

Gender Pay Gap Report 2019





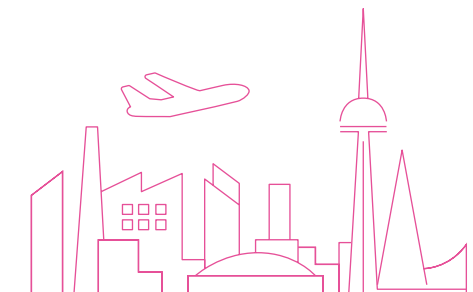
A welcoming, diverse and inclusive culture is an important element for RSA in our mission of high performance and one I am personally committed to. By focusing on increasing our appeal to talented women, we are increasing their representation at senior levels. Over time this will help us to make further progress in reducing our Gender Pay Gap.



Stephen Hester
Group Chief Executive

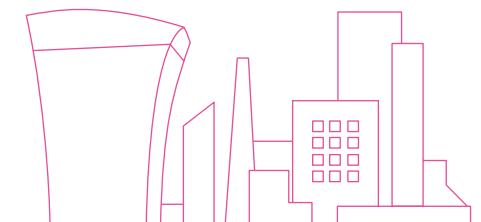


About RSA



12,958

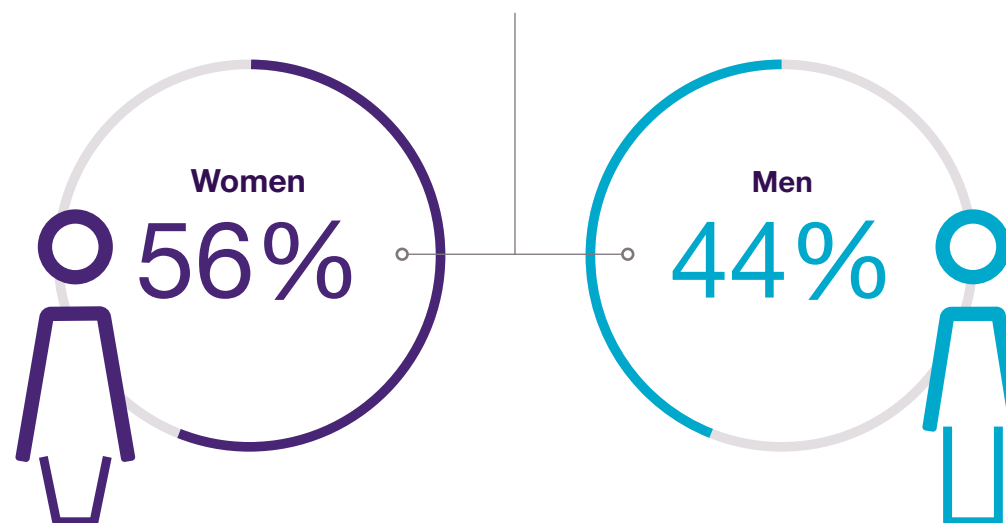
RSA headcount across our UK & International, Canada and Scandinavia businesses, as at 31st December 2019



5,186

Employees in our main UK operating company, Royal & Sun Alliance Insurance plc, as at 5th April 2019

Gender split of Royal & Sun Alliance Insurance plc employees (at 5th April 2019)



Pay and Bonus Gap

The information presented below relates to employees of Royal & Sun Alliance Insurance plc and is calculated in line with the government regulations.

	Median			Mean		
	2019	2018	2017	2019	2018	2017
Gender Pay Gap Based on hourly rates of pay as at 5th April	29.0%	29.7%	29.7%	31.7%	33.6%	33.0%
Bonus Pay Gap Based on bonuses paid in the 12 months up to 5th April	39.3%	15.0%	41.1%	75.1%	69.1%	63.2%

Please see overleaf for an explanation of the comparison between 2019 and previous years.

