“Domestic & General is pleased to disclose its gender pay information for 2018.

2018 has been a year of progress towards our aspiration to become a world-class service organisation enabled for a smart future. We continue to understand the essential role our people play in achieving our vision, and know that only by being truly inclusive, will we achieve this. We are fortunate to have a diverse workforce in a culture of inclusion, and we value the differences that every employee brings to our organisation, enabling them to connect with our equally diverse customer base.

Transparency of gender pay is an important part of ensuring inclusiveness, and a key step in understanding and addressing the root cause of pay gaps.”

Ian Mason
Chief Executive Officer
In line with statutory requirements, the table below shows our mean and median gender pay gap for 2018. These figures are based on hourly rates of pay as of the snapshot date of 5 April 2018. The table also shows the difference in bonuses paid to our male and female employees in the year to 5 April 2018 (i.e., our performance year ended 31 March 2017).

<table>
<thead>
<tr>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly gap</td>
<td>22.8%</td>
</tr>
<tr>
<td>Bonus gap</td>
<td>49.8%</td>
</tr>
<tr>
<td>Hourly gap</td>
<td>6.4%</td>
</tr>
<tr>
<td>Bonus gap</td>
<td>37.4%</td>
</tr>
</tbody>
</table>

Proportion of male employees receiving a bonus: 92.5%

Proportion of female employees receiving a bonus: 90.9%

Percentage of female employees in each pay quartile:

- Lower quartile: 55.5%
- Lower middle quartile: 48.4%
- Upper middle quartile: 47.8%
- Upper quartile: 38.8%
Why we have pay gaps

At 22.8% our mean pay gap remains below the reported industry figures for financial services companies last year. However, we recognise it has increased from our reported figure for 2017 and continues to be above the overall UK average.

The main reason for this is due to the fact that we have a relatively small group of our most senior employees paid at a higher level, the majority of whom are male. However, it's important to flag the tangible steps we have taken, and continue to take, to close the gender pay gap.

By way of example, our median hourly gap has reduced further still and continues to be below both the national median and significantly below the industry sector median. We continue to monitor our pay practices and ensure that we do not have issues of pay equality – women and men continue to be paid equally for doing equivalent jobs across our business.

Nearly two-thirds of our workforce are customer facing employees, distributed evenly between women and men. Within this group, we have no mean hourly pay gap and a median hourly pay gap of less than 1%.

The shape of our workforce drives our bonus gap in a similar manner to our gender pay gap. We pay higher levels of absolute bonuses to our more senior employees, a greater proportion of whom are male.

Like other organisations, the requirements of how the bonus gap is calculated can be impacted by the different working patterns of our employees. Colleagues who work reduced hours in our business are predominantly women – and they receive pro-rata bonus awards to reflect their working pattern, which is not accounted for in the bonus gap calculations.

As our calculations demonstrate, we paid more than 90% of all employees and a broadly equal proportion of our women and men a bonus for the 2017 performance period.

All our colleagues continue to participate in one of two incentive programmes; frontline incentives measured against specific performance metrics, or a Group-wide annual bonus plan that operates on a discretionary basis to reward our people based on business performance and an individual’s particular performance and behaviours.

As part of our remuneration governance structures, we review the operation of our incentive arrangements to ensure they do not disadvantage or inappropriately favour any particular group of employees.
Taking action to close these gaps

We recognise that there remains work to be done in closing the pay gaps within our organisation. We see areas of strong performance in our frontline operations and at more junior levels within our organisation, which give us a good foundation for progress.

Given the cause of our gender pay gaps arise from the structural make-up of our workforce, we understand that progress will take time, but a key focus remains ensuring we increase female representation at a senior level.

To achieve this, during the past year we have focused on actions that ensure we have succession plans in place for all senior management roles (i.e., those at the level of our Executive Committee, or reporting to an Executive Committee member) that reflect gender balance and prioritise female talent for future leadership opportunities.

Where we recruit externally for senior management roles, we are committed to creating gender balanced candidate pools to support our efforts to increase female representation, and we have taken steps to ensure this is achieved in the past year.

In 2018, we held our first Group-wide International Women’s Day event to highlight the importance of gender balance. In 2019, we held our first women’s event with a particular focus on supporting more women to progress into senior roles in the business.

In the year ahead, we will continue to engage with our people to create opportunities to develop further action planning to broaden diverse representation at a senior level, in particular leveraging the experience and diversity of our Board of Directors.

Rewarding and developing every colleague fairly remains a critical step in attracting and retaining a diverse workforce to service our equally diverse customer base.

While our gender pay numbers are more favourable than those for our industry, we are not satisfied and know we have more work to do. As we progress towards our aspiration to become a world-class service organisation, we understand the important part that each of our people will play in achieving our commercial and cultural aspirations.
Domestic & General confirms that this data is accurate and has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Ian Mason
Chief Executive Officer