

Gender pay gap reporting

Ed Broking LLP

March 2018

Ed.

Introduction

Sadly, whilst disappointing, the results of our gender pay gap report are not surprising. The results show that our issue is caused by the under representation of females in senior broking roles.

The insurance industry, and particularly this market, has a legacy issue and our organisation has not been immune. We are certainly not proud of these numbers.

However, putting a spotlight on the issue will be a force for good. At Ed we are fully embracing the chance we have to fix this and in fact there is an opportunity for us.

There is plenty of commentary across the UK for all businesses having to report their gap, my main concern is what this means for Ed's employees.

Firstly, we are a business in transition, and, whilst we put in some of the foundations for change last year, we have to be realistic that we cannot fix a decades old problem in 18 months. We have made a good start, but I want to accelerate the pace of change to eliminate the gender pay gap.

Secondly, transparency is important. We can't hide our numbers and we wouldn't want to. They are what they are. But this isn't just about the numbers, it's about what action we are taking to change. We're going to be open about this. We are committing to a number of initiatives in 2018 whilst also continuing to be on the lookout for others ways in which to close our gender pay gap.

Finally, I look at this from my perspective as a CEO of an organisation with shareholders who expect a return. Research consistently shows that a diverse workforce will deliver competitive advantage through enhanced performance. Therefore we have a responsibility to structure our business in a way that maximises our opportunity for growth and profit. Of course gender split is only one facet of diversity but it is glaringly obvious we have an imbalance, so we are going to tackle it.

I want Ed to be the place where all talented individuals want to work because they know they will each have the best opportunity to develop their career.

Steve Hearn
Group CEO

Gender pay gap report: 2018

What is the gender pay gap?

UK companies with over 250 staff will be reporting this year on their gender pay gap.

This is the first step towards creating more transparency on the pay area regarding gender differentials and it will encourage organisations to identify the causes and put into action the steps to rectify their gender pay gaps.

The gender pay gap is a measure of the difference between the average earnings of men and women across the organisation.

It is not the same as equal pay. Equal pay relates to men and women being paid equally for equal work and is a legal requirement in the UK.

A company can have a gender pay gap without breaching equal pay provisions.

In line with the reporting requirements, the results are for Ed Broking LLP as at 5 April 2017.

Gender pay gap

Gap in hourly pay

48%

39%

Mean

Median

Bonus pay gap

Bonus paid in 2017 for 2016 performance

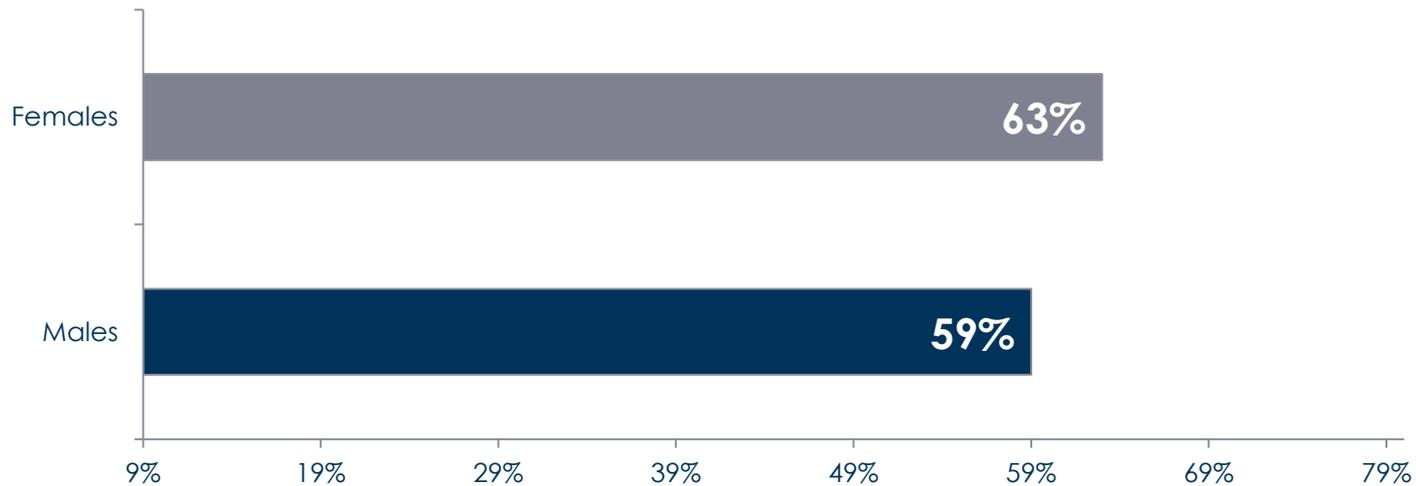
75%

60%

Mean

Median

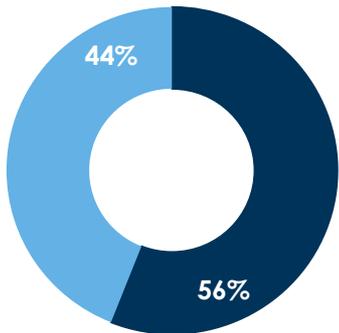
Proportion of males and females receiving a bonus



