



UK **gender pay gap** report

| CFC Underwriting Limited
2023



Louise O'Shea
Group CEO

Introduction

CFC is committed to fostering a team and company culture that supports and highlights the importance of gender equality, diversity and inclusiveness. We recognise that diversity is critical to both innovation and to the long-term success of our organisation. We are continuing to build the insurance business of the future and with diversity in mind, our ambition is for our people to reflect the customers, brokers, carriers, and external partners that we work with.

Looking at the data, the Financial Services and Insurance markets have significantly higher pay gaps (26.6% ^[1] and 35% ^[2] respectively) compared to the UK average (12.1%), which is linked to it historically being a male dominated industry.

Whilst we are delighted to report that CFC fairs well compared to similar organisations in our sector and we continue to be proud of the work that we have been doing through our 'Together at CFC' program and DE&I initiatives, we recognise that our gender pay gap remains higher than we would like, and the gap is not closing as quickly as we would like.

Whilst there are no quick fixes to redressing the pay gap, we continue to track progress against our diversity objectives for talent acquisition, career advancement and talent development. We also recognise that driving more diversity in recruitment remains a key challenge across the industry. Despite our focus and initiatives in this space over the past two years, this continued to be evident in 2022-23 with 76% of new hires in our upper quartile salary bands being male appointments.

We are pleased to see the CFC gender pay trends starting to move in the right direction, however, also recognise that we must do more to redress the pay gap and are committed to making further progress in this area over the next 12-24 months.

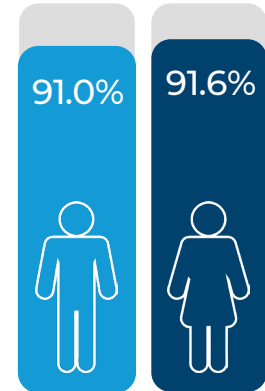


Our gender pay gap

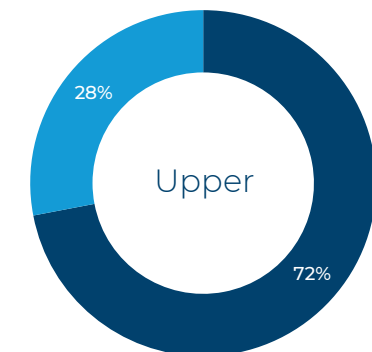
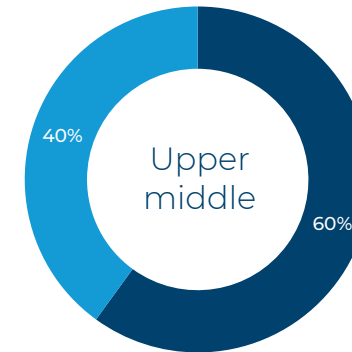
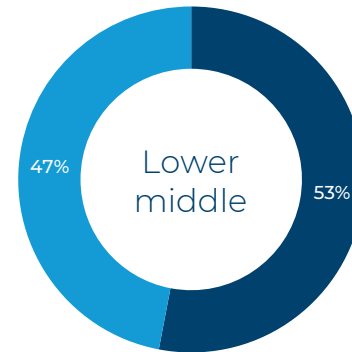
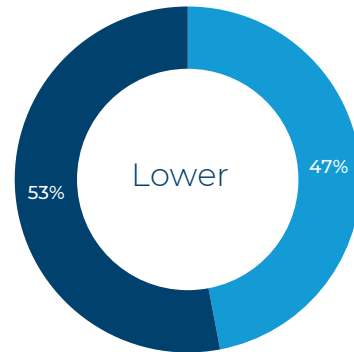
| | Mean | Median |
|------------------|-----------------------------------|-----------------------------------|
| Gender pay gap | 21.3% 2023 (22.6% 2022) | 20.9% 2023 (21.0% 2022) |
| Gender bonus gap | 50.4% 2023 (57.8% 2022) | 29.6% 2023 (35.4% 2022) |

Proportion of employees paid bonus

CFC operates a single group-wide performance based annual cash bonus plan. All staff participate in the bonus plan but each year, some employees join after the cut-off date for bonus eligibility, so do not receive a bonus.



Male & female pay quartiles



Understanding the pay gap

We are particularly pleased to see CFC's mean and median pay gaps slowly moving in the right direction, both decreasing year on year. We have also seen our mean and median bonus gaps reduce, the mean bonus gap by the largest percentage since reporting began in 2018 which is great news. The UK gender pay and bonus gaps continue to exist in our organisation because we have significantly more men than women in the most senior, specialist and therefore highest paid roles.

Gender pay gap

The gender pay gap reflects the difference in average earnings between all males and females who work for the organisation, without considering roles and seniority. The key driver of our gender pay gap is a disproportionately low representation of women in the most senior or specialist roles, and thus upper pay quartiles and higher-paying positions (i.e. there are significantly more men in higher-paid roles than women with a ratio of 72% male to 28% female).

