

Our collective progress made across all culture commitments

Lloyd's 2023 Market Policies &
Practices return

March 2023

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Together, we're building a more
diverse, inclusive and high
performing marketplace

We're making good progress and
are committed to making Lloyd's
an inclusive place where
everyone can thrive – yet there is
still more work to do

Continued progress made across all Lloyd's culture commitments

Lloyd's fourth Market Policies and Practices Return demonstrates good progress

1 Leadership

Demonstrate leadership focus on fostering an inclusive, high-performance culture

- Boards are regularly engaging with culture and **88%** have culture as a set agenda item (+13pp improvement vs last year)
- **91%** of firms have completed an assessment of their culture (+19pp vs last year)
- **47%** have set diversity and inclusion targets for their organisation, and 21% are developing targets
- **29%** have linked senior leader compensation to culture, diversity and inclusion metrics; more progress could be made by improving this

2 Behaviour

Ensure behavioural expectations are clear and there is zero tolerance for inappropriate behaviour

- **97%** of firms have a behavioural framework in place, setting clear behaviour expectations (+12pp improvement vs last year)
- **87%** of firms reinforce behaviour expectations of leaders by linking compensation against behaviours and business results (+4pp improvement vs last year)
- **31%** of firms have a menopause policy in place
- **84%** of firms have a drugs and alcohol policy in place

3 Speak Up

Encourage speaking up, ensuring there are appropriate tools for employees to do so, and the tone is set from the top

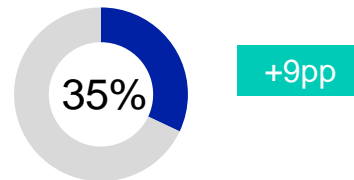
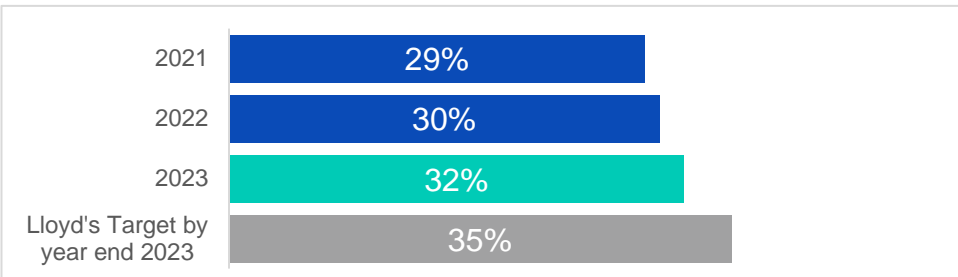
- **99%** of firms have communicated their organisation's channels to raise a concern or speak up in the past 12 months

4 Diversity: Continued improvement in gender balance

Ensure diverse representation within the workforce and leadership population, and being inclusive in how we hire and retain talent

Women in Leadership*

There are 32% women in leadership, an improvement of +2pp from last year, with increases at all leadership levels
This progress puts our market-wide target of 35% women in leadership in reach



24 firms met or exceeded Lloyd's 35% women in leadership target

Board composition by gender

We gathered new data this year to understand the gender balance by role on Boards

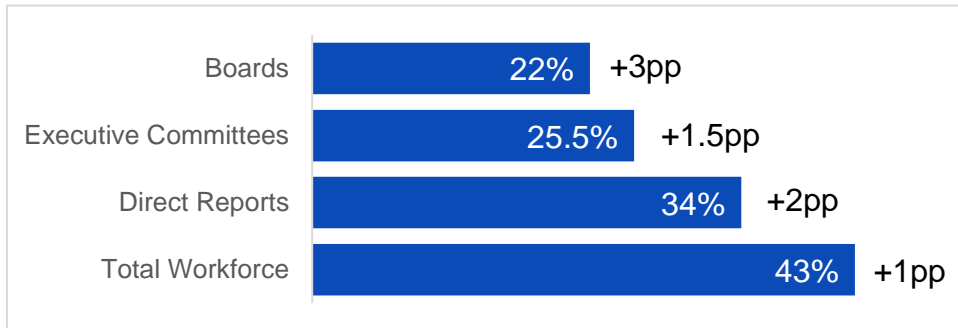
Women hold 22% of roles on Boards. Of these roles:

