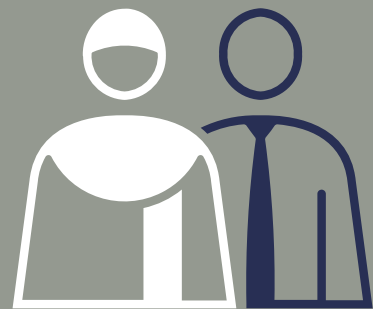


Gender and Ethnicity Pay Gap Reports 2020



Statement from John Neal, Lloyd's CEO

Lloyd's is the world's most advanced insurance marketplace and its long-term success is dependent on its ability to attract and retain the very best people. Pay gaps point to the under-representation of specific employee groups and communities, and therefore Lloyd's is committed to minimising pay gaps as part of our ambition to build a high performance and inclusive working environment both within the Corporation and across the market.

In this report we demonstrate the progress made within Lloyd's Corporation in closing the gender pay gap in 2020 and, for the first time, we are also publishing the Corporation's ethnicity pay gap.

Our 2020 mean gender pay gap is 20.4%, an improvement of 1.8% on 2019. While there is still much more to do, this shows a continually improving trend since the 27.7% pay gap in our first report in 2017. In our most senior roles (Council, Executive Committee and their Direct Reports), I am pleased to report that we are close to parity in gender representation.

Continued improvements to the gender pay gap will require a continued focus on recruiting and actively supporting women throughout their careers, as well as addressing the barriers that get in the way of their success. The global pandemic has accelerated progress towards more flexible ways of working, and at Lloyd's we are determined to ensure that, as we adapt to the 'better normal', we capitalise on these changes to benefit not just women, but all our people.

The Corporation's mean ethnicity pay gap in 2020 is 15.3% (and median 6.1%). In our reporting, we have broken this down to illustrate the differences across Black, Asian and Mixed backgrounds, as this allows us to see and understand the differences for all our communities and make our actions more specific. As for gender, the ethnicity pay gap is driven by under-representation in senior roles within the Corporation and we will have to use a range of different levers to develop Lloyd's pipeline of talent that reflects all of our communities. More details about our plans are listed below.

Closing our pay gaps will take time, but we are committed to long-term actions and will continue to hold ourselves to account.

John Neal, CEO Lloyd's

Lloyd's 2020 Gender Pay Gap

Lloyd's gender pay gap of 20.4% represents the difference between the average pay for a man in the Corporation of Lloyd's, compared with the average pay of a woman. This is a reduction of 1.8% on 2019, primarily due to more balance in our executive and most senior leaders.

This progress is also reflected in our bonus pay gap figures - the mean bonus pay gap is 28.1%, representing an overall decrease of 8.6% since 2017, further demonstrating long-term improvement in both mean and median bonus figures over the past four years.

Gender pay gap drivers

There are several factors driving the gender pay gap at the Corporation including:

A higher proportion of men than women in senior roles

When considering the upper quartile of roles by pay (rather than the most senior), the Corporation still has a higher proportion of men in these positions (61.3% of those in the highest paid roles). Conversely, there is a larger proportion of women in the positions shown in the lower quartile (63.8%).

A higher proportion of women work part-time

Bonuses are paid on a pro-rata basis and are not adjusted to the full-time equivalent in the statutory calculation. Within its part-time population, the Corporation has a higher proportion of women working part-time (86.3% of part-time workers), which also affects the bonus gap.

