

A background image showing a group of diverse business women in a meeting. They are looking towards the right, with some holding up sticky notes. The image is slightly blurred, focusing on the woman in the foreground who is smiling and looking upwards.

Gender Pay Reporting 2022

Introduction

This Report contains Philips Electronics UK Ltd legal disclosure of the gender pay gap for 2022 and additional commentary.

All companies with 250 or more employees are required to publish their gender pay gap under legislation. Employers have to publish the gap in pay between men and women on both a median and a mean basis. In addition, employers are required to disclose the distribution of gender by pay quarters by splitting the workforce into four groups (based on a list of eligible employees from the lowest paid to the highest paid) and showing the proportion of men and women in each group. For the purpose of the reporting, we have named the quarters: Lower Quarter, Lower Middle Quarter, Upper Middle Quarter and Upper Quarter. Employers are also required to disclose percentages of employees receiving bonuses by gender and the gender gap on bonuses.

Gender Pay Gap

The gender pay gap is the difference between the gross hourly rate of pay of male employees and female employees (as set out in the regulations), expressed as a percentage of the gross hourly pay rate of the male employees. The gender pay gap is reported on both a mean (average) and median (mid-point on a distribution) basis.

Equal Pay

Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs, or work of equal value. It is unlawful to pay people unequally because they are a man or a woman. For more information on Equal Pay or Gender Pay Gap reporting, please visit www.acas.org.uk

Mean vs. Median

The Gender Pay Gap reporting regulations specifically require both the median and mean to be reported. These metrics are complementary and illustrate different aspects of the distribution of pay across an organisation. The median is a statistic commonly used in analysing both internal pay tendency and external market norms, because it looks at the central tendency of the market or sample, showing the middle-most salary of a sample. Calculating the median involves taking all salaries in a sample, lining them up in order from lowest to highest, and picking the middle-most salary. The mean is the overall average of the whole sample and thus can be subject to the influences of salaries at the top or bottom of the sample. In other words, the mean is much more subject to skewing by a small number of outliers.

Our Business

Royal Philips of the Netherlands, founded in 1891 in Eindhoven, is a leading health technology Company focused on improving people's health and wellbeing and enabling better outcomes across the health continuum from healthy living and prevention, to diagnosis, treatment, and home care. The Company is a leader in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as in consumer health and home care. We aim to improve the lives of 2 billion people a year by 2025, including 300 million in underserved communities, rising to 2.5 billion and 400 million respectively by 2030. We strive to deliver superior, long-term value to patients, customers, consumers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders. We have a multinational workforce of approximately 73,000 employees and are globally present with sales and services in more than 100 countries worldwide.

Philips UK

Philips UK is headquartered in Farnborough, Hampshire. This is home to our Commercial Health Systems, Sleep & Respiratory Care, Personal Health and Digital Plus business groups, along with UK corporate functions. Our goal is to become the UK and Ireland's leading health brand for hospitals, retailers and consumers. In addition, we aim to be the preferred partner for NHS and strategic customers, offering long-term solutions. We employ a large field base of Medical Service Engineers, Account Managers and Project Managers for our commercial organisations.

Gender Pay Reporting 2022

Our data

The total number of 'relevant' employees for the Gender Pay reporting in April 2022 was:

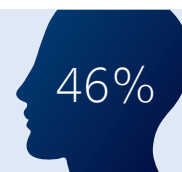
937

Gender split



Pay reporting

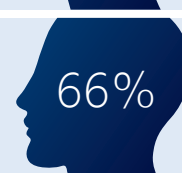
Lower Quarter



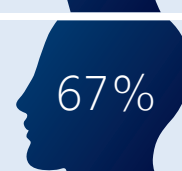
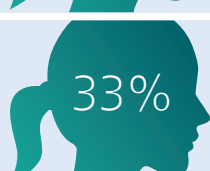
Lower Middle Quarter



Upper Middle Quarter



Upper Quarter



Overall our pay differentials are:

