



LIZEARLE®
NATURALLY ACTIVE

Liz Earle Beauty Co.
Gender Pay Gap Report as at April 2018

Member of Walgreens Boots Alliance

A MESSAGE FROM LYNN

Welcome to our 2018 Gender Pay Gap Report. I can confirm that the data we're sharing in this report is accurate and prepared in accordance with the relevant regulations.

Over the past 24 years, Liz Earle Beauty Co. has been dedicated to empowering women through skincare – from our co-founders, to our 88% female workforce, we have remained a brand powered by women.

Our customers remain our constant source of inspiration and we have always worked hard to ensure our business reflects the people we serve in all areas, including gender balance and diversity. Since 1995, our people have been the driving force behind our brand. Every day I am thankful for the talent and experience of our circa 800-strong team; each and every one, past and present, playing their part in ensuring our continued success.

Today, we are pleased to see a reduction in our mean pay gap, from 29% to 28%. Our median pay gap of 9% is significantly better than the UK average of 17.9% (2018 ASHE report), despite the rise year on year. Our pay structure is not influenced by gender and we have in place salary grades to help safeguard this.

Thank you for taking the time to read our report. The information provided so far has further helped us to shape our policies and our commitment to creating an open, enjoyable and supportive workplace for all. I look forward to sharing further updates in due course.



Lynn Ellsbury
Head of People & Development
at Liz Earle Beauty Co.



INTRODUCTION

Founded in 1995 on the idyllic shores of the Isle of Wight, Liz Earle Beauty Co. is **one of the UK’s most-trusted beauty brands with bestselling products across skin, body and haircare** – namely the UK’s No.1 cleanser*, Cleanse & Polish™ Hot Cloth Cleanser, with over 130 prestigious industry awards and counting.

As a brand, **we continue to champion initiatives and campaigns that celebrate and support women** – from marking International Women’s Day to sourcing selected ingredients from women’s cooperatives around the world. Closer to home, we offer flexible working opportunities that **encourage a healthy work-life balance**.

Throughout the last 24 years, we have always put considerable focus on **ensuring our colleagues benefit from a happy and supportive working environment**, both in our head offices on the Isle of Wight and London, and our stores and counters throughout the UK and Ireland. Having used the information from our 2017 report to help drive policies and initiatives, **we welcome gender pay gap reporting and see it as an opportunity** to identify any areas of improvement that can still be made across the business.

WHY ARE WE DOING THIS?

UK companies with over 250 employees have been required to publicly report on their gender pay gap under new legislation that was introduced in April 2017.

With 88% of our colleagues being female, pay equality is **really important to us and the legislation is helping us to look at things differently and identify ways we can work to close our gender pay gap**.

The legislation requires us to report our mean and median gaps for both pay and bonus, the percentage of male and female employees who received a bonus payment and the percentage of males and females in each quartile.

*Source: The NPD Group Ltd, Women Prestige Face Cleansers, Value & Unit Sales at Line level, July 17-June 18.

