
AESOP UK GENDER PAY GAP REPORT

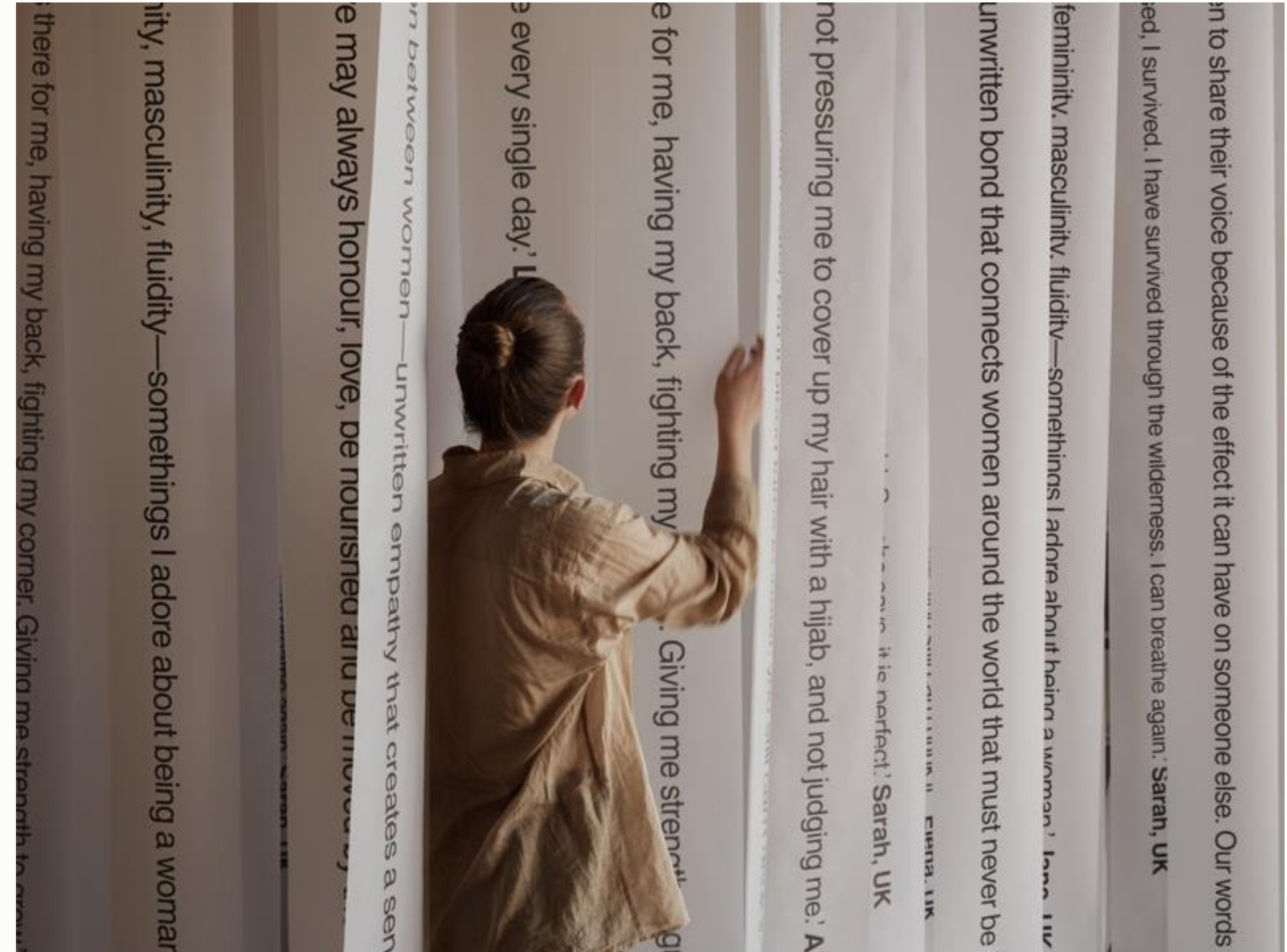
APRIL 2023

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Introduction



Sarah Jackson
General Manager, Human Resources

Aesop is dedicated to supporting the communities in which we operate both internally and externally and giving back in meaningful ways that create greater opportunities for historically marginalised and systemically excluded groups. As we continue to embed Diversity, Equity and Inclusion across our organisation, I am very pleased to share this report, which outlines the results of Aesop's gender pay gap analysis and their underlying causes, and how we are progressing towards addressing these.

This report presents a story of progress, with an acknowledgement that there is more to do. In the UK, the Gender Pay Gap results, based on our 348 UK based colleagues who were on full pay as at 05 April 2022, show our median gender pay gap is down versus last year, whereas in contrast the mean gap increased slightly. In terms of bonus pay gap, we saw a significant reduction relative to 2021.

In addition to the above and in order to show a more reflective, transparent and global perspective, we have also included insights from Aesop's Global Pay Equity study – a key measure against our progress towards our Commitment to Life Goals. Specifically, our goal focused on closing the unexplained Gender Pay Gap. Our results show that the unexplained pay gap has also reduced since 2021.

We have sound strategies in place to improve and address gaps identified, but we recognise that we need to continue to do more.

I am also proud to share that we have introduced a number of important policies and practices to ensure that we are creating a truly inclusive culture and work environment, and we continue to challenge ourselves to find new ways to create a more equitable and inclusive future for everyone at Aesop.

