

L'ORÉAL

UK & IRELAND

GENDER PAY GAP REVIEW **2019**

INTRODUCTION

L'Oréal – our commitment to gender equality

Gender equality is a priority for L'Oréal Group and is a key part of our approach to creating the optimum working environment for job satisfaction, professional development, creativity, innovation and growth. In 2019, women represented 70% of the L'Oréal Group's total global workforce, 54% of the Board of Directors, 30% of the Executive Committee, 54% of key positions. In addition, women made up 67% of promotions.

Our audit-led approach to delivering gender equality.

L'Oréal Group 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 staff and the fairness of our hiring activity.

Proud to be listed in Bloomberg's 2020 Gender Equality Index for the third year in a row. This global ranking highlights companies that are promoting gender equality in the workplace and their local communities with a high level of transparency and impact.

A leading business in the Equileap 2019 Global Gender Equality ranking. For the 3rd year in a row, L'Oréal Group is among the top 5 most gender-balanced companies of the world in the Equileap 2019 ranking – a comprehensive survey of over 3,500 companies based on 19 different gender equality criteria.



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 third report and the data contained in this report is from the snapshot date of 5 April 2019.

Before we review our data, it is important to stress that the Gender Pay Gap differs from Equal Pay.

The **GENDER PAY GAP** shows the difference in the 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're working hard to ensure that our team of amazingly talented and hard-working individuals grow and thrive, regardless of gender, ethnicity, religion, age, social background or disability. We have a dedicated plan in place to ensure that we are empowering women to progress into leadership positions in L'Oréal UK, and we're constantly looking for new ways to ensure we're an employer of choice for our people. I am pleased to provide an update on our ambitious plans to driving gender equality and equal opportunity for everyone in our business.

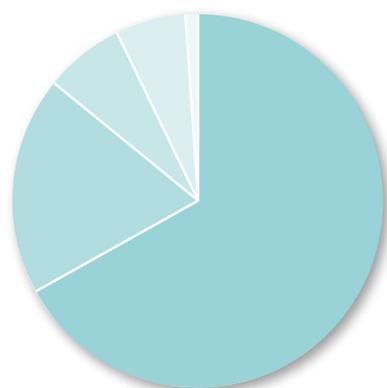
Vismay Sharma
Managing Director, L'Oréal UKI



THE L'ORÉAL UK WORKFORCE

In 2019, L'Oréal UK employed 4,450 employees across the UK. Our workforce is made up of the following groups:

- **2,900 Beauty Advisors** (65% of total population; 92% female/8% male)
 - Beauty Advisors work in retail positions in department stores and in our own boutiques across the country for brands such as Lancôme, Urban Decay, Kiehl's and NYX Professional Make-Up.
- **950 Headquarters Staff** (21% of total population; 75% female/25% male)
 - these are office-based employees at our UK HQ in Hammersmith, London working in functions including marketing, Human Resources and sales.
- **250 Field Based Staff** (6% of total population; 70% female/30% male)
 - individuals based across the country, undertaking roles that include field-based sales and/or training roles.
- **325 Distribution Centre Staff** (7% of total population; 53% female/47% male) - these team members are based in our distribution centres in Bury, Nottingham and Trafford. They are vital to our operations.
- **25 Staff** (1% of total population; 74% female/26% male)
 - office-based finance team at our satellite office in Llantrisant, Wales



● Beauty Advisors	65%
● UK HQ Hammersmith	21%
● UK Field	6%
● 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 2019, L'Oréal UK's median gender pay gap is 32.89%, with a mean gender pay gap of 35.14%. The business' median bonus pay gap is 35.97% with a mean bonus pay gap of 51.81%.

Total organisation data

	Gender Pay Gap		Gender Bonus Gap	
	2018 %	2019 %	2018 %	2019 %
Mean	36.51	35.14	55.96	51.81
Median	30.82	32.89	36.42	35.97

All employees who have successfully completed their probationary period are entitled to receive bonus payments (either through profit-share or commission). **In 2019, 94.83% of female employees and 91.41% 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 1,092 individuals).

Quartile table: Gender by pay quartile

	Male %	Female %
Upper	29.30	70.70
Upper Middle	13.83	86.17
Lower Middle	13.00	87.00
Lower	8.87	91.13

UNDERSTANDING L'ORÉAL UK'S PAY GAP

From 2018 to 2019, our Gender Pay Gap has remained relatively unchanged – the mean pay gap has gone down slightly to 35.14% and the median pay gap has gone up slightly to 32.89%. As in previous years, our Gender Pay Gap reflects a number of challenges experienced across the beauty industry:

- **The majority of our employees are Beauty Advisors.** Of the approximately 4,450 employees who work for L'Oréal UK, around 2,900 – or approximately 65% – work in department stores and boutiques, many in part-time positions. Although these roles are competitively paid, they reflect the salary norms of the retail environment.
- **The majority of Beauty Advisers (92%) are female, with many opting for part-time roles.** This has a notable impact on 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 taking into account 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 Adviser roles.** As such, we have a greater proportion of women in more junior positions in the company.
- **Some of the most senior roles are currently held by male expatriates.** L'Oréal UK's Gender Pay Gap is affected by the fact that some of our most senior roles are held by men who are expatriates. These roles are open to both men and women. Expatriates, regardless of gender, are offered additional benefits to cover costs associated with re-locating. As these most senior roles are also associated with higher salaries, the Gender Bonus Pay Gap figures are also impacted, as more senior roles attract higher levels of annual incentives and longer-term share options.

ACTIONS TO REDUCE THE GENDER PAY GAP

L'Oréal is committed to gender equality and to reducing 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 for our employees.