Our gender pay gap data illustrates that the average woman working in CFC UK earns 21.3% (mean), and 20.9% (median) less than the average man. Whilst we have made some progress in this area, with the mean and median pay gaps improving by 1.3% percent and 0.1% respectively since 2022, we recognise there remains a significant amount of work to do.

One of our longer-term goals is to make the representation of men and women more proportionate throughout all levels of the organization. However with senior roles having the biggest impact on numbers, we are working to address the gender disparity in our senior teams and pleased to report that our wider leadership team now comprises of 39% women at a group level, and we have 29% female representation at a combined ExCo and board level. And these figures continue to increase year on year.

Bonus pay gap

We operate a group wide bonus plan for all employees where everyone, regardless of gender, has equal opportunity to be rewarded for their performance and contribution. Our bonus gap has reduced significantly year on year but continues to exist, as bonuses are significantly higher for the most senior and specialist roles at CFC, and we employed significantly more men than women in these positions. It is also necessary to reward our senior leadership team, executive team and technical specialists with competitive variable pay to be competitive in the market, and to motivate, engage and retain our top talent. Additionally, although a smaller impact, it is worth noting that the bonus gap does not account for pro-rated bonuses for part-time workers, the large majority of whom are women.

Closing the pay gap

During 2022-2023 we have started to see slow but steady progress in driving more diversity across the organisation, particularly in talent acquisition, career advancement and leadership development. We have also made great inroads in promoting diversity, equity and inclusion initiatives across the UK business through our 'Together at CFC' program.

Leadership development

- At CFC we are proactively developing female leaders of the future.
- In 2022-23, 37% of delegates on our leadership development programme were female, which is consistent with previous years. We also achieved 48% participation on our 'Aspiring Managers' program; and 29% female participation on our Team leader program. An increase in female participation at both levels.

Talent acquisition

- 42% of our new hires identified as female. And although a slight decrease year on year, 5% of these female hires were into senior or management roles and 32% of these hires were paid in the middle to upper pay quartiles.
- Our talent acquisition team has actively developed existing recruitment partnerships to ensure talent pools are diverse and inclusive. This year our partnerships have been extended to include Equity in the City, a Lloyd's backed recruitment community for underserved and underrepresented groups.
- We attended and supported female focused recruitment events such as 'Women of Silicone Roundabout' and 'Women in Technology' and have improved our job advertisements to attract more diverse applicants, for example by using gender inclusive language and highlighting available wellbeing support.
- We are proud that 43% of our intern placements were offered to women, inspiring the next generation of female employees across all teams and creating our potential talent pipeline of the future.
- We also delivered Inclusive Hiring Training throughout 2022-23 to 100+ line managers within the UK organisation.

Diversity data

- We have embedded the reporting of our D&I metrics to the ESG Committee on a quarterly basis and have started to further enhance our analytics capability to support all remuneration decisions group-wide.

Career advancement

- 35% of management title promotions were awarded to women in 2022-23, and 52% of employees taking part in mentoring were women, with 42% of mentors being female.
- Through our investment in L&D, we continued to fully fund professional certifications to ensure that eligible CFC employees, regardless of gender, can attain meaningful professional qualifications supporting career advancement.

'Together at CFC'

- In 2022-23 we continued to partner with and sponsor several D&I focussed networks including Link (LGBTQ+), iCAN (Insurance Cultural Awareness Network), The Brokerage.
- We held an Inspiring Women Awards to recognise women who inspire other women across the organisation.
- We also held a Women's Health focussed event led by 'Dr Frankie' to promote and educate the organisation around women's health.

Gender pay gap reporting

All UK employers with 250 or more employees are required to report on their gender pay gap under The Gender Pay Gap Reporting Regulations 2017. We calculate our gender pay gaps in line with UK government regulations. The snapshot date to calculate pay data for this report is 5th April 2023, and bonus gap data has been calculated on bonuses paid between 6th April 2022 and 5th April 2023. This is our fifth annual pay report.

Gender pay gap definitions

- The gender pay gap is the difference in pay / bonus earnings for all men and all women within the Company.
- The **mean** pay gap number represents the difference in **average** pay between all male and all female employees.
- The **median** pay gap number represents the difference in pay between the **middle point** of all male employees, and the middle point of pay for all female employees.
- The male and female pay **quartiles** represent ranking pay from lowest to highest across the organisation and dividing into four evenly sized groups

Gender pay gap reporting does not measure equal pay (relating to what men and women are paid for performing equal work). The principle of equal pay is a legal UK requirement. CFC is committed to meeting its equal pay obligations, and to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, disability or gender reassignment.

I confirm that the data provided for CFC Underwriting Limited in this 2023 report is accurate and in line with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



A handwritten signature in black ink that reads "Louise O'Shea".

Louise O'Shea
Group CEO