

ARLA FOODS UK

GENDER PAY GAP REPORT

2021-22



STRONGER PEOPLE
STRONGER PLANET





PAULINE HOGG
HR Director

Welcome to Arla Foods UK. We're the farmer-owned dairy cooperative behind global brands Arla®, Lurpak® and Castello®. Our 19,000-strong team of passionate people have helped us become the fifth largest dairy company in the world and the largest producer of organic dairy products.

In the UK, we make, sell, and deliver some of the country's most-loved brands such as Anchor, Cravendale milk and BOB milk. We are farmer owned and a large local employer, and our roots are firmly based within the communities in which we do business. We employ people across England and Scotland in manufacturing sites, distribution depots and offices, as well as having significant national sales and marketing teams.

This report, which details our gender pay gap data for the period April 2021 – April 2022, 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. Arla's mean gap is -12.7 and median is -0.7 (from -14.7 and -4.6 last year). In contrast to many industries, our results may seem to favour female pay, however, it is important to note that our supply chain has a high proportion of male employees in lower quartile rates per hour roles which influences our overall picture. Our partly outsourced distribution operation also contributes to this.

A legacy of male dominated manufacturing, farming and FMCG sector traits means that in some parts of our business women are under-represented, and this is something we are working to change, as you will see from our highlights below.

We have more to do, not just on gender, but all aspects of diversity and inclusion, but we are proud of what we have done so far. We've got a high performing culture, with cooperative values and we have great ambitions. We've got a strong strategy for growing our business and one for growing our colleagues too. Championing inclusion and diversity is one of our strategic priorities and we want to leverage the broadest range of backgrounds and skills to create a fully inclusive, high-performing culture. Diversity and inclusion are part of our Employee Promise 'Win with our People' People Strategy and our business strategy.

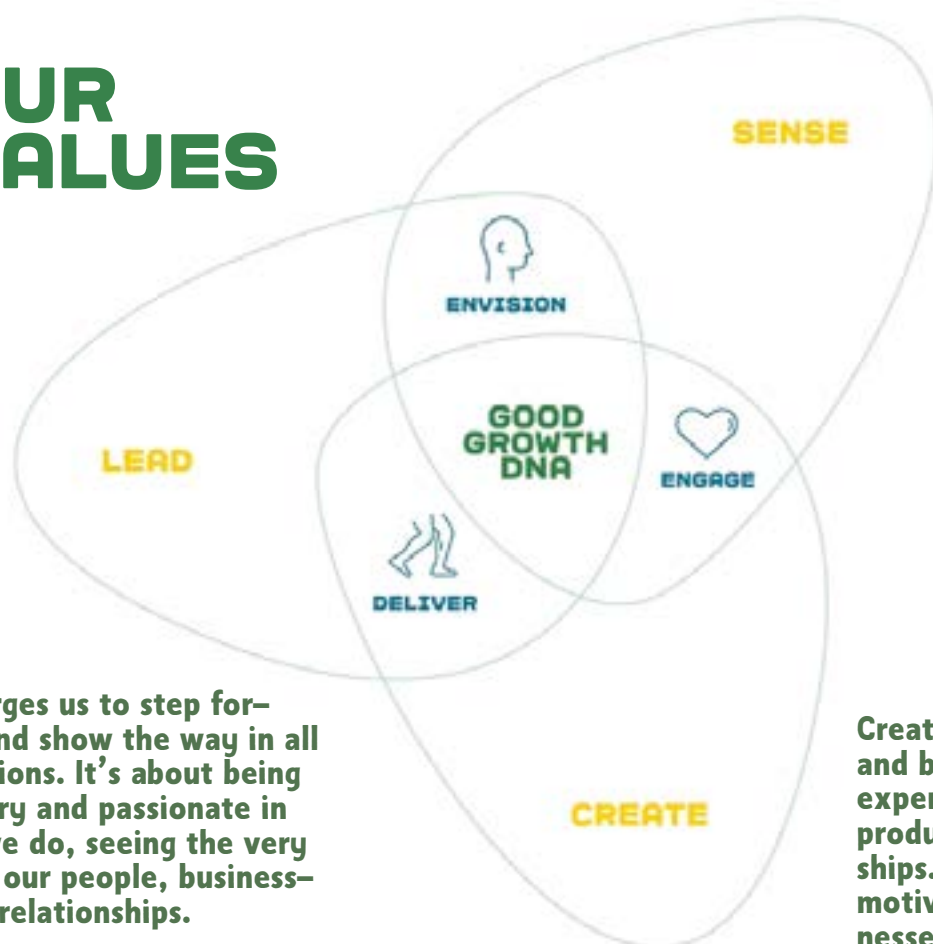
In this report alongside the facts and figures, we'll introduce some inspiring Arla women who are helping us to lead change, showcasing the great opportunities available to everyone in this exciting sector.

