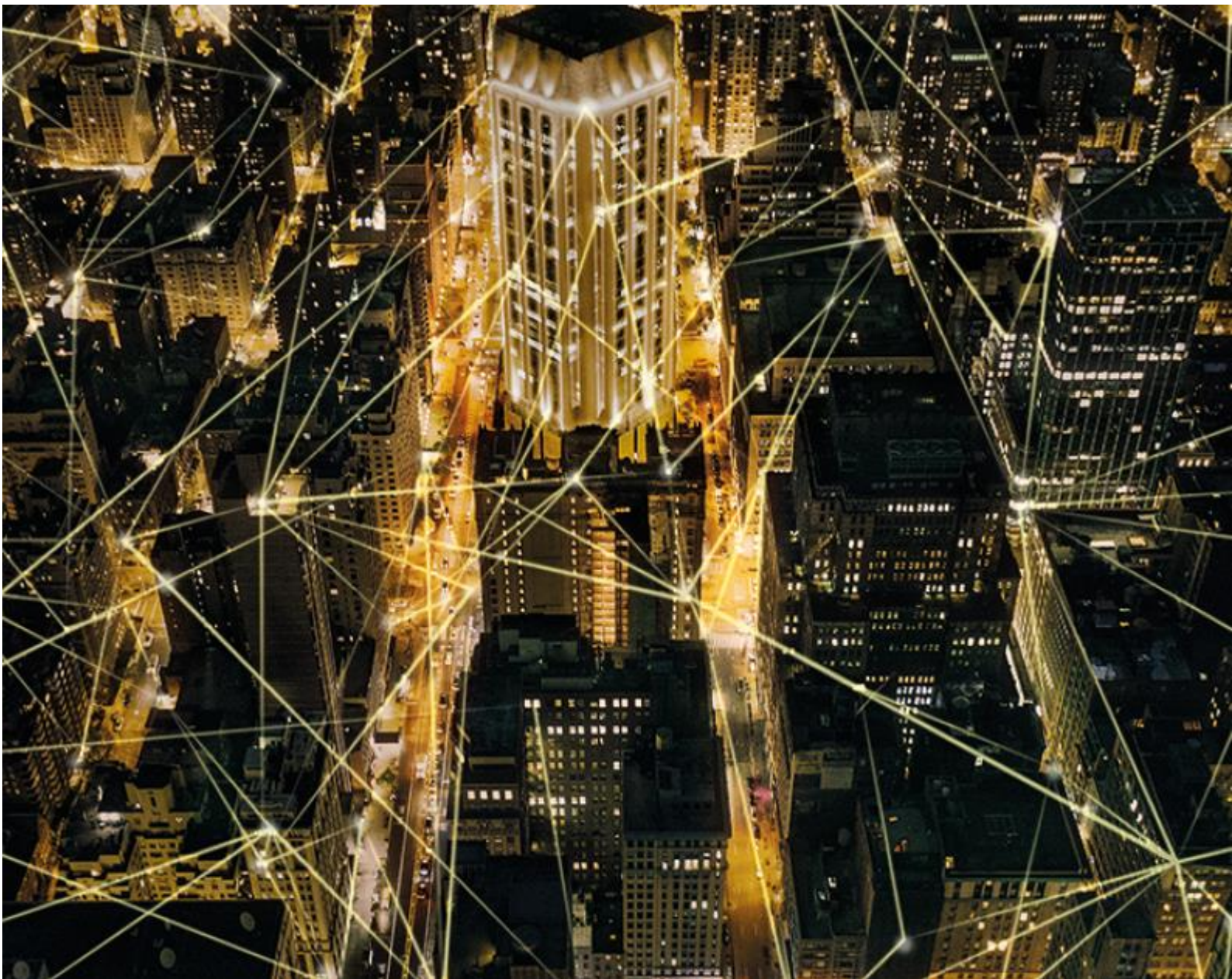


# Gender Pay Gap Report 2017 PHILIPS Lighting UK



**PHILIPS** Lighting

# Introduction



Message from Bren Lumsden  
HR Director, Philips Lighting UK & Ireland

Equality and diversity sit at the heart of our success. Fostering the right culture at Philips Lighting UK&I is critical to our future. Promoting diversity and inclusion in the workplace is central to becoming a more accessible employer, where people feel engaged and empowered to achieve their best in order to deliver the best results for our customers.

