TMK Pay Gap Report 2022–2023

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March 2024

I am pleased to share Tokio Marine Kiln's 2023 combined gender and ethnicity pay gap report.

In every aspect of our business, we measure what is important to us. Tracking and reporting enables us to determine where we are making progress and where there are gaps, so we can provide the support needed to achieve our goals. It is with this same discipline that we uphold our commitment to addressing both our pay gaps and boosting representation across our business. You can read about our progress and the actions we are taking through this report.

Gender pay gap reporting has been mandatory since 2017 and we have continued to reduce our pay gap in that time. While the reporting of ethnicity data is currently voluntary for our sector, we are once again sharing this data as part our aim to lead inclusion and diversity (I&D) efforts in our industry.

As I reflect on my past four years as CEO, it is clear to me that TMK's strong commercial performance has been underpinned by our sustained focus on building the right environment for our people. Our commitment to enabling our customers and our relentless focus on building an inclusive and empowering culture have proven to be a winning formula, and we will maintain this as we pursue our longer term aims.

I would like to thank our employees and inclusion networks for their commitment and input into the many invaluable initiatives that have moved us forward this year. I passionately believe that addressing underrepresentation issues and fostering an inclusive culture will create a competitive advantage. I am committed to championing this important work across Tokio Marine Group, as we build a business that will continue to support our customers 100 years from now.

Brad Irick
Chief Executive Officer

How are pay gaps calculated?

Pay gap calculations

All our pay gap calculations for 2022–2023 are based on 506 employees located in the UK, as at 4 April 2023.

The **mean average** pay for a group (for example males) is calculated by adding together the hourly pay of all employees in this group and dividing the sum by the total number of employees in this group. The **mean average pay gap** is calculated by comparing one mean average to another (for example males to females).

The **median average** is the middle point of a range of hourly pay rates arranged in order of value from lowest to highest. If there is an even number in the range, the median is the mean (average) of the two middle numbers. The **median average pay gap** is calculated by comparing the median average salary of one group to another (for example white employees and ethnically diverse employees).

Gender and ethnicity

When we reference the gender pay gap, we are comparing males to females. However, we know gender has a wider spectrum and we are working to measure this as we move forward.

When we reference the ethnicity pay gap, we are comparing employees by different ethnicity categories. We use two approaches. In our most basic calculations, we compare all white employees to all ethnically diverse employees, but we know that this calculation is very broad and will not help us identify differences in representation for people of different ethnicities. For this reason, we also calculate the differences in representation and pay gap broken down into the following categories: Black, Asian, Mixed, White, Other.

Pay gap does not mean unequal pay

Calculations on pay gap are not the same as equal pay. We carry out regular reviews to ensure there is equality of pay at TMK. Equal pay is a legal requirement that TMK is committed to meeting and abiding by.

The data picture

Gender

Overall, our gender pay gap has been closing since we began reporting in 2018. Our mean pay gap closed by a smaller amount in 2023 compared to previous years (less than 1%) but our median pay gap has closed more significantly. Our gender bonus gap has also continued to close.

Ethnicity

The data we have tells a mixed story when we compare the mean and median pay gaps, which we know is partly due to the small to medium size of our workforce. Our mean ethnicity pay gap has closed slightly and our median ethnicity pay gap has grown, which is connected partly due to a decrease of ethnically diverse employees in our top quartile, and is also connected to a decrease in ethnicity disclosure rates across all quartiles. Both our mean and median ethnicity bonus gaps have closed significantly.

We are pleased to be reporting on ethnicity for the second year in a row and to continue to share our good practices.

What have we been doing to close our pay gaps?

Our I&D Council continues to be chaired by the CEO to set and monitor progress against the I&D plan for the business. The Council meets quarterly and is attended by our Network Chairs and subject matter experts from across the business including Recruitment, Learning and Development, Charity and Volunteering, and Communications. The council identifies problems to solve before setting actions to address them and measures progress using data and qualitative feedback. All actions set by the council are in alignment with our I&D Mission and Vision, and our three strategic pillars: People, Partnerships and Industry.

