

**UK GENDER  
PAY GAP**  
REPORT 2018



# 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 April 5th 2017, just six months following the launch of the new Coty. We are reporting on five individual legal entities as required by the Government, but also giving an overview for the whole of the UK.

The report covers the statutory requirements, but more importantly, shares with you the philosophy that is driving our employee proposition and our aim to ensure that every individual in Coty can develop their full potential. It is an approach that applies to everyone in the UK – and across Coty as a whole – and reaches far wider than gender balance alone.

Our purpose is to celebrate and liberate the diversity of your beauty, and we know that delivering this in the world starts with living it ourselves. Every one of us here at Coty is an individual with unique background, strengths, experiences and perspectives. We need to embrace each other's differences, whether they are differences in beauty; in cultures; in style... embracing them makes our organization – and all of us – richer, and better serves our diverse consumers.

We stand for radical inclusion, looking to go beyond industry standards to create a culture in which everyone can bring their whole self to work. This is our choice as a business, and one we believe will help us achieve our ambitious mission of being a challenger in beauty. This is how we will ensure we live the value of Being Brave and Going Beyond. We need everyone to be empowered to do their best work, and that comes from recognizing and valuing their differences and perspectives.



Sharon Amy Robbie Chris Georgie

# UK GENDER BALANCE AND PAY

We are in a reasonably balanced position on gender diversity, with the proportion of women in our total UK workforce standing at 56%, and men at 44%. and we have an even split of employees between male and female in the Upper Pay quartile\*. In the Upper Middle quartile\*, 54% of the workforce is female. About 290 individuals in the highest pay quartile are women.

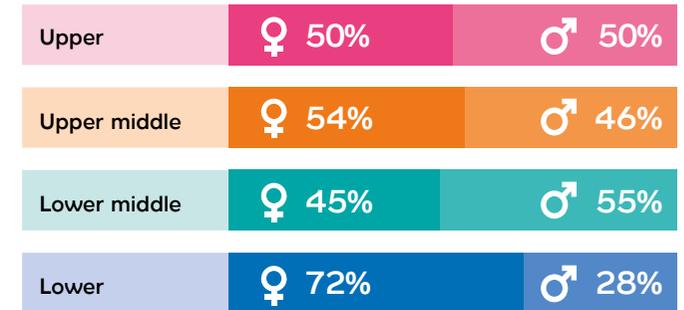
The level of female representation diminishes the higher up the organization you progress. However, we are beginning to see a small rebalance in the UK, with 75% of our most senior level appointments being made to women over the past 12 months. We have also seen a rise in the overall proportion of women holding these senior roles, to 42%.

With such a balanced representation of women in the Upper and Upper Middle Pay quartiles\*, we have a strong pipeline of women who we expect can progress into the highest levels of the company.

In the Lower Middle quartile\* our split is 55% - 45% men to women, whilst in the lower quartile\*, women outnumber men by 72% to 28%. While not balanced, this is not surprising, as many of the roles in this quartile are beauty consultants and make-up artists – roles that are more frequently taken by women – and not an unusual situation for the beauty and retail sectors. Nonetheless, we would like to see more males represented here, as we want to see a world of beauty that values individuality of all genders.



# COTY'S PAY QUARTILES IN THE UK\*



The pay quartiles are calculated by taking a listing of the hourly pay rate of all the organization's full-pay relevant employees in the pay period that covers the snapshot date. Divide this list into four quartiles, with an equal number of employees in each section. From highest paid to lowest paid, these quartiles will be the upper quartile, upper middle quartile, lower middle quartile, and lower quartile. For Coty, this is 582 employees per quartile.

# UK GENDER PAY GAP

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 organization, business sector, industry, or the economy as a whole. It is a complex issue and can be 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.

Coty in the UK has a median\* pay gap of 9.3%, which is in line with the retail sector at 9%\*\*\*, and significantly better than the UK as a whole at 18.4%\*\*.

The mean\* pay gap is 21.2%, a little higher than both the retail sector, at 16%, and the figure for the UK, at 17.4%.

The shape of the organization 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 organizations operating in the retail sector.

## Bonus gender pay gap

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

Coty in the UK has a mean\* bonus gender pay gap of 62.3% and a median\* bonus gender pay gap of 40.2%. The proportion of women and men receiving bonus pay is 28% and 12% respectively.

