



GENDER PAY GAP REPORT 2019

Introduction



The success of our business is largely due to our people, so we want to ensure that the environment we work in is diverse and inclusive, and a place where people can have rewarding careers

Barry O'Dwyer
Group Chief Executive

At Royal London we are continuing to build an inclusive place to work, where everyone is valued and respected for the difference they bring.

A diverse workplace is a better representation of society as a whole and therefore makes business sense. If you want a diverse solution or product, you need a diverse team and leadership.

The gender pay gap is a measure of how well women are able to progress within an organisation, and this year's report marks another milestone in the progress we have made so far. Our report, which references pay data from April 2019, shows that we have continued to make good progress across our businesses in reducing our gender pay gap.

When we first reported two years ago, we acknowledged that the main cause of our pay gap was having more men than women in senior roles, as is common in many organisations, especially in the finance sector, and that remains the case today. Our commitment to the Women in Finance Charter, enhanced family-friendly policies and a thriving new Women's Network are all actions we've taken to help this situation.

Although the historic reasons for the pay gap are complicated, and we appreciate that change cannot happen overnight, we are eager to press on in our efforts to address it. While we are pleased that our gender pay gap is gradually improving by many of the metrics communicated in this report, we must not become complacent.

We have a number of initiatives to help close the pay gap and understand that real and enduring progress will come when women are better represented at senior levels in all of our business areas. We remain committed to achieving that goal in the interests of making Royal London a truly diverse and inclusive workplace.

I confirm that the gender pay gap data presented in this report is accurate.

A handwritten signature in black ink that reads "Barry O'Dwyer".

Gender pay gap reporting

UK companies with 250 or more employees have been required to publish a report on their gender pay gap since 2017.

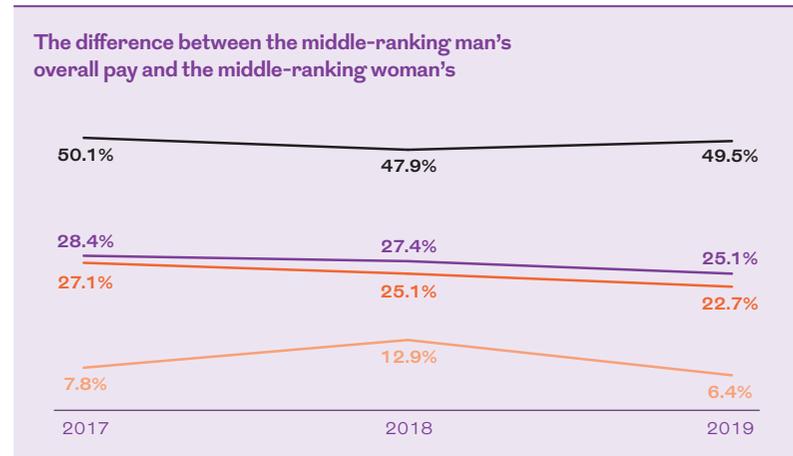
The gender pay gap is not the same as equal pay, which is a legal requirement to ensure men and women carrying out the same or similar jobs or jobs of equal value are paid equally. The gender pay gap shows the difference in average earnings for men and women across an organisation regardless of role and level.

At the time of reporting, Royal London Group had 3,911 employees across its different UK businesses. Within the Group we have two employing entities, both with more than 250 employees – Royal London Mutual Insurance Society Limited (RLMIS) and Investment Funds Direct Limited (IFDL).