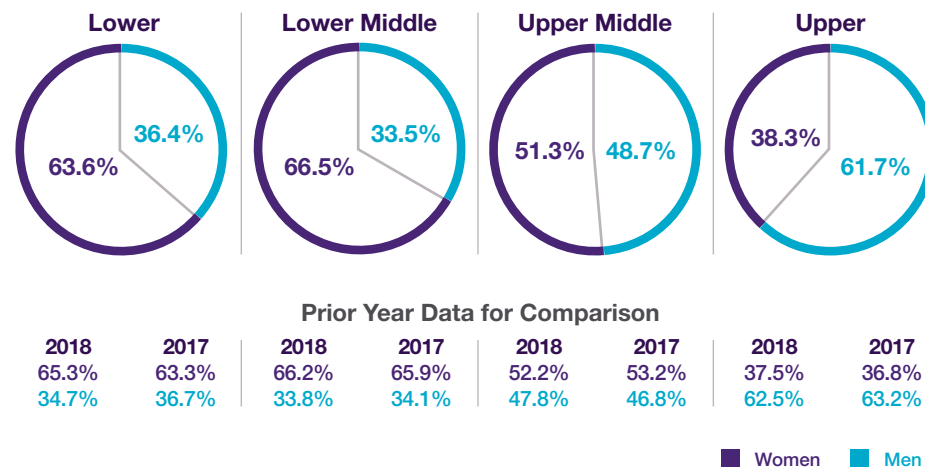
In addition to Royal & Sun Alliance Insurance plc, RSA Group has a number of other operating entities in Great Britain, employing a further 26 employees. These employees are not included under Government regulations on Gender Pay Gap disclosure. If we include all RSA companies with employees based in England, Scotland and Wales, our Mean Pay Gap is 33.2%, our Median Pay Gap is 29.1%, our Mean Bonus Gap is 83.0% and our Median Bonus Gap is 33.0%.

Proportion of employees receiving bonus pay

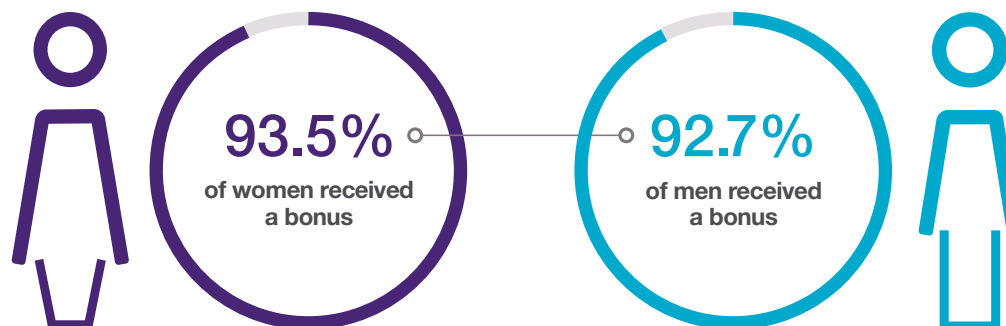
A slightly higher proportion of women than men received bonus pay in the 12 month period up to 5th April 2019 at Royal & Sun Alliance Insurance plc. Employees at all levels of seniority are eligible for bonus pay, subject to being employed by RSA during the relevant performance period and achievement of stretching performance targets. These percentages are slightly higher than the 2018 figures (92.1% of women; 90.1% of men) and are very similar to the 2017 figures (93.6% of women, 92.3% of men).

Pay Quartiles

The following charts illustrate the percentage of men and women at Royal & Sun Alliance Insurance plc within four equally sized pay quartiles as at 5th April 2019.



The gender pay gap is a measure of the difference between the average earnings for men and women. This is not the same as equal pay. We undertake annual equal pay audits, consistent with ACAS and Equality and Human Rights Commission (EHRC) guidance. We are confident that there are no underlying systemic equal pay issues between men and women at Royal & Sun Alliance Insurance plc for the same or similar work.



