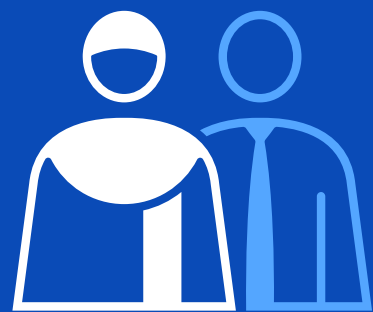


# Gender and Ethnicity Pay Gap Reports 2023



## Statement from John Neal, Lloyd's CEO

The challenges we face today require different perspectives and mindsets to create the solutions society needs. We won't get that variety of perspectives without first building diverse organisations that reflect the communities we're innovating to support.

It's why culture has been one of our four strategic pillars at Lloyd's for several years. We want to create an inclusive and high performance culture across the Lloyd's Corporation and market that draws on a range of backgrounds to provide innovative and leading risk solutions for our customers and communities.

Measurement is an essential part of our culture journey: gathering and publishing data to highlight where the gaps are, so we can take targeted action to close those gaps.

Specifically, we have committed to publish our ethnicity pay gap as part of our long term ethnicity plan. This ensures transparency on the progress we're making, and allows us to deliver a targeted response where needed.

This report sets out the Lloyd's Corporation pay gap data for both gender and ethnicity: two crucial areas where continued focus and action will enable us to reflect our customers and communities.

This report shows that the Lloyd's Corporation has the lowest mean and median gender pay gap since the introduction of gender pay reporting. The mean gender pay gap for April 2023 was 18.5% (for hourly pay), a decrease in absolute terms of two percentage points from 2022. The median gap for hourly pay has decreased by over five percentage points to 16.2%. Gender pay quartiles have also seen an improvement. It's encouraging progress, and we are committed to seeing these gaps continue closing in the coming years.

Meanwhile, the overall mean pay gap for ethnicity in 2023 was 22.3%, an increase of 5.9 percentage points from

last year. The median of 11.6% marks an increase of one percentage point from 2022, while the overall mean ethnicity bonus gap is 31.7% with a median of 19.5%. This is largely due to the changes in calculations recommended by new Ethnicity pay reporting guidance for employers, alongside higher data disclosure rates and lower representation of ethnic minority individuals in leadership roles, where the Corporation's small leadership population is more prone to fluctuate from year to year.

In 2023, the Corporation exceeded our 'one in three' hiring ambition for ethnically diverse talent. We are committed to building a strong pipeline of diverse talent, something that will be accelerated through the launch of our Inclusive Futures programme in November 2023. We will focus our efforts in 2024 on progression to leadership roles and will continue with our award-winning Accelerate programme for ethnically diverse leaders.

Actions like these – supported by data to show the progress we're making – are an essential part of delivering our culture strategy and ensuring insurance becomes a destination of choice for diverse talent. Thank you to everyone who works with us and holds us accountable on that journey.

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



John Neal, CEO Lloyd's

# What's the difference between equal pay and pay gaps?

**Equal pay** is a concept in UK law that defines the right for men and women to be paid the same amount for the same, or equivalent, work. It has been a part of UK discrimination law for over 40 years. Where men and women are not receiving equal pay, employers must demonstrate that the reason is related to factors other than gender.

Source: CIPD. Note: Some reasons for differences in pay which are not gender related may include performance in role, experience or other market related factors.

**Gender pay gap** is the difference between the average (mean or median) earnings of all men and all women across a workforce.

Source: .gov.uk

The same methodology is applied for other pay gap calculations such as the ethnicity pay gap. Publishing the gender pay gap is a statutory obligation, while publishing the ethnicity pay gap is voluntary. Publishing pay gap figures is always one year in arrears. The gender and other pay gaps e.g. ethnicity pay gap are influenced by a number of factors including representation at senior levels within a business and the prevalence of some groups in less well remunerated roles.