Proportion of males and females by pay quartile

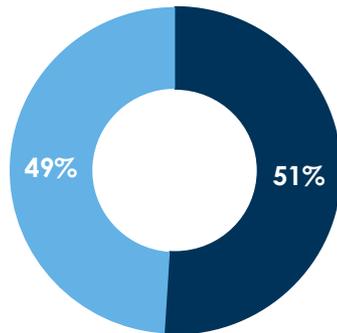
This is the distribution of male and female employees in four quartile pay bands.

Q1 gender distribution



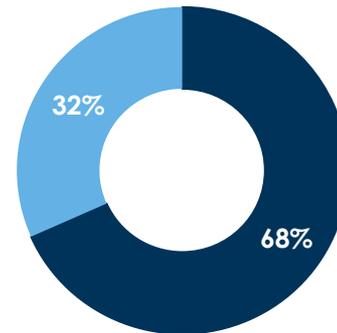
■ Male ■ Female

Q2 gender distribution



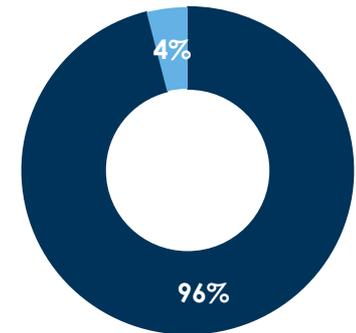
■ Male ■ Female

Q3 gender distribution



■ Male ■ Female

Q4 gender distribution



■ Male ■ Female

Gender pay gap

What do the results tell us

- We have a significant gender pay gap.
- Our gender pay gap is related to the structure of our workforce, the main factors being:
 - **We have lower representation of females in our senior level roles.**
Whilst there is a relatively even distribution of females and males in Q1 and Q2 pay quartiles, this significantly changes in Q3 and Q4. Overall Ed has a fairly even distribution of female (47%) and male (53%) employees in lower level contracts, but a significantly higher number of men (80%) than women (20%) in senior level roles.
 - **We have a higher proportion of males in our broking roles.**
We have found that we have a relatively even proportion of women (52%) than men (48%) in corporate services and finance roles, but a higher number of men (81%) than women (19%) in broking roles. Via external benchmarking we have identified a pay premium in broking roles vs professional services and finance roles in the London insurance market.

Bonus pay gap

The drivers

There are three factors that drive our bonus gap:

- **We pay larger bonus percentages for broking roles to remain competitive in the market where these roles carry a bonus premium.**
The data shows us that a larger proportion of males (81%) vs females (19%) work in broker roles
- **Bonus awards are higher at the more senior level in the organisation**
The data shows us that there is a larger representation of males (80%) in senior roles than females (20%)
- **We can only include pro-rated bonus for colleagues who work reduced hours.**
There is a larger proportion of colleagues who are females (67%) that choose to work reduced hours in comparison to males (33%). We are supportive of colleagues working flexibly and therefore support those that choose to work reduced hours if it suits their lifestyle. However, this has an impact on our bonus gap as they received a pro-rated bonus to reflect the hours they work.

Closing the gap

What we have done already

- We have **two female non-executive directors** on the Ed Broking LLP Board.
- We have appointed Heather Clarkson, **our first female MD** of a broking unit.
- In 2017 we launched the Ed **Inclusion & Diversity Committee**.
- Sponsorship of the **Dive In** Festival in 2017.
- **Unconscious bias training** rolled out across the company in 2017.
- **Leadership and development programme** initiated for 60 leaders (current programme runs until August 2018).
- **Pay review** – we have biased the 2018 pay review so that the gender pay gap does not increase. Only through increased representation will we close the gap.

Closing the gap

What we are going to do in 2018

1. **Recruitment** – our recruitment agencies will be instructed to provide 50/50 gender split of potential candidates.
2. **Introduce female bias** into our training and development opportunities.
3. Inclusion Diversity Committee (IDC) - **Heather Clarkson and Jonathan Prinn have been appointed co-chairs of the IDC**. We will be looking to the IDC to support and help drive further efforts in closing the gap.
4. Review and improve our **family friendly policies** – we know that our current maternity and paternity arrangements need improvement.
5. Actively engage with **all employees** to identify further actions to increase female representation in higher paid roles.
6. **Our promotions process will be monitored to ensure that** the outcome is proportionate in regards to gender and contributes to increased representation of females in senior roles.

Declaration

I confirm the gender pay gap data contained in this report is accurate.

A handwritten signature in black ink, appearing to read 'SH', is written over a long, thin, slightly curved line that extends from the left towards the right.

Steve Hearn
Group CEO, Ed Broking Group Limited

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