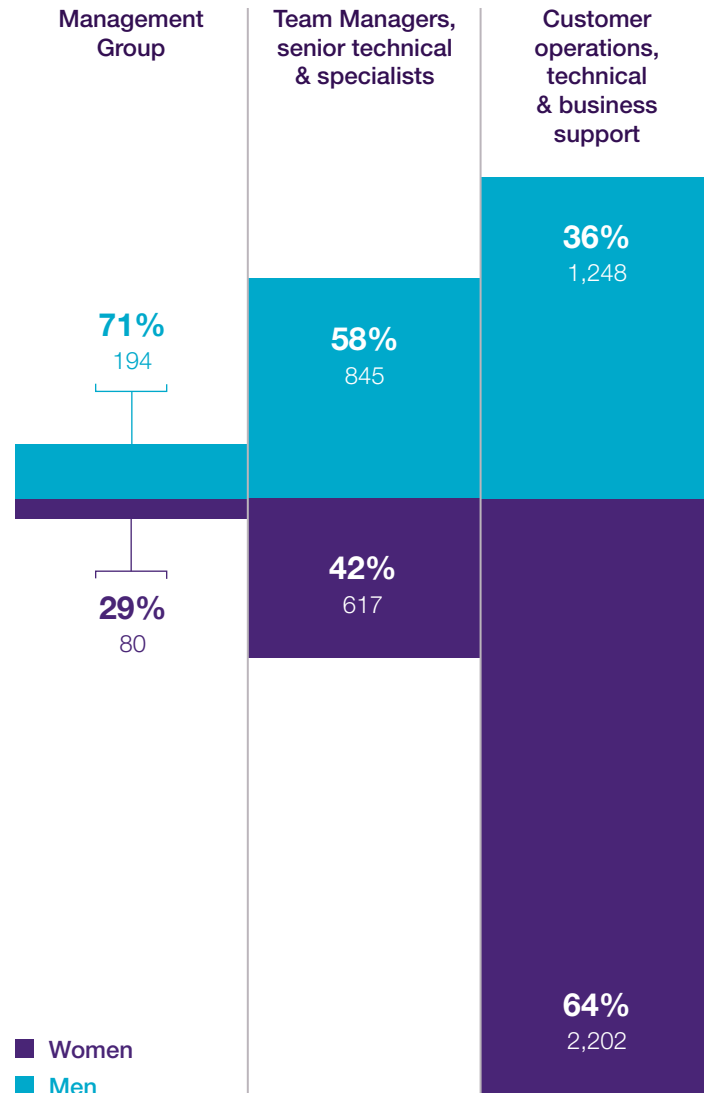
Why do we have a pay gap at Royal & Sun Alliance Insurance plc?

Our analysis shows that our gender pay gaps are predominantly driven by the shape of our workforce, in particular:

- We have fewer women than men in senior management roles. Our workforce is predominantly female (56%, same as in 2017 and 2018) however there are fewer women in our Management Group roles (see below 29%). However, this has steadily increased from 25% in 2017 and 27% in 2018.
- This is reflected in our pay quartile data, where 38.3% of employees within the highest paid quartile are female. Again, this is steadily increasing from 36.8% in 2017 and 37.5% in 2018.
- There are more women than men in our junior roles, such as customer operations, technical and business support.

Royal & Sun Alliance Insurance plc

(as at 5th April 2019)



Understanding the pay and bonus gap comparison between 2019 and previous years:

- **Mean and median pay gaps** have continued to improve. This can be explained by more women in the upper pay quartile and less women in the lower pay quartile than in 2018.
- **Mean and median bonus gap** both worsened compared to 2018. However, 2018 was an 'anomaly year' due to the non-payment of annual bonuses to UK Management Group Employees as 2017 performance in the UK had fallen short of our targets.
- The significant increase in the **median bonus gap** can therefore be explained by the Annual Bonus plan pay-outs to UK and GCC employees in the 2019 reporting period. The Management Group population, who are eligible for larger bonuses, contains a high number of men. However, this figure has improved compared to 2017 reported data.
- The increase in the **mean bonus gap** can be explained by the Annual Bonus plan pay-outs and the increased vesting of Performance Share Plan awards in the 2019 reporting period. These were granted to senior managers to reward performance over the longer term. The majority of the recipients were male, reflecting the senior management group at the time the awards were made three years ago. As we continue to increase the number of women in senior leadership roles and apply a gender lens to remuneration decisions, we will expect this gap to reduce.
- As per previous years, a higher proportion of women than men received a bonus. Reported bonus pay also includes recognition awards. Both proportions increased in this reporting period, which can be explained by the pay-out of bonus plans to UK Management Group employees.

What actions are we taking to reduce the Gender Pay Gap at RSA?

At RSA, our vision is to create an inclusive workplace where everyone can bring their best selves to work. We do this by building diversity across all levels of our organisation and creating an inclusive culture which attracts, encourages and is strengthened by diverse perspectives, establishing the best foundation to serve our customers. Because our Gender Pay Gap is predominantly caused by the shape of our workforce, the actions we are taking to reduce the Gender Pay Gap are focused on increasing the number of women in senior roles at RSA.

In the last twelve months, we have made very good progress in relation to the Diversity and Inclusion (D&I) agenda, particularly in building an inclusive culture. We have made excellent progress in relation to our external reporting commitments (the Women in Finance Charter and Hampton Alexander Review), which both assess the gender diversity in our senior population. This is our key area of focus and there has been a lot of attention on ensuring women have the opportunities and support to progress to senior levels at RSA, alongside greater robustness and rigour in applying a gender lens to our remuneration and people processes. The foundations of the right actions and processes are now in place and are receiving careful scrutiny and review. However, these actions will take time to close the Gender Pay Gap.



