

*Kellogg's*

The Kellogg Company in the UK

# GENDER PAY GAP REPORT

2019

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# INTRODUCTION

**Sam Thomas-Berry**

VP Human Resources, Kellogg Europe

## Our continued commitment to diversity

Kellogg's is a diverse employer, dedicated to meaningfully accelerating gender parity across our organisation. 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.

The company continues his legacy 100+ years later putting Inclusion and Diversity at the heart of our Culture. That's why we are a Gold Member of LEAD (Leading Executives Advancing Diversity) and a signatory of the pledge to commit to reach 50:50 gender representation for all leadership level roles by 2025. We've made considerable progress already, increasing female representation to 46%.

These diversity numbers are good, but we know we can do better. We will be intentional about meeting our commitment and we know the quality of our leadership bench will be better by being more diverse. As part of this, we will 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.

We are proud of what we have achieved so far, and this has been recognised with our nomination for Large Organisation in the Northern Power Women Awards which recognises role models in Gender Inclusion in the North of England.

More recently even against the backdrop of the challenging environment which COVID-19 brought, we chose to gather a team of passionate people together to turbo-charge our I&D activity; building community virtually in a time that we were apart.

We were also proud to partner with the Unstereotype Alliance this year to tackle gender-based stereotyping in both media and advertising content.



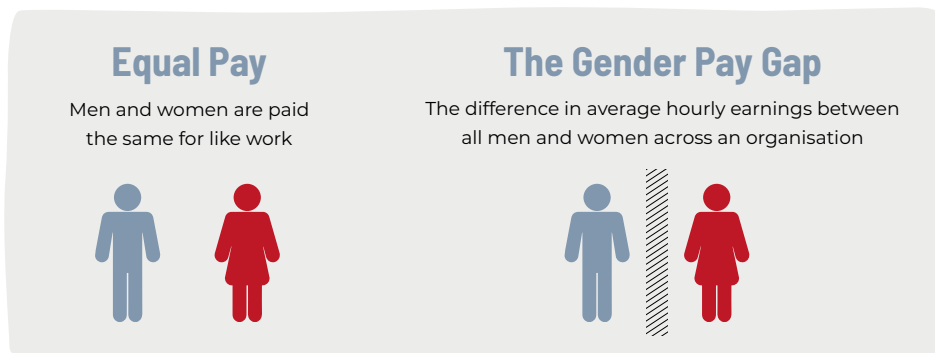
# UNDERSTANDING OUR GENDER PAY GAP REPORT

## 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 required 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 2019, 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 2019). 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.

# OUR GENDER PAY DATA

As required by law, Kellogg has reported the detailed data on its only business entity (KEUK) in the UK with more than 250 employees.

**Kellogg Company of Great Britain (KEUK):** 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 2019 has increased slightly to 4.3% from the April 2018 mean of 3.6%. Since 2017 the mean has decreased by 3.5% for KEUK.

