

KFC® GENDER PAY GAP REPORT 2021

Introduction from NEIL PIPER, Chief People Officer, KFC UK & Ireland

We've faced many unprecedented challenges, both individually and collectively over the last 18 months. Alongside navigating a pandemic and being away from friends, family and colleagues, I have been personally concerned by the seriously disappointing reports indicating that globally, women have been disproportionately negatively affected by the pandemic in terms of career opportunities and overall wellbeing. If these inequalities are left unaddressed, there is the potential for the momentum behind increasing parity of gender representation, career and pay progression in the workplace to be undone. As we navigate out of the pandemic, we stand with many other organisations in prioritising this important agenda and not losing sight of the meaningful and positive steps that have been taken over recent years to close the gender pay gap.

As part of National Inclusion Week here at KFC, we are proud to launch our #UnitedByTheBucket manifesto, to remind us all why focussing on Diversity, Equity and Inclusion (DE&I) is so important. I feel proud that, DE&I now, more than ever, forms an integral part of our 1000-day strategy with many passionate KFCers listening, learning, acting and amplifying in this space every day to make positive change.

I am also delighted that we have made great progress this year in ensuring our people are able to identify with gender in a more authentic way and in how our focus on DE&I continues to build on our culture of inclusion and is making a difference to sentiments people have around representation and fairness at KFC. Through collecting data, welcoming authentic feedback and leaning into the voices of our team we're able to create meaningful actions to effect impactful change.

You will see that we have made significant progress since we began reporting in 2018 in terms of Gender Pay and Gender Bonus Gaps; Gender Pay - we have reduced the mean gender pay gap by over 2 percentage points from 6.7% to 4.4% which sits well below the UK national average of 15.5% (ONS). We are also reporting a median gap of 0% between our male and female employees which demonstrates that we continue to reward people equally for doing equivalent jobs with equivalent experience. We have also seen a significant improvement in our mean bonus gap, reducing from 37.6% to 23.1% and median from 11.8% to 3.5%.

That said, we know that no gap is good enough and our insights demonstrate we need to continue to do more and specifically that we must double down on increasing female representation across the system.



#Unitedbythebucket



KFC® GENDER PAY GAP REPORT 2021

WHAT IS THE GENDER PAY GAP?

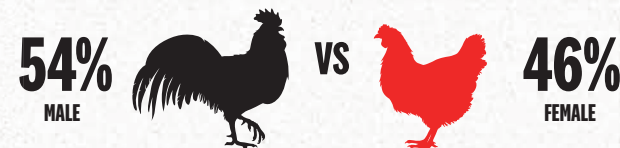
The Gender Gap measures the difference in the average pay of women and men from across the whole business as per how each individual has chosen to identify and we have been reporting our findings since 2018. It does not measure 'equal pay' which is the right for men and women to be paid the same when doing the same or equivalent work. We are an equal pay employer and are fully compliant with this legal requirement.

WHAT IS OUR APPROACH TO GENDER PAY ?

We are fully committed to building a workplace that represents the guests we serve and the communities we operate in where all people can bring their whole selves and are rewarded fairly for the brilliant work they do. We pay all of our people for the roles that they do for KFC UK & Ireland and the experience that they bring and not their gender. We are also importantly committed to improving gender parity and we are aligned with Yum! Brands to reach parity of gender representation at Director and above levels by 2030.

HOW IS OUR WORKFORCE MADE UP?

As you might expect for a restaurant business, a significant majority of our people work in our restaurant teams;



HOW DO WE CALCULATE GENDER PAY?

