

A photograph of three women in an office environment. The woman on the left has red hair and is wearing a blue blazer over a green top. The woman in the middle has dark hair, wears glasses, and a yellow-green t-shirt. The woman on the right has blonde hair and is holding a large sheet of paper. They are all smiling and appear to be in a collaborative discussion. The background is slightly blurred, showing colorful sticky notes on a wall.

Gender Pay Reporting 2021

Introduction

This Report contains Philips Electronics UK Ltd legal disclosure of the gender pay gap for 2021. 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 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. Our ambition is to improve the lives of 2.5 billion people a year by 2030 through meaningful innovation. Together we will help make life better for our customers while acting responsibly towards our planet and society. We have a multinational workforce of approximately 80,000 employees and are globally present with sales and services in more than 100 countries worldwide.

Philips UK

Philips UK consists of offices, a research & development site 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 2021, are:

Farnborough: Commercial Health Systems and Sleep and Respiratory Care, Personal Health, Digital+, along with UK functions, supporting all businesses in the UK

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

Gender Pay Reporting 2021

Our data

The total number of 'relevant' employees for the Gender Pay reporting in April 2021 was:

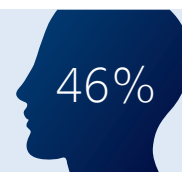
1,012

Gender split

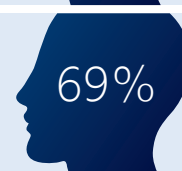
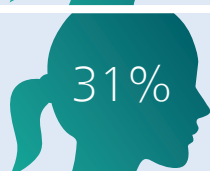


Pay reporting

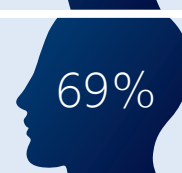
Lower Quarter



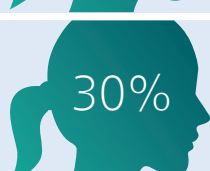
Lower Middle Quarter



Upper Middle Quarter



Upper Quarter



Overall our pay differentials are:

Mean Gender Pay Gap

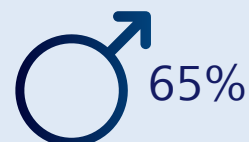
13.5%

Median Gender Pay Gap

10.2%

Bonus differential reporting:

Proportion of male and female employees receiving a bonus:



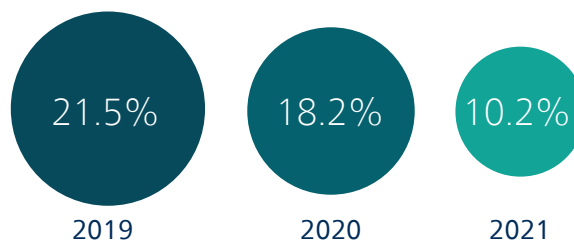
Women's mean bonus pay is 21.4% lower than men's

Women's median bonus pay is 1.7% 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.

The progress we have made in reducing our gender pay gap is clear. The reduction of the median measure is 11.3% in the last 3 years and nearly 19% since the commencement of statutory reporting.



This is testament to our leadership commitment, the work of our Inclusion and Diversity (I&D) Ambassadors, and our focus on Inclusion and Diversity as a whole.



I'm proud of the progress we have made in narrowing our Gender pay gap in the last 5 years.

We remain focused on achieving greater gender diversity and maintain a lens of Inclusion and Diversity in everything we do.

Neil Mesher, Market Leader UK&I



Our Initiatives

We continue to drive the previous initiatives, with success, documented in earlier reports. Below is further commentary on new or existing focus areas.

Leadership commitment

Our female and male Personal Discovery programme for early career professionals to build talent from within and enable employees to realise their own potential has now been combined. Whilst offering the same number of places, this was the natural next step as the workplace and diversity agenda evolves. During all of our leadership development we create awareness of Gender Diversity and the importance of this for all leaders. We are continuing to evaluate other initiatives which encourage and facilitate the progression of females into senior roles.

Our 'Bias@Work' training has expanded throughout the organisation and continues to raise awareness about the potential of bias in decision making in the workplace.

Workforce of the Future and Enabling Diverse Talent Acquisition

We believe the changes we made in our Talent Acquisition approaches have contributed to reducing our gender pay gap and we will continue these along with driving other best practices.

We would still like to see greater gender parity in the organisation and will continue to focus on this in our Talent Acquisition strategy. We have put greater resource into exit discussions to understand why females are leaving the organisation with the intention specifically to help devise future actions to influence this.

HR Policy Development

We encourage caring responsibilities to be shared equally between men and women and were conscious of this in the support we provided during the challenges brought about during the pandemic. Our Hybrid working practices for remote and on-site working arrangements also help to accommodate the diverse needs of different people at different stages of their career and life. In response to requests for flexible working, we continue to challenge ourselves with regard to the design of roles to enable more roles, including those at a senior level, to be worked in less than full time hours / less traditional ways.

HR Policy Development Continued

Transformations through our Personal Health and Sleep & Respiratory Care business areas have generated more accessible senior roles in our Western Europe structure and we have retained internal talent by facilitating more open working practices.

As documented in our last report, we introduced further enhancements to our paternity policy and we have seen a really positive impact and great uptake of this throughout the organisation.

We have continued the work on Menopause awareness also documented in our last report. We have provided Menopause Awareness Training for Managers and colleagues, and bolstered this with e-Learning, Tea & Talk sessions and guidance for Managers on how we support Menopause at Philips. We consider this to be an important aspect of recognising the needs of our employees.

In Summary

Our commitment to addressing the Gender pay gap has not waived. We continued to publish our results and report in the usual way last year through the pandemic and follow up despite the challenges during this time.

The narrowing of our median Gender pay gap is testament to the actions we have taken, trialled, implemented and remained committed to over the last 5 years. We have embedded these actions into ways of working. We see our median Gender pay gap now below the national average as reported by the Office for National Statistics (15.4%) and were focused on the 5 year plan at the outset of reporting in 2017.

Gender diversity continues to be a regular agenda item with our UKI Directors, and the focus that our I&D Ambassador team bring to Gender as one amongst many important elements of Diversity contributes to the ongoing awareness throughout the organisation.



At Philips we are committed to this issue. We will continue to take positive steps to further narrow the gender pay gap and celebrate the value all diversity brings not only to our business results but also to our workplace and culture.

Jodie Bridge, Business Marketing & Sales Leader UK & Ireland

The progress we have made in the last 3 years with regards to the gender pay figures has been substantial through the constant focus and drive on actions that have been highlighted in this and previous reports. I am particularly pleased that the organisation has a greater awareness of the factors that affect the gender pay gap, a desire at all levels to push towards equal representation of female and males in the workplace and an open culture to discuss issues and challenge areas of concern in not only gender but all areas of diversity in the workplace.

Jonathan Coles HR Director UK & Ireland