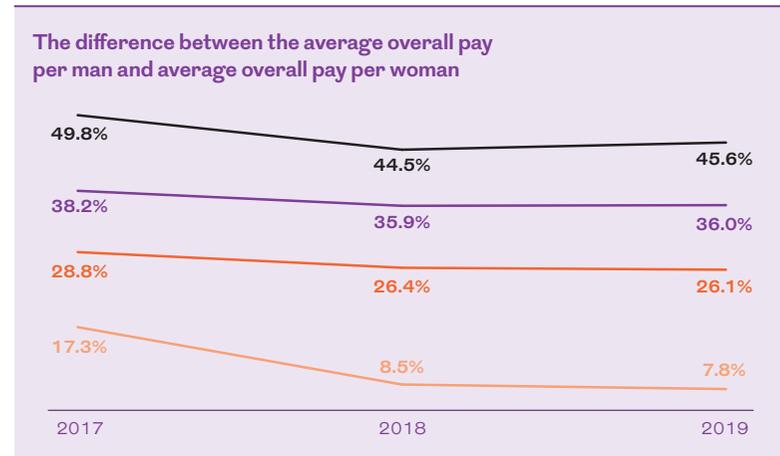
Royal London Asset Management (RLAM) is a business within RLMIS and is not required to report separately. However, as in previous years, we have chosen to publish the RLAM gender pay gap results in the interests of full transparency. RLAM operates in the asset management industry with its distinctly different pay structures and market for talent, so its results are notably different to the rest of the Group.

