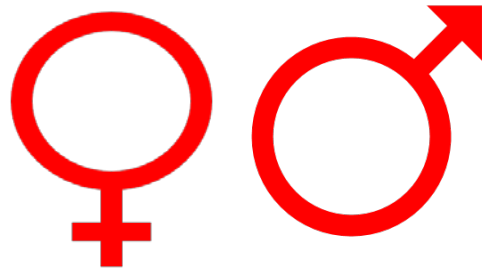


Gender Pay Gap Report 2017



Introduction

Our history starts in 1954 in Paris where our founder Jacques Courtin-Clarins developed a massage oil that he started to sell at the request of his customers. This was the beginning of a business with relationships built on trust and this continues to this day. We are one of the few remaining privately owned beauty brands.

Relationships built on trust are at the heart of Clarins Groupe ethos, as well as the Clarins UK business strategy. Respect is one of our company values that embodies the relationships that we have with all of our customers, business partners and employees, as well as respect for the environment. This extends to treating people fairly by striving to drive out inequality. We appreciate the advantages that diversity and inclusion bring to both our business and the customers we serve. We truly believe that diversity of thought and skill are what drive innovation.

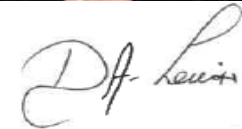
Gender pay as well as equal pay is only one aspect of our commitment to diversity and inclusion, which is part of our reward strategy and has the principles of fairness and transparency at its core.

Gender pay reporting allows us to understand the challenges both from a societal and our own business perspective. This gives us the opportunity to continually improve and challenge the gender norms associated with certain roles and professions.

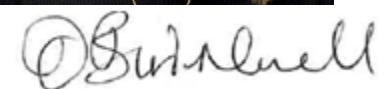
We are proud of the progress we have made to date to create an inclusive and diverse culture that represents the customers we serve. Our 2017 engagement survey results in the UK for this area demonstrates this with 95% of our employees feeding back that Clarins Groupe provides a working environment that is accepting of all differences in cultural background or lifestyles.

We will continue to strive for an inclusive culture that is accepting of all differences, providing equality of opportunity and pay parity by working to reduce our gender pay gap.

We confirm the data reported is accurate.

A handwritten signature in black ink that reads "Debbie Lewis".

Debbie Lewis
Managing Director
Clarins (UK) Ltd

A handwritten signature in black ink that reads "Denise Bird-Newell".

Denise Bird-Newell
Director of HR & Facilities
Clarins (UK) Ltd

Overview

Gender pay and equal pay are two very different measures. We are publishing our gender pay gap in line with UK government regulations. We will identify the reasons behind the gap and our plans to help close it.

What is the Gender Pay Gap?

- Gender pay shows the difference in average pay between all men and women within a company – it's a collective comparison.
- Equal pay compares the pay of a man and a woman who hold the same roles within a company – it's an individual comparison.

What causes the Gender Pay Gap?

The causes of the gender pay gap are complex, but one of the main reasons in our society is that men are still more likely to be in high paying senior roles. Women are more likely to be in occupations that offer less financial reward and in lower paying sectors of our economy. They are also more likely than men to be employed in part-time roles, which are often lower paid.

What is Reported?

An employer must publish six calculations showing their:

1. Average gender pay gap as a mean average
2. Average gender pay gap as a median average
3. Average bonus gender pay gap as a mean average
4. Average bonus gender pay gap as a median average
5. Proportion of males receiving a bonus payment and proportion of females receiving a bonus payment
6. Proportion of males and females when divided into four groups ordered from lowest to highest pay.

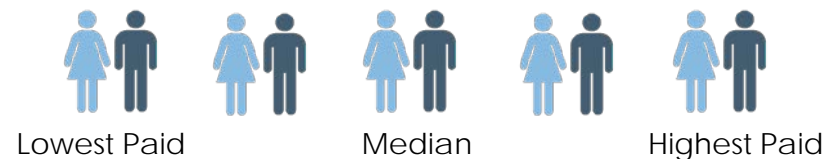
Mean Pay Gap

The mean pay gap is the difference in the average earnings between all women and men.



Median Pay Gap

The median pay gap is the mid-point between high and low earnings between all women and men.

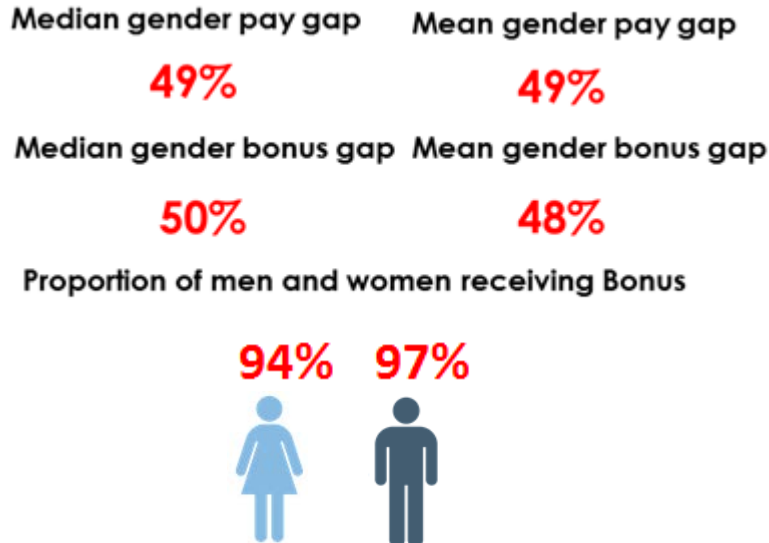


2017 Gender Pay Report - Our Results

Our Results

We have compared both the mean (average) and median (mid-point) in the hourly rate we paid to men and women on 5 April 2017.

