



Arla Foods UK

**GENDER PAY GAP
REPORTING**



Foreword from
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HR Director, Arla Foods UK



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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.

This report, which details our gender pay gap data for the period April 2017- April 2018 continues to show that women working at Arla Foods UK are paid more, on average, than men on both a mean and a median basis. As with last year, 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.

This period has shown a small increase in the number of women entering production roles within our supply chain, driven in part by a conscious effort to make this part of our business more attractive as an employment option for all.

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 underrepresented at all levels of our business and this is something we need to continue to address.

We continue to see the successes of both our UK and global initiatives with the use of unconscious bias recruitment tools, reverse mentoring for women and women's leaders initiatives. We have a higher percentage of women represented at the top quartile of our organisation compared to the UK average and continue to identify opportunities for women within our business. The percentage of women put forward for our Talent Accelerator Programme continues to grow year on year from 34% in 2013 to 58% in 2017.

During the period this data reflects, Arla changed the timings of its bonus pay structure meaning that rather than bonus payments being made across March and April, all bonus' were changed to just being paid in April. This impacts the data reported and suggests a reduction in bonus' which is not representative but due to the date parameters of the report.

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, mindsets and 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 17.9 per cent for all employees. This means that the middle hourly pay rate for men is 17.9 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?

To monitor the gender pay gap, a legal requirement mandates 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.



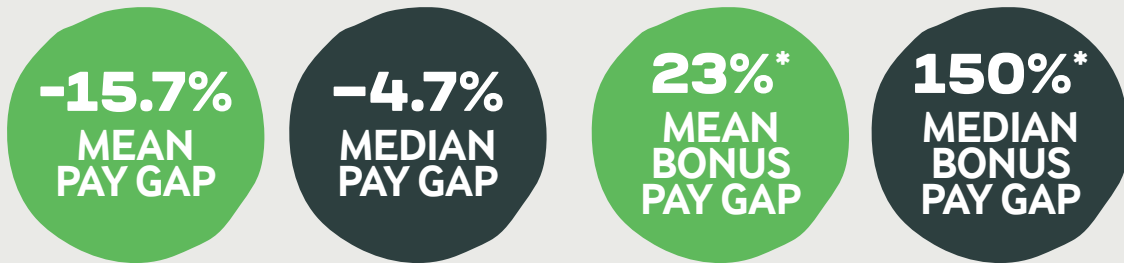
What is Arla Foods UK's gender pay gap?

In the UK, we have a mean of -15.7% and a median of -4.7% 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 though that this does not capture the full picture. Our data is skewed by our supply chain which, as is common in manufacturing, has a lower average pay and a higher proportion of male employees.

Reporting of Arla Foods UK data

Gender pay gap

Bonus pay gap



*Due to a change in dates of bonus payments to April, this data is not representative of all bonus payments made for the fiscal year. Data from 2018/2019 will provide a more accurate reflection of our bonus payments.

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

