

UK Gender & Ethnicity Pay Gap Report 2022



Introduction

We are serious about creating an environment which enables all our colleagues to be their best, to be themselves, to have a voice, and to be valued for their contributions.

Publishing our combined gender and ethnicity pay gap report is important to us, and we will continue to do so to ensure that we are being transparent and holding ourselves to account.

We have achieved a lot this year and winning the Insurance Insider's Employer of the Year award is testament to all the hard work that has gone into bringing our culture to life. We are passionate about continuing our journey, doing what's right for our people and accelerating change.

I'm pleased to see that our mean gender pay gap continues to move in the right direction, but we know that more work needs

to be done to improve the representation of individuals from an ethnic background within our organisation. We have a breadth of measures in place to address the issues affecting all employees and create a workplace culture where all our people, in all the ways we are different, feel included.

Jason Harris

Chief Executive Officer - International

Statutory disclosure:

I confirm the data in this report is accurate and calculated in line with Gender Pay Gap Reporting requirements.

Our Gender Pay Gap

Gender Pay Gap 2020-2022

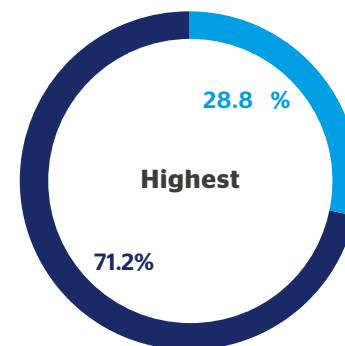
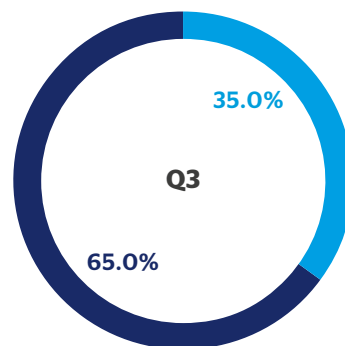
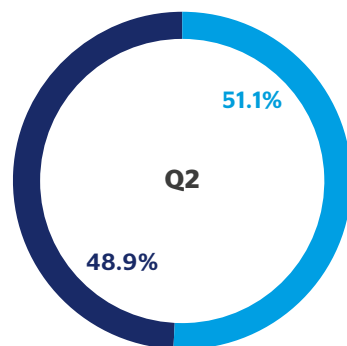
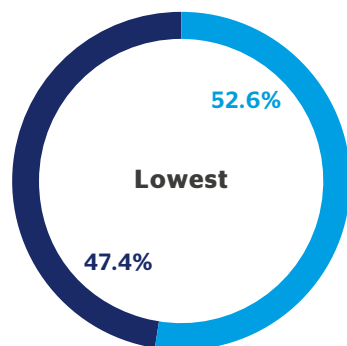
Metric	2022 (YoY % change)	2021 (YoY % change)	2020 (YoY % change)
Median Pay Gap	28.4% -0.2%	28.6% 2.4%	26.2% -2.5%
Mean Pay Gap	24.7% -1.1%	25.8% -0.8%	26.6% -2.3%
Median Bonus Gap	39.5% 2%	37.5% 1.7%	35.8% -0.9%
Mean Bonus Gap	50.1% -3.2%	53.3% -4.5%	57.8% -9.2%



We're particularly pleased to see that our mean pay gap continues to reduce year on year, seeing a 1.1% decrease this year and 3.2% reduction in our mean bonus pay gap. Improved gender balance within our hiring has helped drive these positive movements for both our gender mean and bonus gaps and led to higher female representation in the top pay quartile.

This year, we have seen a small reduction in our median pay gap and disappointingly, our median bonus pay gap has increased by 2%. The location of the majority of our population continues to drive this difference and is a contributing factor to the limited movements for our median pay and bonus gaps. With almost 2/3 of our population based in London which commands a salary premium, the ratio of males to females favours males 60:40.

