# UK GENDER PAY GAP 2021 Report

We've been doing beauty differently for 135 years

Pioneering in listening to women's needs and speaking out for them. Standing for what matters to them. Supporting their endeavours.

We use the power of beauty to transform women's lives for the better.

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## At Avon, we believe in a better world for women, which is a better world for all.

We believe in creating flexible opportunities for anyone to earn and learn.

# WE BELIEVE IN THE BEAUTY OF DOING GOOD

Our founder David H. McConnell was a progressive pioneer, an impressive visionary, a courageous game-changer and, above all, a champion of women. In 1886 he founded Avon on the guiding principle of enabling female economic empowerment. This remains our purpose at heart and is something we will always stand for.

At Avon, we take our responsibility to be a leader in championing the economic freedom of women seriously. And we continue to welcome the UK Government's gender pay gap reporting legislation and the opportunity it gives all of us to shine a spotlight on this issue.

We believe in inclusive beauty that's open and accessible to all. We're here for everyone and we support self-expression by challenging stereotype.

We also understand it is vitally important that businesses are transparent about their gender pay data and take action to improve gender parity.

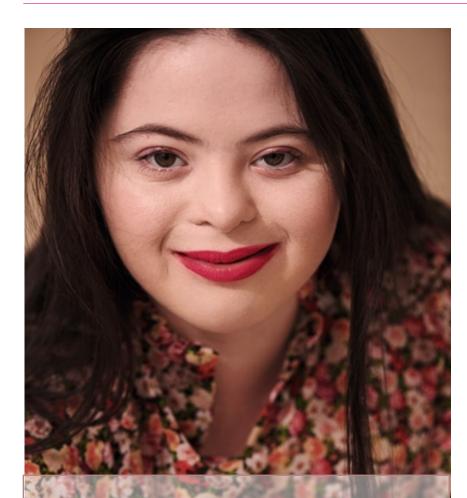
We acknowledge that there is still a 23.9% mean gender pay gap, however this year we are pleased to see that this has reduced since last year by 12.8%. While our efforts to close the gap are paying off, it's important to highlight that the main driver of our pay gap is the high proportion of women in direct selling roles which is not just the nature of our business, but our very purpose.

In 2020 Avon joined Natura &Co becoming part of a socially conscious group of four iconic global beauty brands, connected by a common goal of shaping a better, more caring world.

Natura &Co's Commitment to Life sets out our bold targets for the next decade to address some of the world's most pressing issues to protect the planet and defend human rights. This includes ensuring equality and inclusion by achieving a 50/50 balance of women in senior leadership roles by 2023 and equitable pay, closing the unexplained gender pay gap by 2023, as well as working towards 30% inclusion, in management, of underrepresented groups.

There is still work to be done, within Avon and society at large, and we will continue to be a strong voice for women, and to stand up for equality in all its forms.

Michelle Parczuk VP, People, Culture and Organisation Matthieu Comard Managing Director Western Europe



By 2023, Natura &Co has committed to:

- 50% women in leadership positions
- 30% inclusion of under-represented groups
- Equitable pay
- A living wage or above to all associates

# UNITED FOR A BETTER, MORE CARING WORLD

As part of Natura &Co, a family of socially-conscious global beauty brands, Avon'<u>s</u> <u>Commitment To Life</u> is a comprehensive sustainability plan to tackle some of the world's most pressing issues to protect the planet and defend human rights, including equality and inclusion.

Natura &Co has invested in a global gender pay equity review to understand factors driving pay gaps in order to tackle them effectively. The ongoing review, carried out with HR Consultancy Mercer, resulted in an analysis of the raw pay gap and the explained and unexplained gaps.

A deep statistical analysis showed there are explainable factors such as different roles, experience, performance and location. This leaves an unexplained gap: the residual gap that cannot be statistically explained.

RAW PAY GAP

Average or median pay difference between women's and men's pay.

## EXPLAINED PAY GAP

Pay variances due to being in different roles, having different qualifications, experience, etc..

## UNEXPLAINED PAY GAP

Residual pay gap that cannot be explained by legitimate factors and may be due to pay inequities.

As of October 2021, Avon UK's raw gap was 22.52%\* and the unexplained gap was 1.39%. We have made a good progress from 2020 when our unexplained gap was 1.6%, and we remain committed to closing the Avon-wide unexplained gap by 2023; and ensuring it stays closed.

\*Captured by a leading global HR consultancy in October 2021. The figures used for UK government reporting are from the data captured by the same consultancy on 5 April 2021.

## AVON



We are particularly proud that our UK Leadership team has 50/50 gender representation and that our Chief Technology officer, Chief Scientific Officer and Chief Executive Officer are all female.