There are two main influencers driving these results: the first is the large number of positions held by women working in the lower pay quartile, where their bonus (commission) payment is

proportionately smaller than that made in the upper pay quartiles. The second is the fact that, although there is an equal number of men and women overall in the upper pay quartile, there are more men than women at the most senior level who qualify for the highest bonus awards.

The percentage levels of employees receiving bonus payments is influenced by the fact that around one third of colleagues working in our Supply Chain business do not receive a bonus. Many employees remain on protected terms and conditions as a result of the merger.

#### \*Median Pay Gap

This represents the middle point of a population. If you lined up all of the women at a company and all of the men, the median pay gap is the difference between the hourly rate of pay for the middle woman, compared to the hourly rate of pay for the middle man.



Lowest paid

The median

Highest paid

#### \*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.



Total number of male employees

Total number of female employees

The mean bonus pay gap is calculated by adding together the bonus payments made in each gender group and then dividing that by the number of relevant employees in that group. The median bonus pay gap is calculated by ranging the bonus payments from high to low, and the one that is in the middle is the median bonus pay figure.

\*\* Source: Gender Pay Gap figures for UK and Retail sector. Office of National Statistics

## MAKING COTY A MORE AMAZING PLACE TO WORK

This year we will be able to focus more on supporting our employees in their journey at Coty. As one of our biggest priorities, we're investing in development, career journeys, and helping everyone better manage the intensity that comes with creating a new company. We know that in the past months we have had so much to do to stabilize the business that we didn't have much opportunity to prioritize or support enough what is our greatest strength – our employees.

Our aim is to ensure that every individual working for Coty can fulfil their true potential and bring their own self to work. Addressing our gender balance and pay will contribute to Coty's commitment to radical inclusion.

### What Coty wants to be known for...

We want to be known as a company that celebrates individual differences and values inclusion, and Coty's leadership welcomes a diverse range of people and perspectives within the business.

Work is well advanced to establish our employee proposition. We have asked our employees for their views via our annual engagement survey, our social intranet - workplace, face-to-face interviews and workshops, to really understand the experience of Coty through the eyes of employees and what makes it a distinctive and enjoyable place to work.

Diversity was a consistent employee theme and the research suggests that this reflects a current organizational strength, with 79% of employees agreeing that "differing opinions are openly discussed when making decisions in my team"; a score that is significantly above the industry average.

"Whatever difference you bring, however radical your perspective, there's a place for you at Coty."



"I like that the team is very open with different cultural aspects; the whole team is willing to listen."

- Grace Stephanie Alberto Emily

### Radical inclusion and diversity strategy

We have started work on our internal radical inclusion and diversity strategy and have created an internal, multifunctional steering group, which is in the process of developing a roadmap for the organization.

The group is under the sponsorship of two executive committee members – Sébastien Froidefond, Chief Human Resources Officer and Sylvie Moreau, President, Coty Professional Beauty, and the topic is discussed at the Executive Committee. The topics will be reported via the Responsible Growth Steering Group annually to the Board.

## Our roadmap includes:

- Working on developing diverse and inclusive leaders to strengthen equality of opportunity in the most senior levels of our business.
- Reviewing all learning and development programs with our radical inclusion ambition in mind.
- Exploring how we align to the UN Free and Equal Standards of Conduct for Business for tackling discrimination and related human rights abuses affecting the LGBTI community.
- Further understanding our diversity data and metrics beyond gender statistics such as age, nationality, ethnicity and disability.
- Continually listening to our employees and including their insights to inform our actions.

**"Build and leverage a diverse team. It is the richest source of talent, new ideas and deep insights."**

- Sylvie



**"Innovative, passionate and diverse employees bringing their incredible drive to work and making a difference around the world."**

- Sébastien



## WE STAND FOR YOU

In February 2018 we launched our partnership with Global Citizen to harness the power of our collective voice for large-scale social change. Powered by Global Citizen's technology, our digital social platform is pioneering a new form of employee activism – the first of its kind. We're taking a stand against prejudice and discrimination based on gender, sexual orientation, disability and ethnicity, starting with a focus on gender equality.