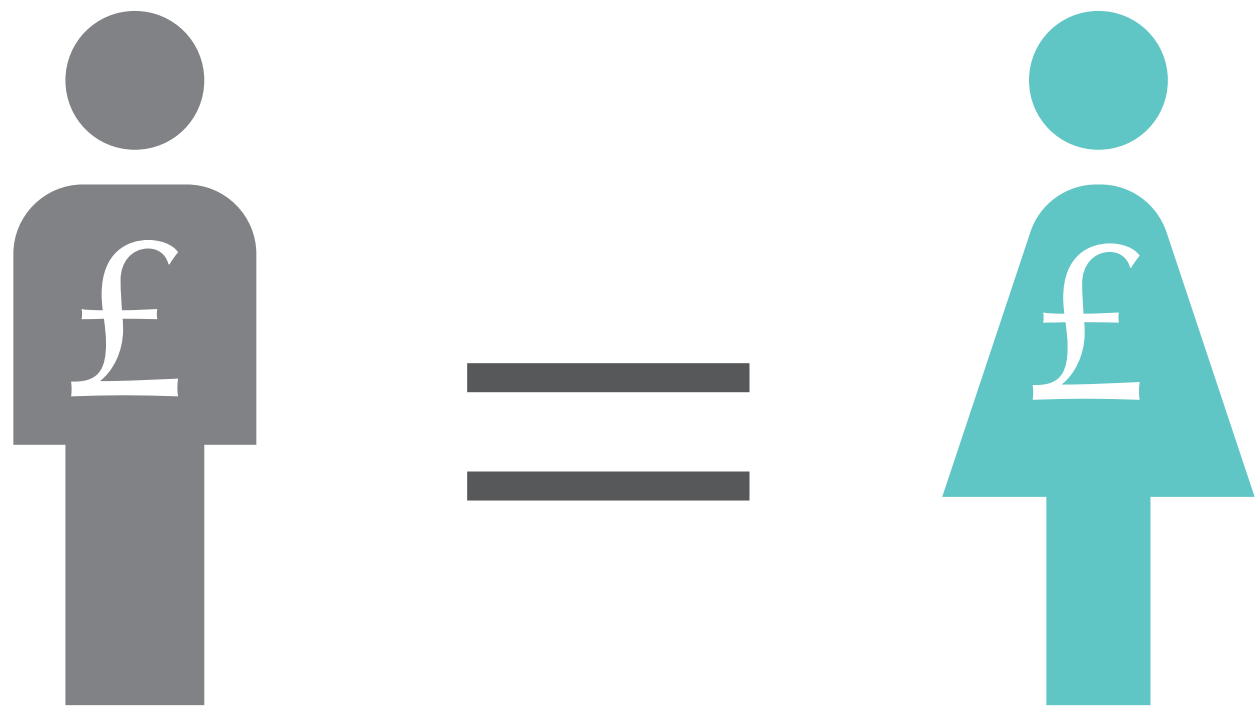
UNDERSTANDING GENDER PAY GAP REPORTING

WHAT IS THE DIFFERENCE BETWEEN EQUAL PAY AND A GENDER PAY GAP?

A gender pay gap is different from equal pay.

EQUAL PAY

Equal pay is paying males and females equally for like work, work of equal value and work rated as equivalent. There has been legislation outlining equal pay obligations in the UK for nearly 50 years.



GENDER PAY GAP

A gender pay gap looks at the differences in pay between genders across groups of employees irrespective of the work they perform.



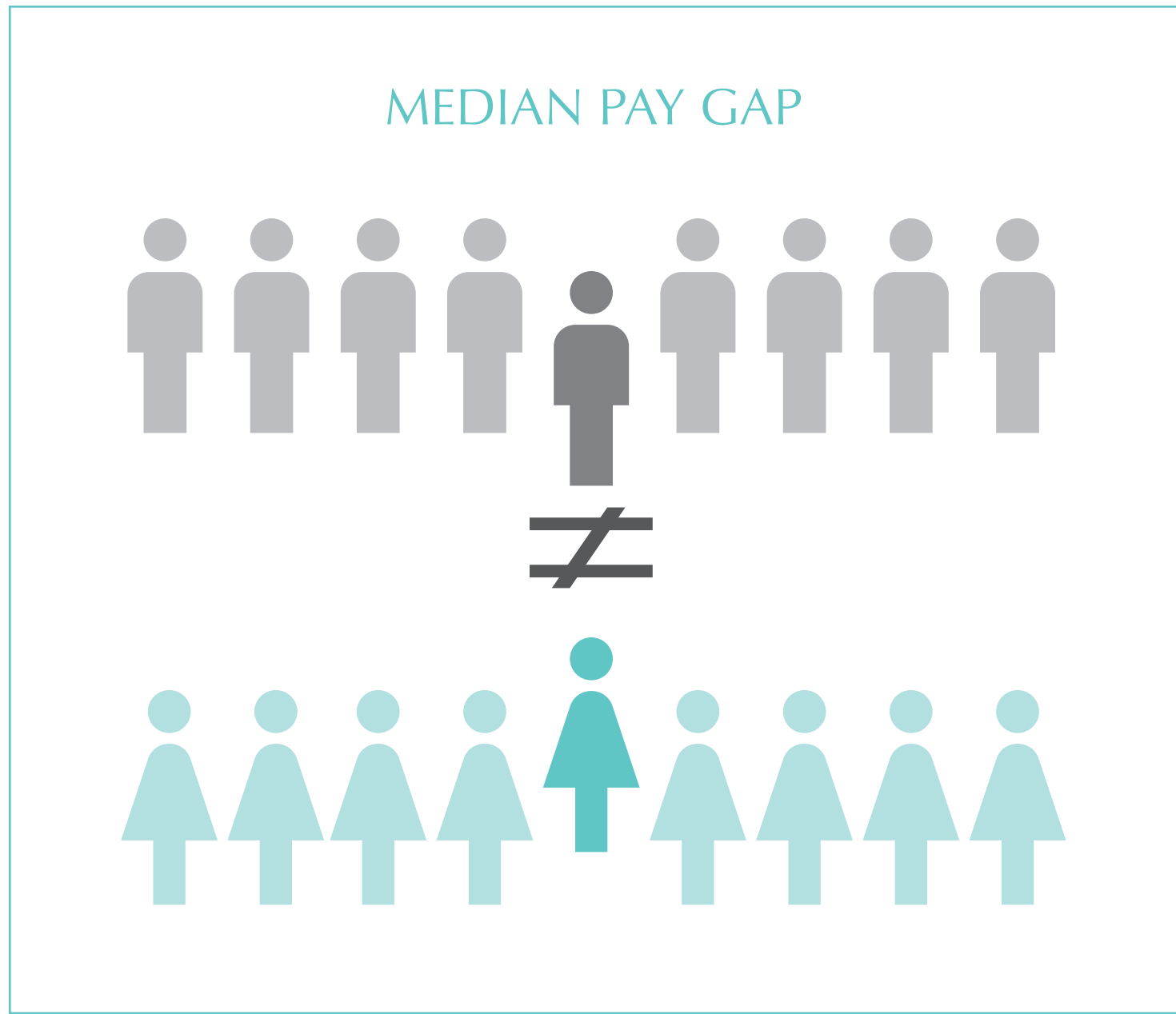
One of the main reasons for the gender pay gap in our society is that men are statistically more likely to be in senior roles.

