

Foreword

It has been five years since we began reporting our gender pay gap in the UK and while much has changed during that time, our commitment to reducing our gender pay gap has not.

This year we have included a new graph that charts our progress over this time, which you'll find on page 2. While some of the fundamentals remain – that our pay gap reflects the higher proportion of men in more senior roles – you can see that we are making steady progress at redressing the balance. We have established structures and processes which ensure that men and women are paid the same for similar roles, so the focus of our work has been on getting more women into more senior roles across the Group.

As you can see from the pages that follow, we have had some successes here. Since 2017, on a mean basis our gender pay gap has reduced steadily and is now 12 percentage points lower than when we first started reporting on it. On a median basis, the gender pay gap has also reduced over time, with the exception of 2020 when the data reflects the introduction of part-time teams in our entry-level customer-facing roles, the majority of which were filled by women.

There are a range of factors informing our progress, which you'll find on page 5. The development accelerator for women programme we have embedded uses a combination of workshops, coaching and mentoring to help us realise the potential of mid-level female talent we already have in our ranks. This is supported by Aspire, an early careers programme which ensures we are having the right conversations at the right time to develop our future leaders. Targets and metrics also have their place, and for us this includes, for example, gender-balanced promotions and recruitment shortlists. Each part of our business has slightly different targets and plans based on their starting point and their specific challenges, but we've spent a lot of time engaging people in the business in the process to make sure we get this right.

I hope you find this report useful, and I can confirm that the data set out in the following pages is accurate.



Kate Markham

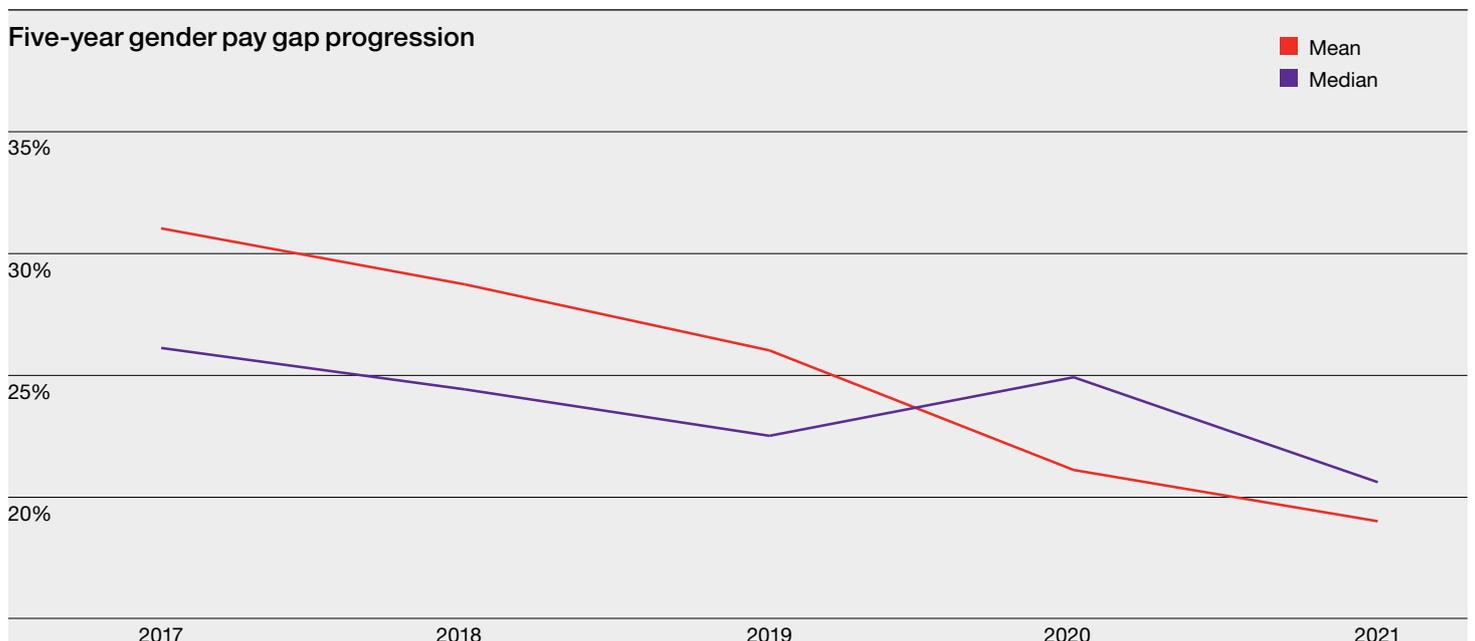
Kate Markham
CEO, Hiscox London Market
Executive Sponsor, diversity and inclusion

As a company with more than 250 employees we are required by the UK Government to publish details of the gap in pay between men and women, which we have done since 2017.

