



Gender Pay Gap Review 2020

L'ORÉAL
UK & IRELAND

Introduction

As part of our long-term strategy dedicated to Diversity & Inclusion, the L'Oréal Group has been committed to promoting gender equality for over 15 years. We aim to create an inclusive work environment for people of all genders, and to achieve gender balance in our workforce. We recognise that creating a welcoming and supportive working environment for people of all genders adds value, boosts performance and powers innovation. In 2020, women represented 54% of L'Oréal's leadership positions and 58% of the Board of Directors and made up 67% of promotions.

Our Audit-Led Approach To Delivering Gender-Equality

We rely on rankings and standards of measurement to keep track of our progress and see how we can continue to improve. L'Oréal has been working with two independent auditors since 2011 – EDGE (Economic Dividends for Gender Equality) and GEEIS (Gender Equality European and International Standard) – to ensure we regularly and robustly assess the status of our current employees and the fairness of our hiring activity.

In reflection of this commitment and our progress, we are proud to have recently received multiple recognitions, at Group level:

We have been recognised, for the fourth consecutive year, in Bloomberg's 2021 Gender-Equality Index (GEI).

This global ranking highlights companies which promote gender equality and is based on criteria including female leadership and talent pipeline, gender pay parity, inclusive culture and sexual harassment policies.

As a leading business in the **Equileap Global Gender Equality Ranking**. For the 4th year in a row, the L'Oréal Group is among the top 5 most gender-balanced companies in the world, coming fourth place among close to 4000 companies across 23 markets.

We are also proud to be recently recognised by European Women on Boards, who placed us among the **20 Top companies out of STOXX Euro 600** and as a Gender Diversity Index 2020 Best Practice Leader, in a report on gender equality in corporate leadership across 16 European countries and more than 650 companies.

Gender Pay Gap Reporting

UK legislation introduced in 2017 requires all companies with more than 250 employees to publish data on their gender pay gap. This is L'Oréal UK's fourth report and the data contained in this report is from the snapshot date of 5 April 2020.

Gender Pay Gap differs from Equal Pay.

The **GENDER PAY GAP** shows the difference in average pay between all men and women in an organisation.

It does not equate to **EQUAL PAY**, which considers the pay and benefits awarded to men and women in the same or similar jobs in the same organisation.

At L'Oréal UK, we believe in, and are committed to, equal pay for equal work. We conduct an annual salary review process to ensure we continue to deliver this.



“At L'Oréal UK we are committed to building a workplace where people of every ethnicity, social background, religion, age or disability and gender feel valued.

Having a welcoming and supportive workplace for all of our team members adds value, boosts performance and powers innovation. I am pleased to share an update on our plan to promote gender equality and achieve gender balance in our workforce. We know that addressing the gap will take time and we have a dedicated long-term plan in place to achieve this goal. We will continue to be transparent about our progress and what we're learning on our journey. In future years, we hope to expand the scope of our reporting to include all of our Diversity & Inclusion commitments.”

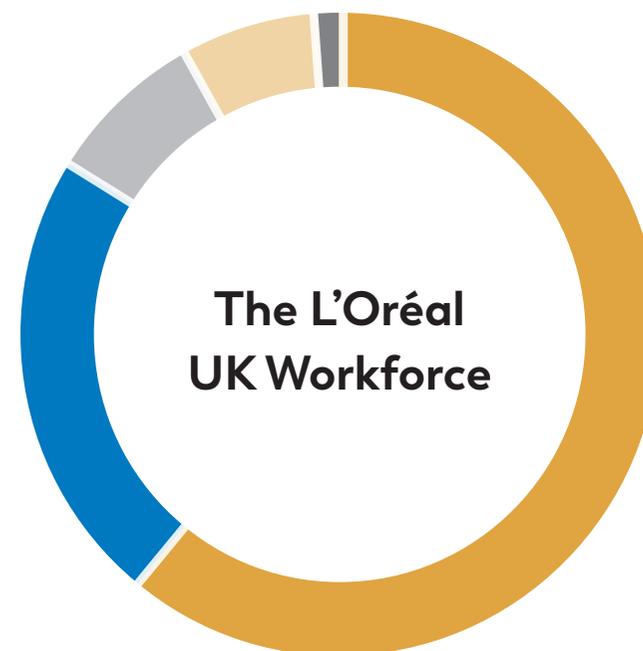
Thierry Cheval,

Managing Director, L'Oréal UK and Ireland

The L'Oréal UK Workforce

In 2020, L'Oréal UK employed 4,275 employees across the UK. Our workforce is made up of the following groups:

