

Gender Pay Reporting 2023

This report contains Philips Electronics UK Ltd legal disclosure of the gender pay gap for 2023 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 71,500 employees and are globally present with sales and services in more than 100 countries worldwide.

Philips UK

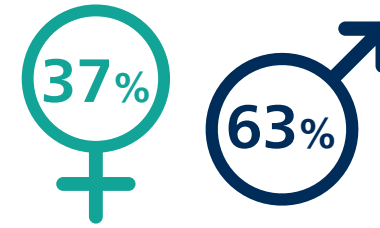
Philips UK is headquartered in Farnborough, Hampshire. This is home to our Commercial Health Systems, Sleep & Respiratory Care, Personal Health and Digital Plus business groups, along with UK corporate functions. Our goal is to become the UK and Ireland's leading health brand for hospitals, retailers, 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.

Our data

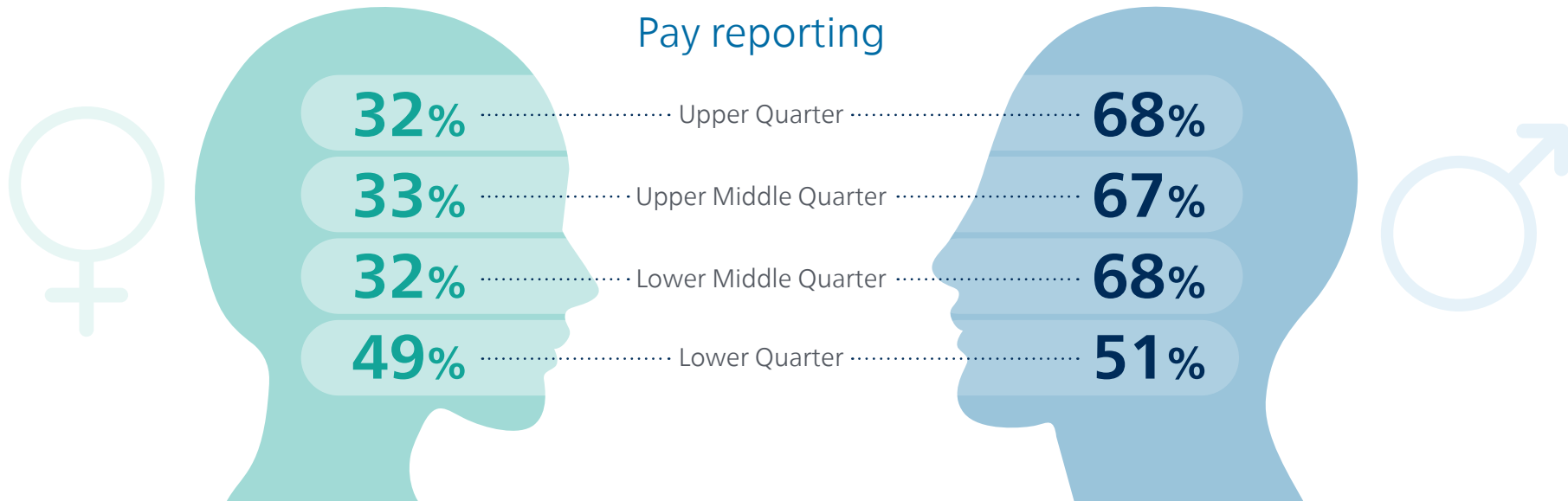
The total number of 'relevant' employees for the Gender Pay reporting in April 2023 was



Gender split



Pay reporting



Overall our pay differentials are:

Mean Gender Pay Gap

9.8%

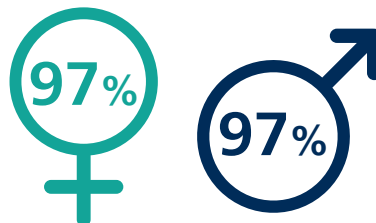
Median Gender Pay Gap

5.3%

Women's **mean** bonus pay is **21.7%** lower than men's

Women's **median** bonus pay is **15.2%** lower than men's

Proportion of male and female employees receiving a bonus:



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.