The work we do to close our pay gaps is wide-ranging. Work since we **last reported** includes but is not limited to:

UK HR policy improvements

We carried out a holistic policy review for the UK, led by our Head of I&D and in conjunction with the I&D Council, Network Members, and other key stakeholders across the business. We asked for feedback from employees on how our policies are received on a practical level and asked for suggestions for improvement.

The review resulted in a large increase in paid leave for all secondary caregivers based in the UK, from our original offer of two weeks paid Paternity Leave, to 26 weeks' fully paid Secondary Caregiver Leave. We also introduced three new policies: a Sexual Violence and Domestic Abuse Policy, a Menopause Policy, and a Trans and Non-Binary Policy.

Employee Networks

We have five employee networks focused on gender (including a menopause sub-group), ethnicity, disability, families and carers, and LGBTQ+. Network members play a key role in leading change at TMK. In addition to participating in the I&D Council and hosting many awareness raising events, our networks contributed to, and led, many projects that have resulted in cultural change. These include, but are not limited to, the following:

1. **Menopause Network:** Menopause Advice and Guidance sessions (Group and Individual)

2. **Disability Network:** Achieving Disability Confident Level 2 Accreditation in partnership with **Enhance the UK**

3. **Gender Network:** Speed Networking events with Exec and Board members

4. **Ethnicity Network:** Sponsorship of the annual Black Owned Market event, in partnership with **iCAN**

5. **Families and Carers Network:** Awareness raising of TMK-provided benefits and support available to parents and carers

Employee training

All of our I&D training has been delivered live by people with lived experiences of the topics at hand. Training in 2023 included:

Disability: delivered by Enhance the UK

We offered a range of both in-person and virtual training sessions with the goal of raising awareness of the challenges disabled people can face in the workplace, and providing information and coaching on how to work more inclusively. In addition to general Disability Awareness Training, we also delivered sessions focused specifically on Neurodiversity and Deaf Awareness, as well as Entry Level British Sign Language.

Sexual Violence and Domestic Abuse: delivered by Laura Currer

This training accompanied the launch of our Sexual Violence and Domestic Abuse policy. The goal of the training was to raise awareness of the prevalence of sexual violence and domestic abuse, educate attendees on how to spot the signs and provide guidance on how best to provide support to others in the workplace, including where and when to get help.

Menopause: delivered by Henpicked

This training accompanied the launch of our Menopause Policy and included an insight into the varying scale that people can be affected by the menopause and menopause symptoms, as well as tips for dealing with menopause and how to make sure the workplace is as inclusive as possible for people experiencing menopause.

### Gender Inclusion: delivered by Katherine Bryant of Insurance Breakfast Club

This training focused specifically on gender inclusion and included examples of the challenges women face in our sector that contribute towards underrepresentation, especially in senior roles. It also covered how to mitigate those challenges by creating an inclusive working environment and understanding how to be a good ally.

Ethnicity Inclusion: delivered by Amp Up Your Voice

This training focused specifically on ethnicity inclusion and included examples of micro-aggressions as they can appear in the workplace, how to be anti-racist and how to be a good ally. This training also included facts and information on underrepresentation in our sector and how we as individuals can work on improving this.

Data view 1: The TMK gender pay gap

The year-on-year TMK mean pay gap
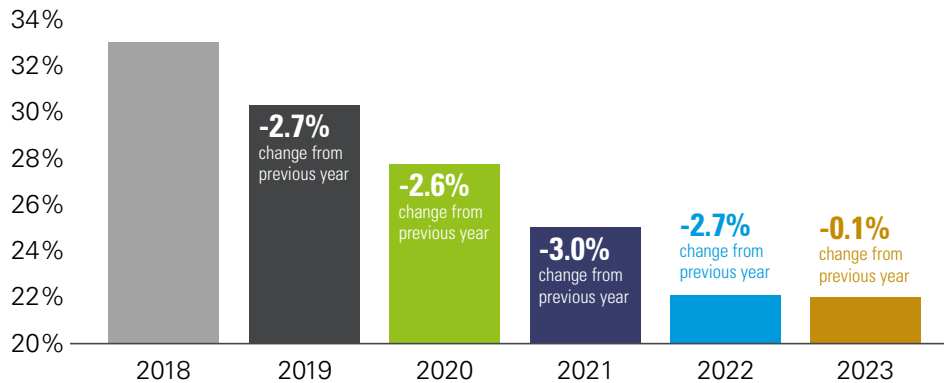
Mean vs. median pay gap

