INTRODUCTION

Under the UK Government’s new Gender Pay Gap Regulations, all UK legal entities with over 250 employees are required to share details of their gender balance and pay. They are also required to give the percentage of men and women receiving a bonus, and the proportions of men and women in each pay quartile of the workforce.

Coty UK is now sharing these results with you. They give a snapshot of the UK organisation taken on 5 April 2018. We are reporting on five individual legal entities as required by the Government, but also giving an overview for the whole of the UK.

We firmly believe that growing a culture that supports and encourages individuals to be their true selves is essential in a successful and thriving business. We value what each and every one of us can bring to work in order to expand our thinking, our creativity and our performance. Embracing and celebrating differences makes our organisation a better place to work, and better serving to our diverse consumer base.

We are delighted to welcome Amir Kabel, who joined us in January as Global Director, Inclusion and Belonging. It is vital for us to have strategy, commitment and frameworks for us to build a great business, and Amir will be leading on the work we began through our Diversity and Inclusion SteerCo to develop even more concrete actions across our business, which we look forward to sharing with you.

Amir comes to us with a wealth of experience and we look forward to his leadership in taking our diversity and inclusion journey forward across the whole of Coty.

Fabiola Williams
SVP Global Talent

I am delighted to have joined Coty as its Global Director, Inclusion and Belonging.

My goal is to embed an inclusive culture and a sense of belonging for diverse talent across the whole organisation.

The statistics for an inclusive culture are compelling:

- Ethnically diverse companies are 33% more likely to outperform competitors on profitability*
- Highly diverse teams are 13 times more likely to have engaged employees than least diverse teams**
- Diverse groups make better decisions because the minority adds new perspectives and points of view***

And there are many more statistics that similarly demonstrate the positive impact on business.

Where does Coty stand as a company? There is no question that Coty is committed to diversity and wants to take the next step on its journey. And this is not just an exercise in ticking boxes, it is a genuine and authentic desire to be a more inclusive company. One of the main reasons I am here is to shape the global strategy of how we are going to get there. How we are going to ensure that diversity is integrated in everything we do, both internally and externally.

We, as individuals, need to hold ourselves and each other accountable in creating a diverse and inclusive culture, and one of the first things I hope to do is to create more networks for our employees. I would like to see these not just for our female associates but also for members of our LGBT community, for our ethnic minorities and people with disabilities. I want us to have a grassroots culture where people feel empowered to have a voice and can help me shape the plan for our inclusive future.

I am very much looking forward to the journey and to working closely with Veronica as she develops her strategy for the UK and Ireland.

Amir Kabel
Global Director, Inclusion and Belonging

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*Delivering through diversity, McKinsey, 2017  
**Engagement research Nike and Round Pegg 2014, Sodexo 2015  
A gender pay gap is a measure of the difference in the average pay of men and women - regardless of the nature of their work - across an entire organisation, business sector, industry or the economy as a whole. It is a complex issue and driven by many different factors, including the lack of gender balance in any section of a company. It is different from an equal pay comparison, which would involve direct comparison of two people or groups of people carrying out the same, similar or equivalent work.

The shape of an organisation is a key factor in these results as Coty has a high proportion of positions held by women in the lower pay quartile - a similar profile to many organisations operating in the retail sector.

We will focus on increasing our understanding of how to be more aware of and manage Unconscious Bias so that it does not adversely affect important business decisions such as those made during the recruitment process. We will introduce Unconscious Bias training for everyone in the UK&I across the coming year.

We have been conducting a huge and holistic programme of work across Coty to design a consistent global talent acquisition process, which will drive compliance, fairness and more equality in our hiring decisions. Called Recruitment Re-imagined, this will start being introduced into the business from late April this year. We will also be working on increasing visibility of the diverse talent across the market; and one of the first actions we are going to take in the UK & Ireland is the introduction of Career Forums.

We have a social responsibility to play our part in closing the gap and a fundamental belief in equality. The positive changes we made to some of our key policies focused on introducing more equal opportunities into our Parental Leave policies to benefit male and female employees. We will continue to review and improve the support we give to all new parents.

We will also be undertaking a flexible working pilot that examines ways of working that suit the needs of all our employees in the UK & Ireland.

In conclusion, I want to create an environment which encourages inclusion and creates an equal level playing field for all.

Veronica Linares
HR Director, Coty UK & Ireland

UK GENDER BALANCE AND PAY

I am delighted to have joined Coty as HR Director for the UK & Ireland business. Coty is one of the world’s largest beauty companies and the UK & Ireland one of its largest markets. We have just over 2,000 people working across commercial, manufacturing and distribution teams, in 10 locations. I am passionate about inclusion and equality in the workplace and will make it a central pillar of my strategy for all our employees in this important market.