- **2,593 Beauty Advisors** (61% total population; 92% female / 8% male) work in retail positions in department stores and our freestanding boutiques across the country for brands such as Lancôme, Kiehl's and NYX Professional MakeUp.
- **969 Headquarter Staff** (23% total population; 75% female / 25% male). These are office-based employees at our UK HQ in Hammersmith London, working in functions such as HR, Finance, marketing and sales.
- **366 Field Based Staff** (8% total population; 74% female / 26% male). Individuals based across the country, undertaking roles that include field-based sales and/or training.
- **326 Distribution Centre Staff** (7% total population; 53% female / 47% male). These team members are based in Bury, Nottingham and Trafford and are vital to our operations and supply chain.
- **21 Staff** (1% of total population; 76% female / 24% male). These are office-based employees from the finance team at our satellite office in Llantrisant, Wales



● Beauty Advisors	61%
● UK HQ Hammersmith	23%
● UK Field	8%
● UK Distribution Centres	7%
● Wales Office	1%

Gender Pay Gap Figures At A Glance

These figures represent the percentage less in the average pay all female employees receive, compared with the average all male employees receive, across the total UK organisation.

For 2020, L'Oréal UK's median gender pay gap is 33.63%, with a mean gender pay gap of 34.41%. The business' median bonus pay gap is 34.57% with a mean bonus pay gap of 49.43%.

Total organisation data

	Gender Pay Gap %	
	2019	2020
Mean	35.14	34.41
Median	32.89	33.63

	Gender Bonus Pay Gap %	
	2019	2020
Mean	51.81	49.43
Median	35.97	34.57

All employees who have successfully completed their probationary period are entitled to receive bonus payments (either through profit-share or commission). In 2020, 92.4% of female employees and 89.8% of male employees received a bonus payment.

The following data outlines the proportion of employees from each gender in each pay quartile (each quartile comprises 1022 individuals).

Quartile table: Gender by pay quartile

	Male %	Female %
Upper	29.2	70.8
Upper Middle	18.0	82.0
Lower Middle	14.3	85.7
Lower	6.5	93.5

Understanding L'Oréal UK's Pay Gap

This is the fourth year we have reported on our gender pay gap. Our gender pay gap has remained relatively unchanged over time, with small increases and decreases in figures each year. From 2019 to 2020, the mean gap has decreased slightly to 34.41% and the median has increased slightly to 33.63%.

Diagnosing the driving forces behind our gender pay gap has helped us to develop a meaningful, long-term action plan to have a positive impact on our gender pay gap. Fundamentally, the drivers of our gender pay gap reflect challenges common across the beauty industry:

1. Most of our employees are Beauty Advisors.

Of the 4,275 employees who work for L'Oréal UK, 2,593 – or approximately 61% – work in department stores and boutiques. Although these roles are competitively paid, they reflect the salary norms of the retail environment.

2. Most of our Beauty Advisors are female and many opt to work in part-time roles.

This impacts our gender pay gap and bonus pay gap as the reported pay gap compares pay and bonuses for full-time and part-time employees without accounting for this difference. While the number of women in part-time positions impacts our figures, access to benefits, including part-time and other flexible work arrangements, is an important part of our diversity and inclusion approach. We attract a significantly higher proportion of women at entry level for non-Beauty Advisor roles and therefore have a larger proportion of women in more junior positions in the company.

Our Approach To Reducing The Gender Pay Gap

L'Oréal is committed to gender equality and to addressing our Gender Pay Gap. We are committed to delivering long-term, lasting change and understand that this will take time. We have committed to a series of initiatives to help drive this forward.

At L'Oréal UK we are committed to a five-point plan to deliver on our ambition to be an employer of choice that is founded on equality and able to offer the best in job satisfaction and development of our employees. We have continued to build on these to drive long-lasting change.

1 DEVELOPING FEMALE LEADERSHIP

L'Oréal UK provides regular leadership training to all employees and we offer a range of coaching and training options for female talent across the business, designed to identify and nurture future female leaders to progress to senior leadership positions. In 2020, 62% of our Brand General Managers were female and 66% of our participants in leadership programmes were women.

Further examples of our work in this area include:

- Enabling participation in the specialist Shine and Eve programmes for aspiring female leaders in the UK.

- Our partnership with Lean In Circles to create a dedicated platform for employees to network and receive education on key professional and personal topics.
- We also continue to work with our global organisation to anticipate and manage selection decisions and appointments relating to senior management positions.

2 IMPROVING THE GENDER BALANCE

We are committed to achieving gender-balance at all levels of the business. Currently, the majority of the applicants for entry and mid-level roles at L'Oréal UK have been female which translates into a low percentage of males at this level. As such, we have implemented a programme to attract more men into the business at the entry and mid-level positions.

