

*Kellogg's*

# GENDER PAY GAP

REPORT UK

2017



# FOREWORD



**At Kellogg a diverse and inclusive environment is at the heart of our values.**

We have made great progress in ensuring we have an inclusive culture and gender balance is just part of our broader commitment.

We welcome this chance to publish our gender pay gap report. It provides an important opportunity to reinforce our efforts, our values and our vision for our business.

The data in this report is important and we will use it to continue to improve our focus on better gender balance within our organisation. The data doesn't tell the full story and we must continue to work hard to make Kellogg a place where everyone can grow and flourish.

We already hold ourselves to a high standard with many of our senior leaders across the organisation being set a performance target on diversity and inclusion. Gender diversity is already strong in some parts of our business with 47 per cent representation of females at higher levels in Kellogg Europe Management Company (KEMC). We will continue to pro-actively drive this agenda further through our Gender Diversity Working Group.

*SS Thomas-Berry*  
**Sam Thomas-Berry**  
**VP HR Europe**



# UNDERSTANDING OUR GENDER PAY GAP REPORT

## What is the gender pay gap?

The gender pay gap is a measure of the difference in the average pay of all men and women across an organisation, regardless of the nature of their work.

It can be confused with equal pay, but this involves direct comparisons of people who are performing work of equal value. Whereas the gender pay gap looks solely at the average pay for men and women, irrespective of their role or seniority.

## Why are we reporting on it?

From April 2018 the law requires legal entities with 250 or more employees to publish information every year on their gender pay gap.

All our work on diversity and inclusion is designed to enable our employees to maximise their contribution and their career development, regardless of gender. Reporting the gender pay gap annually not only allows us to measure our progress, but also raises the profile of diversity – gender equality in particular – across our organisation.

## What do we report on?

To do this, we need to publish data that shows:

- the difference in the mean (average) and median (middle) pay of male and female employees\*
- the difference in mean and median bonus pay of male and female employees
- the proportions of male and female employees who were paid a bonus in the previous year,
- the proportion of male and female employees employed in quartile pay bands (where the list of employees is put in pay order and split into quarters).

Pay includes basic pay and bonuses received in April 2017, as well as other types of pay such as continuing allowances. It doesn't include benefits in kind which are not in the form of money.

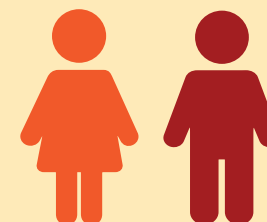
Bonus, is by definition, any additional pay relating to profit sharing, productivity or performance in the form of vouchers and money (received in the 12 months ending 5th April 2017). The majority of the bonuses we included are from our annual incentive plan (AIP). It also includes the sale of stock options made by our senior employees.

### \* What is the difference between 'mean' and 'median'?

The 'mean' of a set of data is the average figure. To calculate the mean, you simply add up all the numbers and divide by how many numbers were in the list. The 'median', on the other hand, is the middle number in a list in numerical order.

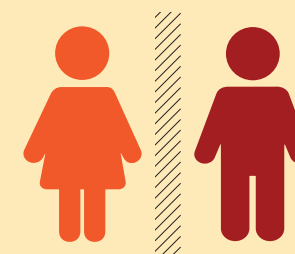
## Equal Pay

Men and women are paid the same for like work



## The Gender Pay Gap

The difference in average hourly earnings between all men and women across an organisation



# OUR GENDER PAY DATA

## KEMC

As required by law, Kellogg has reported on its two business entities with more than 250 employees in the UK; KEMC – Kellogg Europe Management Company and KEUK – Kellogg Company of Great Britain.

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

In KEMC our Gender Pay Gap mean at 19.1 per cent is slightly above the national forecast across all industries of 18.1 per cent.