Below you can see both our mean and median gender pay and bonus gaps.

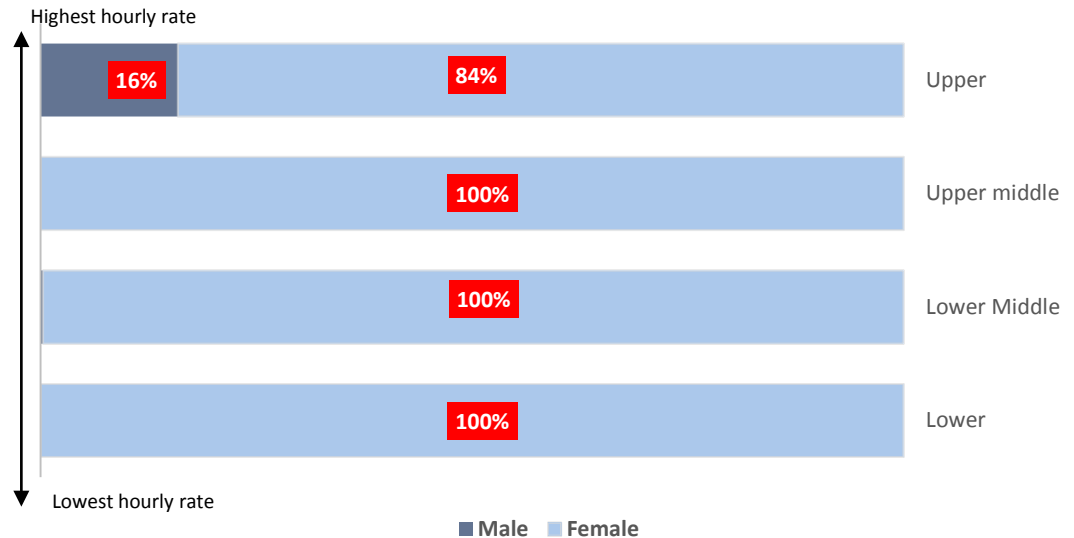


What's Included in Bonus Pay

Our bonus pay includes sales commission and incentive payments, Christmas and performance bonus payments, Long Service Awards and Merit Awards.

Pay quartiles

The pay quartiles shown in the diagram below are calculated by listing the rates of pay for every employee from lowest to highest, before splitting that list into four equal-sized groups and calculating the percentage of males and females in each. The pay quartile data shows that we have no male employees in our lower pay quartiles. The proportion of men increase as rates of pay increase.



2017 Gender Pay Report - Our Results

Understanding the Gap for Clains (UK) Ltd

Our gender pay gap results show that the average male employee has a higher hourly rate than the average female.

Some of the factors that influence this include:-

The fashion and beauty industry tends to be over represented by women in line with its consumer profile.

As a beauty and fragrance company our employee profile mirrors the industry, with the majority of our workforce being employed as Beauty Advisors and Beauty Therapists in the retail environment.

96% of our total workforce are female.

We have more women than men in our retail roles which offer greater flexibility of shift patterns and hours and attract more part time workers. Men that hold these positions within retail are more likely to be in management roles in Flagship stores and have a greater longevity of service. Retail roles also tend to have lower market pay rates than office based roles, where we have more men employed in specialist and technical roles such as IT.

Sales related bonus and commission payments are also influenced by the number of hours worked.

We have compared the total bonus payments given to staff over the 12 month period. Only 48% of women were eligible for the full bonus opportunity compared to 87% of men. This is due to a higher turnover in retail based roles meaning that new employees bonus opportunity is pro-rated. Again as women are more represented in this area of our business it impacts on the bonus gap.

In our Leadership Team roles there is no gender pay gap. This population is predominantly female (90%).

We are confident that men and women are paid equally for equivalent roles as we have robust processes in place to uphold this. We use job evaluation methodology to compare jobs across the organisation to ensure relative alignment and external benchmarking to standardise our approach to job grading and reward. Our pay ranges differ for job family as well as grade to allow us to benchmark effectively to ensure competitiveness with the external market.

Career Bands	Male	Female
Leadership Team	10%	90%
Senior Management	13%	88%
Middle Management	23%	77%
Junior Management	10%	90%
Technical, Clerical & Retail Operations	2%	98%

2017 Gender Pay Report - Closing the Gap

Action Plan

It's important to us that based on the information we have, we continue to look for ways to close any Gender Pay gap present within Clarins(UK) Ltd. Below are some of the actions we have already taken and will continue to take:

- Adopt a fair and transparent approach to pay and reward
- Introduced a robust pay evaluation methodology to address the gap and identify any equal pay issues



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- Placed focus on total remuneration for all employees with a three year rollout plan
- Allocated pay increases across the business based on employee's position on the salary range and their performance to ensure pay parity
- Continue to challenge gender norms associated with certain roles and professions