

TALBOT
An  company

UK Gender Pay Gap **2020**





At Talbot Underwriting Ltd (Talbot, an AIG company) we are committed to an inclusive, fair and respectful workplace. That commitment includes being transparent about our gender pay gap.

AIG encourages a diverse and inclusive workforce and supports the advancement of women across its companies. To see the Gender Pay Gap analysis of AIG's other UK entities, click [here](#) for AIG in the UK and [here](#) for AIG Life.

Our Pay Strategy

Talbot is confident that men and women are paid equally for doing equivalent jobs across our business. We continue to ensure our policies and processes are fair to all employees. This includes an annual review of our remuneration policy by our Remuneration Committee. We benchmark our total remuneration objectively against our chosen markets/peer group to ensure that our compensation is fair and competitive in the market.

We work hard to develop, recognise and reward the contribution of all our employees. In this competitive market for talent, we strive to attract highly motivated people, keep them engaged and help them achieve their career aspirations.

Diversity and Inclusion

Talbot actively promotes diversity, equity and inclusion and is an Equal Opportunities employer. We believe an inclusive culture enables talent to flourish, increases collaboration and underpins greater productivity and employee engagement.

Our policy is to ensure that all individuals at all levels of the organisation understand Talbot's expectations in terms of fair treatment of colleagues. We proactively develop and implement strategies that drive our ambition to have a diverse employee population and inclusive workplace.

Recruitment Activity

We appoint people to roles based entirely on merit, regardless of age, race, gender, marital status, sexual orientation, gender identity, disability or religion and belief. However we do recognise that some groups are under-represented in our business and we deploy recruitment strategies to address this balance, such as identifying talent from a more diverse candidate pool and utilising transparent selection processes. We minimise unconscious bias through training hiring managers in inclusive selection and using structured interviews.

UK 2020 Gender Pay Gap Report

What is the gender pay gap?

UK government legislation requires employers with 250 staff or more to publish statistics outlining the difference between the average pay of male and female employees. The analysis is based on data as of the 5th of April every year. Companies must disclose the gender pay gap and the gender bonus gap based on the mean and the median, the proportion of men and women that receive a bonus, and the proportion of men and women in each pay quartile. This is different to Equal Pay, which legislates that men and women in the same employment performing equal work must receive equal pay, as set out in the Equality Act 2010. It is unlawful to pay men and women differently for performing the same job.

Bonus pay for the purpose of gender pay gap reporting includes any rewards related to profit-sharing, productivity, performance, share incentive schemes, other incentives or commission.

Pay Gap

The percentage difference in pay between men and women

	Mean		Median	
	2020	2019	2020	2019
Hourly fixed mean pay	32%	37%	32%	30%
Bonus paid	71%	86%	56%	38%

The analysis of our April 2020 gender pay gaps shows a reduction of the mean pay gap by 5% from 37% to 32%. The median pay gap has increased by 2% from 30% to 32%. Our mean bonus gap has reduced by 15%, from 86% to 71%, reflecting a more even distribution of annual bonus awards to men and women.

The median bonus gap has increased by 18%, from 38% to 56%. This can be attributed to a change in our bonus plan rules. Prior to 2020, a proportion of annual bonus payments was deferred until the following year. In 2020, full bonus payments were made in respect of 2019 without any deferral, in addition to the amount that had been deferred from 2019. In addition, a Long Term Incentive (LTI) dividend was also paid out. The deferred and LTI payments both mainly affected those in the upper quartiles of pay, which have a higher proportion of men (see graph below). This resulted in an increase in the median bonus gap.