I invite you to find out more about the data and progress we are making in this report.



Understanding our UK gender pay gap

Regulations introduced by the UK Government in 2017 require public, private and voluntary sector organisations with 250 or more employees to report annually on their gender pay gap, using six different measures (see definitions under Figure 2 and 3 and Table 1 and 2, on pages 9 and 10).

Gender pay gap is the difference between male and female earnings expressed as a percentage of the male earnings. The gender pay gap should not be confused with equal pay. Equal pay is the measure looking at any difference of pay for comparable jobs. Regardless of their gender or any other characteristics, all our employees receive equal pay for work at the same, similar or equal value in the same location. This has been a legal requirement in the UK since 1970.

Gender pay gap results presented in this report therefore highlight differences between all women's and all men's pay across the entire organisation of Aesop UK.

When analysing our gender pay gap results (see Table 1 on the right), we observe that our median gender pay gap decreased from 6.0% (2021) to 3.4% (2022), whilst the mean gender pay gap increased from 29% (2021) to 33.2% (2022). This indicates that men, on average, earn more than females, however it is important that we look at the various factors driving this gap.

The mean measure is largely influenced by outliers at either end (low earners and high earners) of the data set. Overall, there were more females (67.5%) employed by Aesop UK than males (32.5%) on 5th April 2022. While looking at the representation of females vs males across the four quartiles of the pay bands, we observe that female employees make up consistently around two thirds of all employees in each quarter. In addition, the representation of female employees is comparably even greater in the lower two pay quartiles than male employees compared to, for example, the upper quartile. This means there are more female employees occupying roles that would typically command less pay and bonus in the market, for example positions across our Retail business which represent a large section of our UK employee base. We are committed to continuing to promote the great opportunities that a career in Retail presents for everyone, and in turn attract and retain a diverse workforce across our Retail business.

When comparing Aesop UK gender pay gap to the UK Retail Industry benchmark**, with the median gender pay gap being higher than that of Aesop, reported at 6.9%.

We set out our commitments and progress to close our gender pay gaps on pages 7 onwards.

