

Gender Pay Gap Report 2020



A force for good!



Doing The right Thing



Penny James

Chief Executive Officer

This is our fourth gender pay gap report and at Direct Line Group we believe we now understand it well. We're comfortable that we don't pay people differently because of their gender so we need to focus on addressing the disproportionate representation of women across certain areas and levels of the business.

Last year our gender pay gap widened by less than one percent, returning to similar levels as 2018. Although narrower than others in the finance industry, we want to see the gap close further, but we know that tackling a complex issue like this will take concerted action now to effect the medium to long term.

“The question I always ask the team is, regardless of whether the gap has gone up or down, are we doing the best we can to make real and lasting improvement?”

Will the programmes and measures we are putting in place today result in us seeing more

women in senior roles in the future regardless of the inevitable short-term ups and downs along the way? And I believe the answer to both those questions is yes.

Building on our existing programmes last year we took further additional steps:

- Set a target of 35% women in senior leadership by the end of 2022
- Strengthened our focus on senior succession planning and developing our female talent
- Launched a new diversity and inclusion strategy to push forward on DLG's commitment in its broadest sense

And it's to the huge credit of the team that this was all pushed forward despite Covid-19. Our My Life policies really came into their own, providing flexibility and support at work to do the things that matter to people outside work. And we went further offering all our people the support they needed to deal with lockdown, home schooling and caring.

I'm really proud of DLG's commitment to diversity and inclusion. It means we're constantly looking at ensuring that great people can join us and be empowered to contribute and thrive in the way that suits them best. We are a complex, company, relying on a multitude of different skills, knowledge and personalities to make things happen. And we work with millions of customers in Britain and we need to understand them. It is sound business sense for our team to be a microcosm of our customers.

As ever I'm impatient for change. And I'm not saying we're perfect. We should, can and will do more. But the steps we are taking now mean we are heading in the right direction to narrow the gender pay gap for the long term.

I can confirm Direct Line Group's gender pay gap calculations to be accurate.

Our figures

Our 2020 gender pay gap has widened since 2019. Both the mean and median pay gap have increased making our figures almost identical to those of 2018. The mean and median bonus gap have also widened but while the proportion of men and women receiving a bonus remains broadly similar the gap continues to close.

Pay gap

	Mean	Median
2020	17.2%	15.4%
2019	16.3%	13.7%
2018	17.1%	15.4%

Bonus gap

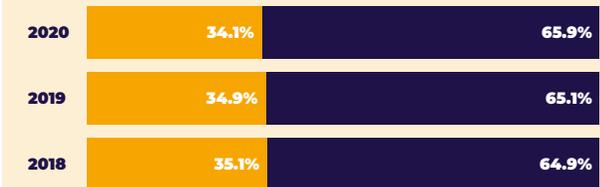
	Mean	Median
2020	47.9%	36.3%
2019	44.1%	31.4%
2018	67.3%	36.6%

% of employees receiving bonus

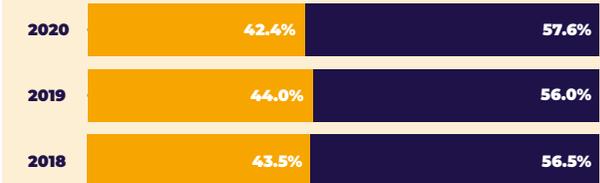
	Women	Men
2020	62.4%	73.5%
2019	59.2%	72.9%
2018	59.3%	71.2%

% of employees in each pay quartile

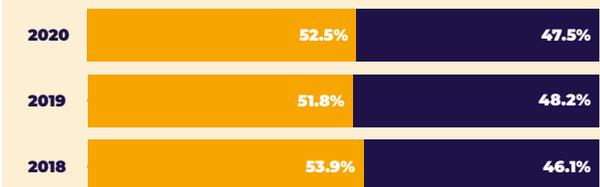
In pay quartile 4 (highest paid)



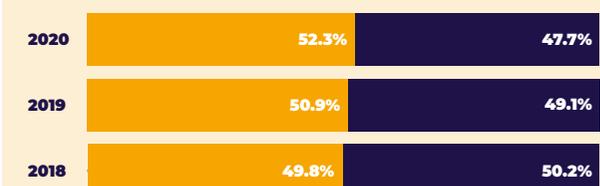
In pay quartile 3



In pay quartile 2



In pay quartile 1 (lowest paid)



Women Men

Progress in changing women's representation

HM Treasury's Women in Finance Charter

We are a signatory of HM Treasury's Women in Finance Charter which commits us to playing our part to build a more balanced and diverse industry. We achieved our target to increase the representation of women in senior leadership to 30% by the end of 2019.

