



Gender Pay Gap Report 2020
Clarins UK Group | April 2019

CLARINS



Introduction

Since our last report, detailing our results for 2018, we are proud of the progress we have made to continue to create an inclusive and diverse culture that represents the customers we serve. Clarins Groupe continues to provide a working environment that is accepting of all differences in cultural background and lifestyles.

We did not publish our 2019 results, due to the impact the global pandemic had on our business and the Government dispensation for companies not to mandatory report. We did however keep a constant check on our data and ensured our working practices in the areas of recruitment, progression and reward had gender considerations at the forefront.

Our overall population is predominantly female which is representative of the retail beauty industry. With a split of 96% female and 4% male employees. The high female population and ratio of females to males does provide some challenges in certain job levels when comparing the gender pay gap, which we detail within this report.

The current retail landscape is changing rapidly with an increased migration to online sales. Although these changes present business challenges, they also provide an opportunity for a modernised workforce and our continued desire to create an inclusive culture that provides equality of opportunity.

We will continue to strive to reduce our gender pay gap year on year.

We confirm the data reported is accurate.



Debbie Lewis

Managing Director, Clarins UK Ltd



Denise Bird Newell

HR Director, Clarins UK Ltd



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

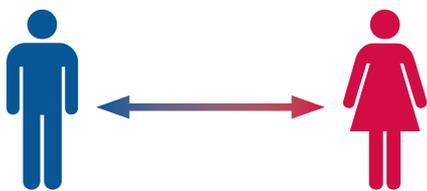


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Mean Pay Gap

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 2020. Below you can see both our mean and median gender pay and bonus gaps and the progress made when comparing with 2017 results.

2018 results

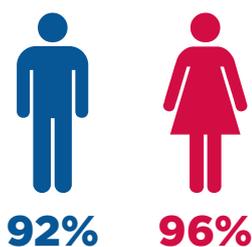
Median Gender Pay Gap Mean Gender Pay Gap

43% **41%**

Median Gender Bonus Pay Gap Mean Gender Bonus Pay Gap

50% **40%**

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



2020 results

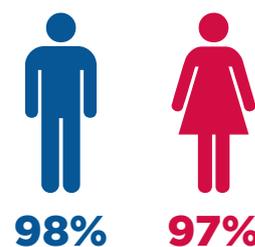
Median Gender Pay Gap Mean Gender Pay Gap

