

2024

UK Pay Gap Reporting



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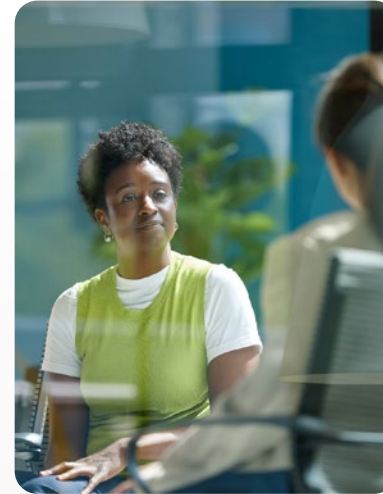
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01 Foreword



Adam Winslow
CEO, Direct Line Group

Direct Line Group is committed to fostering a diverse, equitable and inclusive workplace. This report provides an indication of our progress, highlighting areas where we need to improve and the actions we are taking. Building a strong culture of allyship and inclusion will help deliver the necessary change.

We know we have a gender pay gap to overcome. The figures in this report represent a snapshot from 5 April 2024, with the gender pay gap impacted by a lower proportion of females in senior leadership roles across the Group. Since then, changes to our Executive Committee have increased female representation to 50 per cent from 30 per cent within this cohort.

Across our organisation, we are making changes to improve representation. In our Accident and Repair Centres, we employ a high proportion of men and wage inflation in the automotive sector has contributed to pay disparities. To address this, we joined the Automotive 30% Club to drive greater female participation in the industry. We are also investing in leadership development for underrepresented groups, partnering with INvolve Emerging Leaders and WeQual to support career progression.

Importantly, we do not pay colleagues differently based on gender or ethnicity. Our pay distribution aligns with industry benchmarks, though we acknowledge broader societal inequalities affecting pay gaps. Meaningful change requires collective action, and we are committed to addressing historical imbalances within our business.

Since joining the business in March 2024, Direct Line Group has made progress in promoting diversity, equality, and inclusion. We are holding senior leaders accountable for achieving ambitious representation targets by 2027, embedding them into annual objectives. New talent reviews with a DE&I focus will ensure we support and develop talent equitably. While change takes time, we are committed to transforming our culture and eliminating disparities.

I would like to thank all our hard-working colleagues for their continued support as we drive to increase equality across the organisation.



I confirm the gender pay gap data and narrative contained in this report is accurate.

02 Gender pay gap

We openly acknowledge there is a gender pay gap challenge for the Group to overcome.

Last year our mean gap widened by 1.1 percentage points to 22.2% and our median gap by 1.7 percentage points to 25.1%. Whilst this pay gap is broadly aligned with peers, we want to see this gap close. We are comfortable that we do not 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 underrepresentation of females in senior positions and in certain areas of our business.

Key Points:

1. The figures quoted in this report represent a snapshot as of 5 April 2024, with the gender pay gap being impacted by a lower proportion of females in senior leadership roles across the Group, meaning at this point in time we have a higher proportion of men in our top quartile (up 3% year-over-year).
2. Females make up 80% of customer-facing roles, with the majority in the lower two pay quartiles. The overall hourly pay gap for women is impacted by this higher proportion of women in more junior roles.
3. Pay levels for colleagues in our Accident Repair Centres (ARCs), where we have a high proportion of men, command a market premium compared to other positions within our lower bands due to the external market. Wage inflation in the automotive sector is a market driven trend that has strengthened over the last few years and has a particular impact on our business because unlike many insurers we own our own network of repair centres. This salary premium combined with the monthly incentive scheme positions the majority of our technicians in the top quartile.



