



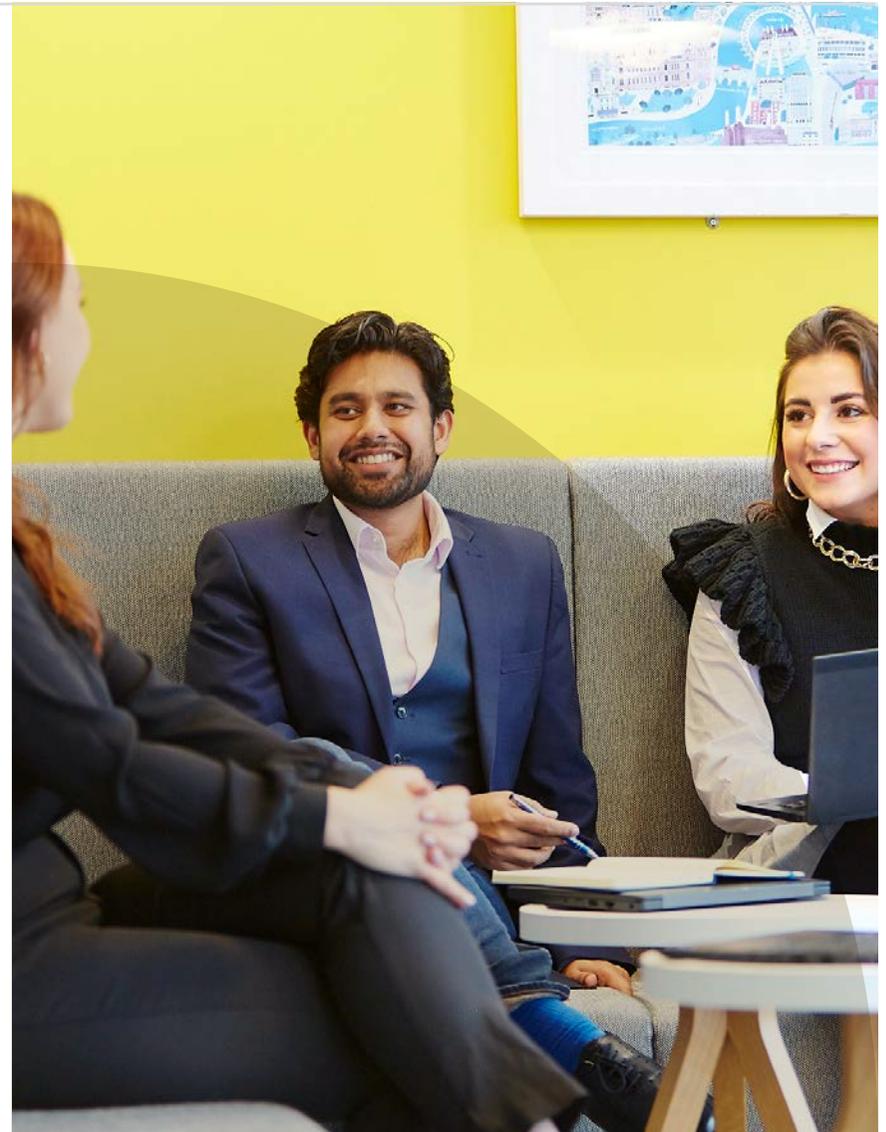
PHILIP MORRIS LIMITED

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# AT A GLANCE

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- The total **pay gaps** for our two UK business entities (-6.6% & 7%) *compare favourably* to the UK national average (15.4%)
- **Strong improvement** for PML in its bonus pay gap
- We have **coaching**, early careers and **leadership programmes** in place to help people realise their potential and accelerate their careers
- **We remain committed** to ensuring we attract, develop and retain **female talent**, particularly into **senior leadership positions**
- Expansion at PMI Global Studio moves it **above the reporting threshold for the first time**



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# INCLUSION & DIVERSITY AT PHILIP MORRIS INTERNATIONAL

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At PMI, our people are our strength, and we believe a truly diverse workforce should be reflective of the world around us. Only then can we be truly innovative and continue to accelerate progress towards our vision of a smoke-free future. Everyone has the right to bring their true selves to work. As an inclusive organisation, we want to leverage the experiences and perspectives of our people.

We work hard to create an environment which is inclusive, fosters a sense of belonging and enables people to realise their potential, whatever their gender, sexuality, race or ability.

