportunities for employees of all backgrounds. At large organizations, pilot phases of programs provide an opportunity to socialize programmatic interventions with smaller cohorts of staff, and to tweak to fit their cultures, before a more complex process of embedding interventions company-wide.

Developing an organization-wide DEI strategy is not a linear practice. Companies may find that a historic dedicated focus on certain populations or demographics places them in a later stage of the maturity curve for those groups, but are in an earlier stage for demographics for which there has been less focus.

That said, continual review is also valuable. As best practices change, companies grow and executives leave, companies need to reevaluate. Moving forward along the maturity curve requires ongoing attention, review, adaptation—and, most importantly, investment.

Biotechnology companies of different sizes and different stages of their organizational development need markedly different resources to ensure the development of an equitable organization. With this in mind, we have outlined a set of recommendations for smaller organizations (i.e., those with fewer than 100 employees), as well as one for larger organizations (i.e., those with more than 100 employees).

Recommendations: DEI Approaches

All biotechnology organizations can expand existing DEI efforts, identify new initiatives, and engage diverse employee groups in DEI strategies. However, before investing further in existing or new programs, organizations of all sizes should implement rigorous DEI data collection processes and review DEI communication strategies to ensure they are effective. Employees and leaders alike seek to understand the progress that their organizations make, and without collecting relevant data and communicating effectively, organizations of any size will not advance and sustain DEI initiatives.

	Early Stages (Diagnose, Educate)	Later Stages (Implement; or Act, Scale)
Data Collection and Accountability	**Collect, track, and share data.** Coqual's 2021 research on Equity found that inequity creeps into many talent processes, particularly performance evaluations, promotions, and pay. Commit to collecting data across employee demographics, including race/ethnicity, LGBTQ identity, gender, age, and veteran status. Make a robust plan to do so. Analyze equity in hiring, evaluations, promotions, and compensation. Repeat and refine in order to track year-over-year progress.	**Tie metrics to accountability.** Holding leaders accountable to providing equitable access to opportunity—expecting that as a part of their leadership—is crucial to making change. Leaders should focus on the development of dedicated DEI goals connected to each phase of the employee lifecycle and ensure that these metrics are tied into performance evaluations for their entire leadership team, cascading down to other senior level leaders, and eventually department heads and managers.
Communication and Visibility	**Ensure leaders model values.** DEI efforts are unlikely to succeed and scale without leadership buy-in. Senior leaders should visibly and vocally model the values of diversity, equity, and inclusion for their workforce.	**Integrate DEI into overall business planning and strategies.** Connect the benefits of DEI with business priorities. This includes empowering DEI staff with resources, agency, and authority to inform and influence business decisions.

Recommendations: DEI Initiatives

This year's recommendations for how organizations can more effectively develop and implement DEI initiatives is based on Coqual's 2021 research on Equity, which identified performance evaluation, promotions, and pay as key drivers of equity within organizations. As the majority of participating organizations that engage in practices and initiatives focused on those three areas can improve, these recommendations can jump-start company processes across the board.

	Earlier Stages (Diagnose, Educate)	Later Stages (Implement; or Act, Scale)
Drive Equity in Compensation and Benefits	**Commit to pay equity.** Put an emphasis on pay equity, both as a component of building an equitable organization, and in light of The Great Resignation, on supporting employees from all backgrounds, but especially those from traditionally underrepresented backgrounds. Begin by doing the research to understand where the gaps currently are in pay equity across the organization and make a public commitment to pay equity going forward. Share with employees that you are reviewing pay equity—Coqual finds that is linked to perceptions of fairness at work.[6] **Consider intersectionality.** Many find that inequities are compounded by race, ethnicity and gender. When reviewing pay, examine all the identities that matter—and whether people are double-taxed.	**Employ pay equity.** Implement pay equity across the organization, continually revisit and reanalyze, and adjust as needed. **Enhance compensation and benefits policies and processes.** Establish the company as a trailblazer that champions equity by going beyond benchmarking to other organizations to being innovative and industry leading in setting policies and processes. As employees return to a hybrid workplace, apply a DEI lens to support their remote and in-person work. Consider new concerns for some, like members of the AAPI community, and their need to commute safely. Consider concerns about day-to-day biased treatment for others, like Black and Latinx employees, and needed bias training for managers. And consider working parents and their need for childcare support.

