

LIBERTY SPECIALTY  
MARKETS LIMITED  
GENDER PAY GAP REPORT

2020



## Key data

2020 Mean Hourly Pay Gap **32%**

2019 Mean Hourly Pay Gap **37.2%**

% Change in Mean Hourly Pay Gap **-5.2%**

# Inclusion for Mutual Advantage

We are committed to continue reducing our gender pay gap and driving a culture in which all colleagues can be themselves and thrive. By building a diverse workforce and vibrant culture of inclusion, we create a stronger, high-performing company. Through the measures we've put in place in recent years, we're starting to see meaningful, sustainable change.

We are pleased to have seen a marked decrease across all measures of our gender pay gap. This was predominately driven by the number of female hires and promotions at mid to senior level, with women representing 25% of the upper quartile (up from 21% last year) and 41% of the upper mid quartile (up from 36%).

While our numbers demonstrate a step change in the right direction, we still have a gender pay gap, due to a higher proportion of men than women in senior roles. This situation is not uncommon across the UK financial services sector, and one we're all striving to address.

We have made great progress against all the commitments we made in 2019 and this in turn has helped us achieve a decrease of 5.2% in our mean hourly gender pay rate. We know that long-term, sustainable change takes time, but are positive that the six new commitments we have set ourselves will help drive a more diverse and equitable working environment.

The board remains committed to creating an inclusive environment that will reduce the gender pay gap further in the coming years. Acting as a responsible business is a cornerstone of our strategy and an inclusive environment is a key part of being a responsible business.

We confirm that the data contained within this report is accurate and meets the Gender Pay Gap Reporting regulations

**Matthew Moore** Managing Director and President

**Seema Vadera** Group Head of HR

## About the Gender Pay Gap

The gender pay gap represents the difference between the average hourly pay of male and female employees as at the reporting snapshot date (i.e. 5 April 2020).

The gender pay gap is different from equal pay, which is the legal requirement to pay men and women equally for doing the same work, or work of equal value. We are confident we do not have an issue with equal pay.

The bonus gap is the difference in performance-related pay of all men and all women in an organisation in the twelve month period leading up to the snapshot date.

The difference between the proportion of male and female employees in receipt of a bonus is down to the dates on which employees join or leave the business. We expect this to vary year-on-year depending on such patterns.

Our gender pay gap data are compiled in accordance with government guidelines.

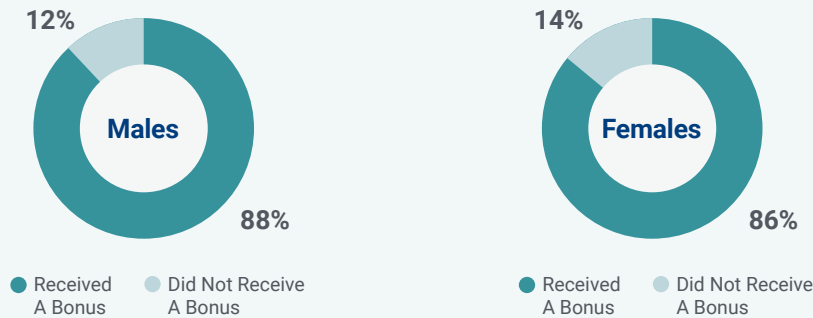


# 2020 Reported Gender Pay Gap Results

## Year on Year Comparison

Data Points	2019 Gap	2020 Gap	% Change
Mean Hourly Gender Pay	37.2%	32.0%	-5.2%
Median Hourly Gender Pay	30.1%	23.7%	-6.4%
Mean Bonus Pay Gap	69.2%	63.4%	-5.8%
Median Bonus Pay Gap	39.1%	36.8%	-2.3%

## Proportion of males and females receiving a bonus payment



## Proportion of males and females in each pay quartile

	Upper Quartile	Upper Mid Quartile	Lower Mid Quartile	Lower Quartile
Female	25%	41%	46%	50%
Male	75%	59%	54%	50%
Female 2019	21%	36%	48%	49%
Male 2019	79%	64%	52%	51%
Change in Female %	+4%	+5%	-2%	+1%

