

# Gender pay report 2020

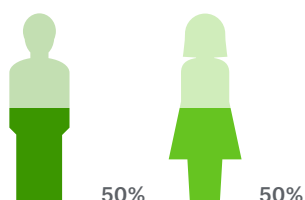
This is the fourth year we have prepared and reported gender pay figures since the UK Government introduced a requirement for employers with 250 or more employees to report annually on their Gender Pay Gap.

**At HSB, having a diverse employee base is key to our business success and our high levels of customer experience. We are committed to creating an inclusive culture and environment of equality where all employees can have the opportunity to realise their full potential. And whilst this year we are not obliged to report on our gender pay gap, as across our two UK businesses we have less than 250 employees in each, we feel it is important for us to continue to do so. This helps us understand how the actions we take can build and develop our inclusive culture which benefits all our employees.**

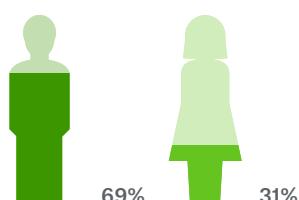
Gender pay gap reporting is one of the means by which we measure the results of the positive activities we undertake to attract and retain diversity of talent across our organisation. This report outlines our Gender Pay Gap figures for the 12 months ending 5 April 2020 and provides an update on our strategies to address both this gap as well as promote a more diverse and inclusive environment across HSB.

Our data is based on hourly rates of pay (as defined by the Office for National Statistics) as at 5 April 2020 and bonuses paid in the 12 months ending 5 April 2020. The report includes data from both organisations which are part of the combined HSB brand in the UK – our insurance company HSB Engineering Insurance Limited (HSBEIL) and our inspection services company HSB Engineering Insurance Services Limited (HSBEISL). HSB's UK entities (HSBEIL and HSBEISL) gender pay gap figures are reported separately on the Government website.

## HSB senior management team



## HSB combined demographic



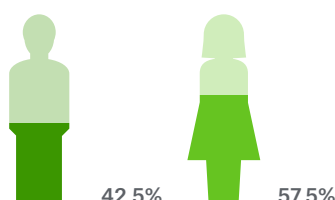
## Our employee demographics

Within HSB, the combined employee demographic is 69% male and 31% female.

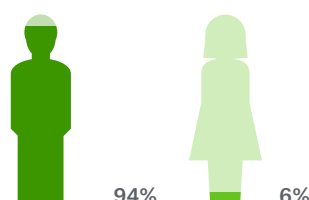
HSB has several employees who, subject to operational requirements in their area of the business are supported in working on a part-time basis. Currently we have 25 employees who work part time, all of whom are female.

Within the different companies under the HSB UK brand, the employee demographics are split as follows:

### HSBEIL



### HSBEISL



## HSBEISL specific employee demographics

In common with many engineering employers in the UK, the talent pool for engineer surveyors in the inspection services industry is predominantly male. This is illustrated by the Society of Operational Engineers (SOE) which has reported a female membership of 1.7% out of circa 14,586 members.

As at 5 April 2020, 1% of HSBEISL engineer surveyors were female, in addition the senior management team of HSBEISL includes one female, our Director of Engineering Services who joined the Company during 2019. Additionally, the Board composition of HSBEISL at 05 April 2020 comprised 2 female directors and 2 male directors. The remainder of the female population within HSBEISL are in customer service and operational support team roles.

<sup>1</sup> HSBEIL references employees within HSB Engineering Insurance Limited; HSBEISL references employees within HSB Engineering Insurance Services Limited; References to HSB refer to combined.

Our data includes employees who are based in Northern Ireland but excludes our colleagues who are in the Republic of Ireland, which is outside the scope of this reporting. In addition our figures on this page have been adjusted to exclude individuals who are processed through the company payroll but provide services for our US parent; as remuneration decisions for these employees are made at a US level. This adjustment has been made in order to better aide comparison with prior year figures and reflect meaningful report data relevant to our organisation's activities and employee demographics. Figures filed with the UK government include these individuals.

## Pay and bonus figures

The table below shows the gender pay and bonus figures as reported for our two companies for year ending 05 April 2020.