We have made good progress by creating a diverse and inclusive workforce. However, we are uncomfortable with a gender pay gap and, even if it is driven partly by wider norms in society, we do see it as our responsibility to understand and actively look to address the reasons behind it.

We believe that having an inclusive and diverse workplace where employees from all backgrounds are treated equally and contribute fully to our vision and goals. This is key to innovative solutions, growth, higher levels of engagement and will help us to deliver ultimately improved outcomes for our customers.

**PHILIPS**

Lighting

# OUR 2017 GENDER PAY GAP REPORT UK

Philips Lighting UK&I strives to be an employer of choice where reward and employment options are key to attracting, developing and retaining our talent. We place great importance on the promotion of an inclusive and diverse workforce to differentiate ourselves as an employer. Our employees are equally valued and are fundamental to the success of our strategy. We will continue to place emphasis on the importance that diversity and inclusivity brings to our business, this will include exploring new avenues to ensure all of our employees are able to progress to senior roles irrespective of who they are and the hours they work.

We pride ourselves of being an inclusive company and already promote flexible employment options. We recently relaunched our flexiemployment options, to support with the attraction of new employees into our business and to retain existing employees. These options are available to all our employees, at all levels irrespective of their role.

Gender Pay Reporting Legislation requires employers in the UK with 250 or more employees to publish statutory calculations every year showing the difference in the pay gap between male and female employees.

Philips Lighting UK&I is passionate about fairness, equality and inclusion, we are committed to reducing our Gender Pay Gap. On appointing a candidate into a new role, we carry out a Gender Pay alignment to ensure males and females are receiving equal pay for equal work. This involves adjusting pay where necessary.

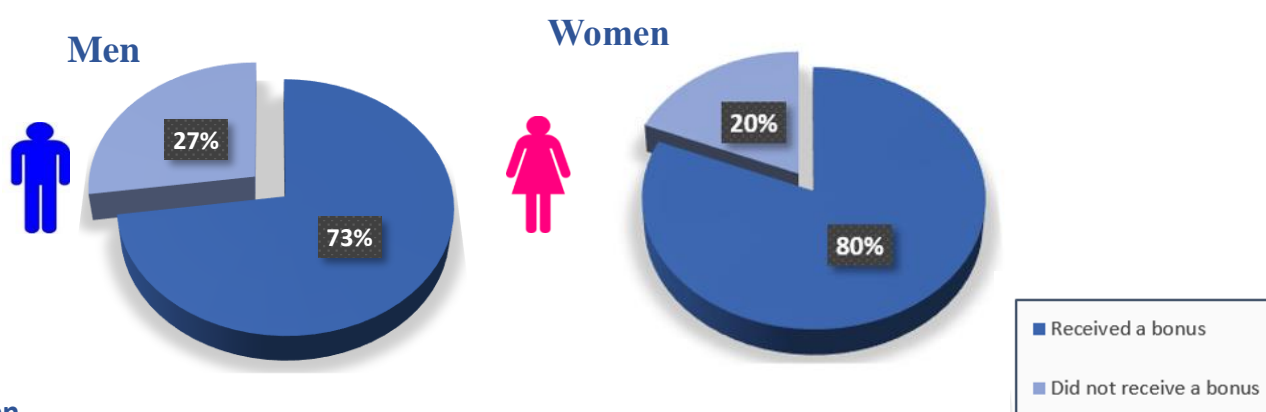
## Pay and Bonus Gender Pay Gap

Gender Pay Gap difference between Male and Female employees		
	Mean	Median
Hourly Fixed Pay	13.8%	19.2%
Bonus Paid	42.6%	48.1%

The table above shows the average (mean) and the middle point (median) hourly pay rate and bonus difference between male and female employees at Philips Lighting UK. The Gender Pay Gap is based on hourly rates of pay as at the snapshot date (i.e. 5 April 2017). It also captures the average difference between bonuses paid to men and women in the year up to 5 April 2017, i.e. for the 2016 performance year.