** Source: Mercer UK

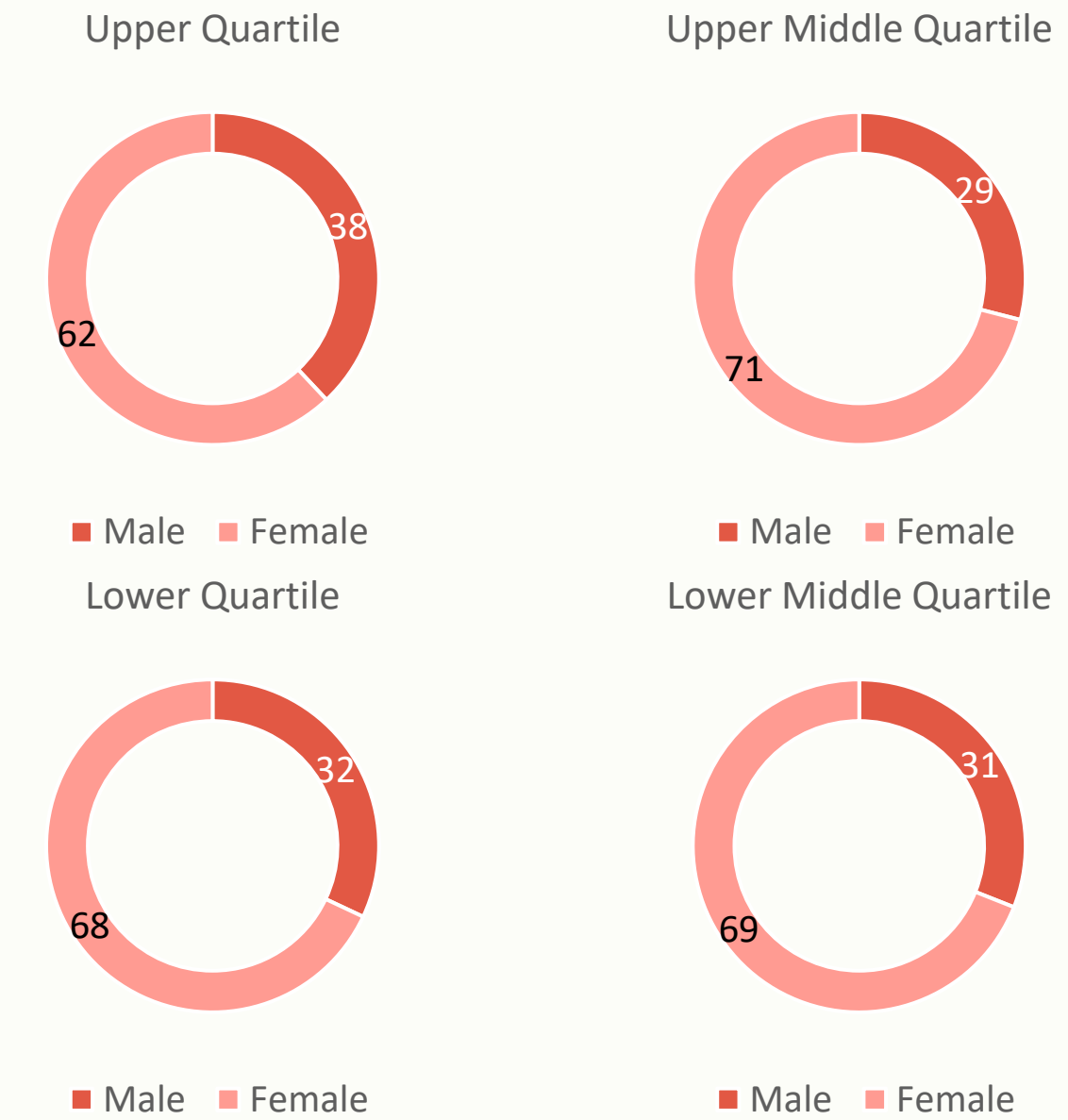


Figure 2. Percentage of Aesop women and men employees in each quarter* of the pay bands.

QUARTILE pay bands are the proportions of male and female employees on full salary on the specified date in the lower, lower middle, upper middle and upper quartile pay bands.

	Mean	Median
5 April 2021	29.0%	6.0%
5 April 2022	33.2%	3.4%

Table 1. Mean and median gender pay gap percentage for years 2022 and 2021.

MEAN gender pay gap is the difference in the average pay (including salary and bonus) of all women and all men we employ on full salary on the specified dates, regardless of the role they are in.

MEDIAN gender pay gap is the difference between the middle pay rate of all women and men we employ on full salary on the specified dates, regardless of the role they are in.

Understanding our UK gender bonus gap

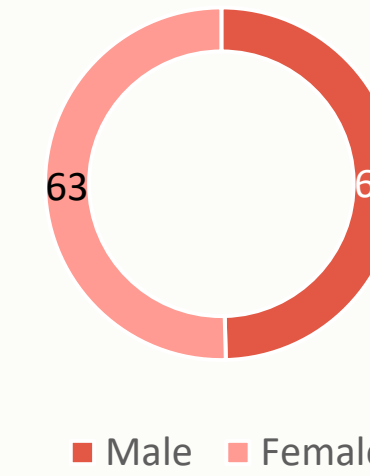
When reviewing our gender bonus gap results, we firstly observe that fewer of our employees (males and females in equal proportion) received bonuses in 2021 than compared to 2022, although the proportion of all male and female employees who received a bonus in 2021 and 2022 is similar (see Figure 3).

We are pleased to see both the mean and median gender bonus gap (see Table 2) have decreased year on year, with mean gender bonus gap falling significantly from 70.2% (2021) to 4.6% (2022) and the median Gender Bonus Gap decreasing from 3.9% (2021) to 0.4% (2022). This is due to a number of factors, including there are more women overall receiving higher bonuses and there is a greater overall representation of female employees in senior roles, who are typically in receipt of the largest bonuses.

When comparing Aesop UK gender bonus gap to the UK Retail Industry benchmark**, the median gender bonus gap is higher than that of Aesop, reported at 21.9%.



Bonus proportions in 2022



Bonus proportions in 2021

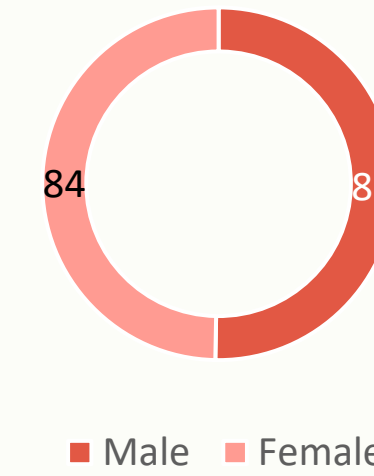


Figure 3. Percentage of Aesop female and male employees receiving bonus in 2022 and 2021.

Gender Bonus Gap	Mean	Median
5 April 2021	70.2%	3.9%
5 April 2022	4.6%	0.4%

Table 2. Mean and median gender bonus gap percentage for years 2022 and 2021.

MEAN gender bonus gap is the difference in the average bonus we pay to all women and men.

MEDIAN gender bonus gap is the difference between the middle bonus rate we pay to all women and men.

** Source: Mercer UK

Global Gender Pay Equity Study at Aesop

Together with our Natura &Co sister brands, Aesop has made a commitment to Equitable Pay and closing the Gender Pay Gap by 2023, as part of our collective Commitment to Life ambition to defend Human Rights and be Human Kind.

In 2020, as a collective we embarked on a programme of work - in partnership with Mercer, a leading HR consulting organisation – which involved conducting ongoing reviews to understand what is driving any inequalities in pay – and enable us to make meaningful changes, without detriment to the flexibility of work and career opportunities offered to women across the organization.

The key measure that we are concerned with is the 'unexplained gap' which reflects the residual pay gap that cannot be explained by legitimate factors and may be due to pay inequities by gender. Our goal is to close the unexplained gap by 2023.

For more details on the calculation methodology and how it differs from the UK gender pay gap methodology, please refer to Appendix 4.

The unexplained pay gap for Aesop globally stands at -0.58% as of October 2022, representing an improvement relative to -1% in 2021. It is important to note that that by standard reporting practices, discrepancies of 1% and below are often not even reported; however, we believe that any gap must be addressed and remedied, and continually reviewed.