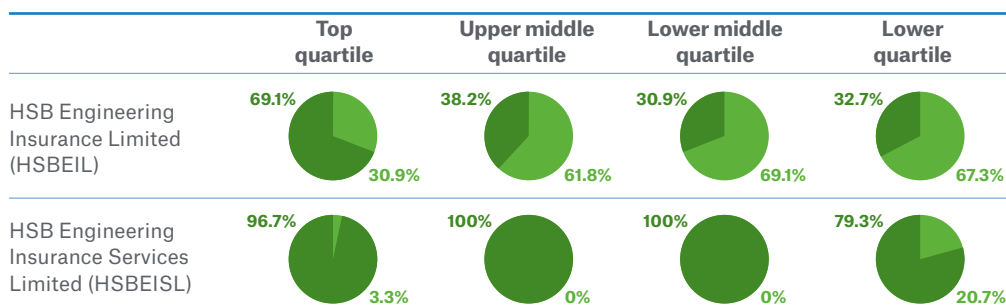
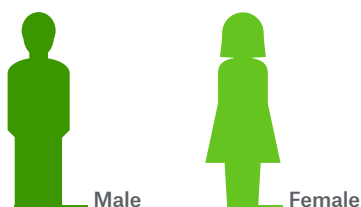
	Pay		Bonus		Receiving Bonus	
	Mean	Median	Mean	Median	Male	Female
HSB Engineering Insurance Limited (HSBEIL)	29.8%	28.7%	40.4%	35.7%	54.3%	43.7%
HSB Engineering Insurance Services Limited (HSBEISL)	3.1%	31.7%	-24.8%	37.5%	28.6%	15.0%

This data outlines:

- The percentage difference between the average (mean and median) hourly rates for men and women in each entity
- The percentage difference between the average (mean and median) bonus pay for men and women in each entity
- The proportion of men and women who received a bonus

## Our pay quartiles

### Key



This data excludes US funded employees and outlines:

- The proportion of men and women in each quartile of pay (i.e. splitting a list from highest hourly rate of pay to lowest hourly rate of pay, dividing it into 4 and looking at the gender split within each of these quartiles)

## How have our gender pay, and bonus figures changed since reporting began in 2017?

We have summarised below how the Gender Pay Gap figures as at 5 April 2020 compare against those as at 5 April 2017.

### Within HSBEIL:

- The median pay gap has increased from 27.0% to **28.7%** ▲
- The mean bonus gap has reduced from 49.0% to **35.7%** ▼
- The percentage of females receiving a bonus has increased from 36.0% to **43.7%** ▲

Whilst the median pay gap has increased by 1.7% since 2017, the underlying pay quartiles have seen an increased percentage of females within the upper and lower middle quartiles, which have increased from 50.8% to 61.8% and from 36.7% to 69.1% respectively. These increases, together with the noted bonus pay gap reduction, are positive indications that actions implemented to address the gender pay gap are beginning to have an effect.

### Within HSBEISL:

- The median pay gap has reduced from 43.0% to **31.7%** ▼
- The median bonus gap has increased from -213.0% to **37.5%** ▲
- The percentage of females receiving a bonus has increased from 8.0% to **15.0%** ▲

Overall these changes (since 2017) are very encouraging and reflect the appointment of more females to senior management positions; resulting in the senior management team comprising an equal gender split during 2020. Due to the size of the population covered by our pay gap calculations, it should be noted that future changes in senior management positions may have a disproportionate effect on gender pay statistics.

# What are we doing to address the gender pay gap?

Since we published our Gender Pay Gap report last year and despite the challenges presented to us by the COVID-19 pandemic, we continued to take positive actions to address our gender pay gap.

During 2020, in addition to our previous commitments, we have: developed our recruitment processes so they are more inclusive to all; continued to progress and develop our learning offerings so all our employees are in a position to take advantage of all progression opportunities available; and further increased our communications to ensure our people are aware of our diversity and inclusion aspirations and feel empowered to contribute positively in our workplace development.

## Remuneration reviews

During 2020 we implemented a new annual profit share bonus scheme which replaced the previous discretionary performance related bonus scheme. This change to our remuneration approach ensures that all our employees are eligible to receive an annual profit share related bonus regardless of role or level of responsibility; removing the possibility of any potential bias, unconscious or otherwise in determining bonus amounts or allocations.

Whilst the economic environment in 2020 has meant that no profit share bonus will fall due for payment in 2021, it is still expected that the implementation of this new profit share bonus scheme will, in the long run, positively impact our gender pay gap figures.

Additional activities for 2021 include:

- Developing our reward and benefit policies and processes so that our employees are rewarded fairly and equitably on their contribution to their teams and the business
- Improving our salary review processes and oversight in order to reduce the opportunity for bias, unconscious or otherwise, to influence salary decisions

## Learning and development

To support our commitment to our employees' learning and development, in 2020 we introduced a progressive, open and continuous feedback approach between team members and their managers. This approach puts greater emphasis on more timely performance, development and career progression discussions for all employees.