A critical part of this for me is to listen to what you have to say. I am delighted to announce that we will be hosting a Diversity & Inclusion workshop as a follow-on from our recent International Women’s Day activity. The aim will be to gather insights that will inform our future practices and better understand the perceived barriers to progression. We will start with gender issues but will continue with more sessions for all our diverse communities during the coming months.

We are delighted to report that Coty’s gender balance remains good at all levels, with the exception of the Lower Quartile where there remains a strong bias towards women. Our gender balance has moved slightly further in favour of women in both the Upper and Lower Middle Quartiles.

At our most senior grades, of the 26 positions filled since January 2018 (excluding Executive Committee changes) 50% were women. Within our total cohort of new starters over the year, 70% of appointments have been made to women; 71% in the Upper Quartile and 61% in the Upper Middle Quartile.

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UK GENDER PAY GAP

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Veronica Linares
HR Director, Coty UK & Ireland
OUR RESULTS

PAY GAP – ALL EMPLOYEES

12.4% median pay gap
20.5% mean pay gap

PAY GAP – NEW STARTERS

8.2% median pay gap
9.2% mean pay gap

BONUS PAY GAP – ALL EMPLOYEES

49.7% median pay gap
76.1% mean pay gap

There has been a small improvement in our mean score this year from 21.2% to 20.5%. However, the median score has increased by a little over 3 percentage points to 12.4%. The year to 5 April 2018 was a further year of transition for Coty, where we continued to see significant movement of employees between each legal entity on a monthly basis, which makes year-on-year comparisons quite difficult. Our median score remains significantly better than the national average median pay gap for the UK, which is 17.9%.*

We are pleased to report good results in the pay gap of our new starters, which is significantly lower than the overall scores for the UK at both median and mean.

In our two manufacturing legal entities, the gender pay gaps are either very small or in favour of women; and for the bonus pay gap, both median and mean measures are in favour of women.

BONUS PAY GAP – ALL EMPLOYEES

The median and mean bonus pay gaps have both increased since 2017. The effect of the transition following the merger was in part driving these results with no Procter & Gamble bonus data included in the 2017 snapshot. We have also seen a significant increase this year in the number of people receiving bonuses; doubling the number from 40% to over 80%.

The bonus pay gap is based on bonus payments made to all relevant employees in the 12 months leading up to the snapshot date of 5 April 2018.

A slightly different picture emerges if sales commission payments and other non-traditional bonus items are taken out of the calculations. These are not defined as bonus payments by Coty but are included in the calculations required by Government.

*Estimates from the Office of National Statistics’ Annual Survey of Hours and Earnings 2018

The bonus pay gap is influenced by the disproportionately high number of women working in the lower pay quartile where the bonus (commission) paid is proportionately lower than that paid in the upper pay quartiles. Although there are slightly more women than men in the upper pay quartiles, there are more men than women at the most senior level who qualify for the highest bonus awards.

The percentage of employees receiving a bonus was 50.8% women and 31.4% men; this figure includes sales commissions and other non-traditional bonus payments such as long service awards etc.
ACKNOWLEDGING THE ACHIEVEMENTS OF SOME OF OUR SENIOR WOMEN IN COTY UK & IRELAND

REDUCING THE GAP

HANNAH WEBLEY-SMITH
Currently Marketing Director, Coty Luxury UKI, Hannah is relocating to the US to take up an exciting Marketing role within Coty. Hannah has only been with Coty for 17 months, but has already had a huge impact and leaves a lasting legacy. She was responsible for re-designing a more productive way of leveraging our 21 brands, re-defining the media strategies for each brand cluster, setting up an elevation strategy for Gucci, Chloe and Burberry, successfully launching strategic new products like CK Woman and MI Daisy Love, durably establishing Tiffany in the UK fragrance landscape, notably through events such as the Christmas tree in St Pancras station, pioneering the luxury skin and make-up categories through philosophy and Burberry, and launching AMQ and Gucci Collections.

CAROLINE ARNAUD
Caroline joined our manufacturing operation in Kent in July 2018 as Operation Director and SAP capability leader. A chemical engineer by training, Caroline joined Coty in 2002 after graduation. She has steadily worked her way up the ranks, successfully fulfilling a number of roles across four of Coty’s manufacturing sites. Her first management experience came at the age of 25 at Coty’s operation in Chartres. Her experience includes a stint as Technical Director at our factory in Sanford, North Carolina, before she took on the role of Skin Care Operation Leader, followed swiftly by the addition of Fragrance to her responsibilities. During her time there, Caroline achieved impressive results in safety, quality and savings.

