



ENSTAR UK
GENDER PAY GAP REPORT
APRIL 2020





THE GENDER PAY GAP

STEVE HUMBERSTONE, GROUP DIRECTOR OF HR

Enstar continues to recognise the importance of equality, for gender and all other diversities. The current dialogue regarding equality is further encouragement for us to continue in the steps we have taken, some of which include setting up a D&I focus group, dedicated Intranet sites, D&I policy and providing unconscious bias training.

We are committed to encouraging a culture where employees succeed because of their contributions to the business, where gender, race, religion or any other diversity is irrelevant to the decision. We encourage mutual respect amongst colleagues to create an inclusive culture.

Being an inclusive employer is fundamental to our business strategy and Enstar has made further progress since our last report. Year-over-year, we had a 10% decrease in our mean gender pay gap and a 13% decrease in our mean bonus pay gap. We continue to have a higher proportion of females receiving a bonus than males, with 89% of the female population receiving a bonus in 2018, a 7.1% improvement over the prior year. Pay distribution shifted, with the proportion of females paid in the upper half increasing 9.1% and those in the lower half decreasing 4.7%.

Along with our pay gap report, we have included commentary on our evolving diversity and inclusion practices. In the past year we:

- Launched Diversity & Inclusion (D&I) and Wellness intranet sites;
- Formed a D&I Action Group which is tasked with suggesting and providing ideas as to where Enstar can continue to develop Diversity and Inclusion whilst being able to track and monitor progress accordingly; and
- Expanded flexible working practices and expanded our learning & development initiatives.

The goal of these actions is to continue to build inclusion and development of our employees into the Enstar DNA, to provide future leaders from all diverse backgrounds with an environment in which they can thrive.

Enstar recognises that our people are a critical asset for success. We also recognise that we place ourselves in a stronger position for continued success with increased diversity and inclusion amongst our people. We continue the further development of our diverse and inclusive culture which attracts, retains and inspires an engaged workforce.

Steve Humberstone, Group Director of HR

GENDER PAY GAP ANALYSIS – APRIL 5, 2019 PAY DATA

As a UK company with more than 250 employees, we are required to report our gender pay gap. A gender pay gap report provides a 'snapshot' of pay balance, by gender, as at 5 April 2019. It quantifies the difference between the average and mean earnings of men and women, irrespective of role or seniority.

The gender pay gap is different from equal pay; the gender pay gap measures the differences between the average and median pay of male and female employees irrespective of job role or seniority. Equal pay issues focus on pay differences between male and female employees performing the same or similar work, or work of equal value.

For example, where an employer delivers the same pay for employees in comparable roles, but the leadership team is comprised of 80% males, assuming these are higher-paid roles, this will generally give rise to a gender pay gap but not an equal pay issue.

Enstar determines pay based on role requirements including, but not limited to, accountability, responsibilities, specialised or technical expertise, location, education, qualifications, years of experience, working hours and individual performance. We are confident that our pay gap is not a result of paying men and women differently for the same or similar work, or work of equal value.

GENDER PAY GAP ANALYSIS – APRIL 5, 2019 PAY DATA

GENDER PAY GAP MALE V FEMALE

PAY			BONUS*		
Year	Mean	Median	Year	Mean	Median
2019	36.6%	27.3%	2019	67.6%	49.3%
2018	46.4%	34.1%	2018	80.5%	55.8%
Variance	9.8%	6.8%	Variance	12.9%	6.5%

**The relevant bonus period captures all bonus payments paid within the twelve-month period up to the snapshot date.*

INTERPRETING THE INFORMATION ABOVE

The mean gender pay gap is an average comparison. It is calculated by adding together the hourly pay rates of male full-pay relevant employees and dividing this figure by the number of male full-pay employees to determine the mean hourly pay rate for men. The same figure is calculated for women. The calculation then subtracts the mean hourly pay rate for women from the mean hourly pay rate for men, divides the result by the mean hourly pay rate for men and multiplies the result by 100. This gives you the mean gender pay gap in hourly pay as a percentage of men's pay.