Our 2019 gender pay gap

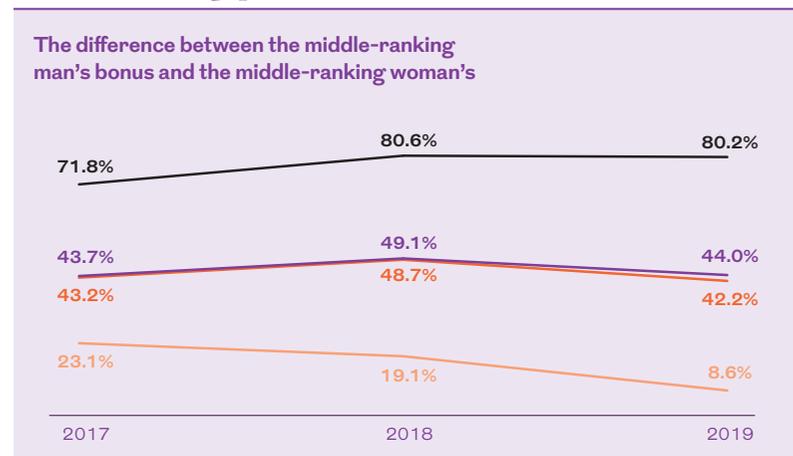
Median pay gap



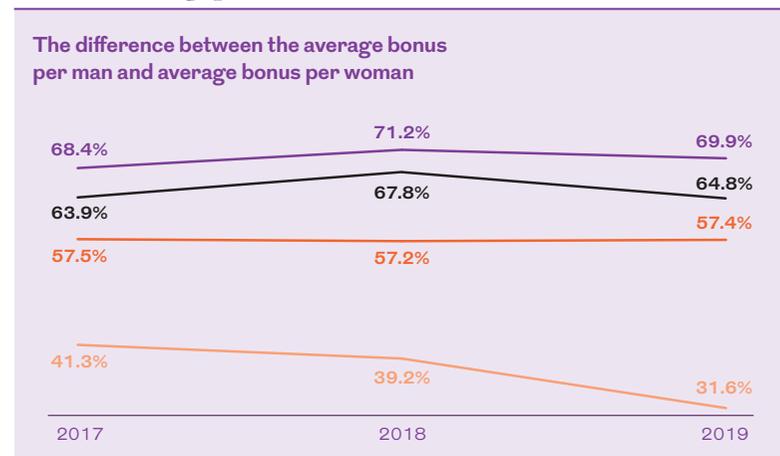
Mean pay gap



Median bonus gap



Mean bonus gap



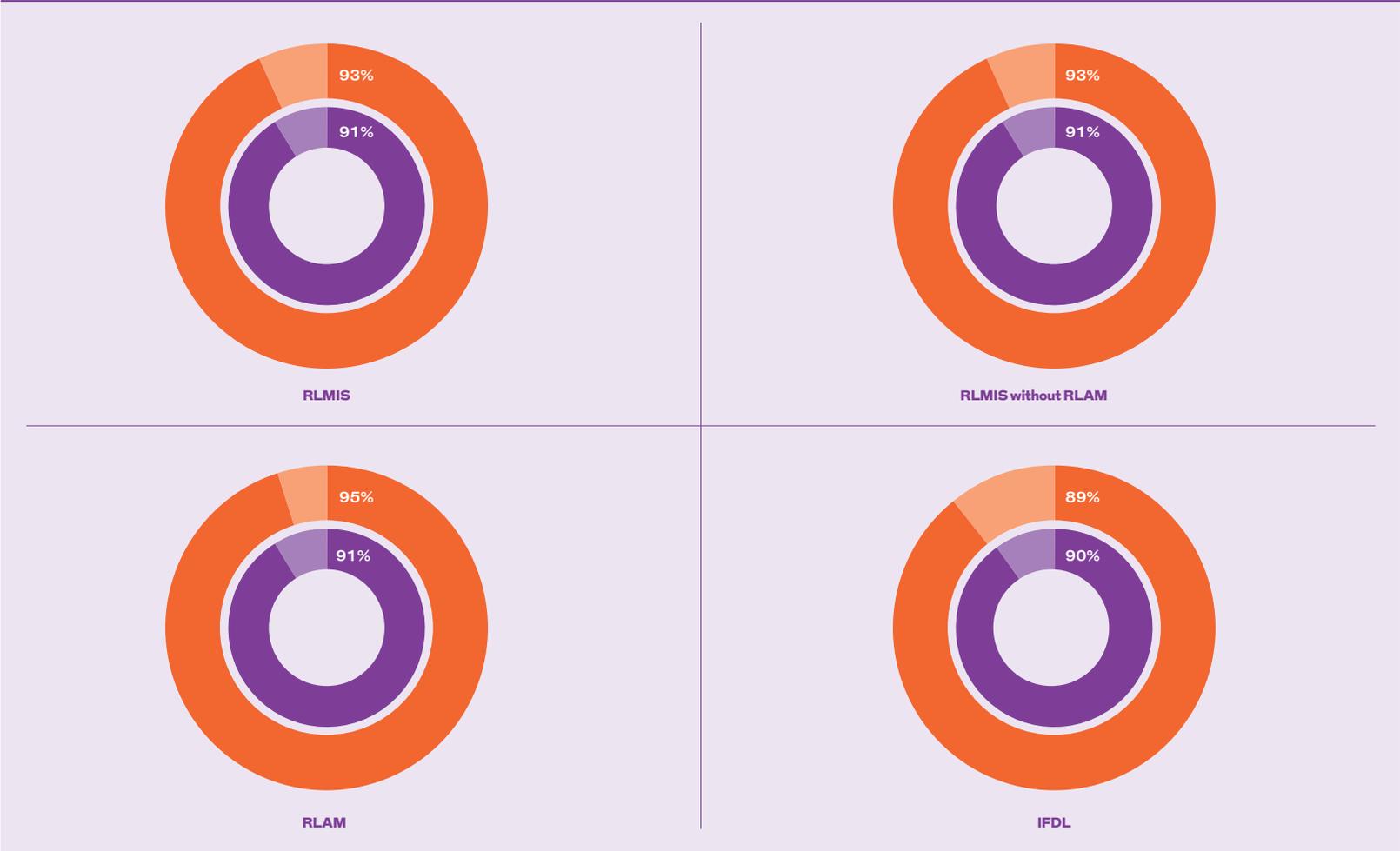
For RLMIS, the median pay gap continues to trend down. IFDL has seen a significant closing of the gap in 2019, reversing 2018's increase, though in RLAM it has slightly widened. Across the Group the broad trend shows a closing of the mean pay gap.

In IFDL, the median bonus gap's downward trend continued in 2019. In 2018 we saw a widening of the bonus gap in RLMIS and RLAM, but this was reversed in 2019. There has been significant closing of the mean bonus gap in both IFDL and RLAM during the year.