The impact of the program is also internal. If our employees better understand the issues, it can help us become a more inclusive business and live the values we want to see in society.

On launch day, February 26th, employees across Coty 'stood up' and shared their commitment on our social intranet. We are now setting up advisory groups to guide local communications and awareness, and to champion this new form of employee social engagement.

**"I signed up online and started my contribution to being a voice for others #WeStandForYou. Would love to do more, too."**

WE STAND FOR  
**YOU**

**"Did you know that 90% of countries worldwide still hold laws that discriminate against women and girls?"**

# LEARNING IN

We have just launched Lean In circles in the UK, beginning in our Wimbledon office. This group will bring together Coty UK women and men in informal or social gatherings for us to empower, champion and support women in business and their careers. The events will be focused on having conversations, sharing knowledge to help one another, and also workshops to upskill women in the workplace.



“Thank you so much for taking the time to LEAN IN. We are so appreciative that so many of you found the time to join us, and we loved the energy, passion and engagement in all of the sessions.”

- Sharon Chris

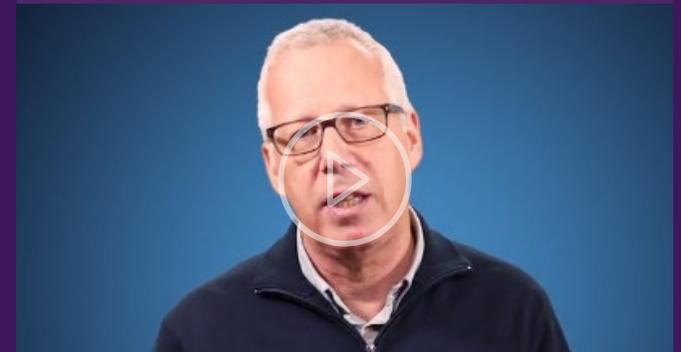
# LEARNING AND DEVELOPMENT

Participants in the Lean In program will be able to access free expert videos, discussion guides, and tips for women and their male allies. These materials are focused on helping women build new skills and providing everyone with research-based recommendations for advancing gender equality at home and at work.

Coty's own eAcademy was launched last December, giving employees access to a learning platform that is always on. Learning resources are available from our own Coty experts, as well as from some of the world's leading business schools. We want to encourage a step change in behaviours, and a key section focuses on our culture and values, and includes content on a range of diversity topics. In the UK, we have also created a video which raises awareness of what our Unconscious Biases may be.



Diversity: Are you a role model?  
Chris Mullard



Bridging the generation gap in the workplace  
Jeremy Myerson



Female Leadership  
Avivah Wittenberg-Cox

# STATUTORY DISCLOSURE

Addressing Gender 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 this report is accurate.



- Emma Walters, Financial Controller and Company Director

Legal Entity	Median gender pay gap	Mean gender pay gap	Median bonus gender pay gap	Mean bonus gender pay gap	UPPER QUARTILE		UPPER MIDDLE QUARTILE		LOWER MIDDLE QUARTILE		LOWER QUARTILE		% females receiving bonus	% males receiving bonus	Number employees
					♀	♂	♀	♂	♀	♂	♀	♂			
Coty Services UK Ltd	51.5%	55.3%	5.6%	55.9%	41%	59%	67%	33%	73%	27%	85%	15%	20.7%	28.3%	275
Coty Manufacturing UK Ltd	0.1%	2.2%	-336.5%	-309.3%	28%	72%	32%	68%	21%	79%	40%	60%	2.1%	2.9%	302
Coty UK Ltd	16.7%	32.0%	21.4%	-3.0%	66%	34%	85%	15%	83%	17%	75%	25%	39.4%	16.3%	368
HFC Prestige Manufacturing UK Ltd	-2.0%	-5.8%	100%	100%	33%	67%	25%	75%	21%	79%	31%	69%	0%	0.7%	572
HFC Prestige Products Ltd	33.1%	34.6%	48.8%	28.0%	81%	19%	88%	12%	93%	7%	98%	2%	47.4%	48.4%	404
Consolidated Coty UK Organization	9.3%	21.2%	62.3%	40.2%	50%	50%	54%	46%	45%	55%	72%	28%	28%	12%	2,328