

Gender Pay Gap Report 2020





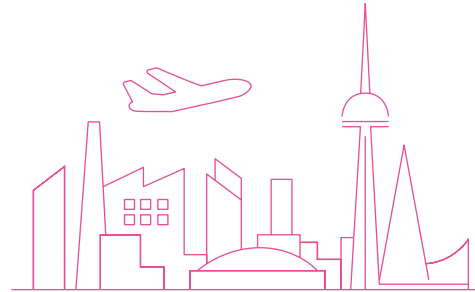
Achieving best-in-class performance requires an inclusive environment in which people feel supported to contribute, regardless of their gender, ethnicity or background. By enabling diversity of thought and ensuring representation of women in our senior management teams, we are fundamentally stronger as a business. I'm proud of the progress we've made over the last few years and our continued focus on practical actions to reduce our Gender Pay Gap.



Stephen Hester
Group Chief Executive

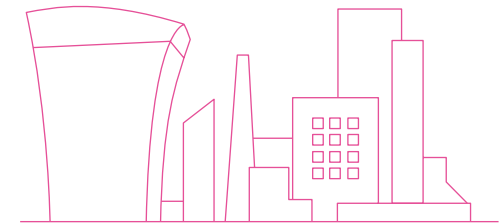


About RSA



12,380

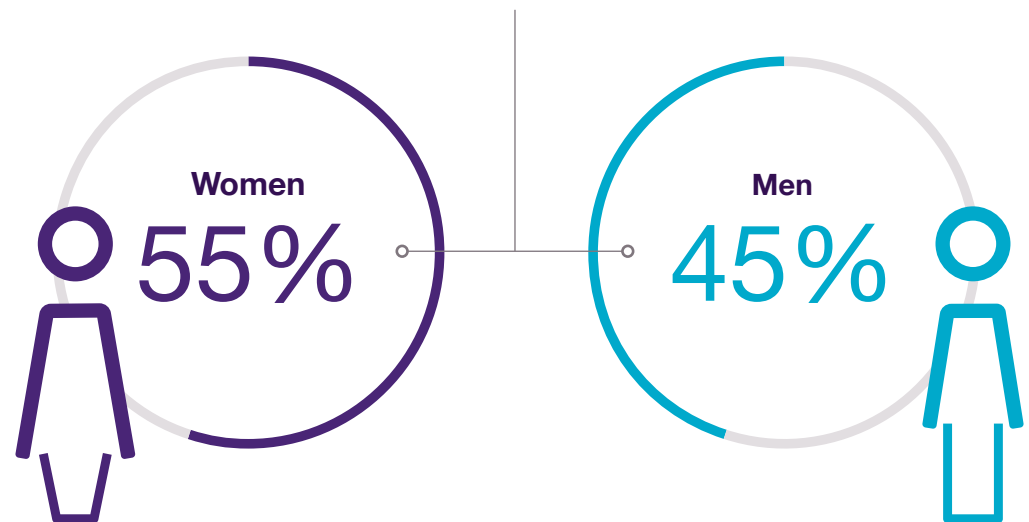
RSA headcount across our UK & International, Canada and Scandinavia businesses, as at 31st December 2020



5,102

Employees in our main UK operating company, Royal & Sun Alliance Insurance plc, as at 5th April 2020

Gender split of Royal & Sun Alliance Insurance plc employees (as at 5th April 2020)



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			
	2020	2019	2018	2017	2020	2019	2018	2017
Gender Pay Gap Based on hourly rates of pay as at 5th April	27.3%	29.0%	29.7%	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	42.8%	39.3%	15.0%	41.1%	58.9%	75.1%	69.1%	63.2%

Please see overleaf for an explanation of the comparison between 2020 and previous years.

