



LIZ EARLE[®]

Liz Earle Beauty Co.
Gender Pay Gap Report as at April 2020

Member of Walgreens Boots Alliance

A MESSAGE FROM HELEN

Welcome to our 2020 Gender Pay Gap report. The data we're sharing in this report is accurate and has been prepared in line with the relevant guidelines.

This year, amid the Coronavirus pandemic, our colleagues have demonstrated incredible resilience and dedication, quickly adopting new ways of working and social distancing measures to keep each other and our customers safe. Our people are the driving force of our business, in the past year we have launched new products and adapted our operating model to reflect the increase in online shopping. Whilst the way we provide our services may have changed, our high standard of personalised care, advice and attention to detail has not.

2020 saw us mark our 25th anniversary, as we reflected on our heritage and achievements we were proud to celebrate that a huge part of our success is thanks to women, from our co-founders to our 88% female workforce, and as we look to the future we will continue to be a brand powered by women.

We will continue to draw our inspiration from our customers, listening to their feedback and creating products to meet their needs. To do this we work hard to ensure our business reflects all aspects of the customers we serve, including gender and diversity.

Following the resurgence of the Black Lives Matter movement in Summer 2020, we took time to reflect as a business and as individuals on racial inequality. We are listening, learning and taking action as we continue to build an anti-racist culture with our employees and ensure we are providing our diverse customer community with the right products and advice to meet their personal skincare needs.

As I reflect on the past year and our 700+ strong workforce, I feel incredibly proud of their talent and ability to adapt to change, while maintaining our high standards of work.

Today, we are pleased to see an improvement in all our pay gap results. Our mean pay gap has reduced from 23% to 22%. Our median pay gap has also reduced from 10% to 2%. Our salary structure is not influenced by gender and we have clear salary grades in place to help safeguard this.

We continue to improve the support we give to help all employees balance work and family life, In April 2020, we enhanced our maternity pay and adoption pay and we continue to promote our flexible working policy.

Thank you for taking the time to read our report. We are encouraged by the progress we have made and remain committed to deliver further improvements to ensure Liz Earle Beauty Co. is an inclusive, enjoyable and supportive place for all our employees. I look forward to sharing further updates in the future.



HELEN FARRANT – HEAD OF HR



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 Cleanse & Polish™ Hot Cloth Cleanser which has 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. In 2019 we announced our partnership with the Global Shea Alliance and embarked on an initiative to helping 800 shea pickers in the North Gonja District, Ghana work more efficiently and generate more income through training as well as building a warehouse to facilitate the women's access to storage. This new warehouse opened in Summer 2020. Closer to home, we offer flexible working opportunities that encourage a healthy work-life balance.

Throughout the last 25 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. 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 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 pay quartile.

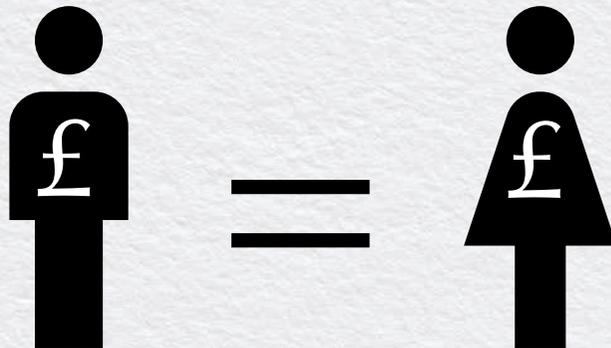
UNDERSTANDING GENDER PAY GAP REPORTING

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

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



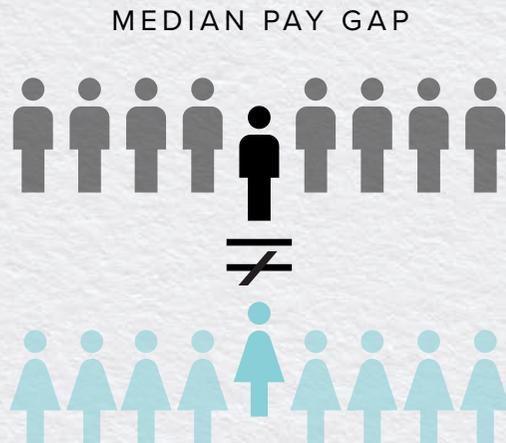
One of the main reasons for the gender pay gap in our society is that men are statistically more likely to be in senior roles.

UNDERSTANDING GENDER PAY GAP REPORTING

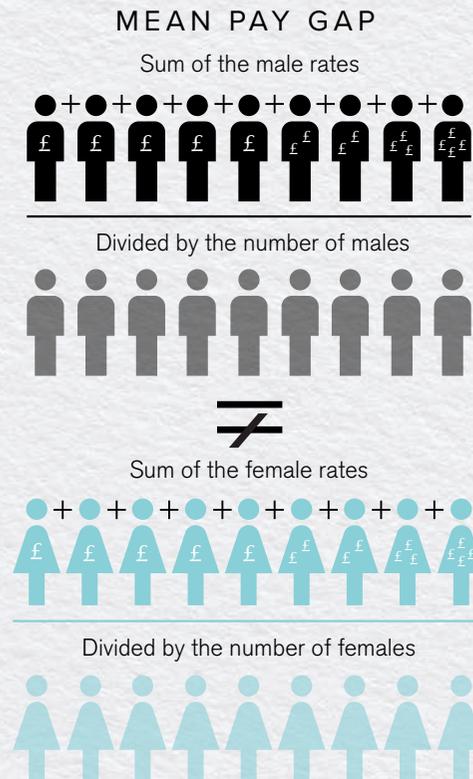
HOW ARE THE MEDIAN AND MEAN PAY GAPS CALCULATED?