Throughout 2021, our focus will be on the further development of our people managers into inspirational and motivational leaders. We want our people managers to be successful leaders that recognise what is required of them and feel equipped to support their teams in achieving individual and collective success. Training will be complemented with the implementation of a leadership competency framework, which will set out the skills and behaviours we expect our leaders to demonstrate.

We are also concentrating our efforts on encouraging the progression of aspiring employees into future leadership roles, regardless of their current positions and gender.

We believe that all these actions will have a positive impact on HSB's ambition to develop a more diverse and inclusive culture and broaden our talent pool. Whilst some of our actions may have an immediate impact on the reduction of our gender pay gap, many are strategic long-term activities designed to benefit HSB and our people in the years to come.

### **Recruitment**

We identified the need to change our recruitment approaches in order to access alternative and diverse talent pools; thereby broadening the range of candidates applying for positions. We made significant progress in this area during 2020 including:

- The addition of a Talent Acquisition Specialist to focus on achieving greater diversity within our recruitment processes
- Implementation of an accredited Engineer Surveyor Apprenticeship scheme in collaboration with The Safety Assessment Federation (SAFED)
- Introduction of Assessment Centres and structured interviews into the recruitment process to prevent unfair bias influencing decisions

During 2021 it is our intention to continue to develop our recruitment processes to include:

- Increasing our recruitment activity on a diverse range of recruitment platforms (such as social media and industry-specific job boards) to generate wider and more diverse interest in all our roles
- Implementing tools to reduce the bias in job adverts ensuring gender neutrality and increased attraction of female candidates
- Pro-actively targeting potential candidates from under-represented groups
- Supporting national initiatives to raise awareness that HSB is an employer that fosters diversity in the workplace, for example International Women in Engineering Day

### **Communication**

When we first published the Gender Pay Gap Report in 2017, we wanted to be transparent and raise awareness of our gender pay reporting with our employees and we remain committed to doing so.

In advance of the publication of our 2020 report, supporting information will be provided to our people managers explaining any relevant change in the statistics and guiding them on the actions they can take and changes they can make to help improve our gender pay gap. Additionally, we communicate the report to all HSB's employees to highlight the steps we are taking to not only address the gender pay gap but also continue to promote a diverse and inclusive culture across HSB.

We continue to focus on promoting an inclusive culture and environment of equality, where all employees can have the opportunity to realise their full potential. Our communications and employee engagement strategies continue to raise awareness of our diversity and inclusion aspirations and how our employees can pro-actively contribute to our inclusive culture.

### **Diversity and Inclusion**

Strengthening and building on our inclusive culture is of key importance to our business in achieving its ambitions. During 2021 we will increase the emphasis we place on intentionally identifying areas for further development, including:

- Reviewing, revising and adapting our company policies to support our diverse and inclusive culture where all our employees feel supported and can thrive
- Using feedback mechanisms to listen to our employees and reinforce our commitment to diversity and inclusion
- Actively participating in Diversity and Inclusion working groups across HSB and Munich Re to promote and implement cultural, behavioural and organisational initiatives to further develop an inclusive workplace

We confirm that the gender pay gap calculations for each entity are accurate and meet the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



**Stephen Worrall**  
Managing Director  
HSB Engineering Insurance Limited



**Paula Homan**  
Director of Engineering Services  
HSB Engineering Insurance Services Limited

## Statutory disclosure and declaration

	Pay		Bonus		Receiving Bonus	
	Mean	Median	Mean	Median	Male	Female
HSB Engineering Insurance Limited (HSBEIL)	27.4%	28.2%	26.0%	35.0%	54.3%	44.1%
HSB Engineering Insurance Services Limited (HSBEISL)	3.1%	31.7%	-24.8%	37.5%	28.6%	15.0%

## Our pay quartiles

	Top quartile	Upper middle quartile	Lower middle quartile	Lower quartile
HSB Engineering Insurance Limited (HSBEIL)	69.1% male 30.9% female	37.5% male 62.5% female	30.9% male 69.1% female	32.7% male 67.3% female
HSB Engineering Insurance Services Limited (HSBEISL)	96.7% male 3.3% female	100% male 0% female	100% male 0% female	79.3% male 20.7% female

Notes: The statutory disclosure and pay quartiles figures above represent the data for all individuals who are processed through the HSB UK payroll as required by UK Government. The statutory disclosure and pay quartiles figures for HSBEL included individuals who provide services for our US parent (please note these individuals were excluded from the comparison figures shown on page 2)