## Gender Pay Gap Drivers

There are three key drivers of our gender pay gap and for the decrease across all measures in 2020:

- The reduction in the hourly pay gap was predominately driven by a number of female hires and promotions at mid to senior management level. This is evident in the quartile data with females representing 25% of the upper quartile (up from 21% last year) and 41% of the upper mid quartile (up from 36%).
- The reduction in the bonus pay gap was influenced by senior executives receiving less in variable pay compared to 2019. As that population is predominately male, this had a significant impact on the mean bonus gap, driving a reduction of 5.8% from 2019.
- Whilst progress has been made in 2020 towards closing the gender pay gap, the most significant driver of the gap remains the relative under-representation of women in senior leadership roles.

We are confident that the strategies we have introduced (see pages 5 - 8) will make a positive different to continuing to reduce our gender pay gapover the long term.

# Our Progress on our 2020 commitments

In our last report, we made eight commitments for 2020. We've tracked progress as follows:

- We continued to enhance **our family friendly policies**. We are proud of the inclusive policies we have in place to support everyone be their unique self at work. We added a 'Family friendly' section to our website, focusing on our family friendly and career development policies.
- We adapted our inclusive development programme; **Diversity, Equity, and Inclusion (DEI) Global Fundamentals** to a virtual offering and began the roll out of the programme which will continue throughout 2021. This programme is mandatory for all people managers.
- We have included further metrics and analysis in our diversity **management information dashboards** during 2020. This supports our leadership team to understand the most effective way to move our DEI strategy forward.
- We continued to achieve a 50:50 gender split across our **early careers and talent programmes**.
- We continued to grow our **Gender Matters network** through offering a calendar of virtual engagement activities and events. We have seen higher levels of participation during 2020 compared to the previous year.
- We adapted due to Covid-19 to offer virtual **Springboard** connector sessions, our woman's personal development programme for individual contributors across all teams. Circa 50 women across LSM in the UK are taking part. Springboard is one of our **development programmes** in order to strengthen the pipeline of future female leaders.
- We partnered with the **Everywoman in Insurance Forum**, with over 100 women and men from LSM signing up to take part. The forum brings together a wealth of female and male insurance professionals from across the globe who are committed to providing expertise, training and insight to help attract, develop and retain more women in the industry.
- Our leadership team has **continued to review our progress and consult with colleagues** on gender pay and DEI more broadly.
- In addition to our original commitments, we launched a new **DEI Toolkit for Managers**, designed to share some practical ideas to support our managers in creating an inclusive culture.

# Our Progress on our 2020 commitments continued

We have undertaken a number of further initiatives that support these commitments designed to support adapting to work during Covid-19:

## Why initiatives that support adapting to work during Covid-19 are critical to discuss in the context of gender pay gap

- In 2020 McKinsey reported that “Women are more vulnerable to COVID-19 related economic effects because of existing gender inequalities” Research by Deloitte showed that nearly 70% of women who experienced disruptions by the pandemic are concerned their career growth may be limited by a result. The all-party parliamentary group for women and work highlights how the pandemic has exacerbated existing inequalities and had a disproportionate impact on women.

## Support initiatives during Covid-19

Determined to support all employees with their wellbeing and ensure that women were not disadvantaged in their careers at LSM as a result of the pandemic, we offered a wealth of additional support for all colleagues at LSM:

- We continued to embed the need for self-care and wellbeing in communications from our senior leaders, with an emphasis on supporting working parents with childcare, home-schooling, eldercare and all other caring responsibilities.

- We increased the emergency childcare provision from 10 sessions to 20 sessions, and offered everyone up to five extra days’ paid leave for Covid-19 related reasons.
- We introduced an additional lockdown-fund which could be used for practical support such as online tutoring to support parents with homeschooling, educational resources, and food box subscriptions.
- We changed our gym subsidiary to a wellbeing fund which can now be used for a broader range of activities from gym memberships, exercise classes, meditation app subscriptions, to holistic spa and self-care treatments.
- We now regularly arrange parental coaching sessions for our people to book 1:1 sessions with an external coach. Feedback has been very positive and more sessions will be organised in 2021.
- In recognition of Covid-related disruption in 2020, we heavily reinforced the need for objectives to be up-to-date so that individual performance can be appraised accurately and fairly at year-end.