EMMA WALTERS
Emma has been appointed Senior Finance Director, Global Record to Report Process Lead, responsible for standardising global processes as Coty looks to transform its custodian finance function. After commencing her career with Deloitte in 1995 and qualifying as a Chartered Accountant, Emma joined Coty in 2000 and has held numerous finance roles across the UK organisation in Supply Chain, Consumer Beauty and Luxury divisions, as well as her most recent role as Financial Controller UK & Ireland. Under her leadership, the UK finance organisation has supported many projects, including the integration of multiple acquisitions, with the largest and most complex being the recent merger of P&G brands, successful implementation of SAP and most recently transitioning UK activity for Accounts Payable, Accounts Receivable and Record to Report to our European Shared Service Centre in Warsaw.

LAUREN DUNN
Lauren is Head of Commercial Strategy, Operations and Efficiency for Coty Luxury UKI and is central to the consistent share growth achieved by Coty Luxury in the UK. In her role she defines and implements market-leading commercial plans across over 20 brands and over 25 retailers, as well as by driving the development of Coty Talent through the creation and deployment of a Sales Capability programme for the UK Sales Team. Lauren is also a passionate champion for the rights of women, helping other women realise their potential, both in and outside of work. On top of her demanding role at Coty, Lauren is a Lean In Circles Regional Leader and supports a large network of women and men dedicated to gender equality. She organises events, holds training and networking sessions, and partners with the LeanIn.Org team to grow and engage the Lean In community.

CHRISTINA RAPSOMANIKIS
Christina has been appointed Senior Global Director, Consumer Beauty, Amazon. After commencing her career with Unilever in 2004, Christina Originally joined Coty in 2007 in the luxury division before departing in 2012 for stints at Nespresso and launching her own on-line fashion start up. In 2016, Christina returned to Coty to lead our UK e-Commerce business and latterly managed Amazon Europe in her role as Director E-commerce Europe. Under her leadership, the European Amazon business has grown by 73%. Specifically, she has also developed a very strong partnership with Amazon, and Coty has been cited as preferred supplier by the UK team against 28 other suppliers. Christina is also an ambassador for Be Inspired, the Retail Week initiative that aims to promote gender balance at all levels in retail.

MARILENA KARADIMA
Having obtained her qualifications in Mechanical Engineering and an MBA in Techno-Economic Systems, Marilena started her career in 2013 at Procter & Gamble in Athens, Greece. Her first role was as VMI/CRP Analyst and Customer Planner in Supply Network Operations. In 2015 Marilena moved to the UK to take up the role of Process Engineer in the Bournemouth Distribution Centre. After just two years, she was promoted to Operations Leader with management responsibility for around 150 employees. Over this time, she has led the Operations team through the DC Consolidations project, where Bournemouth DC more than doubled its annual shipment volume, becoming one of the largest DCs in the Coty Global Distribution Network. Marilena is the site leader for Bournemouth, which she is delighted to report has an equal balance of women and men.
SUPPORTING GENDER EQUALITY

LEAN IN CIRCLES

Led by Lauren Dunn at our Wimbledon office, we have an active Lean In programme, which has been attended by over 100 Coty employees since launch. Open to both men and women, the sessions have covered topics including networking, managing stress and the importance of gender equality.

At our Ashford factory, we have two further Lean In Circles. One is managed by HR manager, Emily Adams, and meets monthly. The other is the Coty STEM Women’s Network. Run by Pamela Kalb who is the Consumer Beauty Engineering Director, the group meets on a quarterly basis to encourage knowledge sharing and empowerment of our female employees working in the fields of Science Technology, Engineering and Mathematics (STEM).

WE STAND FOR YOU

Last year, our partner Global Citizen launched the #ShelsEqual campaign to fight gender inequality around the world. It has already led to some amazing achievements and commitments from leaders. Now they have an ambitious new target of securing commitments worth at least $1 billion to invest in gender equality and reach 40 million more women and girls worldwide. Coty employees have supported this campaign and made this campaign the top performing campaign of the year so far.

PERIOD POVERTY

In the UK members of the We Stand For You team held a sanitary product donation drive to help women who cannot afford basic sanitary protection as part of our mission to address gender inequality. The campaign brought in sufficient donations to prevent over 30 girls from missing school once a month for an entire year.

