

Gender Pay Gap Report 2017

Nestlé in the UK

Striving for diversity and inclusion

Having a workforce that is diverse and inclusive is essential for a modern, sustainable and successful business. I believe that to be innovative, we need a balance of genders so that we can benefit from a diversity of styles, perspectives and decision-making. More importantly, our Nestlé values are rooted in respect and having a balance of genders is simply the right thing to do.

For these reasons, Nestlé supports action on closing the gender pay gap, and addressing gender balance in the workforce.

At Nestlé, we have common principles of pay and bonus across all of our businesses, with the same pay grades and approaches to pay for men and for women. Having reviewed our data in depth, we see that we still have gender pay gaps and that unbalanced gender representation across our business units is at the heart of this.

Looking at the figures across Nestlé in the UK, our pay gap currently shows women's mean pay as 5% lower and median pay 7% lower than men. For the bonus pay gap, women are 8% lower at the mean, but 2% higher at the median. I encourage you to read this report for further information behind these figures and how the composition of our organisation impacts them.

Looking at individual businesses, you will see that in some cases we have a gender pay gap in favour of women and, in others, in favour of men. As with many organisations in the manufacturing sector, our factories are predominantly male. In our offices we have better representation of women and, in many roles and business areas there is strong female representation. Where we have a gender pay gap in favour of women, we have achieved a more even gender balance at senior levels, leading to higher average pay and bonus rates.

Our analysis has confirmed that across all our businesses there are opportunities to develop better gender balance. We are committed through our diversity and inclusion strategy to bring about this change. We are working hard to ensure we offer an inclusive workplace, playing our part in offering choices that support people to have a fulfilling career at all stages of life. We have great female role models in our businesses and we are always asking ourselves what more we can do. We will continue to strive for gender balance.



Stefano Agostini
Chief Executive Officer
Nestlé UK & Ireland



About Nestlé in the UK

We are part of the world's largest food and drink company. We are a major player within the UK food industry, employing around 8,000 people across 20 sites.



How we're working to achieve the right balance

Within Nestlé in the UK, our employees are currently split 70:30 between men and women. Here are some examples of what we're doing to alter the balance:

- **Networks and advocates**

Our gender networks make recommendations, and provide opportunities to learn how our business can improve gender balance. They also provide support to colleagues. They are run by advocates from around the business, including male and female senior leaders and sponsors at board level. In 2018, we'll expand our network of Lean In groups and focus more on supporting females in technical and production roles. We'll be helping to connect people and getting our role models to share their stories.

- **Leadership development**

We will continue to ensure we provide development at key stages of women's careers including participating in the 30% Club's executive mentoring programme and sponsoring women to attend our global suite of leadership development programmes.

- **D&I training**

In 2018, we will offer an increased range of training options on how to avoid potential unconscious bias when making key people decisions such as recruitment, performance and pay. Alongside this, we will offer sessions supporting people to manage their careers.

- **Flexible working**

Our HR team are exploring how we can build on the flexible working options we already have. We know that having a broad range of options enables us to be more inclusive and better support our employees throughout their career.