WE ARE ALL ARLA

WE HAVE GREAT AMBITIONS FOR OUR BUSINESS AND ALL OUR PEOPLE

We're working to create an inclusive work environment where everyone is valued and feels that they belong. With #WEAREALLARLA we aim to create a welcoming culture where colleagues feel they can bring their whole selves to work. We work to actively create an environment in which all our colleagues thrive, and we structure this work around three values: Lead, Sense, Create. For us, these are more than a shared mindset, they help us reflect and keep us moving forward — pushing us to be our best selves, together.

OUR VALUES



Lead urges us to step forward and show the way in all our actions. It's about being visionary and passionate in what we do, seeing the very best in our people, businesses and relationships.

Sense asks us to care about each other, our customers and the world around us. It's about being curious and open-minded, seeing opportunities and potential in our people, businesses and relationships.

Create spurs us on to develop and be innovative in building expertise, competencies, products and market relationships. It's about inspiring and motivating our people, businesses and relationships.

OUR ACTIONS 2021/22

LEAD

We are passionate about what we do and have a clear purpose. We have stepped up our actions in terms of Gender Diversity and are holding ourselves accountable. We have set measurable objectives and targets around growing our talent.

SENSE

We have a global mind-set, respecting and valuing diversity. We seek to understand what we need to do to attract and retain the best talent and to understand how we can create opportunities to grow and learn from each other.

CREATE

We are creating a culture of inclusion. We have a framework (see later) and understand that inclusion starts with each one of us. If we get that right, diversity will follow and we can harness all the benefits of diverse talent to grow our high performing business and create a growth mindset.

**STAVROULA
KARAMPA**

QEHS Manager
Oakthorpe Diary



“ARLA HAS SHOWED ME THAT THEY ARE INVESTED IN MY CAREER. IT’S NOW MY TURN TO EMPOWER TALENTS ON SITE AND ENCOURAGE THEM# TO DREAM BIG.”

WE KNOW WE’RE IMPROVING

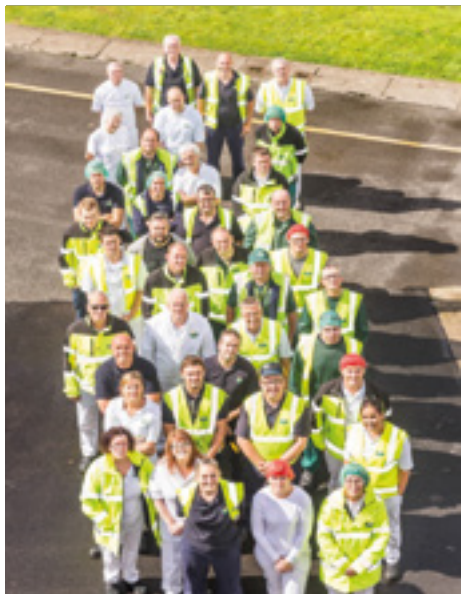


In our recent Colleague Satisfaction (Barometer) survey, our overall engagement score was in the upper quartile (and 85% for women). This puts us above the UK average for engagement against our benchmarked norm group.

We also include questions around inclusion, diversity, belonging and wellbeing and are proud to say that all the scores in these areas were also in the upper quartile. These scores were particularly favourable for women (Diversity, Inclusion and Belonging 83% and Wellbeing 80%). Other high scoring areas for women include Respect, Work Environment and Empowerment.

We’re particularly pleased that these scores are improving, which points to the fact that our work to create a positive environment is supporting colleagues to thrive and reach their full potential.

We know that facts and figures rarely tell the whole story, and that’s why we’ve undertaken a study with global management consultants McKinsey & Company to understand more about our colleague experience. The results are allowing us to take a more insightful and data-driven approach to our Gender Action Plan — which ultimately means we can be confident we’re on the right track for targeted action and positive outcomes.



“FOOD MANUFACTURING IS AN AMAZING INDUSTRY. I STRONGLY BELIEVE AS A SENIOR LEADER IT IS MY RESPONSIBILITY TO SHOW OTHERS THAT IT IS POSSIBLE TO BALANCE A SUCCESSFUL CAREER, FAMILY AND MOST IMPORTANTLY LIFE!”