1. The **mean gender pay gap** for Tokio Marine Kiln is 21.9%

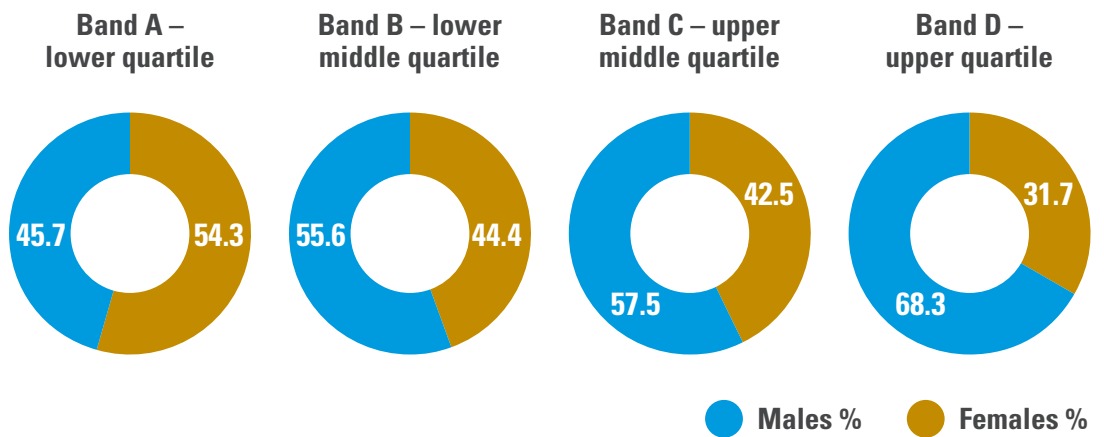2. The **median gender pay gap** for Tokio Marine Kiln is 18.7%

Insights

Our mean pay gap has reduced by a minimal amount. This follows four years of a steadier decrease. Our year-on-year median pay gap has decreased more significantly – last year it was 23.1% which equates to a decrease of 4.4%.

The latest PwC gender Pay Gap report tells us that the average mean gender pay gap for insurance is larger than the TMK gender pay gap at 26.3%. Although it is helpful to benchmark and understand that our pay gap is smaller than the average insurance firm, this latest set of data tells us that we need to do more if we want to continue to close our gender pay gap.

Gender representation by quartile

Quartiles are calculated by dividing the workforce into four, based on employee earnings by standard hourly rate. Bonuses are not included in this calculation – these are calculated separately in the next section of this document.

Band A – lower quartile	Band B – lower middle quartile	Band C – upper middle quartile	Band D – upper quartile
45.7 / 54.3	55.6 / 44.4	57.5 / 42.5	68.3 / 31.7

● Males %　● Females %

Band A – Includes all employees whose standard hourly rate places them in the lower quartile

Band B – Includes all employees whose standard hourly rate places them in the lower middle quartile

Band C – Includes all employees whose standard hourly rate places them in the upper middle quartile

Band D – Includes all employees whose standard hourly rate places them in the upper quartile
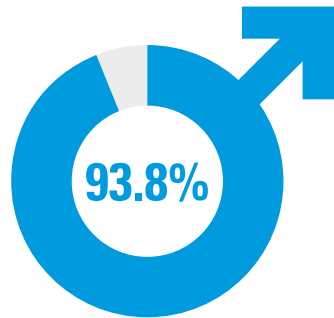
Insights

These graphs demonstrate the representation of males and females per pay quartile. The upper quartile represents the highest paying roles versus the lower quartile, which shows the lowest paying roles. You can see that the percentage of females in each quartile decreases as seniority increases.

Although this pattern will be similar to most firms in our sector, we are working hard to increase the representation of females in the higher paid quartiles. This means focusing both on senior level roles and roles that attract larger salaries.
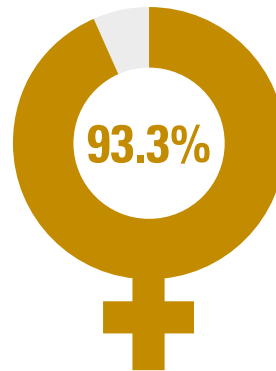
In the last year, we have seen a small reduction of females in quartile D (1%) and a larger increase of females in quartile C (5%) – the upper quartile and upper middle quartile. This is a positive sign for future improvements.

