



Gallagher Gender Pay Gap - Gallagher Benefit Services Report 2018



Gallagher

Insurance | Risk Management | Consulting

At Gallagher we see diversity as a strength.

We believe in fostering a fair, respectful and inclusive culture. A culture where all team members feel empowered and supported to be themselves and achieve their career and lifestyle ambitions.

Our 2018 results show we continue to have a gender pay gap in the business. The work we need to do on the gender pay gap remains a significant activity for our business going into 2019. Whilst we are confident that we do not have an equal pay issue, the challenge is the proportion of women at Senior, middle management and consultant roles across our businesses. The disproportional split remains an overall issue within our business sector.

With the industry as it is currently we need to find alternative methods of recruiting at the beginning of the work lifecycle, to include a diverse mixture of school and university leavers. We have started running apprenticeship programmes providing current employees with training to develop into other roles in the organisation.

We remain committed to our current path towards a business that truly reflects, at all levels, the gender mix within our general employee population, and to maintaining an inclusive and respectful culture and work environment that supports all our employees to achieve their full potential.

With the upcoming implementation of new enhanced benefits, including family friendly benefits, we are aiming to meet the needs of our employees who want to work for an employer who cares about their wellbeing, both within and outside of the workplace.

Whilst we have made progress in 2018 with a number of activities, it will take time for the outcomes to be reflected in our gender pay data. As we continue at pace with all of the activities we are working on over the course of time we expect to see improved results.

We have taken the following action:



Recruitment

- We have taken individual action on recruitment campaigns to increasing female candidates for open roles. This will include both direct and agency led recruitment aimed at widening our pool of candidates in order to promote gender inclusivity, particularly in senior positions.



Mentoring & Networking

- We will be implementing the Gallagher mentoring programme commencing in the first quarter of 2019.



Talent and Succession

- We have commenced our actions on the Talent and Succession programme with a review of Human Capital Management held in conjunction with the US Executive in November. This will continue in 2019 to develop business unit succession plans and individual talent and development plans. We will actively monitor the gender parity for successor roles.



Reward and Benefits

- This is where we have achieved the most progress this year. With the 2019 implementation of our new benefits and policies, we are enhancing some elements of our benefits, including the following:
 - maternity/adoption pay
 - paternity pay
 - discretionary flexibility on start and finish times
 - increased annual leave
 - better sickness pay
 - paid shared parental leave,
 - compassionate leave
 - volunteering days
 - providing foster carer leave
 - moving to a standardised 35 hour week.



“Since we published our 2017 gender pay gap data, the UK executive team have been working to address the issues highlighted in our high level numbers. We remain passionate about being an inclusive organisation, providing job opportunities for everyone regardless of gender, age, background and ethnicity. The industry we work within remains a challenge to our gender mix, which is particularly true at senior level roles. Gallagher is committed to working on this challenge, realising it is not something that can be fixed overnight, but understanding what can be done to reduce this gap over time.”

Matthew Lucas,

Chief Operating Officer, Gallagher Benefit Services, UK



“Gallagher Benefit Services in the UK understands the communities in which we operate and are committed to making it one of the best places to work. To achieve this we need a workforce which reflects the population and one where employees believe they are valued team members of this business. We will continue to monitor and challenge the market we operate in to ensure the gender balance moves further towards parity over time. This is nowhere less important than in senior roles to show both our employees and the businesses we serve there are no barriers to the levels women can reach in our organisation.”

Leslie Lemenager,

Regional President, International – Gallagher Benefit Services



Understanding the data

Women's average total hourly pay rate

Mean* **43.7%** lower Median* **33.0%** lower

We have a fairly even split of women (46%) and men (54%), but the number of female colleagues working in senior management and broker positions are under-represented, which is why we currently have a gender pay gap.

Our UK team



* Mean and Median explained

Mean | (or average) is the sum of a set of numbers, divided by the count of numbers in the set.

Median | the middle point in an ordered set of numbers

Pay Quartiles

The proportion of men and women in each quartile of our payroll

Top quartile



Upper middle quartile



Lower middle quartile

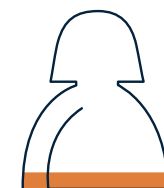


Lower quartile



Why we have a gender pay gap

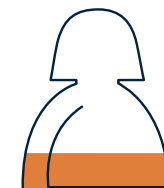
We have fewer women than men in senior management and broking roles.