This report examines the gender pay gap which the government defines as, ‘...an equality measure that shows the difference in average earnings between women and men’. It is not the same as equal pay, which is the amount paid for carrying out like-for-like roles.

Our report also explores the gender gap in bonus payments. We see more volatility in this measure year-on-year due to both the nature of our business and the personal decision of employees when it comes to exercising their share options.

We also explain what we are doing to close the gap in both salary and bonuses, by making sure more women have a better chance to progress to senior roles within Hiscox.



Pay and bonus gap – difference between men and women

	2021		2020	
	Median	Mean	Median	Mean
Hourly pay gap	20.7%	19.1%	25.0%	21.2%
Bonus pay gap	23.0%	21.0%	10.0%	38.0%

The proportion of females receiving a bonus during the year was 91% versus 92% of men.



The difference between ‘mean’ and ‘median’

The ‘mean’ is the average. It is the total of all hourly rates, divided by the total number of employees.

The ‘median’ is the middle value, or the midpoint of hourly rates, when listed in order.

It can be useful to look at the median as it is less affected by numbers at the top end of the pay spectrum, such as the earnings of a small number of senior executives.

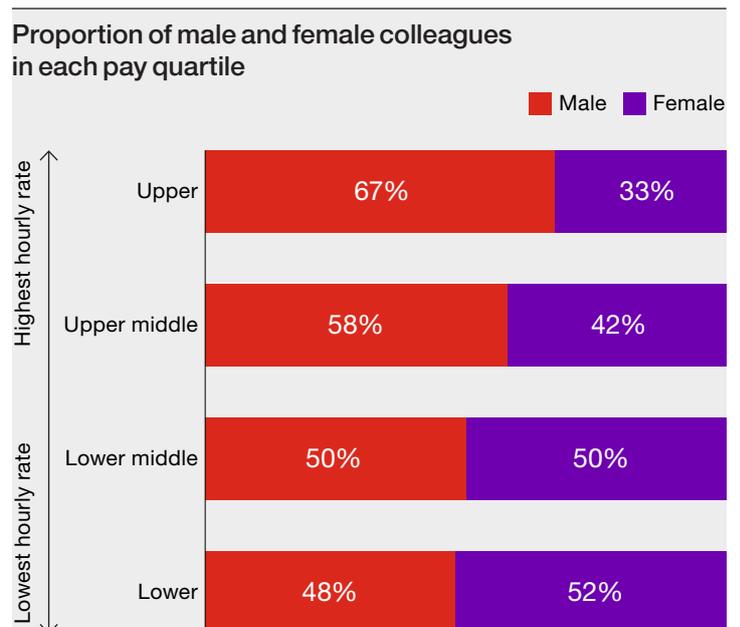
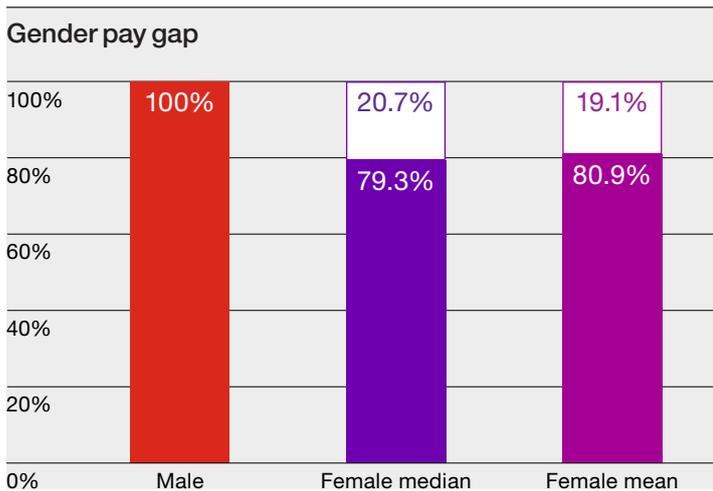
Hourly pay gap

Our data was taken from the April 2021 pay period and converted to an hourly rate of pay for each of our 1,500 UK employees regardless of their job role, level of seniority, or location. The average hourly pay for men and women was calculated on a mean and median basis.

	Median	Mean
Hourly pay gap	20.7%	19.1%

While we know men and women employed at Hiscox are paid equally for carrying out equivalent jobs – we have a robust process in place to ensure pay levels are reviewed fairly and consistently – our analysis shows that the pay gap is still largely due to having fewer women at senior levels.

