

UK Pay Gap Report 2021



Foreword

Building a fair, inclusive workplace takes commitment and action. And that action must be based on data. The gender pay gap is one of the most important inclusion metrics we track and report at Aviva.

In the five years we have been publishing our gender pay gap we have seen steady, albeit frustratingly slow, progress towards better gender balance in the organisation. This year, for the first time, we are reporting our ethnicity pay gap too. We are sharing the data to set a benchmark against which we can hold ourselves to account and track our future progress.

We do not pay people differently on the basis of their ethnicity or gender. The pay gaps exist because different groups are represented unequally at different levels in the company. From a gender perspective, Aviva still has too few women at senior levels of the organisation. On ethnicity, we have low ethnic diversity across the business.


Fixing this lack of representation matters to us. It is simply the right thing to do. And we know that a workplace that more accurately reflects the communities we are here to serve is better for our people, our customers and Aviva.

Realising a fully equal workplace will take time, for Aviva and for society more widely. We are committed to progress on inclusion for the long term as we work towards a better tomorrow for our customers and our people.



Danny Harmer, Chief People Officer

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



“We know that a workplace that more accurately reflects the communities we are here to serve is better for our people, our customers and Aviva.”

Danny Harmer, CPO



Gender Pay Gap

Our 2021 figures show a small improvement in both our gender pay gap and gender bonus gap. While this progress is welcomed and suggests that our policies and initiatives continue to move us in the right direction, we recognise that the pace of change is slow. We understand why we have a gender pay gap at Aviva. It is mainly due to low female representation in leadership roles and a low proportion of men in entry level positions. A more balanced distribution of men and women at all levels of the organisation will be needed to narrow and ultimately eliminate the gap.

The proportion of women at senior management level has increased (by 2.7% since 2017). We see this upward trend is continuing with proportionally more women in senior management roles, signalling that women are starting to benefit from the policies, recruitment and progression opportunities we offer.

