



PMI GENDER PAY GAP REPORT 2024



PHILIP MORRIS LIMITED



AT A GLANCE:

Philip Morris Limited (PML) and
Philip Morris Global Studio Limited (GSL)

- ▶ The total pay gaps for our two UK business entities (PML -12% & GSL 6.6%) remain lower than the UK national average (14.3%)¹
- ▶ Near-parity in proportion of men and women receiving bonuses; further attention needed to improve equity of bonus pay gap(s)
- ▶ We have coaching, early careers and leadership programmes in place to help our 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

¹ ONS Gender pay gap for all employees in the UK: 2023.
Gender pay gap in the UK - Office for National Statistics (ons.gov.uk)



DIVERSITY, EQUITY & INCLUSION AT PHILIP MORRIS INTERNATIONAL

A workforce rich in diversity is key to driving the innovation PMI requires to deliver a smoke-free future. By fostering an environment where individuals are valued, treated fairly and equally, and feel that all-important sense of belonging, we can unlock the true potential of every employee. This, in turn, is what will help us all realise the collective strengths of PMI. After all, a company can only be as strong as its people.

One of my first priorities when I became PMI's Chief Diversity Officer in 2023 was to rebrand our "Inclusion and Diversity" function as "Diversity, Equity, and Inclusion." Why? Because it's critical that we not only provide everyone with the same opportunities and access (equality), but also level the playing field by acknowledging, and catering to, individuals' varying needs and circumstances (equity). This rings especially true for women, who comprise 50 percent of the world's population and intelligence—yet the global workforce still doesn't reflect that.

At PMI, we're making significant strides to address this. In 2019, we became the first organisation to obtain the global EQUAL-SALARY certification, meaning equal pay for equal work. We also reached our ambition to have 40 percent of women in management roles by 2022—and now aspire for 35 percent of senior roles to be filled by women by 2025. I'm proud of the progress we've made, but I'm convinced we can reach our aspirations faster if everyone works together to make gender balance—and diversity in general—a business norm.

Mimi Kurniawan, Chief Diversity Officer





WHY GENDER BALANCE MATTERS TO OUR UK BUSINESSES

At Philip Morris, we know building a diverse workforce enables us to meet the needs of our consumers. We recognise the necessity of creating an inclusive workplace culture where every voice is heard, valued, and respected.

Diversity, equity, and inclusion are cornerstones of our business culture. We are fostering an environment where all individuals, regardless of gender, have equal opportunities for professional development and advancement.

We've increased women's representation across our business by hiring and retaining more women this year. Although we're pleased with our progress, we recognise we have more work to do. Our strategies aimed at reducing our gender pay gap – as detailed in this report – are central to the success of the wider mission of our smoke-free transformation.

I confirm the data and information presented in this report is accurate and meets the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Adrian Shooter, VP P&C UK, Ireland & Global Studio



DEFINING THE GENDER PAY GAP

Gender pay gap reporting provides a framework for employers to measure and identify differences in men and women's pay. Employers are encouraged to analyse the root cause(s) of pay differences, and work to reduce – and eventually – remove them.

The gender pay gap compares the base and bonus pay of all men and women in an organisation, 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.

Key Metrics

- ▶ **Gender representation** - The proportion of men and women employed.
- ▶ **Median total gender pay gap** - The difference between the average equivalent hourly earnings of men and women. Reported by gender, this is the salary that would be in the middle, if each salary were listed in numerical order. This is generally thought to be the best representation of what is 'typically' earned by the average employee of the respective gender.
- ▶ **Mean total gender pay gap** - This is best understood as the 'true' average of the equivalent hourly earnings of men and women – the sum of men's salaries and of women's salaries divided by the number of employees of the respective gender.
- ▶ **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 women's and men's bonuses paid over the 12-month period before the snapshot date – both median and mean bonus pay gaps are reported.
- ▶ **Bonus proportions** - The proportions of men and women who received bonus pay during the reporting period.