- 57% are NED roles
- 24% are 'other director' roles
- 14% key executive positions (CEO, CFO, CUO)
- 4% are Chairs

Men hold 77% of roles on Boards (504 positions). Of these roles:

- 36% are NED roles
- 31% are key Executive positions (CEO, CFO, CUO)
- 23% are Other Director roles
- 11% are Chairs

Representation of women by level

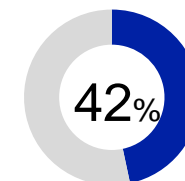


Gender pay gap

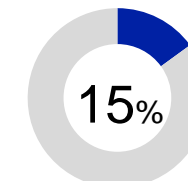
The average pay gap across market firms is 35%, an improvement of +2pp from last year.

The gender bonus gap is higher at 59% on average across the market, an improvement of 2pp
Lower representation of women in the upper pay quartile is a key driving factor (25%)

Hiring and attrition



42% of new hires in the market were women



Attrition rate

The attrition rate in the market increased by +3pp from last year

* Leadership = (Board + Executive Committee + Direct Reports of Executive Committee) – Executive Committee also serving on the Board

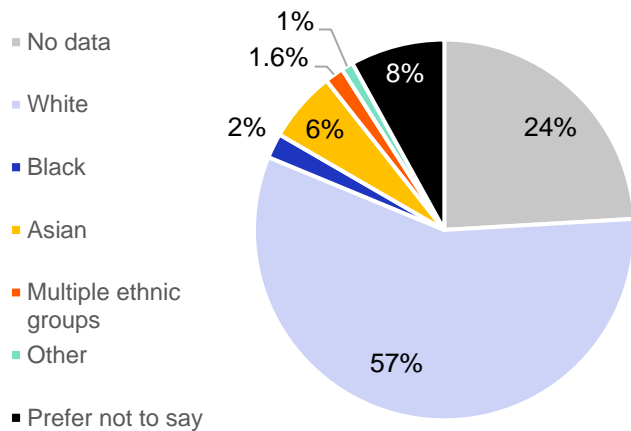
The market's average attrition rate is 15% for both men and women

4 Diversity: Increasing ethnic diversity of the market

Ensure diverse representation within the workforce and leadership population and being inclusive in how we hire and retain talent

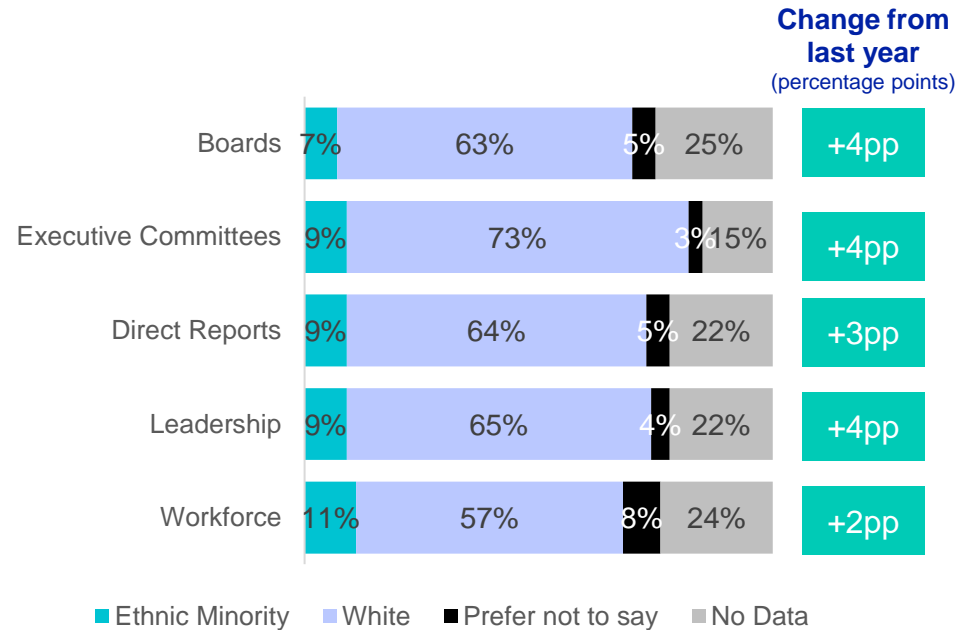
Ethnicity – Lloyd’s market workforce

- Ethnic minority representation across the market increased by +2pp to 11%, and by +4pp to 11% in leadership roles*
- 94% of firms collect ethnicity data – a +16pp improvement from last year