■ RLAM
■ RLMIS
■ RLMIS without RLAM
■ IFDL

People receiving bonuses in 2019

Proportion of men and women who received a bonus



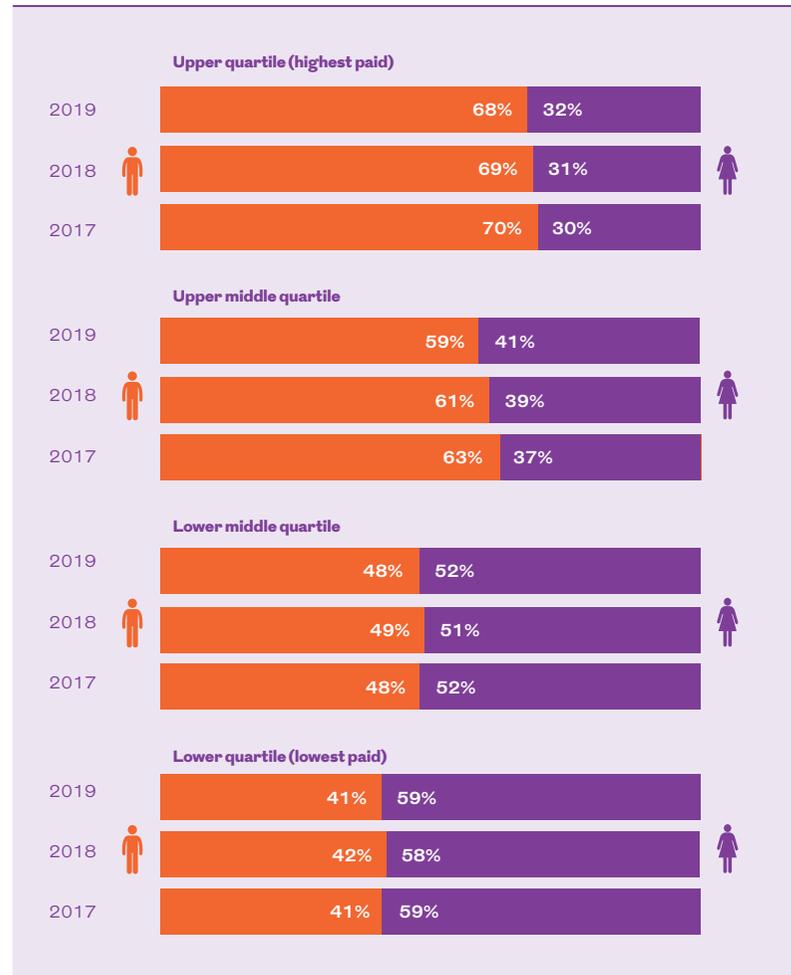
In line with the regulations, our median and mean bonus gap measurement does not include employees who are not eligible to receive a bonus due to their start date, nor employees who were eligible but did not receive a bonus due to their performance.

The gender pay gap for RLAM has increased slightly. This is largely because a significant number of women joined RLAM in late 2018 and early 2019 who were not eligible for a full year's bonus in April 2019. When these people are eligible for a full bonus in the coming years, we expect there to be a positive impact on the gender pay gap.

- Men who received a bonus
- Men who received no bonus
- Women who received a bonus
- Women who received no bonus

