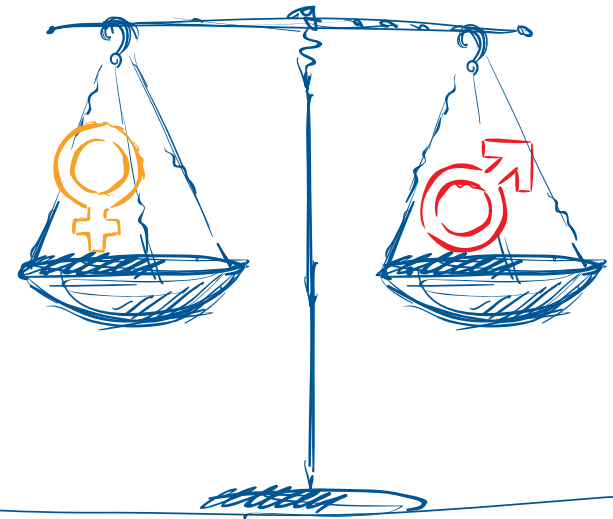


Canada Life UK

GENDER AND ETHNICITY PAY & BONUS GAP REPORT 2019



Foreword



I'm really proud to lead an organisation where all of our people can thrive, regardless of their backgrounds and identities.

Starting with our third Gender Pay Gap Report, we've voluntarily expanded our data. For the first time, as well as looking at gender, we're publishing our ethnicity pay and bonus gaps, too.

An opportunity for improvement

With findings showing a decrease in our mean figures for 2019 and, an increase in our bonus gap, we recognise the need for improvement.

The senior leadership team and I are focused on achieving lasting change across our organisation. Some actions are already underway, others are taking shape and more will come over time.

Overall, it's clear that as we implement our One Canada Life vision, it will take time to produce results from the actions we're implementing.

Taking positive action

As we continue our transformation to ensure our business meets the future needs of our customers, growth and change of this size inevitably has an impact on people.

Ensuring we have the best talent available working for us is absolutely critical. Whether recruiting externally, or offering our colleagues opportunities to develop their skills and grow into new roles, our Talent and Inclusion work-streams are key to this.

Retaining top talent is also influenced by how we deliver on our Action Plan objectives to further reduce future pay gaps and be thought of as an employer of choice.

On behalf of Canada Life UK, I can confirm that the gender and ethnicity pay and bonus gap data contained within this report is accurate.

A handwritten signature in black ink, appearing to read 'Doug Brown', with a long horizontal line extending from the end.

Doug Brown

Chief Executive Officer of Canada Life Group (UK) Limited:



Gender pay gap

Gender and ethnicity pay gap methodology explained

The Canada Life gender pay gap shows the difference in the average hourly rates of pay between women and men the organisation. It is shown as a percentage of the average male earnings. Like all other organisations with over 250 employees, we have followed the methodology set out by the Government Equalities Office to report our mean and median pay and bonus gaps and the spread across pay quartiles. We have also followed this same methodology when calculating our ethnicity pay and bonus gaps. Our ethnicity pay gap reporting is shown as a percentage of the average white employee earnings.

The pay quartiles for 2019

Our total employee population figures show that we have an almost balanced representation of gender across the organisation.

	FEMALE	MALE
2019	48%	52%
2018	49%	51%
2017	49%	51%

We know that our gender pay gap is due to more women than men in junior roles and more men than women in senior roles.

	FEMALE %	MALE %
Employee	62.4%	37.6%
Management / Specialist	39.1%	60.9%
Senior Management	22.5%	77.5%

The gender pay gaps by mean and median

The 2019 gender pay gap report shows a slight reduction in our median and mean figures. The table below tracks our progress to reduce our pay gaps since 2017 and shows our overall mean and median gender pay gaps based on hourly rates of pay. We're moving in the right direction, but we'd like to reduce the gaps further.

	MEAN	MEDIAN
2019	39.8%	41.6%
2018	40.4%	42.7%
2017	42%	44%

It would be premature to definitively point to reasons why the rate of reduction has slowed, although we note that in this reporting year the departure of several senior women in 2019 could be the reason our rate of reduction slowed in 2019.

2019 Quartiles	% OF FEMALES IN QUARTILE	MEAN GENDER PAY GAP BY QUARTILE
Upper and Maximum	23%	18%
Medium and Upper	43%	-1%
Lower and Medium	57%	2%
Minimum and Lower	69%	1%

Females in pay quartiles

Looking at the past three years, we saw a very slight improvement in the top two quartiles between 2017 and 2018, but the gains made in 2018 were lost in 2019:

- The upper – maximum quartile fell back to its 2017 position in 2019
- The medium – upper quartile improved by one point between 2017 and 2019

A note of encouragement is that in July 2019, 52% of all internal management promotions were female, and females now make up 44% of senior management roles*.

	2017	2018	2019
Upper Maximum	23%	24.5%	23%
Medium Upper	42%	41.8%	43%
Lower Medium	55%	58.4%	57%
Minimum Lower	74%	71.8%	69%

*These figures capture female promotions within all of our UK locations including the Isle of Man. Isle of Man are excluded from UK legislative requirements for gender pay gap reporting.

