

*Kellogg's*

**GENDER PAY GAP  
REPORT**

2018



# INTRODUCTION

SAM THOMAS-BERRY



## Our continued commitment to diversity

Our company's commitment to diversity and fairness can be traced back to our founder WK Kellogg who was a pioneer in employing women in the workplace and reaching across cultural boundaries.

We continue to live our Founders values today, and that includes the way we pay and reward all our people across the organisation.

Our philosophy is to pay market competitive salaries irrespective of gender, and link pay to company and individual performance. This includes our pay review and an annual incentive plan (AIP), in which employees are rewarded based on both their performance and the performance of the business.

We're pleased to report our actions have made progress in closing our reportable gender pay gap in 2018.

Gender diversity is already strong in some parts of our business with 50 per cent representation of females at higher levels in Kellogg Europe Management Company (KEMC) and 43 per cent in Kellogg Company of Great Britain (KEUK).

We will however review the data in our latest report so we can continue to focus on our longer term objectives to become a more diverse and inclusive company.

**Sam Thomas-Berry**  
VP HR Europe

# OUR GENDER PAY DATA

## KEMC

As required by law, Kellogg has reported on its two business entities in the UK with more than 250 employees (KEMC and KEUK).

**Kellogg Europe Management Company (KEMC):** this includes European Functions such as Research, Quality, Nutrition, Corporate Affairs, Human Resources and Information Technology.

In KEMC our mean Gender Pay Gap for April 2018 has improved 1.2% and been reduced to 17.9%. This is due to an increase in the number of female employees and reduction of male employees in higher paid roles.

We have 50% representation of female employees in manager roles in KEMC. However, 86 of the lower graded roles are held by female employees compared to 26 male employees which reduces the reported average hourly rate for female employees.

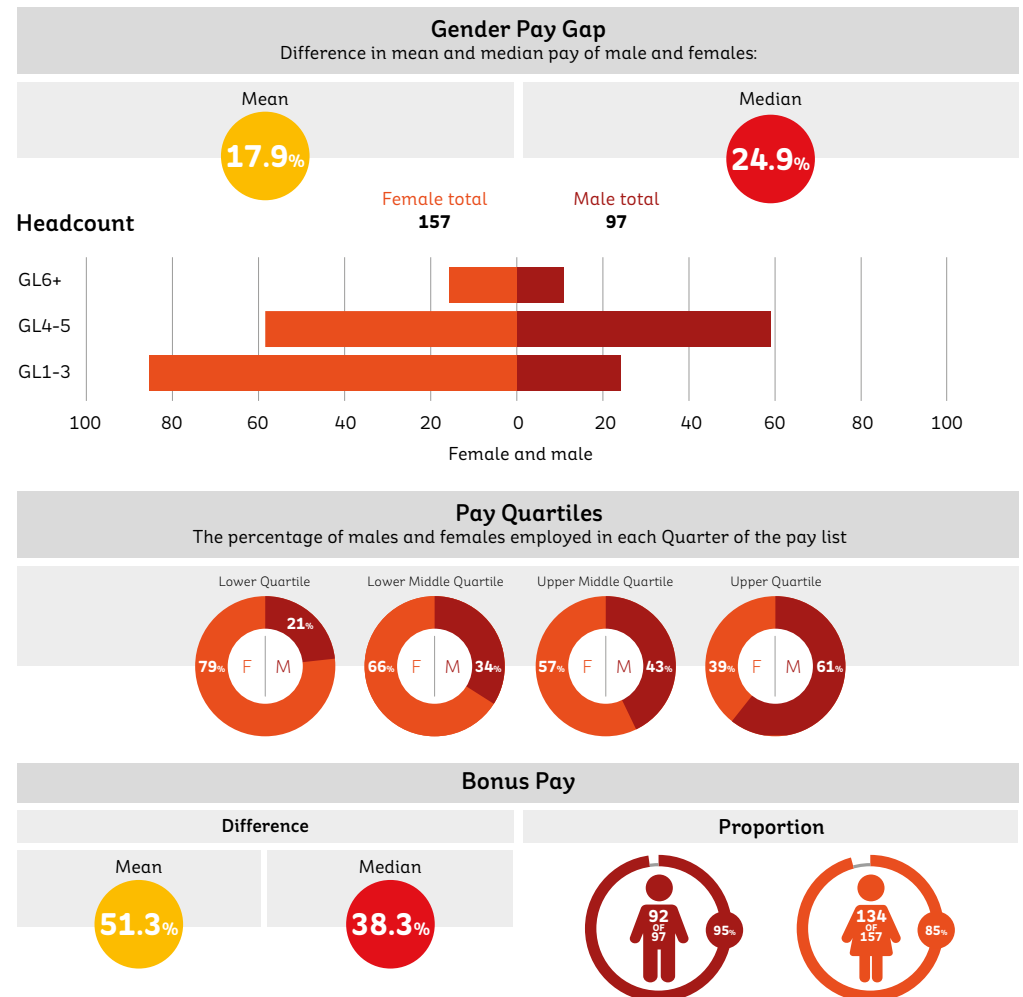
We know we pay equitably in KEMC because we have a remuneration policy that ensures fairness and transparency. This policy is used to assign pay ranges to different roles, which are informed by their market value and reviewed each year. Our pay ranges are set by function and level.