REMARKABLE WOMEN

Our philosophy wellbeing beauty brand was proud official partner of the first Stylist Magazine Remarkable Women Awards, which recognise and honour women who have worked tirelessly and courageously to support other women. The Hope and Grace Award for Mental Health Advocate, sponsored by philosophy, honoured journalist and author Bryony Gordon, who perfectly illustrates philosophy’s unending commitment to supporting mental health and wellbeing.

Philosophy will also be supporting the charity Wish. Established in 1987, Wish is the only national, user-led charity working with women with mental health needs in prison, hospital and the community. It provides independent advocacy, emotional support and practical guidance at all stages of a woman’s journey through the Mental Health and Criminal Justice Systems. Wish acts to increase women’s participation in the services they receive, and campaigns to get their voice heard at a policy level.

I WILL NOT BE DELETED

The Rimmel initiative, #IWILLNOTBEDELETED, aims to tackle the societal issues that stop people of all ages from feeling able to fully express themselves on social media, due to fear of negative commentary or retribution – a key reason people delete social media posts or profiles. Through a long-term partnership with The Cybersmile Foundation, the campaign has sparked a conversation about beauty cyberbullying by creating an online space where young people can share their experiences as well as find solutions to this growing issue. Rimmel is committed to celebrating individual beauty and inspiring people to be their authentic selves, both on and offline.

For more information about the campaign, go to https://www.rimmellondon.com/en_gb/beautycyberbullying or visit Cybersmile at https://www.cybersmile.org
STATUTORY DISCLOSURE

Addressing Gender Pay Balance and Pay requires a holistic response that takes into consideration all our UK employees. We have brought together all the results of the individual legal entities which make up Coty in the UK, so that we can present a consolidated view of the company. The results for the five Coty legal entities that have more than 250 employees and form our statutory disclosure are listed below. I can confirm that the information contained in the report is accurate.

Emma Walters, Senior Finance Director

<table>
<thead>
<tr>
<th>Legal Entity</th>
<th>Median gender pay gap</th>
<th>Mean gender pay gap</th>
<th>Median bonus gender pay gap</th>
<th>Mean bonus gender pay gap</th>
<th>Median bonus</th>
<th>Mean bonus gender</th>
<th>% females receiving bonus</th>
<th>% males receiving bonus</th>
<th>Number employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coty Services UK Ltd</td>
<td>30.2%</td>
<td>41.3%</td>
<td>89.2%</td>
<td>87.9%</td>
<td>51%</td>
<td>49%</td>
<td>60%</td>
<td>40%</td>
<td>410</td>
</tr>
<tr>
<td>Coty Manufacturing UK Ltd</td>
<td>3.7%</td>
<td>3.7%</td>
<td>-0.1%</td>
<td>-17.7%</td>
<td>30%</td>
<td>70%</td>
<td>33%</td>
<td>67%</td>
<td>332</td>
</tr>
<tr>
<td>Coty UK Ltd</td>
<td>25.3%</td>
<td>32.2%</td>
<td>29.5%</td>
<td>55.9%</td>
<td>69%</td>
<td>31%</td>
<td>81%</td>
<td>19%</td>
<td>429</td>
</tr>
<tr>
<td>HFC Prestige Manufacturing UK Ltd</td>
<td>-1.2%</td>
<td>-14%</td>
<td>-8.7%</td>
<td>-47.9%</td>
<td>30%</td>
<td>70%</td>
<td>27%</td>
<td>73%</td>
<td>345</td>
</tr>
<tr>
<td>HFC Prestige Products Ltd</td>
<td>40%</td>
<td>52.4%</td>
<td>81.8%</td>
<td>76.3%</td>
<td>79%</td>
<td>21%</td>
<td>97%</td>
<td>3%</td>
<td>273</td>
</tr>
<tr>
<td>Consolidated Coty UK Organisation</td>
<td>12.4%</td>
<td>20.5%</td>
<td>49.7%</td>
<td>76.1%</td>
<td>54%</td>
<td>46%</td>
<td>52%</td>
<td>48%</td>
<td>2,117</td>
</tr>
</tbody>
</table>

Coty Services UK Ltd, Coty UK Ltd, and HFC Prestige Products each includes a mix of employees across divisions, functions, sites and field teams; in the case of HFC Prestige Products, the percentage of field employees is 87%. The two Manufacturing entities are 100% comprised of Supply Chain employees, with HFC Prestige Manufacturing also including Seaton employees. The consolidated results include all 7 legal entities in the UK.