



Gender Pay Gap Review 2021

L'ORÉAL
UK & IRELAND



“At L'Oréal, our aim is to be the most inclusive beauty leader. We believe in beauty that gives everyone a space for self-expression and that is enriched by differences, reflecting the diversity of our world.

We strive to be as diverse as the people we serve and aim to build a business with inclusivity at its heart. Through our long-term Diversity, Equity & Inclusion strategy, we're continuing to build a workplace where people of every ethnicity, social background, religion, age, sexual orientation, disability and gender feel valued.

The L'Oréal Group has been committed to promoting gender equality for over 15 years. In the UK, we're striving to achieve greater gender balance by capturing data and improving internal representation across the organisation and creating a more inclusive work environment for people of all genders.

In this report we share our progress on Gender Equality through the UK Government's Gender Pay Gap Analysis.”

Thierry Cheval,

Managing Director, L'Oréal UK

Our Audit-Led Approach To Delivering Gender-Equality

Alongside the Gender Pay Gap analysis, we also use rankings and standards of measurement to help us keep track of our progress and understand how we can continue to improve. 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 employees and the fairness of our hiring activity. In 2020, L'Oréal UK also undertook the National Equality Standards Audit and we have committed to conducting this every two years.

In reflection of this commitment and our progress we have received the following recognitions, at Group level:

We have been recognised, for the fifth consecutive year, in Bloomberg's 2022 Gender-Equality Index (GEI).

- This global ranking tracks the performance of public companies committed to disclosing gender equality data and is based on criteria such as female leadership and talent pipeline, inclusive culture and equal pay.
- For the fifth year in a row, the L'Oréal Group is among the top 20 most gender-balanced companies in the world, out of 3,895 companies across 23 countries.

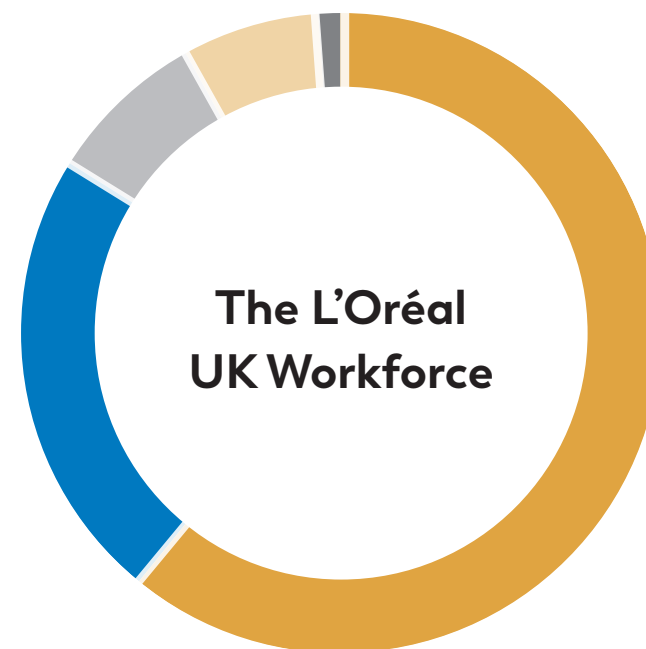
Gender Pay Gap Reporting

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 fifth report and the data contained in this report is from the snapshot date of 5 April 2021.

The L'Oréal UK Workforce

In April 2021, L'Oréal UK employed 3,483 employees across the UK. Our workforce is made up of the following groups:

- **1,714 Beauty Advisors** (49% total population; 91% female / 9% male) who 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.
- **1,071 Headquarter Staff** (31% total population: 73% female / 27% male). These are office-based employees at our UK HQ in Hammersmith London, working in functions such as HR, Finance, Marketing and Sales.
- **355 Field Based Staff** (10% total population; 76% female / 24% male). Individuals based across the country, undertaking roles that include field-based sales and/or training.
- **343 Distribution Centre Staff** (10% total population; 55% female / 45% male). These team members are based in Bury, Nottingham and Trafford and are vital to our operations and supply chain.



● 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 2021, L'Oréal UK's median gender pay gap is 32.87%, with a mean gender pay gap of 32.87%. This represents a slight decrease in our mean gap from 34.41% to 32.87%, as well as our median gap from 33.63% to 32.87%. The business' median bonus pay gap is 57.27% with a mean bonus pay gap of 49.74%.

Total organisation data

	Gender Pay Gap %	
	2020	2021
	Mean	34.41
Median	33.63	32.87

	Gender Bonus Pay Gap %	
	2020	2021
	Mean	49.43
Median	34.57	57.27

All employees who have successfully completed their probationary period are entitled to receive bonus payments (either through profit-share or commission). In 2021, 92.5% of female employees and 89.6% 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 823 individuals).