- **Parental support**

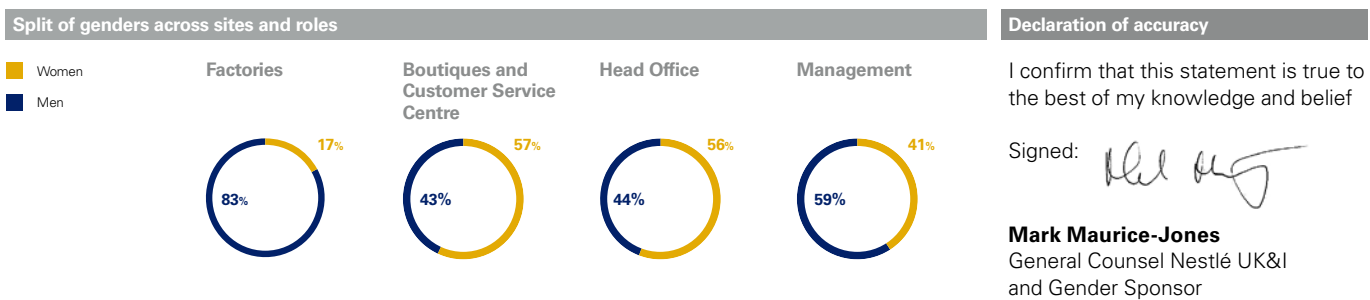
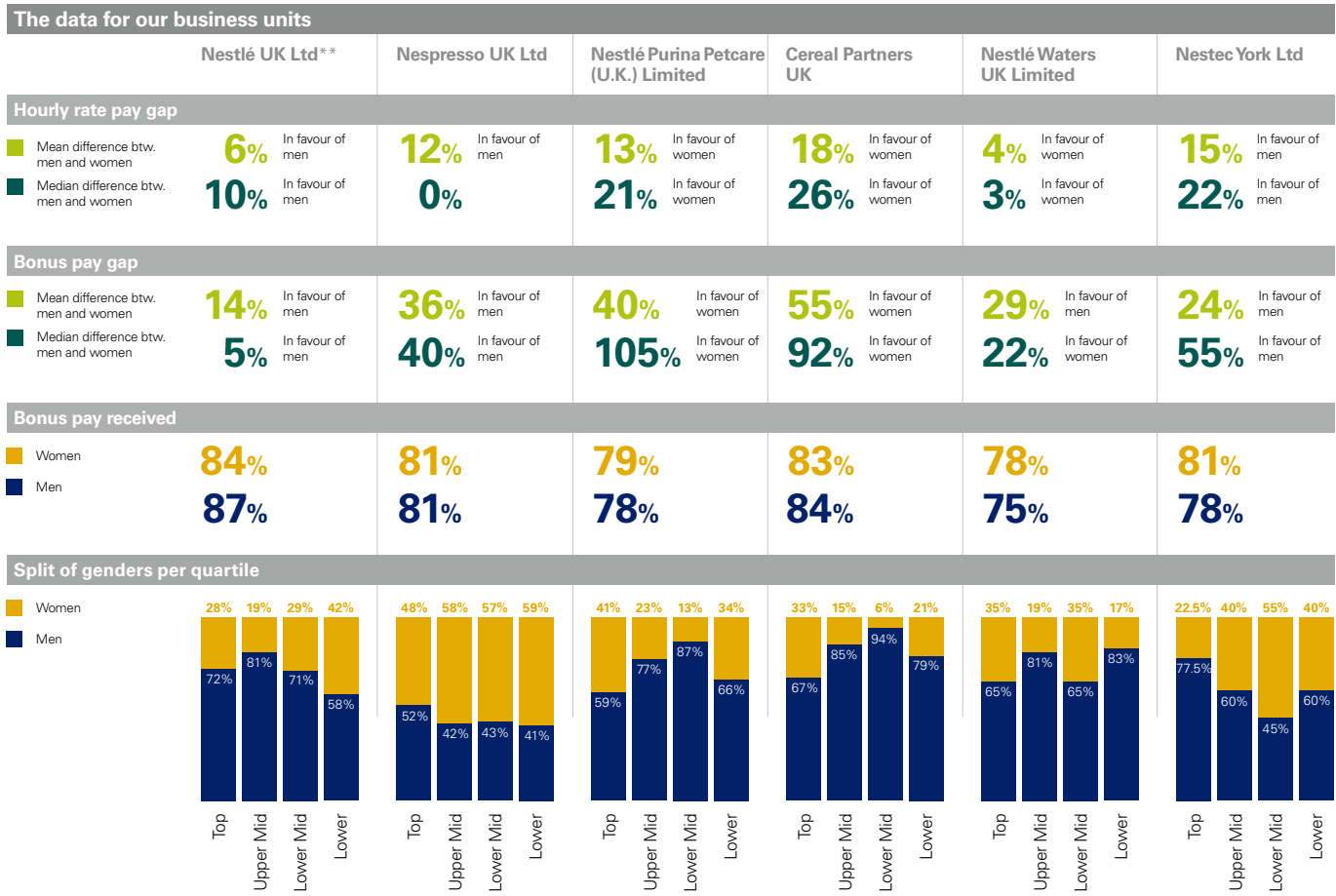
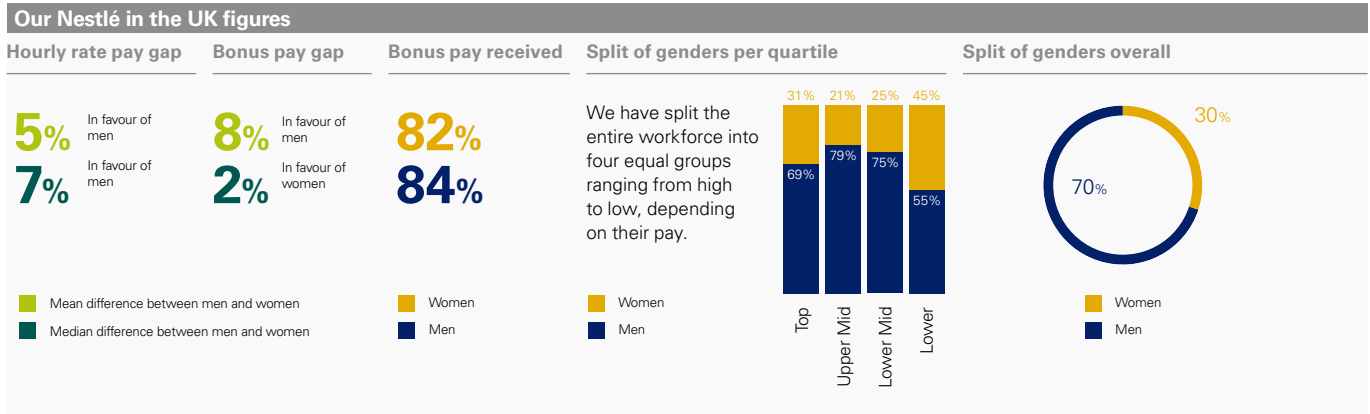
We have pledged our support to the Equality and Human Rights Commission's Working Forward campaign to better support parents at work. We are reviewing our family friendly policies and providing more information and support to our employees who are becoming parents.