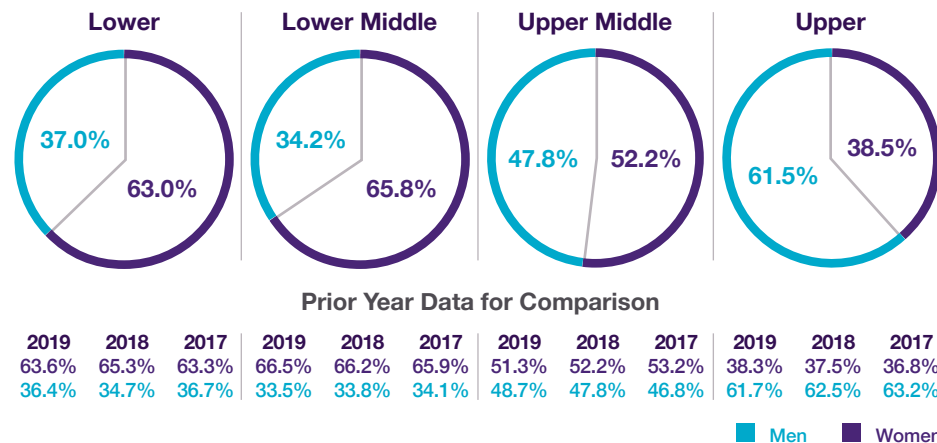
In addition to Royal & Sun Alliance Insurance plc, RSA Group has a number of other operating entities in Great Britain, employing a further 10 employees. These employees are not included under Government regulations on Gender Pay Gap disclosure. If we include all RSA companies with employees based in England, Scotland and Wales, our Mean Pay Gap is 31.1%, our Median Pay Gap is 27.4%, our Mean Bonus Gap is 64.4% and our Median Bonus Gap is 43.0%.

Proportion of employees receiving bonus pay

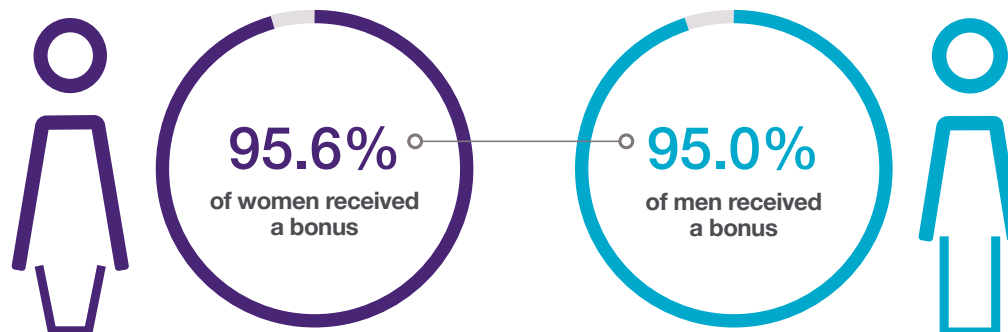
A slightly higher proportion of women than men received bonus pay in the 12 month period up to 5th April 2020 at Royal & Sun Alliance Insurance plc. Employees at all levels of seniority are eligible for bonus pay, subject to being employed by RSA during the relevant performance period and achievement of stretching performance targets. These percentages are slightly higher than the 2019 figures (93.5% of women; 92.7% 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 2020.



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 regular equal pay audits, in line with ACAS and Equality and Human Rights Commission (EHRC) guidance. We are confident that men and women at Royal & Sun Alliance Insurance plc are paid equally for the same or similar work across the business and we are satisfied that there are no underlying equal pay issues.