The bonus gap

Percentage of males receiving bonuses

93.8%

Percentage of females receiving bonuses

93.3%

Gender bonus gap	2022	2023
Mean	53.9%	52.1%
Median	22.7%	21.0%

Insights

A very similar percentage of males and females received a bonus.

Both our mean and median bonus pay gaps have shrunk. The mean bonus pay gap has reduced by 1.8% and the median bonus gap has reduced by 1.7%.

Data view 2: Ethnicity

Pay gap for all ethnically diverse vs. all white employees

Pay gap	2022	2023
Mean	14.7%	13.9%
Median	17.9%	24.1%

Insights

Our mean pay gap has reduced slightly by 1%, while the median pay gap has increased by just above 6%. It is good news that our mean pay gap is showing signs of closure, but the progress is slow. This, coupled with the fact that our median pay gap has increased, is a strong indication that we need to review and increase efforts to close ethnicity pay gaps as we move forward.
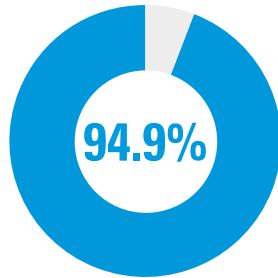
As mentioned the growth of our median ethnicity pay gap is partly due to a decrease of ethnically diverse employees in the top quartile, and we think this is also partly due to lower ethnicity disclosure rates compared to last year.
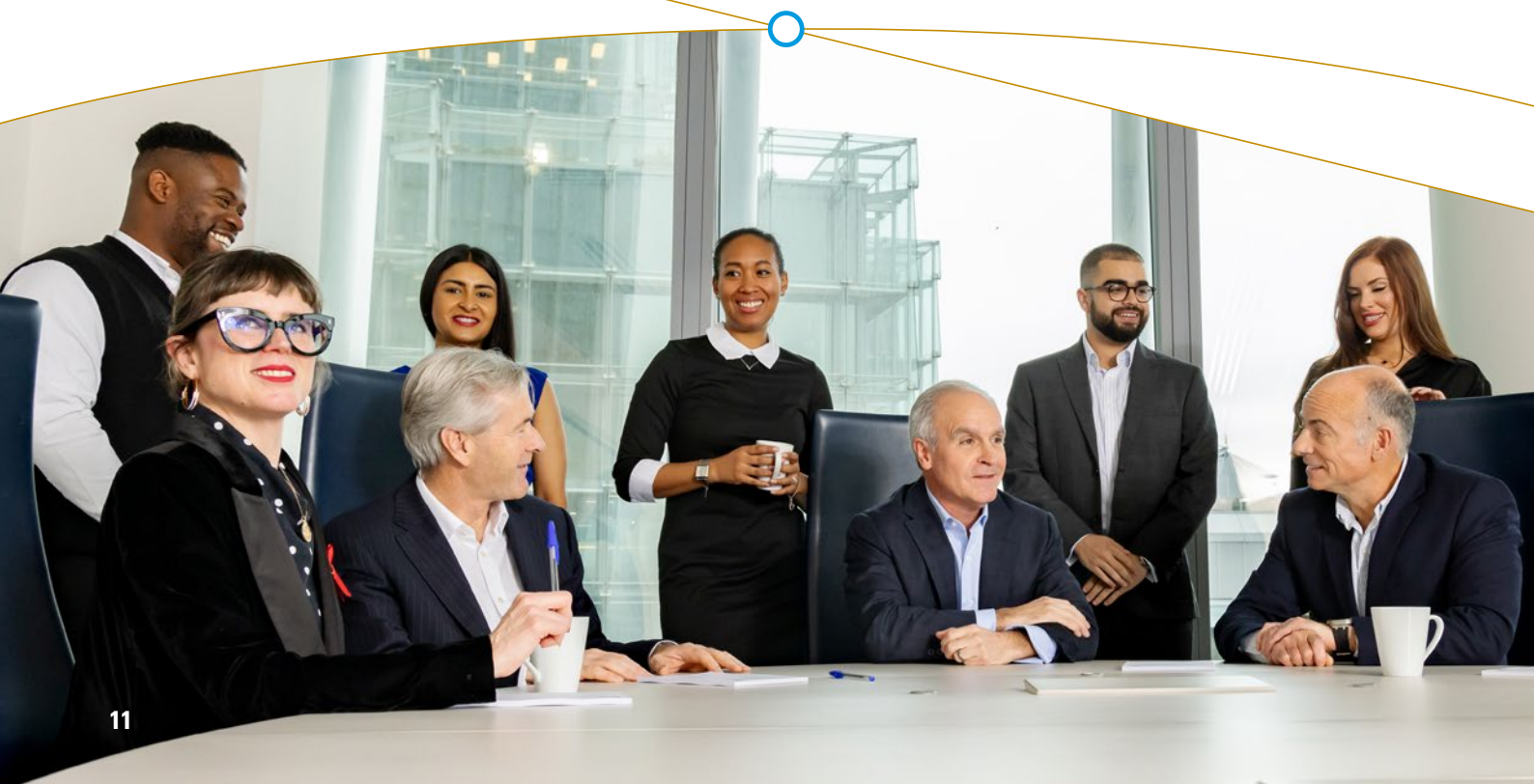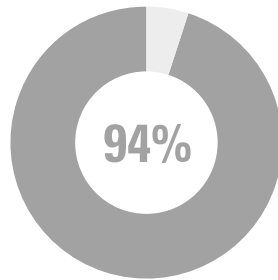
Bonus gap for all ethnically diverse vs. all white employees
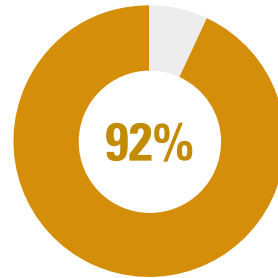
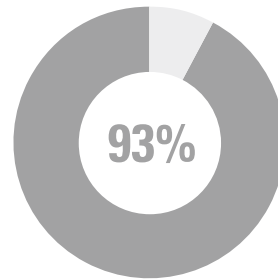**Percentage of white employees receiving a bonus**