The average is made up from all hourly rates added together and divided by either the number of females or males. All flexible benefits are deducted from the hourly rate per hour.

### % of employees awarded a bonus for 2016



#### Women

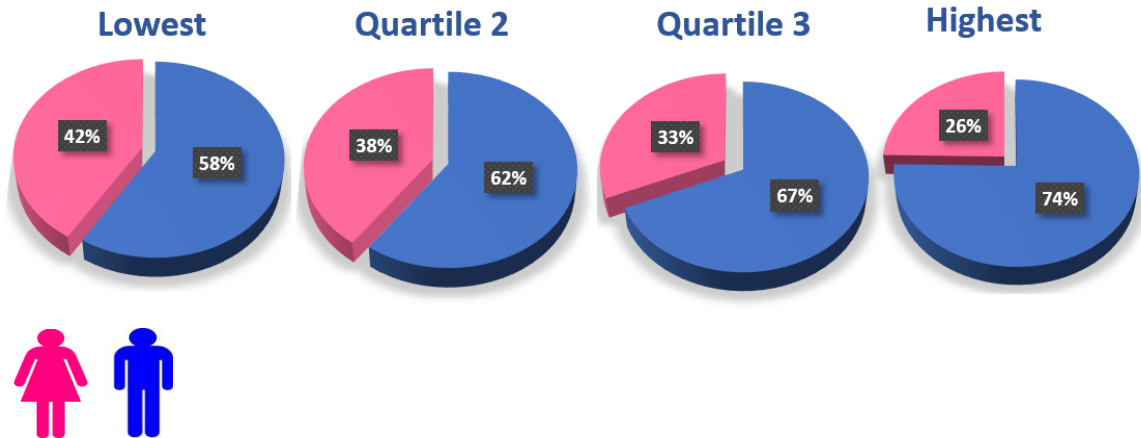
- **80%** of women employed at Philips Lighting received a bonus for their performance in 2016
- 99 women employed at Philips Lighting received a bonus in 2016 out of an eligible workforce of 123 female employees

#### Men

- **73%** of men employed at Philips Lighting UK received a bonus for their performance in 2016

- 169 men employed at Philips Lighting UK received a bonus in 2016 out of an eligible workforce of 233 male employees.

## Split of Male and Female across the Pay Quartiles



The above charts illustrate the gender distribution within Philips Lighting UK across four equally sized quartiles, each containing 89 employees. We have taken the employee rate per hour data and ordered it from low to high, then divided into 4 quarters; the lowest quartile shows employees with the lowest rate per hour and the highest quartile employees who have the highest rate per hour.

Our aims are to achieve at all levels an equal number between male and female, and to continue to reduce our Gender Pay Gap.

## Summary of contributing factors to our Gender Pay Gap

Several factors contribute to our Gender Pay Gap, particularly in respect of bonus payments.

- The economy and market conditions create a gender imbalance i.e. we receive more applications to work in key technical roles from males than females. This could be due to a smaller number of females studying STEM (science, technology, engineering and mathematics) subjects than males at higher education level. In consequence, our employee population consists of 228 males and 125 females
- This imbalance in recruitment carries through into the occupational distribution of men and women within the company, with men being more likely to work in higher paid roles (the highest quartile), and in roles that attract bonus payments; these are mainly in the sales team. Men are also more likely to occupy commercial leadership roles and roles that require world-wide travel; these are senior or specialist technical roles which attract higher salaries We are trying to attract more females in these roles.

- We operate two bonus schemes, one for sales, and one for non-sales. Sales employees are paid a higher bonus than non-sales employees. The majority of sales employees are males.

To summarise, this has been an interesting exercise highlighting some actions that we need to continue and some that we need start, for example promote technical roles at local college careers fairs for both male and females, encourage females into sales roles. These actions should help to reduce the Gender Pay Gap.



Bren Lumsden

**HR Director  
Philips Lighting UK&I**