

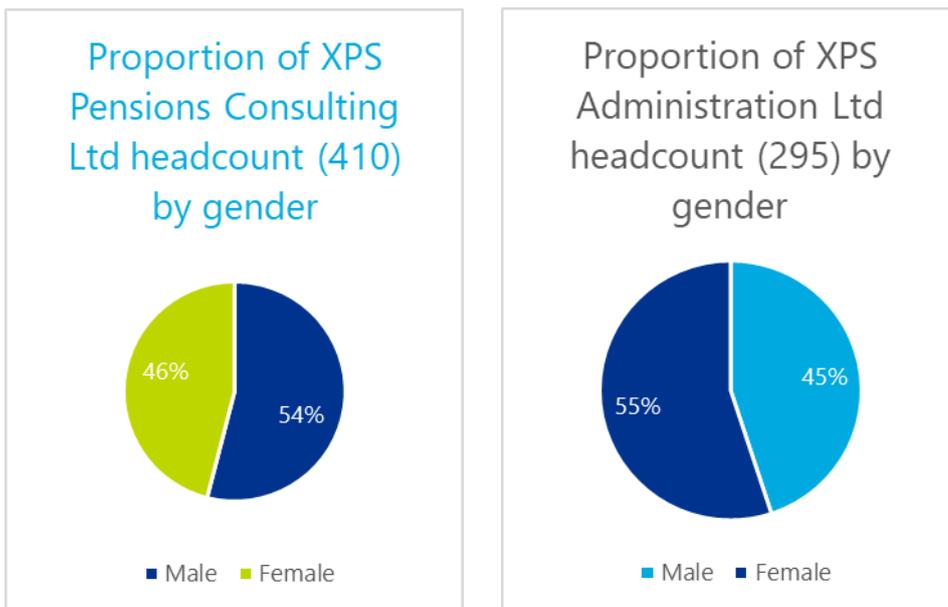
Gender Pay Gap Report

Introduction

This is the second gender pay gap report to be published by the firm following the legislation introduced on 6 April 2017. Employers with 250 or more employees are required to publish certain statistics in relation to hourly pay and bonuses paid, broken down by gender. Following the merger of Xafinity and Punter Southall, XPS Pensions Group have two legal entities with 250 employees or more, XPS Pensions Consulting Limited and XPS Administration Limited and under the regulations we are required to report on both.

XPS Pensions Group is committed to reducing the gender pay gap and to increasing the diversity of the firm. XPS Pensions Consulting Limited will find this more of a challenge as the industry sector historically attracts more males to the type of roles this entity offers. This year we have made some progress in the ratio of our female to male employees. There will continue to be a focus on reducing the gap, however the initiatives introduced will take time to have a significant impact.

Proportion of XPS Pensions Consulting Limited and XPS Administration Limited employees by gender as at snapshot date of 5 April 2018



Gender Pay Gap (difference between female and male UK employees)

The gender pay gap is the mean hourly pay difference between what women and men are paid in an organisation, this is expressed as a percentage. The gap for XPS Pensions Consulting Limited in 2018 has increased by 4.2%, this is not the direction the firm would like to move in. In contrast the gap for XPS Administration Limited has reduced by 3.7%, more in line with the strategic direction the firm has plans to follow. The median hourly rate (the middle value across all hourly rates) has reduced for both legal entities, XPS Pension Consulting Limited by 3.9% and XPS Administration by 4.3%. This is the difference between the medians for women and men.

Whilst the XPS Pensions Consulting Limited gap is disappointing for the 2018 report, it is likely due to a number of changes in some parts of the firm in the year. The results for XPS Administration Limited are more positive and show a downward trend in the pay gap overall, however the percentage female employee ratio has reduced slightly.

XPS Administration Limited			XPS Pensions Consulting Limited		
Hourly Rate of Pay	Mean 2018	Median 2018	Hourly Rate of Pay	Mean 2018	Median 2018
	12.6%	3.8%		45.6%	25.8%

*all figures are percentage of the population employed by each entity

Understanding the gap

- Whilst there is still a large proportion of males working in the actuarial profession and this is likely to be the case for a number of years, there will be further focus on reducing the gap. We are confident there is no material difference in the hourly rate between females and males carrying out the same or similar role.
- XPS Administration Limited has a higher percentage of female employees, with the highest and lowest quartiles having a similar split in gender.
- This year has seen the improvement of our family friendly policies, in particular the maternity pay policy. It will take time to see if this has had a positive impact, ensuring females continue their career whilst also having the flexibility of concentrating on their family. We will continue to review all family friendly policies to consider what improvements can and should be implemented.
- There has been a focus on attracting more women to all roles within the organisation, in particular to more senior roles.
- There has been better retention of females within the firm, there has also been a positive shift in the percentage of females in three of the four quartiles for XPS Pension Consulting Limited. The increase in the gap is likely to be the greater increase in quartile one compared to the increase in quartile four.