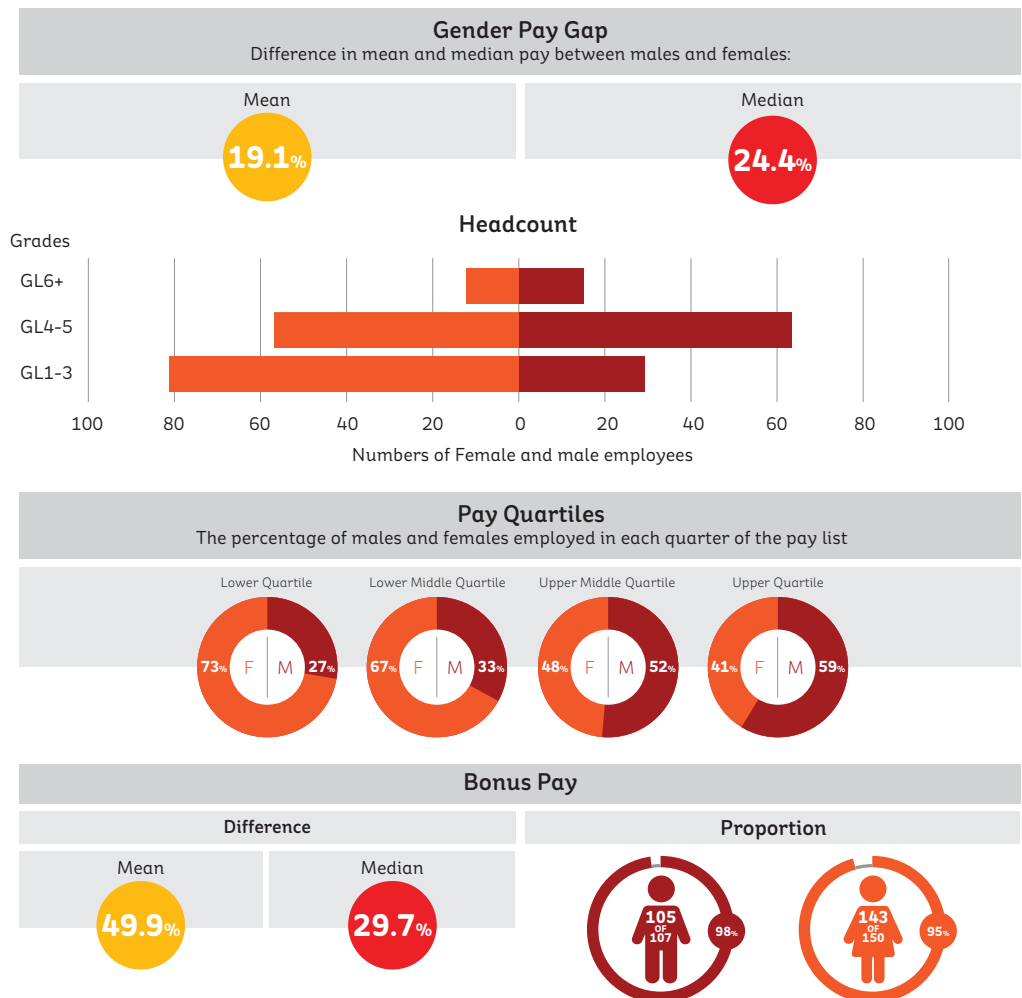
We know we pay equitably at KEMC because we have a remuneration policy that ensures fairness and transparency. This policy is used to assign pay bands to different roles, which are informed by their market value and reviewed each year. Our pay ranges are set by function and level.

As you can see in our headcount chart, the main reason for the pay gaps within Kellogg are the balance of male and female employees across job levels. At the lower bands there are significantly more females. 81 of the employees in lower graded roles are females compared to 29 males.

Again our 'Pay Quartiles' split of gender, reflect the greater proportion of females in lower bands within our organisation.