	2021	2022
Equitable pay, closing the gender gap by 2023.	-1%	-0.58%

Table 3. Unexplained pay gap in % across Aesop Globally.

In the UK, the findings indicate an unexplained pay gap of -1.80%. This means that there is no evidence of gender-based discrimination and steps are being taken to remediate the pay gaps identified.

We are taking meaningful steps to continue the progress we have made through intentional measures as part of our annual pay review process, we are addressing any identified unexplained pay gaps on an individual basis. We are also putting in place robust measures and processes, such as embedding gender pay equity review in the annual reward cycle and addressing any gaps that cannot be explained by legitimate factors.

It is also important that our approach and strategy continues to take a holistic approach including looking into policies and process impacting rewards (e.g. new hire rates, merit/promotion guidelines, female retention etc), as well as a more consistent and monitored pay equity adjustment process.



APPENDIX SECTION

‘When you learn, teach. When you get, give.’ **Maya Angelou**

Appendix 1: Our commitment to Diversity, Equity & Inclusion

Aesop is dedicated to supporting the communities in which we operate both internally and externally and giving back in meaningful ways that create greater opportunities for historically marginalised and systemically excluded groups. However, it has been overdue that we formalise our approach to improvement in this area, and the events of early 2020—which further exposed the inequities faced by marginalised groups around the world and was amplified by the work of the Black Lives Matter movement—challenged Aesop to look inward and take intentional and focused steps to building a more diverse, inclusive and equitable culture and work environment.

Throughout 2020, we listened deeply and intently to our colleagues to understand their experiences, challenges, barriers and opportunities through global ‘culture conversations’. In 2021, we reflected on what we had learned and began to take action.

Following the decision to establish Diversity, Equity and Inclusion (D, E & I) as one of Aesop’s strategic business priorities, we appointed our first Head of Culture, Diversity and Inclusion and launched a formal D, E & I strategy designed to provide greater vision, structure and clarity to move forward on our journey at Aesop. The strategy focuses on creating a strong foundation that will aid the delivery of collective Natura &Co Commitment ‘to defend Human Rights and be Human-Kind’ goals and ambitions, detailed below:

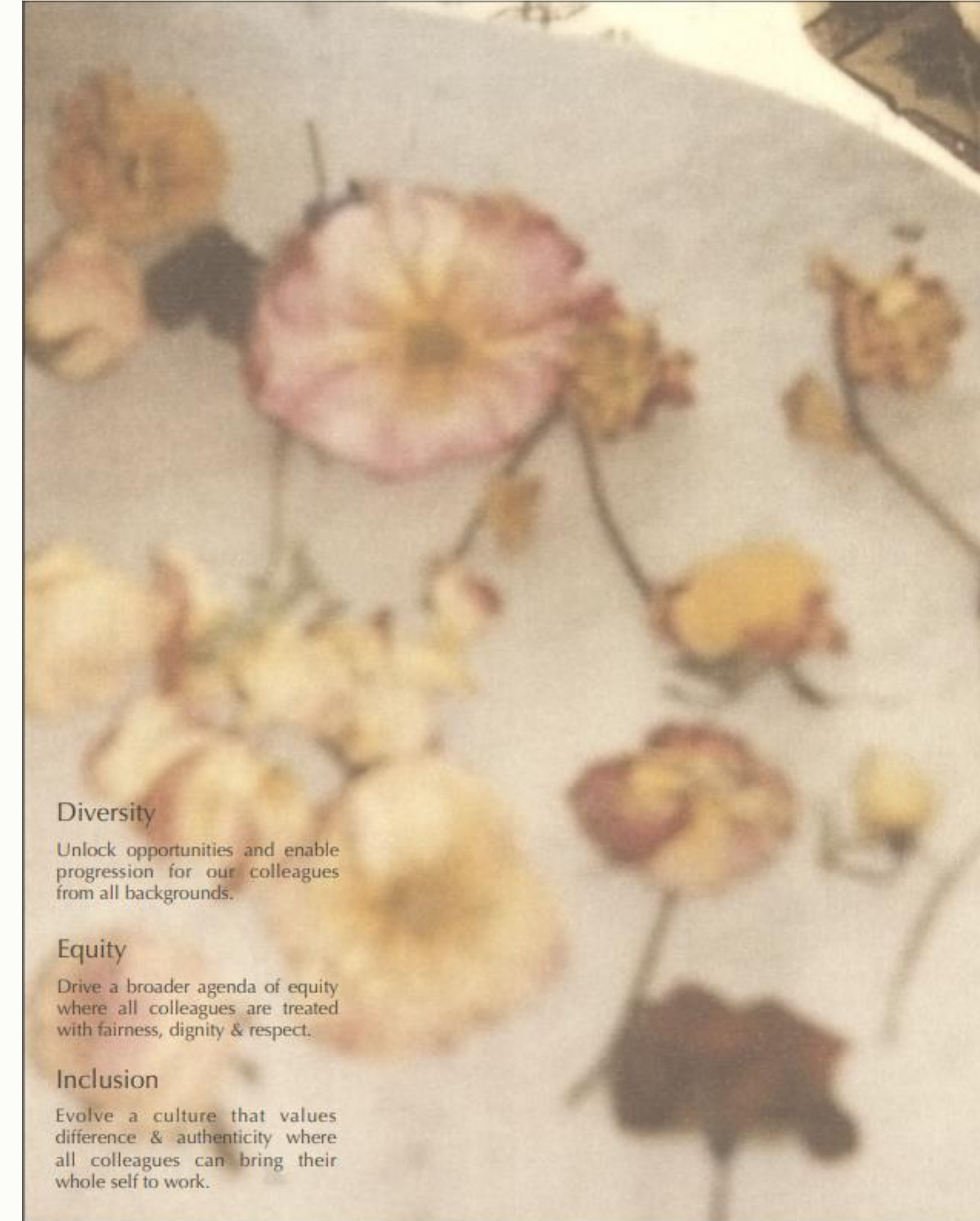
Find out about the Commitment to Life Goals here.

