



Gallagher Gender Pay Gap - UK Broking & Underwriting Division 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.

Closing the gender pay gap is a complex issue that will take time to remedy. The challenge we face at Gallagher is having a lower proportion of women holding senior management and broking roles within the business - as is the case for many companies in the insurance sector - and more women than men holding more junior roles. It is this disproportional split that is fuelling our gender pay gap and our leadership teams across the UK are focused on getting the balance right across all roles within our business.

We have committed to a series of specific actions to help redress the balance. These activities have now been underway for eight months and whilst considerable progress has been made in all areas, unsurprisingly the impact of these actions is yet to be reflected in our gender pay gap data. More time is needed to establish and embed the actions in order to see measurable and sustainable change show through in our results.

At Gallagher it is also our belief that in order to deliver true gender parity it has to be supported by a strong culture of inclusion in the broader sense. That is why some of the actions we are taking are very specifically focused on gender while others support our commitment to fostering a fair, respectful and inclusive culture in all respects.

The qualitative impact of our actions

Family Leave policies have been reviewed and enhanced with specific changes already made to the maternity, paternity and shared parental leave entitlements. All people decisions are reviewed through the lens of gender and inclusion, specifically any decisions on eligibility for rewards, training and development. An awareness campaign on the importance of inclusion and what it means for our people and our business is

underway across the UK and a training and education programme on inclusion will commence in Q1 2019. In 2018, two new female senior leaders were appointed, one to the Executive Committee and one to the Leadership team of our underwriting business, Pen Underwriting. Within our Retail business, the 2018 leadership development programme was made up of 41% females, up from 19% in 2017.

Key Actions in 2018

Equal Pay Review

- An independent review of Gallagher's approach to analysing and reporting on pay data in the UK has now provided an external validation on our approach and no evidence of systemic gender pay discrimination within the business was identified.

Inclusion

- An Inclusion & Diversity awareness campaign was introduced in November at our annual 'all colleague' events which take place around the UK
- Inclusion & Diversity related mandatory training and development programmes will start in Q1 2019.

Recruitment

- Financial commitment to develop an in-house recruitment specialism and overall recruitment skills within the organisation was approved in March 2018, with key staff in place by June 2018 to start the development and delivery
- Agreements with preferred recruiters are being rolled out and the monitoring and reporting mechanisms for the quality and gender mix of candidates presented by recruitment partners is in development
- Recruitment training for hiring managers, including how to minimise unconscious bias, is in development.

Talent & Succession

- All female management level staff have been specifically identified and discussed by the relevant division and function leadership teams during succession planning in April and May. This has resulted in an increase in female succession candidates across all divisions. Development action plans are underway for all female successors
- Talent development programmes have been established in our Underwriting, Retail and Wholesale divisions with increased female participation
- Research to better understand gender attrition levels and the impact on the management pipeline has been conducted with action plans now identified for approval
- All Family Leave policies have been reviewed, enhanced and rolled-out across the organisation
- An enhanced Flexible Working Policy has been approved for roll-out in January 2019.

Mentoring & Networking

- Mentoring has commenced in all divisions with guides and tool-kits for mentors and mentees and a formal company-wide launch of Gallagher's Mentoring initiative with support tools will take place in February 2019
- A Speaker Series of events to provide role models and networking opportunities across the business commenced in Q4 2018 with a full programme of talks scheduled for 2019.

External Commitment

- Gallagher is an active member of the Lloyd's Inclusion & Diversity network
- The business continues its sponsorship of the Lloyd's Dive In festival and was the lead sponsor for the Dive In Community Football Cup in 2018, for the second year running
- Gallagher signed up to the Insurance Inclusion Pledge in June 2018
- As the official title partner of Premiership Rugby we are proud to support Rainbow Laces, the campaign run by LGBT charity Stonewall to promote LGBT equality and inclusivity in sport.



“The actions we are undertaking to redress the balance of the number of women in senior positions in Gallagher will require time to take effect, but we are absolutely committed to merit-based opportunity. Closing the gender pay gap is an industry-wide issue and whilst there is no short-term fix to this challenge, it is something that we are committed to changing.”

Simon Matson,
CEO Gallagher Global Broking – UK



“Gallagher is passionate about cultivating a place of work that permits opportunities for growth; one that also nurtures talent so that colleagues reach their full potential. An inclusive and diverse company is good for business and good for our colleagues. Difference in Gallagher means we welcome innovation; new ways of thinking and operating that ultimately are of benefit for our customers. The historical industry challenge of a lack of senior women in broking is something Gallagher has acknowledged having taken the first steps to addressing their gap. I remain committed to working with Gallagher and the wider market to help drive the diverse skills and experience that any great business needs.”