2023

94.9%

2022

94%

Percentage of ethnically diverse employees receiving a bonus

2023

92%

2022

93%

Bonus gap	2022	2023
Mean	31%	6.2%
Median	52.2%	47.5%

Insights

A similar percentage of ethnically diverse employees and white employees received bonuses.

Our mean bonus pay gap has reduced significantly by 24.8% and our median bonus gap has also reduced by 4.7%.

Due to the size of our workforce, it is not uncommon to see differences between mean and median calculations – in this instance, our median bonus gap calculation is an indication of steady progress that we expect to see to continue.

Representation – All ethnically diverse and all white employees

Quartile breakdown by ethnicity
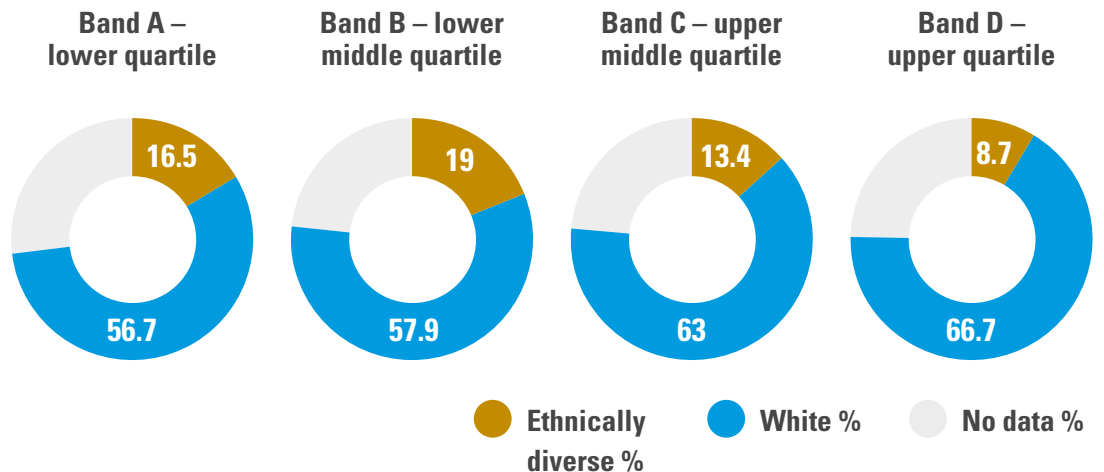
Band A – lower quartile	Band B – lower middle quartile	Band C – upper middle quartile	Band D – upper quartile
16.5 / 56.7	19 / 57.9	13.4 / 63	8.7 / 66.7