UNDERSTANDING GENDER PAY GAP REPORTING

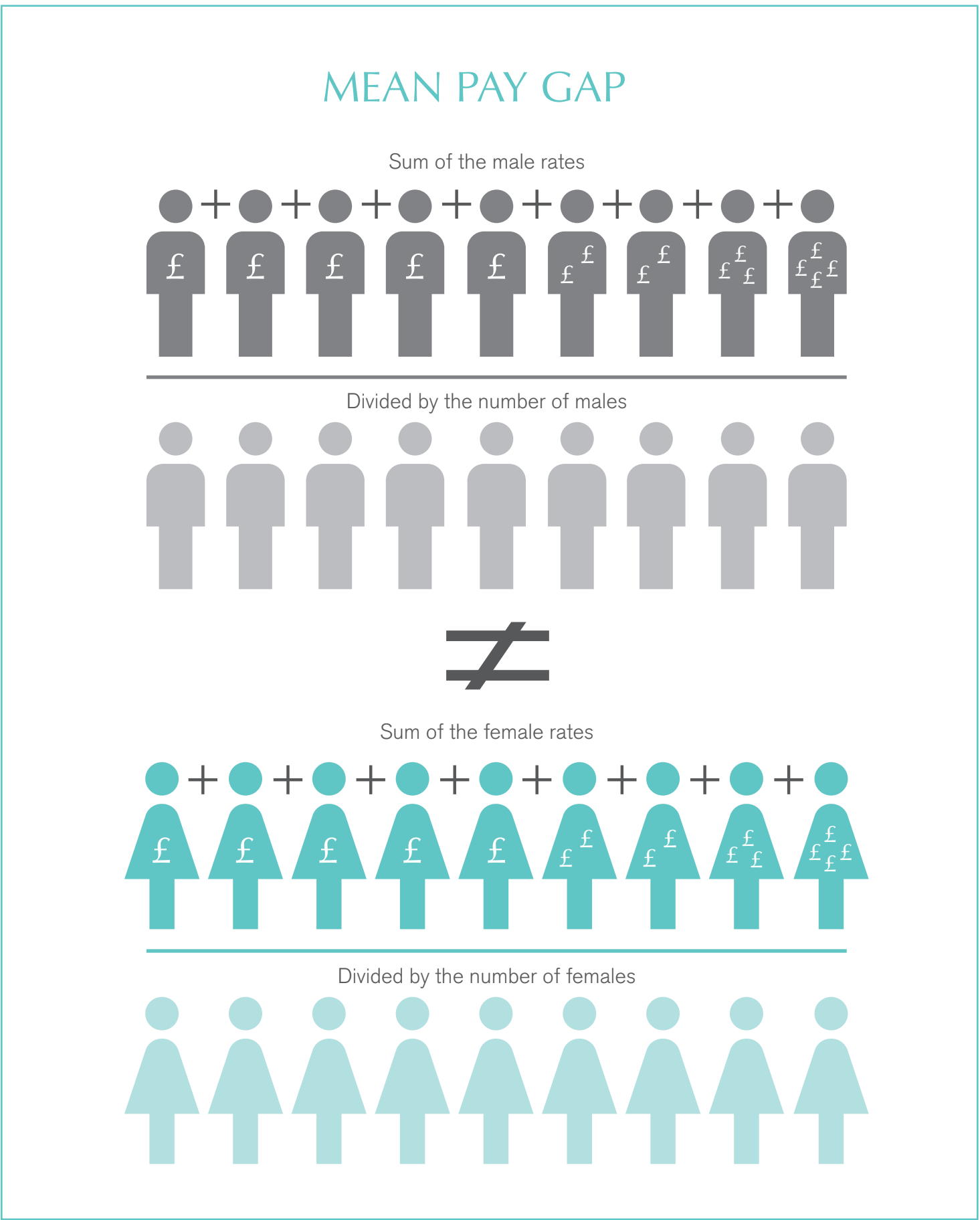
HOW ARE THE MEDIAN AND MEAN PAY GAPS CALCULATED?