RSA signed HM Treasury's 'Women in Finance Charter' in 2017, through which the Group was committed to achieving 33% representation of women in Management Group globally by 2020. As at 31st December, we had exceeded our target and achieved 34.6% of women in our senior management population.



RSA is committed to meeting the recommendations of the Hampton Alexander review by achieving the 33% target for women on boards and in leadership teams of FTSE350 companies by 2020. Group-wide gender data was last provided to the Hampton Alexander Review in July 2019. The proportion of women in our leadership team was 30.1% (as at 30th June 2019). Again, we have continued to make progress and our latest data (effective year end 2019) is 35.9%. Female representation on our Group Board is 33.3%.

Our Diversity and Inclusion Council provides governance for RSA's D&I activity. The Group Council reviews gender representation statistics every quarter and oversees progress in each region against RSA's D&I strategy.

In March, RSA celebrated International Women's Day in all our regions globally to recognise and celebrate the achievements of women and to support the call to action for gender equality.

We participated in the City of London networking breakfast at the Guildhall, in support of Refuge, a charity which supports women and children who experience domestic violence.

In support of the #BalanceForBetter theme, we showcased role models from across our UK business who embrace gender balance. Our inspiring stories included: senior women sharing advice about progressing to the top; balancing work as working parents; senior leaders working part time; and men and women promoting gender balance from the top.

We also ran a 'RewritingTheRules' poster campaign, designed to challenge the 'rules' of how female strengths are perceived – specifically the language that is stereotypically used to describe women but wouldn't be attributed to their male counterparts. We highlighted the following words and provided new, more positive alternatives:

- "Confident, not aggressive"
- "A leader, not bossy"
- "Working parents, not just working mothers"
- "Emotional intelligence, not just emotional"

In support of our commitment to gender balance, we also recognised International Men's Day in November. Our theme focused on 'rewriting the rules of masculinity', highlighting that 'it's okay not to be okay'. We arranged a special talk with a positive male role model who champions well-being and self-care in the workplace. A video of the talk was shown across our sites. We are continuously looking at ways to better engage men in gender diversity discussions.

Recruitment of diverse talent

When recruiting for senior roles in our UK business, we set a minimum proportion of female candidates. For 2019, this was 40% of the candidates on the shortlist. 80% of the roles we advertised met this target. For 2020, we have increased to a stretch target of 50% female candidates on shortlists and we have an appropriate follow up process in place for those roles where the shortlist does not meet the gender target.

We have worked in partnership with the recruitment agencies we use and have re-stated our D&I objectives and expectations.

We have removed gendered language from our job advertisements to address any inadvertent bias.

We now have 300 employees (100 more than last year) undertaking an apprenticeship funded via our Apprenticeship Levy in areas such as Insurance, Leadership, Project Management, Digital, HR and Finance. 44% of our apprentices are female and they are aged between 18 and 61.

We offer College Leaver programmes in five of our UK locations – Chelmsford, Halifax, Peterborough, Liverpool and Manchester. These apprenticeships provide a real alternative to a university education for college leavers of both genders. They are entry talent programmes for a variety of career options in insurance.

Our finance Graduates based in Liverpool and London also join a Masters level Apprenticeship to become qualified chartered accountants.

Developing and promoting diverse talent

We are increasing the number of women who are suitable candidates for senior roles through development activities:

- We provide leadership skills development at all levels of leadership, to enable both genders to progress their careers. Examples include:
 - Our “Accelerate” talent programme provides development opportunities for our talent with potential to move into senior roles and we ensure a minimum 50% female participation. Our data shows this is improving promotion rates.
 - Our “Stepping Stones” programme fast tracks our most junior talent to equip them with skills and knowledge to progress into junior leader roles. This enables career progression for both genders.
- We participate in the 30% Club Mentoring programme, with 20 mentoring partnerships for women below management level.
- We continue to support the Gender Inclusion Network (GIN) through sponsorship and colleague involvement. GIN is an industry-wide group focusing on driving gender balance and providing networking opportunities.



Unconscious bias training

The roll-out of inclusive leadership and unconscious bias training across all our regions forms an important part of our D&I strategy, supplemented by embedding the unconscious bias learnings into our people processes.