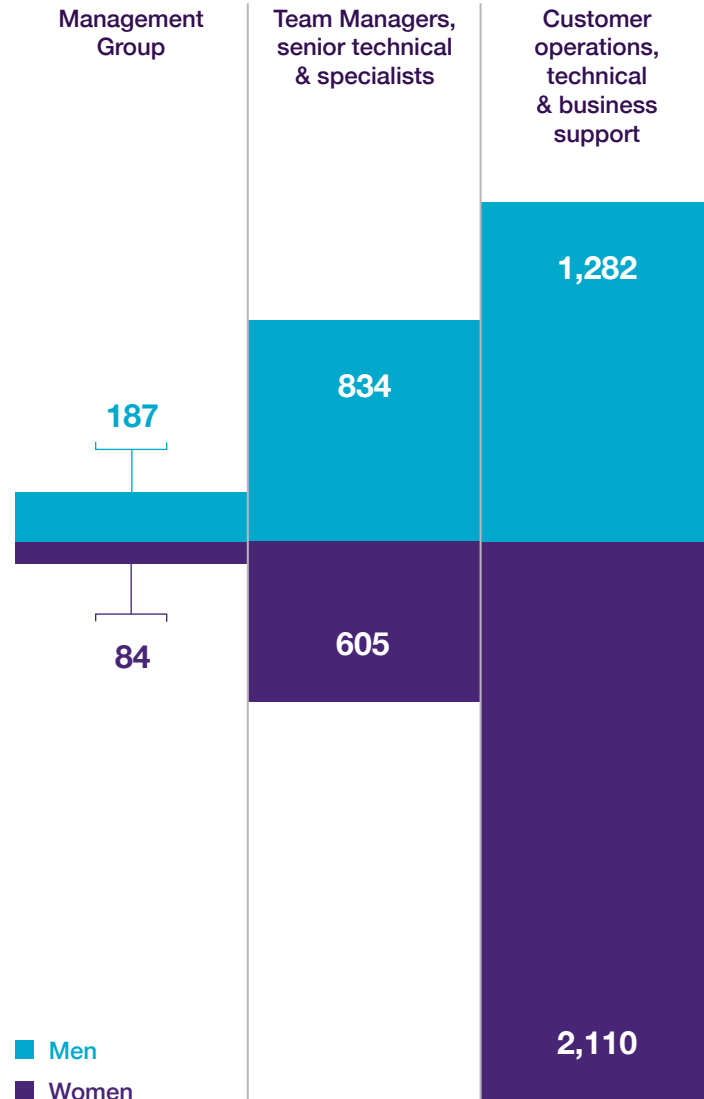


Why do we have a pay gap at Royal & Sun Alliance Insurance plc?

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

- Our workforce is predominantly female (55%) although there are fewer women in our senior management roles (see table, 31%). However, this has steadily increased year-on-year from 25% in 2017 (2019: 29%). There are **more women than men in our junior roles**, such as customer operations, technical and business support.
- This is reflected in our pay quartile data, where 38.5% of employees within the highest paid quartile are female. Again, this has steadily increased year-on-year from 36.8% in 2017 (2019: 38.3%)

Royal & Sun Alliance Insurance plc (as at 5th April 2020)



Understanding the pay and bonus gap comparison between 2020 and previous years:

- Mean and median pay gaps** have improved year-on-year. This can be explained by proportionately more women being in the upper pay quartile and fewer women in the lower pay quartile than in 2019.
- Mean bonus gap** has improved significantly (over 16%) compared to 2019 – driven by a smaller number of Performance Share Plans vesting and a significant reduction in the average value of these Performance Share Plans, alongside a reduction in discretionary bonuses (such as hiring bonuses) made to male employees through the year.
- Median bonus gap** has increased slightly compared to 2019. This is due to larger Annual Bonus plan pay-outs to UK and GCC employees. The Management Group population, who are eligible for larger bonuses, contains a high number of men.
- 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 due to the launch of a new employee recognition scheme which meant that the number of recognition awards increased.

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.

This is our fourth Gender Pay Gap report. Despite the removal of statutory reporting obligations in 2020, RSA elected to report voluntarily because we support the transparency that Gender Pay Gap reporting provides. In the last twelve months, we have made continued progress in relation to the Diversity and Inclusion (D&I) agenda. Whilst it is acknowledged that there are no credible 'quick fixes' to the Gender Pay Gap, the year-on-year improvements demonstrate that we have put in place the right actions to address our Gender Pay Gap.

In common with other insurance companies, RSA's Gender Pay Gap is predominantly driven by the shape of our workforce – we have more men than women in senior management roles, and a greater number of women than men at junior levels. However, we have applied focus and energy to increasing the number of women in senior management positions and are consistently making progress with these initiatives.

This is demonstrated by the steady annual increase in female representation in our Management Group from 25% in 2017 to 31% this year. This will erode the Gender Pay Gap in time. Additionally, there has been greater robustness and rigour in applying a gender lens to our remuneration decisions and people processes. There is a much greater awareness at RSA of the impact of pay decisions on the gender pay gap and reward decisions are scrutinised in this light. In addition to gender, we have broadened our diversity focus and have made positive progress in relation to ethnicity, disability and broader inclusion.

RSA originally signed HM Treasury's 'Women in Finance Charter' in 2017, through which the Group committed to achieving 33% representation of women in the Management Group globally by 2020. We exceeded this target and as at 31st December 2019 had achieved 34.6% of women in our senior management population. In order to drive further progress, this year we have set specific targets for each geographical region (ranging from 34% to 48% by 2022), taking into account the differing levels of female representation in each region at the start of 2020 and opportunities for recruitment and promotion into management roles. Effective 31st December 2020, the proportion of women in our Management Group had further improved to 35.3%.