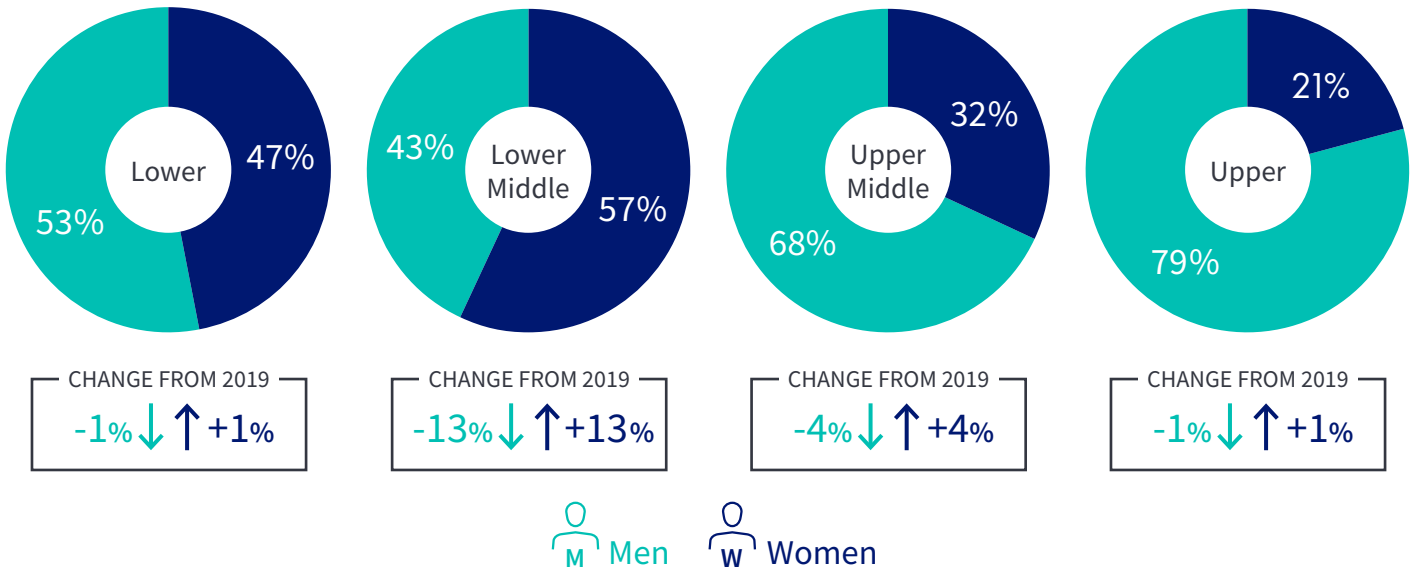
Employees awarded a bonus for 2019



The percentage of women receiving a bonus increased by 6%, from 91% the previous year. This percentage was positively impacted by a bonus for 2019 paid to all employees in March, 2020. New joiners at the beginning of April were not eligible for this award. We are confident as a business that men and women have an equal opportunity to participate in our bonus scheme.

Pay Quartiles

Quartiles are calculated by ranking all employees based on hourly pay rate from highest to lowest. The list is then divided into four equal sized groups of men and women. The graph below shows the percentage of men and women in each quartile. We are pleased to note an overall increase of female employees of 5%, from 34% to 39%. This is reflected in an increase in women across all quartiles.



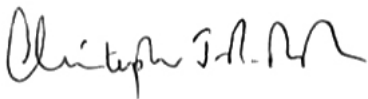
We continue to focus on activity around Diversity, Equity and Inclusion (DEI), which we are confident will have a positive impact on future data. Since reporting our gender pay gap last year, we have continued to focus on driving greater gender balance within our organisation. We know that our gender pay gap is driven by a lack of women in senior positions and we have taken steps to address this imbalance, as well as continuing to strengthen the diversity of our talent pipeline.

What we are doing to address the gender pay gap:

- Recruitment and selection: Job adverts are passed through a gender decoding tool to ensure the language is gender-balanced; roles are advertised on a range of web-sites to attract a diverse pool of candidates; 50:50 longlists have been introduced for all level roles; all hiring managers must be trained in inclusive selection before interviewing; appointments are monitored on a gender basis and we are seeing equal proportions of men and women taking on new roles.
- Culture: Talbot's values were refreshed 12 months ago and reflect our drive for an inclusive, collaborative and respectful culture. We believe this will be instrumental in driving diversity in its broadest sense, as well as gender diversity.
- DEI: Owned by the Executive Committee, our DEI strategy and plan covers targeted activity to increase diversity at all levels of the organisation.
- Development: We aim for 50:50 men and women on our talent development programmes and access AIG's programmes for under-represented groups, such as the Advanced Leadership Development Programme, with two female future leaders attending 2019-2020.
- Gender balance at senior levels: Two female appointments have been made to the Executive Committee, resulting in 25% female representation at senior leadership level.

We believe in the social and commercial benefits of having a truly diverse workforce and remain committed to achieving this. We will continue to monitor the effect our initiatives are having and course correcting if the impact is not significant.

Our aim is to achieve gender balance across our organisation. Finally we confirm that the data reported is accurate.



Chris Rash
Chief Executive Officer



Diane Gallacher
Human Resources Director