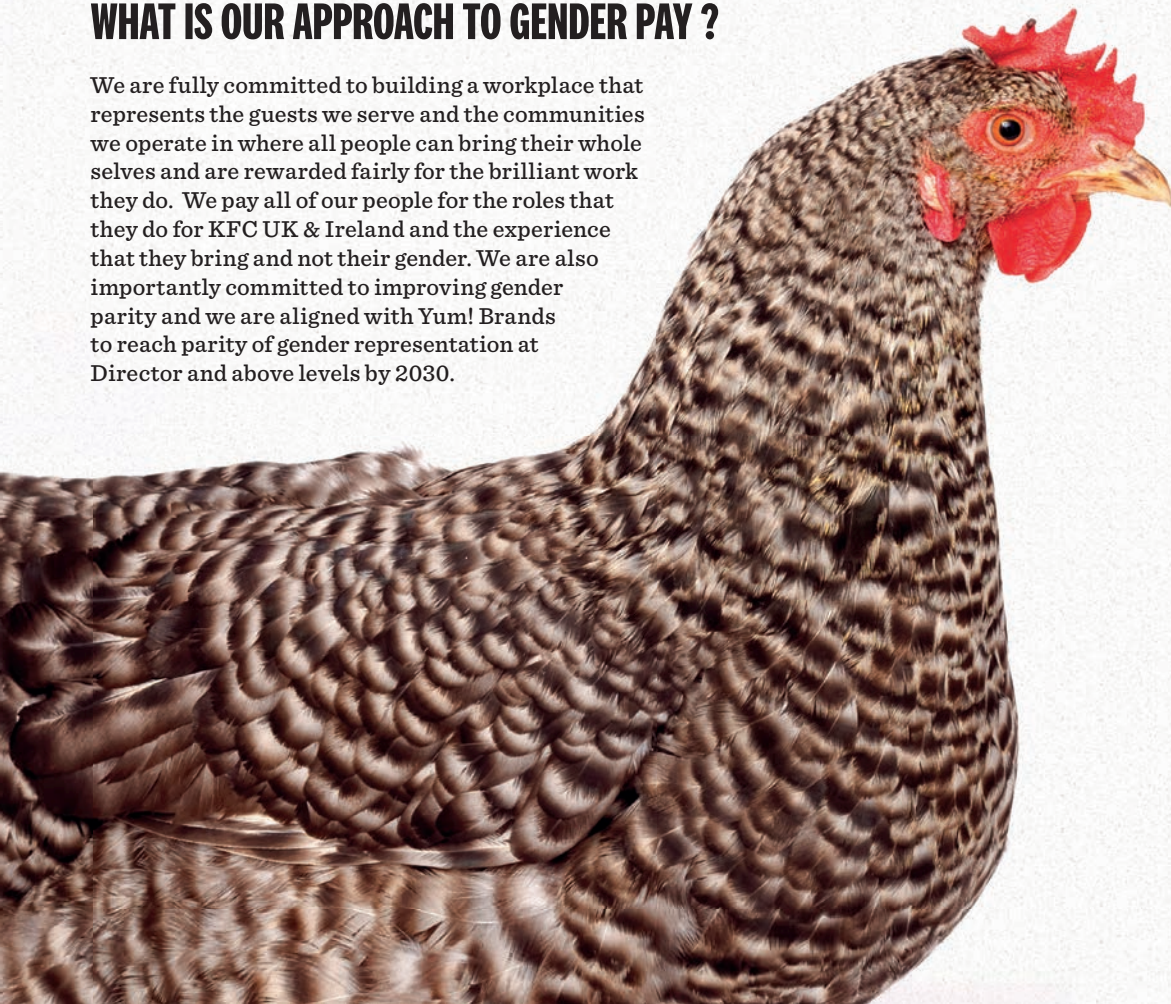
The gender pay gap is calculated by taking the hourly rate of all women and the hourly rate of all men in our business and then calculating the mean (average) and median (middle number) hourly rates. We then calculate the gap by determining the difference between these numbers across men and women.