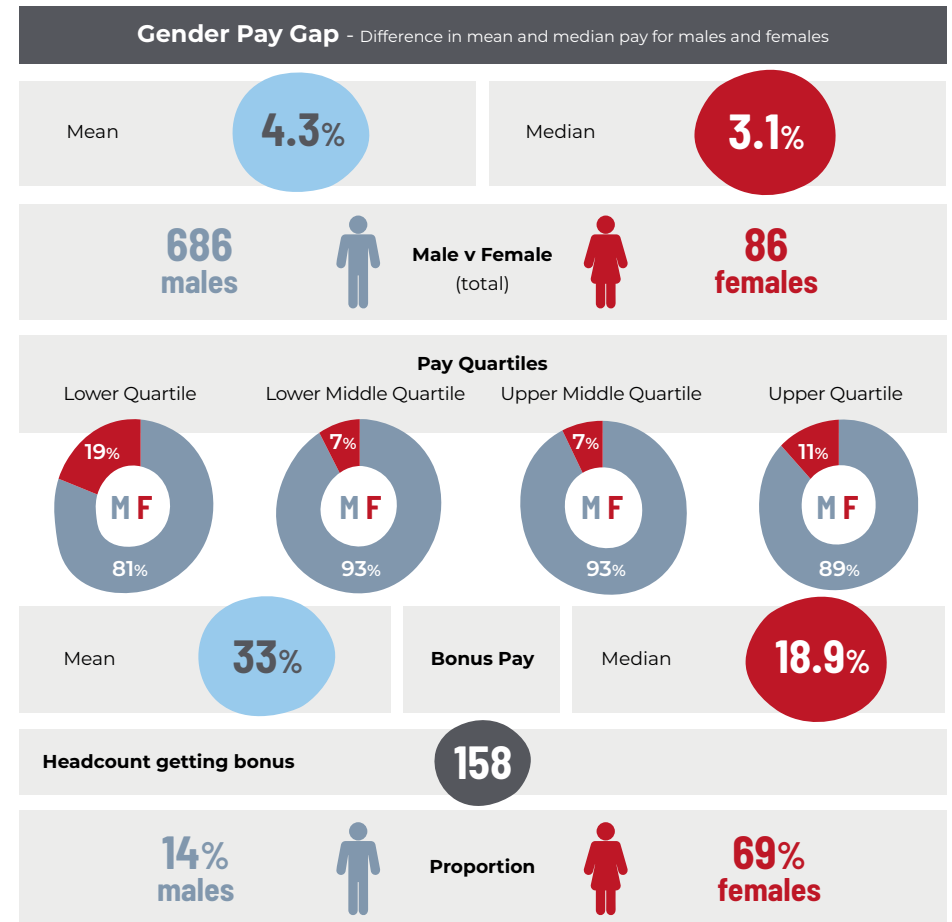
There are 686 males versus 86 females in KEUK, which is common in the manufacturing sector. The split of females remains relatively distributed across the pay quartiles, with a slight increase in females, in 3 out of 4 of the quartiles in 2019.

Average hourly rates for both males and females have decreased due to more employees being hired in the lowest paid band and less in the higher bands. However there was a slightly higher decrease for females due to two males being promoted into higher positions.

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

The mean bonus pay gap is 33% which is an increase from 13.5% in the 2018 report. Similar to last year the mean bonus for men is higher due to more males being employed at a higher management level and also in receipt of Long-Term Incentive awards. More males had Restricted Stock Units vesting v's females in 2019 and at a higher value.

There was an increase in the number of females receiving a bonus in 2019 and a decrease in men receiving a bonus. The mean bonus for males and females both increased versus 2018, this is due to higher bonus payouts.



For consistency compared to previous years we have provided topline data for Kellogg's business KEMC, although this has less than 250 people.

**Kellogg Europe Management Company (KEMC):** includes European Functions such as Research and Development (R&D), Corporate Affairs, Human Resources and Information Technology.

We have seen an improvement on the gender pay gap in this entity versus 2018 from 17.9% to 8.5%.



# WE ALL BELONG;

## Unleashing the opportunities our differences offer

At Kellogg's we are focused on a culture of inclusion and belonging. We believe this will enable better decision making and as a result a high performing and happier workforce.

To reach our gender 50:50 representation commitment we are tracking leadership recruitment at every stage interview to understand the trends and tackle the barriers to gender balance. As part of this we are piloting an initiative to anonymise senior leadership CV's to reduce unconscious bias, and advertise flexible working on all job adverts.

## Diverse and Inclusive approach across our campuses

To support our strategy of hiring diverse talent that best represents the consumers we serve, our Inclusion and Diversity work focuses on how we can enable change in the areas of gender, multiculturalism and LGBTQ+.

We will do this through our Inclusion Network Committee and Business Employee Resource Groups (BERGs) - these groups are made up of people who want to make positive change and create an open environment to talk about issues that affect our colleagues. Also, by working towards inclusive leadership behaviours, recruitment practices and flexible working options for all.



We created toolkits for the BERGs to use in each of our campuses to celebrate occasions such as International Woman's Day. This year's activity included facilitated conversations around gender bias, interviews with leaders about their experiences and making commitments using **#EachForEqual**.

In partnership with an external provider, we have in place Virtual Coaching sessions for new parents and those returning to work after maternity or parental leave. To further support this transition, we already have a project underway to review our flexible working offerings.

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We have also introduced a female talent acceleration development and mentoring programme and will be providing Inclusive Leadership Training for everyone in 2020.

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 appeal to as diverse a talent pool as possible.