This year also saw us achieve our global, company-wide target to improve gender balance, reaching 40% female representation in managerial roles by 2022. This is an important achievement and another key element of the inclusive culture we're aiming to cultivate to unlock the full potential of our employees and future talent. Of course, there is no room for complacency, we are already focused on our next objective; 35% of women in senior roles by 2025.

I am very proud of the progress we have made to date, and I am confident about achieving more in the future.



**Silke Muenster**

Chief Diversity Officer

“We were the first business to be global **EQUAL-SALARY** certified in **2019** and we achieved recertification again in **2022**.”

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# THE IMPORTANCE OF GENDER EQUALITY TO OUR UK BUSINESSES

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**Christian Woolfenden**  
Managing Director, Philip  
Morris Limited (UK &  
Ireland)



**Martin Inkster**  
Head of PMI Global Stu-  
dio, Philip Morris  
International

At Philip Morris, we are working to transform our business away from combustible cigarettes – to deliver a smoke-free future. Building an inclusive culture and bolstering diversity is not only the right thing to do, it is also central to the success of this mission.

As a consumer-centric organisation, it is a commercial imperative that our make-up is truly representative of the communities in which we operate. A diverse workforce fosters diverse thinking and different perspectives fuel our creativity.

By continually developing our recruitment, retention and progression strategies, we continue to build a diverse and inclusive workplace.

There is no room for complacency, so we continually challenge ourselves to learn, grow and improve upon our policies and processes. While this is delivering on an expectation from our workforce and consumers, it is also contributing to a world which is fairer and more accepting.

As representatives of the Leadership Team of Philip Morris Limited and Philip Morris Global Studios, we are pleased to confirm that the information contained in this report is accurate.

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# WHAT IS THE GENDER PAY GAP?

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The gender pay gap is a collection of measures which reflect workplace inequality, expressed in terms of a comparison between the average equivalent hourly rates of pay for men and women. Data is compiled in accordance with the 'snapshot date' set by the government - 5 April 2022 for this reporting period. It provides a framework that allows gaps between men and women to be identified so that employers and society at large can think constructively about why gender pay gaps exist and how we can all work to minimise them.

For individual businesses, the gender pay gap compares the total and bonus pay of all men and women across the workforce, without considering differences in job roles, experience and qualifications. The gender pay gap is not the same as 'equal pay' - paying men and women equally for performing identical roles - which has been a legal requirement in the UK since 1970.

## WHAT IS MEASURED?

**GENDER REPRESENTATION** - The number and proportion of men and women employed.

**MEDIAN TOTAL GENDER PAY GAP** - The difference between the average equivalent hourly earnings of men and women. Reported for each gender, this is the salary that would be in the middle, if each salary were put up in order. This is generally

thought to be the best representation of what is 'typically' earned by the average employee of either gender.

**MEAN TOTAL GENDER PAY GAP** - This is best understood as the 'true' average of the equivalent hourly earnings of men and women - salaries for each gender are totalled and divided by the number of employees of each gender.

**PAY QUANTILES** - Salaries across the business are ranked from highest to lowest and divided into four evenly-sized groups. The percentage of men and women in each group is reported.

**BONUS PAY GAP** - The difference between either gender, based only on bonuses paid over the 12-month period before the snapshot date. As with Total Gender Pay Gap, this is reported on a median and mean basis.

**BONUS PROPORTIONS** - The proportions of male and female employees who received bonus pay during the relevant period.

# OUR RESULTS – PHILIP MORRIS LIMITED

Philip Morris Limited (PML) is the UK affiliate of Philip Morris International. PML is our commercial business and consists of commercial functions and enabling services such as legal, supply chain, IT, human resources, finance and others.

Over the past five years of reporting, our median total gender pay gap has remained significantly below the national average. The figure has waivered either side of the 0% target – most recently towards women – but we accept that as an inevitability of having a medium-sized workforce, which makes us especially prone to fluctuation from modest changes within the organisation.

We continue to face into the challenge of improving representation at the most senior levels of the business. We have robust programmes, policies and processes in place which should enable everyone to reach their potential – irrespective of gender. These initiatives are underpinned by an organisational culture that fosters diversity and inclusion.