Bonus gap

There are two reasons why we have a gender bonus gap:

1. We pay higher bonuses in some areas of our business, for example sales and investments, and we have disproportionally more male than female employees in these areas
2. A higher proportion of bonuses are paid at senior management grades (which contain more males)

Our gender bonus gap increased in 2019 because we lost several females from senior management and we have a higher concentration of females in lower paid roles. We identified these issues in our 2018 gender pay gap report. It's clear that consistently reducing our pay and bonus gaps year on year is a serious and complex challenge. We highlight the actions that we will take to reduce these gaps later in this report.

	Gender bonus gap	
	MEAN	MEDIAN
2019	73.9%	61.9%
2018	73.7%	61.2%
2017	79%	60%

This table illustrates the rate of reduction in our mean and median bonus gaps between females and males since we commenced reporting upon our gender bonus gap figures in 2017.

The proportion of female to male receiving a bonus



Equal pay and gender pay

The gender pay gap measures the average earnings of women and men in an organisation.

Equal pay is a requirement of the Equality Act 2010. It ensures that women and men are paid the same when doing the same, or equal work. Our gender pay gap is not caused by unequal pay. We regularly review our approaches to pay to ensure that we meet our legal obligations.



Ethnicity pay gap

We're immensely proud that 99% of our employees have shared their ethnicity data with us, which means that we can accurately analyse our first ethnicity pay and bonus gap data.

Voluntarily reporting upon our ethnicity pay and bonus gaps is the right thing to do. Our success depends upon our commitment towards building and maintaining a genuinely inclusive culture. We want all our colleagues to build strong, successful and rewarding careers with us. As proud signatories of Business in the Community's, 'Race at Work Charter'. Working together with **The Ethnicity Network (TEN)** for Canada Life, we're identifying ways of supporting and promoting the development of our colleagues from different ethnicities.

The ethnicity pay and bonus gap calculations have been made with the same methodology used for our gender pay and bonus gaps. It excludes the 1% of our employee population who chose not to share their ethnic status with us.

The ethnicity/White split across the organisation, April 2019

	ETHNICITY	WHITE
Employee	12.9%	87.1%
Management /Specialist	17.3%	82.7%
Senior Management	6.5%	93.5%

The ethnicity pay gap analysis shows:

- 14% of our employee population identify as having an ethnicity other than white
- Colleagues from different ethnicities accounted for only 6.5% of senior management. This is the cause of our ethnicity pay gap
- With over 17% of management roles filled by colleagues from a different ethnicity, we have a pipeline of talent to increase ethnic representation in senior management
- Our negative median ethnicity pay gap shows a concentration of employees from different ethnicities within our management and specialist band

Our ongoing action plans are focussed on identification, support and development of our colleagues from different ethnicities through our talent identification and management analysis. We also recognise we need to do more with Talent Acquisition.

Fuller details of the work we will undertake with our Talent Acquisition team are captured later in this report.

	MEAN	MEDIAN
Ethnicity Pay Gap	12.7%	-11.3%
Ethnicity Bonus Gap	52.4%	21.6%

The table above illustrates our overall mean and median ethnicity pay gap based on the hourly rate of pay as at the snapshot date of 5 April 2019, and bonus data for all bonuses paid in the year up to 5 April 2019. The gaps are shown as a percentage of the average white employee earnings.

Ethnicity split by pay quartile

Quartiles	ETHNICITY	WHITE
Upper and Maximum	12%	88%
Medium and Upper	19%	81%
Lower and Medium	15%	85%
Minimum and Lower	11%	89%

The ethnicity/White proportion of employees receiving a bonus

ETHNICITY	WHITE
96.7%	99.3%

Closing the gap

Action plan

We recognise that meaningful change will take time to achieve, which is why we'll continue to focus on recruitment, development and retention.

Our 2020 action plan incorporates activities that will bring us benefits from both gender and ethnicity perspectives.

Talent acquisition

We're implementing a range of improvements in recruitment including:

- Using readily available software to encourage a wider range of applicants to apply for roles with us
- Offering hiring managers specialist training in 'inclusive interviewing' and 'unconscious bias' training to help eliminate bias in selections
- Working closely with external consultancies to widen our talent pool
- Encouraging hiring managers to consider different ways of working. This is to ensure we can offer flexible working practices to candidates who need them

We want to increase our recruitment successes by:

- Regularly reviewing our selection processes from a diversity perspective to minimise any biases within it
- Introducing balanced shortlists for all upcoming vacancies
- Enhancing our relationships with higher education institutions across the country – especially those with higher ethnicity representation - to broaden our appeal and representation

Progression and development

We're committed to developing talent across the organisation so that our people build strong and rewarding careers with us.

To achieve this we're:

- Producing dashboards for the executive team to demonstrate lateral and promotion movements of our employees. Up until now the dashboard has focused on gender, so we'll extend it to incorporate ethnicity as well.
- Leading a women's development programme and we're planning to develop this further into a proactive alumni network.
- Engaging a signatory of the 'Women in Finance' charter, and working towards achieving our goals of having 30% female representation in senior management by the end of 2020, rising to 35% by the end of 2023.
- Continuing to review rewards by gender, and adding monitoring from an ethnicity perspective. This will ensure our decisions are free from bias.

Our 2019 employee engagement survey results demonstrated a significant upwards movement of manager effectiveness scores.

- We'll capitalise upon this achievement by
- Updating our approach to performance and talent management
- Providing our leaders tools to help recognise and develop high performance in employees
- Committing to bias-free, inclusive approaches

We're also keen to launch a mentoring network across our organisation to introduce various mentoring themes incorporating traditional, peer-to-peer and reverse mentoring opportunities.