Gender pay gap¹

	Mean	Median
April 2024	22.2%	25.1%
April 2023	21.1%	23.4%
April 2022	19.3%	20.3%
April 2021	16.1%	14.2%

Bonus Pay Gap

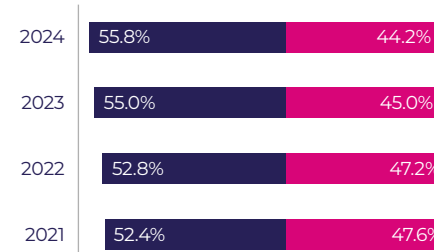
	Mean	Median
April 2024	56.3%	43.6%
April 2023	53.8%	43.8%
April 2022	46.7%	45.4%
April 2021	45.9%	34.0%

% of colleagues receiving bonus

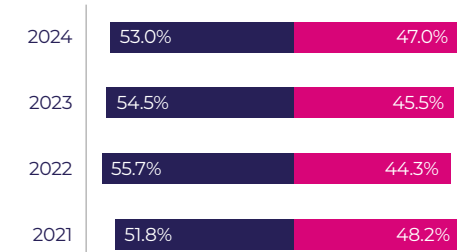
	Male	Female
April 2024	77.2%	71.2%
April 2023	84.2%	87.3%
April 2022	83.1%	82.6%
April 2021	72.7%	60.6%

Quartile Distribution

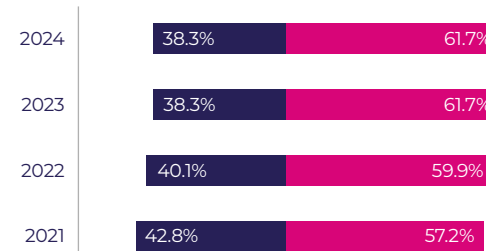
Pay quartile 1 (lowest paid)



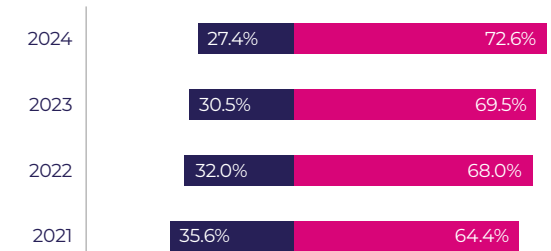
Pay quartile 2



Pay quartile 3



Pay quartile 4 (highest paid)



■ Female ■ Male

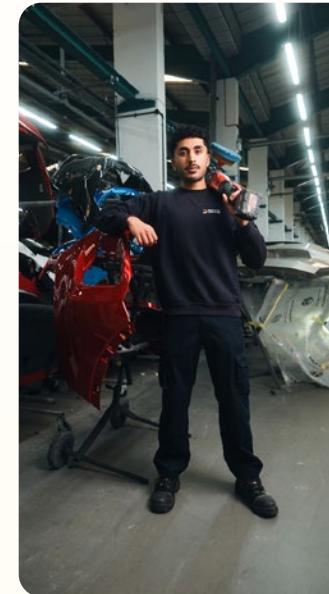
¹The gender pay gap shows the difference in average pay between males and females. This is different to equal pay, which is males and females receiving the same pay for work of equal value. Our reporting is based on a snapshot date of 5 April 2024.

03 Ethnicity pay gap

This is the fourth year that we are voluntarily disclosing our ethnicity pay gap. As with the gender pay gap, we are comfortable that we do not 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 underrepresentation of ethnic minority colleagues at certain levels and areas of our business. Due to the lower representation of ethnic minority colleagues (20%), even minor changes in individual salaries, bonus payments or workforce composition can significantly shift the mean and median pay gaps, amplifying year on year fluctuations.

Key Points:

1. We are proud that 91% of colleagues are disclosing ethnicity information. As we continue to encourage colleagues to share their ethnicity with us, the numbers we report in the future may change. It is important to note that when pay gap data is based on a smaller number of individuals, it can vary significantly due to colleagues' changes during the year.
2. Our pay gap for all ethnic minorities remains low and has narrowed in 2024.