The median is the middle point of a range of numbers and the mean is the average of a range of numbers. How do we calculate this for gender pay gap reporting?

Median pay gap – if all our male colleagues stood in a line in order of lowest hourly rate earned to highest and all females did the same, the median pay gap (as a percentage) is the difference in pay between the middle colleague on the male line and the middle colleague on the female line.



Mean pay gap – if we add together all the hourly rates of male colleagues and calculate the average and do the same for female colleagues, the mean pay gap (as a percentage) is the difference in pay between the average male and female hourly rate.

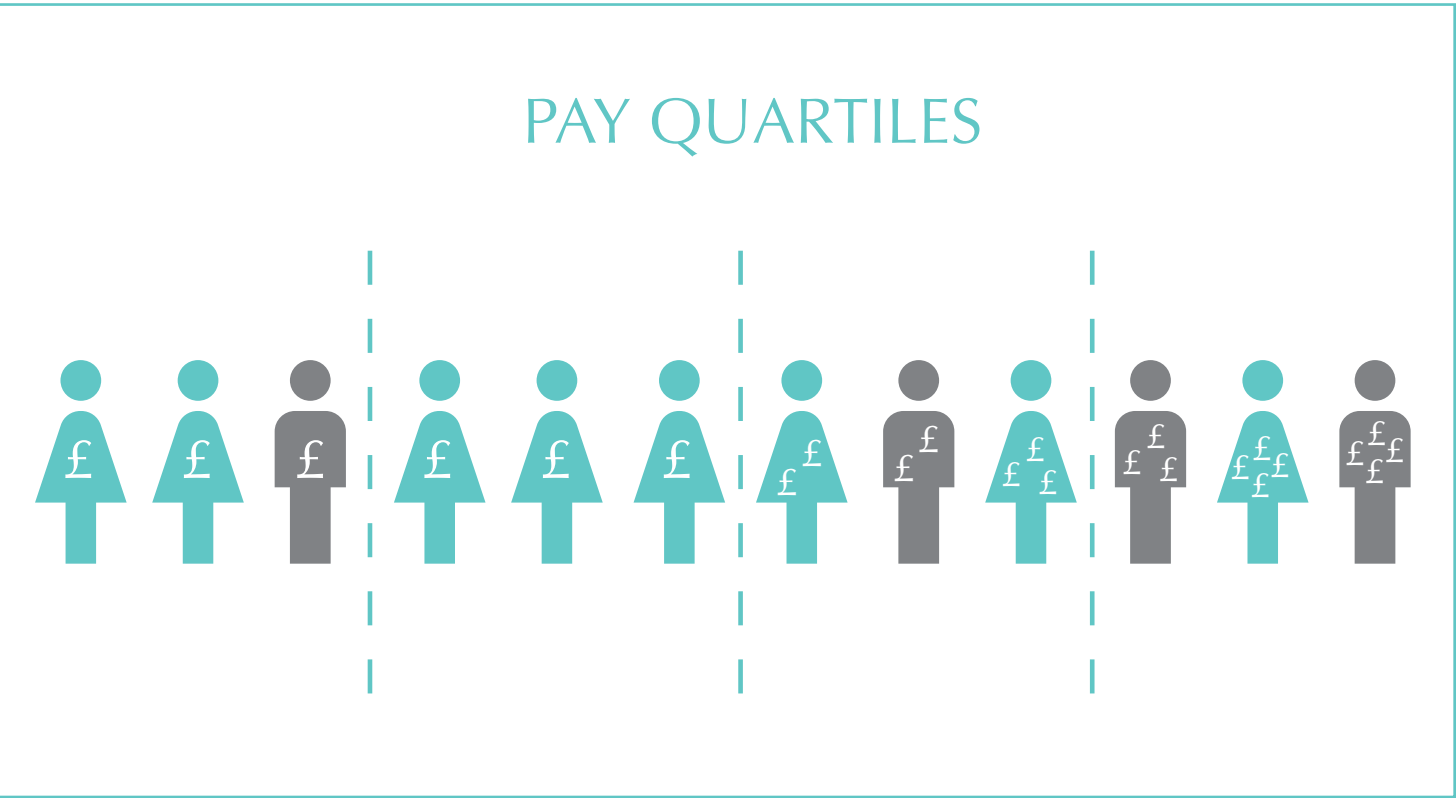


HOW IS THE BONUS GAP CALCULATED?