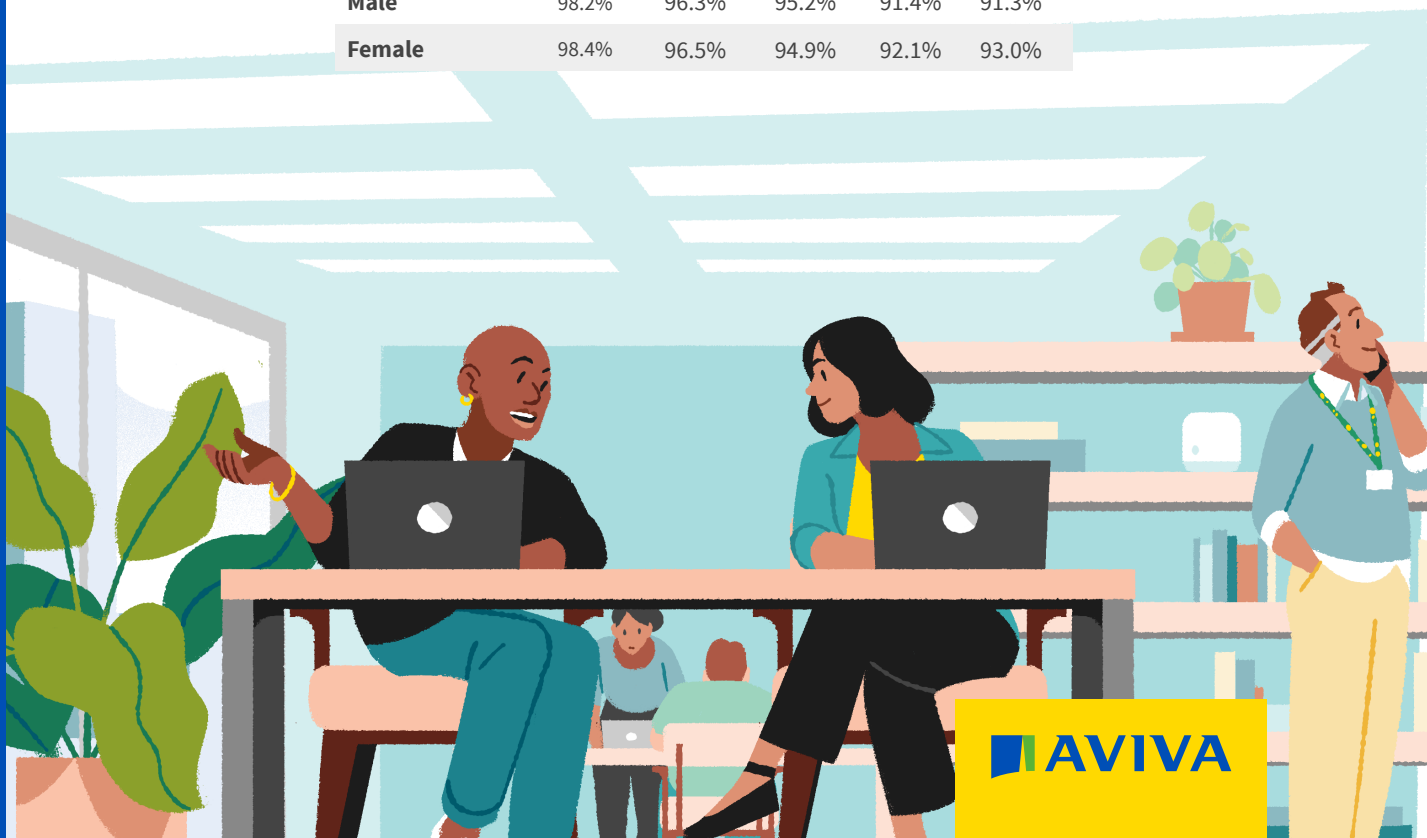
Our variable pay (bonus) is higher at more senior levels. Given the higher proportion of male colleagues in senior roles, this results in a significant gender bonus gap. Additionally, the bonus calculation does not consider the fact that bonuses are pro-rated for part-time workers – the majority of whom are women. Although part-time working patterns lead to a negative impact on bonus gap data in any one year, we remain determined to support flexible working as part of a longer-term strategy to improve retention and progression for women, and so address one of the underlying reasons for the pay gap.

While it is frustrating that change is not happening more rapidly, we have always known the shift will take time. We will only address the gender pay gap by removing the causes of it and develop a workplace where all employees can achieve their goals and either progress through the organisation or grow in their current role.

*“We have made a concerted effort to increase the number of women in senior roles across Aviva Group. As of the 31st December 2021 we had **33.7%** women in senior leadership.”*

Aviva's gender pay gap

Gender pay gap	Apr-21	Apr-20	Apr-19	Apr-18	Apr-17
Mean	25.9%	26.0%	26.7%	27.2%	28.5%
Median	25.8%	26.7%	27.3%	27.8%	27.6%
Bonus pay gap					
Mean	51.1%	51.2%	51.4%	54.8%	57.2%
Median	33.4%	36.5%	39.0%	39.1%	40.5%
% Employee receiving a bonus					
Male	98.2%	96.3%	95.2%	91.4%	91.3%
Female	98.4%	96.5%	94.9%	92.1%	93.0%



Reminder of legislative requirements

Gender pay gap legislation requires employers in the United Kingdom with 250 employees or more to calculate and publish on an annual basis gender pay gap data. This must be based on figures taken on the 5th of April each year. The specific information we are required to publish needs to include:

- Mean and median gender pay gap (based on an hourly rate of pay on 5 April 2021)
- Mean and median bonus gender pay gap (considers bonus pay received in the 12 months leading up to 5 April 2021)
- Proportion of men and women receiving a bonus payment
- Proportion of men and women in each quartile pay band (looking at the proportion in 4 pay bands when we divide our workforce into four equal parts)

The gender pay gap is expressed as a percentage of male earnings (e.g. women earn x% less than men).

Gender pay gap vs equal pay

A gender pay gap is a measure of the difference between the average earnings of men and women (irrespective of roles or seniority). Equal pay is our legal obligation as an employer to give men and women equal pay for equal work.