Ethnicity pay gap¹

	2024		2023	
	Mean	Median	Mean	Median
Ethnic Minority (overall)	-0.8%	11.0%	1.0%	12.7%
Asian	-6.6%	8.9%	-2.7%	14.1%
Black	16.8%	19.7%	12.2%	17.8%
Mixed	3.2%	9.0%	3.2%	8.2%
Other	-0.3%	-4.9%	2.9%	-0.2%

Bonus Pay Gap

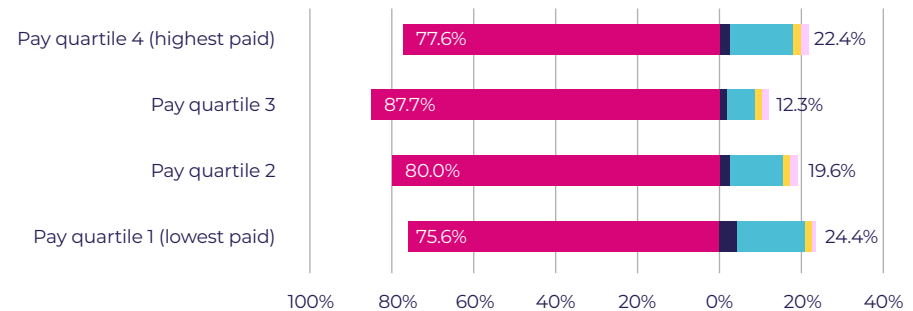
	2024		2023	
	Mean	Median	Mean	Median
Ethnic Minority (overall)	27.2%	4.1%	28.7%	20.4%
Asian	29.4%	0.0%	29.2%	20.5%
Black	42.4%	16.3%	40.6%	24.5%
Mixed	21.7%	3.4%	22.3%	15.3%
Other	-3.3%	12.6%	16.9%	10.1%

% of colleagues receiving bonus

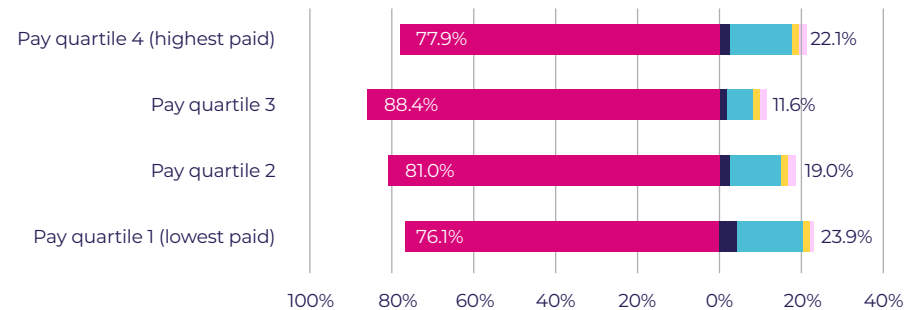
	2024	2023
White	77.4%	88.0%
Ethnic Minority (overall)	63.5%	78.5%
Asian	64.0%	77.7%
Black	53.4%	74.1%
Mixed	69.4%	78.6%
Other	72.8%	89.6%

Quartile Distribution

2024



2023



White Black Asian Mixed Other

¹The ethnicity pay gap shows the difference in average pay between ethnic minorities, Asian, Black, Mixed, Other 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 2024 and 91% of colleagues that have shared their ethnicity with us.

04 Taking action

We know to succeed as a high performing business we need to be diverse and inclusive throughout the organisation. We are committed to addressing the gender and ethnicity pay gaps.

Our efforts focus on the following key areas:

- 1. Culture and Leadership**
- 2. Progression and Recruitment**



Culture and Leadership

Action already underway

1. We recognise we need to do more to ensure equitable representation across all demographics. Through thoughtful recruitment of our new Executive Committee in 2024 we have made progress (+4.1% YoY) towards our target of 40% females in Senior Leadership*.
2. We created DE&I objectives for our senior leaders, assigning clear accountability to drive progress towards our externally published representation targets and include diversity in all succession plans. We've also enhanced the DE&I data shared with this population, to support them in creating equitable outcomes wherever we see opportunities across the colleague lifecycle.
3. In line with the market, we have continued to offer a variety of flexible working opportunities for colleagues across the organisation, helping to encourage more diversity in senior roles. In addition, we have several policies, including shared parental leave, to support colleagues in taking time off when they need it.
4. Our colleague networks now take a more collaborative approach, driving a culture of inclusion and allyship across Direct Line Group. This is supported by alignment of the most senior leaders as mentors and sponsors for each of the strands.