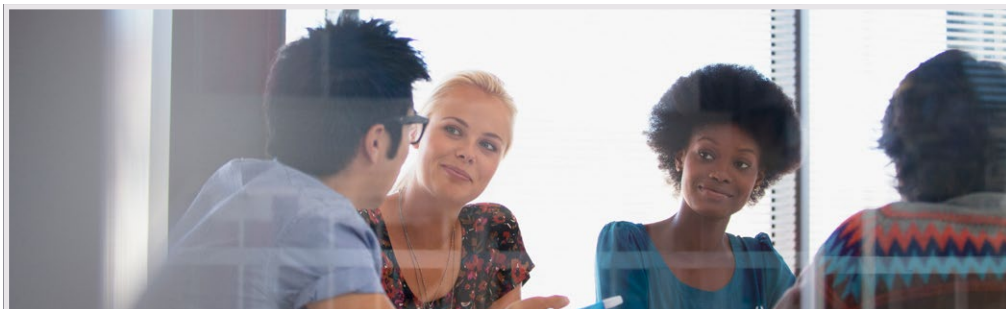
RSA has been committed to meeting the recommendations of the Hampton Alexander review by achieving the 33% target for women on boards and in leadership teams of FTSE350 companies by 2020. Group-wide gender data provided to the Hampton Alexander Review for the last year of the review in November 2020 shows that the proportion of women in our leadership team was 36.4% and on our Group Board was 40% (as at 31st October 2020). We have demonstrated an increase in the proportion of women in senior leadership roles in each year of reporting for the review.

Our Diversity and Inclusion Council provides governance for RSA's D&I activity. Progress against our gender diversity targets is reviewed on a quarterly basis by the Group Council and additional analysis is undertaken to understand the actions which underpin any changes to each region's representation data.

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 were summit partners for the Women Ahead Gender Balance Summit in London, and invited colleagues from Canada, Scandinavia and across the UK to attend the event in person. Videos of all the speakers from the summit were shared with all our employees. We

held events across each of our locations in support of the 'Each for Equal' theme including a panel discussion in London which showcased women across the female pipeline, highlighting that collectively each one of us can help create a gender equal world by challenging stereotypes, broadening perceptions, celebrating women's achievements and actively including men in the solution. Colleagues across the company also pledged their support for gender equality via a company-wide campaign.

In support of our commitment to gender balance, we also recognised International Men's Day in November. In support of the theme, 'Better health for men and boys', we held a virtual fireside chat with physiotherapist and author Jonathan Hoban who raised awareness of issues including burnout, mental health and the impact of the pandemic on resilience. A video of the talk was shared with all employees to encourage conversations on important topics such as mental health and wellbeing. We are continuously looking at ways to better engage men in our gender diversity discussions and as allies for gender balance.



Recruitment of diverse talent

When recruiting for senior roles in our UK business, we set a target for a minimum proportion of shortlisted candidates to be female. For 2020, the target was set at 50%, up from 40% in 2019. There is always 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 to ensure they are clear on our expectations with regards to D&I. We have communicated our commitment to supporting flexible working requests through our job adverts to ensure all potential candidates are aware of our willingness to discuss any requirements for flexibility in when, where and how our employees work.

We have removed gendered language from our job advertisements to address any inadvertent bias. We are also working with external organisations to help grow the long-term female talent pipeline for certain roles, such as Women in Technology.

We now have 309 employees undertaking an Apprenticeship, fully funded via our Apprenticeship Levy commitment. We offer 35 Apprenticeship qualifications covering a range of academic levels from Level 3 through to a masters Level 7. Our programmes cover a broad range of topics including: Insurance, Leadership and Coaching, Finance and Actuary, Project Management & Change, Customer Service, Cyber and Digital, Risk & Compliance, Procurement, HR and Legal. 51% of our apprentices are female and they are aged between 18 and 62.

We also 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 all genders and we ensure there is a 50/50 gender balance through to our assessment centres. They provide entry-level talent programmes for a variety of career options in insurance including accounting, software testing and data analytics.

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 continuing to provide development opportunities to support the progression of women in our business into senior management roles:

- Our “Accelerate” talent programme provides leadership skills development for those who show high potential to progress into the Management Group in the future. We ensure 50/50 gender balance amongst attendees in the programme. Additionally, we have held focus groups with all Accelerate programme alumni to understand any potential gender differences in their experience of the programme or perceived barriers to career progression.
- We have developed an in-house mentoring programme for women at the level immediately below Management Group. 22 women have been paired with members of our senior leadership team for a 9-month programme. This includes provision of mentoring support, leadership development and networking opportunities.
- 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.



Addressing bias

Addressing bias forms an important part of our group-wide D&I strategy, with a focus on inclusive leadership training and addressing unconscious bias in our people processes.