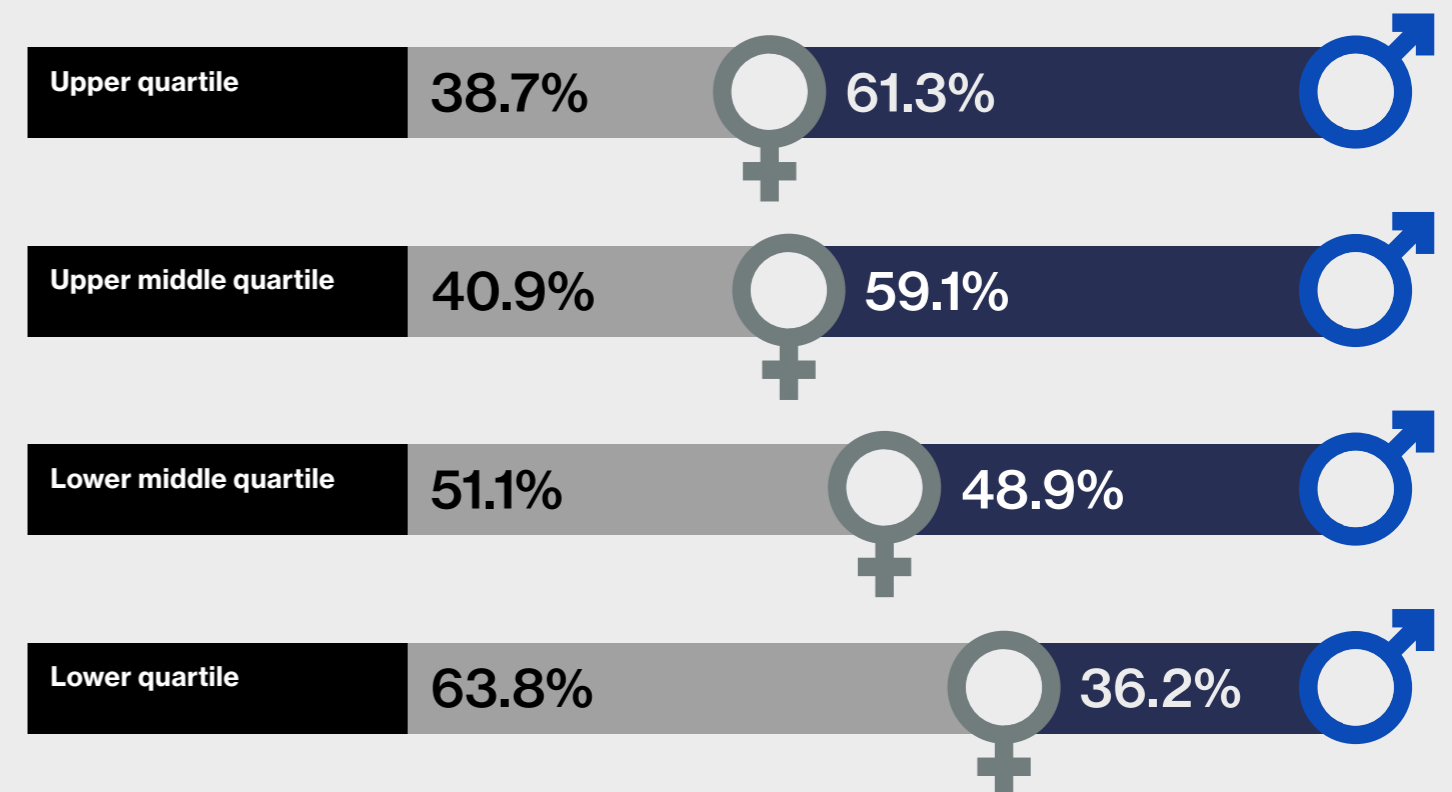
Our numbers

Key: Women ♀ Men ♂

		2017	2018	2019	2020
Gender pay gap	Mean	27.7%	19.9%	22.2%	20.4%
	Median	32.1%	29.9%	26.5%	20.8%
Bonus pay gap	Mean	36.7%	30.1%	37.4%	28.1%
	Median	40.5%	42.8%	40.5%	33.6%
Employees receiving a bonus	♀	87.3%	82.4%	74%	68.3%
	♂	84.7%	77.8%	71.1%	64.6%

2020 Employees by pay quartile

Key: Women ♀ Men ♂



2020 GPG Actions

Attract: continue to evolve the recruitment process through our inclusive hiring training programme for those involved in hiring decisions, and by mandating 50:50 long and short lists.