In October 2020 we committed to continue to stretch ourselves adopting a new target of 35% by the end of 2022.

30%

representation of women in senior leadership



Executive Committee (ExCo)

We have trebled the number of women on our Executive Committee (ExCo) from one to three between June 2019 and April 2020. (Currently four ExCo members are women as one colleague is serving in an interim role.)

We have continued to focus on attracting and developing talent. By the end of 2020:

41%

of those reporting directly to a member of the ExCo were women

42%

of our most senior hires and promotions were women

64%

of our graduate scheme intake were women

Tech Talent Charter

As signatories to the Tech Talent Charter, we are committed to gender diversity across our technology teams. We are proud that 34% of our technology teams are women versus a UK average of 19% and a signatory average of 25%*.

* Source: www.techtalentcharter.co.uk/toolkit

34%

of our technology teams are women

TECHTALENT CHARTER:



Hampton-Alexander Review

The Hampton Alexander Review set targets for FTSE 350 companies to have at least 33 per cent women on their Board and in their Executive Committee and direct reports by the end of 2020.

Direct Line Group exceeded this target with women as 40% Board and 39% of ExCo and their direct reports*.

This placed us second in the FTSE 350 non-life insurance sector and 44 within the FTSE 250.

We are one of only four FTSE 350 companies to have both a female Board Chair and a female CEO.

* Board representation at 11 January 2021 and Executive Committee & direct reports representation at 31 October 2020 as per Hampton-Alexander data sourcing

40%

women on the Board

39%

women in the ExCo and their direct reports*

In 2020 despite Covid-19 we pushed forward to deliver progress

Launching new senior level recruitment principles, including anonymised CVs and enhanced training for all those who complete hiring. That's alongside our focus on gender balanced shortlists and the use of decoders to ensure language in our job adverts doesn't alienate women particularly in roles where women are historically under-represented such as tech and engineering.

Continuing our support for our female talent through coaching and development programmes despite lockdown.



Extending our My Life polices to offer maximum flexibility to colleagues to ensure those with caring or home-schooling responsibilities as a result of Covid-19 weren't disadvantaged.

Broadening the remit and influence of our internal network called Thrive. Set up by women at DLG, to provide colleagues with peer to peer mutual support, inspiration, encouragement, tools and guidance. It has colleagues of all genders as active members.



Diversity and Inclusion Strategy

In 2020 we conducted our first ever in-depth survey on diversity and inclusion. It's shown us what we do well and where we need to improve, highlighting a gap between the experiences of different communities. It showed that it doesn't feel as positive to work in our business for colleagues who are Black, mixed ethnicity, from one of the smaller ethnic groups, Sikh and for those that don't identify as cisgender.

We used the information gathered to inform our diversity and inclusion strategy launched in October 2020. This strategy brought together the extensive range of work the Group is undertaking to promote diversity and inclusion. This matters as no one experiences one personal characteristic in isolation from others.



Reimagining The way we work



Vicky Wallis
Chief People Officer

We put our people at the heart of our strategy and this means promoting their day to day wellbeing and also offering opportunities to thrive in their careers.

Through all the challenges of 2020 that commitment has shone out to me as a new joiner who took up post in April 2020. Even during lockdown we continued to push forward on increasing women's representation and supporting female colleagues who tend to have shouldered the weight of home schooling and caring during lockdown.

At the time of writing the pandemic isn't over but we have already done a lot of work drawing on those changes to our working lives that have proved positive, to reimagine the way we work.

“This is a pivotal moment which will see Group-wide changes in how we work rather than incremental change.”

We know from regular surveys that our people have enjoyed working from home and been able to deliver great work. That's why we are pulling together plans to adopt a hybrid working model. We're going to use our offices in a different way. In the future they will be places for collaboration, training and teamwork rather than an everyday place of work for most people. This will return hours of time to people that they used to spend commuting, benefitting us all but particularly those who carry responsibility for childcare and caring.

There are not many silver linings from 2020, but I think the country will look back and see it as the moment that we truly began to take into account people's lives and responsibilities outside work and that can only be a good thing. It's enabled us to truly live up to our value to bring your whole self to work. We've seen the insides of people's kitchens, living rooms and even garages. We've had starring roles from children and animals and know much more about people's responsibilities outside work. We've shared and supported each other through personal struggles building a real sense of solidarity. This is a hugely positive step for our diversity and inclusion agenda and I'm excited by the possibilities that this moment is opening up.