	2021	2022
Gender balance: 50% women on board/senior team by 2023.	40%	46%*
Equitable pay, closing the gender gap by 2023.	-1%	-0.58%
Work towards 30% inclusion, in management, of under-represented groups – racial or ethnic, sexual diversity and gender identity (LGBTQIA+), socio economically disadvantaged, physical or mental disability by 2030.	In 2021, we carried out the relevant market legal due diligence to put foundations in place to enable us to capture our demographic baseline and help us measure the progress against this goal.	Formally launched Aesop’s first ever D, E & I demographic data collection programme, important first step towards understanding our baseline of where we are at today in relation to our Commitment to Life goals and as a means to measure our progress against the targets set
Living wage (or above) for all by 2023.	1A – 98%	1A – 98%

Throughout 2022 we remained focused on making progress towards our Commitment to Life Goals – including creating and fostering a more equitable, inclusive and safe environment for our colleagues at Aesop.

Representation of women at leadership level

We have made intentional progress towards achieving our goal of 50% representation of women at Board and Senior leadership level. The breakdown of our gender representation data indicates that overall, we have a higher number of women than men at board and senior leadership – based on those who have disclosed their gender. As a majority female organisation, we want to do more to achieve 50% by the end of 2023 and maintain this level going forward.*



Diversity

Unlock opportunities and enable progression for our colleagues from all backgrounds.

Equity

Drive a broader agenda of equity where all colleagues are treated with fairness, dignity & respect.

Inclusion

Evolve a culture that values difference & authenticity where all colleagues can bring their whole self to work.

Our Diversity, Equity & Inclusion strategy

Our D, E & I strategy is centred on four core areas enabling our transformation journey, from the top down and bottom up



Building a **diverse workforce** that allows all colleagues to develop to their full potential.

Establishing strong foundations to inclusive Talent Management—the way we hire, develop and nurture talent at Aesop—is an important step on our D, E & I journey. The launch of our Inclusive Hiring Principles plays an important role in promoting inclusive mindsets, instilling objectivity and de-biasing our practices in how we hire talent at Aesop.

To support all colleagues with their understanding, awareness and embedding of D,E & I into our culture, we designed a global D, E & I learning and development programme, which saw over 1,400 Aesop colleagues participating in a series immersive learning opportunities centred on our global learning priorities of inclusion, psychological safety, unconscious bias and inclusive customer experiences.

With the introduction of the Aesop Inclusion Capability, embedding inclusive behaviours in the way we show up with each other, our performance management frameworks, our customers, and as leaders and people managers is a key priority to ensure inclusion is at the core of our culture, as well as our performance and reward decisions.



Creating a **safe and inclusive workplace** where colleagues are empowered and feel like they belong.

Aesop's Employee Resource Group (ERG) programme has helped strengthen inclusion and belonging at Aesop through fostering safe spaces for colleagues with shared lived experiences, support historically and systemically excluded communities, acknowledge and celebrate key cultural and religious moments in the year and drive awareness and improvement about important issues and topics.

Recognising the important role that Aesop's leaders play as cultural stewards, inclusion role models and ambassadors, over 80 leaders across the organisation took part in immersive psychological safety, intercultural and inclusive leadership coaching sessions.

Our Diversity, Equity & Inclusion strategy

Our D, E & I strategy is centred on four core areas enabling our transformation journey, from the top down and bottom up



Gathering insights to **understand the experiences** of our people and how we need to transform.

We recognise that listening to our colleagues—whether that’s through our D, E & I culture conversations, focus group discussions or twice-yearly engagement surveys—is critical to driving inclusion innovation, understanding the barriers to overcome and opportunities to explore.

Colleague sentiment gathered in our Employee Engagement surveys has highlighted improved experiences in Inclusion and Belonging, with notable increases when it comes to experiences of Inclusion (Diverse perspectives are valued), Speak My Mind (I am free to speak my mind without fear of negative consequences) and Belonging.

Formally launched Aesop’s first ever D, E & I demographic data collection programme, important first step towards understanding our baseline of where we are at today in relation to our Commitment to Life goals and as a means to measure our progress against the targets set.



Demonstrating that **Diversity, Equity and Inclusion** is at the core of how we show up with our customers, communities and the marketplace.

As part of our commitment to creating more inclusive experiences for Aesop’s diverse customers, a dedicated learning experience was designed for retail colleagues around the world focused on creating inclusive experiences for customers with diverse needs who enter our spaces.

