



Gender Pay Gap Report 2022

Clarins UK Group | April 2023

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During the past year recovering from the pandemic and navigating the political changes brought about by the Government and brexit has been a key focus. This year we have strengthened our capability with new global systems for both customer and employee management. 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. This year we joined the Employers Network of Diversity, Equality and Inclusion (ENEDI) to support further learning on our journey to promote inclusion.

In 2022 women represented 95% 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.

Following the pandemic, we have experienced higher than usual turnover and a reduction in our overall employee population, which is indicative for the non-essential retail industry. The ability to retain key talent and attract new employees, has impacted on our results this year and changed our year on year reduction in our mean gender pay gap.

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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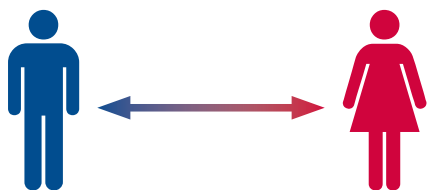
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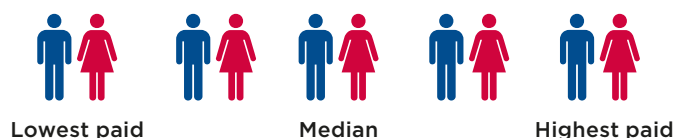
Mean Pay Gap

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.

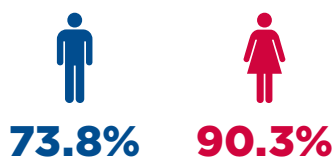


Our results

We have compared both the mean (average) and median (mid-point) in the hourly rate we paid to men and women on 5 April 2022. Below you can see both our mean and median gender pay and bonus gaps and the progress made when comparing with 2021 results. Our results will be discussed further in the **Understanding the Gap for Clarins (UK) Ltd** section.

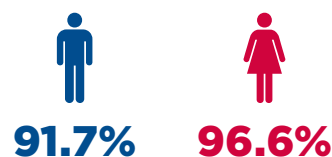
2021 results

Median Gender Pay Gap	Mean Gender Pay Gap
46%	19.5%
Median Gender Bonus Pay Gap	Mean Gender Bonus Pay Gap
85%	52%
Proportion of men and women receiving bonus	



2022 results

Median Gender Pay Gap	Mean Gender Pay Gap
47.9%	29.9%
Median Gender Bonus Pay Gap	Mean Gender Bonus Pay Gap
57.8%	44.2%
Proportion of men and women receiving bonus	



What's included in Bonus Pay

Our bonus pay includes sales commission and incentive payments, Christmas and performance bonus payments, Long Service Awards and Merit Awards.



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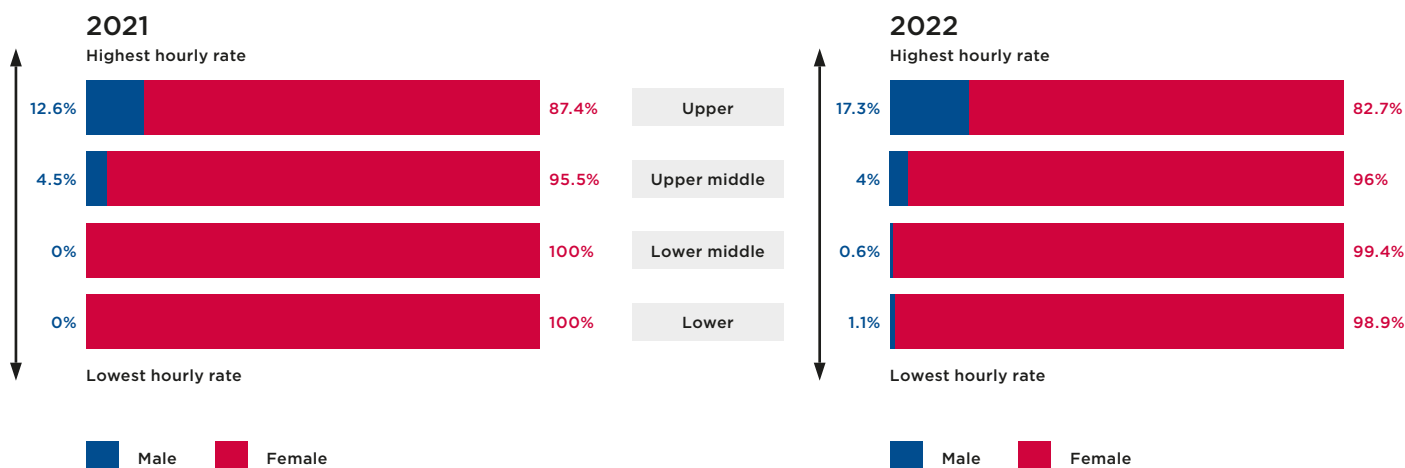
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Pay quartiles

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. In the upper middle quartile there are now slightly less males. But in all other quartiles, males have increased. We now have males represented in the lower middle and lower quartiles. It is important to note that our employee population has reduced by 29% for all full pay relevant employees, 30.5% for females and 4.8% for males.



Understanding the Gap for Clarins (UK) Ltd

Our gender pay gap results show that there is an increase in the mean pay gap from 19.5 to 29.9. This is largely due to high turnover and reduction in staff overall due to store closures in some of our major retail partners. Increased absence also led to a reduction in full pay relevant employees.

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 15.3% and the median pay gap would be 29%. 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 Coaches and Beauty Therapists in the retail environment.

2022 saw further changes to the shape of our business. We experienced further store closures of our key trading partners, which led to redundancies and the retail landscape experienced higher turnover post pandemic and a reduction of people in the applicant market. As a result our employee population reduced by 5% overall.

Career bands 2021	M	F	Career bands 2022	M	F
Leadership Team	0%	100%	Leadership Team	0%	100%
Senior Management	23%	77%	Senior Management	36%	64%
Middle Management	24%	76%	Middle Management	9%	91%
Junior Management	11%	89%	Junior Management	6%	94%
Technical, Clerical & Retail Operations	2%	98%	Technical, Clerical & Retail Operations	1%	99%



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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 influenced by the number of hours worked. With higher turnover and absence rates the opportunity to receive commission and incentive payments are reduced. This year we introduced a new performance and reward scheme for our sales teams. 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 reducing it by 32% for the median bonus gap and 15% for the mean bonus gap.

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 increase diversity and 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
- Monitor our reward schemes for our retail sales teams to promote behaviours, which deliver excellent customer service and provide more stable rewards and better bonus payment opportunities
- Work with our Diversity, Equity & Inclusion Forum and employee network groups to develop an inclusive culture and working practices, strengthen our people brand, employment and career prospects to promote greater equity and equality of opportunity
- Actively 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.
- Introduce further Agile Working and family friendly practices to promote better work/life integration





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