

2022 Gender & Ethnicity Pay Gap Report



Acting CEO Comment

“Direct Line Group’s commitment to diversity and inclusion is strong. It’s the right thing to do for our people. It’s the right thing to do for our customers.”



This is the sixth year of gender pay gap reporting and the second year we have chosen to voluntarily share our ethnicity pay gap. We believe our now detailed understanding of the gender pay gap and the knowledge we are building about what drives the ethnicity pay gap across the business are both integral to informing our drive for greater diversity and inclusion.

Our 2022 gender pay gap was wider than in previous years, despite remaining below the UK non-life insurer average. Our ethnicity pay gap has reduced slightly and remains low.

We are comfortable that we do not pay people differently because of their gender or ethnicity. Instead we believe that both pay gaps continue to be driven by disproportionate representation of women and colleagues of different ethnicities in particular areas and levels of the business. It is this disproportionate representation that has primarily driven the increase to our gender pay gap this year. We recognise progress is not always linear, but are committed to taking action to make positive change. That is why we are focussed on continuing to improve representation, and will be setting new leadership targets to work towards in 2023.

We believe that improving diversity and inclusion needs enhanced policies and practices, and changing mindsets and culture. You can read more on page 5 about the actions we took to continue progress across these areas in 2022.

Direct Line Group’s commitment to diversity and inclusion is strong. It’s the right thing to do for our people. It’s the right thing to do for our customers. And it’s key to the future success of our business.

I can confirm Direct Line Group’s gender and ethnicity pay gap calculations to be accurate.

A handwritten signature in black ink, appearing to read 'Jonathan Greenwood'.

Jonathan Greenwood
Acting Chief Executive Officer

Gender Pay Gap

Our 2022 figures

Our 2022 gender pay gap has widened since 2021, with both the mean and median pay gaps increasing – continuing to mainly be driven by the levels of women across certain areas and levels of the business. The mean bonus gap has also increased (by less than 1%) and the median bonus gap has also grown.

Our pay gap continues to be low compared with the broader financial services sector and we want to see that gap close. We are comfortable that we don't pay people differently because of their gender and believe that the way to reduce the gap in the medium-to-long-term is to continue with our work to address the disproportionate representation of women at certain levels and in certain areas of our business.



Gender Pay Gap¹

	Mean	Median
2022	19.3%	20.3%
2021	16.1%	14.2%
2020	17.2%	15.4%

Bonus Gap²

	Mean	Median
2022	46.7%	45.4%
2021	45.9%	34.0%
2020	47.9%	36.3%

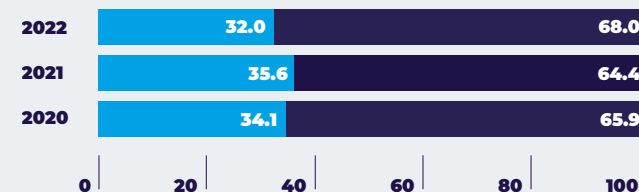
% of employees receiving bonus²

	Men	Women
2022	83.1%	82.6%
2021	72.7%	60.6%
2020	73.5%	62.4%

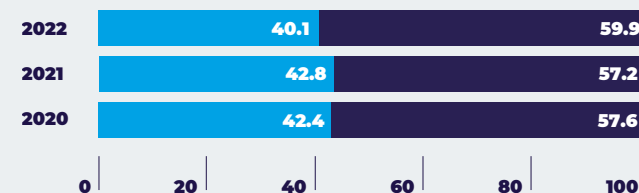
1. The gender pay gap shows the difference in average pay between women and men. This is different to equal pay that is women and men receiving the same pay for work of equal value. Our reporting is based on a snapshot date of 5 April 2022.
2. The increase in the median bonus gap and percentage of women receiving a bonus is mostly attributable to a one off thank you payment of £400 which was made to all colleagues who do not typically receive a bonus in recognition of performance over a challenging year.

% of employees in each quartile

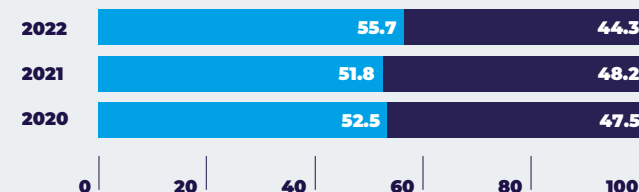
Pay quartile 4 (highest paid)



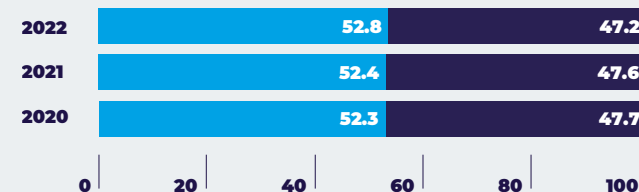
Pay quartile 3



Pay quartile 2



Pay quartile 1 (lowest paid)



Women Men

Ethnicity Pay Gap

Our 2022 figures

This is the second year we are reporting our ethnicity pay gap. Although not a legal requirement, we are continuing to publish this information on a voluntary basis in order to hold ourselves to account and inform diversity and inclusion initiatives across the business. In 2022, our mean gap improved slightly, while the median gap increased, with both remaining low.