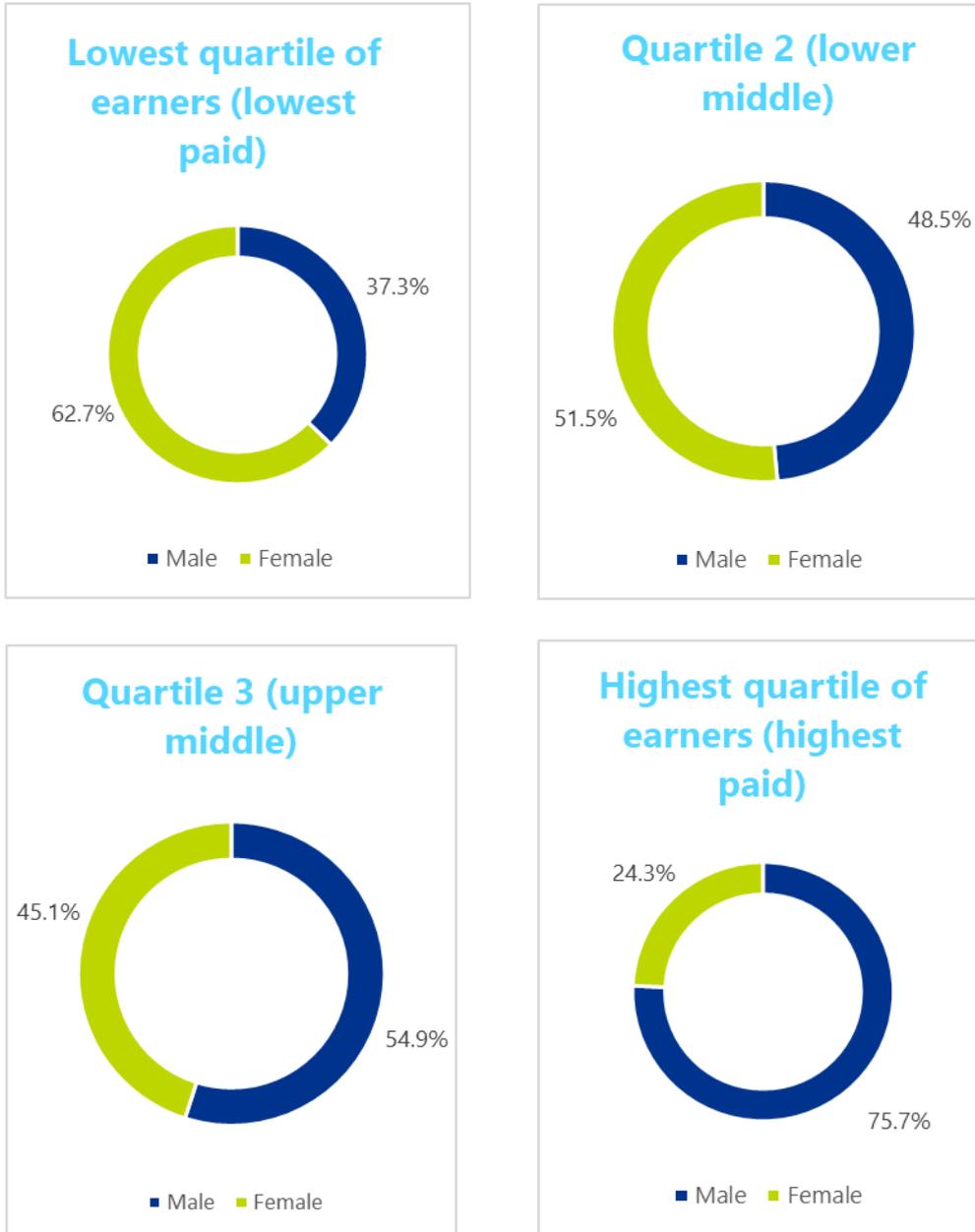
Action Plan

- The leadership team of XPS Pensions Group are committed to improving the diversity of the workforce and to reducing the gender pay gap. There are a number of initiatives the team are committed to, however it will take some time to significantly reduce the gap for XPS Pensions Consulting Limited.
- Recruitment is a top priority and we are introducing solid recruitment practices to ensure we are attracting a diverse pool of talent. There are plans in place to support managers to recruit without bias. We are also considering other avenues for recruiting and what initiatives will have the best impact on the diversity of our people. The attraction strategy will also include a focus on increasing the number of female graduates.
- Current policies will continue to be reviewed and where viable they will be improved to ensure they support working parents and other employee needs. These policies will be taken across the group as a whole once full integration of XPS Pensions Consulting Limited and XPS Administration Limited has been realised.
- A diversity equality and inclusion working group has been established to give focus to all areas of the firm and to consider how we can ensure diversity and inclusion covers all areas of the employee lifecycle.

