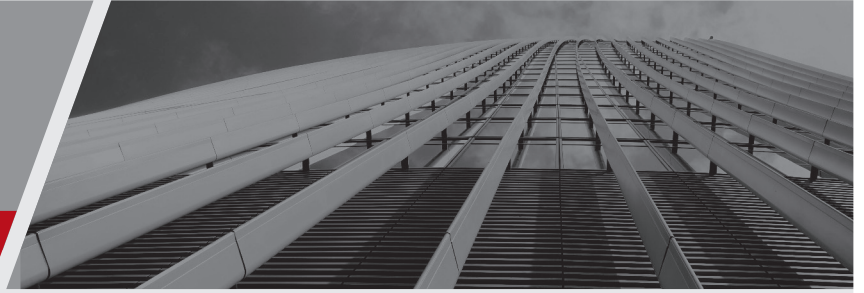




## Gender Pay Gap Report



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.

Last year we welcomed the introduction of the gender pay gap report and what it sets out to achieve. Publishing this information encourages businesses to take gender equality seriously and transparency makes change happen. It gives us the opportunity to better understand the challenges we face and enables us to accelerate the pace of change within our organisation.

To achieve our goal of a genuinely inclusive and diverse workforce we have to work together over the long term to remove barriers that exist within our culture and the way we do business. We all know it is the right thing to do, because companies that reflect their customer base are better placed to develop innovative products and services, are more attractive to potential employees and well positioned to maximise the potential of their people. However, as you know, this sort of change takes time and commitment from all of us.

This document provides a detailed update on what we have been doing this past year to advance this agenda and meet the objectives we laid out.

Overall, we are pleased to report that our gender pay gap has gone down 6.6% as a direct result of the initiatives we have put in place. In addition, our leadership team, those with officer titles, is now 24% vs 21% last year. Whilst disappointed not to have met the 30% target we set ourselves last year we are making good progress.

We will continue to review and share our progress every 6 months. We remain committed to our promise to analyse data from all our CNA Hardy offices – not just those with a legal requirement - to encourage a culture of fairness and inclusion across the business. This work has started and now forms part of a wider project looking at job architecture and will be advanced this year.

We are moving in the right direction and are pleased with the results. We remain ambitious as a leadership team to continue to improve our gender pay gap and are committed to making this happen faster.



**Dave Brosnan**  
CEO



**Lisa Skeels**  
Head of HR

### 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.

### 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

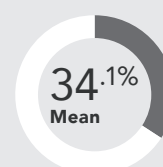
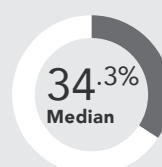
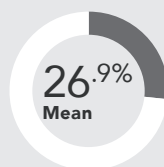
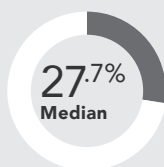
### What is the gender pay gap at CNA Hardy?

### Our Gap

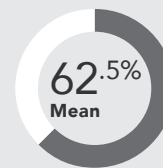
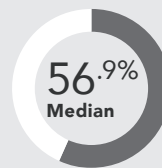
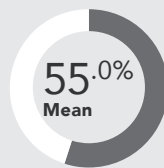
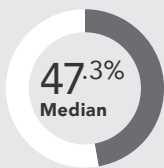
2019 (for 2018 Year)

2018 (for 2017 Year)

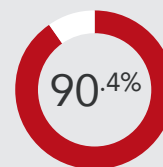
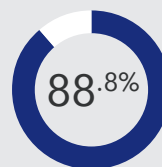
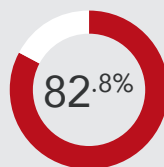
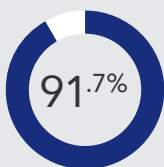
#### Gender Pay Gap<sup>1</sup>



#### Bonus Gap<sup>2</sup>



#### Bonus Received



<sup>1</sup> 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.