## Lloyd's Gender Pay Gap

Key: Women ♀ Men ♂

		2017	2018	2019	2020	2021	2022	2023
Gender Pay Gap	Mean	27.7%	19.9%	22.2%	20.4%	18.6%	20.6%	18.5%
	Median	32.1%	29.9%	26.5%	20.8%	19.2%	21.3%	16.2%
Gender Bonus Gap	Mean	36.7%	30.1%	37.4%	28.1%	23.0%	38.2%	27.1%
	Median	40.5%	42.8%	40.5%	33.6%	25.9%	32.8%	27.5%
Proportion of Employees in receipt of Bonus	♀	87.3%	82.4%	74%	63.3%	73.6%	76.9%	89.3%
	♂	84.7%	77.8%	71.1%	64.6%	71.7%	75.4%	85.0%

## Lloyd's Gender Pay Gap by pay quartile

Key: Women ♀ Men ♂

Employees		2017	2018	2019	2020	2021	2022	2023
Lower Quartile	♂	32.3%	34.3%	38.0%	36.2%	35.0%	36.2%	37.8%
	♀	67.7%	65.7%	62.0%	63.8%	65.0%	63.8%	62.2%
Lower Middle Quartile	♂	41.2%	46.7%	48.3%	48.9%	50.6%	52.0%	52.9%
	♀	58.8%	53.3%	51.7%	51.1%	49.4%	48.0%	47.1%
Upper Middle Quartile	♂	54.6%	54.0%	55.5%	59.1%	58.5%	58.3%	57.7%
	♀	45.4%	46.0%	44.5%	40.9%	41.5%	41.7%	42.4%
Upper Quartile	♂	66.4%	65.0%	64.5%	61.3%	60.8%	60.1%	60.6%
	♀	33.6%	35.0%	35.5%	38.7%	39.2%	39.9%	39.4%

## What the data is telling us:

Lloyd's gender pay gap in 2023 is the lowest it has been since we first published the gender pay gap report in 2017.

Lloyd's April 2023 mean gender pay gap is 18.5% (for hourly pay), a decrease in absolute terms of 2.1% from 2022. The median for hourly pay has decreased by 5.1% to 16.2%.

- On a long term view, representation has improved steadily since 2017. This year we see increased representation at all levels except upper middle quartile and upper quartile.
- The mean bonus pay gap is 27.1%, a decrease of 11.1 %. The median bonus gap has decreased by 5.3% to 27.5.

This is driven by:

- a higher percentage of women in receipt of bonuses compared to last year (76.9% in 2022 vs 89.3% in 2023)
- a higher number of men taking parental leave when the pay snapshot was taken (those receiving less than usual pay are excluded from calculations in line with best practice)

The gender pay gap figures have decreased for both the hourly rate of pay and the bonus gaps. It has improved at all levels except for the upper middle quartile where it has seen an increase of 0.7% from 41.7% to 42.4%. According to the 2022 MP&P survey, the average gender pay gap for firms in the Market is 37%.

## Lloyd's Ethnicity Pay Gap

		Ethnicity Minority				Black			
		2020	2021	2022	2023	2020	2021	2022	2023
Ethnicity Pay Gap	Mean	15.3%	16.1%	16.4%	22.3%	19.7%	17.3%	21.5%	34.9%
	Median	6.1%	9.5%	10.5%	11.6%	19.3%	17.3%	15.6%	20.8%
Ethnicity Bonus Pay Gap	Mean	19.2%	24.1%	30.0%	31.7%	23.6%	23.7%	26.8%	37.8%
	Median	6.7%	8.0%	6.3%	19.5%	30.4%	19.4%	18.6%	21.9%
Proportion of Employees in receipt of Bonus		50.6%	60.4%	68.3%	87.4%	56.8%	75.0%	75.0%	82.4%

		Asian				Mixed			
		2020	2021	2022	2023	2020	2021	2021	2023
Ethnicity Pay Gap	Mean	14.4%	16.1%	17%	21.6%	9.4%	13.6%	9.9%	11.1%
	Median	2.1%	6.9%	10.5%	12.2%	-4.9%	10.3%	1.7%	7%
Ethnicity Bonus Pay Gap	Mean	22.0%	24.8%	35.8%	32.3%	-23.8%	20.6%	-13.0%	30.2%
	Median	3.3%	-1.5%	6.9%	20.5%	2.1%	13.7%	-57.2%	15.7%
Proportion of Employees in receipt of Bonus		50.5%	56.8%	68.1%	88.8%	35.3%	53.8%	44.5%	90.6%