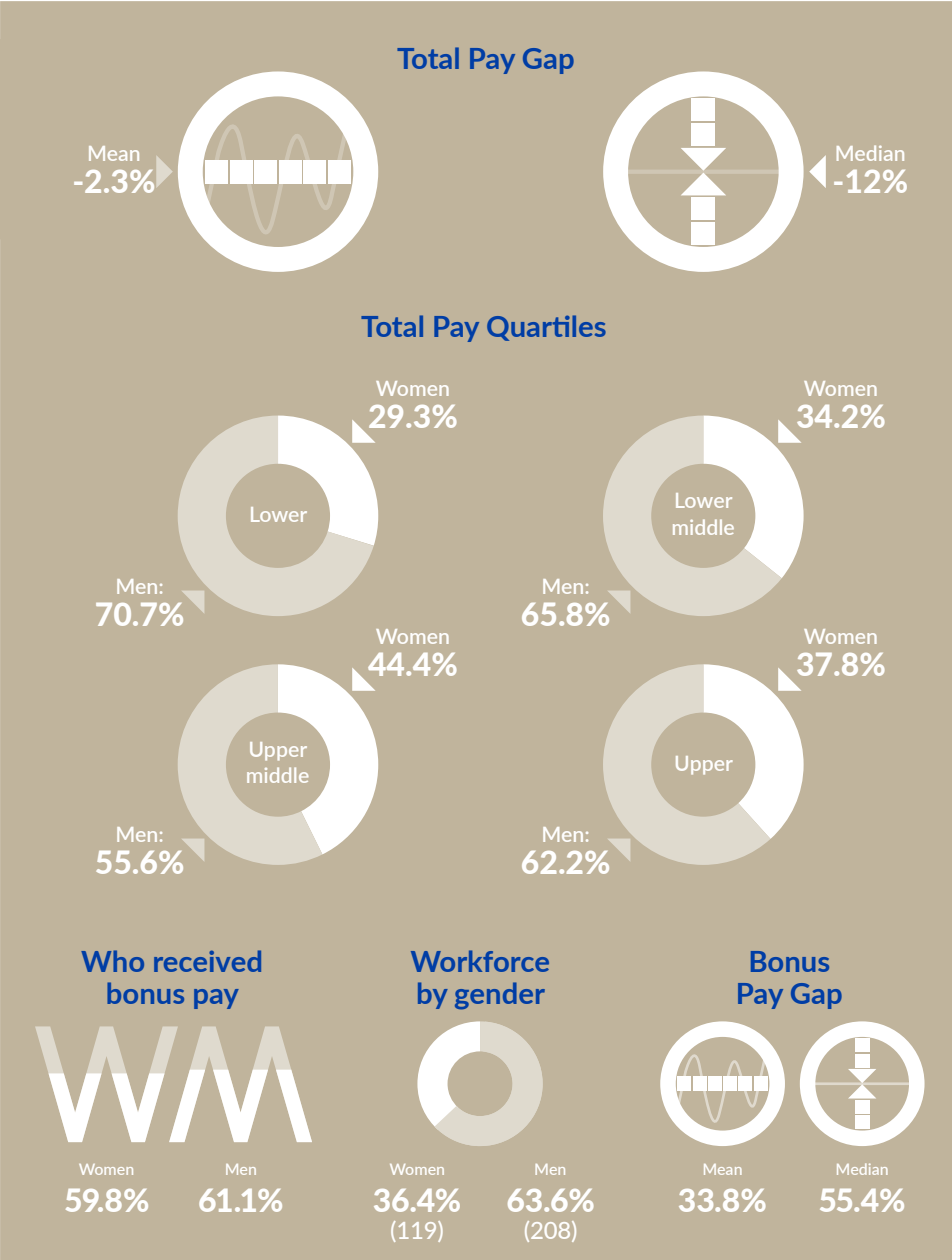


OUR RESULTS: PHILIP MORRIS LIMITED

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

Our median pay gap continues to favour women and has moved further in favour of women over the reporting year. Meanwhile, our bonus pay gap has increased in favour of men. The representation of women in our Upper-Middle and Upper pay quartiles has increased – an indication that strategies to improve women’s career progression are having an impact.

Due to the size of our employee population, modest changes within our business cause significant fluctuations in our data. Our results over recent years are encouraging – but there remains room for improvement in some areas. We will continue to show our commitment by prioritising strategies aimed at reducing our gender pay gap.