Our gender pay gap is not a result of equal pay issues, as we have a gender-neutral approach to pay across all levels of the organisation. We regularly monitor this to make sure we meet this legal and moral obligation.

The mean and median explained

Mean pay gap: The mean pay gap is the difference in the arithmetic average hourly pay for women compared to men, within our organisation.

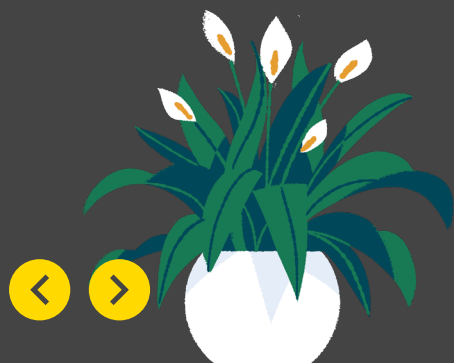
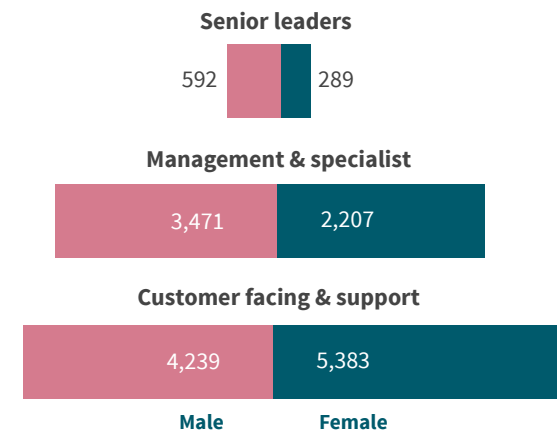
Median pay gap: The median represents the middle point of a population. If you lined up all our women and all our men in order of the hourly rate at which they are paid, the median pay gap is the difference between the hourly rate for the middle woman compared to that of the middle man.

The mean and median are important metrics and need to be looked at together. However, the mean can be skewed by fewer individuals earning more in the upper ranges.

Proportion of males and females by pay quartile

April 2021		
Quartile	Male	Female
Lower quartile	41%	59%
Lower mid quartile	44%	56%
Upper mid quartile	55%	45%
Top quartile	67%	33%

Gender split by level, April 2021

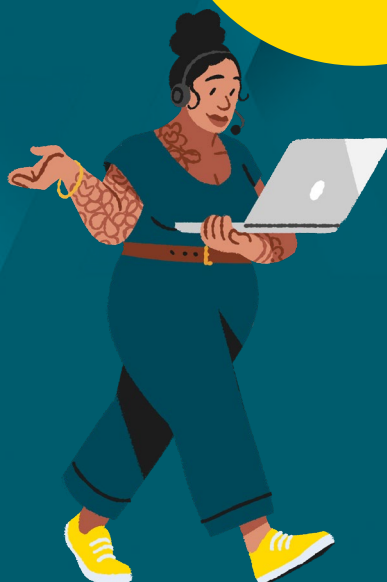


Our actions

We are determined to tackle the gender pay gap. Our activity falls into three main areas: recruitment, retention and progression.

Recruitment

We continue to increase the proportion of women hired (internal and external) into senior roles (5% of the most senior employees).



These improvements are **driven** by the following actions:

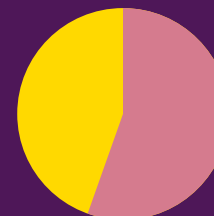
- This year we incorporated targets for the proportion of senior women in our Executive Long Term Incentive Plan.
- We advertise all roles with flexible working to encourage applications from women.
- All roles are advertised internally to widen the pool of candidates (exceptions approved by the Chief People Officer).
- Gender balanced shortlists for all internal and external hiring.
- Using specialist software, Textio, to attract diverse candidates through gender neutral vacancy marketing, reducing gender bias in our talent attraction.
- Inclusive recruitment training (Licence to Hire) for all hiring managers, reducing bias in our recruitment and interview processes.