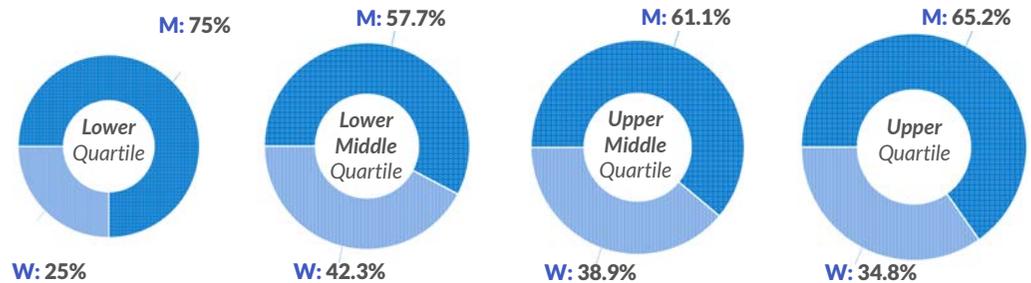


**Number of Employees**

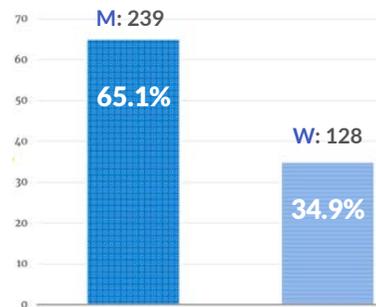
**367**



**Total Pay Quartiles**



**Workforce by Gender**



# OUR RESULTS – PHILIP MORRIS GLOBAL STUDIO

Global Studios' primary function is to provide creative services to our global operations. However, it has grown more recently to incorporate complementary enabling functions such as legal, public affairs and sundry services again, on behalf of our global business.

This is a first-class facility that is well-positioned to take advantage of London's high-quality talent pool. This is the first year of reporting for this business entity, which has grown rapidly during the reporting period. Our total pay gaps favours men and although these are far below the national average, we are focused on – and committed to – enabling progression for all. Given our modest size, we do anticipate continued fluctuation but the key for us is to reduce the degree to which our pay gaps waiver from the 0% target over the coming years.

The clearest challenge is evident in both our bonus pay gaps and our pay quartiles, reflecting the under-representation of women in the most senior positions. We share PML's confidence that the programmes we have in place will help reduce these gaps over time.

## Total Pay Gap



## Number of Employees

**321**

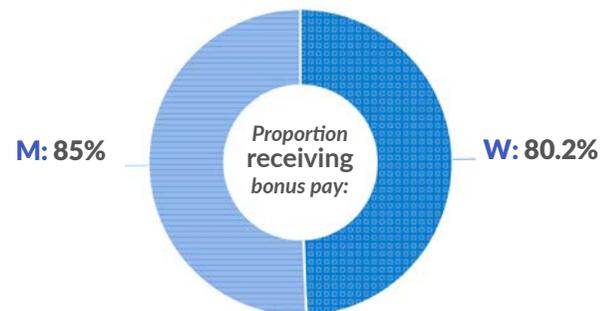
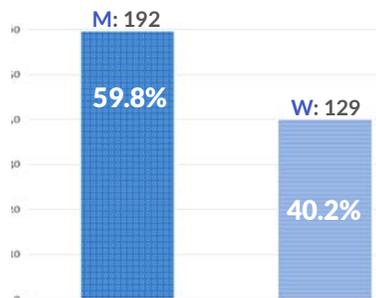
## Bonus Pay Gap



## Total Pay Quartiles



## Workforce by Gender



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# OUR COMMITMENT TO REDUCING THE GAP

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Minimising our gender talent gap is critical to the pursuit of our transformation. It is only by operating a business that reflects the world around us that we can deliver a smoke-free future. We are fostering an inclusive workplace through measures ranging from formal programmes, policies, processes and training to informal support networks.