We still have more to do to improve the representation of women at more senior levels, particularly in our big-ticket underwriting business. You can find out more about some of the steps we are taking to address this on page 5.



Bonus pay gap

Turning to the difference in bonus pay between men and women, we took bonus payment data from the 12 months to 5 April 2021. We have not adjusted the amounts to reflect the impact of part-time working and temporary absence.

All employees who joined the business prior to 1 October 2020 were eligible to receive a bonus. However, the proportion of men and women who received a bonus also reflects the fact that anyone who joined after 1 October 2020, or anyone who resigned prior to the bonus payments being made, was not be eligible for a bonus.

	Male	Female
Received a bonus	92%	91%

Since there is a higher representation of men at senior levels in the organisation in roles which attract higher variable pay, men's bonuses are, on average, larger than women's bonuses. You can find out more about some of the steps we are taking to address this on page 5.

	Median	Mean
Bonus pay gap	23.0%	21.0%

However, the bonus gap is a volatile measure. The nature of our business means that bonuses fluctuate depending on our claims experience; a higher claims frequency can lead to reduced bonus potential, and vice versa.

These figures also include share options exercised which can vary year to year, as timing is a personal decision for employees.



Taking action

Improving our gender pay gap means getting more women into more senior roles at Hiscox. Here are some of the steps we are taking to do just that.



KPIs and succession planning

We have diversity and inclusion (D&I) action plans across all our business units and functions which are overseen by our business and HR leaders. These include gender-focused KPIs which help us concentrate our efforts where it can make the greatest difference and achieve real results. Progress against our plans is measured and monitored quarterly.

We have focused particular attention on building gender diversity within our succession plans, and every female in our succession pipeline has a development plan in place to set them up for future success. We have also made mentoring accessible to any employee who wants it, as we look to improve readiness for leadership roles at mid-manager level.



Training and development

Our development accelerator for women programme aims to increase the representation of women in senior leadership roles, using a blended approach of workshops, coaching, mentoring and psychometrics. It is complemented by Aspire, our early career programme which gives delegates the opportunity to explore whether team leadership is the right career path for them (in contrast to a technical career path) through workshops and shadowing a team leader role.

and approaches. This year we also refreshed our approach to parental leave by introducing an enhanced UK shared parental leave policy to better support our employees who are parents.

We continue to conduct talent reviews focused on building a pipeline of female leaders. Each year we review our programmes to identify opportunities to further embed D&I principles and practices into our learning and development materials

We are also committed to facilitating healthy feedback across the Company, and our workforce engagement programme ensures workforce views are considered in board decision-making. This programme involves Board Director facilitated discussions with representative groups of employees from across the business and exploring key themes such as employee engagement and workplace culture.



Networking and peer support

We have five employee network groups in the UK supporting women, mental health (WeMind), LGBT+ (Pride), Pan-African, and parent populations and their allies. Each network provides a forum for social and professional networking, information, and learning opportunities and serves as a sounding board for issues relevant to Hiscox's global competitive advantage, as well as leadership development opportunities for its members. We continue to invest in our employee network groups because they play a positive role in employee engagement, retention and in fostering a stronger sense of belonging, driving both individual and collective successes.

This year, our UK networks delivered a series of webinars on gender inclusivity in the workplace; held panel debates on investments, allyship, flexible working and well-being in lockdown; and a range of virtual networking events.

Recognising that we cannot achieve lasting change on our own, we participate in the Insurance Inclusion Diversity Forum and The Gender Inclusion Network, as well as D&I focused workstreams within the Association of British Insurers and others.



Recruitment

We target a diverse pool of students for our UK graduate and intern opportunities through our partnership with the Bright Network, who have over 500,000 student members from universities across the whole of the UK. Our early careers opportunities are accessible to all Bright Network members, and we use focused newsletters and targeted email campaigns to reach under-represented groups such as females.

Our work with them includes charitable donations, mentoring and collaboration on insight events and employability skills coaching, and helps to generate a more diverse pool of applicants for our entry level roles and early careers schemes. Going forward, we are continuing this work with SEO London, in partnership with the Lloyd's Community Programme, along with other insurers in the Lloyd's market.

Over the last 12 months we have also partnered with The Brokerage, a charity that works with young people from disadvantaged backgrounds to equip them with employable skills and provide them with access to the financial services industry, to increase social mobility and diversity in the workplace.

Whether we are hiring for our early careers scheme, or for more experienced candidates, we continue to review our job postings for use of gender neutral language and strive for gender balanced shortlists.

View our latest job vacancies at Hiscox: hiscoxgroup.com/careers