The mean and median bonus gap are calculated in the same way as the gender pay gaps. However, this time we use the actual bonus paid to colleagues. We also report the number of male and female colleagues receiving a bonus (as a percentage of the total male and female population).

HOW ARE THE PAY QUANTILES CALCULATED?

Pay quantiles are calculated by dividing all hourly rates paid across the business, from lowest to highest, into four equal sized groups of colleagues and calculating the percentage of males and females in each.

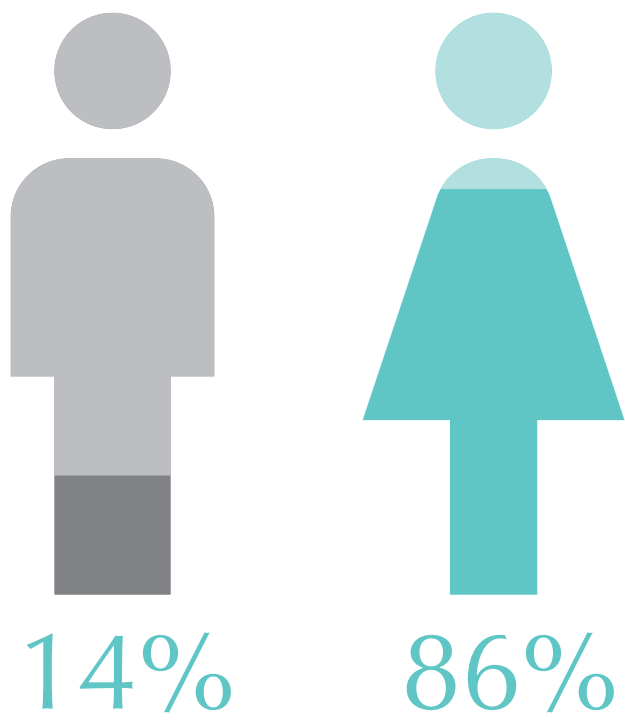




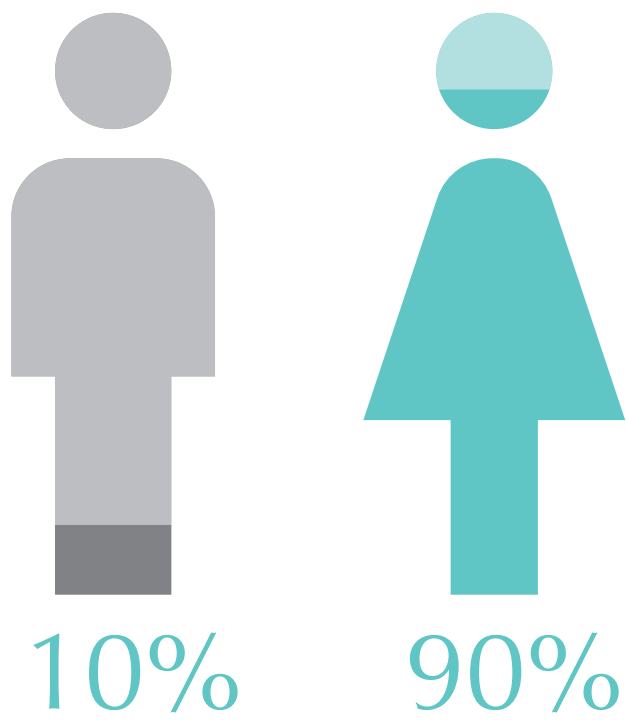
PAY QUARTILES

The percentages of all male and female colleagues within each quartile pay band is:

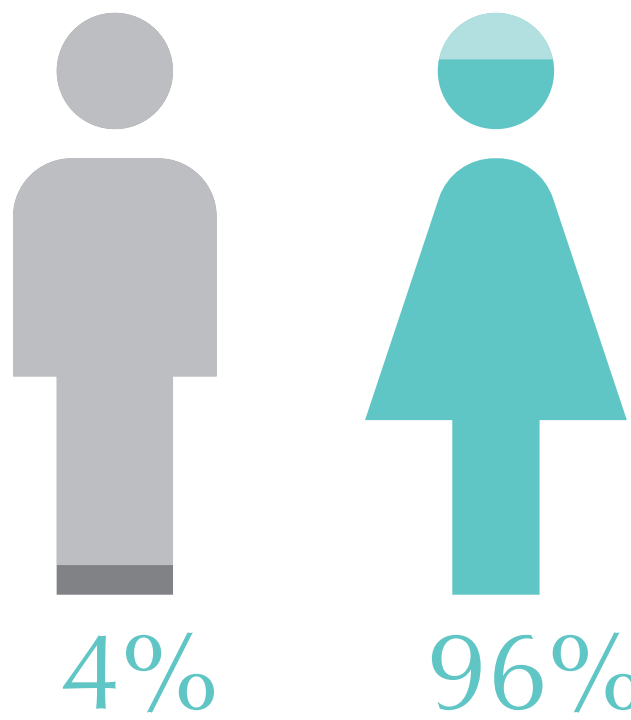
LOWER QUARTILE



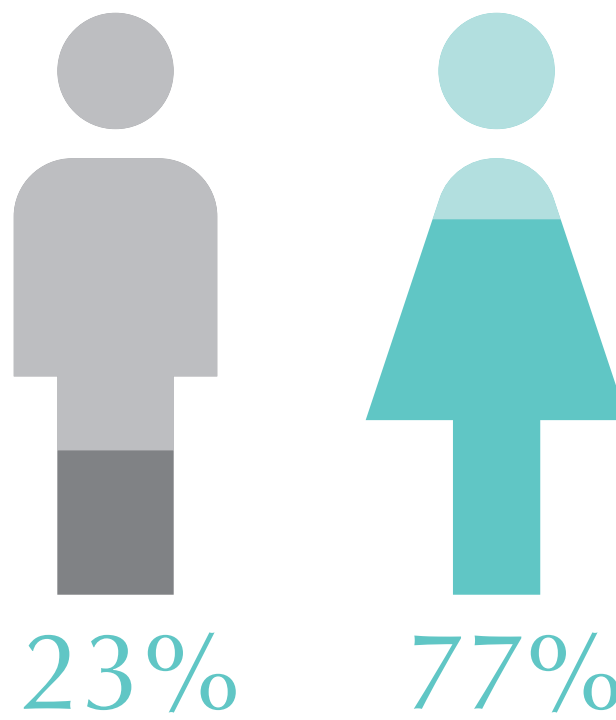
2ND QUARTILE



3RD QUARTILE

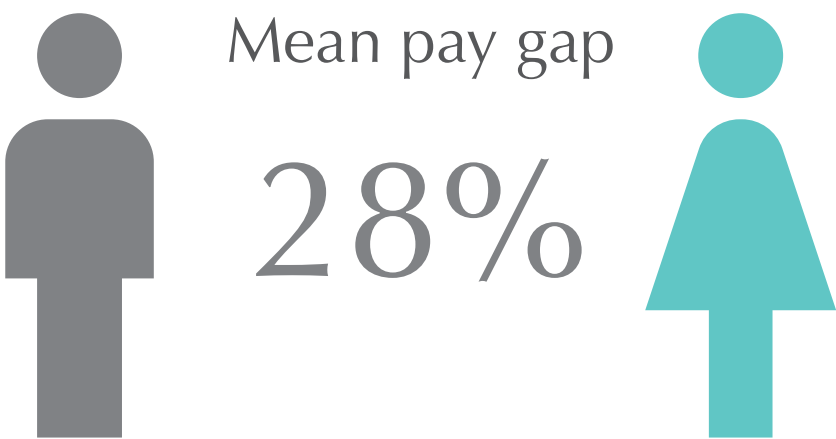
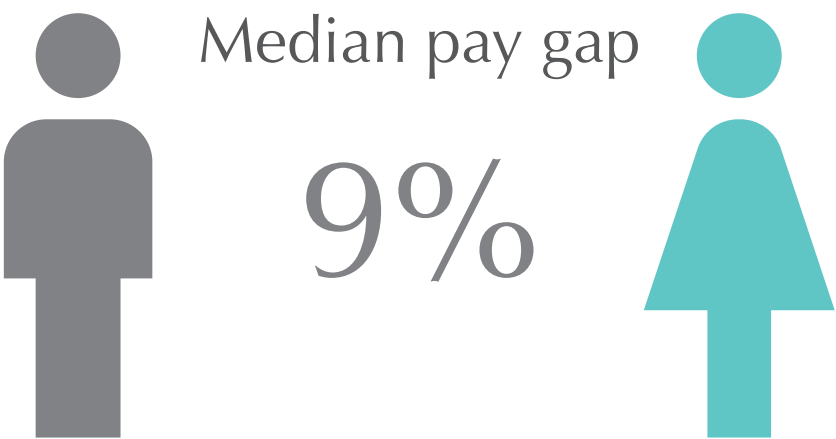