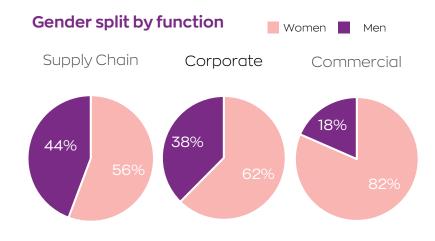
# **THE MAKEUP** OF OUR BUSINESS

Avon is the company for women and in every function, across our International footprint, all of our people (66% of whom are women) play an integral role in supporting our global network of beauty entrepreneurs.

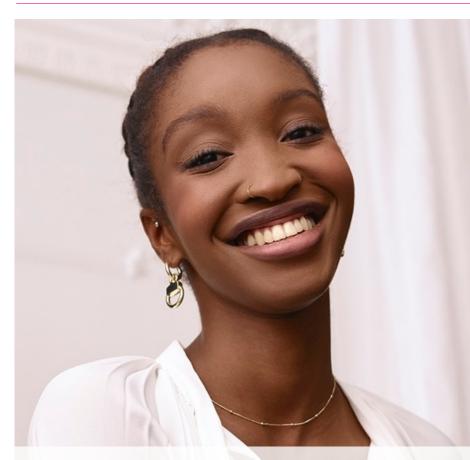
In the UK these figures include both our UK business and those members of Avon's Global Leadership team who are UK based. 71% of our workforce are women and you can see in the charts on this page how they are split across our Commercial Selling, Supply Chain, and Corporate Functions.

"Avon is truly unique, I'm encouraged to share my experience and technology skills to help make the world a better place for women."

Karen McElhatton Chief Technology Officer







Our frontline consumer-focused roles are key to our business and largely held by women. These roles allow for flexible working but are usually less senior. This impacts our overall average female pay figures and therefore the gender pay gap.

## HIGHLIGHTING THE OPPORTUNITIES

We have 100% equal pay at each level throughout our business, however it is our workforce profile that is the most significant driver of our gap.

- 19.5% of our workforce are field based and roles predominantly occupied by women. These roles sit within the lower to lower-middle hourly pay quartiles which pulls down the female mean and median hourly pay figures.
- This also explains why the median female bonus is over twice that of the male – our field sales teams received bonus in 2021 whereas the majority of our office-based staff did not.
- Many of our senior positions are on the UK payroll and 63% of our directors are women. This has increased by 1% from last year.

The figures in this table show the difference in the hourly rate and bonuses of women and men across Avon's UK-based organisation.

### **Gender Pay Gap** 2021 vs 2020 vs 2019, %

	Hourly Pay Gap 2021	Hourly Pay Gap 2020	Hourly Pay Gap 2019
Mean	<b>23.9</b> %	36.7%	40.8%
Median	<b>24.5</b> %	35.3%	<b>32.5</b> %
	Bonus Gap 2021	Bonus Gap 2020	Bonus Gap 2019
Mean	45.1%	67.2%	<b>72.5</b> %
Median	-108.9%	37.8%	-21.2%

Avon is a trans inclusive business. We know that gender isn't binary, and in future, we aim to make our reporting fully inclusive. However, for this report, UK government regulations require us to report our gender pay gaps in terms of men and women. Our pay and bonus gap data is in line with the UK government reporting regulations and has been independently verified by a leading global HR consultancy specialising in compensation and pay equity, as being accurate.

## AVON

## WE SEE THE BEAUTY IN OUR DIFFERENCES

At Avon, we are proud of being a beauty democracy, open for all. We're always learning and evolving to become a more inclusive, equitable and diverse company.

Our Employer Value Proposition (EVP), The Beauty of Doing Good, is our promise to our associates for what a career with Avon offers.

A key pillar of our EVP is "Beautiful to be you" where we see the beauty in our differences so that we all have the confidence to bring our whole self to work. **AVON'S ASSOCIATE RESOURCE GROUPS (ARGS)** We currently have Associate Resource Groups (ARGs) for People of Colour, LGBTQIA+, Women and people with physical and neurological differences. Avon is open to all and anyone is welcome to join, or can set up, an ARG.

The Valuing Inclusion, Belonging & Equality (VIBE) virtual community is home to our ARGs and in 2021 hosted a series of VIBEPod Podcasts on topics ranging from intersectionality to Shared Parental Leave.

Throughout 2021, the ARGs were visible to all at Avon, hosting events to both educate and celebrate with our associates, events such as Pride, Latin Heritage month and Juneteenth, as well as strengthening partnerships with external networks and participating in the Stonewall Diversity Champions Programme.