In the UK, we are proud to build our partnership with Beam, a social enterprise who support those who have fallen victim to homelessness to secure housing and career opportunities. Following the success of the Global DE&I and EU HR trial partnership, we have recruited four Beam service-users into Store positions in London and plan to further support Beam’s service users with CV writing and interview skills through mentoring.

We are also in partnership with Ingeus, who offer employment and career support services in the UK for local communities and those who need support getting back into work and support many people who have struggled to gain meaningful employment following Covid illness or redundancy.

Appendix 2: Creating an equitable work environment through our practices, policies and processes

We have introduced a number of policies, practices and initiatives to ensure that we are creating a truly inclusive culture and work environment and challenging ourselves to find new ways to create a more equitable and inclusive future for everyone at Aesop.

The Aesop Women Employee Resource Group (ERG)

As a community of women and allies, the Aesop Women ERG continues to lead activities, initiatives, programmes and policies to cultivate an environment that supports and encourages women to advance their skills, personal growth and leadership potential through connection, mentorship, collaboration and conversation.

Aesop's Menopause Policy

Led by the Aesop Women ERG, in 2022 Aesop introduced the new Menopause Policy, to ensure that our work environment is as supportive and understanding as possible for those going through a transition that affects half of the global population. We hope to improve the wellbeing for anyone experiencing symptoms of menopause, as well as anyone supporting a family member or partner, through a variety of measures available to all colleagues. The policy also serves as an educational tool for everyone to better understand this natural, but little discussed, process of aging.

Enhancing our Parental Leave policy

Building on our existing Global Parental Leave Policy, we have spent the last year developing an enhanced policy that is better supporting anyone at Aesop who has a new addition to their family through maternity, paternity or adoption. The new policy is also inclusive of everyone regardless of their gender and provides 6 months paid leave for the main parent from day one of employment at Aesop.

Inclusive hiring principles

Through the implementation of Aesop's Inclusive Hiring Principles, we are ensuring that we are hiring talent inclusively and protecting the recruitment process from bias at all stages for every open role as an important step to work towards our Commitment to Life goals. Continuing to embed this way of working for all job openings at Aesop and diversifying our talent sources also gives us the opportunity to identify opportunities for increased diversity and intersectional representation of women across our business.

Talent development

We have made intentional progress towards achieving our goal of 50% representation of women at Board and Senior leadership level, we want to do more to achieve 50% by the end of 2023 and maintain this. Through targeted programmes and initiatives, we are continuing to evolve a culture where women are supported to build their career at Aesop whatever their circumstances, including a Returnship programme for mothers in the Asia and Europe region, identifying career development opportunities through our objective, robust talent review, mapping, and succession planning processes and mobility policies, as well as the introduction of the new Inclusion capability to ensure inclusion is at the core of our performance and reward decisions.



Appendix 3: Engaging through conversation and celebration

The Sounds of Sisterhood campaign

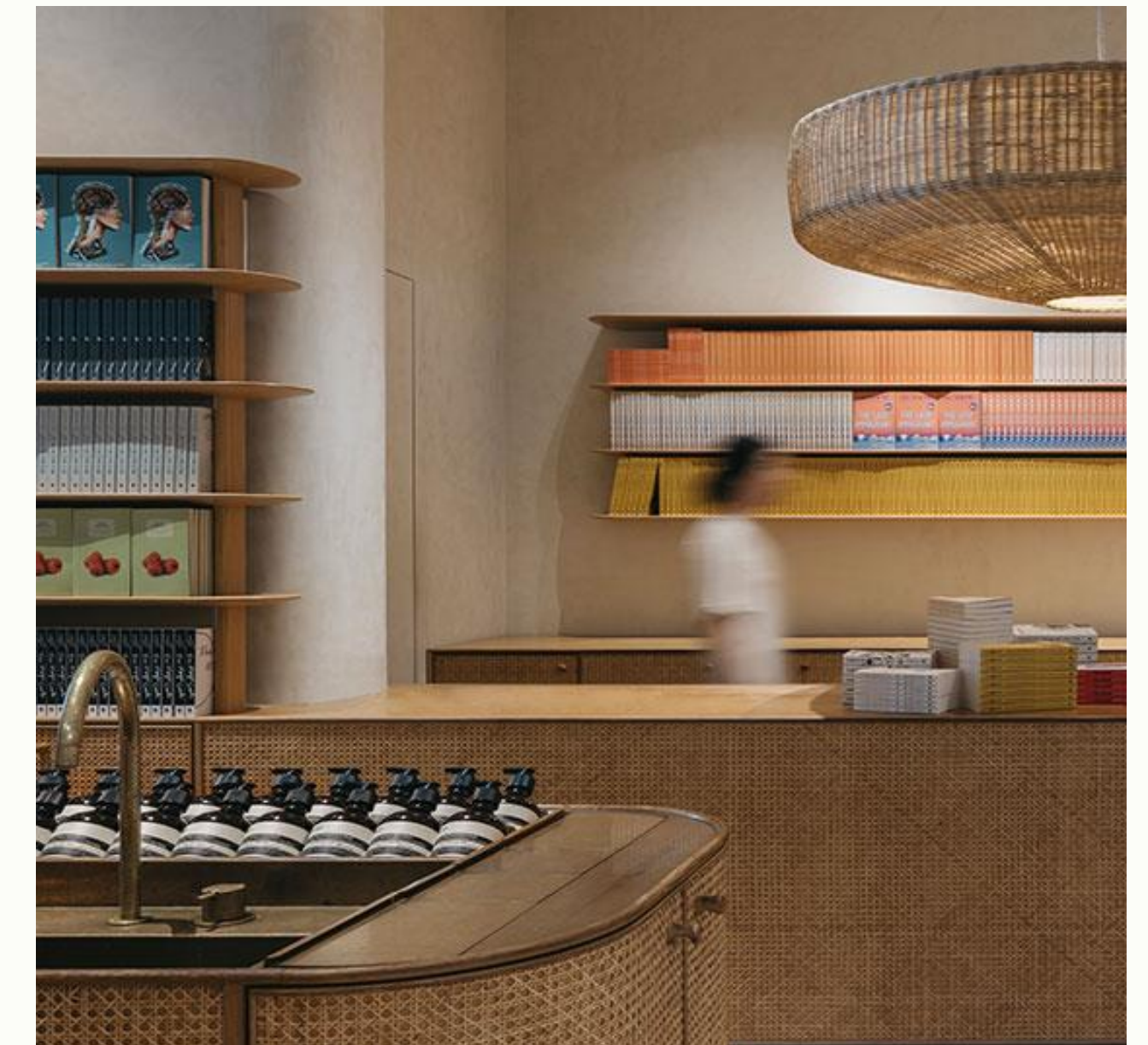
In the lead-up to International Women’s Day 2022, we put out a call for people who identify as women to record their own voices speaking to the theme of ‘strength in sisterhood’. The wish was to capture a broad array of stories, impressions and ideas from women across generations and geographies, and combine them into a single work—a medley of meditations on sisterhood.