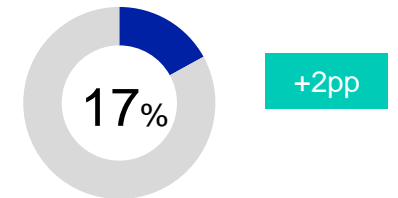
Ethnic minority representation by level

- Improvements in representation of ethnic minorities in all levels of leadership

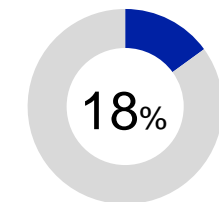


1 in 3 hiring ambition

- In 2021 we announced our hiring ambition for one third of new hires to have an ethnic minority background
- From our baseline last year, there has been an improvement of +2pp, with 17% of new hires across managing agents and brokers having an ethnic minority background. For managing agents, it is 23% of new hires



Ethnic minority hiring rate



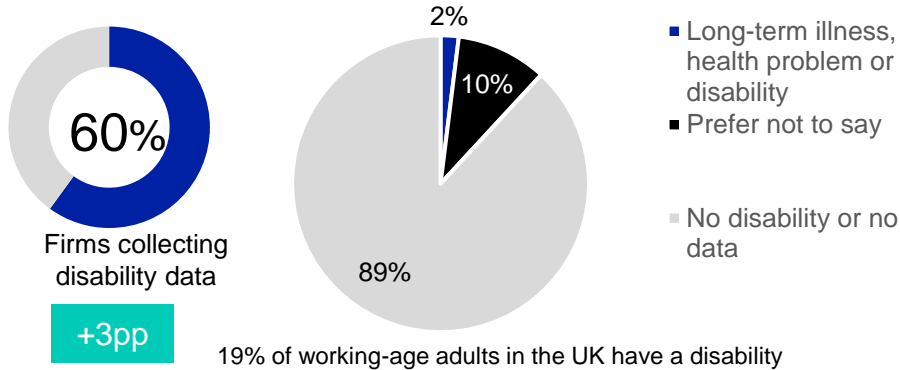
The attrition rate for ethnic minority colleagues is higher than other groups in the market (which is 15%)

* Leadership = (Board + Executive Committee + Direct Reports of Executive Committee) – Executive Committee also serving on the Board

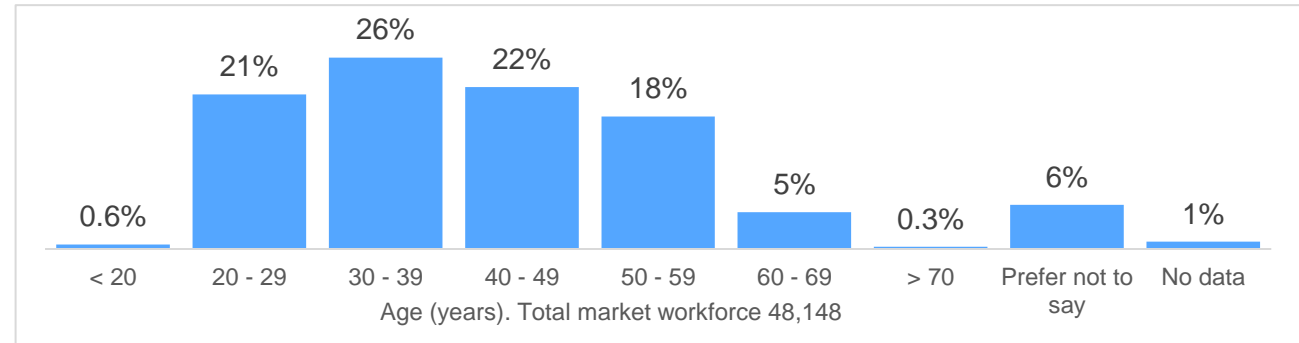
4 Diversity: Developing a diverse talent pool

