



*Arla Foods UK*

# GENDER PAY GAP REPORTING



Foreword from

**Tomas Pietrangeli**

Managing Director, Arla Foods UK



*At Arla, we believe that no matter who you are, you can be yourself.*

**Diversity and inclusion are imperative to the success of our business and a diverse and inclusive workforce creates energy, innovation and results. We define diversity broadly as the differences between people with a diverse range of backgrounds, while inclusion is about valuing differences among individuals to create synergies.**

Our policies don't differentiate in gender when it comes to pay or opportunity. However, a legacy of male dominated manufacturing, farming and FMCG sector traits means women do remain under-represented at all levels of our business and this is something we need to continue to address.

Our gender pay gap data shows that women working at Arla Foods UK are paid more, on average, than men on both a mean and a median basis. We must recognise however, that, as is common in manufacturing, our supply chain has a lower average pay and a higher proportion of male employees which influences our overall picture.

Both in the UK and across our global business we have steps in place to ensure we continue to address the under representation of women in our business:

- **IN OUR RECRUITMENT PROCESSES;** we have a strong focus on ensuring high predictive validity in our assessment tools. In certain roles training for unconscious bias in recruitment is also given.
- **IN OUR SUPPLY CHAIN;** Our own qualitative research suggests that the shift patterns required for a business operating 24 hours a day, 365 days a year, are less favourable to females when seeking employment. As a business, we need to consider this further to see whether alternative structures are viable and whether they would encourage more women into our supply chain.
- **IN OUR OFFICES;** We have established women leaders initiatives across our global business such as reverse mentoring
- **IN OUR REPORTING;** We make sure our policies and practices are fair and we monitor our results through both our monthly HR internal reporting and our annual 'Our People' review process

And these actions are driving results. We have a higher percentage of women represented in the top quartile of our organisation compared to the UK average, our graduate 'F15' recruitment programmes are delivering a near 50/50 split between successful male and female candidates and the percentage of identified high potential women in the business put forward for our Talent Accelerator Programme has grown from 34 per cent in 2013 to 53 per cent in 2017. These activities are also recognised by our colleagues. In our annual employee barometer survey over 75% of colleagues in the UK believed that Arla gives equal opportunities to colleagues regardless of nationality, ethnicity, gender and race.

This year our CEO, Peder Tuborgh, and Group CFO, Natalie Knight, have also launched the Arla Women's network. This is a global framework, designed to bring people together and identify the gender-specific needs of Arla women and establish a wider agenda.

But we have more to do, not just on gender, but all aspects of diversity. It's proven time and time again that the most profitable businesses are those which reflect the socio-demographics of society or their end user. Different experiences, different mindsets and different perspectives can help us challenge both ourselves and the decisions we make and we will continue to evolve this mindset in our business.

## Key Questions

### What is the gender pay gap?

The gender pay gap is the difference between the average pay for males and the average pay for females worked out as a percentage of the average male pay.

Across all businesses in the UK, the median gender pay gap is 18.4 per cent for all employees. This means that the middle hourly pay rate for men is 18.4 per cent higher than for women across the UK.

This is different to equal pay which relates to paying individuals the same amount for performing similar work or work of equal value. In the UK it is unlawful to have wage disparity based on gender and at Arla we adhere to this with processes in place to ensure that men and women are paid equally for doing the equivalent jobs.

### Why is the gender pay gap being reported?

According to the Office for National Statistics, in 2017 men earned 18.4 per cent more than women in the UK.

To monitor the gender pay gap, a new legal requirement has been introduced meaning that all UK companies with 250 or more employees are required to publish their average and median pay for men and women, including bonuses. This data will be held as a matter of public record on the governments website.

The aim of the regulations is to bring transparency to the gender inequality in employment and encourage employers to take action to reduce or eliminate the difference.

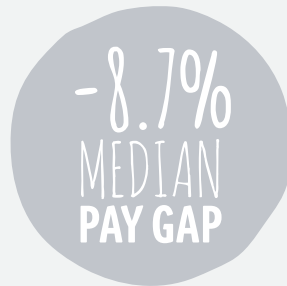
## What is Arla Foods UK's gender pay gap?