● **Ethnically diverse %**   ● **White %**   ● **No data %**

Band A – Includes all employees whose standard hourly rate places them in the lower quartile

Band B – Includes all employees whose standard hourly rate places them in the lower middle quartile

Band C – Includes all employees whose standard hourly rate places them in the upper middle quartile

Band D – Includes all employees whose standard hourly rate places them in the upper quartile

Insights

As with our gender representation per pay quartile, you can see that the percentage of ethnically diverse employees is smallest in our top quartile. This pattern is similar to many firms in our sector and contributes to our overall pay gap. This data tells us that in order to reduce the pay gap, we need to focus on representation at senior level and in roles that attract higher salaries. A key part of our strategy to increase representation in the top quartiles is ensuring we develop our pipeline of talent in lower pay quartiles, and continuously work to foster our inclusive working culture that enables all employees to progress in their careers.

Year-on-year, we have seen a decrease in the number of people sharing their ethnicity data. Natural turnover contributes to this, however, it is clear that we need to improve our data disclosure rate.
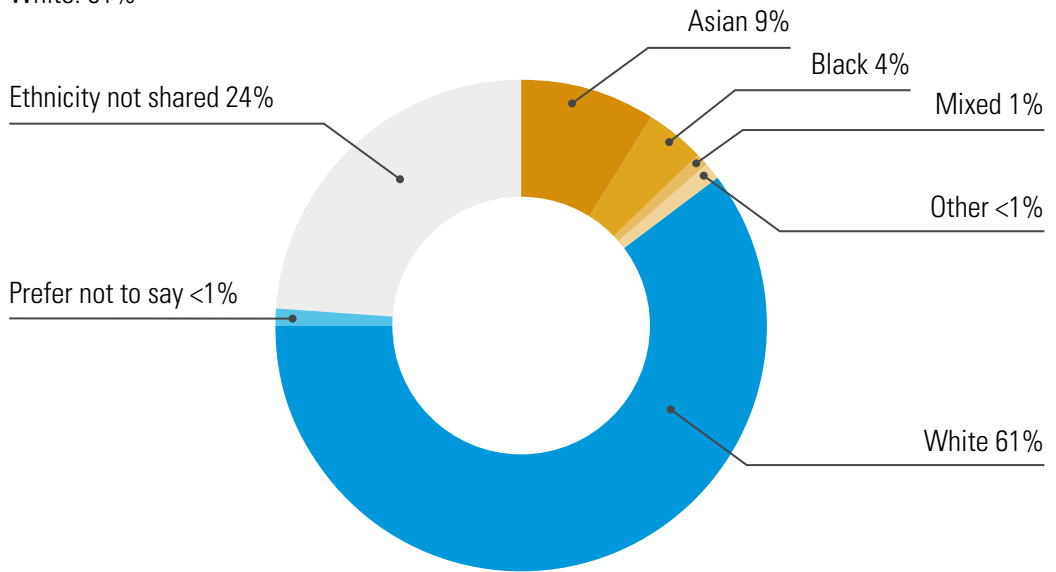
Representation of workforce by ethnicity

We have shared our representation data by ethnicity category and how we compare to representation across the Lloyd's market below:

TMK data for 2023

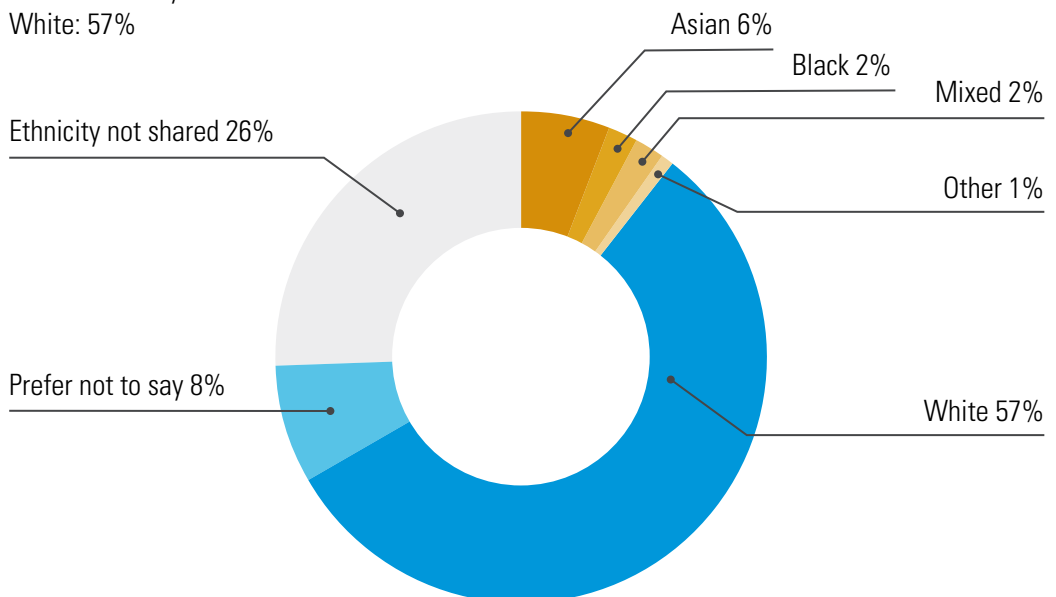Entire ethnically diverse workforce: 14%
White: 61%

Ethnicity not shared 24%

Prefer not to say <1%

Asian 9%

Black 4%

Mixed 1%

Other <1%

White 61%

Lloyd's market data for 2023

Entire ethnically diverse workforce: 11%
White: 57%

Ethnicity not shared 26%

Prefer not to say 8%

Asian 6%

Black 2%

Mixed 2%

Other 1%

White 57%

Year on year, the percentage of employees that have not shared their ethnicity data has grown from 21% to 24%. Other than that, there is a decrease of 2.3% ethnically diverse employees in the top quartile and an increase of 1.7% of white employees in the same quartile.

According to the latest data shared by **Lloyd's**, the total percentage of ethnically diverse employees across the market is 11%. TMK is ahead of the market at 14%. Our percentage of Asian employees is 3% higher than the market average and our percentage of Black employees is 2% higher than the market average.

Although we compare well to the market, if we compare to the most recent 2021 census data for London (which is where most of our UK employees are located), we can see that 46% of all Londoners are ethnically diverse. This can be broken down further to include 21% of all Londoners identifying as an Asian ethnic group, 13% identifying as a Black ethnic group and 6% identifying as a Mixed Ethnicity group. It's clear that there is still plenty of work for us to do to increase representation.

Trends for Black employees

We do not share granular data pertaining to different ethnicity categories externally because the size of our workforce prohibits this. However, we do review the data that we have access to internally and we can see that pay and bonus gaps continue to be larger for Black employees. It is important to keep this in mind as we set and measure progress against existing and future actions.

Pay and bonus gaps

Both the mean and median pay gaps are larger for Black employees, compared to Asian and Mixed Ethnicity employees. Bonus gaps are also larger for Black employees compared to Asian and Mixed Ethnicity employees. This is due to lower representation of Black employees in senior roles and other roles that attract higher salaries/bonuses.

Quartiles

The percentage of Black and Mixed Ethnicity employees in the top quartile is smaller than for Asian employees.

In the bottom quartile, we have the largest percentage of Black employees, which is almost the same as Asian employees for this quartile. Mixed Ethnicity employees appear in small percentages in each quartile.

Our ongoing action plan to close the pay gaps:

Attracting a diverse workforce

- Continuing to partner with diverse-owned firms who specialise in attracting diverse talent to the market such as **Equity**, **iCAN** and **The Brokerage**.
- Continuing to apply a gender decoder to all job advertisements.
- Requesting all recruitment agencies to report regularly on their efforts to attract diverse slates of candidates to the roles they advertise for us.