In 2020, we undertook an in-depth impact assessment of our organisational design processes on our D&I priorities. This involved applying a diversity lens to redundancy selection processes and detailed analysis of the impact of the organisational design processes on the overall gender profile of the organisation. There was no material negative impact on gender through any of our organisational design actions taken in the last year.

We have embedded unconscious bias training, branded internally as “Building Inclusive Cultures training” across our organisation with 78% of people leaders having attended so far. We are also developing an e-learning module on unconscious bias for all employees which will be launched in the second quarter of 2021.

In support of ensuring diversity and inclusion at all levels within our organisation, we have also developed guidance for leaders to be used in real time within our people processes, such as performance management, reminding leaders of the biases that can arise and providing suggestions on how to mitigate them.

We are undertaking ‘deep dive’ reviews across each functional area of the business, analysing all available diversity data and agreeing actions with the relevant leadership teams to improve diversity and embed an inclusive culture. These deep dives include analysis of promotions, recruitment, exits, demographics and succession planning, as well as qualitative feedback from focus groups.

Support for Working Parents

Our working parents and carers faced many challenges in trying to balance work and caring responsibilities during 2020. We have been supporting our colleagues during the pandemic, enabling them to work flexibly and ensuring they have the support they need. We set up 'Family Forums' where colleagues could connect and share experiences with each other and facilitated webinars on topics such as 'Managing Guilt' and 'Remote Working Best Practice for Working Families.'

We are also delighted to have launched a new Employee Resource Group, RSA Families, sponsored by a member of our UK Executive Team, Louisa Leonard, UK Chief Operating Officer. The aim of RSA Families is to 'champion and promote a culture within RSA where working parents and carers have the support they need so that they can flourish, develop and nurture their working lives, realising their full potential, so that they can bring their best selves to home life and work life each day'.

Gender 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'.

We have appointed a new executive sponsor for the group, Mandy Hunt, Chief Underwriting Officer for UK&I Commercial Lines and have set new priorities for the group to:

1. Empower women in RSA to achieve their personal and professional ambitions.
2. Tackle prejudice and stereotyping, which act as blockers to improving gender balance at RSA.
3. Make RSA a place known for supporting gender balance in the marketplace.

In line with these objectives, RSA Balance have been running personal development sessions which address key topics such as 'The Surprising Habits of Original Thinkers' and 'Own Your Strengths' that help RSA colleagues achieve their full potential.



Creating an inclusive workplace

Improving our gender balance at all levels of the organisation is just one aspect of how we are creating an inclusive workplace for all at RSA. In 2020, we continued to support our colleagues with the new and unique challenges that presented themselves.

- In response to the Black Lives Matter movement we have taken time to understand how race inequality affects our colleagues personally and how we can work together to take action. We created anti-racism guidance for all employees and set up RSA REACH (Race, Ethnicity and Cultural Heritage), a new employee resource group (ERG), sponsored by David Germain, Group & UK CIO. We've run listening groups across our UK sites to understand the lived experiences of our Black, Asian and other ethnic minority colleagues and will be using this feedback as input into our 2021 action plan. We also signed the BITC Race at Work Charter and have made changes to our HR system to be able to record ethnicity data, so we can understand how diverse we truly are from an ethnicity perspective and make meaningful improvements.
- Our RSA Building Pride ERG, overcame the unique challenges that remote working presented, by creating a **Virtual Pride March** video, involving colleagues from around the UK and many members of our UK Executive Team, including Building Pride's Executive Sponsor William McDonnell, Group Chief Risk Officer.
- We continued our focus on disability inclusion, being proud signatories of the **Valuable 500**. We are delighted to have recently joined the Business Disability Forum and to have created the RSA Ability Wellbeing profile which uses positive language around disability, fosters conversations and aims to support employees and leaders to agree any adjustments to improve an employee's physical or mental wellbeing. We also acknowledged International Day of Persons with Disabilities on 3rd December with a focus on highlighting hidden disabilities and running lunch & learn sessions to raise awareness about hearing loss, which was supported by the hearing loss charity, RNID.
- RSA continued to support the Dive In Festival, as a local festival sponsor and co-hosted one of the most attended events in the UK 'Prioritising mental health: before, during and after Covid-19'.
- We celebrated 'Inclusion Week' in September, with a focus on 'making inclusion an everyday activity' with practical activities for colleagues to do within their teams, as well as running a WebEx session to mark the start of Black History Month at the start of October.

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