44% **32%**

Median Gender Bonus Pay Gap Mean Gender Bonus Pay Gap

59% **36%**

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



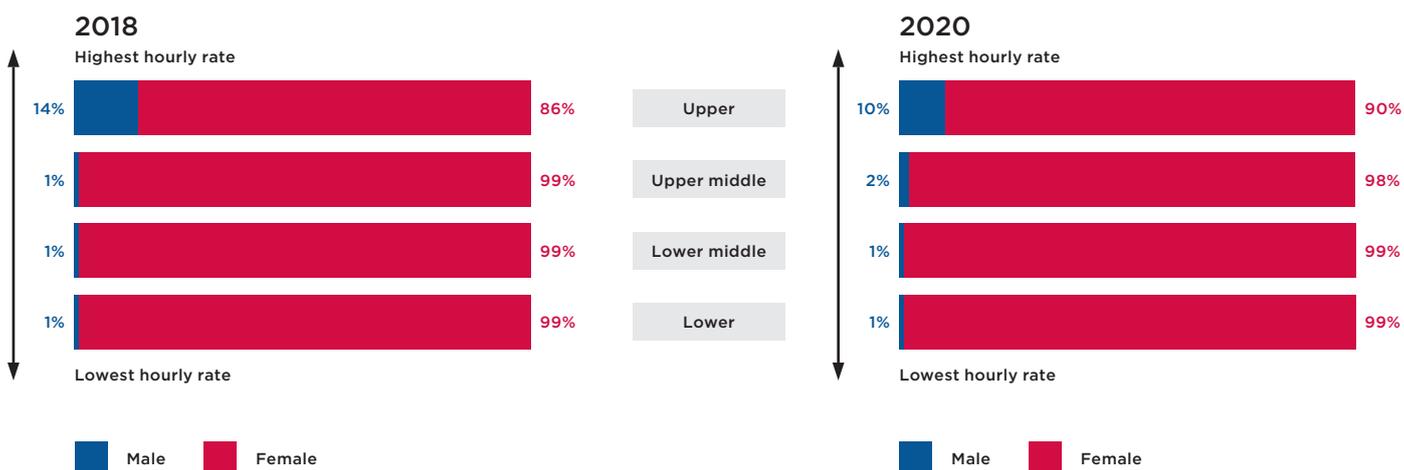
What's included in Bonus Pay

Our bonus pay includes sales commission and incentive payments, which were impacted due to the closure of non-essential retail, 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 results reflect a change of both male and female representation in all the quartiles. This demonstrates that we are actively introducing pay parity when recruiting new employees. Attracting men to our industry still provides a challenge, however we are looking for opportunities to challenge the norms using our male Beauty Coaches as ambassadors for our male grooming ranges.



Understanding the Gap for Clarins (UK) Ltd

Our gender pay gap results show that the average male employee higher hourly rate has decreased by 4% than the average female when compared with 2018 results. We have managed to reduce the mean pay gap by 9%.

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 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.

2020 saw major changes to the shape of our business. Our fragrance business was sold, and we acquired a Distribution business. It is worth noting that although our Distribution business has its own company status, and is therefore outside of gender pay reporting, should it be included, our mean pay gap would reduce to 14%. This therefore indicates that our total business is more diverse than in previous years.

96% of our total workforce are female. This has remained stable since 2018.

Career bands	Male	Female
Leadership Team	0%	100%
Senior Management	7%	93%
Middle Management	25%	75%
Junior Management	11%	89%
Technical, Clerical & Retail Operations	2%	98%



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. 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.

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

Due to a higher turnover in retail-based roles 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 as the population is now 100% female. We have seen a 5% increase in the number of women in Senior Management posts in 2020, compared to 2018.

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.



Closing the gap

Action plan

We are continuing on our journey to close the gender pay gap and are continuing to look for ways to attract more men into the retail beauty industry. The marketing campaigns for our products have been heavily weighted towards male grooming, using high profile sporting stars to promote our products. This will raise awareness of our Brand and in turn potentially attract more males to consider a career within Clarins.

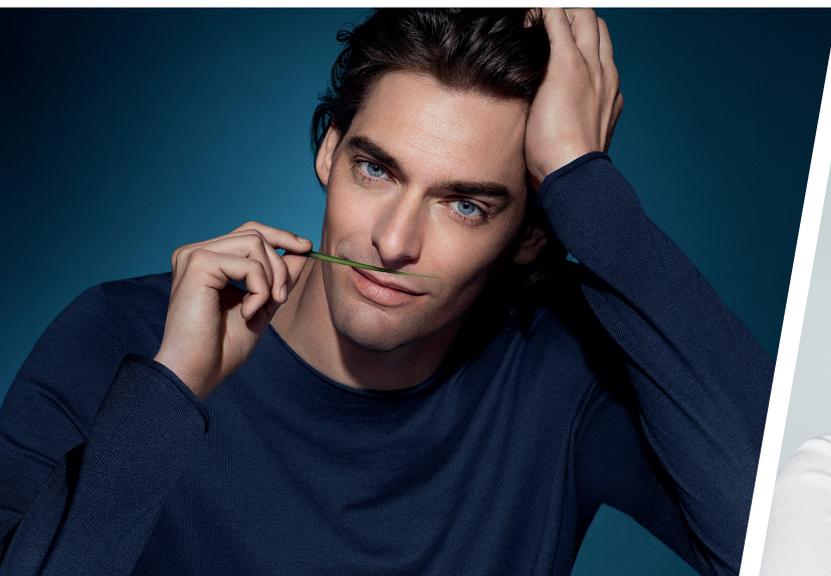
We are continuing to make progress on our strategy to:

- Adopt a fair and transparent approach to pay and reward.
- 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 when recruiting new employees.
- 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.
- Creation of a Community Forum to represent all protected characteristics within Clarins.



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