We are attracting **female** candidates to Aviva with a variety of programmes:

- Encouraging the next generation of female talent across our business through networks such as Women in Tech, Commercial Lines Women's Network and our Aviva Balance Community, an employee resource group which focuses on gender parity. We are also recognised as a Times Top 50 Employer for Women.
- Our graduate programme – an important pool of future leaders - has a good gender balance. In 2020, 55% of our intake was female. In 2021, this was 61%.
- Our Aviva intern programme is now on its fourth year. We have had 79 interns go through the programme which focuses on diversity intersectionality (gender, race, ethnicity and social mobility). In 2021, 65% of our interns were female, up from 57% in 2020.
- Aviva Investors continues its "Return to Work" programme supporting individuals returning to the workplace after a break in their career. Now in its third year, all participants on the programme to date have been women. We have also seen a steady increase, year on year, in the proportion of 'returners' offered permanent roles. This year, 83% of participants were offered permanent roles, up from 66% in 2020.

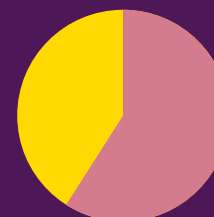
2020

55% of our graduate intake was female



2021

61% of our graduate intake was female



Retention and Progression

“We are focused on developing and progressing our female employees to be current and future leaders.”



- Our excellent equal parental leave policy gives UK employees up to 12 months leave, of which six months is fully paid.
- Flexible and part-time working is available to everyone, though we recognise we need more senior role modelling to encourage take-up.
- Removal of location specific roles has helped enable movement between roles and promotion.
- All employees are entitled to 35 hours of paid carers leave a year.
- We have a Group-wide Accelerating Leadership from the Inside Out (ALIO) programme which focuses on women in leadership. Launched in 2016, 35% of participants have so far progressed to new roles.
- We have a Women's Sponsorship Programme to accelerate the pipeline of women into senior leadership roles.
- Our female leaders act as role models for future talent, sharing their insights and experiences. Aviva executives have been named in the HEROes Women Role Models for the last 5 years.
- Our Aviva Balance community actively works with other communities to promote intersectionality and consider experiences of different women. There are business specific women's groups to help support, promote and retain women in Commercial Lines and in the fields of science, technology, engineering and maths.
- We are active members of Moving Ahead (formerly 30% Club), Business in the Community Gender Initiatives and the Women in Finance Charter. This year, our CEO, Amanda Blanc, was appointed as HM Treasury's Women in Finance Champion to spearhead efforts to boost gender diversity across UK financial services.
- We are working towards an ambition of 40% senior female leaders by 2024. Our current figure is 33.7%, an increase from 31.9% at the close of 2020.
- We are using data insights to track progress of embedding inclusion into our culture. Our People dashboard includes diversity metrics and we have developed machine learning to identify progression trends correlating with part-time working, geographical location and other diversity characteristics.
- We are helping Aviva colleagues be aware, understand and mitigate the impact of unintentional gender biases (through workshops and targeted communications), and working to create a culture where concerns can be raised to colleagues and leaders.
- For the last seven years, we are proud to have sponsored the Women of the Future event, highlighting internally and externally our support for diverse female talent.



 AVIVA



Ethnicity Pay Gap

For the first time, we are voluntarily publishing our ethnicity pay gap. We are doing this because we believe that analysing diversity data and being transparent about the diversity of our workforce is an important step in creating meaningful change towards a fairer, more inclusive workplace.

As signatories of the CBI's Change the Race Ratio and Business in the Community's Race at Work Charter, Aviva actively supports the campaign for mandatory ethnicity pay gap reporting. Our pay gap figures are based on the 72% of our UK workforce who have told us their ethnicity.

Our aim is to continue to increase this disclosure rate to ensure even better understanding of the gaps and focus areas. Since calculating our ethnicity pay gap, we have increased our ethnicity disclosure rate to 85% across our workforce.

Based on current disclosure rates, we know that 8% of our UK workforce is from an ethnically diverse background.