FRAN BALL
Production
Vice President
Arla Foods UK

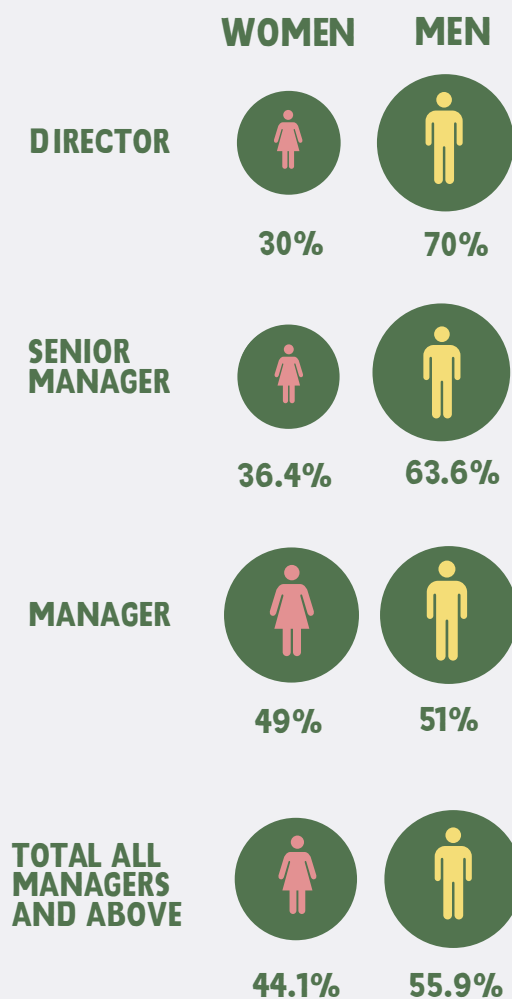
GENDER DIVERSITY AT ARLA FOODS

Our organisation is constructed of a wide range of roles, from Commercial Sales and Marketing to Manufacturing and Logistics.

The majority of our roles are in Manufacturing and Logistics which is a traditionally male environment. We are aware that we are under-represented from a gender perspective overall however, at senior level across the business the figures are much better and, at an overall management level, we have a fairly even balance. At our head office and in the Commercial teams we have a 50/50 split between women and men. This does reduce by seniority, meaning that we have a smaller percentage of women at Director level and above. Nearly 26% of the upper pay quartile were women at the April 2022 snapshot.

We are determined to change this, and we know that achieving our ambition requires sustained effort and clear targets. To this end, we have set ourselves an ambition globally for over 30% of our leadership team to be women in year 1 and 2, (2023/24) and 40% in years 3 and 4 (2025/6).

Over the course of this year, evidence shows that we are on the right path in the UK — women now hold over 30% of Director roles, they represent 36% of our Senior Managers and 44% of the management population overall as can be seen from the figures opposite.



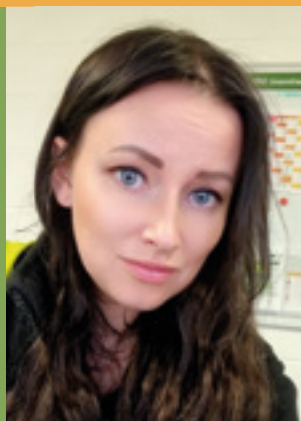
TALENT ATTRACTION

We are working to ensure that we continue to identify and recruit female talent and to understand any barriers to progression that may exist across the business. We recognise the overall gender imbalance at Arla Foods reflects both external and internal factors, such as the under-representation of women working in manufacturing, logistics and STEM industries.



“EVERY DAY IS DIFFERENT I AM LEARNING ALL THE TIME”

ANNA WALCZYK
Process Engineer
Aylesbury



“THE KNOWLEDGE I HAVE GAINED HAS BEEN A STEEP LEARNING CURVE, BUT THE BENEFITS ARE HUGE.”