Mean Gender Pay Gap

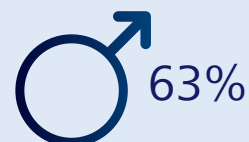
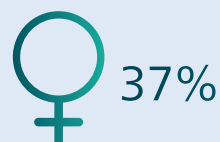
11.5%

Median Gender Pay Gap

9.6%

Bonus differential reporting:

Proportion of male and female employees receiving a bonus:

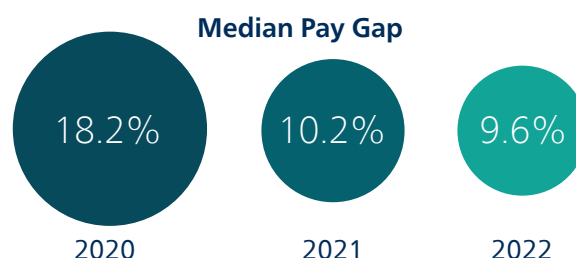


Women's mean bonus pay is 20.6% lower than men's

Women's median bonus pay is 2.2% higher than men's

Gender Pay Gap Summary

Philips operates across a number of industries. We have employees in medical devices and associated engineering which are historically, and currently, still male dominated industries and our workforce reflects this. In our consumer goods sector, we employ a greater number of females than males. Our percentage of male and female employees has not changed since last year and we continue the aim for further gender parity, recognising that this is a long term ambition.



Our Statement

This report marks another consecutive year of decline in our gender pay gap. We are continuing the good practices we have established in the last 6 years, referenced in our previous reports and summarised below. We continue to keep Gender diversity as an active focus for our Leaders and the organisation as a whole.

Leadership commitment

Our leadership commitment to reducing our Gender pay gap continues and the topic is discussed and reviewed regularly. We are continuing to evaluate initiatives which encourage and facilitate the progression of females into senior roles. One such initiative is the launch of a UK chapter of our Philips Global 'Women Lead' programme, joining the vision to be one of the Company's catalysts in achieving a cultural environment where every woman can drive their personal 'leadership' ambitions.



“

I'm proud of the continued focus and progress we have made in narrowing our Gender pay gap over the past year and reconfirm our commitment to become an even more Diverse and Inclusive organisation moving forwards.”

Mark Leftwich, Managing Director Philips UK&I

Workforce of the Future and Enabling Diverse Talent Acquisition

- We believe our proactive interventions in our Talent Acquisition activities have been fundamental in reducing our Gender pay gap. Our candidates are interviewed by a diverse hiring team and we support objective decision making on pay by not requesting previous salary details.
- Our work in STEM* continues and we have a group of Ambassadors who are making a positive impact to the choices of young people and driving the programme forward.

(*STEM Science Technology Engineering Maths)

HR Policy Development

- Hybrid working continues to thrive as a practice to support the diverse needs of different people at different stages of their career and life.
- We have been discussing Menopause in the Workplace for some time now and have established an openness for the topic and the way it can or may impact women in the workplace.
- Our 'Bias@Work' training continues to raise awareness about the potential of bias in decision making in the workplace.
- Our work on exit discussions has yet to identify any gender specific trends as to why females are leaving the organisation however we will continue to monitor this.



"I am delighted to have been part of this journey over the past 6 years of addressing our Gender pay gap. Working closely with my HR colleagues and our inspirational I&D Ambassadors, we have taken progressive intentional steps to work on the elements that affect gender pay and the culture in Philips."

Nikki Maguire, Senior HR Manager Philips UK&I

"

It is really pleasing to see that our continued commitment to Inclusion and Diversity sees us take another step forward on our Gender Pay journey. We know that engagement at all levels of our organisation, supported by the dedication of our Inclusion and Diversity Committee, is enabling us to grow our inclusive culture and Gender Pay reporting provides an important benchmark for sustaining these improvements."

Louise Best, Head of Legal Philips UK&I