Sue Langley,
Non-Executive Chairman of Gallagher Global Broking – UK



Understanding the data

Women's average total hourly pay rate

Mean* **50.9%** lower Median* **40.0%** 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

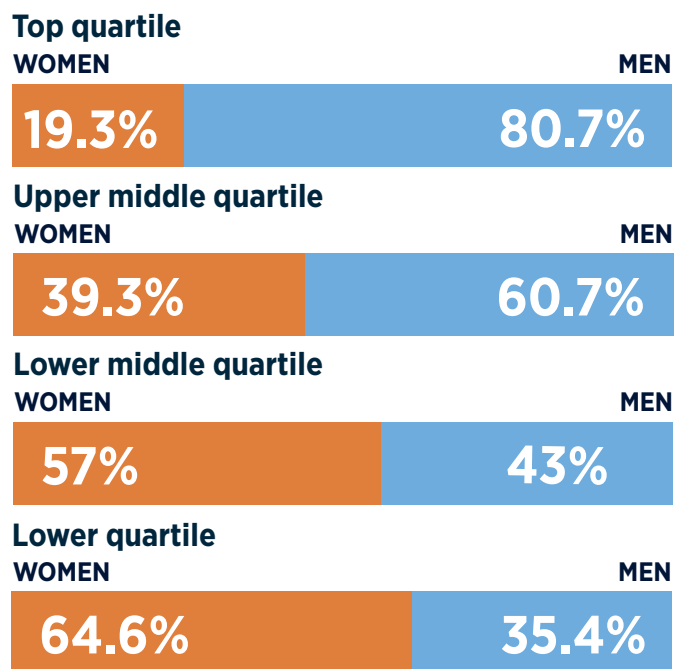


* Mean and Median explained

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

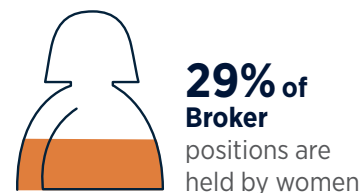
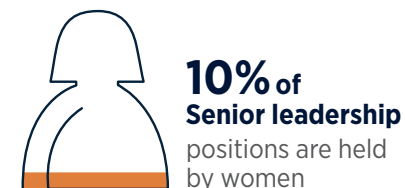
Pay Quartiles

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



Why we have a gender pay gap

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

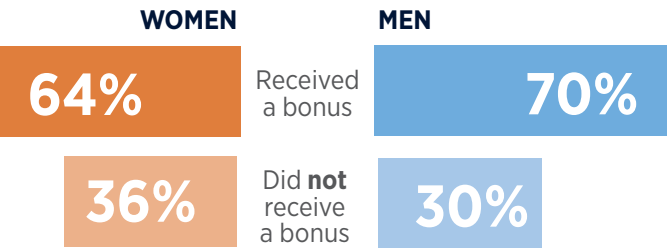




Proportion of men and women receiving a bonus

We have bonus schemes in place at different levels and across varying positions in our organisation, including non-broking roles within the businesses, and the bonus structures are informed in large part by market practices.

Women’s vs Men’s Bonus Pay



*** 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

Women’s bonus pay

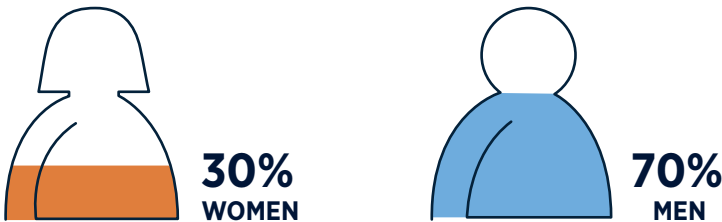


Why we have a bonus gap

We see the greatest proportion of bonus awarded at senior leadership levels and within our Wholesale and Reinsurance division (areas that have a higher proportion of senior broker positions).

These positions currently have more men than women working in them.

Wholesale & Reinsurance roles





Addressing our gender pay gap

Our Executive Committee is committed to a programme of work and actions that we believe will help us address the current under-representation of woman in senior roles within Gallagher.

What gets measured gets done.

We will therefore be monitoring progress against each of these actions and reporting back on a regular basis to our UK Board and most importantly to our colleagues within Gallagher.

Some of the priority actions that we have committed to as a company are as follows:



Recruitment

- Educate and monitor recruitment partners to ensure greater gender balance in potential candidates presented as potential new hires
- Track recruitment trends for new hires across the organisation
- Enhance training and interview process for recruiting managers.



Retaining our talent

- Monitor existing benefits, policies and support provided for all working parents and carers
- Continue to review and implement all colleague engagement survey priorities



Promotion From Within

- Measure and monitor gender mix on all internal talent and succession programmes
- Establish a formal mentoring programme to support the development of women as well as help retain women in the early-mid stages of their careers in broking and underwriting

Our ongoing commitment to Inclusion and Diversity



“The overall culture and ‘family feel’ that we have at Gallagher remains a strength and of importance to our colleagues as shown in our recent 2018 colleague engagement survey results. As one of Forbes’ World’s Best Employers we continue to be guided by our Inclusion & Diversity Steering Group and are dedicated to maintaining that unique culture and nurturing a respectful and inclusive environment across our organisation. Our support of industry-wide initiatives such as All In For Inclusion and Lloyd’s Dive In Festival continues as we strive to ensure all colleagues are supported to achieve their individual career and lifestyle ambitions.

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

Elisabeth Ibeson

Human Resources Director



2018 Colleague Engagement Survey*

“Diverse perspectives are valued at Gallagher”

Favourable

69%

“My Manager treats team members fairly and with respect”

Favourable

89%

Based on a 90% response rate

*Conducted by Ixia Consultancy

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%

Gallagher Gender Pay Gap - UK Broking & Underwriting Division Report 2018

Arthur J. Gallagher Services (UK) Limited
Pay and Bonus data as at April 2018

Registered Address: The Walbrook Building, 25 Walbrook, London EC4N 8AW. Registered in England and Wales. Company Number: 8887139



Gallagher

Insurance | Risk Management | Consulting