



Vicky Hughes,
Executive Manager,
Human Resources,
Whitman Laboratories Limited



Bob Jugovic,
Vice President,
Human Resources,
The Estée Lauder Companies
UK & Ireland

Introduction

Gender equality and a strong focus on inclusion and diversity are key values that underpin everything that we do at The Estée Lauder Companies. We believe that a workforce that reflects our consumer base and the communities in which we operate is central to ensuring we remain competitive as a global business. To be the best in our industry, we welcome each person's unique strengths and talents, regardless of geography, age, culture, race/ethnicity, gender, gender identity, sexual orientation, religion, experience or physical ability.

Since last year's report, The Estée Lauder Companies is proud to have been recognised again in the second annual global sector-neutral Bloomberg Gender-Equality Index (GEI).

A member of the 30% Club, an organisation committed to achieving a minimum of 30 percent representation of women on public company boards, The Estée Lauder Companies actually neared gender parity on its global board last year with the addition of two female leaders.

We have a diverse workforce in which 70% of our UK director-level and above employees are female. 80% of The Estée Lauder Companies UK & Ireland Leadership team is female.

In the UK, we were also named a Top-Rated Workplace by leading recruitment website Indeed and ranked among Fortune's "50 Best Places to Work in The Fortune 500," both in the UK as well as other international markets.



Our 2018 report includes the gender pay gap figures for The Estée Lauder Companies UK & Ireland ('ELC UK'), our corporate and point of sale business, and Whitman Laboratories, our UK-based manufacturing business. The figures show that both entities have made some progress, but we also acknowledge that there is more that we can do to reduce our gender pay gap. We are committed to taking actions to make meaningful and sustainable improvements toward this objective over the long term.

This past year, we continued to advance our efforts to develop a diverse workforce, retain talent through flexible working policies, and expand our career development opportunities for all of our employees. In the UK, we also appointed a dedicated Inclusion & Diversity (I&D) Manager tasked with ensuring that we measure progress against our broader I&D strategy and hold ourselves accountable for achieving our goals.

Measuring the gender pay gap

We strive to ensure that our policies, structures and working practices uphold our values at The Estée Lauder Companies. We pay equal pay for equal work, and our analysis shows that, in the UK, men and women are paid broadly comparable rates to market. We review market pay benchmarks based on grade, job, business and geography to help us to ensure parity for all roles across the business and we evaluate all roles in a consistent manner through our job evaluation process.

Separate from the concept of equal pay, the gender pay gap measures the difference between the average earnings of all women and men across the business, irrespective of the work they do, expressed as a percentage of men's earnings.

The Estée Lauder Companies in the UK 2018

	Mean	Median
Gender Pay Gap	36.60%	21.11%
Bonus Gender Pay Gap	71.28%	46.62%

Our gender pay gap figures are driven by a number of structural issues in our workforce:

- As a beauty company, we tend to attract a higher proportion of women into point of sale roles which mirrors the profile of our consumers. These roles are competitively paid and reflect the salary norms of the retail environment. In addition, these roles are typically lower paid than office-based roles.
- The point of sale roles tend to attract women due to the part-time and flexible working opportunities.
- There is a higher proportion of men in corporate office, specialist, technical and managerial roles, which tend to be associated with higher salaries. Over the past year we are pleased to report a slight increase in the number of female employees in these roles.

Our bonus gender pay gap figures continue to be influenced by the fact that almost half of our retail staff work part-time, which has an impact on the level of sales-related bonus and commission.

66% of the top 35 bonus payments across The Estée Lauder Companies UK & Ireland and Whitman Laboratories Ltd were paid to females.

Whitman Laboratories Ltd in the UK 2018

	Mean	Median
Gender Pay Gap	21.02%	12.74%
Bonus Gender Pay Gap	46.96%	12.18%

Our main challenge in this area of the business is increasing gender diversity in some of our technical and leadership roles, which generally include a higher salary and bonus opportunity and are occupied by more men than women. In addition, several Global and EMEA roles, currently held by males, are included in the data. Over the past year, a small number of senior females also moved on through retirement or progression within the Company outside of the UK, which has had a negative impact on our gender pay gap.

Actions to reduce the gender pay gap

We believe that a culture that prioritises respect for the individual talents of all of our employees is necessary to make progress toward reducing the gender pay gap.

We recognize this process will take time, and we are committed to addressing key barriers and providing equitable access to opportunities in order to achieve our goals. The gender pay gap is driven by a number of issues, so we are taking a comprehensive approach to develop a truly diverse workforce at all roles and levels (including retail, senior management and highly-skilled specialist and technical roles), reward employees on the basis of their performance, and take steps to recruit, retain, and promote employees by offering policies and tools to assist with their career advancement.

Specific steps that The Estée Lauder Companies UK & Ireland and Whitman Laboratories Ltd have taken this year, or are continuing to take, include:

- **Developing a truly diverse representation for all areas, roles, and levels of the business**
 - o Our Regional Talent Council identifies, develops and builds a diverse slate of future leaders. 80% of our current leadership team in the UK region is female, and we have successfully transitioned and supported several moves into more senior global leadership roles.
 - o Our unconscious bias training enables our managers to select talent in an inclusive way which has a direct impact on the quality and diversity of our talent.
 - o We offer young talent the opportunity to interact with senior leaders and directly input into our strategy through our 'Reverse Mentoring' and Presidential Associate programmes, which include 95% and 88% female representation respectively, reflecting our broader workforce.
 - o We have established GenNext, a UK based Employee Resource Group representing the voice of our millennial workforce. wELCome, which supports LGBTQ employees and offers networking and professional development opportunities is being developed and at Whitman Laboratories Ltd there is Families@Work, which supports employees with balancing family demands.
 - o At Whitman Laboratories Ltd, we increased our leaders' awareness and accountability regarding the need for greater gender diversity across levels, roles and departments. As a result, we have seen a shift in female representation in some of our predominantly male areas of the business, such as in Warehouse and Compounding.
- **Supporting families, flexibility, and retention of talent**
 - o We are strengthening our Total Rewards benefits programme to improve overall retention and work/life harmonisation, including a review of all of our family friendly policies.
 - o We formalised and launched agile working policies and are offering increased flexibility, remote working, and part-time options, including for all employees returning to work after maternity leave and long career breaks.
 - o At Whitman Laboratories Ltd, the Women's Leadership Network hosts talks from senior female leaders providing insights into how they have overcome challenges throughout their careers and advising on how to succeed in reaching their professional and personal potential.