Quartile table: Gender by pay quartile total organisation

	Male %	Female %	Male %	Female %
	2020		2021	
	Upper	29.2	70.8	31.6
Upper Middle	18.0	82.0	22.8	77.2
Lower Middle	14.3	85.7	19.8	80.2
Lower	6.5	93.5	7.7	92.3

Understanding L'Oréal UK's Pay Gap

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

1. Almost half of our employees are Beauty Advisors.

Of the 3,483 employees who work for UK, 1,714 – or approximately 49% – 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 more than half 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

parttime 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.

3. Finally, the pandemic has created further impact on our bonus pay gap.

The average bonus pay includes paid bonus for the 12 months period ending with the snapshot date, April 4th, 2021. This period was impacted by store closures, thus reducing the average commission payout for our Beauty Advisors driving the increase in our bonus gap.

When we consider our Beauty Advisor and corporate populations separately, the calculation shows that we have a 0.41% median pay gap for our corporate teams and a 12.94% median pay gap for our beauty advisors. This reflects a positive decrease in our median corporate gap, which stood at just over 4% last year. We are pleased with this progress, which demonstrates the effectiveness of our action plans, but we recognise that the most meaningful thing is not whether there is a decrease or increase in a single year, but progress over time. When it comes to the bonus pay gap, the calculation shows that we have a -2.62% median pay gap for our corporate teams and a 22.09% median pay gap for our beauty advisors.

Our Approach To Reducing The Gender Pay Gap

1 IMPROVING THE GENDER BALANCE

We are committed to achieving gender-balance at all levels of the business. Currently, 70% of our corporate teams and 91% of our Beauty Advisors identify as women. This is also the case for the majority of applicants for entry and mid-level roles at L'Oréal UK. As such, we have initiatives to ensure we work towards a better gender balance for these positions.

The work we have continued in this area includes:

- Ensuring that gender balanced candidate shortlists are presented to hiring managers and we have gender balance on our interview panels.
- We ensure that all hiring managers receive training before recruiting onto their teams. This includes training on how to mitigate unconscious bias.
- Regular review of our gender balance objective to ensure that we continue to make progress.
- Ensuring our job advertisements, including where they are placed and employer branding content promotes equal opportunities, including gender neutral language.

2 DEVELOPING FEMALE LEADERSHIP

L'Oréal UK provides regular leadership training to all employees and, as part of our commitment to improving female representation at executive leadership level, we offer a specific female leadership course for female talent across the business. This course (Ignite) is designed to nurture future female leaders to help them progress seamlessly into senior leadership positions, specifically trying to break down some of the common barriers faced by females when progressing through organisations.

In 2021, 65% 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:

- Over representation of female talent in our Ivy House course selection (for emerging talent)
- Access to high impact executive coaching for females facing challenges when moving into leadership positions
- 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.

Our Approach To Reducing The Gender Pay Gap

3 AN INCLUSIVE WORKING ENVIRONMENT FOR ALL

L'Oréal is working to foster a workplace where all people of every ethnicity, social background, religion, gender, age, sexual orientation or disability - visible or invisible - feel welcomed and valued. In the UK and Ireland, we have four employee resource groups (ERGs) to help us on our journey:

- GEN (Gender Equality Network)
- Ethnicity & Multiculturalism
- OUT@L'Oréal
- Mental Health & Wellbeing

Our ERGs are run by employees who are passionate about actively supporting our vision to create a more diverse, equitable and inclusive workplace. They drive a proactive agenda of events and initiatives focused on advocacy, community support, promoting awareness and feedback. Examples of initiatives we have launched in partnership with our ERGs include; being an ally to LGBTQIA+ people of colour, Power of Language Training (in partnership with our Ethnicity & Multiculturalism ERG), to name a few.

We have continued to work to encourage flexible, accessible and supportive working in our business. This includes our flexible working practices, to achieve greater work-life balance and has been particularly successful with the working parents in our community. As well as competitive parental support packages, including maternity and paternity leave, paid fertility leave and coaching support.

Throughout 2021, we recognised the disproportionate impact of Covid-19 on working parents and caregivers and have continued to evolve our support offering. We know that many women have been shouldering more parenting duties and 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.

Statutory Disclosure Summary

Males/Females employees	20/80
Median Gender Pay Gap	32.87
Mean Gender Pay Gap	32.87
Median Bonus Pay Gap	57.27
Mean Bonus Pay Gap	49.74
Males/Females receiving a bonus payment	88.6/92.5
Upper Quartile* (male/female)	31.6/68.4
Upper Middle Quartile (male/female)	22.8/77.16
Lower Middle Quartile* (male/female)	19.8/80.2
Lower Quartile* (male/female)	7.7/92.3

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 2021.



Thierry Cheval
Managing Director, L'Oréal UK and Ireland