



Gender Pay Gap Report 2021

Clarins UK Group | April 2022

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Introduction

During the past year creating an environment of wellbeing at work and job security has been a top priority during the pandemic. Inclusion and diversity have remained a key focus of our recruitment and progression strategies, and we are proud of the steps we have taken to continue to develop our culture and promote equality. Clarins UK continues to provide a working environment that is accepting of all differences in cultural background and lifestyles.

In 2021 women represented 96% of our workforce and held 100% of leadership positions. This has not changed since our last report. In General, women tend to be more highly represented in the retail beauty industry. The high female population and ratio of females to males continues to provide challenges when comparing the gender pay gap, which we outline in this report along with some of the ways we aim to increase gender diversity.

We are proud to share that we have continued to reduce our mean gender pay gap year on year.

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 within our industry.

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

We confirm the data reported is accurate.



Debbie Lewis

Managing Director, Clarins UK Ltd



Denise Bird Newell

HR Director, Clarins UK Ltd



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Overview: A reminder

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. Women are more likely to take career breaks to raise a family in comparison to men and to return in part-time roles.

In Clarins UK Ltd we have a very low ratio of men to women and men tend to be employed in professional services such as IT and Finance.

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



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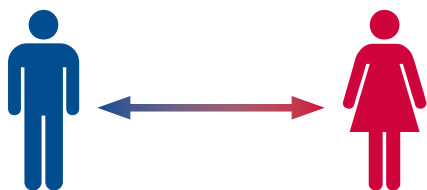
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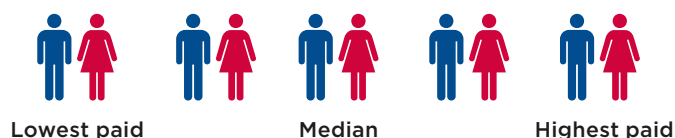
Mean Pay Gap

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.



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 2021. Below you can see both our mean and median gender pay and bonus gaps and the progress made when comparing with 2020 results. Our results will be discussed further in the **Understanding the Gap for Clarins (UK) Ltd** section.

2020 results

Median Gender Pay Gap

44%

Mean Gender Pay Gap

32%

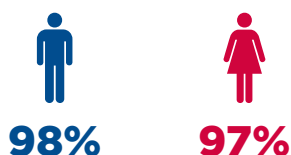
Median Gender Bonus Pay Gap

59%

Mean Gender Bonus Pay Gap

36%

Proportion of **men** and **women** receiving bonus



2021 results

Median Gender Pay Gap

46%

Mean Gender Pay Gap

19.5%

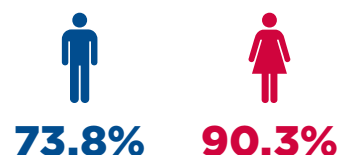
Median Gender Bonus Pay Gap

85%

Mean Gender Bonus Pay Gap

52%

Proportion of **men** and **women** receiving bonus



What's included in Bonus Pay

Our bonus pay includes sales commission and incentive payments, which were impacted due to the closure of non-essential retail stores during the pandemic, Christmas and performance bonus payments, Long Service Awards and Merit Awards.



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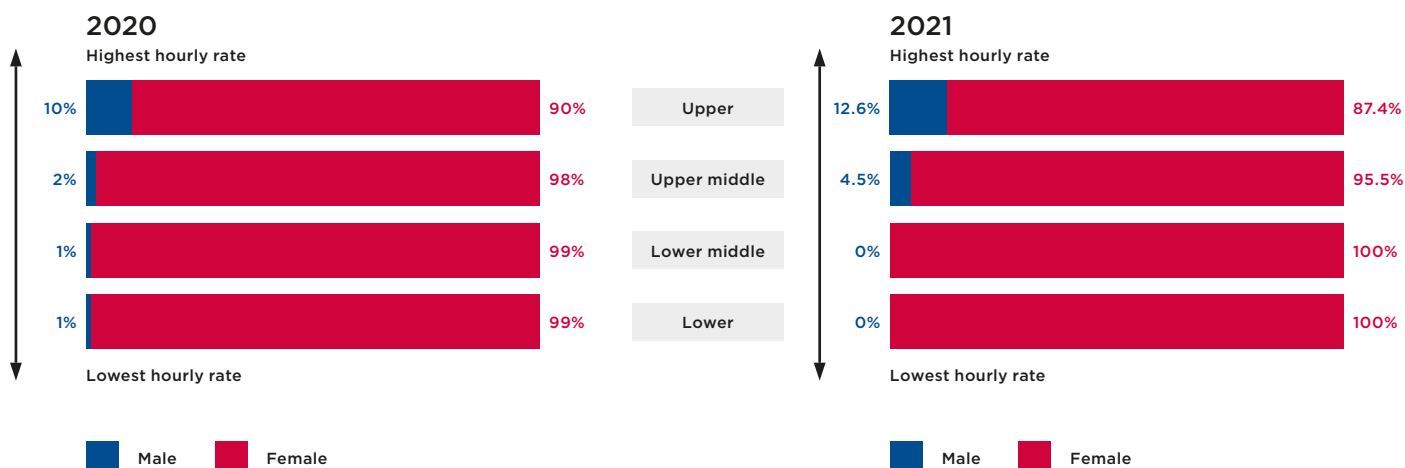
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Pay quartiles

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. Pay quartiles give an indication of women's representation at different levels of the organisation.



