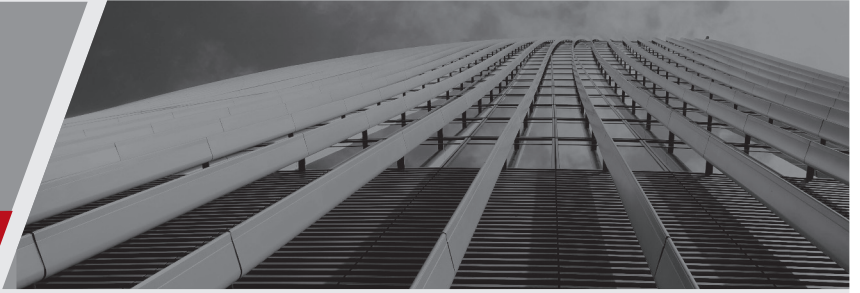




Gender Pay Gap Report



People are the cornerstone of our business and the key to our success. That is why attracting, retaining and developing top talent remains at the centre of our company values and corporate goals.

Ensuring we have a talented, motivated workforce is critical to our success and that is why we welcome the introduction of the gender pay gap report and what it sets out to achieve. Transparency makes change happen and this gives us an opportunity to understand the challenges we face and enables us to accelerate the pace of change. As an organisation we now have a better understanding of what we need to do and by when.

We are committed to developing a culture of inclusion and fairness overall where everyone can fulfill their potential. What the report shows us is our need to eliminate barriers for people to fulfill their potential whilst creating more opportunities for women to progress to bigger and broader roles.

We are personally disappointed with the results of our Gender Pay Gap report but we are committed to reducing the gap.

In addition to the family friendly and flexible working policies and procedures we already have in place that support a more gender diverse and inclusive workforce, these are the commitments we have made today to ensure we move forward at pace:

- **Appointed an Executive Sponsor, Phil Hamer, as acting Head of HR, who will be responsible and accountable for diversity and inclusion**
- **Agreed to sign up to the Women in Finance Charter**
- **Committed to achieving 30% women in our leadership team, those with officer titles, by 2019, vs 21% today**

We will review our progress every six months and will provide an update to all employees of the progress we are making. Going forward we will also include and analyse data from all CNA Hardy offices. To be sure of success we need to focus on developing a culture of inclusion and fairness across the organisation, not just in the UK.



Dave Brosnan
CEO



Phil Hamer
General Counsel

Declaration

We confirm that the information and data provided is accurate and in line with mandatory requirements.

What is the Gender Pay Gap?

The gender pay gap is a measure of the difference in the average pay between men and women across our UK workforce and should not be confused with equal pay.

CNA Hardy is committed to addressing the gender pay gap.

What is CNA Hardy's Remuneration Policy?

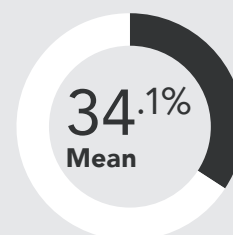
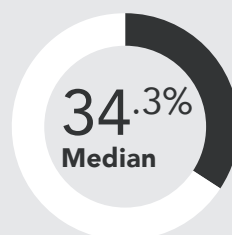
The Company's remuneration policy addresses the business philosophy and takes account of regulatory guidelines by ensuring that the overall remuneration package:

- is fair, competitive, transparent, and appropriate for the market in which we operate to attract, retain, and motivate the workforce
- is affordable and sustainable and supports the delivery of the Company's corporate and strategic goals, incorporating sound risk management controls to align with our risk appetite
- provides a demonstrated link between pay, and company and individual performance
- reflects an appropriate balance between fixed and variable pay and short term and long term incentives
- does not, as an unintended consequence, encourage or reward inappropriate risk-taking by executive directors or employees
- comprises basic salary, pension, benefits, a discretionary Annual Incentive Plan and, at certain levels a Long Term Incentive Plan
- is applied to individuals on a basis which reflects the role they perform, the skills or expertise required to perform that role and comparable market pay levels for that role where possible
- a consistent approach is adopted for executive directors' reward as compared to that for other employees

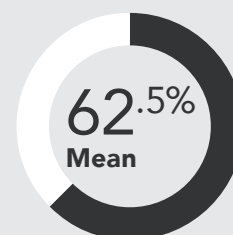
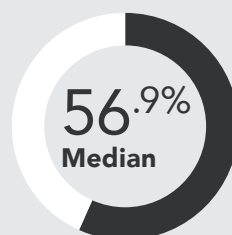
What is our gender pay gap at CNA Hardy?

Our Gap

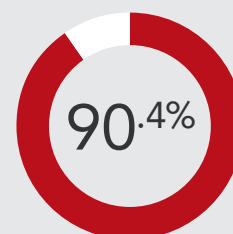
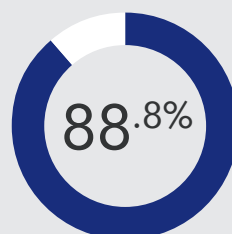
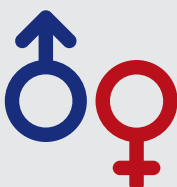
Gender Pay Gap¹



Bonus Gap²



Bonus Received



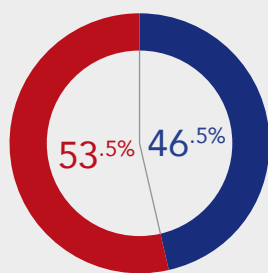
¹ The **median** gender pay gap shows the difference in the midpoints of the ranges of hourly rates of pay for men and women by ordering individual rates of pay from highest to lowest and comparing the middle value.