Our 'Pay Quartiles' split by gender, reflect the greater proportion of female employees in lower grades within KEMC.

Our Bonus gap for 2017/ 2018 is 51.3% (in 2016/2017 it was 49.9%). This reflects the demographic of the population that received a bonus. As the bonus opportunity at lower grades is a smaller percentage of salary than the opportunity at higher grades, this reduces the bonus average for our female employees (as there are more females employed in this group).

2018 was the first year of Restricted Stock Unit (RSU) vesting for senior employees and this has increased the gap as a result as it is included in the bonus calculation.

The proportion of females receiving a bonus is lower than men due to a number of new starters before the eligible date to receive a bonus.



# OUR GENDER PAY DATA

## KEUK

**Kellogg Company of Great Britain (KEUK):** this includes all employees in Kellogg's Manchester and Wrexham manufacturing sites including management and factory workers.

In KEUK our mean Gender Pay Gap for April 2018 has reduced to 3.6%, from the April 2017 mean of 7.8%.

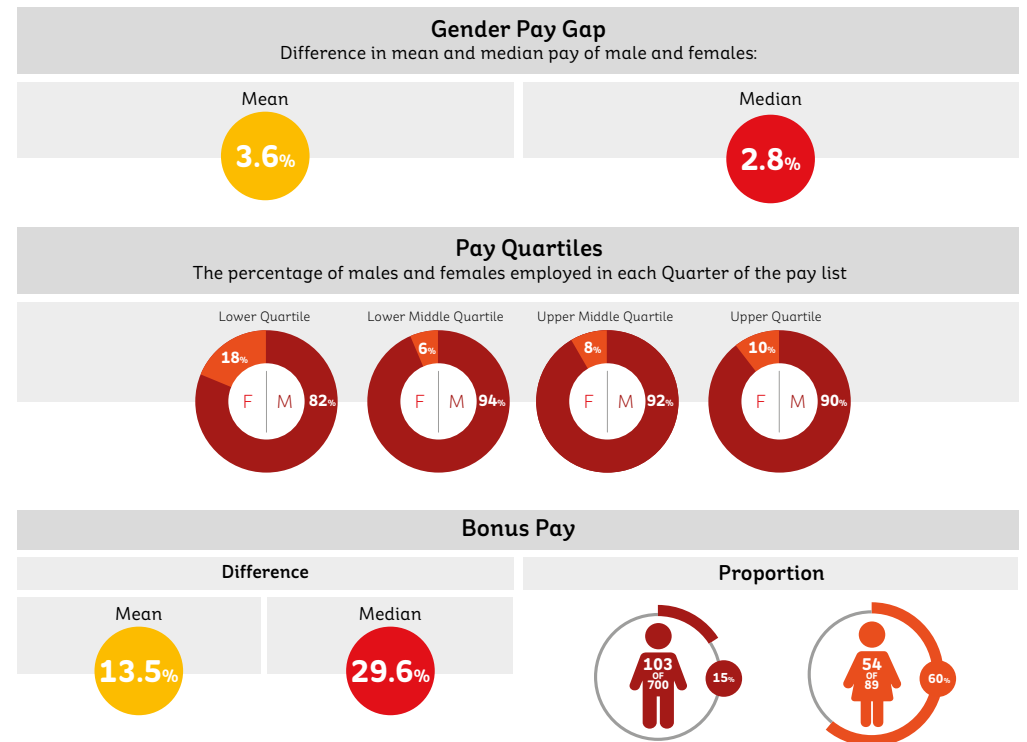
The gap has reduced due to a change in the number of females employed at different levels which has consequently increased the average female hourly rate.