The median gender pay gap is a comparison of the middle of the hourly pay rate range for men and women. It is calculated by arranging hourly pay rates for male full-pay relevant employees from highest to lowest and taking the hourly pay rate for the middle-ranked man. This same figure is calculated for women. The calculation then subtracts the median hourly pay rate for women from the median hourly pay rate for men, divides the result by the median hourly pay rate for men and multiplies the result by 100.

These same calculations apply for bonuses but use any bonus (cash or equity) paid within the 12-month period up to the snapshot date.

Mean (or average) pay is 36.6% higher for male employees compared to average pay for females, which represents an improvement of 9.8% over last year.

Mean (or average) bonus pay is 67.6% higher for male employees compared to average bonus pay for females, which represents an improvement of 12.9% over last year (drivers of this discussed below).

Median (or middle) pay is 27.3% higher for male employees than females, which represents an improvement of 6.8%.

Median (or middle) bonus pay is 49.3% higher for male employees than females, which represents an improvement of 6.5%.

GENDER PAY GAP ANALYSIS – APRIL 5, 2019 PAY DATA

With respect to the higher male v female bonus numbers, drivers which impact this result include:

1. **Work Schedule:** As part of our family-friendly policies, we offer part-time schedules. For this report, 82% of part-time employees are female, which impacts the bonus gap calculation. Bonus gap uses actual bonuses paid, rather than a full-time equivalent value, so a higher percentage of women in part-time roles will directly reduce the mean bonus for females.
2. **Representation:** What the Pay Gap report clearly illustrates concerns representation of women in senior leadership roles, which by their nature will be higher paying roles. We have made some progress in expanding women in Leadership roles with global additions including Chief Transaction Actuary M&A, President Morse TEC and VP Finance, Bermuda. We clearly have more work to do in this space, as employees in leadership positions are primarily male.
3. **Sector:** Historically, the insurance sector attracted a higher proportion of males to females. As part of our acquisitive business model, focused on non-life run-off insurance, we hire the employees along with the business acquired. For this segment of our hires, our pay mix will be heavily influenced by the legacy employer.
4. **Location:** Enstar has UK offices in Guildford, Horsham and London, with London being the highest paying location. Outside of London, headcount is almost equally split between males and females. In our London office, 61% of headcount is male and 39% female. The impact of having a higher portion of males in the highest paying location increases the mean average pay and bonus for men.

PROPORTION OF MALE AND FEMALE EMPLOYEES IN EACH QUARTILE

2018

QUARTILE	MALE	FEMALE	TOTAL
Lower	38.4%	61.6%	100.0%
Lower-Middle	53.1%	46.9%	100.0%
Upper-Middle	64.3%	35.7%	100.0%
Upper	81.6%	18.4%	100.0%

2019

QUARTILE	MALE	FEMALE	TOTAL
Lower	40.4%	59.6%	100.0%
Lower-Middle	55.8%	44.2%	100.0%
Upper-Middle	60.6%	39.4%	100.0%
Upper	76.2%	23.8%	100.0%

PROPORTION OF STAFF RECEIVING A BONUS

This refers to the proportion of male and female employees who were paid a bonus during the relevant period.

Gender	2019	2018
Female	89%	86.8%
Male	81.9%	82.7%

SUMMARY FINDINGS

While pay for females is still proportionally largest in the lower quartile, progress has been made year-over-year, decreasing the proportion of females in the lower and lower-middle quartile and increasing the proportion in the upper-middle and upper quartiles. In comparing year-over-year quartile data, we see a 2% reduction of the portion of females in the lower quartile and a 2.7% reduction in the lower-middle quartile. At the same time, females in the upper-middle quartile increased 3.7% and in the upper 5.4%.

This is a positive shift across all quartiles for female pay distribution. This results in a 9.1% increase in the proportion of females paid in the upper half and 4.7% decrease in the proportion of females in the lower half.

Shifting to bonuses, the percentage of females receiving a bonus increased by 2.2% over the prior year and we continue to have a higher percentage of females receiving a bonus over males.