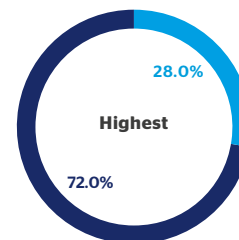
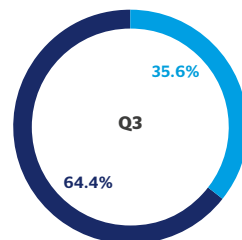
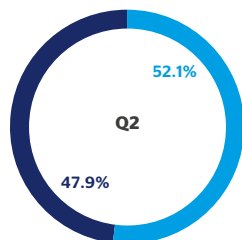
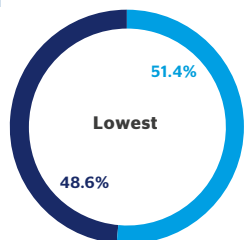
Gender representation by pay quartile

2022



 Male
 Female

2021



Whilst we see some small reductions in the second and third quartiles, we see greater improvements in female representation in the highest quartile.

Our recent data shows that as of November, we have achieved our year-end target of 35% Women in Leadership (WiL) across European Operations. With continued focus and targeted actions detailed in our WiL action plan, we are in a strong position to achieve our 2025 target of 40%.

Our Ethnicity Pay Gap

Ethnicity Pay Gap 2020-2021

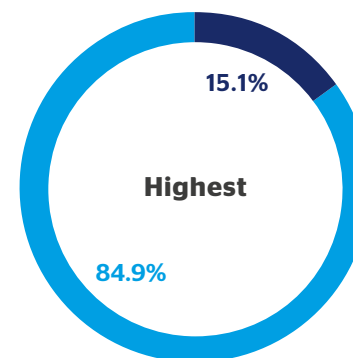
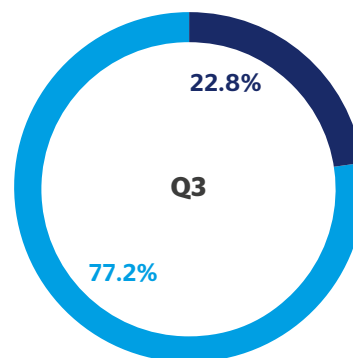
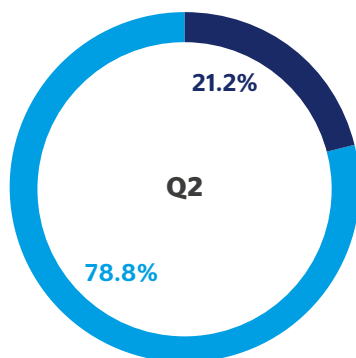
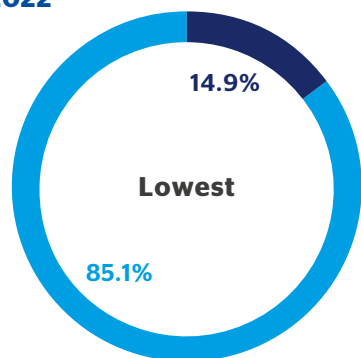
Metric	2022 (YoY % change)	2021 (YoY % change)	2020 (YoY % change)
Median Pay Gap	-3.1% -9.6%	-12.7% 2.3%	-10.4%
Mean Pay Gap	10.4% 4.9%	5.5% -2.4%	7.9% -
Median Bonus Gap	22.6% 1.5%	21.1% -22.8%	43.9%
Mean Bonus Gap	52.6% -2.0%	54.6% -0.3%	54.9%

When we first published our ethnicity data in 2020, we had 80% ethnicity data capture, with the aim to improve our data capture year on year to enable a more accurate analysis of our population. Our current data consists of 89% disclosure rate which is extremely positive as it signals that our employees have confidence in the way we collect their data, what it's used for and how we implement appropriate steps to address any gaps that are identified.

It's disappointing to see that our mean ethnicity pay gap has increased by 4.9% since last year. When delving deeper into the data, two main factors can be used to explain the increased percentage. Firstly, the number of senior leavers from an ethnic background outweighs the number of joiners (12.7% leavers Vs 10.1% joiners). Secondly, whilst the increase in our ethnicity data capture is extremely positive, we remained aware that the increase in disclosure rates would create larger changes in the overall data set. We were mindful of this possibility, and whilst it may negatively impact our pay gap, we remain positive overall as it allows us to get closer to our real ethnicity pay gap.