Pay quartiles for 2019

RLMIS



RLMIS without RLAM



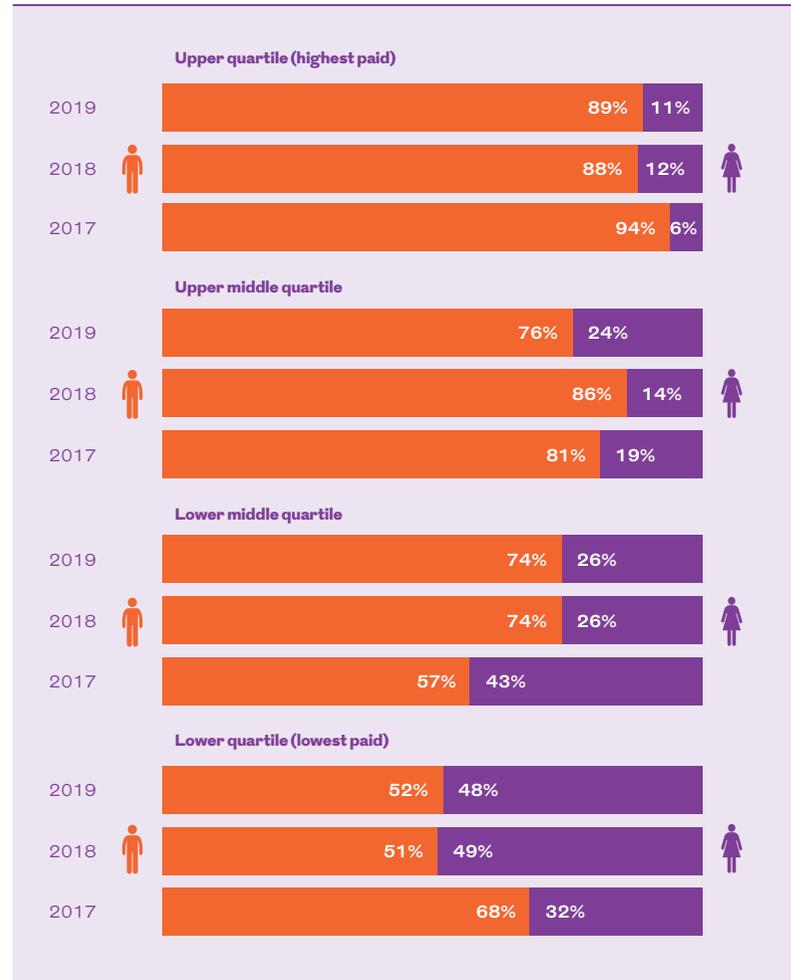
When we analyse the gender distribution across different pay quartiles, we see an improvement in our gender pay in RLMIS and IFDL.

This is directly linked to the good progress we are making against our Women in Finance Charter targets to attract, develop and retain female talent.

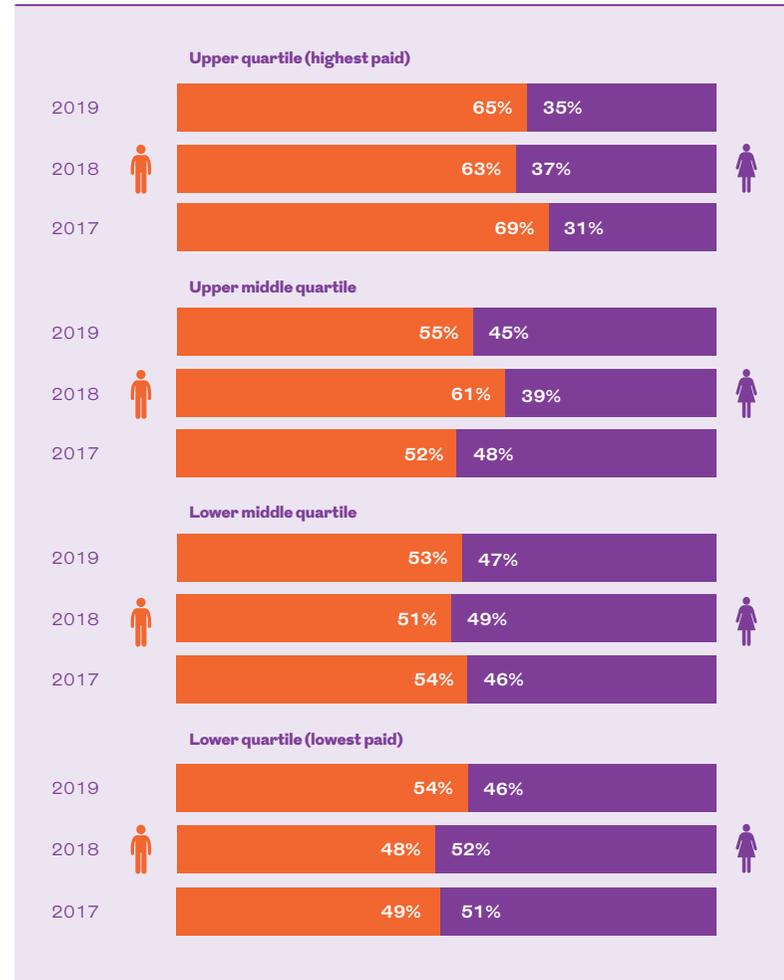
Pay quartiles are prepared by ordering the population by overall pay from lowest to highest, and then dividing it into four equal sub-populations (lower quartile, lower middle quartile, upper middle quartile and upper quartile) to show how the distribution of males and females varies according to each quartile.