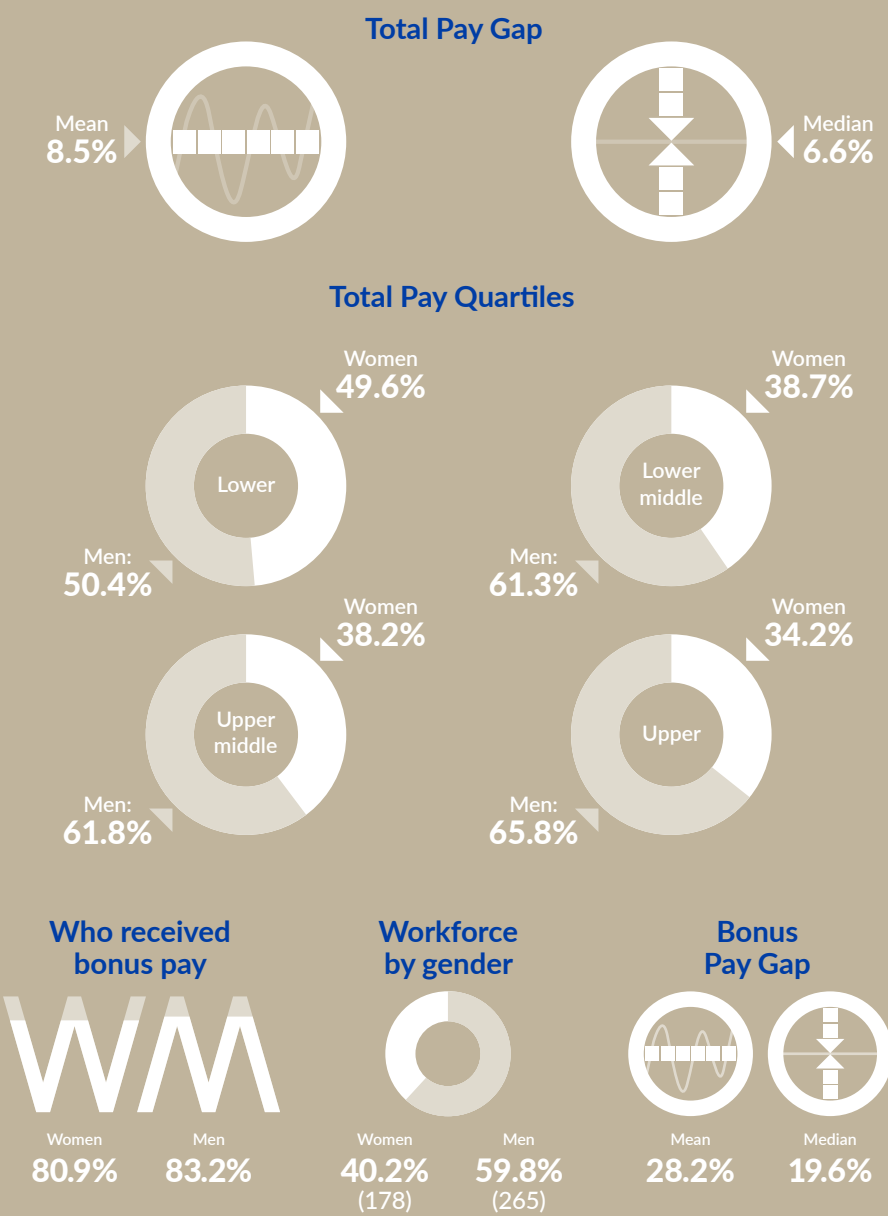
Positive/negative mean and median figures indicate a pay gap in favour of men/women respectively.



OUR RESULTS: PHILIP MORRIS GLOBAL STUDIO

The Philip Morris Global Studio Limited (GSL) primary function is to provide creative services to PMI's 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 the global business.

Global Studio is in its second year of reporting, and our figures remain below the national average. While our median total pay gap continues to favour men, we are pleased to see a reduction in this reporting year. Our bonus pay gap(s) have reduced but remain significantly in favour of men, and this remains a key consideration in our attempts to minimise our gender pay gap.



Positive/negative mean and median figures indicate a pay gap in favour of men/women respectively.



OUR COMMITMENT TO REDUCING THE GAP

Attraction

- ▶ We continue to use gender neutral language in our job descriptions and strive for gender balanced interview shortlists. We also ran a series of campaigns over the reporting year dedicated to attracting more women candidates. As a result, we are pleased to share that we hired more women at both of our UK businesses in 2023, compared to 2022.
- ▶ We also continued our partnership with Work180, a global platform that enables women and marginalised groups to find inclusive employers. And we began a new partnership with BYP Network, an organisation that connects Black professionals with progressive employers. Some highlights of our partnership include an onsite talent attraction event and employee spotlight blog: both gave prospective candidates insight into our culture and career opportunities.
- ▶ We're in our sixth year of running our EVOLV graduate accelerator programme and second year of running EMBARK, our apprenticeship programme. Investing in early careers, and supporting our junior talent, is key to developing future leaders.

Retention and progression

Development programmes

- ▶ We continue to provide our employees with access to a wide range of learning opportunities - from our large in-house suite of programmes including License to Lead (manager development programme), Women in Leadership programme and others, through to financial assistance for pursuing external certification.

Benefits

- ▶ Our extensive suite of benefits from private medical and dental coverage, a monthly flexpot allowance as well as enhanced family leave schemes, all ensure our employees are well supported throughout different life stages.

Pulse feedback

- ▶ It is important to us that we regularly encourage employee feedback. Inviting our employees to share their experience of working at PMI twice each year is an important part of our employee listening strategy. And we act on our employees' feedback.

ERGs

- ▶ Our six global employee resource groups provide our people with supportive networks they can connect with to have courageous conversations, celebrate cultural events, and shape our culture. Our ERGs are: AdvantAGE - age diversity; Embrace - race and ethnicity; Parents@ - parents and caregivers; PMI Able - disability; Stripes - LGBTQ+, WIN - gender (women).

Flexible working

- ▶ We recognise our employees are whole people, and work is just one part of their lives. We encourage 40% office attendance from our office-based team members each week or spread over the month. Additionally, we offer flexible start and finish times.

Inclusive environment

- ▶ Over the reporting year, we provided our employees with access to dedicated inclusion and wellbeing workshops, including active bystander, unconscious bias, inclusive language, emotional intelligence, grief and 'cultivating calm'. Our leadership team also participated in dedicated sessions to support their inclusive leadership journeys.