Develop: build on the momentum of the Advance programme by creating an alumni to provide ongoing networking and development opportunities for Advance participants. We will also launch a virtual pilot for the Advance programme for global attendees.

Retain: bring our global policies to life by using senior leaders in the Corporation to role model flexible ways of working and the use of family care policies to increase use by all employees.

Gender Balance Plan: continue to build on our commitments with the development of a gender balance plan to close the gender pay gap more quickly.

Update on Actions

Our inclusive hiring programme was moved to fully virtual as a result of the COVID-19 pandemic, enabling a broader, global reach. We have continued to monitor our candidate long and short lists to ensure gender balance in our recruitment process.

We hosted two cohorts of our Advance programme for future women leaders. Plans for an alumni network for Advance participants were postponed in 2020, while we transitioned our current in-person programme to a fully virtual offering.

2020 saw an increased number of secondary carers requesting leave. We have continued to profile colleagues who are role modelling flexible working and adoption of our family care policies. In addition, due to lockdown rules, we increased our emergency leave allowance to ten days and allowed additional carry-over of annual leave.

We have reviewed our gender balance gender representation across different levels. We have increased our focus on understanding gender variances within the employee lifecycle to further target our efforts on reducing the pay gap.

Additional activities in 2020 focusing on women

Women in Finance Charter

We remain committed to the Women in Finance Charter. As part of that commitment, the Corporation set a gender diversity target of at least 40% female and 40% male for its senior management population, which we surpassed in 2020. This made the Corporation one of 35 signatories to meet the target ahead of deadline. In progressing our commitments and in line with the Hampton Alexander criteria of leadership (Board, Exco and Direct Reports to Exco in leadership positions), the Corporation set a new leadership target to achieve gender parity, which it achieved at the end of 2020.

We Are The City

In 2020, we were proud to sponsor We Are The City's Rising Stars in Insurance for the sixth year in a row, recognising the emerging female talent within our sector.

In 2021, we look forward to working with external partners to continue to create a more inclusive workplace and drive gender parity for all.

Actions we are taking in 2021 to continue to close our gender pay gap

Edge Certification

We have recently joined a global community of organisations committed to giving equal opportunities to men and women in the workplace who together share the use of the EDGE global assessment methodology and business certification standard for gender equality. EDGE is distinguished by its rigor and focus on business impact, assessing gender representation, pay equity, effectiveness of policies and practices and inclusiveness of the culture. A first step towards certification is collecting survey data from our employees, and then demonstrating that we are acting on the findings to progress towards equity.

Showcasing women role models

Throughout our internal communication, we ensure that achievements by our employees and leaders are shared and celebrated whatever their gender, across Corporation and Functional events and channels. Key to this is celebrating the achievements of female role models by ensuring that their stories and participation in employee events or news stories on our intranet happen as a matter of course.

Maintaining gender parity by strengthening talent management practices

We will strengthen our pipeline of future women leaders by embedding a rigorous talent review process, to be a permanent fixture in our annual calendar. Through a holistic approach to talent management, we will have a seamless thread between our attraction, development and retention of talent. In addition, we will nurture the alumni of the Advance programme, as we continue to build on its success.

Ethnicity Pay Gap 2020 Reporting

Ethnicity pay gap reporting is a voluntary reporting metric, however we believe that collecting and publishing data for the Corporation demonstrates our commitment to transparency and taking action.

In addition, recent engagement across the market has shown several market firms preparing to produce their own ethnicity pay gap reports alongside their gender pay gap reports, which we encourage.

The Lloyd's ethnicity pay gap information has been calculated for relevant full-time employees, where ethnicity has been declared as at 5th April 2020. The data below reports on the aggregated ethnicity pay gap, as well as breaking down our ethnicity pay and bonus gaps to show Black, Asian and Mixed Ethnicity pay gaps.