- Offering continuous long term career development for all UK employees
 - o We are focusing on increasing continuous opportunities for promotion to build the future pipeline of talent by investing in management programmes such as our Retail Management Development Programme.
 - o Expanding our Apprenticeship Academy programme, including in the area of data analytics, leadership and digital marketing to appeal to a range of learners. In the current programme, 96% of employees are female.
 - o We offer remote training opportunities to our retail and corporate employees through platforms such as LinkedIn Learning, which offer leadership and professional development courses including Effective Listening, Strategic Thinking, Online Marketing Foundations, Excel, and Digital Marketing Trends.
 - o The Whitman Laboratories Ltd 12-month Prospect talent development programme, which is 50% female, allows high potential employees to learn more about the end to end of our supply chain, providing them with the knowledge and opportunity to further develop their careers.



Maria Kumar,
Technical Transfer Manager,
Whitman Laboratories Ltd

As the Technical Transfer Manager, I am responsible for providing technical advice and guidance on batch creation, process design and improvement. I liaise with and advise our global R&D centres about how our formulations translate to the plant.

I chose my degree in Chemical Engineering because I had an interest in the logic of maths and chemistry and a passion for the science behind cosmetics. Since joining The Estée Lauder Companies in 2016, I have had the opportunity attend events hosted by the Women's Leadership Network, witness the increasing gender diversity in Compounding and share my experiences with students to inspire them to embark on a career in Science, Technology, Engineering or Maths.

Spotlights



Kerry Easter,
Vice President of Supply Chain,
The Estée Lauder Companies UK & Ireland

As a member of the UK Executive Leadership Team, I'm responsible for our Supply Chain Strategy and Operations; Retail and Online Fulfilment; Demand, Supply and Retail Planning; Indirect Procurement; and our Regional Contact Centre; as well as the safety and sustainability of every colleague in the UK business.

Beginning my journey at The Estée Lauder Companies here in the UK has been an exciting time for me. There is a unique combination of respect, drive and care for our brands, consumers and people at this Company that I haven't experienced anywhere else before. At heart I am a commercially-minded Supply Chain leader, who started her career as a Mechanical Engineer. I was instantly drawn to the Company's strong brands and its ethos, and am very happy to be part of the UK business and all the current opportunities this entails.



Damali Maya Bell-Gray,
Online Assistant at Darphin and Origins
(Digital Marketing Level 3 Apprenticeship),
The Estée Lauder Companies UK & Ireland

My current role is Online Assistant at Darphin and Origins. I started my Digital Marketer programme in August 2017, when I joined The Estée Lauder Companies. My responsibilities involve all aspects of engaging with our consumers through our online platforms.

The programme has added significant value to my role as it gives me the opportunity to learn every day while on the job. My learning is also supplemented with a structured development programme focused on all areas of digital marketing. Apprenticeship programmes are amazing and create an experience like no other where you can train, learn and earn.

Appendix

The Estée Lauder Companies in the UK

	2017		2018	
	Mean	Median	Mean	Median
Gender Pay Gap	36.31%	21.01%	36.60%	21.11%
Bonus Gender Pay Gap	88.06%	51.31%	71.28%	46.62%
	Male	Female	Male	Female
Employees who received a bonus	90.91%	89.27%	86.95%	92.98%

Quartile Breakdown

	2017		2018	
	% Males within Quartile	% Females within Quartile	% Males within Quartile	% Females within Quartile
Lower	2.7%	97.3%	3.6%	96.4%
Lower Middle	2.9%	97.1%	4.7%	95.3%
Upper Middle	7.7%	92.3%	6.2%	93.8%
Upper	14.9%	85.1%	15.4%	84.6%

Whitman Laboratories Ltd in the UK

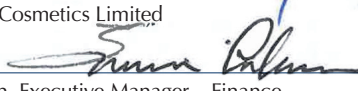
	2017		2018	
	Mean	Median	Mean	Median
Gender Pay Gap	16.60%	10.12%	21.02%	12.74%
Bonus Gender Pay Gap	47.93%	10.62%	46.96%	12.18%
	Male	Female	Male	Female
Employees who received a bonus	84.59%	88.03%	93.17%	93.36%

Quartile Breakdown

	2017		2018	
	% Males within Quartile	% Females within Quartile	% Males within Quartile	% Females within Quartile
Lower	26.3%	73.7%	24.22%	75.78%
Lower Middle	51.4%	48.6%	51.94%	48.06%
Upper Middle	67.4%	32.6%	68.22%	31.78%
Upper	57.2%	42.8%	61.72%	38.28%

This report has been prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, which require large employers to publish their gender pay gap data. We confirm that the data included in this report is accurate.

Signed: 
Alison Day, Vice President – Finance,
Estée Lauder Cosmetics Limited

Signed: 
Simon Gibson, Executive Manager – Finance
Whitman Laboratories Limited