Hourly Pay Quartiles

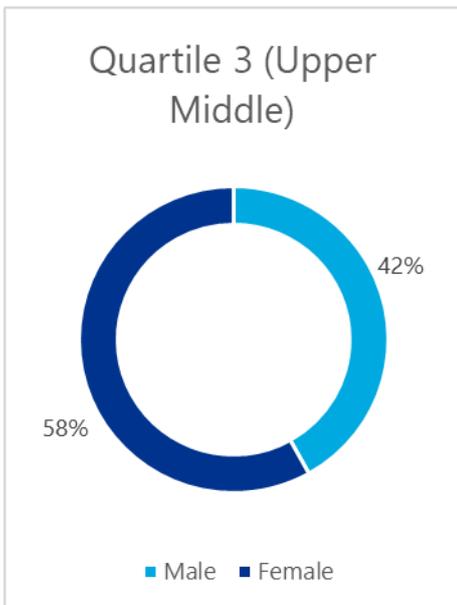
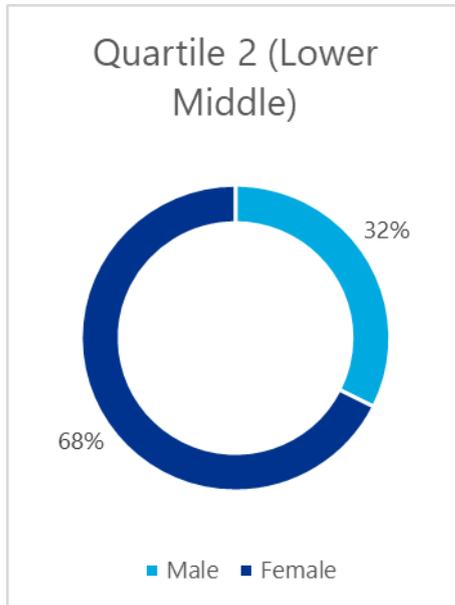
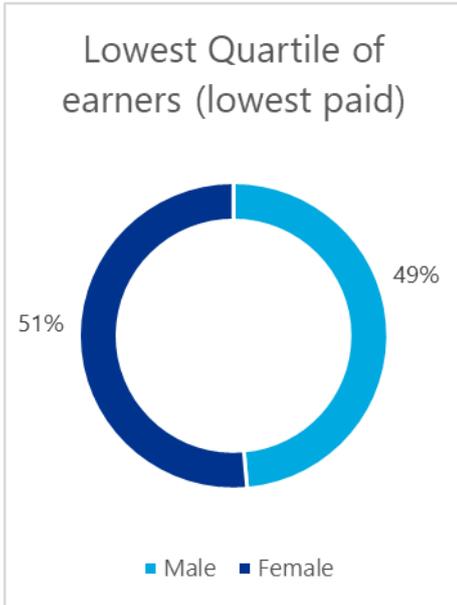
There is a statutory requirement to report on hourly pay quartiles. This splits employees into equal quarters and shows the proportion of women and men in four pay bands.

XPS Pensions Consulting Limited Quartiles



The charts clearly show the higher proportion of females in the lower earning roles and males in the higher earning roles. The actions agreed will begin to address this going forward.

XPS Administration Limited Quartiles



Gender Bonus Gap

Statutory regulations also require publication of the proportion of women and men paid bonuses in the 12 month reporting period. The bonus payment period relates to the 12 month period to 5 April 2018 i.e. annual bonus payments made in July 2017 for XPS Pensions Consulting Limited. It must be pointed out that there was a significant number of new hires in the period April 2017 to March 2018 with a total of 68 new hires. These employees were therefore not entitled to a bonus payment in the reporting period and this distorts the information, meaning the number of those not receiving a bonus seems inflated.