There are 700 males employees compared to 89 female employees in KEUK, which is common in the manufacturing sector. The split of female employees is relatively distributed across the pay quartiles.

In KEUK, the majority of employees' rates of pay are agreed with the relevant trade unions at standard rates, reducing the variability in pay.

The mean bonus pay gap is 13.5%, which is an increase from -0.5% in the 2017 report. The average bonus for male employees is higher due to more males being employed at a higher management level.

2018 was also the first year of Restricted Stock Unit (RSU) vesting for senior employees and this has increased the gap as it is included in the bonus calculation.



# A PLACE WHERE EVERYONE CAN GROW AND FLOURISH

We continue to be committed to supporting female progression to ensure gender diversity at all levels of our organisation and we have the policies and programmes in place to make this happen, including how we recruit and develop our people.

All managers receive Unconscious Bias training to promote better gender diversity and ensure they have the awareness and insights to recruit fairly from the widest possible talent pool.

On the manufacturing side, we continue to encourage more applications from females to join our apprenticeship programme, by ensuring the messages we use in our advertising and recruitment appeals to as diverse a talent pool as possible.

Our Women of Kellogg (WOK) Group continues to provide female employees, and males, with a range of networking and career development opportunities. In 2018 WOK connected with the

BBC's Womens network to extend some of their Webinars and speaker sessions to Kellogg's employees.

There was also a programme of Career Talks within Kellogg's to provide advice and inspiration for all employee. We piloted a new management development programme which includes a focus on being an inclusive manager.

We have continued to develop our parental transitions programme. This programme, offered to male and female colleagues via webcast, supports employees pre and post parental leave. It also provides line managers with the skills to support new parents.

# DIVERSE AND INCLUSIVE APPROACH ACROSS THE ORGANISATION

As a consumer goods business, it is vital that our workforce reflects our diverse consumer base. The closer we are to that, the better we're going to understand the people we serve.

Diversity and Inclusion is an integral part of our business strategy with a clear focus on gender balance as well as broader diversity issues. This year we partnered with LGBT charity Stonewall in the UK to help us create an environment where everyone feels like they belong.

The Kellogg's UK Diversity Group is now developing an action plan to identify new initiatives and policies that can be implemented to drive a diverse and inclusive approach at all levels, not only in terms of gender.

Our biannual Global Opinion Survey which goes out to all employees also included measures specific for Inclusion in our organisation. The results of our inclusion index in the UK were favourable when compared to industry benchmarks and allows us to have a measure to track progress on this.

## CASE STUDY

# LEARNING FROM EXTERNAL BEST PRACTICE

Kellogg Europe has become an official corporate partner with the LEAD Network, a non-profit organisation with a focus specifically on the Retail and CPG industry, within Europe.

LEAD (Leading Executives Advancing Diversity) mission is to attract, retain and advance a diverse workforce in Europe through education, leadership and business development, where both men and women contribute their full potential and lead their organisations to the next level of value creation.

This new partnership means Kellogg's will be able to draw on the expertise of LEAD.

Partnerships with networks such as LEAD are hugely important; they provide us with the insights and learnings from other member organisations, development routes and best practice to support our action plans.

Inspired by the Network of Executive Women (NEW) in the United States, the LEAD Network was officially established in 2014 in the Netherlands as a non-profit foundation.

LEAD has grown into a network with 4,000+ members, 120 volunteers, 17 committees, 7 country chapters, all working together to bring LEAD's mission to life.

Other partners working with LEAD include: Pepsico, Johnson & Johnson, Ahold Delhaize, EY, P & G, Mars, Unilever, Mondelez, Nestle, METRO, and Waitrose.



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