The **mean** gender pay gap is the difference in average hourly rates that male and female employees receive.

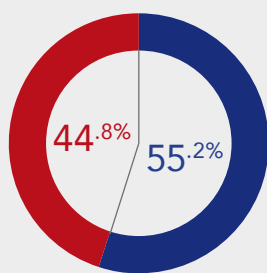
² The **median** gender bonus gap shows the difference in the midpoints of the ranges of bonus pay received by men and women.

The **mean** gender bonus gap is the difference in average bonus pay received by men and women.

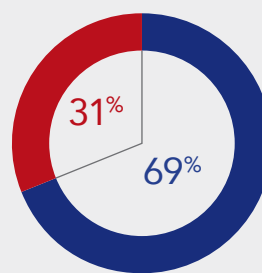
Proportion of males and females by pay quartile – showing the gender distribution across each pay quartile lowest to highest paid.



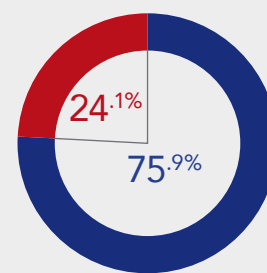
Lower Quartile (lowest paid)



Lower Mid Quartile



Upper Mid Quartile



Upper Quartile (highest paid)

Why do we have a gap?

Our median pay gap is 34.3% and the primary reasons for our gap are:

1. We have fewer women in senior and executive roles, which is generally consistent with employee demographics of the Financial Services sector
2. We have a higher proportion of women in our more junior roles
3. We have a higher proportion of women working part-time hours



Our median bonus gap for employees across these businesses is +56.9%.

This gap of +56.9% is driven by two factors:

1. A larger proportion of men (than women) are in our underwriting roles, which typically attract higher levels of annual incentives in line with market forces. 68% of our Underwriting roles are held by men
2. A larger proportion of men are in senior leadership and Executive roles, which attract higher bonus targets and qualify for annual long-term incentives



34.3%

Is our median
Pay gap

56.9%

Is our median
Bonus gap

68%

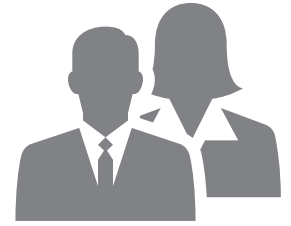
Of our underwriters
are **Male**

Legislative Requirements

- Companies with more than 250 employees in the UK are required to report on the following metrics:
 - Mean and Median gender pay gap
 - Mean and Median gender bonus gap
 - Proportion of males and females receiving a bonus
 - Proportion of males and females by quartile band
- We reported on 347 employees, which was our UK employee population as at April 2017 split by 38.3% female, 61.7% male

Closing the gap

CNA Hardy is committed to closing the gender pay gap. To achieve this we will continue to deliver current and new initiatives to improve how we attract, engage and develop women, as well as minority groups. We will initially focus on three areas which we think will have impact across the business.



Workplace flexibility & family friendly policies

Sharing responsibility – We encourage our employees to take advantage of our shared parental Family Friendly policies that will allow them to share in the caring responsibilities for their families

Flexible working – CNA's 'Works for me' programme will be launched in Q3. This will combine informal and formal flexible work arrangements and builds on our existing Flexible Working policy. We are committed to expanding our flexible working options, these include part-time working, working from home and longer term agile working arrangements

Maternity benefits – We offer support to women before, during and after maternity leave to retain talent; this includes enhanced maternity benefits and flexible working options



Reward

Fair pay for all – We have a formal grading structure and ensure that our employees are paid at the correct market rate for the role they perform. In addition we undertake an annual benchmarking survey to ensure we maintain internal equity and a market competitive position. We have a performance related compensation process and we will make the link between performance and pay more transparent



Recruitment and Talent Management

Recruitment – We are committed to ensuring all job descriptions and adverts are gender neutral and attract candidates from diverse backgrounds by using appropriate language. Job descriptions will state that we will consider flexible working arrangements where possible

All vacancies will be advertised internally and leaders will be required to present a diverse candidate slate where possible. Throughout 2018 and early 2019 all Leaders will go through interview skills training around diversity and unconscious bias to ensure that decisions are made based on objective criteria

Succession planning – Succession planning will commence Q4 for all Leadership roles. By the end of 2019 we will have a diverse succession pipeline in place for all officer level roles and are committed to achieving 30% women on the leadership team by 2019

Leadership development – Through development conversations, we will identify future female leaders and work with them to provide structured development plans to ensure we have a higher number of women in senior roles

Insurance Supper Club (ISC) – We have joined the Insurance Supper Club. The ISC is a forum designed to provide networking, support and development opportunities for mid-senior level women. We will continue to explore other networks for our female population

Our commitment to Diversity & Inclusion

Diversity & Inclusion Committee

In 2017 a D&I Group was formed to champion Diversity & Inclusion activities across the company. In Q2 a separate note will follow from the D&I committee outlining their roadmap.

We continue to sponsor the Dive In Festival and the IICF.

Diversity training

Across 2018 we will be rolling out online Diversity & Inclusion training to raise awareness amongst all employees of the benefits of a diverse workforce.