LAURA MOTUZIENE
MRO Coordinator Engineering
Aylesbury Dairy

REPORTING OF ARLA FOODS UK DATA

GENDER PAY GAP

-12.7%

**MEAN
PAY GAP**

-0.7%

**MEDIAN
PAY GAP**

BONUS PAY GAP

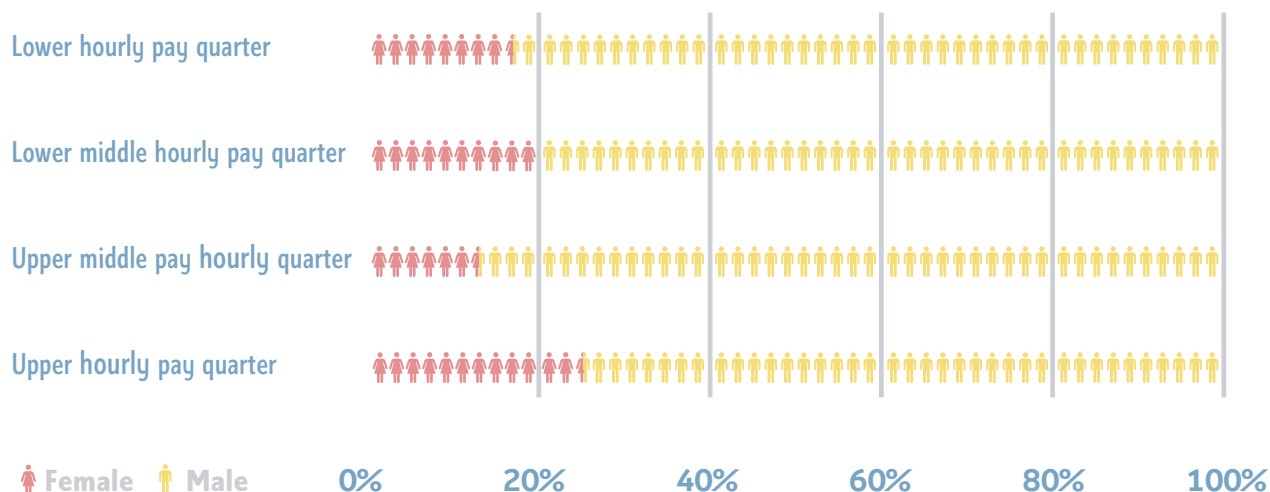
-109.6%

**MEAN
BONUS
PAY GAP**

-0%

**MEDIAN
BONUS
PAY GAP**

PROPORTION OF MALES & FEMALES IN EACH QUARTILE



Our figures show we need to do more work to create gender balanced teams and unlock opportunities for women across the business and we plan to review our shift working practices and embracing other ways of working.

SUMMARY

At -12.7%, our gender pay gap is well below the national gender pay gap for all colleagues (both full time and part time workers) which, currently sits at 14.9% according to the Office for National Statistics*. Nevertheless, it is also clear that our gender balance is not where it should be. We are determined to make stronger and sustained progress and remain committed to achieving overall gender parity, and to taking the necessary actions to improve the diversity of our business.

Measurement and accountability are crucial in driving this progress and for that reason inclusion and gender metrics are a core part of the objectives of the UK leadership team. As previously outlined, we have set specific targets to increase gender equality in every area of our business — recognising that some roles, such as the manufacturing roles in our supply chain teams, are traditionally less likely to be filled by women and greater focus will therefore be required to increase female representation.

LOOKING TO THE FUTURE

Throughout 2022 we have gone further to ensure that inclusion and diversity are key priorities. The commitment to achieve gender equality is part of our Future 26 strategy and we understand that this is an ongoing journey. We have a clear plan focusing on gender representation, inclusion and continuing to raise awareness and encouraging people to share their stories and be their authentic selves over the next 12 months. We are seeing more changes as colleagues inspire each other and drive the agenda forward. Through working together and learning from each other, we know that we can bring about meaningful change. We also want to make sure that the progress we make is sustained for the long term. That's why we want to continue to invest in our talent to help achieve gender balance in those we identify as our future leaders and ensure that they are being given the support they need to achieve their potential. That is why inclusion and diversity is at the heart of what we are doing to support our people, our planet and our performance.

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

**CLICK ON THE PHOTOS TO READ
ABOUT INSPIRING ARLA WOMEN**

**CLICK ON THE BOXES TO FIND
OUT ABOUT MORE WAYS WE'RE
WORKING TO CREATE
AN INCLUSIVE CULTURE**

At
**DIVERSITY
& INCLUSION
IN GROCERY**

**INCLUSION
STARTS WITH I
WORKSHOPS**

**MENOPAUSE
AWARENESS**



STORYTELLING

**LEARNNING AND
DEVELOPMENT**



MENTORING

INCLUSION STARTS WITH I



Creating an inclusive culture is important to Arla. We started out with a commitment in 2022 to raise awareness and desire around inclusion in the UK. As part of that awareness raising, we introduced the 'Inclusion Starts with I' workshops, highlighting that we all have a role to play in creating an inclusive culture.