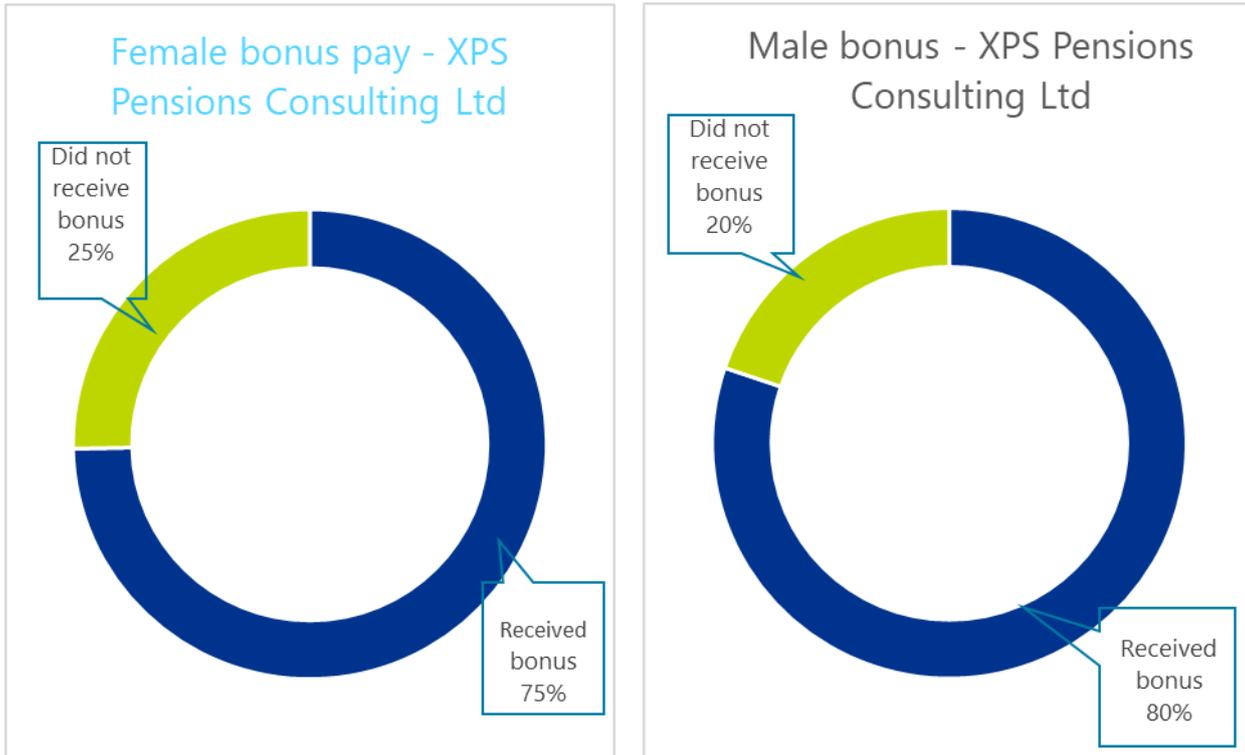
This year for XPS Pensions Consulting Limited, across both male and female bonus a higher percentage did not receive a bonus, however this is still impacted negatively with a higher percentage of females not achieving a bonus payment. XPS

