



PHILIP MORRIS LIMITED

Gender Pay Gap Report



2021

GENDER PAY GAP AT A GLANCE

- | Our total pay gaps favour women: median **-7.6%** / mean **-5.7%**
- | The mean bonus pay gap also favours women **-10.1%**
- | And our median bonus pay gap favours men **24.3%**
- | Proportions receiving bonuses: men **67%** women **70.2%**
- | Introduction of Smarter Working has extended our support for working parents
- | Strong female representation on management training programme and leadership team

* Gender Pay Gap in the UK – Office for National Statistics (one.gov.uk)
Positive/negative pay gap figures indicate a bias in favour of men/women respectively.



Silke Muenster

Chief Diversity Officer
Philip Morris International

INCLUSION AND DIVERSITY AT PHILIP MORRIS INTERNATIONAL

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 make even more progress towards our goal of a smoke-free future.

Everyone has the right to bring their true selves to work and to be respected for the life experiences and perspectives they bring. We work hard to create an environment which values everyone's contribution, that fosters a sense of belonging and enables people to realise their potential whatever gender, sexuality or race they may be.

Being the first business to be Global EQUAL-SALARY certified in 2019 underlined our commitment to living these values. While testament to our progress in this area, it also serves as the catalyst to our wholehearted commitment to continue to maintain these high standards.



GENDER DIVERSITY UNDERPINS OUR SMOKE-FREE MISSION

At Philip Morris Limited (PML), we are working to transform our business away from combustible cigarettes – delivering a better, smoke-free future.

Building an inclusive culture and bolstering diversity is not only the right thing to do, it is also central to our success in this endeavour. Having a diverse workforce – whose creativity and innovation are fuelled by their differing perspectives and experiences – enables us to remain truly consumer-centric.

The responsibility for building a diverse culture at PML lies with everyone in the business. Mindsets and behaviours are being embedded into our leadership and our learning as we continue to break down hierarchies to ensure different voices are heard.

We continue to challenge ourselves to learn, grow and improve when it comes to inclusion and diversity – not just in response to the expectations of our workforce and consumers, but leveraging our scale and expertise to increase our contribution to a world which is fairer and more accepting.

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

This report is based on legal requirements and definitions. The data covers Philip Morris Limited (“PML”), the core UK affiliate of Philip Morris International (“PMI”), which employs a range of roles, including sales, marketing and support functions.



Liana De Angelis
Director P&C
UK & Ireland

A handwritten signature in gold ink that reads "L De Angelis".



Christian Woolfenden
Managing Director
UK & Ireland

A handwritten signature in gold ink that reads "C Woolfenden".

WHAT IS THE GENDER PAY GAP?

The gender pay gap is a collection of measures which reflect workplace inequality, expressed in terms of a comparison between the average hourly rates of pay for men and women. 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 since 1970.

GENDER REPRESENTATION

The number and proportion of men and women employed by PML.

MEDIAN TOTAL GENDER PAY GAP

The difference between the average hourly earnings of men and women – expressed through the salary that appears in the 'middle' for each gender. 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 hourly earnings of men and women – salaries for each gender are totalled and divided by the number of employees.

PAY QUARTILES

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 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.