The response from contributors has been crafted into an ensemble piece by London-based broadcaster, writer and DJ Zakia Sewell, who produces and presents radio documentaries for BBC Radio 3&4, Tate, Resident Advisor and Boiler Room, and hosts *The NTS Breakfast Show*. A kaleidoscope of first-hand musings, the full piece—which can be heard [here](#)—is a veritable collage of women’s voices; an artwork to be listened to, and learned from, on International Women’s Day.

The Aesop Women’s Library

Following International Women’s Day in 2022, we continued to elevate women’s voices and stories and in this spirit, and to foster strength and solidarity among all women, we presented our inaugural Women’s Library, arriving in two Singapore signature stores in April 2022. The occasion was soundtracked by an audio collage, which is broadcast in the two signature stores and available to listen to online. An extension of Aesop’s global [Sounds of sisterhood](#) initiative—a soundscape created to coincide with International Women’s Day, featuring recorded messages from colleagues and collaborators—the mix will bring together the voices of Asian women and allies, sharing stories of affection, wisdom and the multifaceted nature of womanhood.

In celebration of International Women’s Day in 2023, the Aesop Women’s Library was installed at our Dongping Road store in Shanghai where customers were once again invited to stop by and pick a complimentary book from the shelves, no purchase required.



Appendix 4: Understanding gender pay calculation methodologies

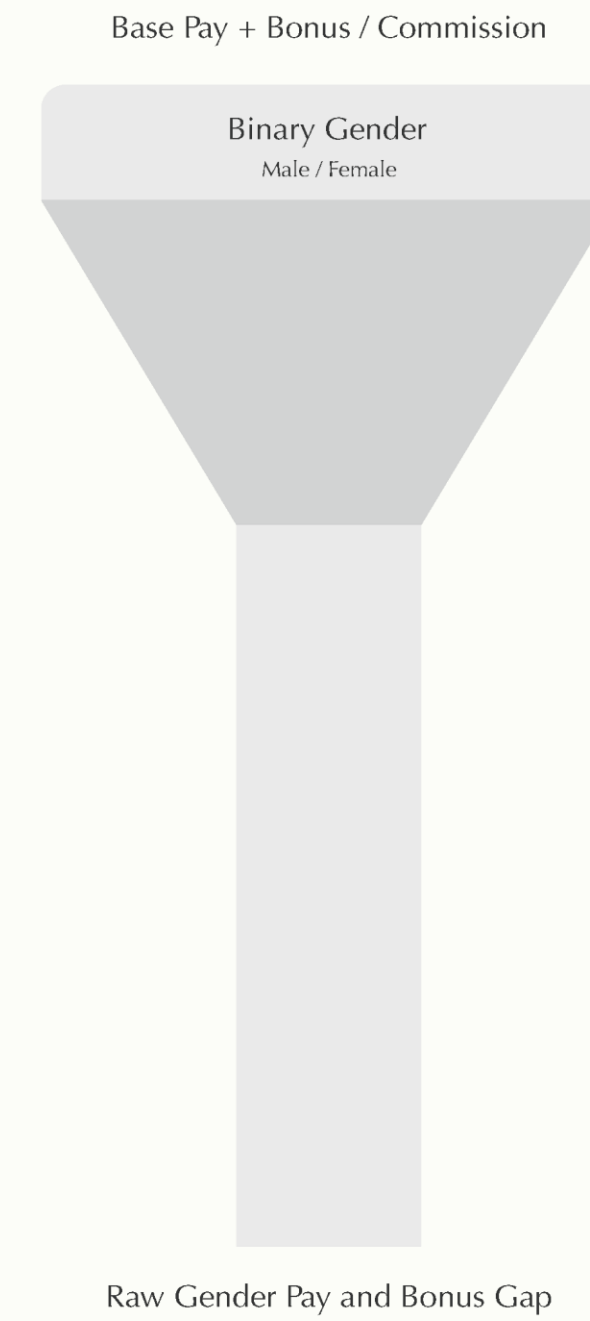
To illustrate the difference in the methodology used by the gender pay gap UK report and gender pay equity study that Aesop undertakes globally, please see Figure 1.