4TH QUARTILE



OUR RESULTS 2018

GENDER PAY GAP

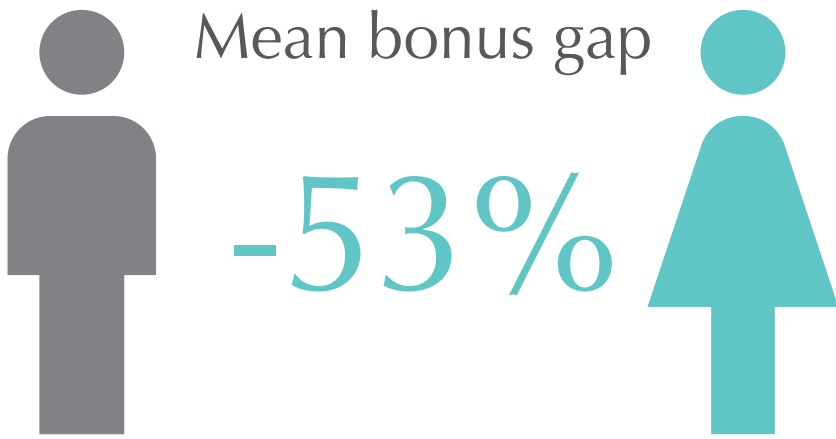
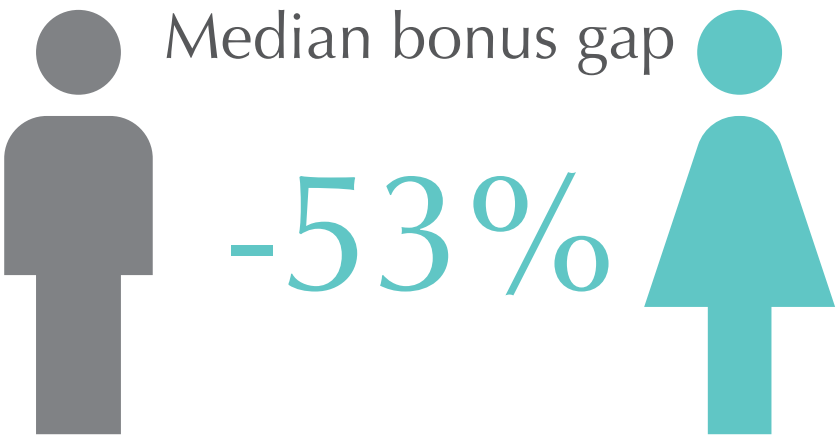
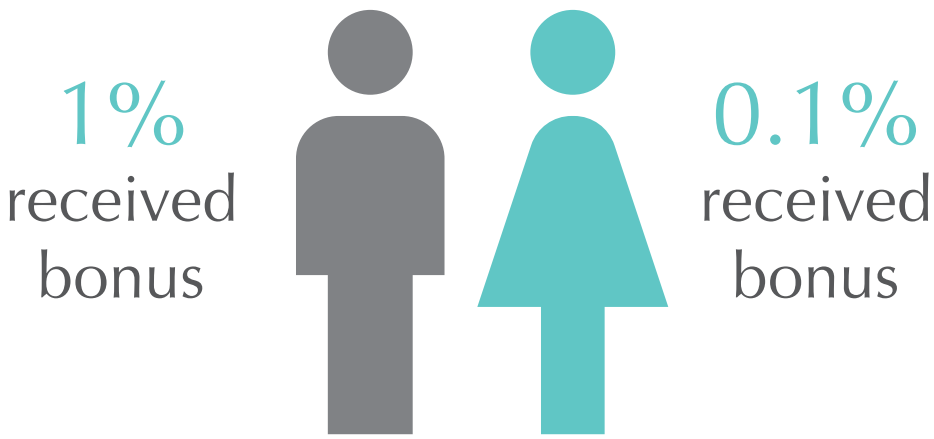


Median national average pay gap 17.9%, mean national average pay gap 17.4% based on estimates from the Office of National Statistics' Annual Survey of Hours and Earnings 2018

Although we have a consistently high proportion of women across all pay quartiles, our pay gap is driven by the large number of customer-facing roles, which are held predominantly by women. This is reflective of the industry in which we work.