The most notable mean gaps are of Asian colleagues (14.4%) and Black colleagues (19.7%) when compared to their white colleagues. The data indicates that Black and Minority Ethnic colleagues are overrepresented in the lower middle quartile (29.0%) and underrepresented in the upper quartile, with ethnic minorities making up 15.2% of the quartile.

Ethnicity pay gap information

	Mean pay gap	Median pay gap	Bonus mean gap	Bonus median gap	Ethnic minorities receiving bonus*
Black	19.7%	19.3%	23.6%	30.4%	56.8%
Asian	14.4%	2.1%	22.0%	3.3%	50.5%
Mixed / multiple	9.4%	-4.9%	-23.8%	2.1%	35.3%
Total ethnicity gap	15.3%	6.1%	19.2%	6.7%	50.6%

* 60.9% of white employees received a bonus

Employees by pay quartile	White	Ethnic minority
Top quartile	84.8%	15.2%
Upper middle	75.7%	24.3%
Lower middle	71.0%	29.0%
Lower quartile	79.8%	20.2%

Actions on ethnicity that should build confidence

In June 2020 we committed to taking meaningful and measurable action to help improve the experience of Black, Asian and Minority Ethnic talent in the Lloyd's market. Since then, we have made progress on these initial commitments:

1.

Develop Black, Asian and Minority Ethnic Talent: we launched our Accelerate programme in January 2021 for 15 future leaders, with participants from across the market. This programme incorporates training for line managers/sponsors, virtual fire side chats and role model events, and core development modules. Following the success of our first programme, we're now recruiting for our second cohort.

2.

Review of employee and partner policies and historical artefacts: as part of our work to ensure our policies and historical artefacts are explicitly non-racist, we have now recruited an archivist after receiving 80 applications. We also worked with stakeholders from the Corporation and market to help restate the narrative that accounts for Lloyd's role in the history of slavery and developed a set of communications principles for how we tell the history narrative and drafted outline points to shape the narrative.

3.

Commitment to Education and Research: we gathered research on the lived experience of Black, Asian and Minority Ethnic colleagues in the Corporation, with a follow up session to playback the key themes and discuss the proposed long-term ethnicity plan we will publish in 2021. We also held racial literacy workshops for our Cultural Advisory Group members and have developed inclusive leadership training to commence in Q3 2021.

4.

Charitable support: donations of over £100,000 have been made to five key charities aimed at support Black, Asian and Ethnic minority individuals and formed a new partnership with SEO London in January, which has seen over 600 students participate in the first nine events. We aim to offer 40 work placements in summer 2021 through this partnership.

Actions we are taking in 2021

Publish Lloyd's long-term ethnicity plan, including data collection requirements and Corporation Targets

Publish our long-term ethnicity plan to address the insights from research into the lived experiences of our Black and Minority Ethnic colleagues and to improve representation. In addition, we will publish our ambition to increase the representation of ethnic minority colleagues in the Corporation in 2021.

Educate and Develop

Continue to roll out 'Accelerate', a targeted development programme for Black and Minority Ethnic future leaders, incorporating training for line managers / sponsors, virtual fire side chats and role model events and development modules. Alongside this, initiate a targeted programme of development activities for leaders on racial fluency.

Attract and Retain Ethnic Minority Talent

Build on our external and community partnerships to attract minority ethnic talent into the Corporation through enhancing our inclusive hiring practices and increase the diversity of available interviewers. Optimise the retention of our employees through greater advocacy and promotion of diverse role models.

Other activities impacting gender and ethnicity

Dive In Festival

2020 was our sixth year sponsoring the Dive In festival, with the theme "Local Voice, Global Impact". Due to the pandemic, the events were fully online for the first time. The new virtual format meant its global impact was truly felt as festival goers were able to choose from 144 online events taking place in 35 countries, all around the world. As a result, the festival saw its highest turnout with over 30,000 attendees, almost three times that of the previous year.

Against a backdrop of a global pandemic and the Black Lives Matter movement, the festival welcomed 503 speakers on a range of pressing topics from racial equality to mental health.