 +  ÷ TOTAL PEOPLE = MEAN

TOTAL MALE HOURLY RATE TOTAL FEMALE HOURLY RATE

 DIFFERENCE BETWEEN  = MEDIAN

MID RANGE HOURLY RATE MID RANGE HOURLY RATE

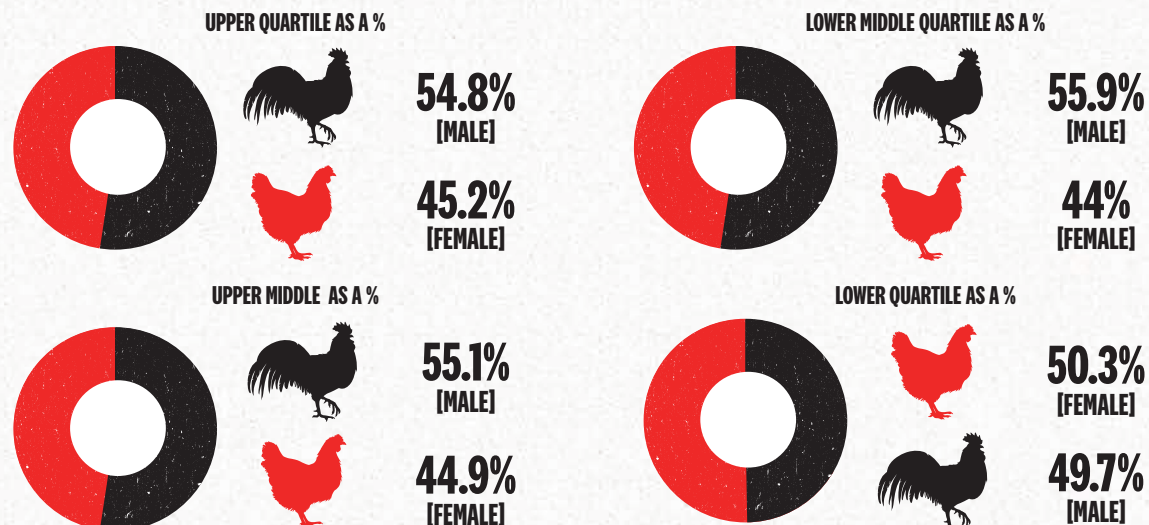


KFC® GENDER PAY GAP RESULTS 2021

OUR PROGRESS

EMPLOYEE SNAPSHOT DATE	2017	2018	2019	2020	2021
GENDER PAY GAP MEAN	6.7%	8.5%	6.2%	4.1%	4.4%
GENDER PAY GAP MEDIAN	0%	0%	0%	0%	0%
GENDER BONUS GAP MEAN	37.6%	43.7%	43.5%	39.6%	23.1%
GENDER BONUS GAP MEDIAN	11.8%	12.5%	0%	0%	3.5%
MALES RECEIVING A BONUS	53.1%	71.9%	60.5%	65.5%	89.6%
FEMALES RECEIVING A BONUS	52.1%	71.6%	60.4%	66.8%	87.4%

PAY QUARTILE BANDS



GENDER PAY GAP

4.4%
[MEAN]

0%
[MEDIAN]

This data shows our mean and median hourly gender pay gap, at the snapshot date of 30th March 2021. The mean gap is driven by a higher % of males in more Director level roles and above at the Restaurant Support Centre (RSC) vs females and by a higher % of males in Restaurant General Manager roles and Assistant General Manager roles vs females.

GENDER BONUS GAP

23.1%
[MEAN]

3.5%
[MEDIAN]

The gap in bonus is primarily driven by having a higher % of males in Director level roles and above vs females and by a higher % of males in Restaurant General Manager roles vs females with these more senior roles attracting higher variable pay elements.

DIFFERENCE IN BONUS AWARDED

87.4%
[FEMALE]

89.6%
[MALE]

This year we saw 'hero' bonus payments made across our restaurant teams reflecting the incredible commitment shown throughout a very challenging year and this has increased the overall YOY% of people receiving a bonus. Within this, a 2.2% gap between males and females receiving a bonus is noted.

KFC® GENDER PAY GAP RESULTS 2021

HOW WILL WE CONTINUE TO CLOSE THE GAP?

Our work will continue to be driven by data and insights and we will build on the progress we have made with collating data through the functionality of our new Applicant Tracking System Harri and through our people listening strategy in partnership with Peakon, KFC Voice.

REPRESENTATION

We minimise bias through blind recruitment and gender-neutral job descriptions. We promote diverse candidate shortlists through partnerships with external experts, helping us diversify the pools where we search for talent, e.g. VERCIDA. At our RSC in June 2021 we reached gender parity at all levels below Director and saw a 6% increase in female representation at Managerial / Head of Levels. We also ensure fairness of decisions through DE&I led analytics throughout our annual reward and talent management processes.

NURTURE & GROW

We will continue to strengthen our pipeline of female leaders through targeted development in our restaurant and RSC teams; Female focussed leadership development programmes, spotlighting our exceptional female leaders within development programs e.g. RGM Elevate and The Female Advantage, welcoming inspirational speakers on gender, coaching, female specific mentoring programmes, and demystifying Allyship and Sponsorship to our people to collectively support the progression of our female talent.

INCLUSION & BELONGING

2021 saw key initiatives to drive the sentiment of belonging for more of our females. Firstly we launched inclusive and enhanced parental leave policies allowing more choices for more of our families at KFC; we increased maternity, adoption and shared parental leave to 6 months full pay for our salaried employees and we are proud to have stood up the Wolfpack Affinity Group with the purpose of "Creating a bigger table for women". We are delighted to have seen an upward shift of 0.5% in sentiment towards overall Diversity & Inclusion from our RSC based females in the last 12-months.



KEY PILLARS...

1. DEMANDING THE BALL

To support and grow pipeline talent at KFC for female leadership both at RSC and restaurant level

2. SWISS ARMY KNIFE FOR COACHES

Equip our coaches with the right skills and a toolbox to foster a sense of belonging for women at KFC

3. FINDING YOUR PACK

Give women the tools & network to build connections with a community. Give them space and permission to do this in and out of KFC

WHAT IS COMING NEXT?

We welcome the opportunity that this report gives us to pause and take stock of where we are on the journey towards closing the gender pay gap but also feel excited to expand this data analysis to continue to inform the meaningful work across other under-represented groups.

We are setting our sights on 2022 to build out this statement to be more inclusive of our KFC family to include ethnicity and sexuality pay reporting as the people data we are collecting and the reflections we hear from the voices of our people continue to provide even richer insights.