Our median pay gap is significantly better than the national average of 17.9% (2018 ASHE report) in favour of men, however we recognise that there is always work to be done to improve.

BONUS GAP



The Gender Pay Bonus Gap calculation covers any payments relating to profit-sharing, productivity, performance, incentive or commission. Whilst the Liz Earle Annual Bonus scheme did not pay out during the reporting period, there were a number of payments made which met the criteria of the calculation.



WHAT ARE WE DOING TO ADDRESS OUR GENDER PAY GAP?

We are committed to encouraging and supporting female colleagues across the organisation and inspiring everyone to reach their full potential.

WHAT WE'VE DONE SO FAR

- **Pay:** We have a governance process for pay policy decisions to ensure we are fair to all colleagues.
- **Flexible working policies:** We have a comprehensive suite of flexible working policies and have done for many years. We continue to encourage leaders to support and inform colleagues on the options available.
- **Unconscious bias training:** Unconscious bias refers to the stereotypes, both negative and positive, that exist in our subconscious and affect our behaviour. By continuing to deliver this training we will develop and support leaders in fair and inclusive decision making.
- **Colleague Coffee Mornings:** We hold informal coffee mornings with representatives across the business to discuss all aspects of working at Liz Earle, helping to inform our thinking and direct our decisions.

- **Maternity pay:** With the majority of our colleagues being female it is important that we are committed to supporting them with the right offer in place to help them balance their home and work life.

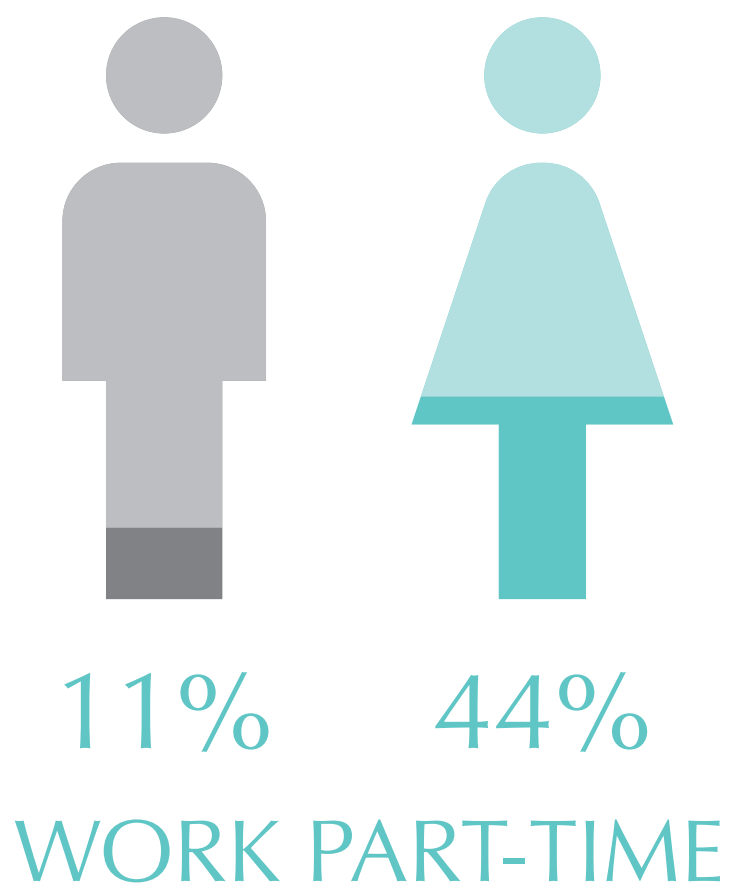
WHAT WE WILL BE DOING

- **Recruitment:** We continuously review and improve our process to help encourage inclusive recruitment in all areas of the business.
- **Remuneration:** We regularly undertake external market analysis for roles within our organisation to ensure we pay competitive remuneration and can be fair and consistent in our policies and practice.
- **Leadership development programmes:** We are designing leadership development programmes to ensure transparency in promotion and reward processes, while encouraging development of the skills and qualities needed for both men and women to progress within their chosen career through our succession and talent planning processes.

OUR COMMITMENT

As a business we continue to build a **diverse and inclusive culture**. We are proud that 44% of our female colleagues and 11% of our male colleagues work part time, giving them the opportunity to balance their home and work lives.

We are committed to encouraging and supporting all colleagues across the organisation and inspiring everyone to reach their full potential.



We confirm that the information contained within this report is accurate.

Lynn Ellsbury
Head of People & Development,
Liz Earle Beauty Co.

Jason Clark
Financial Controller,
Liz Earle Beauty Co.



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