The workshop focuses on the how and why of inclusion and its impact on individuals and the business as a whole. This has raised awareness and consciousness around the subject and people are keen to learn more. We have had over 420 people through the workshop so far and have done lots more work on Unconscious Bias, Micro Aggressions and individual storytelling too. We are now working on Inclusion Starts with I #2!



Skills & Cultural Agenda – the HOW

Caring for ME

I understand that I need to lead myself and work with my mindset and behaviour

Caring for US

People feel they can be themselves at work, feel permitted to challenge, and ideas are incorporated

Business Case & Society – the WHY

Caring for BUSINESS

Solid business case for D&I
We reflect the demographic of our customers and consumers

Caring for SOCIETY

We believe business has a major role to play in society – encouraging our communities to come together to improve social equality



DIVERSITY IN GROCERY



Over the last 18 months we have been gold members of the Diversity in Grocery (DIG) collaboration, sharing best practice with and learning from other members.

We have had record attendance from our colleagues at the monthly educational Learning Labs covering a wide range of D&I topics from other partners. Nearly 400 colleagues attended the webinars and many more watched the recordings.

In October we presented at the DIG Live event in London where 25 of our colleagues attended and took part in sharing our colleague storytelling work with thousands of attendees.



STORYTELLING



Our colleagues are our culture, they are at the heart of making diversity and inclusion a daily part of everything we do. We want to create a more inclusive culture and part of doing that is understanding each other's perspectives. Over the last 12 months some of our colleagues have talked about their own personal and professional experiences of inclusion. Some of them videoed themselves talking about what inclusion meant to them and these videos drove record engagement on Yammer (our internal comms platform) and have spontaneously inspired colleagues and teams to share what inclusion means to them with the #Inclusion starts with I workshop. We were invited to present our work at the Diversity and Inclusion in Grocery Live in October 2022.

Here is Tas one of our storytellers talking about what inclusion means to her.



WHAT INCLUSION MEANS TO ME

Inclusion to me is when we normally, without any effort, embrace different cultures, opinions, beliefs, orientations. Lack of awareness around certain things can make us unintentionally ignorant. That can be dangerous.

My hijab, my faith, my culture, moving to a different country, the challenges and the acceptance of my own vulnerabilities and insecurities was a journey that's made me learn so much. The amount of love and responses I received after I shared my story validated my belief that if you have a voice use it to make a difference.



TASNEEM FADAL
Claims Coordinator



As part of our #StongerPeople Health and Wellbeing agenda we have recently launched a Menopause policy and guidelines to support managers and colleagues experiencing menopause transition. We have a menopause focus group and so far have launched some education sessions, introduced desk fans, the uniforms in sites have been changed — small steps but they make a difference. We have signed the Wellbeing of Women Menopause Workplace Pledge and are committed to continuing to review ways in which we can enhance our support.

ARLA HAS COMMITTED TO:

- Change mindsets and attitudes towards menopause.
- Help everyone understand what menopause is and be able to talk about it openly.
- Support those experiencing menopause symptoms to feel confident to discuss it and ask for support, if they need it, to continue being happy and successful at work.
- Provide training for managers to help them understand menopause, to confidently have good conversations, and know how to help.

LEARNING AND DEVELOPMENT



This year we won the CIPD People Management Awards for best L&D initiative with our Democratising Learning. We designed a Learning Week which started in 2017 creating an industry-relevant learning experience aimed at everyone from farmers to marketing specialists.

This has grown and developed since then and is a great opportunity to share and leverage each other's knowledge and skills on a range of topics. We also have weekly Wednesdays@1 where anyone can share learning and we have had a number of these on D&I during 2022 including Dyslexia Awareness, Menopause, PRIDE and Uncomfortable Conversations.

L&D

It is important to us that we create equitable opportunities for learning and growth within Arla. To develop internal talent, we have a talent programme.

We also have a commercial mentoring program to encourage the learning and development of our colleagues, with 40 mentoring relationships where 50% of the mentors and 65% of the mentees are female. In the supply chain, we had 5 female graduates as part of the programme.

Additionally, we have been piloting two other mentoring programmes. Our reverse mentoring approach supports our commitment to creating a diverse and inclusive culture at Arla. The aim of the approach is to create a safe space for leaders to hear the lived experiences of those from under-represented groups and for members of under-represented groups to share their views on inclusion and build a network. This will help drive awareness of different life and career experiences inside and outside Arla. We are partnering with IDG and PSALT the latter being a mentoring programme where business leaders mentor young black under grads or post grads to support them in navigating their career choices. We have had some great feedback so far with people learning about themselves as well as others.



MENTORING