Ensure diverse representation within the workforce and leadership population, being inclusive in how we hire and retain talent

Disability

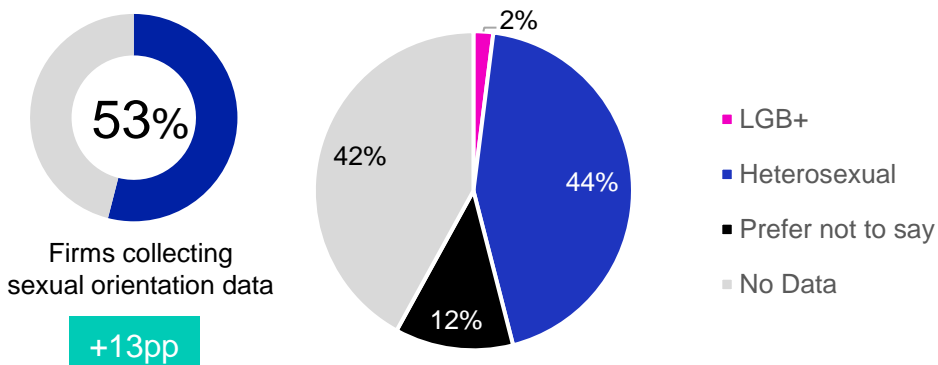


Age



This is the first time age data has been collected across the market; it shows a younger profile than anticipated. 30-39 years is the predominant age group in the market and 21% of the workforce is under 30 years old. In line with our early careers focus, we want to increase this group over time

Sexual Orientation



2021 Census showed that 3.2% of the England and Wales population aged 16 years and over identified as LGB+

Talent Management

Succession planning and talent pool diversity

- **85%** of firms conduct succession planning for their leadership levels and key positions
- **88%** consider the gender balance of their succession pool
- **63%** consider the ethnic diversity of their succession pool
- **37%** of underwriting teams are women and **10%** are ethnic minority
- **31%** of actuarial teams are women and **27%** are ethnic minority
- **46%** of finance teams are women and **22%** are ethnic minority

Outreach and talent attraction

- **40%** of firms undertake outreach to schools and **37%** undertake outreach to universities

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5 Data

Understand the employee population, collect appropriate data and take action to create an inclusive employee experience

Diversity data collection increased, particularly on ethnicity. We aim to continue to improve collection and disclosure of diversity data, to inform our approach and monitor progress:

- **100%** of firms collect gender data
- **94%** of firms collect ethnicity data (+16pp improvement)
- **100%** collect age data
- **60%** collect disability data (+3pp improvement)
- **54%** collect sexual orientation data (+13pp improvement)

Inclusive employee experience and hybrid working

- **56%** of firms report the average number of days employees attend the office is 2-3 days per week
- **28%** of firms report an average of 3-4 days per week in the office
- **73%** of firms agree how hybrid or flexible working works in practice by agreement with manager in teams

Actions to support continued progress

Actions Lloyd's is taking

- Culture is a key oversight principle for managing agents, who are held to account for meeting culture expectations
- In 2023, Lloyd's will introduce an upskilling programme for all market participants, including talent and succession planning, inclusive hiring, and diversity data collection
- Increasing outreach opportunities through an expanded DiveIn outreach programme
- Developing a market-wide approach to early careers for 2024 for graduates and apprentices
- More work to be done to develop a talent pipeline for Executive-level roles, particularly underwriting positions
- Collection of disability, sexual orientation and social mobility data requires improvement

Background

- The Market Policies and Practices (MP&P) return is conducted annually by Lloyd's to understand the workforce composition, policies and practices of firms who operate in the Lloyd's market and our collective progress towards building a diverse, inclusive and high-performance culture
- The fourth MP&P was run from 13 December 2022 – 31 January 2023; the data reported is as at 31 December 2022.
- 68 market firms responded to the 2023 MP&P return, including all 56 managing agents and 12 brokers of varying size; an uplift from last year
- The total size of workforce that the 2023 MP&P return represents is 48,260 people; a significant increase from 37,660 last year