Lloyd's Culture Toolkit

In October 2020, we published a toolkit for the market (including the Corporation) with practical tools, techniques and training advice for firms wishing to move towards a high-performing culture. This focuses on the factors required to create a high-performing culture in firms and builds on many years of research. The toolkit is in two parts:

- An overview of our culture framework and then the key behaviours that manifest the five foundational elements of the framework.
- Then Culture Maturity Checklists to guide readers from establishing the building blocks for a high performing culture through to becoming high performing for each of the foundational elements of leadership, ethics, respect, trust, motivation, all underpinned by diversity and inclusion.

Family care policies

We extended our market-leading family care policies in January 2020 to cover all our colleagues, globally. These policies are designed to provide employees with the support they need to enjoy happy and healthy working and home lives, whatever that looks like for them. This family care provision provides 26 weeks paid leave for primary or secondary care givers when you start a family, with an additional four weeks full pay to support a phased return to work. It is not gender-specific and applies regardless of how you want to start a family.

Other care policies applicable globally include emergency leave for any unforeseen challenges employees may face; sabbaticals with one month paid leave once you've worked for Lloyd's for more than five years; an online parental leave toolkit to support expecting and adopting parents and their line managers throughout the parental leave transition plus flexible day-to-day working practices.

Ethnic Diversity in the Workplace report

In October 2020, we published this report as the culmination of an 18-month exploration into racial and ethnic diversity in the Lloyd's market, produced with the support of Inclusion@Lloyd's. The report is part research (with stories and data from over 900 employees) and part practical blueprint for change, with experiences from within the market accompanied by case studies of positive action from other knowledge-based industries including advertising and law.

Employee resource groups and networks

We continue to support our gender-inclusive employee resource group (Inspire) and our Cultural Awareness Network, providing greater access to senior leaders and a platform for colleagues to share ideas and network at all levels across the Corporation.

Across the sector we continue to sponsor and support cross-market initiatives, such as the Gender Inclusion Network for Insurance and the Balance programme, bringing together leaders to share best practice on gender balance and to help them become advocates for gender parity. This is also our second year sponsoring ACIN, and we continue to encourage support for resource groups across the market through our Inclusion@Lloyd's governing body, comprised of a group of senior executives representing the companies and membership organisations within Lloyd's and the wider insurance market.

Conclusion

Lloyd's is committed to closing gender and ethnicity pay gaps by seeking to increase the number of under-represented groups at senior roles across the Corporation as we create a truly inclusive environment for everyone.

We have publicly committed to a range of actions that over time should help us to attract and retain the employees who are under-represented today, enabling them to develop and thrive at each stage of their career.

About the pay gaps

A mean gap is a calculation of the average hourly pay or bonus of a person in one group in the Corporation versus the average hourly pay of a person in a comparator group, including all relevant additional payments and regardless of the role held within our organisation.

A median gap is a calculation of the exact midpoint between the lowest and highest-paid person in one group versus the equivalent person in the comparator group.

Quartiles are calculated by ranking the pay for each employee from lowest to highest. This list is then divided into four equal sized groups of one group and the comparator group. To the right it shows the percentage of people in each of these groups.

By law, we are only required to calculate and disclose our gender pay figures. In addition to this, we are continually assessing pay from a range of other perspectives, including in relation to our ethnic minority employees.

These pay gaps are different to equal pay which refers to employees being paid the same salary for the same work, or for work of equal value regardless of their gender or ethnicity. As part of our annual compensation review, the pay of all employees is assessed and, based on this, we are confident that Lloyd's does not have an equal pay issue.

Declaration

In line with the reporting requirements, this report relates to UK employees of the Corporation as of 5 April 2020.

Lloyd's market firms that have more than 250 employees will individually be reporting their pay gap as required by the UK Government.

I confirm that the data contained within this report is accurate and meets the requirements of the Gender Pay Gap reporting regulations.

John Neal, CEO, Lloyd's