8%

of our UK workforce is
from an ethnically diverse
background

“For the first time, we are voluntarily publishing our ethnicity pay gap. We are doing this because we believe that analysing diversity data and being transparent about the diversity of our workforce is an important step in creating meaningful change towards a fairer, more inclusive workplace.”



Summary and analysis of the numbers

Our 2021 figures show that we have negative ethnicity pay and bonus gaps: ethnically diverse colleagues are, on each quoted figure (mean and median pay and bonus gaps), paid more on average than white colleagues. There are a number of factors driving this gap:

1

Our ethnically diverse population is small and we don't have comparative representation across white and ethnically diverse groups. Of those who self-disclosed their ethnicity, 959 employees are from an ethnically diverse background, accounting for just 8% of our Aviva UK population.

2

The demographic makeup of our organisation is also a driver for our results. We can see that ethnicity distribution shows a slight difference between the grading structure of white and ethnically diverse colleagues, with a slightly greater proportion of white colleagues in junior grades compared to ethnically diverse colleagues.

3

There is more ethnic diversity in parts of the business which have different pay structures. For example, Aviva Investors, our investment management arm, is predominantly London-based with much higher ethnic diversity (24%) than the rest of Aviva UK. Unlike the gender pay gap which shows a seniority gap due to more men in senior roles than women, we see a more even distribution of white and ethnically diverse employees at more senior levels.

"We recognise that any gap needs action. We know we need to increase the total size of our ethnically diverse population at all levels – and we are fully committed to this. We also know that meaningful and sustained change takes time, and we have a dedicated ethnicity action plan to help us move forward."



Quote from Origins Community Executive Sponsors

"The publication of our ethnicity pay gap alongside our gender pay gap marks an important steppingstone towards our aspiration to create meaningful change. Inevitably, it raises questions as well as providing insight. Crucially, we are committed to understanding what this tells us about our organisation and aligning our actions accordingly - to the benefit of all our people. By being transparent we not only hope to recruit, retain and progress ethnically diverse talent, but also hold ourselves accountable."

Chika Aghadiuno, Group Enterprise Risk Director
Chetan Singh, MD, Annuities and Equity Release
Mark Versey, CEO Aviva Investors



Defining the ethnicity pay gap

The ethnicity pay gap shows the difference between the average pay for all Aviva UK employees who have told us they are of an ethnically diverse background and all employees who have told us they are of a white background.

Our ethnically diverse population includes all employees who have shared that they are within the following ethnic groups: Black, Asian, Mixed/Multiple Ethnicity and Other. The white population includes all employees who have shared that they are from a White ethnic group.

Although there is no formal guidance on calculation method, our ethnicity pay gaps have been calculated using the government regulations for calculating gender pay gaps. The data outlined in this report reflects figures taken on the 5th of April 2021.

Ethnicity pay gap vs equal pay

An ethnicity pay gap is a measure of the difference between the average earnings of ethnically diverse employees and white employees (irrespective of roles or seniority). Equal pay is our legal obligation. We give ethnically diverse and white employees equal pay for equal work.

Our ethnicity pay gap is not a result of equal pay issues, as we have an ethnicity-neutral approach to pay across all levels of the organisation.

Our ethnically diverse population

Ethnicity pay gap 2021

Mean pay gap -18.8%

Median pay gap -24.6%

Ethnicity bonus gap

Mean bonus gap -33.9%

Median bonus gap -21.1%

% Employee receiving a bonus

White 98.1%

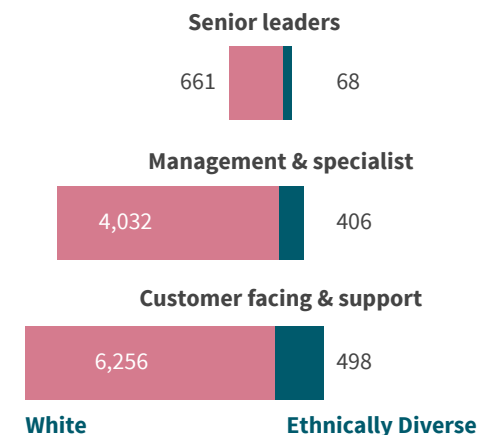
Ethnically Diverse 95.1%

Proportion of white and ethnically diverse colleagues by pay quartile 2021

Quartile	White	Ethnically Diverse
Lower quartile	93.7%	6.3%
Lower mid quartile	94.2%	5.8%
Upper mid quartile	91.7%	8.3%
Top quartile	88.3%	11.7%

*We have disaggregated our ethnically diverse data set and calculated pay and bonus gaps in relation to the following ethnic groups: Black, Asian, Mixed/Multiple Ethnicity and Other. Due to small population size we have aggregated the data for reporting purposes.