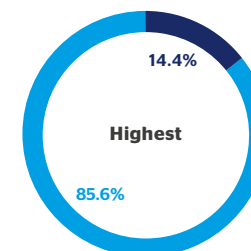
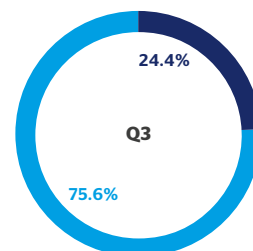
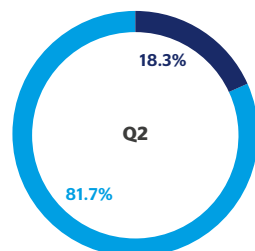
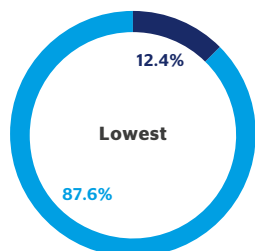
Ethnicity representation by pay quartile

2022



White
Ethnic minority

2021



When looking at our overall population, we have seen a steady increase in our ethnic population since we first published our data in 2020. From 9.3% to 11.3% at senior level and 16.9% to 17.8% of our overall population. Whilst we have made some progress in the right direction, we know that much more needs to be done. In order to strive towards building a diverse workforce that is reflective of the communities we operate in; we have taken the bold step of introducing ethnicity targets in the UK. By setting these targets, we are demonstrating our clear commitment to change and providing the necessary focus and attention to deliver, whilst holding ourselves accountable.

We developed our multiple ethnicity targets by analysing our existing workforce and census data across our UK locations. We aim to achieve these by 2025 and they have been set to enable us to challenge ourselves and drive change, whilst being realistic. Whilst we know that it won't be easy and there is plenty of work to do, we have a number of interventions in place that will help us achieve our 2025 targets and support the achievement and retention of employees from an ethnic background within QBE.

Bonus Eligibility

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

Gender - 2022

90%

males

received a bonus

89%

females

received a bonus

The difference in gender bonus eligibility is simply down to timing of new joiners, with 58% of females joining after the incentive eligibility cut off, compared to 52% of males.

Ethnicity - 2022

91%

white

received a bonus

82%

ethnic minority

received a bonus

Similarly, of our total number of hires last year from an ethnic background, we identified that almost 60% of this population joined after the incentive eligibility cut-off date. Therefore, the percentage of the population receiving a bonus (82%) is significantly lower compared to the white population (91%).

Actions taken to drive change in 2022

- > Embedding hybrid working by design into our ways of working with Flex@QBE by ensuring that work is more than just a place we go, and can be used as a mechanism for attracting, engaging, and retaining a diverse workforce
- > Ensured our sourcing strategies maximise opportunities to attract diverse talent (diversity job board partnerships, agency briefings, careers page refresh)
- > Strengthened our commitment to learning and careers by launching a series of Career Stories and introducing 14 hot skills to give employees the confidence, ability, and experience to enable a successful career
- > Deepened talent discussions to proactively identify pipeline talent, particularly in areas with lower representation levels
- > Took a more structured approach to hiring with practices to ensure gender diverse shortlists and interview panels for senior hires (Level 3 and above)
- > Enhanced our long-term leave experience and support
- > Benchmarked our family friendly policies against the market and identified opportunities for improvement.
- > Finalised and launched ethnicity targets
- > Implemented recommendations following a deep dive into ethnic minority experiences of our performance management processes to reduce opportunities for systemic bias
- > Reviewed sourcing, hiring, policies and guidelines to mitigate against nepotism
- > Enhanced and embedded the School Partnership Programme
- > In the process of developing targeted development support with a new coaching intervention specifically for our ethnic minority community
- > Launched flexible public holidays in the UK, allowing employees to 'swap' a public holiday for another more suitable and meaningful day.
- > Introduced a new incentive plan which includes a mix of both financial and non-financial measures, with the aim of strengthening our ability to drive towards our target culture.
- > Continued to equip and upskill managers with the tools required to understand and manage difference.

Looking forward

- > Expand our UK Private Medical Insurance to include Neurodiversity, Fertility, Menopause and Gender Dysphoria cover
- > Launch our updated Family Friendly policies that will enhance the support we offer our people in the moments that matter
- > Continue to expand the School Partnership Programme by increasing our intake of students and rolling out across some of our larger UK offices
- > Continually review and monitor the impacts of the Ethnicity Action Plan
- > Use insights from diversity data to inform targeted actions for the future
- > Continue to evolve our diversity data capture throughout all aspects of the employee lifecycle
- > Continue to track against our Women in Leadership and Ethnicity targets
- > Building a community for women with the launch of a Lean in Circle pilot.



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