The work we have continued in this area includes:

- Regular speaker opportunities at university careers and events and working with specialist internship agents to help target male candidates.
- Recognising the achievements of our team members at this early stage of their career. We are a strong supporter of the TARGETjobs Undergraduate of the Year Awards regularly nominating both male and female team members. In 2020, we continued our sponsorship of "Male Undergraduate of the Year Award". These awards serve as a great marketing tool for our early careers offering and also help us to identify and hire great talent.

Our Approach To Reducing The Gender Pay Gap

3 ENHANCED MATERNITY, PATERNITY AND PARENTAL SUPPORT

Our ambition is to create the best environment for working parents and we're proud to offer a competitive maternity leave policy of six months' full pay and secured bonus payments during the period of maternity leave, alongside six weeks' full pay for paternity leave as well as up to six months' full pay by utilising shared parental leave.

We also have dedicated programmes in place for adoption leave and dependent care leave. To continue to build our family culture, we introduced paid fertility leave covering four weeks paid leave in a 12-month period and three days paid leave for an employee whose partner is undergoing fertility treatment.

We have continued to support our working parents as part of the GROW programme launched in 2017. This includes:

- Individual and group coaching sessions before and after family leave, coupled with coaching for line managers to support their team members on family leave.
- Hosting a series of professionally led learning sessions for parents throughout the year.
- Supporting parents to select childcare through our partnership with a leading agency that helps parents find a childminder, nursery, or school.

- Providing a dedicated Working Parents Teams Channel for parents and carers to connect and share knowledge, advice and attend events.

We continue to review our policies in this area to ensure that we have a fully inclusive approach and offer best in class policies to support working parents.

4 EXTENDING & PROMOTING FLEXIBILITY IN OUR WORKPLACE

We have continued to work to encourage more flexible working in our business, building on the L'Oréal UK Work Smart initiative we launched over six years ago. Work Smart enables all employees to adopt flexible working practices to achieve greater work-life balance and has been particularly successful with the working parents in our community. As the Covid-19 pandemic hit, we supported all working parents to adapt their working hours and workload to balance their family commitments.

5 A working environment beyond gender

L'Oréal is working to foster a workplace where all people of every ethnicity, social background, religion, gender, age or disability - visible or invisible - feel welcomed and valued. The following initiatives help us on our journey.

OUR EMPLOYEE THINK TANKS

Our Gender Equality, LGBTQ+ & Allies, Ethnicity and Multiculturalism and Mental Health networks are run by employees who are passionate about actively supporting our vision to create a more inclusive workplace. They drive a proactive agenda of events focused on education and celebration and provide a platform to share stories and learn from each other. In addition, our diversity and inclusion think tanks host safe spaces for each other and bring employees together to promote and practise our diversity and inclusion values.

STONEWALL WORKPLACE EQUALITY INDEX

This year L'Oréal UK made its first ever submission to the Stonewall Workplace Equality Index, ranking 263 out of 502 organisations that took part. This is the UK's leading benchmarking tool to measure progress on LGBTQ+ inclusion and we are committed to improving both our score and ranking year-on-year.

MENTAL HEALTH

In 2018, L'Oréal UK started the journey to break the stigma around mental wellbeing and ensure a supportive environment for those experiencing mental health concerns. We expanded our offering of tools and resources to prevent mental health issues in the long-term and have over 26 accredited Mental Health Ambassadors across our sites to listen and signpost individuals to the right support services.

SPOTLIGHT ON FLEXIBILITY AND INFORMAL SUPPORT

While we are reporting on data captured before the beginning of the pandemic, we recognise the disproportionate impact of Covid-19 on women and evolved our support offering from the outset of the crisis.

We know that many women have been shouldering more parenting duties including managing home schooling during lockdown periods. As such, we provided full support to working parents and caregivers to flex their hours, structure days differently and re-prioritise their work to spend more time with their families. We also introduced five days of paid parental leave for parents and caregivers with children under the age of 14, while schools and early years settings were closed.

All managers have worked with their team members on a one-to-one basis to understand their circumstances and find a tailored support solution for every individual. We actively encourage employees to speak to their HR Business Partner if there are additional ways we can support them.

Statutory Disclosure Summary

Males/Females employees	17/83
Median Gender Pay Gap	33.63
Mean Gender Pay Gap	34.41
Median Bonus Pay Gap	34.57
Mean Bonus Pay Gap	49.43
Males/Females receiving a bonus payment	89.8/92.4
Upper Quartile* (male/female)	29.2/70.8
Upper Middle Quartile (male/female)	18.0/82.0
Lower Middle Quartile* (male/female)	14.3/85.7
Lower Quartile* (male/female)	6.5/93.5

Declaration

We confirm that our data is accurate and has been calculated in accordance with the statutory requirements as required under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2020.



Thierry Cheval
Managing Director, L'Oréal UK and Ireland