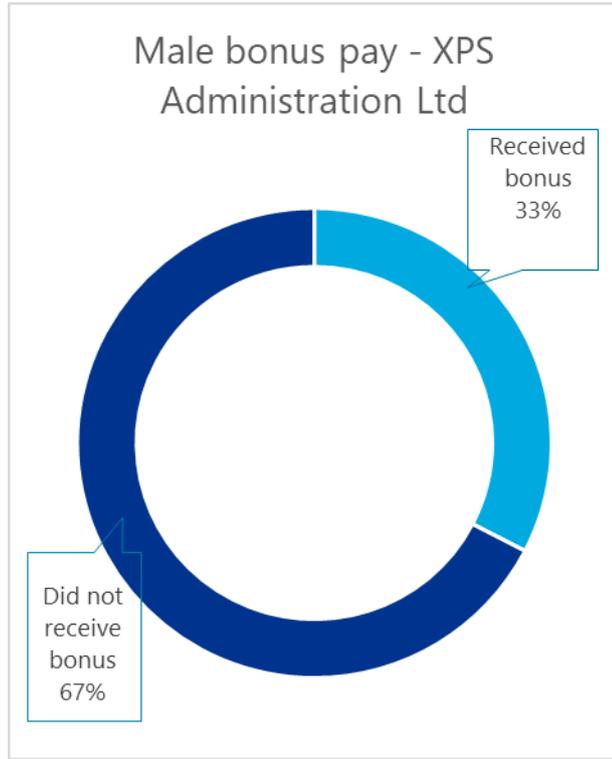
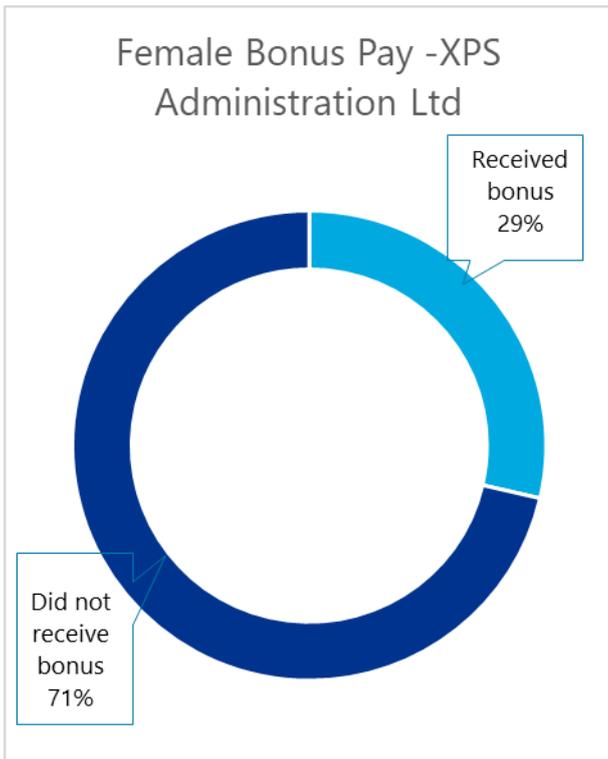
Administration Limited have a similar percentage of the employee population receiving a bonus, however male bonus percentage is a few percentage points higher than that of females.

XPS Administration Limited have a significant gap in the female and male mean bonus ratio, this is due to historic contractual bonus arrangements for a small number of male employees. In addition the bonus figures are skewed by the option gains earned over the year by some senior employees.

The mean and median bonus rates have significantly reduced for XPS Pensions Consulting Limited, which is a positive indicator of the direction of travel necessary to continue to see more equity across the firm.

Proportion of women and men who received a bonus





XPS Administration Limited			XPS Pensions Consulting Limited		
Bonus Pay	Mean 2018	Median 2018	Bonus Pay	Mean 2018	Median 2018
	95.5%	31.4%		44.5%	22.6%

*all figures are percentage of the population employed by each entity

Co-Chief Executive Officer comments

Following detailed analysis of our gender pay gap, we are satisfied there is no material difference between the pay for men and women in similar roles at XPS. Our gender pay gap reflects a higher proportion of males in higher paid roles than females. Whilst this is partly a challenge of the industry in which we operate – in particular, the actuarial profession is dominated by males – we do not consider this level of distortion to be acceptable. We believe that we have a responsibility to enact change both within XPS and the industry more generally.

We have a number of initiatives in place to improve the diversity of our workforce at all levels, and specifically to increase the number of females in senior positions, which we believe will greatly benefit the business. Some examples of the initiatives already being undertaken, or planned, are below:

- During 2018, we established a Diversity Equality Inclusion Working Group (“DEIWG”) to develop and improve our policies and practices relating to Diversity, Equality and Inclusion. In particular, the DWEIG have been involved in the exercise to align policies as part of the integration process.
- We have reviewed our approach to flexible / agile working to enable staff to better manage their commitments outside of work and continue to look at ways of helping staff return to work following maternity leave.
- We continue to participate in mentoring programmes with organisations including Women Ahead and 30% Club specifically aimed at developing female talent.

- We have been trialling gender balanced shortlists for certain roles so that we have an equal share of men and women to interview.

More generally, we were also the main sponsors of the Professional Pensions 'Women in Pensions' awards to raise the profile and contribution of females in our industry.

I confirm the data reported is accurate.

Ben Bramhall

3 April 2019