Inclusive culture

- Setting mandatory online entry level Inclusion and Diversity training for all employees.
- Delivering in-person I&D training for people managers, plus offering a range of optional practical sessions focusing on I&D topics, delivered live by diverse-owned agencies throughout the year.
- Continuing to review our HR policies, benchmark them against our peers and encourage employee feedback to keep us in line with best practice for the UK.

Identifying opportunities and tracking change

- Continuing to hold quarterly I&D Council Meetings, chaired by the CEO, to address key themes and actions identified by Council Members (Network Group Chairs and subject matter experts).
- Continuing to review all HR data through an I&D lens so that underrepresentation issues can be identified and addressed.
- Continuing to use our internal I&D dashboard to break down representation data by Exec business area and enable us to set targeted actions and measure progress against them.

Partnering with diverse-owned businesses

- Partnering with organisations and consultancies owned by people with lived experience of the challenges we are planning to address, including **Global Butterflies** for our Trans and Non-Binary Policy, **Sparkle by Laura Currer** for our Sexual Violence and Domestic abuse policy, **Katherine Bryant (Insurance Breakfast Club)** for Gender Inclusion Training, **Amp up Your Voice** for Ethnicity Training and **Enhance the UK** for Disability Training.
- Carrying out coaching and mentoring with **Future Frontiers** to engage with young people from schools within areas of low economic status and level of social mobility. TMK mentors will be supporting and coaching young people aged between 14 and 16 as they make pivotal study and life goal choices.

Case Study: Partnership with Future Frontiers

As we have mentioned throughout this report, underrepresentation from a gender and ethnicity perspective is a known issue in our industry and this contributes to our pay gaps.

At TMK, we believe that insurance can be a great career choice and we know from our own experiences and from market research that many young people are either not aware of insurance as a career choice, or they feel that an insurance career pathway is not open to them.

It is for this reason that we partnered with Future Frontiers, an award-winning education and social mobility charity, to roll out a specialist coaching programme. This involved introducing 15 of our employees to 25 young people, aged 14, from Hallmead school in Upminster to provide facilitated support and advice in relation to career choices and to develop confidence and readiness for work.

By the end of the course, 86% of the young people that participated agreed that their coach helped them find an inspirational career, and 71% felt clearer on what they needed to do next to achieve their ambitions. Further to this, 100% of our employees felt that they would encourage other employees to participate in the programme in future, and 91% of our employees found participation to be rewarding.

Closing words

Carrie-Anne Adams
Head of Inclusion & Diversity, TMK

I am pleased that we are effectively delivering ongoing organisational and cultural change as evidenced throughout this report – however, our pay and bonus gap data tells us that there is clearly more work to do, which we look forward to focusing on this year. By sharing our ethnicity data and best practices ahead of mandated requirements, our hope is that more firms within our sector will start to do the same, contributing to the overall change that we know is required within our industry.

Email: **carrie-anne.adams@tokiomarinekiln.com**

Reeken Patel
Group Chief Finance Officer
and Exec Sponsor of the Gender Network

Although our gender pay gap is still closing, we have seen less progress this year than previous. We will continue to focus on strategic change that moves us closer to our gender pay goals.

Charlotte Pritchard
Underwriter and Chair of the Gender Network Group

We are seeing sustainable improvements to our inclusive working culture but our data is telling us that there is more to do. We have yet another carefully designed programme of work to deliver this year, and I am a proud leader for change that most of us will agree is absolutely needed, especially for representation of females in senior or higher paying roles.

Vivek Syal
Chief Risk Officer and Exec Sponsor of the Ethnicity Network

We have made some progress from last year and I expect that we will continue to do so in 2024. This gives me cause for optimism. I am pleased that TMK is one of the few firms that is sharing ethnicity pay gap data, as well as best practices, and I am hopeful for continued improvement both at TMK and more widely across our sector in the future.

Nish Ashton
Senior Controls Analyst and Chair of the Ethnicity Network Group

I am proud to be working for an insurance firm that is making concerted efforts to measure and close its ethnicity pay gap, even though this is not yet mandated. Our network has worked hard this year and we are proud of our achievements – we know that this is a long game and we will continually focus on improvement as we move forward.

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