As with the gender pay gap, we are comfortable that we don't pay people differently because of their ethnicity and believe that the way to reduce the gap in the medium-to-long-term is to continue with our work to address the disproportionate representation of ethnic minority colleagues at certain levels and in certain areas of our business.

Ethnicity Pay Gap¹

	Mean	Median
2022	2.6%	9.7%
2021	3.1%	7.9%

Bonus Gap

	Mean	Median
2022	40.9%	19.1%
2021	32.9%	11.8%

% of employees receiving bonus

	White	Ethnic Minority
2022	84.6%	74.6%
2021	68.2%	58.6%

Our mean and median pay gaps by ethnicity²

We recognise that different communities can have different experiences, so we have further broken down the data to understand pay gaps for our Black, Asian, Mixed and other ethnicity colleagues compared to White colleagues. It's important to note that when pay gap data is based on a smaller number of individuals, it can vary significantly over time due to colleague changes during the year.

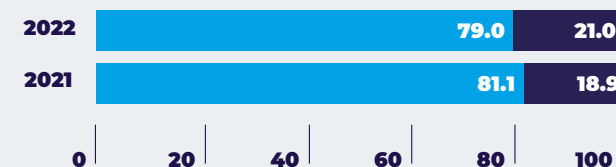
	2022	
	Mean	Median
Black	11.2%	11.0%
Asian	0.7%	16.1%
Mixed Race	0.4%	4.9%
Other ethnicities	2.3%	-6.1%

1. The ethnicity pay gap shows the difference in average pay between ethnic minority and White colleagues. This is different to equal pay that is ethnic minority and White colleagues receiving the same pay for work of equal value. Our reporting is based on a snapshot date of 5 April 2022 and 87% of colleagues that have shared their ethnicity with us. As we continue to encourage colleagues to share their ethnicity with us, changes to disclosure will impact the numbers we report.

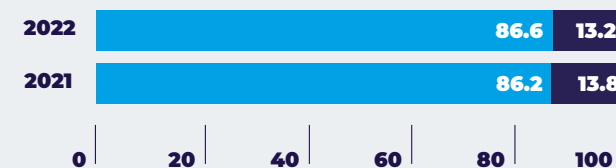
2. Ethnicity pay gap in comparison to White colleagues.

% of employees in each quartile

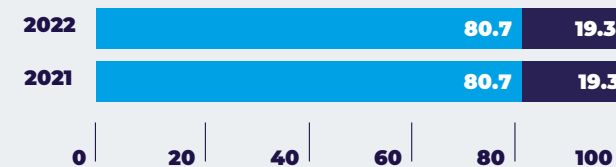
Pay quartile 4 (highest paid)



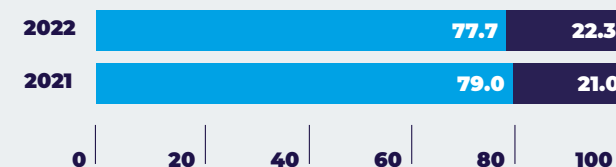
Pay quartile 3



Pay quartile 2



Pay quartile 1 (lowest paid)



White Ethnic Minority

Maintaining the momentum



Increasing leadership representation

At the end of 2020, we set ourselves ambitious stretch targets to improve the representation of women in senior leadership and ethnic minority and Black professionals in leadership by the end of 2022.

	End 2020	End 2021	End 2022	End 2022 target
Women	29.7%	32.8%	31.3%	35.0%
Ethnic Minority	9.8%	11.7%	12.1%	13.0%
Black	0.4%	0.9%	1.5%	1.5%

While we missed our stretch targets for women and ethnic minority representation, we achieved our Black representation goal. We believe the process of target setting has had value and driven our internal work to improve representation and that's why we will be setting new targets in 2023.

Overall representation

At the end of 2022, overall colleague representation across our business showed:

45.7%

women

19.8%

ethnic minority¹

3.1%

Black¹

1. Excludes 12.9% of colleagues who have submitted 'prefer not to say' or not submitted an option for ethnicity

Strengthening diversity and inclusion

We believe that improving diversity and inclusion needs enhanced policies and practices, and changing mindsets and culture. Across 2022 we have continued to address both.

Recruitment and promotion – We've strengthened our approach to inclusive hiring and succession planning, to support greater diversity. Amongst the measures we follow, we use language analytics tools for job adverts, remove unnecessary qualification or experience requirements, use anonymised CVs for senior roles, train recruiting managers on inclusive hiring and invest in high potential talent.

Policy and support – We want our policies and guidance to support people to be the best they can, recognising life impacts work and work impacts life. Over the last year we have updated or introduced additional support on flexible working, menopause, anti-bullying & harassment, pregnancy loss and workplace adjustments.

Culture and behaviours – In 2022, we concluded our year-long reverse mentoring programme which provided senior leaders with deep insights into the barriers that can be faced by diverse colleagues and in turn enabled them to offer career guidance. We also started the roll out of our Accelerating Inclusion programme to grow the capability and skills of all our people to be more inclusive.



Direct Line Insurance Group plc©

Registered in England & Wales No. 02280426

Registered Office:
Churchill Court
Westmoreland Road
Bromley
BR1 1DP