There has been a change to both male and female representation in all the quartiles. Due to turnover and the sale of Clarins Fragrance Group we now have no representation of males in the lower and lower middle pay quartiles, which has created an increase in the median pay gap from 44% in 2020 to 46%.



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Understanding the Gap for Clarins (UK) Ltd

Our gender pay gap results show that we have further reduced the mean pay gap by 12.5% compared to 2020.

If we were to include our Distribution business as it has its own company status and does not meet the criteria for gender pay reporting in our total company reporting, our mean pay gap would be -3.8% and the median pay gap would be 18.8%. This indicates that our total UK business has greater equality between the pay for men and women, when there is greater male representation in all quartiles.

Some of the factors that influence our results include:

the fashion and beauty industry continues to be over-represented by women in line with its consumer profile. As a beauty 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.

2021 saw further changes to the shape of our business. As the retail landscape adapted to changes brought on by the pandemic, we were impacted by several store closures and a faster migration to on-line sales than originally projected over the coming years. This spearheaded a review of our company structure to align our resources to the change in consumer behaviour. As a result, there has been a decrease of 16% in female representation within the senior management team.

Career bands 2020	M	F	Career bands 2021	M	F
Leadership Team	0%	100%	Leadership Team	0%	100%
Senior Management	7%	93%	Senior Management	23%	77%
Middle Management	25%	75%	Middle Management	24%	76%
Junior Management	11%	89%	Junior Management	11%	89%
Technical, Clerical & Retail Operations	2%	98%	Technical, Clerical & Retail Operations	2%	98%



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We have more women than men in our retail roles, which offers greater flexibility of shift patterns and hours and attracts more part time workers. It continues to be the case that the 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 and Finance.

Sales related bonus and commission payments are also influenced by the number of hours worked. During the pandemic and closure of non-essential retail stores the opportunity to receive commission and incentive payments was greatly reduced. We also saw much higher turnover in retail-based roles. New employee bonus opportunity is pro-rated based on length of service. As women hold the majority of these roles and make up the largest population of our workforce, it had a big impact on the bonus gap. Conversely, the roles where the workload increased during the pandemic e.g. IT and Finance, had greater opportunity to receive higher bonus pay out and had more male representation. This accounts for the increase to the mean bonus pay gap of 16% and median bonus pay gap of 26% when compared to 2020 results.

In our Leadership Team roles there is no gender pay gap as the population remains 100% female.

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 and ensure competitiveness with the external market.



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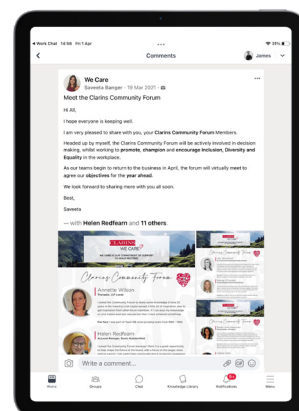
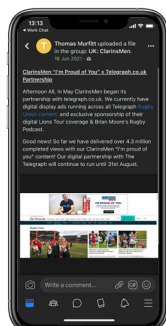
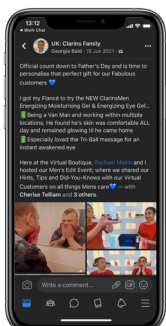
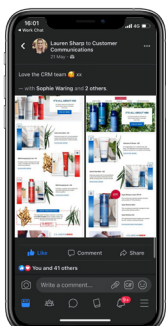
Closing the gap

Action plan

We continue to look for ways to close the gender pay gap with focus on our recruitment, reward, family friendly policies and agile working practices. We also continue to strive to find ways to attract more men into the retail beauty industry so that there is a better balance of male and female representation. The marketing campaigns for our male grooming products aim to raise awareness of our men's range and our Brand, and in turn encourage more males to consider a career with Clarins.

We are continuing to make progress on our strategy to:

- Adopt a fair and transparent approach to pay and reward that is benchmarked both internally and externally, especially during recruitment and career progression
- Monitor and identify any gaps or equal pay issues by comparing salaries of men and women, by job level, and by function across the business, especially during performance and salary reviews
- Introduce a new reward scheme for our retail sales teams that recognises both in-store and on-line sales based on behaviours, which offers less fluctuation and more stable reward than the current sales-based commission scheme
- Work with our Community Forum for the future development of our working conditions, our people brand, employment prospects and development of greater inclusion and diversity
- Introduce Agile Working and family friendly practices to promote better work/life integration.
- Look for opportunities to improve diversity during recruitment and selection, through targeted advertisements and ensuring our agency partners search for candidates from under-represented groups.





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