Pay quartiles for 2019 continued

RLAM



IFDL



Analysis of the gender distribution across different pay quartiles within RLAM clearly shows fewer women occupying more senior positions. This illustrates the primary driver of our gender pay gap.

In 2019, 38% of all external appointments in RLAM were women, up from 32% in 2018, and two-thirds of these were to our senior graded roles.

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What's behind our pay gap – and what we're doing to close it

The main reason for our pay gap remains the imbalance of gender in senior roles and in more highly paid specialist areas such as asset management. While good progress has been made in line with our Women in Finance Charter commitments, we are still early in our journey to have more equitable representation at the most senior levels.

Analysis of our rates of promotion across our businesses shows that, at most levels, the rates for women are in line with or slightly ahead of their levels of representation. However, we have identified that the promotion rate from our lowest grade to the next level up was higher for men than women in 2019. This insight has informed our promotion policy focus for 2020 and beyond.

RLAM affects the RLMIS figures due to the industry pay structures and the gender make-up of the talent pool. When we remove RLAM from the RLMIS data, the pay gap statistics are reduced. The pay gap for RLAM itself has increased slightly and this is largely due to the recruitment of a significant number of women in late 2018 and early 2019 who were not eligible for a full year's bonus in April 2019. When these people are eligible for a full bonus in the coming years, we expect there to be a positive impact on the pay gap.

Royal London pays bonuses at the start of the tax year in April and this means that these payments are included as part of the April calculation window for the pay gaps. This is not typical in our industry, and so our pay gap statistics appear larger than they would otherwise.

We remain committed to paying employees equally and fairly for the same or equivalent work, regardless of any individual differences. All our job roles and pay grades are evaluated against industry standards, and the evaluations are based on the jobs themselves and not on the individuals in those jobs.



38.1%

The proportion of senior positions at Royal London held by women

In 2018, the Government Equalities Office and Behavioural Insights Team published a report of evidence-based actions to help reduce an organisation's gender pay gap and improve gender equality. While our existing initiatives already covered many of the suggested actions, these insights have served as a useful benchmark and influenced the direction of some of our actions for 2020 and beyond.

We are working hard to generate an inclusive culture across our businesses. This is reflected in our engagement survey results where our people tell us they feel that they are treated with respect and fairness; they also tell us they believe we are committed to developing and keeping a diverse workforce.

Women in Finance Charter

We see good progress against our Women in Finance Charter targets and local plans to attract, develop and retain female talent. We exceeded our target of 37.5% for senior roles being filled by women by the end of 2019, achieving 38.1%, and are on track to hit our target of 40% by December 2020. Our plans aim to have good representation across all of our business areas, including those whose talent pools are traditionally largely male, such as technology and asset management.

Women's Network

This network, launched on International Women's Day in 2018, is now well established and, with a regular stream of updates and events, is valued by its 750 members, made

up of both men and women. Recently it expanded to include the Women in Technology community group to support and encourage more women into technology. The Women's Network was our first employee network, followed by the launch of the PRIDE network, which focuses on supporting LGBT+ colleagues, and the BAME network, which aims to provide a space for all ethnicities to connect, share experiences and take action to promote equality and diversity.

HerCapital

RLAM is an official sponsor of the HerCapital programme, which helps talented female students from ethnic minority and low socio-economic backgrounds to build the confidence needed for career success in the industry. Our involvement in 2019 included welcoming a group of students to our London office to learn about the industry and available career options, and members of our senior team participating in offsite workshops.

Family-friendly policies

Our enhanced family-friendly policies, introduced in 2018, have had a positive impact in supporting our female employees in particular. We also offer a range of flexible working options across the Group for all our employees. These policies have had a real impact on people at Royal London, and this is brought to life in the case studies at the end of this report.