TOTAL PAY GAP

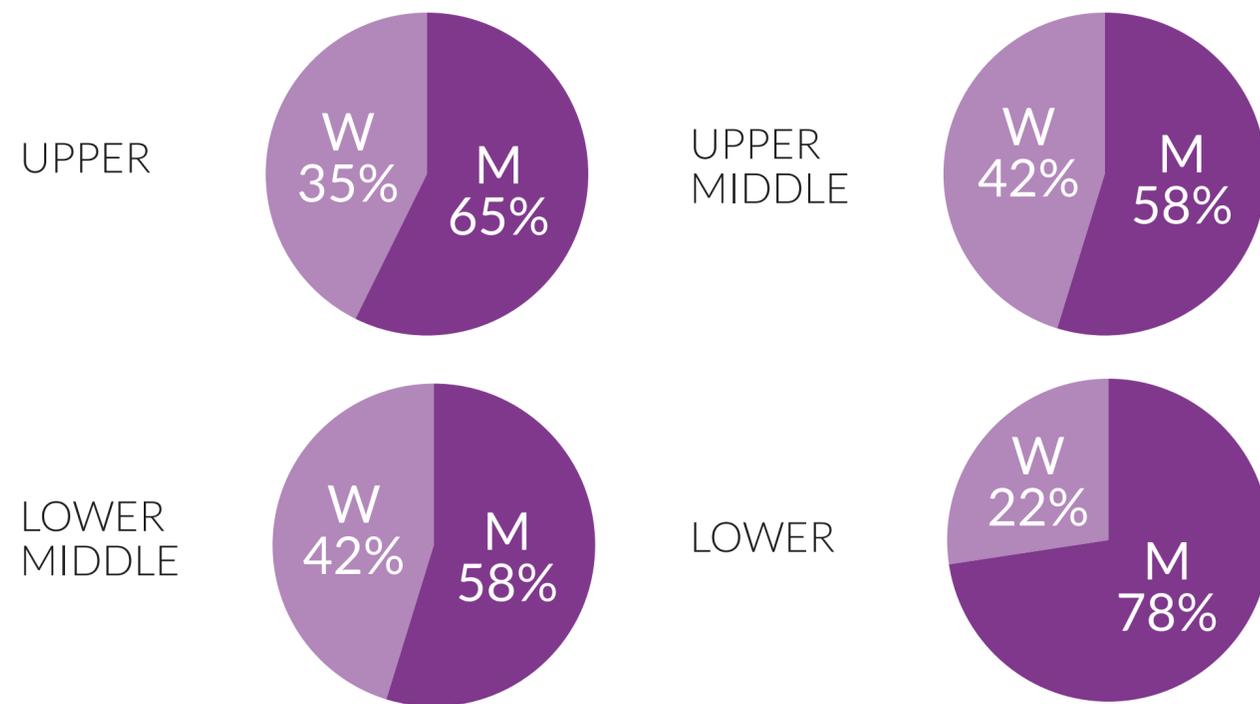
-7.6%

Median hourly rate favours women

-5.7%

Mean hourly rate favours women

PROPORTION OF MEN AND WOMEN IN EACH PAY QUARTILE



OUR WORKFORCE

128 Women | **36.3%**

225 Men | **63.7%**

BONUS PAY GAP

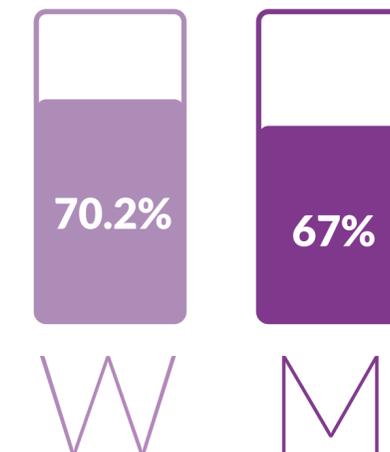
-10.1%

Mean bonus pay favours women

24.2%

Median bonus pay favours men

PROPORTION OF WOMEN AND MEN WHO RECEIVED BONUS PAY



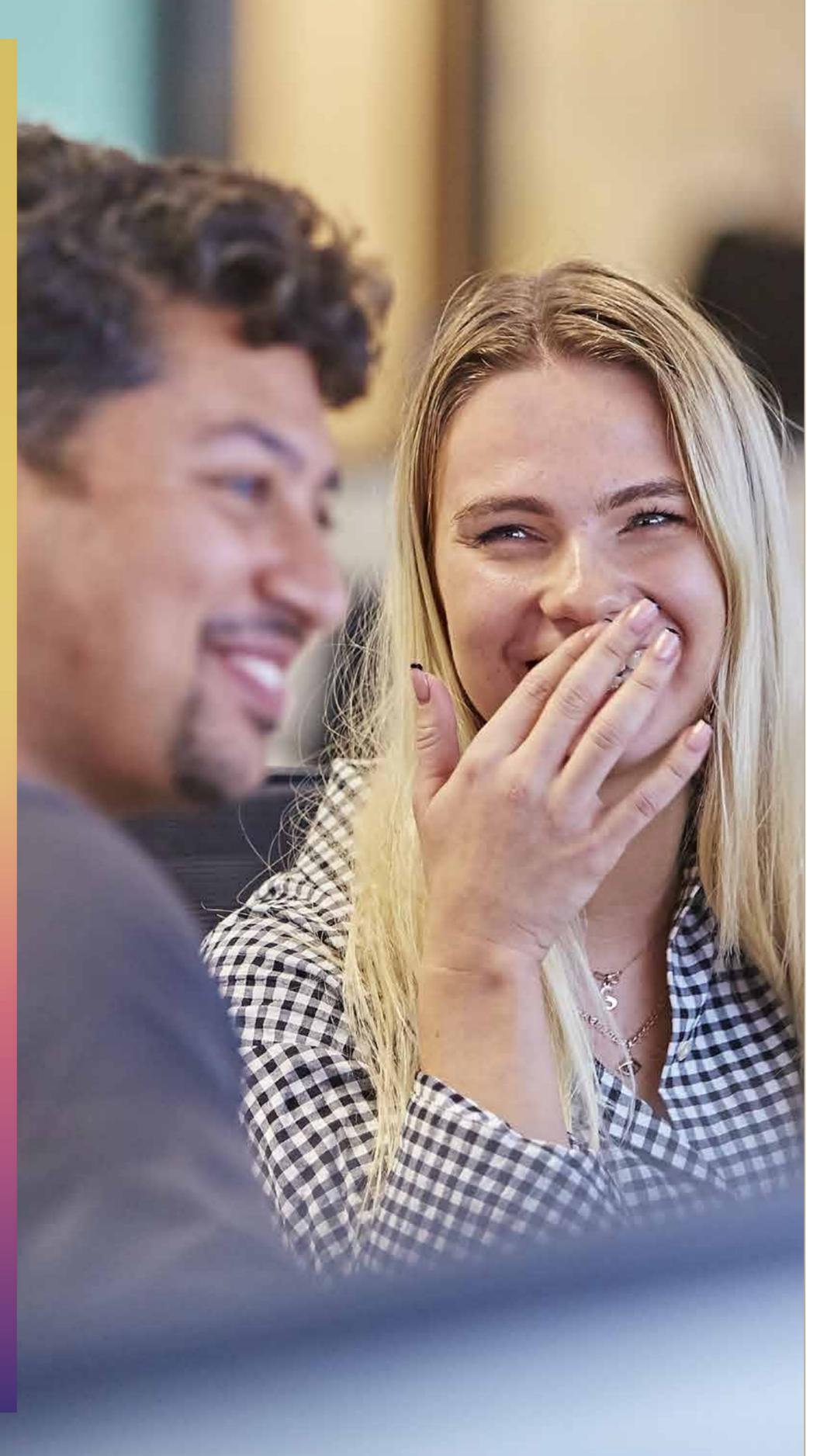
OUR RESULTS

We have experienced swings for many of our key reporting metrics for 2021 – towards women for our total GPG figures and in men’s favour for bonuses. As reported previously, this is an inevitability for medium-sized employers such as PML, with even moderate changes to our business causing significant fluctuations to our data. For the period in question, the swing towards women with a -7.6% median total gender pay gap was caused by the expansion of entry-level field sales roles, which typically remains a male-dominated industry in the UK.

As we are now in our third year of GPG reporting, it is helpful to look at the emerging trends over time. At this level, we can see our headline figures circle the 0% goal, regularly below the UK average (15.4%* median). This shows we are heading in the right direction, but we do anticipate the business will continue to experience variations in favour of both genders in the medium term.

We are pleased to continue with near-parity between the proportion of men and women receiving bonus payments. Clearly we still have a challenge to address in terms of gender balance at the most senior levels of our organisation – evidenced by our top pay quartile and median bonus gender pay gap. We are confident that we have the right structures and support in place to continue to enable progression for all. But there is always more we can do and we are working hard to improve representation across the business in order to minimise our gender pay gap for all reporting metrics.

* Gender Pay Gap in the UK – Office for National Statistics (one.gov.uk)



COMMITMENT TO REDUCING THE GAP

Minimising our gender talent gap is critical to the pursuit of our smoke-free transformation. It is only by operating a business that reflects the world around us that we can remain effective.