The difference in bonus pay at 49.9 per cent is also reflecting the number of women earning lower levels of bonus aligned to their roles within the organisation. Our bonus terms for our senior levels are higher. Bonus pay also includes ad-hoc sales of long term incentive stock options - which may skew the result.

Our proportions of males and females receiving a bonus is relatively similar. In KEMC 98 per cent of men received a bonus versus 95 per cent of women. Those who did not receive a bonus were students and new starters.



# OUR GENDER PAY DATA

## KEUK

**Kellogg Company of Great Britain (KEUK):** Is the other legal entity over the reporting threshold of 250 employees. This includes all employees in Kellogg's Manchester and Wrexham manufacturing sites including management and factory workers.

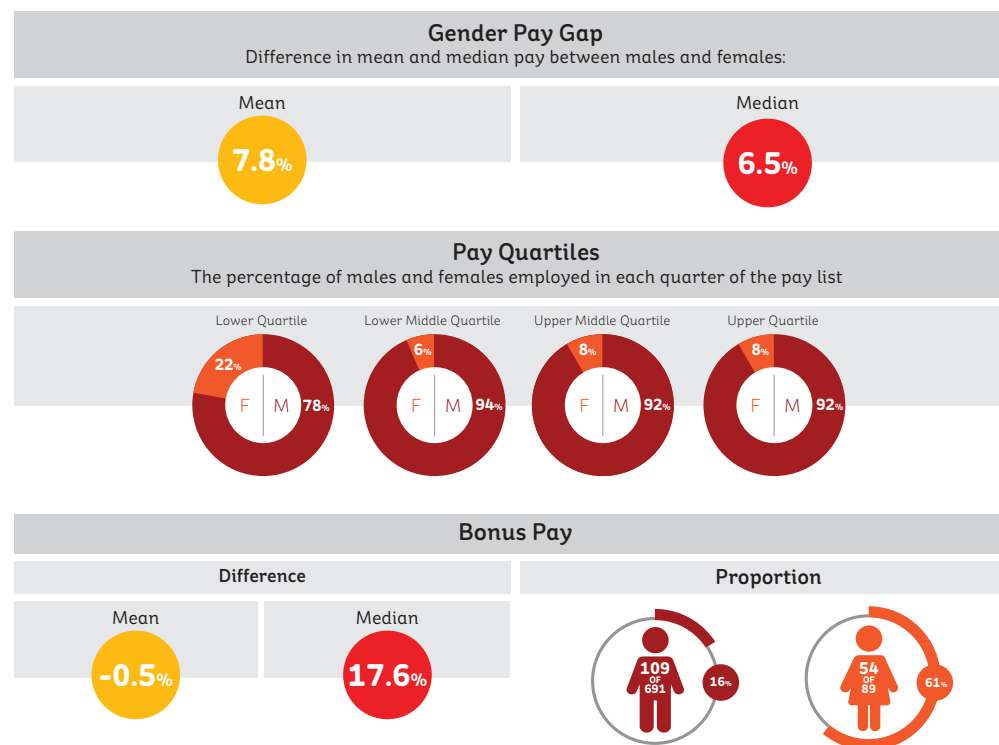
In KEUK for the majority of employees rates of pay are agreed with the relevant trades unions at standard rates, reducing the variability in pay.

Although there are 691 males versus 89 females in KEUK, which is common in this sector, there is relative balance of females across all levels.

This can be seen in the quartiles, in line with many of our competitors representation of women is limited in our manufacturing plants but this is spread relatively evenly across this business unit. It is also a flatter structure, all of these elements have helped to ensure that the gender pay gap mean is lower at 7.8%. It is also encouraging to note that both our factory directors are female.

There is a positive 'mean' bonus result, in favour of women, reflecting some ad hoc low level payments that were made mainly to men. However, the seniority of men versus women with the respective higher bonus terms creates a median bonus difference in favour of men.