Looking ahead

- In early 2025 we launched our first compulsory learning on DE&I for all colleagues, focused on building allyship and inclusivity across the organisation.
- We remain committed to working towards our 2027 targets of 40% females in Senior Leadership (defined as our Executive Committee and the level directly below) and to also increase the representation of ethnic minority colleagues to 16% (including 4% Black talent).
- We are refreshing our succession plans in line with the changes to the Executive Committee and continue to prioritise diversity in our talent pipelines.



*This definition of senior leadership aligns to that used by the FTSE Women Leaders Review and Parker Review.

Progression and Recruitment

Action already underway

1. To facilitate colleague progression, we invested in access to WeQual, the world's leading development network for female leaders and INvolve Emerging Leaders' programmes for underrepresented communities.
2. We continued to focus on rebalancing the representation of ethnic minority and Black colleagues, especially at senior leadership. When promoting and recruiting we explore the widest possible talent pools encompassing diversity of ethnicity, gender and socio-economic background.
3. We revised our recruitment training with a strengthened focus on inclusive hiring techniques, supporting equity and mitigating bias through the interview process.
4. We have been actively working to increase female representation, particularly within our Accident and Repair Centres.

Looking ahead

- We will be introducing new talent reviews across our business, applying a lens of DE&I to our results to ensure we're supporting and developing talent from all communities.
- To help address the gender imbalance within our Accident and Repair Centres we joined the Automotive 30% Club, where we work with key players in the market to drive transformational change bringing more females into the industry.
- We are launching diversity sourcing sessions across our talent acquisition teams. This is dedicated time working together to identify and connect with talent from underrepresented groups, especially for senior roles and areas where we know we need to increase representation. We will also be encouraging our senior leaders to strengthen their own external networks with a specific focus on Black talent.



05 Understanding pay gap reporting

Pay gap reporting in the UK aims to provide transparency around disparities in average pay between different groups of colleagues. Here are some helpful notes to understand how pay gap reporting works:



Legislative requirements

In the UK, gender pay gap reporting became mandatory in 2017 for all organisations with 250 or more colleagues.

These organisations are required to publish specific data each year, including:

1. **The average gender pay gap** – showing the overall difference in hourly pay between male and female colleagues, both in terms of the mean and median.
2. **Bonus pay gap** – the difference in average bonus payments for male and female colleagues, also shown as mean and median figures.
3. **Pay quartiles** – shows the proportion of male and female colleagues in the four pay quartiles, giving a sense of how pay is distributed across the workforce.



Pay gap vs equal pay

The gender pay gap is the difference in average pay for males and females, regardless of role or level. This gap is influenced by the distribution of males and females across pay bands and pay within job roles.

Equal pay is a legal requirement ensuring that all colleagues, regardless of gender or ethnicity, receive the same compensation for performing the same job or work of equal value.

While equal pay ensures fairness for individual roles, the gender pay gap focuses on the distribution of the workforce and broader differences in pay that can come from things such as career choices.

Closing the gender pay gap means addressing these larger issues, not just ensuring equal pay for equal work.



Mean vs Median

When it comes to reporting the pay gap, the mean and median are two different ways of calculating average pay.

The mean is the total sum of all salaries divided by the number of colleagues, which can be influenced by extremely high or low salaries.

The median is the middle value when all salaries are listed in order and is therefore less affected by outliers.

Both measures provide valuable insights into pay gaps, but the median is generally more reliable for understanding overall trends.



The ethnicity pay gap

The ethnicity pay gap refers to the difference in average pay between white and ethnically diverse colleagues, regardless of role.

Similar to the gender pay gap, it highlights differences in average pay, influenced by the distribution of colleagues across pay bands and pay within job roles.

While ethnicity pay gap reporting is not yet mandatory in the UK, Direct Line Group has been voluntarily reporting for four years. This is because understanding and addressing the ethnicity pay gap is crucial for promoting diversity, inclusion, and fairness in the workplace.



**Direct Line
Group**