What's behind our pay gap – and what we're doing to close it continued

In 2020 we will take the following actions:

- Our new Talent Acquisition team will continue to explore new ways to arrive at more gender-balanced shortlists for recruitment. Part of this effort will be continued improvements to our recruitment and selection processes in order to attract more women to apply for our roles – currently only around 38% of applications come from women.
- We are working with our supply chain to ensure diversity is a key part of their approach to the market, and this includes engaging with specialist diversity agencies. In addition, we are expanding our Recruitment Excellence workshops to further raise awareness of unconscious bias.
- We are also reviewing our strategy to ensure we have the same level of gender balance in our early career recruitment as we do for our experienced hires.
- We will bring in measures for our internal appointment and promotion processes to help us achieve the same level of transparency and gender balance that we have when recruiting for new roles. Among these measures are plans to ensure that roles are sufficiently publicised internally, and an extension of interview and CV writing skills training for employees.

Effective actions

We have assessed ourselves against the actions set out by the Government Equalities Office and Behavioural Insights Team. These actions, evidence reveals, either reduce the gender pay gap or show promise in reducing it. Our current approach gives us a good foundation on which to build.



1. Include multiple women in shortlists for recruitment and promotions

We do not mandate the gender make-up of shortlists, but we are now exploring new measures that can be taken to help achieve a better gender balance and better balanced shortlists.



2. Use skill-based assessment and structured interviews for recruitment and promotions

Our appointment process uses a consistent competency and Spirit of Royal London values-based approach to interviews to avoid bias.



3. Encourage salary negotiation by showing salary ranges

We have published our salary ranges internally since 2018 and we share these with applicants when recruiting.



4. Introduce transparency to promotion, pay and reward processes

In 2016 we began a journey to be increasingly open about our approach to pay and reward. Our Job Families help people build their development plans to more senior roles.



5. Appoint diversity managers and/or diversity task forces

We appointed a dedicated Inclusion & Diversity Lead in 2017 to lead on our Inclusion strategy; we also have a Diversity Council and an Executive Sponsor from our Group Executive Committee.

Case studies

At Royal London we're taking a number of actions to improve recruitment and retention rates for women. Some of our senior colleagues share their experiences...



Cathy Gibson
Head of Dealing, RLAM

I started at Royal London Asset Management two years ago as Head of Dealing. I have more than 15 years' experience in various trading roles across a number of companies, in both London and Dublin.

My chosen career in trading has traditionally been a very male-dominated field, and over the course of my career I have seen the behaviours, role and skills required change dramatically and for the better.

The culture at RLAM is one that focuses on outcomes and deliverables and not on the number of hours an individual sits at their desk. This, I believe, has been key to our success. It empowers us to create a more flexible working environment where we can facilitate start or finish times for school drop-off, pick-up or the gym.

I am proud of the gender balance we have achieved on our team, with a 40/60 split – not at all common across the industry – and I am confident that this diversity of people strengthens what we do on a daily basis and enhances the work environment for all.

I have felt empowered and valued in my role and, personally, I have really enjoyed the collegial culture, which I believe helps RLAM stand apart and allows us to retain and attract top talent.



Mona Patel
Group Head of External Communications

Working in PR was never going to be a nine-to-five job. Running a busy press office means juggling a whole series of demands on a daily basis, including being available at short notice to sign off statements or deal with reputational issues.

Add to that the pressures of being a working mum, and the combination of activities can sometimes be unexpected. Dropping your phone in a soft play ball pit on your day off or madly emailing the BBC while you watch your kids in the bath are definitely not ideal scenarios!

Going back to work a year after having twins felt like a huge deal. I worried about how it could all possibly work. All I can say is that somehow it just did. After moving to Royal London and working my way up from one role to another, with ever-increasing responsibilities and competing demands at home, I often felt like I was running to stand still, the clichéd hamster on a wheel.

But the culture at Royal London, and the trust they put in people to do their jobs, allowed me to work flexibly, have quality time with the kids in the evening and get things done when it worked for me – even if that meant long days after the kids were asleep.

I wouldn't have it any other way: as much as I love my kids, I also love my job and have always been ambitious. And I love the example I'm setting my children.



Alice Sweet

Head of Proposition, Consumer

I joined six years ago as the Consumer division was created. Our hubs are in London and Wilmslow – I live in Bristol, with my team located all around the country.

I returned to work in April 2019 after taking 12 months' maternity leave. During this time Royal London changed its maternity policy and I benefited from the full six months' full pay when I was on leave.