We are fostering a truly inclusive workplace through a variety of activities, from our formal processes to softer changes that help level the playing field.

AGILE WORKING

We have continued to further embed flexible working practices for all, to support employees to thrive at work and at home.

INSIGHT-DRIVEN

We have conducted a series of employee surveys over the past year, covering issues from wellbeing to inclusivity. This has enabled us to better-understand our workforce and take a data-led approach to our decision making in these areas.

WOMEN'S NETWORK

We have a newly formed WIN network which champions women and women's issues in our business. This is one of a number of employee resource groups (ERGs) at PML – which empower our employees to enact change on the areas that matter to them.





OUR TALENT PIPELINE

We provide training to remove unconscious gender bias across the employee journey. Our ongoing commitments include an aim to recruit equal numbers of men and women at all levels, with our job advertisements featuring gender-neutral language. We also push for gender-balanced shortlists and use diverse interview panels 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 partnered with Work180, an international job network that connects businesses with talented women. Work180 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.

Developing the best female talent is also a priority for the business in reducing its gender pay gap. In the past year, we have enrolled UK-based employees onto PMI's global Women in Leadership programme. We continue bringing young talent to the business with our Graduate Accelerator Scheme (EVOLV), where more than half of our latest intake are women. Most recently, we have also launched a field sales apprenticeship scheme, which will benefit from the unconscious bias recruitment practices detailed above, as we seek to develop female talent in this traditionally male-dominated function.

THE FUTURE

Currently, women make up **34%** of managerial roles at PML, and our goal is to increase that figure to at least **40% by 2025**.

By developing our recruitment, retention and progression strategies, we continue to build a diverse and inclusive workplace. This is the right thing to do for society and our business, as we continue our smoke-free transformation.



PHILIP MORRIS LIMITED

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2024