The UK Gender Pay Gap reporting was introduced in 2017 by the UK government, with the gender pay gap defined as a difference between male and female earnings (regardless of role they are in) expressed as a percentage of the male earnings. This methodology looks at all pay, including bonus across an entire organisation, including all roles, and then calculates mean (average) and median gender pay and bonus gap. You can see the Aesop results on slides 4 and 5.

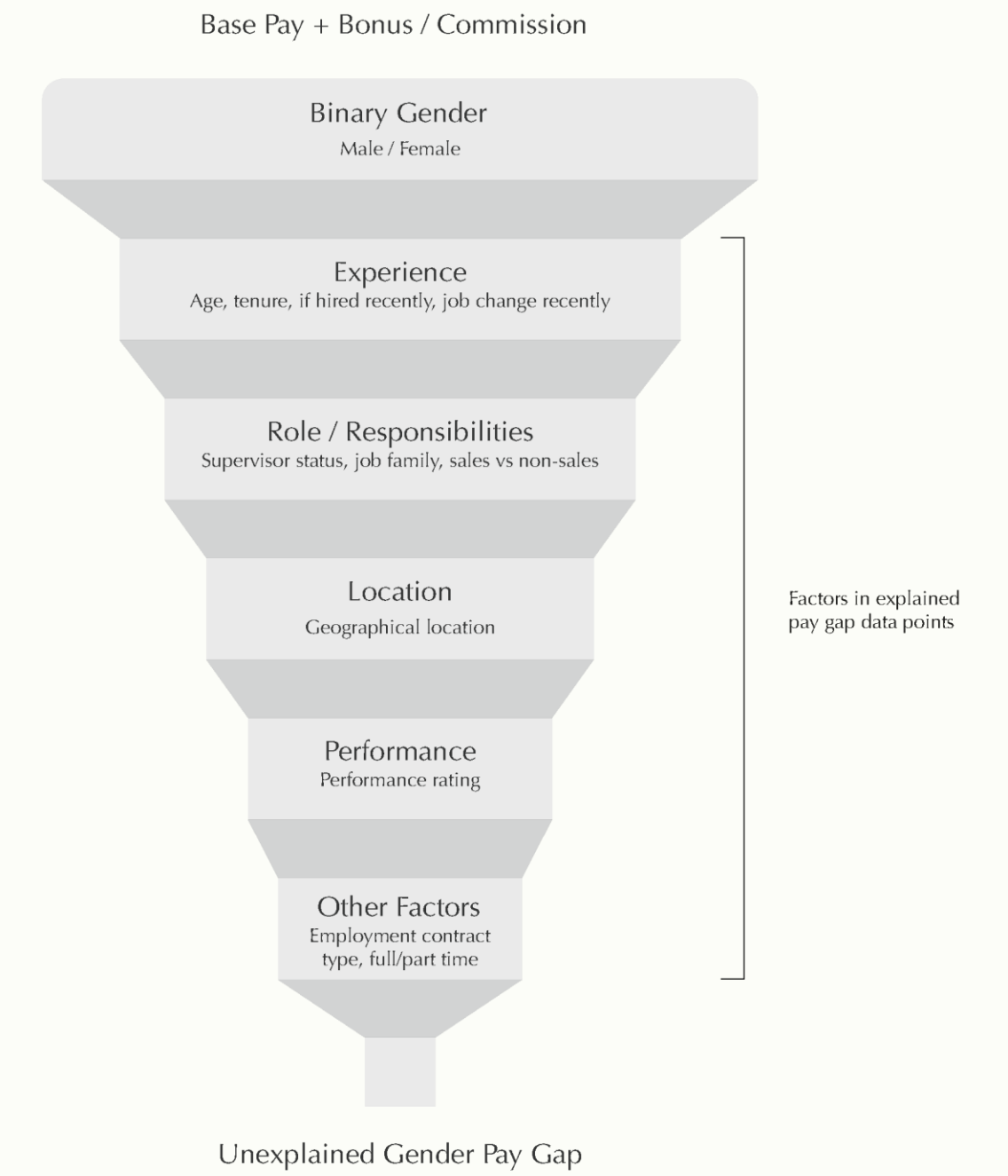
The Mercer Global Gender Pay Equity Study, conducted by Aesop together with our Natura &Co sister brands, uses an enhanced statistical methodology, conducting ongoing reviews to understand what is driving any inequalities in pay regardless of gender (whether for males or females) after accounting for the influence of factors such as experience, role/responsibilities, performance, location (country/city) and others (type of contract etc.) You can see the Aesop results on slide 6.

It is important to note that while both methodologies look at gender in the binary sense as recorded at birth, we recognise that gender is not a binary category, however for now we report our gender pay gaps in terms of women and men...

UK Gender Pay Gap Methodology



Mercer Global Gender Pay Equity Methodology





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