In the UK, our unconscious bias training was branded internally as “Building Inclusive Cultures training”. This is being rolled out to all people leaders, with 78% having attended face to face workshops so far. Overall feedback has been positive,

with awareness of what unconscious bias is increasing from 30% to 95% and confidence to challenge behaviour creating exclusion increasing to 90%. The next stage will be to look at how we embed and continue the learning beyond the classroom by using ‘nudges’ to influence behavioural change, for example, during the performance review process, reminding leaders of the biases that can potentially arise with suggestions on how to mitigate them.

RSA participated in the Chartered Insurance Institute’s “Insuring Women’s Futures” Flexibility Working Group. This was a voluntary, market-led programme intended to improve women’s financial resilience. The manifesto was launched in November.



Support for Working Parents

We recognise that family friendly policies help to remove barriers for those with parenting or caring responsibilities, and those who are thinking about starting a family and help to create an environment where parents can take parental leave and still have a successful career, regardless of gender. We also recognise the importance of transparency of these policies, including to potential applicants as well as existing employees. We therefore supported campaigns by the Association of British Insurers and Mumsnet for greater transparency and have voluntarily published all our parental policies online, ahead of the outcome of the Government's consultation on this matter. We recently improved our support for working parents and are implementing a whole suite of provisions to better support working parents. This includes the introduction of paid time off for fathers to attend ante natal appointments, paid time off for fertility treatment, extension of maternity/ shared parental leave if a baby is born prematurely and needs to remain in hospital, paid compassionate leave in the event of a miscarriage and better signposting of support for employees.

Additionally, following a successful pilot, we are implementing a buddy programme for individuals going on parental leave, aimed at providing additional support for those going on leave and whilst on leave, and facilitating an effective return to work.

For our UK Management Group employees, we have also introduced a facility provided by the specialist organisation My Family Care to help find suitable childcare or eldercare when usual arrangements break down or last minute provisions are needed.

Flexible Ways of Working

At RSA we aim to take a flexible approach to how our employees work. We understand that current and potential future employees will have responsibilities outside of work which put demands on their time. Offering a range of flexible working options is one of the ways in which we can try to help our employees achieve the work/life balance which is right for them. In parts of our UK business, we are piloting the advertising of roles as 'happy to talk flexible working', aimed at improving the conversation about flexible working opportunities for potential applicants. Whilst our approach to flexible working applies to everyone, we know that in order to address the Gender Pay Gap, it's important that women in particular don't have to choose between family or career.

Employee Resource Group

Our UK gender based employee resource group is called RSA Balance. The mission of the group is to "Drive and sustain gender balance at all levels of the organisation, to better represent and serve our customers and make RSA a fulfilling place to work."

A variety of personal development sessions have been facilitated by the group, on topics such as: managing your inner critic; owning your strengths; using stories to win over others; how to do twice as much with your time; and negotiation skills. We receive excellent feedback on the peer-to-peer learning environment created through these sessions, which involve discussions on development topics affecting all genders.



Creating an inclusive workplace

Gender is one aspect of our Diversity & Inclusion vision. During 2019, employees across RSA raised awareness of the value of wider diversity and inclusion within our organisation.

- RSA was a proud sponsor of the Dive In Festival, a pan-insurance initiative focused on inclusion. The vision is for the insurance industry to be recognised as a progressive industry where workplaces create a level playing field for talent and attract the very best people. RSA hosted events on social mobility, mental health and the positive impact of inclusion.
- During the summer RSA participated in Pride celebrations. We sponsored Sunderland Pride and participated in marches in Liverpool, Manchester and London.
- For the second time, we celebrated 'Inclusion Week' in September, highlighting inclusion role models throughout the week.
- We have signed up to The Valuable 500 disability pledge and recognised World Mental Health Day with a podcast on personal resilience and International Day of Persons with Disabilities, celebrating the work we are doing with our customers.

Employee feedback has been highly positive, and we believe these activities, alongside many other regional-led initiatives, have significantly contributed to the creation of an inclusive culture at RSA.

We recognise that the gender pay gap is a long-term issue and actions will take time to have an impact on the figures we report.

We are confident in the steps we are taking and in the monitoring we have in place to track their effectiveness and identify opportunities for additional actions.

Declaration

I confirm that the information and data provided is accurate and in line with mandatory requirements.



Stephen Hester
Group Chief Executive