The proportion of men receiving a bonus is much lower than women. This is because men are primarily on unionised terms and conditions which do not include a bonus, whereas a higher proportion of women are graded and therefore receive an annual incentive.



# OUR COMMITMENT TO EQUALITY

Fairness and equality are at the heart of our organisation. That includes the way we pay and reward all our people. We are confident we pay males and females equally for doing the same role.

While our gender pay gap data is important, numbers alone do not tell the full story. 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 annual incentive plan (AIP), in which employees are rewarded based on both their performance and the performance of the business.

You will see on the following pages, we support our employees with a variety of diversity and inclusion practices which seek to support them in the working environment in many different areas.

There is no room for complacency however. We will use the data in our report to identify any areas for improvement as well as celebrate success.

## Supporting a vibrant, diverse workplace

Kellogg is a place where everyone can grow and flourish. We have the culture and policies in place to make this possible.

## Flexible working

This includes flexible working arrangements for all office-based employees. Kellogg employees can work flexibly to suit their convenience and lifestyle choices, as long as they work their contracted hours and it meets the needs of the business. In KEMC during the summer, from May to September, we also operate a summer hour's initiative. Once people have worked their contracted hours, and completed the work required of them, they can leave from lunchtime on a Friday. We also encourage agile working which means that employees can work remotely with the right technology to support the needs of their job.

# SUPPORTING PARENTS IN THE WORKPLACE

Our Parenting Transition Coaching Programme is helping to make the transitions to working and having a family a little bit easier for employees of KEMC.

Launched in 2014, the programme is available to all parents. It provides coaching sessions pre-leave and on return to work. In addition, there is a separate programme for line managers and HR business partners to better support their employees during these transition phases.

Experienced coaches cover a range of topics during the sessions, offered in both face-to-face meetings or virtual sessions. An added benefit of the programme is the formal and informal support networks developed as a result of participation. Moving forward, the KEMC team is working to raise awareness globally about the programme so more employees can take part.

# OUR COMMITMENT TO EQUALITY

## Our diverse future

We aim to do everything we can to enable women to progress through the organisation making sure they are represented in succession pipelines. This report shows that, like many businesses of a similar size and nature, we currently have more females at junior levels, and we have made some progress for more balance at senior levels. We recognise that we need to work on the balance at all levels.

We are already measuring female progression in our largest functions and our European Leadership Team has a specific gender representation target, which measures their impact on gender diversity.

## Unconscious Bias Training

Our recruitment training has also been expanded to include a focus on Unconscious Bias Training, to promote better gender diversity and ensure our recruiters have the awareness and insights to recruit fairly from the widest possible talent pool.

## Women of Kellogg

Another initiative we are proud of is our Women of Kellogg (WOK) employee resource group, which was established in the UK in 2014. WOK provides employees with a wide range of networking and career development opportunities. The group is a powerful voice for gender equality within Kellogg. This was recently demonstrated on International Women's Day at the Kellogg office in MediaCity with key note speakers on Gender Equality and a Gender Diversity Advice Wall. The WOK Group is currently 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, but also broader diversity issues.

## Apprentices

In manufacturing we have been proactively encouraging more applications from females to join our apprenticeship programme, by ensuring the messages we use in our advertising and recruitment appeal to as diverse a talent pool as possible.





# OUR GENDER PAY REPORT



As you have seen in this report gender diversity is a key part of the Kellogg philosophy. It is vital that our workforce reflects our diverse consumer base as the closer we are to that, the better we're going to understand the people we serve.

Our results were audited by Mercer Limited, a Human Resources Consulting Firm, so we are confident of this report's accuracy.

We welcome the opportunity to share our progress on gender diversity in the UK and will look to understand ways we can go further in ensuring a diverse work force is at the heart of everything we do.

A handwritten signature in black ink, reading "ss Thomas-Berry". The signature is fluid and cursive, with the first letters of the first and last names being capitalized.

**Sam Thomas-Berry**  
**VP HR Europe**