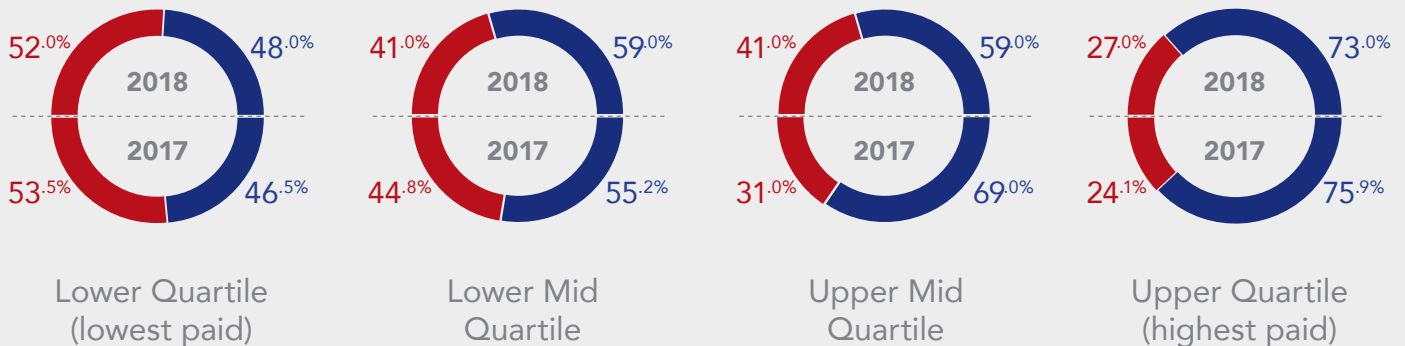
The **mean** gender pay gap is the difference in average hourly rates that male and female employees receive.

<sup>2</sup> 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.

♀ Female ♂ Male



## Why do we have a gap?

Our median pay gap is 27.7% 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 +47.3%.

This gap of +47.3% 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. 64% 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



Our median Pay gap is **27.7%**

**6.6%**  
improvement on 2017

Our median Bonus gap is **47.3%**

**9.6%**  
improvement on 2017

## 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 393 employees, which was our UK employee population as at April 2018 split by 41.5% female, 58.5% male



### Workplace Flexibility & Family Friendly Policies

**Sharing Responsibility** We continue to 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** We launched Works 4 Me, our flexible working programme. This combines 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

In addition, we rolled out enhanced policies to support agile working practices and additional guidelines to support informal agile working such as working from home. We continue to track all requests to measure impact and inform us of any policy updates required

Training to assist managers and employees in working and managing remotely is scheduled for mid-2019.



### 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

During the 2018 reward cycle we increased transparency by publishing all AIB & merit guidelines, ensuring reward is clearly linked to individual performance. We will continue to build on this throughout 2019



### 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. Key areas of focus for 2019 will be:

- **Enhanced Governance** – Inclusive wording template for job specifications and advertising including a review of career pages.
- **Candidate Assessment** – Template for structured/competency interviews and scoring matrix for objective assessment
- **Monitoring and Reporting** – Develop business-wide diversity monitoring and reporting process to include measurement of candidate applications, metrics and placements and identification of role types mandated/ring fenced for diverse candidates
- **Communications** – Roll out a comprehensive communications plan to support diversity enclosure

**Succession Planning** The process has been updated and will continue to be reviewed quarterly. Development plans and bespoke development options have been put in place to ensure we have a diverse succession pipeline in place for all officer level roles

**Leadership Development** Launch in Q3 2019 a bespoke leadership programme that includes training and development for senior leaders on diversity and inclusion and unconscious bias

**Networks, Associations and Sponsorships** We believe that by joining external networks and associations and complementing those memberships with sponsorships of events that promote the diversity and inclusion agenda we will be best placed to learn from industry best practice, as well as, offer staff an opportunity to engage with peers across the industry on issues that affect us all. For this reason we have enhanced our membership of the Insurance Supper Club to allow for individual membership and continue to sponsor the Dive In Festival and IICF at an enterprise level. In addition we have joined the Marsh Rising Professionals global forum and will be launching a mentoring programme in partnership with the Insurance Supper Club for future female leaders. You can find a full list of networks and associations that you can join on our intranet site.