- **Future workforce**

We are working with schools and colleges to help students learn about employment opportunities in our industry, particularly encouraging young women to consider careers in STEM subjects.

Data Dashboard

For the purposes of this report, when we refer to Nestlé in the UK we are referring to the six main legal entities in the UK. We employ around 8,000 people and offer a diverse range of roles in offices, factories, coffee boutiques, customer service centres and product technology centre. We are required to report the mean and median* hourly pay gaps, the percentage of men and women across our pay quartiles, and mean and median bonus pay gaps as well as the proportion of men and women receiving a bonus. This data dashboard shows all the relevant data.



* To calculate mean we add all the figures together and then divide by the number of figures. To calculate the median we arrange all figures in ascending order and take the middle figure. For the quartiles we arrange all figures in ascending order and split them into four equal sized groups.
 ** Nestlé UK Ltd includes our Nescafé, Nestlé Confectionery, Nestlé Food, Nestlé Nutrition, Nestlé Health Science and Nestlé Professional businesses as well as factories and corporate functions such as Finance and Sales.

What our data tells us

Across Nestlé in the UK, our pay gap currently shows women's mean pay as 5% lower, and the median at 7% lower than men. Our data by business also shows a gender pay gap in favour of men in some businesses, and in favour of women in others, despite a clear and common approach to pay. These differences stem from variations in roles and gender balance in each business. Across all our businesses women are under-represented in factories, and we have opportunities for better gender balance in many of our leadership teams.

This balance across roles also has an impact on the bonus pay gap, which we explain in more detail below.



Hourly rate pay gap in each business

Nestlé UK Ltd is the largest business in Nestlé in the UK. It includes our Nescafé, Nestlé Confectionery, Nestlé Food, Nestlé Nutrition, Nestlé Health Science and Nestlé Professional businesses as well as factories and corporate functions, such as Finance and Sales. Our overall gender pay gap is in favour of men. Representation of women is low in our factories. We need to look at how we can develop the gender balance of our leadership teams. And, while the proportion of women in our management roles is higher than the proportion of women overall in our business, and we have strong representation of women in some areas, the balance is still in favour of men.

In **Nespresso UK Ltd** we have a more even balance of genders across the business. Most people work in our coffee

boutiques and customer service centre, with a slightly higher proportion of women. A relatively small number work in our offices and the gender split is equal. There are slightly more men in management roles. The mean gender pay gap is in favour of men and there is currently no median gap.

Cereal Partners UK, Nestlé Purina Petcare (U.K.) Limited and Nestlé Waters UK Limited

like Nestlé UK Ltd, have few women in their factory roles. There are also opportunities to increase gender balance in our leadership teams. In management we have stronger representation of women than overall and in some of the more senior management roles we are much closer to achieving gender balance. This is increasing the average hourly rate for women and results in a gap that favours women.

Nestec York Ltd known locally as the Nestlé Product Technology Centre for Confectionery, has only 160 employees, so small differences have a big impact on the numbers. There is an opportunity to increase gender balance within the leadership team and, on average, men are in slightly more senior management roles. We see a gender pay gap in favour of men.



Bonus pay in each business

Explaining the bonus pay gap figures is more complex. Clearly the same variations in roles and gender balance exist, but the figures are affected by more variables. These include the relevant business unit performance where bonus is directly linked to achieving specific goals. Time with the business is also a factor – those who have joined part-way through a bonus year must be included in the calculation in the same way as those who have been with us all year, although the bonus payment they receive will be pro-rata and therefore, less. Bonus figures are also exaggerated by the fact that management and leadership roles attract a higher level of bonus. All these variables are gender neutral but affect the numbers. This means in many cases our bonus data looks more extreme than our pay data.

Our commitment

We are committed to being an inclusive business – which is why we will continue to actively drive our diversity and inclusion strategy, guided by our values that are rooted in respect. Gender balance remains a key priority and we continue to strive towards this across Nestlé in the UK. We are confident that achieving a change in our gender balance is the right place to start to reduce our gender pay gaps. We will also continue to consider all our practices to ensure we best reflect the general population and build a truly inclusive culture.