These measures have been extremely well-received, with 92% of respondents to our Employee Opinion Survey saying they are satisfied with the flexibility of work arrangements at LSM.

# Our Progress on our 2020 commitments continued

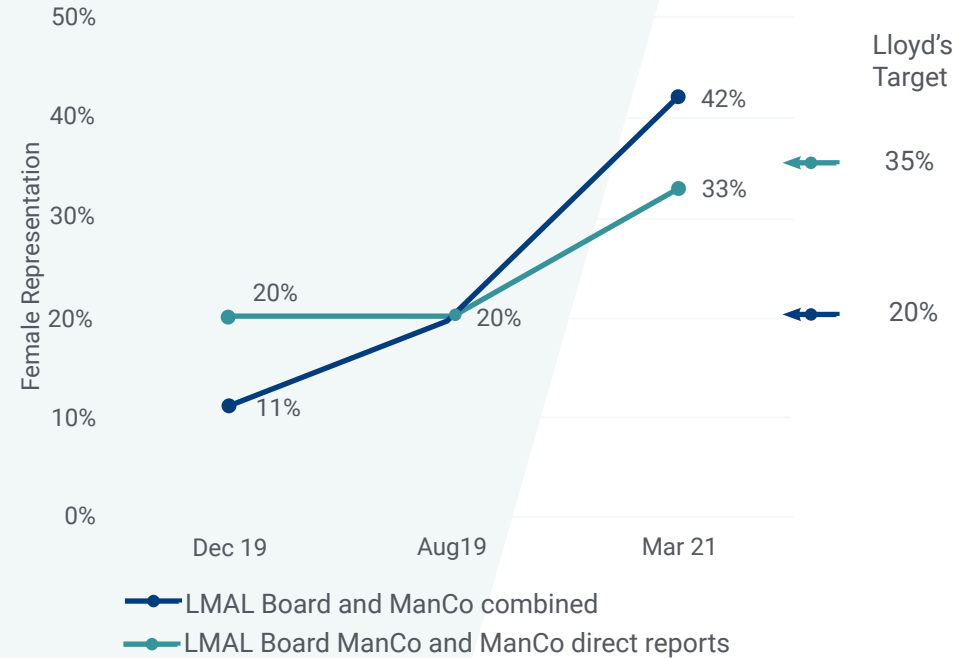
## Lloyd's Female Representation Targets

We are also tracking female representation in leadership positions. Lloyd's has set the following female leadership targets to be reached across the market by the end of 2023:

1. 20% - Boards and Executive Committees combined
2. 35% - Board, Executive Committees, Executive Committee Direct Reports

When considering the LMAL Board and the Management Committee, we have already exceeded target 1 with 42% female representation, and we are very close with 33% female representation for target 2. Both figures have improved from 20%, less than a year ago.

Female Representation - LMAL Board, ManCo & ManCo Direct Reports



## Our six new commitments for 2021

1. We will continue to roll out **Diversity, Equity, and Inclusion (DEI) Global Fundamentals** to all people managers. Followed by Leading at Liberty for all people managers; a management development programme designed with inclusive behaviours at the core.
2. We will roll out an e-learning module based on the management programme **Diversity, Equity, and Inclusion (DEI) Global Fundamentals** for all individual contributors. This programme will form part of our mandatory training curriculum.
3. Continue to deliver virtual **Springboard** connector sessions, our woman's personal development programme for individual contributors across all teams. Opening the programme to more women in 2021. Springboard is one of our **development programmes** in order to strengthen the pipeline of future female talent.
4. Continue to grow our **Gender Matters network** through offering calendar of virtual engagement activities and events, including a 30-day call-to-action challenge.
5. All LSM managers will be assigned a **mandatory objective** for 2021 designed to drive inclusive leadership. All Exec members have committed to a personal DEI objective to role model and address specific challenges within their functions, many choosing to focus on increasing representation of woman in leadership roles.
6. We will launch a new **Maternity, Paternity, Adoption and Parental Leave toolkit** to support colleagues before, during, and after these extended periods of leave. This will highlight some of the things we already offer, along with new initiatives we will introduce.