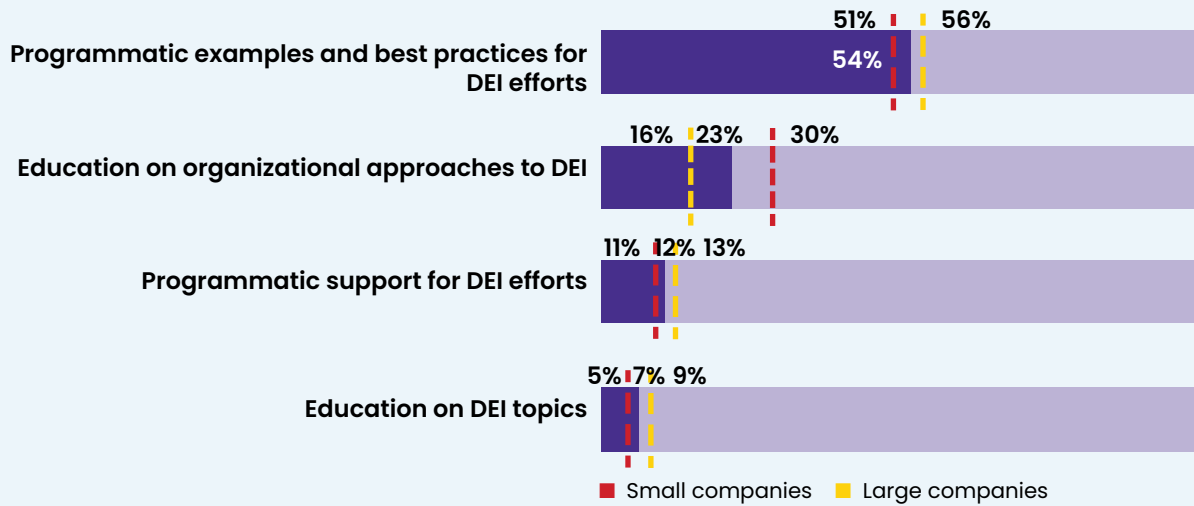|		
Encourage and Support Feedback	**Forge a feedback culture.** A culture of honest, actionable feedback is critical to companies' ability to innovate and grow, and for employees' ability to further their careers—and Coqual finds that actionable feedback and 360 performance reviews are linked to higher perceptions of fairness, particularly for underrepresented groups.[6] Smaller companies can focus on building processes that promote regular feedback throughout the year, such as quarterly performance check-ins and annual performance reviews.	**Formalize a culture of feedback.** Train all employees on how to give and greenlight actionable feedback, especially across lines of difference. Think about alternative, confidential ways to give feedback to supplement existing channels, including the addition of 360 reviews. Two-way feedback is critical in ensuring accountability for manager and leadership behaviors.

In addition to the practices outlined above for *all* organizations, **large organizations should also consider the following programs that can more effectively be deployed at scale:**

	Earlier Stages (Diagnose, Educate)	Later Stages (Act, Scale)
Implement Sponsorship Programs	**Educate on sponsorship.** Demonstrated by more than a decade of Coqual research[7,8], sponsorship (the relationship in which a more-senior advocate uses their power and influence to advance the career of a rising employee) accelerates careers and can diversify representation in leadership. But those from underrepresented backgrounds are far less likely to have sponsors. Educating leaders and rising talent about the importance of sponsorship in careers, and how the relationships works, ensures that everyone (regardless of background) knows how to build the visibility and relationship capital that is crucial to success at any company.	**Set up and scale sponsorship.** Companies can begin to open sponsorship up to underrepresented employees by piloting sponsorship initiatives. As sponsorship gains widespread buy-in from leaders, companies can then focus on further embedding sponsorship into the culture and emphasizing the connection between a culture of sponsorship and company success. When sponsorship becomes ingrained, its effects can be far-reaching; for example, succession plans are easier to diversify, and leadership becomes more representative when sponsorship across lines of difference is done well.
Grow Employee Resource Groups (ERGs)	**Further support ERGs.** Larger organizations can take advantage of employee populations and provide additional resources for existing ERGs, as well as provide opportunities to develop ERGs that support new focus areas and demographics that had not been serviced as well in the past (e.g., religion, disabilities).	**Better leverage ERGs.** As discussed in the ERG spotlight, companies should not place the sole onus of driving DEI on these groups. However, ERGs are critical community spaces for underrepresented talent, and once they are established, can be valuable partners in driving innovative DEI programming and achieving business goals.

Figure 23: How can BIO most effectively support diversity, equity, and inclusion at your organization? (n=97)

	Small companies	Large companies
Programmatic examples and best practices for DEI efforts	51%	56% (54%)
Education on organizational approaches to DEI	16% 23% 30%	
Programmatic support for DEI efforts	11% 12% 13%	
Education on DEI topics	5% 7% 9%	

In this year's survey, we asked companies about the support they'd like to get from the Biotechnology Innovation Organization (BIO) as they pursue DEI priorities. Organizations are most likely to want BIO to provide best practices for DEI efforts so they can understand how best to drive DEI efforts within their organizations **(Fig. 23)**. A majority of all organizations, large and small, look to BIO for this support.

The second most-common answer for how BIO can support organizations: education on organizational approaches to DEI. Smaller organizations, in particular, reported interest in this type of education (30% of smaller companies vs 16% of larger companies) **(Fig. 23)**. This is likely because smaller organizations have fewer resources to develop their own DEI programming and initiatives.

In addition to the initiatives outlined above, surveyed organizations were asked to share the types of support that they desired BIO to provide in the DEI space, in an open box for comments. The most common answers were: best practices and examples from their specific industries and BIO vetting or sharing these resources—especially for smaller organizations; examples of how to bring a diversity lens into aspects of their work—such as clinical trials; linkages to other DEI practitioners in the BIO network; and more clarity on diversity benchmarks within markets and jobs.

Visit **bio.org/dei** for resources and contact us at **dei@bio.org**.

Endnotes

[1] For more context on challenges retaining women leaders, please see: https://www.bizjournals.com/bizwomen/news/latest-news/2021/11/2022-could-bring-more-turnover.html (pg 15)

[2] *Wonder Women in STEM and the Companies that Champion Them*, Coqual (New York: Coqual (formerly Center for Talent Innovation), 2018).

[3] *Disrupt Bias, Drive Value* (New York: Coqual (formerly Center for Talent Innovation), 2017).

[4] *The Power of Belonging: What It Is and Why It Matters in Today's Workplace*, (New York: Coqual 2020).

[5] *Innovation, Diversity, and Market Growth* (New York: Coqual (formerly Center for Talent Innovation), 2013).

[6] *Equity at Work: Fulfilling Its Promise Through Process*, (New York: Coqual 2021).

[7] *The Sponsor Dividend*, Coqual (New York: Center for Talent Innovation, 2019).

[8] *The Sponsor Effect: Breaking Through the Last Glass Ceiling* (Cambridge: Harvard Business Review, 2010).