

Gender Pay Reporting 2020



Introduction

This Report contains Philips Electronics UK Ltd legal disclosure of the gender pay gap for 2020. It provides analysis and commentary on gender pay with regards to Philips Electronics UK Ltd.

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 quartile 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 quartiles: Lower Quartile, Lower Middle Quartile, Upper Middle Quartile and Upper Quartile. 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 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. At Philips, we are striving to make the world healthier and more sustainable through innovation, with the goal of improving the lives of 3 billion people a year by 2030. We have a multinational workforce of approximately 75,000 employees and are globally present with sales and services in more than 100 countries worldwide..

Philips UK

Philips UK consists of offices, a factory, research & development sites and a goods warehouse and a large field base of Health Systems Medical Service Engineers and Account Managers for our commercial organisations. The Philips sites across the UK, as at April 2020, are:

Guildford: Commercial Health Systems, Personal Health & Digital Plus, along with UK Enabling functions, supporting all businesses in the UK

Chichester: Commercial Sleep and Respiratory Care, Sleep and Respiratory Care European Warehouse and Respiratory Drug Delivery Research & Development

Glemsford: Philips AVENT factory

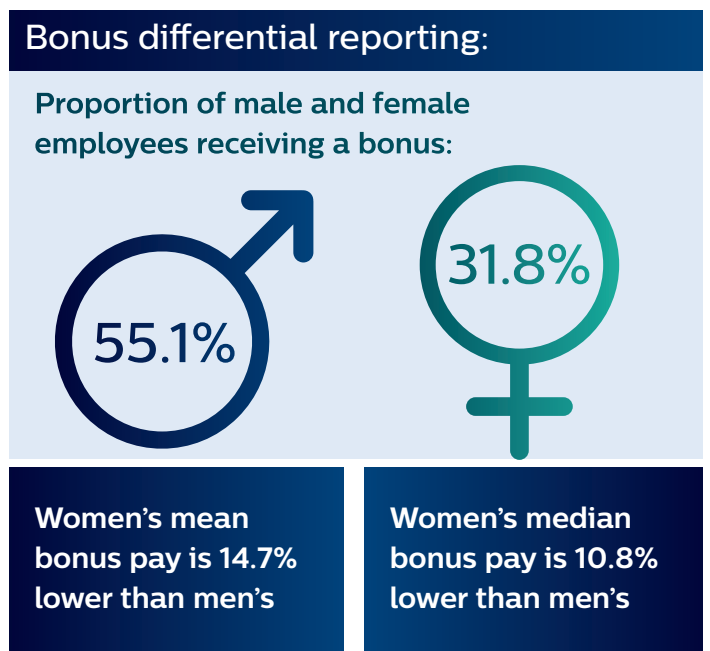
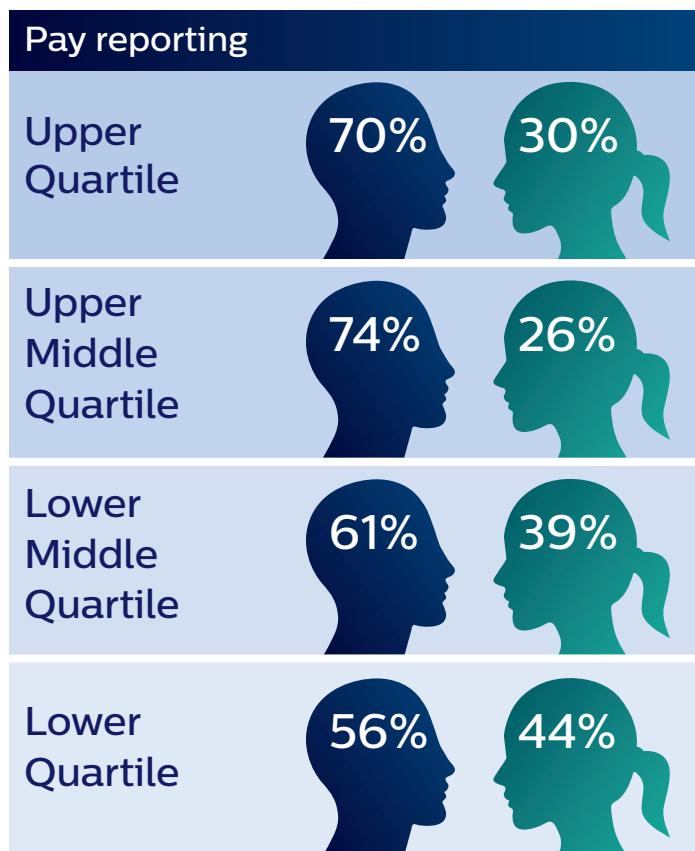
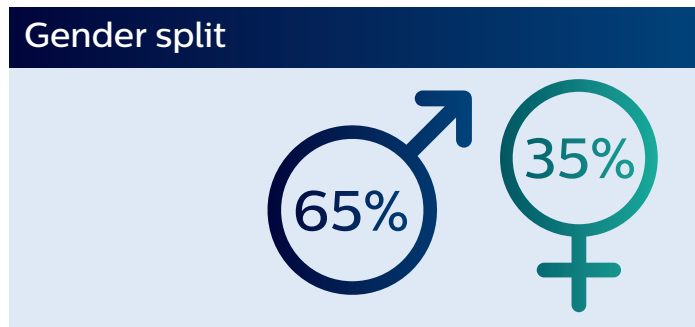
Belfast: Clinical Informatics and Digital Pathology Solutions