On returning to my job I have changed my working pattern, working from home two days and in London two days per week. I now don't work on a Friday. This pattern allows me to be at home for bedtime on all but one day per week and also enjoy Fridays with my daughter. I feel very fortunate to work in an environment that supports this way of working, and with a manager who also supports it.

I have found that my return to work has made me more efficient with my time management, and this has made my overall team more effective. It has also created space for them to grow in their roles, enabling them to meet many of their development goals.

I feel incredibly empowered in my role. I look forward to the beginning of each working week and enjoy the challenges I'm presented with.

At the same time, I really appreciate the time I now get to spend with my family. Royal London's flexibility and support enables me to be fulfilled from a career perspective without missing out on my daughter's early years.



Cat Read

Chief Operating Officer, RLAM

Since joining the Group seven years ago I've taken on a bigger role within the organisation and have had children, and I've been keen to ensure I spend time with my family.

The work-life balance is unique and personal to everyone, and I consciously evaluate whether I've got the balance right for me, my husband and our children – a four-year-old daughter and a one-year-old son. My husband and I are a team and he more than meets me halfway to share the responsibility and logistics.

I talked to friends and colleagues about how they find the right balance for them and the choices they've made. I then made an informed choice on what I felt was right for me and my family. That led to my decision to continue to work full-time, my husband made the same decision, and we arranged full-time childcare for our children during the week when we are both at work.

Flexibility is really important to me. It empowers me to fully commit to my role, my team and my family. I balance that by coming to work early, leaving early, regularly working from home (at least one day a week) and catching up on work in the weekday evenings when I need to.

When I was on maternity leave last year, my family and I benefited from the Group's much-improved new maternity policy, which now gives six months' full pay and three months' half-pay.

I feel extremely fortunate to have a role that I love and that challenges me, in an organisation where I'm empowered to give my best.



Leah Street

Customer Data Team Leader

I graduated in 2017 with a master's degree in criminology, but without any clear thought about what I wanted to do with it. So I did what many graduates do and got an entry-level job while I 'figured my life out'.

That job was at Royal London in the Rectifications team. I worked on the Address Unknowns project, inputting customer data that had been recovered from microfiche tapes. As much as I enjoyed working with that team, it wasn't what I wanted long-term, so I started thinking about what I wanted to do next.

I became aware of the Financial Crime Team at Royal London, so I reached out to the department lead. A conversation with her led to me working with the team for two days a week, spending my time on customer screening and money-laundering risks. It was during this time that the Group was beginning to implement big changes as a direct result of the Fourth Money Laundering Directive.

One of the changes was the way we screen our customers to identify high-risk individuals. Royal London made the decision to invest in a third-party screening tool that would be managed by a new team. I had just won the Spirit of Royal London award for Empowerment when I was offered the chance to apply for the role of building and leading that team. Such an exciting opportunity was hard to ignore, and after a series of interviews and assessments, I was successful in my application.

I've been in this role for just over a year now, and although the step up has certainly been challenging, it's also been successful and rewarding.



Paola Binns

Senior Fund Manager, RLAM

I joined Royal London in 2007, after a City career that included market-making and bond sales at major US banks – and just in time to experience the 'credit crunch' phase of the market.

That period was really tough, especially as much of our external institutional fixed interest business was then relatively new and client meetings took place against the background of a sharp and unexpected setback in performance. That setback is not now evident in longer-term performance encompassing that period, and this reflects the success we have achieved over the past decade. Funds have grown consistently and dramatically, and we have broadened the range we offer to our clients, reflecting new opportunities and investor demand.

Our success as a team is shown not only by the growth of funds under management, but also by significant external accreditation – the RLAM Sterling Credit Fund was awarded the sterling corporate bond fund of the year for three successive years and I was named one of the top three female fund managers globally.

To be frank, I don't expect I would have gained such recognition if I were male – the competitor group would be far larger. This reflects the past male dominance of the investment industry and, while the businesses I've worked in have been based on meritocracy, getting started in a City career as a woman was difficult. That is why I welcomed the opportunity to be involved recently in RLAM's graduate internship programme and to see the development of a clearly inclusive approach to employment at Royal London.