# LET'S TAKE A QUICK LOOK AT THE OTHER TWO FOCUS AREAS



## Multiculturalism

We have set ourselves the ambition of achieving greater cultural diversity in our senior leadership roles (60% culturally diverse at senior leadership level by 2022, currently at 48%). The first step in our journey is to create awareness of the value cultural diversity brings. Kellogg's provoked meaningful conversations around multiculturalism, hosting a panel conversation in June 2020, with colleagues sharing their own first-hand experiences and stories virtually. Hearing from colleagues directly has resonated and we continue to build on this.

Training and Education materials are being provided to our people to have conversations with their own teams (1098 interactions with these materials to date) and a panel of colleagues shared their experience in August.

## LGBTQ+

As parades were cancelled across the world this year, the team, working with the theme **PRIDE is never cancelled**, supported virtual celebrations via BERGs. We heard from colleagues who shared their personal stories and experiences of being from an LGBTQ+ background in a panel discussion (attended by 285 colleagues). The team is using external insights and best practices and has partnered with Stonewall over the last 2 years to support further development of our learning and initiatives.



## This year we created new tools to better facilitate our I&D work:

### **Newsletter:**

Kellogg's has developed its first quarterly I&D pan-European Newsletter to spotlight and educate on priority areas.

### **BERG (Business Employee Resource Group) Toolkit:**

To support the HR community and the BERGs to be true ambassadors for I&D, a BERG Toolkit was developed and a virtual launch event, setting the groups up for success. They are now connected via a virtual platform so that collaboration can continue into the future. Partnering with WeAreUtopia, experts in cultural change, Kellogg's also delivered an interactive 'Change-Makers' session to 30 I&D champions, virtually. There was strong engagement with this activity and feedback was positive. As referenced, from hundreds of employees attending our panel conversations to positive feedback on our materials and events.

We believe everyone in the Kellogg's organisation has a part to play in this and have the policies, strategy and network groups to make this happen.

“

I highly appreciate the platform you offer us to listen to and interact with you in relation to I&D – these are the occasions I look forward to. We've all got a role to play, every day.

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Kellogg's I&D Champion



## Tackling Gender Stereotyping in Advertising

This year we joined forces with the Unstereotype Alliance in order to tackle gender-based stereotyping in both media and advertising content. Convened by the UN Women, the United Nations entity for women's empowerment, the Unstereotype Alliance is a new coalition tackling the harmful stereotypes that are still present in UK advertising and media content. The initiative will focus on encouraging diverse, inclusive and non-stereotypical representations of marginalised groups, initially focusing on the experiences of women of colour.

As one of the UK's most loved brands with a history of iconic advertising campaigns, Kellogg's pledged to make a difference by taking a progressive approach, with the ambition to shift the cultural norm and strive for gender equality and diversity in all of its advertising.

Kellogg's is a founding member of the Alliance's UK movement, which will be made up of a coalition of brands, advertisers and marketers that share a common goal of driving change and tackling negative stereotyping. The coalition will champion the advertising industry to act as a force for good, depicting progressive portrayals of women and men and ensuring that diversity is a priority throughout the entire creative process.





# CASE STUDY



## Creating a movement at Kellogg's

In 2019 we created our InKlusion Network Committee as an umbrella committee to better give direction to the Business Employee Resource Groups (BERGs) we had created in previous years at our campus in MediaCity Manchester (UK headquarters) – these resource groups include Gender 50:50, KPride & Allies and Multi-cultural. The role of the InKlusion Network Committee and its champions is to enable change and act as a decision making forum for Inclusion and Diversity at Kellogg's in the UK. This group will hold the senior sponsors to account for the commitment in its I&D Strategy.

The Committee was launched last year with a week of activities to engage colleagues at its MediaCity campus and encourage an open and honest conversation about how we can help everyone feel that they belong. It included a workshop on working flexibly 'Working patterns aren't just for working parents', also a Culture Café Breakfast 'Let's talk about our Roots' to celebrate foods from around the world and the different cultures within our workforce.

The Committee, its champions, sponsors and the BERGs have strong ambitions to improve inclusion at Kellogg's through changings its policies, networking and benchmarking, and training and development.

In March 2020, the Gender 50:50 BERG hosted International Women's Day celebrations throughout the day with an internal webinar panel, titled "Why should men care?" and discussion cards were posted in every meeting room, encourage thought provoking conversations to challenge people assumptions and stereotypes, encouraging education and wider participation around gender parity.