In the UK, we have a mean of -13.5 per cent and a median of -8.7 per cent gender pay gap. This means that on average, women working for Arla Foods UK are paid more than men by both the average pay point and the middle pay point. We must recognise however, that, as is common in manufacturing, our supply chain has a lower average pay and a higher proportion of male employees which influences our overall picture.

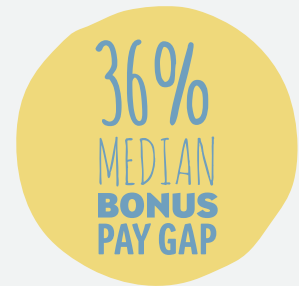
Our data covers our Leeds office and our UK supply chain sites. Because our 2,500 UK farmer owners are not employed by Arla Foods Limited, they are not included in the gender pay gap analysis.

### Reporting of Arla Foods UK data

#### Gender pay gap



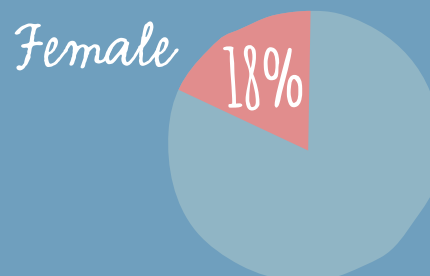
#### Bonus pay gap



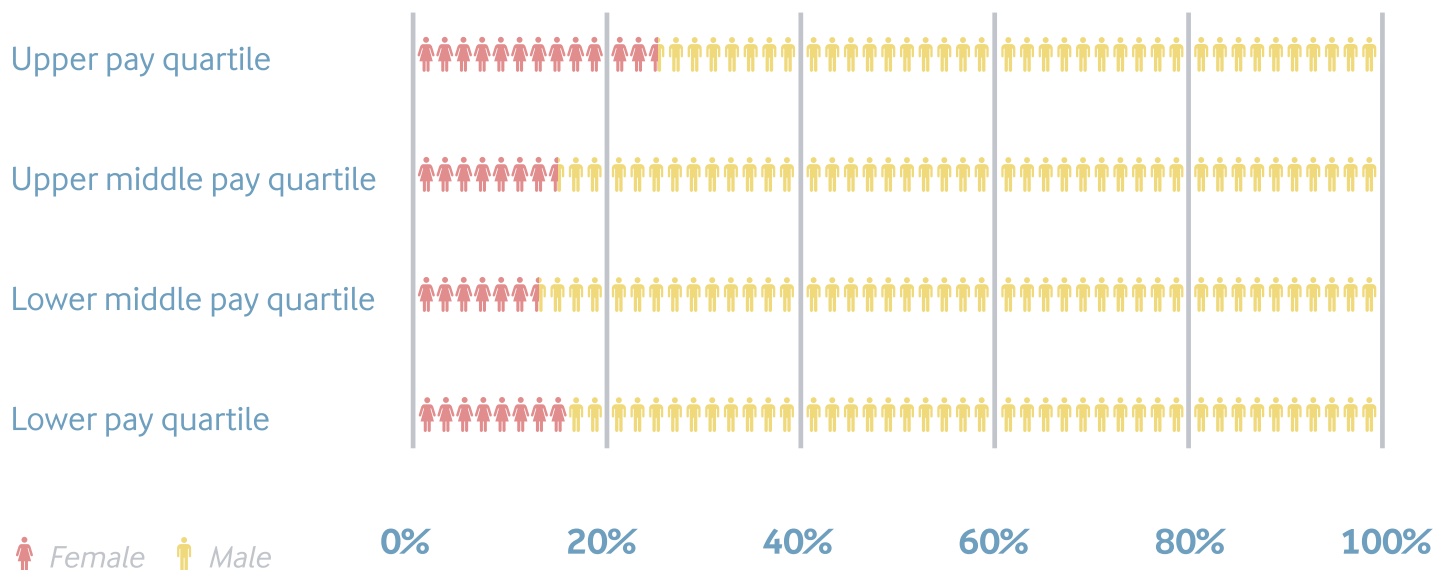
### Gender split for those who received a bonus



### Proportion of males and proportion of females that received a bonus



# proportion of males & females in each quartile



## *Declaration:*

We confirm that the data and information reported is accurate and in line with the UK Government's Equality Act 2010 Regulations 2017.

## **Pauline Hogg**

**HR Director  
Arla Foods, UK**

