

UK Ethnicity Pay Gap Report 2020

Introduction

"I truly believe improving the ethnicity pay balance is very important for our people and for the progression of the company. It is something that I personally, am fully committed to and will make sure in the years ahead, active measures are taken to improve this balance.

This is our first year publishing our ethnicity pay gap data with the intention to be transparent with our colleagues, by listening to their experiences and finding ways to create more opportunities and continuing to forge an inclusive and diverse workplace."

Jason Harris

Chief Executive Officer - International

What is an ethnicity pay gap?

The ethnicity pay gap shows the difference in the average hourly rate of pay between ethnic minority and White employees.

This has been analysed for our UK population using the same data and methodology as our gender pay gap analysis. The data is based on 80% of our UK workforce who have shared their ethnicity and has then been grouped into the categories of ethnic minority and White employees. We will continue to publish this data in January each year, alongside our Gender Pay Gap reporting and aim to improve our overall diversity data capture year on year resulting in more accurate analysis of our population.

An ethnicity pay gap can be driven by several factors, crucially, a lack of representation of individuals from an ethnic background. Whilst 16.9% of our UK population in 2020 identified as Black, Asian or Mixed heritage, it only accounted for 9.3% of our senior level and zero executives, which means that our ethnicity pay gap is primarily driven by a lack of ethnic diversity within senior levels.

We are determined to address this imbalance and understand that in order for us to further reduce the ethnicity pay gap, we must do much more than just look at the data. We need to listen to the voices of our employees, understand all experiences, create opportunities, improve policies and processes, and build an inclusive culture.

Our Ethnicity Pay Gap

1. Ethnicity Pay Gap 2020

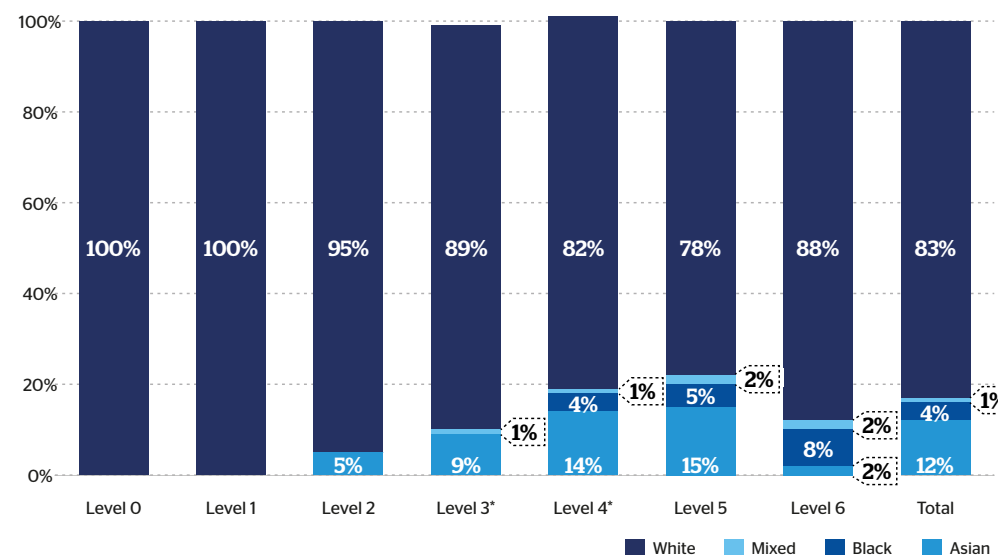
We are committed to ensuring equal pay for equal work. Analysis of our ethnicity pay gap data shows that we pay people fairly and that there is little evidence that represents unequal pay for equal work between ethnic minority and White employees.

The negative median pay gap shows that this gap is in favour of our ethnic minority population whereas the positive mean pay gap shows the opposite. Delving deeper into the data this reflects how our ethnic minority groups are distributed across our pay bands.

- > As seen in the chart opposite most of our ethnic minority population occupy junior level roles.
- > We have a higher percentage of ethnic minority representation within specific business areas, such as Finance, Actuarial, Legal and IT. There is a lack of representation of ethnic minority employees in the core insurance underwriting areas, and even less who identify as Black.
- > Unlike gender, our ethnicity disclosure rate is not at 100% (currently it stands at 80%); thus, any individuals with undisclosed ethnicities are excluded from our calculations

Metric	2020
Median Pay Gap	-10.4%
Mean Pay Gap	7.9%
Median Bonus Gap	43.9%
Mean Bonus Gap	54.9%

Ethnic diversity of our UK workforce by job level 2020



*Some columns may not total 100% due to the figures being rounded up/down

2. Bonus Eligibility

At QBE everyone is eligible for a bonus if they're employed before 1st October in that performance year.

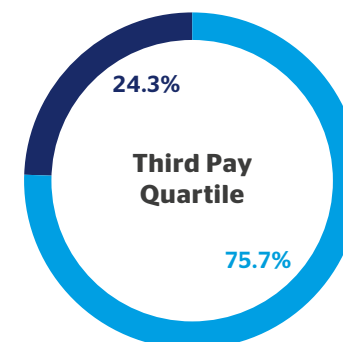
91% of White employees received a bonus

75% of ethnic minority employees received a bonus

> The disparity in the percentage of individuals who received a bonus is the result of 63 new hires from an ethnic background made after 1st October, resulting in them not being eligible for a bonus. Whilst we acknowledge that we have a way to go, the hiring trend shows that we are moving in the right direction.

3. Ethnicity Representation by Pay Quartile

Number of employees in each pay quartile	White	Ethnic Minority
Lowest	87.2%	12.8%
Q2	83.1%	16.9%
Q3	75.7%	24.3%
Highest	86.5%	13.5%



White Ethnic minority

As part of our commitment to inclusion and diversity, we are proud to have signed the Race at Work Charter and are committed to eliminating racial disparity internally and across the industry.

What are we doing to close the gap?

> Improving our diversity data:

- Across the UK we recruit circa 250 people each year and ensuring that new joiners feel comfortable in sharing their ethnicity data is critical to our ability to determine actions and measure their impact.
- We are also embarking on ways to encourage the 20% of our current population who chose not to share their ethnicity data, to feel comfortable and confident in doing so.

> Reviewing processes and practices across the employee life cycle to reduce opportunities for systemic bias:

- Partnering with an external consultancy to conduct research and provide business insights on our performance ratings from an ethnicity perspective and identify where there are opportunities for bias.
- Introducing a tool that allows leaders to continually understand and check, pay and progressions of their teams based on ethnicity and gender.
- Changing our hiring processes to move away from asking candidates about their current salary.

> Maximizing our opportunities to attract diverse talent:

- An end-to-end review of our hiring policies and practices.
- Partnering with targeted recruitment agencies and job boards to ensure we are sourcing talent from a diverse talent pool.
- Exploring specific ways to further attract Black talent.

> Focus on education and awareness:

- Our ethnic diversity employee network, MIX, are dedicated to celebrating ethnic diversity, and help to educate and raise awareness across QBE.
- The extension of our successful Reverse Mentoring pilot which paired some of our executive team with members of the MIX network to give a better insight and understanding into their lived experiences.
- Piloting a Schools Partnership Programme which provides mentoring for students from ethnic backgrounds, followed by a 4-week paid work placement.

These activities are all supported by our continued focus on ensuring that we provide a truly inclusive culture that is underpinned by our DNA.

***Mean** - The mean is the average of the numbers. It is calculated by adding up all the numbers, then dividing by how many numbers there are.

****Median** - The median is the 'middle' value in the list of numbers.