This plan is focussed around our key areas of focus. These include continuing to **enable, empower and support women** across all levels of the organisation to set and achieve their goals, to keep momentum in their progression throughout their career and **increase the proportion of women in senior positions.**

At the same time, we are also seeking to **attract more men into entry- and mid-level roles** to re-balance our workforce and to also ensure that men at the start of their careers benefit from the fantastic opportunities at L'Oréal UK.

We are also working hard to create the **optimum working environment for all working parents,** in particular for parents approaching and returning from parental leave, to ensure they can continue their career progression in a way that also supports their personal needs.

And we're boosting **flexibility,** for our entire team. Most importantly we're also working to create **a more diverse and inclusive workplace overall** for all our people to create a happy and supportive workplace culture and to retain and attract talent.

Essential to this work is L'Oréal UK's **Gender Equality Network.** Sponsored by our most senior leaders, it brings together people from across the organisation to play an active role in shaping and driving cultural change.

We are continuing to build on these initiatives to ensure we are driving the long-term, lasting change we would like to see. To provide more detail:

1. Developing female leadership

L'Oréal UK provides regular leadership training to employees. This includes providing dedicated programmes and support to enable and empower women in our team to set and achieve their goals and progress into leadership and senior leadership positions in our organisation.

Overall, 67% of our Brand General Managers are now female – an increase of 2% over the last year. Examples of our work in this area include:

- Enabling participation in the specialist **Shine** and **Eve** programmes for aspiring female leaders in L'Oréal 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 continue to offer a range of **coaching and training options** for female talent across the business, designed to identify and nurture future female leaders.

We also continue to work with our global organisation to anticipate and manage selection decisions and appointments relating to senior management positions.

2. Improving gender balance

At L'Oréal UK we pride ourselves on the training and development opportunities provided to all our team members, and especially to those who are at the very beginning of their careers.

To date, the majority of applicants for entry and mid-level roles at L'Oréal UK have been female and this has translated into a low percentage of males at this level in the organisation. As such, we have an active programme to attract more men into the business at the entry and mid-level position, where fantastic career opportunities are available.

Our work here includes L'Oréal UK team members regularly speaking at university careers events and working with specialist internship agents to help target male candidates.

We are also keen to recognise 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. We are also sponsor of the **'Male Undergraduate of the Year Award'**.

3. Enhanced maternity, paternity and parental support

We have an ambition to become one of the best employers in the UK for working parents, where career development and family life go hand in hand. This starts with our enhanced parental leave policies.

L'Oréal UK's **competitive maternity leave policy** provides six months' full pay and secured bonus payments during the period of maternity leave. And **we have tripled our paternity leave since 1st January 2020 to give new fathers up to six weeks' full pay. Furthermore, we also have dedicated programmes in place for adoption leave and dependent care leave.**

Some other examples of the work we do in this area include:

- Develop our **'Grow'** initiative. Launched in 2017, it aims to instil a family friendly culture at L'Oréal through a variety of dedicated programmes. Through Grow we provide comprehensive enhanced support for employees with children. This includes, **professional coaching and support** for individuals through **maternity, paternity, adoption and surrogacy. In particular, we offer specialist, externally provided support and coaching to female employees before, during and after having a child and this has already been extended to cover expectant fathers and partners within the organisation.**
- **Train managers** on how to support both expectant and working parents within their team in order to drive cultural transformation.
- **Support our 'Super Parents Forum'** to create an active community. This includes hosting a series of professionally-led learning sessions for parents.
- **Support parents to select childcare** we partner with a leading agency that helps parents at L'Oréal UK find a childminder, nursery or school.
- **Constantly review all of our policies** in this area to ensure our approach is fully inclusive and best in class.

4. Extending and promoting flexibility in our workplace

Over five years ago, we launched our successful L'Oréal UK 'Work Smart' initiative, designed to encourage the adoption of flexible working practices across our entire team. 'Work Smart' has enabled people to achieve a greater level of freedom in the way they work. It has been especially successful amongst parents in the team, allowing them to achieve their desired work goals while maintaining a balance to suit their family needs. Other flexible working options are also available to working parents at L'Oréal UK.

5. Remain unchanged – a working environment beyond gender

L'Oréal is working to create a culture where everyone feels welcomed and valued – a workplace where every individual can thrive and grow. To support this ambition we are also working on the following:

— Driving diversity and inclusion

- **Out@L'Oréal** – is our LGBTQ+ & Allies employees' network; a passionate group of people leading ground-breaking change to foster an inclusive employee culture and environment at L'Oréal. Recently it supported the business to introduce a 'Transitioning in the Workplace' policy
- **Stonewall** – we are a proud partner of Stonewall and a Stonewall Diversity Champion. We will continue to work with them to review our policies and processes to keep progressing inclusivity and diversity in our organisation.
- **Mental Health** – we have introduced a dedicated programme to make our workplace supportive of those experiencing mental health concerns, and to beat the associated stigma. This involves training a group of our employees as Mental Health Ambassadors and training managers on how to recognise and manage potential mental health concerns in their team.

STATUTORY DISCLOSURE SUMMARY

	%
Males/Females employees	16.25/83.75
Median Gender Pay Gap	32.89
Mean Gender Pay Gap	35.14
Median Bonus Pay Gap	35.97
Mean Bonus Pay Gap	51.81
Males/Females receiving a bonus payment	91.41/94.83
Upper Quartile* (male/female)	29.30/70.70
Upper Middle Quartile* (male/female)	13.83/86.17
Lower Middle Quartile* (male/female)	13.00/87.00
Lower Quartile* (male/female)	8.87/91.13

*Quartiles are based on hourly pay rates.

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 2019.



Vismay Sharma

Managing Director L'Oréal UKI