#### **DEMOGRAPHIC SURVEY**

In order to build our Diversity, Equity and Inclusion strategy across Natura &Co, Avon has set meaningful targets by which we can measure our progress. In order to help us do this, we recently launched a survey to establish Avon's baseline associate demographic data, which can signal where inclusive hiring initiatives are succeeding, or where efforts might need to be focused to remove barriers for specific employees.

#### **WOMEN IN STEM**

Our Women in Science, Technology, Engineering and Mathematics (STEM) network play an active role at Avon. This includes taking part in panel sessions with our female leaders at our Careers Festival - discussing the careers and associated paths in STEM subjects and participating in exhibition events with local universities.

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"I have a big job but working flexibly allows me to optimise my productivity whilst enabling me to do things that fulfil me, like doing the school run or going to the gym."

Nadia Strone, Head of Western Europe HR

# **SUPPORTING OUR PEOPLE** THROUGH 2021

As the pandemic continued throughout 2021 here are some of the ways we continued to support both our associates in the new normal while upholding our commitments to women in the wider community.

#### WORK THAT WORKS FOR YOU

As part of our EVP promise, we empower our people to deliver and support flexible working to help them achieve a healthy balance and perform at their best. This includes hybrid working and encouraging associates to take control of their workload and balance it with their well-being.

#### GBV

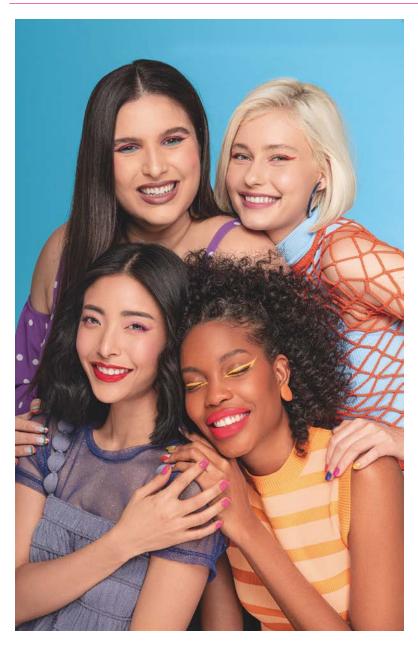
Gender-based violence is the most frequent violation of human rights all over the world. Our GBV Protocol builds on our commitment to those affected by gender-based violence. Since 2004, Avon and the Avon Foundation have donated over \$80 million to NGOs tackling gender-based violence. For our office-based people, we have a protocol in place including flexible working, GBV leave to handle any issues arising from their situation and GBV Ambassadors who are sensitised and can refer to local support services.

### **GOOD VIBE TRIBE**

The Good Vibe Tribe was created by a group of associates passionate about wellbeing. Alongside sponsoring well-being themed events in their monthly newsletter, in 2021 they held yoga and fitness classes, free gifts to associates when purchasing Avon products, gardening for wellbeing talks and a comedy club evening to spread smiles, joy and inspiration.

#### **MENTAL HEALTH FIRST AIDERS**

Avon's First Aiders for Mental Health continued to build a culture where we talk openly and comfortably about mental health. Our team of associate first aiders are trained to spot the signs of mental ill health and are a point of contact for any associate experiencing a mental health issue. Throughout 2021 they ran over ten "Let's Talk" sessions, a 30-day Stress Awareness challenge across the UK and introduced a dedicated MHFA inbox for additional support.



# **CONTINUING** TO CLOSE THE GAP

Female economic empowerment is at our heart and will always be what drives us. We are committed to continually improving our gender pay gap, here's how...

- 1. We conduct regular Pay Equity reviews and close any unexplained pay gaps
- 2. We examine bonus and incentive payments to understand any gender gaps
- 3. We continue to strive for a 50/50 split of women and men in leadership roles and look beyond the gender binary
- 4. We ensure a good representation of women across all roles and functions and use our data (including future ethnicity pay gap data) to hold ourselves to account
- 5. We stay true to our purpose and will not reduce representation of women in customer-facing roles
- 6. We ensure that female leaders get equal exposure to mobility opportunities
- 7. We grow and develop our female leaders internally, seek experienced female leaders externally and continue to provide all associates with learning and development opportunities to grow meaningful careers with us
- 8. We continue to monitor for any biases in how we work and manage our people, striving for an environment that is psychologically safe
- 9. We remain transparent about our pay philosophy and pay decisions
- 10. We co-create a respectful and inclusive culture, where differences are embraced, and everyone feels confident to bring their whole self to work and to perform at their best

For more on our commitment to Corporate Social Responsibility visit **Avon Worldwide**.

Avon UK Gender Pay Gap Report, 2021 Prepared March 2022