10% of Senior leadership positions are held by women



34% of Management positions are held by women



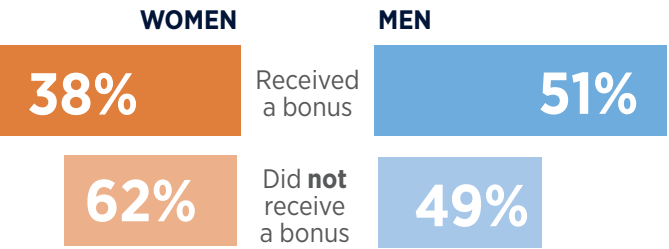
28% of Consultant positions are held by women



Proportion of men and women receiving a bonus in 2018

We have bonus schemes in place at different levels and across varying positions in our organisation. The bonus structures are informed in large part by market practices.

Women’s vs Men’s Bonus Pay



Women’s bonus pay

Mean*
68.8% lower

Median*
68.0% lower

Why we have a bonus gap

We see the greatest proportion of bonuses awarded at senior leadership levels, middle management and consultant roles.

*** Mean and Median explained**

- Mean** | (or average) is the sum of a set of numbers, divided by the count of numbers in the set.
- Median** | the middle point in an ordered set of numbers

Gallagher's presence in the UK


Gallagher has three separately traded businesses in the UK that are each required to report their gender pay gap data separately:

- 1) **Arthur J. Gallagher Services (UK) Limited** - the employing entity for Gallagher's insurance broking, reinsurance broking and underwriting businesses in the UK
- 2) **Gallagher Risk and Reward Limited** - Gallagher's employee benefits, wealth management and HR consulting services business
- 3) **Gallagher Bassett International Limited** - Gallagher's third party claims administration and risk control services business

The summary table shown here contains the reported gender pay gap data for each of Gallagher's UK businesses.

Whilst we have made some progress in redressing the gender pay balance across our UK businesses, we still have a way to go before we achieve parity in this complex area – a challenge that we face as an industry as a whole.

At Gallagher we are committed to changing this 'historical norm' and are confident that our plans – which target multiple areas such as recruitment, talent and succession, mentoring and networking, as well as inclusion – will help us address the challenge of attracting and retaining more women into senior roles within our businesses.

| Metric |  | Arthur J. Gallagher Services (UK) Ltd. April 2018 | Gallagher Risk and Reward Ltd. April 2018 | Gallagher Bassett International Ltd. April 2018 |
|--------------|---|--|--|--|
| Headcount | Men | 1,943 | 134 | 206 |
| | Women | 1,592 | 120 | 267 |
| | Total | 3,535 | 254 | 473 |
| Hourly Rate | Mean | 50.9% | 43.7% | 22.8% |
| | Median | 40.0% | 33.0% | 17.5% |
| Pay Quartile | Top-Men | 80.7% | 77.8% | 56.8% |
| | Top-Women | 19.3% | 22.2% | 43.2% |
| | Upper middle-Men | 60.7% | 51.6% | 46.2% |
| | Upper middle-Women | 39.3% | 48.4% | 53.8% |
| Pay Quartile | Lower middle-Men | 43.0% | 45.3% | 31.4% |
| | Lower middle-Women | 57.0% | 54.7% | 68.6% |
| | Lower-Men | 35.4% | 36.5% | 39.8% |
| | Lower-Women | 64.6% | 63.5% | 60.2% |
| Bonus pay | Mean | 80.9% | 68.8% | 87.8% |
| | Median | 66.8% | 68.0% | 37.4% |
| | Male recipients | 69.5% | 51.1% | 38.9% |
| | Female recipients | 64.2% | 37.5% | 28.9% |
| | Proportion variance | 5.3% | 13.6% | 10.0% |

I confirm the data in this report has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Cynthia Oddman-Howe

HR Director, Gallagher Benefit Services, UK

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Gallagher Benefit Services

Pay and Bonus data as at April 2018

Registered Address: The Walbrook Building, 25 Walbrook, London EC4N 8AW. Registered in England and Wales.



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