## Lloyd's Ethnicity Pay Gap Employees by pay quartile

Employees	White				Ethnic Minority			
	2020	2021	2022	2023	2020	2021	2022	2023
Lower Quartile	79.8%	75.8%	73.6%	73.6%	20.2%	24.2%	26.4%	26.4%
Lower Middle Quartile	71.0%	67.0%	66.4%	66.4%	29.0%	33.0%	33.6%	33.6%
Upper Middle Quartile	75.7%	78.1%	70.5%	70.5%	24.3%	21.9%	29.6%	29.6%
Upper Quartile	84.8%	83.8%	84.1%	84.1%	15.2%	16.2%	15.9%	15.9%

## What the data is telling us:

The Lloyd's ethnicity pay gap data has been calculated for both the overall category of 'ethnic minority' as well as for Black, Asian and mixed ethnic classifications as compared to white colleagues. The data for the latter classifications is included in the Appendix.

The mean and median percentages differ between the hourly adjusted rates paid to each category. It is an aggregated, simplistic tool that can give fluctuating percentages due to our imbalanced demographics and small population of ethnic minority colleagues when viewing the data in quartiles.

The overall mean ethnicity pay gap for 2023 Lloyd's is 22.3% an increase of 5.9% from last year, the median is 11.6% an increase of 1.1% from 2021, the overall ethnicity bonus gap is 31.7% mean with a median of 19.5%.

This can be explained by:

- the changes in calculations as recommended by new government guidelines on ethnicity pay gap reporting, which currently recommends including data for 'prefer not to say'. This means the current dataset is not comparable to previous years.

- a lower number of ethnic minority senior leaders are included in this report due to changes in our small population of senior leadership. Incremental changes in a small sample can have a significant impact on data.
- increased rate of disclosure by colleagues on ethnicity data compared to previous years.

There was a 1.2% increase in the lower quartile and 2.4% increase in the upper middle quartile and a slight 1.1% decrease in the upper quartile and a 0.1% decrease in the upper middle quartile.

At the time of the pay gap snapshot, 13.3% of colleagues had not disclosed their ethnicity in Lloyd's HR system. Closing the non-disclosed figures continues to be a priority to better track the employee lifecycle of ethnic minority colleagues.

Our overall figure for the ethnic minority category includes those who have self-identified as Black, Asian or mixed. The 'Other' category has been excluded at this time as the total number of colleagues who identify as this category has been too low to report against.

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# What have we done to close the pay gaps in 2023?

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## **Diverse talent attraction and selection**

- Lloyd's met its one in three ethnicity hiring ambition in 2023: as of 31st December, 34% of new hires were from an ethnically diverse background.
- We used job boards such as Vercida, Race Equality Week and iCAN (insurance Caribbean and African Network) to target diverse talent
- We reviewed job advertisements to attract more diverse applicants, for example by using more inclusive language.
- We introduced diverse interview pools.
- Lloyd's continued to develop partnerships to attract diverse talent. The 'Dive In to Insurance' programme, an extension of our leading annual Dive In Festival focused on outreach, has reached over 4,000 students through our partnership with the Reach Society and 700 students through 'Step into Insurance', our partnership with SEO London.
- We also set up agreements with agency and search partners to support diverse hiring in the experienced hires category.

## **Talent development and retention**

- We continued to identify participants for Accelerate: our leadership development programme for ethnic minority colleagues in the Corporation and market. 89 colleagues from 17 different managing agencies in the Lloyd's and the London market have participated to date.

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# Proposed next steps for Gender and Ethnicity Actions 2024

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## **Diverse talent attraction and selection**

- We will continue working towards meeting our hiring ambition for a third of new hires to come from ethnic minority backgrounds, while monitoring progress at all levels
- We will continue sponsoring the insurance category at the WeAreTheCity Rising Stars Awards to spotlight female talent in the industry
- We will begin to roll out our Partnerships with Equity City and Green Park through Inclusive Futures to provide an ethnically diverse talent pipeline for early careers, leadership and executive levels
- We will also introduce values-based interviewing for senior roles to provide more effective and inclusive screening of candidates

## **Talent development and management**

- Promoting and expanding our Accelerate and Advance programmes will be a key part of developing diverse talent at Lloyd's in 2024
- As in previous years, we will review gender and ethnicity representation at all levels of our market to understand where more focused work is needed
- We will also put in place development plans for successors identified in the talent management process to ensure a diverse pipeline of leadership at Lloyd's