Median Pay Gap



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 7 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. Our Philips 'Women Lead' (PWL) Network continues to grow and create more awareness around the importance of gender equity and an inclusive culture. This year, Philips Global signed the Women's Empowerment Principles which are a set of principles offering guidance on how to promote gender equality in the workplace.

Philips have been acknowledged by Forbes as a World's Best Employer on their 2023 list; rated 72 out of 700 companies and ranked as #1 in the Healthcare & Services category. Some of the criteria were focused on salary and workplace diversity. Philips were also selected as a European Diversity Leader by the Financial Times.



Mark Leftwich,
Managing Director
Philips UK&I



"We have made great progress in narrowing our Gender pay gap over the past years. Our actions within recruitment and proactively building awareness around topics such as Menopause, have made a great impact within the business. I look forward to continuing to support and drive this commitment to become an even more Diverse and Inclusive organisation."

Workforce of the Future and Enabling Diverse Talent Acquisition

- In addition to all of the interventions that we have taken within our Talent Acquisition processes over the last 5 years, we have refreshed our inclusive hiring training. This reminds both our Talent Acquisition partners and hiring managers to be aware of their cognitive biases which could arise during the hiring process and to use the interventions available to counter this in the decision making.
- Our Campus Recruitment team and STEM* Ambassadors combine forces to enable opportunities for young people. Our newly developed Work Experience programmes with commercial business and legal focus, whilst not gender specific, encourage females to consider STEM career paths from an early age where traditionally we have seen male dominated talent pipelines.
(*STEM Science Technology Engineering Maths)
- We have worked hard to ensure that we have a diverse early careers talent pipeline as we see this as an important long-term factor in maintaining equity in gender pay. Across 2021 and 2022 we hired at least 50% female candidates across our graduate, intern and apprentice hiring, and although we did not reach the same in 2023, we recognise that this was due to hiring a number of engineering apprentices which is still largely a male-dominated field.

HR Policy Development

- Our positive work around Menopause in the Workplace continues and has expanded to a Global Philips scope. We now have an active Global Menopause Network which is a dedicated space to ask questions, exchange resources and gain support, and Menopause Educational Resources are available to all employees. We continue to see the relevance of this for gender pay as we know this can be a time when experienced females choose to leave the workplace and thereby impacting our lower upper and upper quarter pay figures.
- We regularly review total compensation, and this year we conducted additional analysis around pension contribution levels and found that whilst participation in the Philips pension scheme is high, we do see females contributing a lesser amount via this form of saving and thereby receiving less of the Company pension benefit available to them. We are taking action to encourage all employees to consider their pension contributions. We have also run financial awareness sessions of which we intend to continue for next year and will highlight this aspect to raise awareness.
- We continually revisit our processes and explore the experiences of those who return to work after parental/maternity leave, recognising that this is a significant moment that matters for our employees. We use feedback to make improvements to maintain engagement of females in our business.
- From our work on exit discussions, there are no clear gender-specific trends for the reason of exit, however, we do take individual actions based on the feedback that we receive, and we will continue to monitor and review this.



“ Philips’ ongoing commitment to reducing the gender pay gap means we continue to deliver positive improvements to be proud of, year after year. Between our dedicated Inclusion and diversity team, our ‘Philips Women Lead’ network and the ambitions from our leadership team, this issue remains a key topic for us. We see the value a diverse workforce can bring, and through educational events and raising awareness we are all able to enjoy a workplace culture that fully embraces and celebrates diversity.”



Emma Humbey,
Marketing Lead Philips UK&I



“ Working as a female engineer in a male dominated industry, there is a long way to go but Philips are taking positive steps to bridge this gap. I have been fortunate enough to try and inspire other women to pursue STEM careers too through attending many career fairs and talks!”

Kayla Prinsloo, Trainee Field Service Engineer, Philips UK&I