Basingstoke: RDT Remote Diagnostic Technologies within Emergency Care and Resuscitation

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Our data

The total number of 'relevant' employees for the Gender Pay reporting in April 2020 was **1,411**



Please note Philips operates a wide ranging flexible benefits salary sacrifice scheme. A salary sacrifice scheme is where an employee gives up a proportion of basic salary in return for benefits. The amount an employee sacrifices is a personal decision, however gross hourly rates are impacted by the salary sacrifice scheme, which is calculated on basic hourly rate, less salary sacrifice benefits i.e. the residual gross hourly salary.

Gender Pay Gap Summary

Philips operates across a number of industries. We have employees in medical devices and associated engineering, scientific research and factory assembly which are historically and currently still male dominated industries and our workforce reflects this. In our consumer goods sector, we are female dominated.

Philips median gender pay gap has decreased steadily with the figure of 29.2% in 2017 reducing to 18.2% in 2020. This is encouraging progress and testament to the initiatives and focus we have placed

on this important area. However we know there is still work to do and are committed to continuing our efforts. We do see a slight decline in the gender split this year in comparison to 2019 and as we aim to have a better gender balance we will analyse this further to understand the root cause.

For further information on data for 2018 and 2019, please refer to the respective Gender Pay reports held on our website.

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“I am pleased to see the intentional actions that we have taken continuing to address our gender pay gap. We recognize that inclusion and diversity goes beyond Gender however our focus for improvement does not waiver as we continue to build diverse teams and foster an environment of inclusiveness where everyone can be at their best.”

Neil Mesher, Market Leader UK&I



“Gender pay has become a key pillar of our focus on Inclusion & Diversity. It provides a data-driven approach allowing us to monitor progress, but more importantly, it has opened the doors for wider discussions on inequalities in the workplace and our continual pursuit of improvement in this area.”

Louise Best Head of Legal UK&I

Our Gender Diversity Committee has expanded in the past 12 months. We are still highly focused on Gender Diversity however it was the right time in our organisation to expand this group to a broader Inclusion and Diversity team for Philips UKI. We have a group of employees passionate about inclusivity and all diversity. We also recognize an individual's identity is multi-layered with gender being one element of this and we strive to create a culture where there is a sense of belonging for all.



Our Initiatives

We continue to drive the previous initiatives with success (documented in earlier reports) and for some of these we anticipate longterm impact. Below is further commentary on new or existing focus areas.

Leadership commitment

- Our Personal Discovery programme continues for females and males starting with early career professionals to build talent from within and empower employees at every stage of their career.
- The unconscious bias awareness programme continues to flourish and provides important insight into mitigating bias and encouraging inclusion.

Workforce of the Future and Enabling Diverse Talent Acquisition

- Our work in STEM* continues and we have now established a STEM committee who are enthusiastic about how we can make an impact to the choices of young people and driving the programme forward.
(*STEM Science Technology Engineering Maths)
- We continue to proceed with proactive measures regarding talent acquisition. Our candidates are interviewed by a diverse hiring team and we support objective decision making on pay by not requesting previous salary details.

HR Policy Development

- In addition to our policy changes documented in previous reports we are delighted to have further improved our paternity leave policy. The enhancement allows greater flexibility to support fathers better balance their parental responsibilities and work, especially at the time of their child's birth. This is one part of our efforts to support flexibility in our workplace.
- A key focus in our organisation during the last 12 months has been on menopause and the support options available for our employees. We have been dedicating time to start the conversation around menopause, one which warrants our attention due to the ability for menopause to negatively impact work and life. We know from our data that currently we have fewer women in our workplace in this stage of this life and that the same age bracket replicates the biggest differential in the gender pay gap. We surveyed our employees to understand the impact of menopause at work and to create a supportive environment to talk about it. We used educational and informal settings where participants of any gender, age and lifestyle could learn and express their views. Whilst this is a pivotal part of our Health & Wellbeing offering, we see this also as important to addressing our culture and Gender Pay Gap.

In Summary

At Philips, we're always looking for ways to make life better – not only for our customers, but also for everyone working here. That's why we're committed to create an environment where we all acknowledge and embrace our differences and uniqueness, and listen to and value each other's views. We continue to take positive steps in our ongoing journey of achieving greater Gender Diversity and reducing the Gender pay gap. This report captures new actions since our last report however we continue to maintain and review the progress of other changes we have made in previous years. Our UK Directors review the progress on a regular basis and there is ongoing global commitment to achieve gender diversity goals in Philips.

“As an organisation we have continued to make progress with our gender pay gap. Gender diversity is now an integral part of our ways of working with a number of our short term and long term initiatives showing impact in the numbers we report“.

Jonathan Coles, HR Director UKI