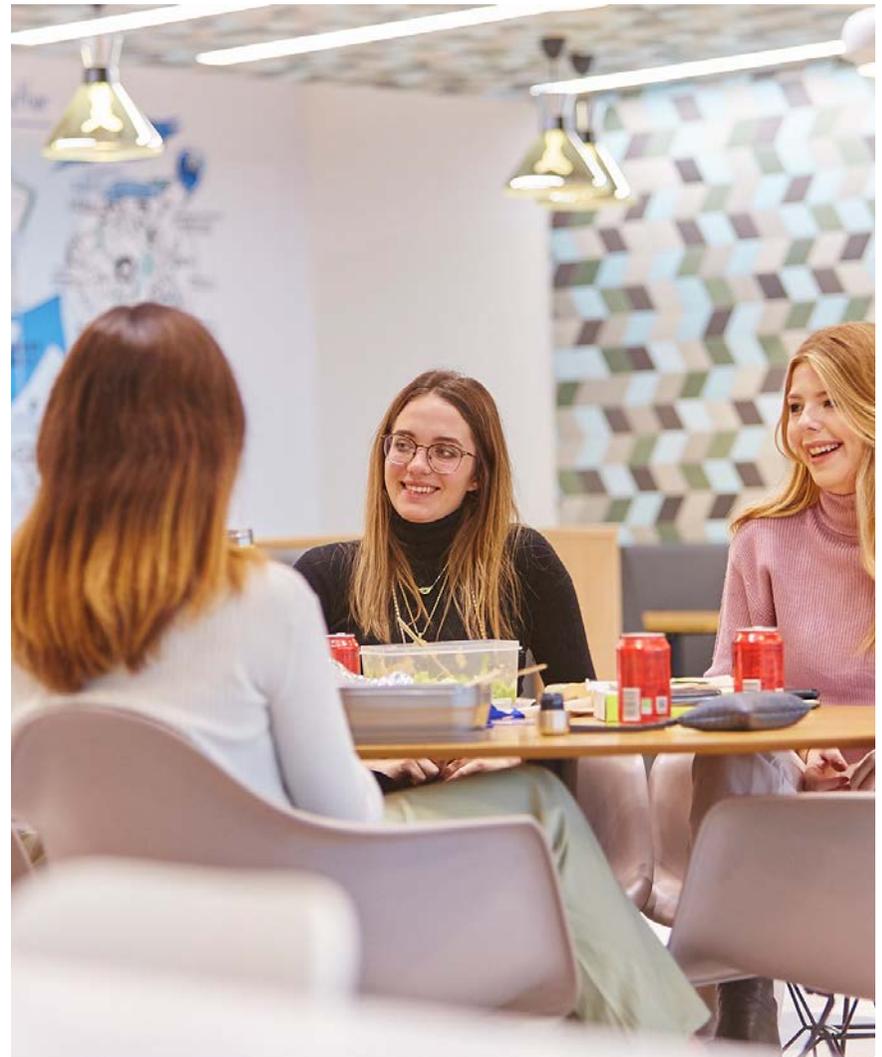
This year we created a dedicated role in the UK to focus on our diversity, inclusion and employee engagement efforts.

## AGILE WORKING

We continue to provide flexible working practices for all, to support employees to thrive at work and at home. To support working parents, we provide access to a range of services, including Circle In and Workplace Nursery benefits.

## INSIGHT-DRIVEN

We run quarterly employee surveys that help us plan and measure improvements. These incorporate topics such as wellbeing and inclusivity, and they enable us to better-understand our workforce and leverage data in our decision making.



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# OUR COMMITMENT TO REDUCING THE GAP

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## WOMEN'S NETWORK

Our Employee Resource Groups (ERGs) empower our employees to enact change in the areas that matter most to them. The UK Women's Inspiration Network ERG launched in 2022 and champions women and women's issues across the business.

## OUR TALENT PIPELINE

### ATTRACT

We work hard to recruit equal numbers of men and women at all levels, with our job advertisements featuring gender-neutral language and a drive for gender-balanced shortlists. We use diverse interview panels and bias training to reduce the risk of unconscious bias in talent assessments.

As part of our ongoing mission to hire a wider, more diverse range of talent, we have partnered with Work180, an international job network that connects businesses with talented women.

They pre-screen every employer on their jobs board to see where they stand on pay equity, flexible working, paid parental leave, equal opportunities and a range of other criteria.

### RETAIN

Developing the best female talent is also a priority for our business. We continue to enroll female UK colleagues onto PMI's global Women in Leadership programme. We continued to roll out unconscious bias training at all levels of the business during the past 12 months.



### DEVELOP

We continue in our commitment to foster talent with our early careers programmes. Our graduate accelerator scheme EVOLV and our newly launched apprenticeship scheme, EMBARK, have proven hugely successful. We have strong female-representation across our active cohorts which is fuelling talent pipeline.