SECTOR COMPARISON

In addition to a year-over-year internal comparison, we also compared our statistics to insurance companies of a similar size. Amongst comparators the median pay gap ranged from 20.3% to 35%, with an average of 29.02%. At 27.3% the Enstar Median Pay Gap is 1.72% lower than the comparator group, so slightly better than average. The comparator group had between 14.1% to 32.3% of females in the upper pay quartile, with an average of 23.87%. This is similar to our 23.8% results.

The statistic which did stand out was our 89% of females receiving a bonus; comparators had a range of 46% to 90% of females who received a bonus, with an average of 71.83%. The Enstar proportion was 17.17% better than comparators, with only one company having a higher proportion of bonus recipients.

THE ENSTAR CULTURE

Although the gender pay gap report addresses employees in the UK, it is important to consider female representation across the wider group.

In 2019, six women were added to senior leadership roles, while two women left, a net positive gain of four. We will continue focus on improved female representation in leadership positions as this is the main factor which will improve our gender pay gap over time.

SENIOR LEADERSHIP ROLES HELD BY WOMEN ACROSS THE GROUP

GROUP COO, ENSTAR GROUP

GROUP HEAD OF INTERNAL AUDIT

CFO, ENSTAR US

GROUP TAX DIRECTOR

GROUP GENERAL COUNSEL

CEO, ALPHA INSURANCE

GROUP CHIEF RISK OFFICER

CEO/CFO, ENSTAR AUSTRALIA

GROUP HEAD OF RISK, STARSTONE

PRESIDENT, MORSE TEC

EUROPE HEAD OF COMPLIANCE AND COMPANY SECRETARIAL

CHIEF TRANSACTION ACTUARY M&A

SVP, HEAD OF CLAIMS, ENSTAR US

SVP, LITIGATION DIRECTOR US

VP, FINANCE, BERMUDA

OUR APPROACH TO DIVERSITY & INCLUSION

Enstar strives to create an environment that attracts and retains a diverse workforce and supports their ability to thrive. In 2019 we focused on developing family friendly policies and working practices to improve work life balance. In 2020 the focus is on broadening Diversity & Inclusion initiatives, increasing agile working, launching a Health & Wellbeing initiative and expanding the learning and development opportunities being offered.

DIVERSITY AND INCLUSION (D&I)

The Enstar Group Board and Executive Team remain deeply committed to ensuring all employees are valued and can bring their true self to work. The Board of Directors Diversity Policy outlines the approach to achieving and maintaining diversity on the Board. The Group Diversity and Inclusion Policy provides guidance on employee level responsibility and outlines the positive business impact of Diversity.

In 2020, Enstar launched a D&I intranet site and Action Group, to focus on communication, engagement and activities to build an inclusive culture and raise multicultural awareness. We will launch Unconscious Bias training by year-end.

AGILE AND FLEXIBLE WORKING PRACTICES

During 2018, we undertook an initiative to address individual working preferences, interests and non-work responsibilities of our employees. In 2019, we continued to evolve our framework for Agile and flexible working arrangements to create an environment that works efficiently and benefits both the employee and the employer.

In 2020, we are expanding our approach to Agile working with a comprehensive review of policies, practices and technology to support our longer-term aim of significantly increasing the proportion of Agile workers in our business.

HEALTH AND WELLBEING

In 2020, we launched a Health and Wellbeing initiative that promotes the importance of work-life balance and wellness for all our employees. Early efforts include the launch of an intranet site with areas of support grouped by physical, emotional and financial wellness.

RECRUITMENT

We strive for a recruitment process which is gender neutral. We continue to develop both the



OUR APPROACH TO DIVERSITY & INCLUSION

internal and external recruitment and selection processes to assist us in accessing a wide range of talented candidates, further enhancing our strength as an equal opportunity employer. In 2020, we are providing updated learning for all employees involved in recruiting that reflects our aims and objectives for fair and objective hiring.

We are confident that the approach we take to Job Evaluation, Recruitment, Role Grading and Benchmarking ensures “equal pay” is not a concern and that we operate a gender-neutral approach.

LEARNING & DEVELOPMENT

We are committed to building a culture that delivers the training needed for employees to develop and progress their careers. In 2019, we captured employee training needs as part of our annual performance review cycle and in 2020 we will deliver solutions that support those needs.