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 quartiles 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.



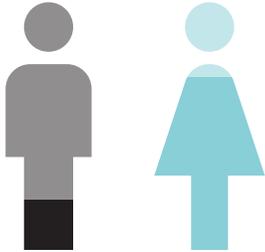
OUR RESULTS 2020



PAY QUARTILES

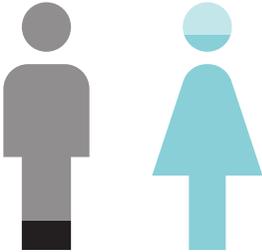
The percentages of all male and female colleagues within each pay quartile is:

LOWER QUARTILE



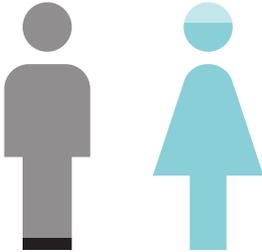
14% 86%

2ND QUARTILE



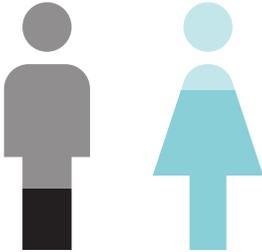
7% 93%

3RD QUARTILE



6% 94%

4TH QUARTILE

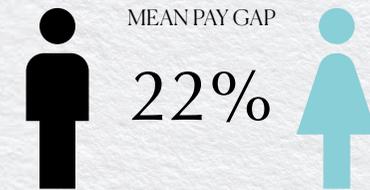


22% 78%

OUR RESULTS 2020

GENDER PAY GAP

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 in the lower pay quartile and 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 15.5% (2020 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. There is no bonus gap as the Liz Earle Beauty Co. Annual Bonus scheme did not pay out during the reporting period.



HOW WE ARE ADDRESSING OUR GENDER PAY GAP

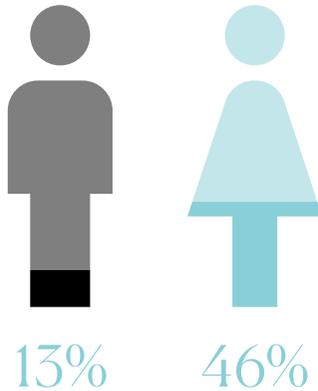
- **Remuneration:** We have a clear governance process around any decisions regarding salary, we have clear salary grades in place and regularly review these against market rates to ensure we are fair to all employees and are providing a competitive remuneration package.
- **Flexible working:** We have a comprehensive suite of flexible working policies and have done for many years, these policies support our employees who have childcare or other carer responsibilities. We encourage our leaders to inform employees on the options available to them and support them through any relevant processes. This year, as we followed Government advice, we quickly enabled employees to work from home where possible and moved to virtual ways of working.
- **Maternity Pay:** Most of our employees are female, so it is important that we have the right support in place to help them balance their home and work life. We do not want our employees to feel financial pressure during what should be a very special time in their personal life, so we have improved our maternity pay and adoption pay, effective 1st April 2020, increasing from 6 to 12 weeks full pay.
- **Leadership development:** We have launched a new Manager Effectiveness Model to support the development of the skills and behaviours needed for both men and women to progress within their chosen career. This will support our employees by creating increased transparency across our promotion and rewards processes, while protecting our fair approach to succession and talent planning.
- **Wellbeing:** The wellbeing of our colleagues is of utmost importance to us. The rapidly changing and uncertain world we live in creates many challenges for our employees in their professional and personal lives. Our employees have access to free, confidential advice and support services and we will continue to support our colleagues through any change or challenge they may face.
- **Diversity, Equity and Inclusion:** We remain committed to Diversity, Equity and Inclusion (DEI) to ensure our business is an inclusive and supportive place for all employees, a place where they can be their authentic selves, speak up, actively listen, and experience a sense of belonging.



Our employees have access to a range of business resources that drive our DEI agenda and we encourage them to broaden their knowledge and awareness of the challenges others encounter at work, and in their day to day lives, not just so they understand but so they can become an effective ally to others.

OUR COMMITMENT

As a business, we continue to build a diverse and inclusive culture. We are proud that 46% of our female employees and 13% of our male employees work part time, giving them the opportunity to balance their home and work lives.



WORK PART TIME

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.

HELEN FARRANT

Head of HR
Liz Earle Beauty Co.

JASON CLARK

Financial Controller,
Liz Earle Beauty Co.

A handwritten signature in black ink that reads 'Jason Clark'.





LIZ EARLE®