Ethnicity split by level 2021



Our actions

“We are determined to hire and retain more ethnically diverse talent at all levels. Our activity falls into three main areas: recruitment, retention and progression.”

Recruitment

We attract and hire ethnically diverse candidates through a variety of activities and programmes:

- We advertise roles on specialist job sites VERCIDA and BMEJobs.com to reach ethnically diverse candidates.
- This year we introduced training (Licence to Hire) for all our hiring managers, reducing bias in our recruitment and interview processes.
- We have a good balance of ethnic diversity in our 2021 graduate intake. In 2021, 46% of our graduates were ethnically diverse.
- Aviva Investors has an early career internship that feeds directly into their recruitment pipeline. This is a specialist programme that focuses on skills needed in the asset management industry. **In 2021, 35% of interns were ethnically diverse.**
- Our Group-wide Aviva intern programme is now on its fourth year. We have had 79 interns go through the programme which focuses on diversity intersectionality (gender, race, ethnicity and social mobility). In 2021, 65% of interns were ethnically diverse, including 27% from Black backgrounds.
- This year we also took part in **#10000 Black Interns** - helping Black students across the UK kickstart their career in investment management. This led to three Black interns joining us on the Aviva Investors Summer Internship programme.



Retention and progression

- We have a Group-wide Accelerating Leadership from the Inside Out (ALIO) programme which focuses on ethnically diverse colleagues. Launched in 2020, the programme is now bringing its second cohort to a close. 29% of the first cohort have already progressed to new roles.
- Our reverse mentoring programme partners directors and members of Aviva's Executive Committee with Black colleagues. The programme will be broadened in 2022.
- This year, our Board, Group Executive and top 1,200 leaders have received bespoke ethnicity training.
- We have introduced anti-racism training globally, which has already been completed by 95% of our people.
- Our ethnically diverse leaders act as role models for future talent and share their experiences. Chika Aghadiuno, one of our Origins Community Executive Sponsors, has been named in the EMpower Ethnic Minority Role Models for the last 5 years.
- Our Origins Community focuses on race & ethnicity, faith & belief as well as social mobility. The group promotes personal and professional development and empowers members at all stages of their career. It also works with other communities to promote intersectionality. Additionally, The Black Professional Network, a subgroup of Origins, empowers and supports Aviva's Black employees from a professional and personal perspective.
- We encourage ethnically diverse talent across our business through networks such as iCAN, the Insurance Cultural Awareness Network.
- We are signatories of CBI's Change the Race Ratio, the Race Equality Charter and the BlackNorth initiative in Canada.
- We are working towards a target of 13% ethnically diverse leadership by 2024. Our current figure is 11% (based on 80% ethnicity self-disclosure) up from 6% in 2020 (based on 63% ethnicity self-disclosure).
- This year, for the first time, we have tied Executive reward to performance against targets for ethnically diverse leadership; we will continue this in 2022.
- We are using data insights to track progress of embedding inclusion into our culture. Our People dashboard includes ethnicity and other diversity metrics and we have developed machine learning to identify progression trends using data from our HR system, Workday.
- We are helping Aviva colleagues be aware, understand and mitigate the impact of unintentional biases (through workshops and targeted communications), and working to create a culture where concerns can be raised to colleagues and leaders.

Anti-racism training

"We have introduced anti-racism training globally, which has already been completed by **95%** of our people."

1,200 Leaders

"This year, our Board, Group Executive and top **1,200** leaders have received bespoke ethnicity training."

