

Gender Pay Equity

Whereas:

The median income for women working full time in the United States is 80 percent of that of their male counterparts. This 10,470 dollar disparity can equal nearly half a million dollars over a career. The gap for African America and Latina women is 60 percent and 55 percent. At the current rate, women will not reach pay parity until 2059. The World Economic Forum estimates the gender pay gap costs the economy 1.2 trillion dollars annually.

Payscale reports a 31.4 percent mean pay gap at Reinsurance Group, and 39.6 percent gap for top earners. *Glassdoor* finds an unexplained 7.2 percent gender pay gap in the insurance industry after statistical controls, the highest of 25 industries examined. *Robeco Sam* finds a 17 percent median pay gap for insurance company managers. Insurance Journal's 2016 Agency Salary Survey found female managers earned 79,531 dollars less than male managers.

Women make up over half of the insurance industry workforce, but occupy less than 30 percent of managerial positions. *Mercer* reports women hold only 14 percent of executive and board roles, the lowest among financial industries. Female executives are 20 to 30 percent more likely to leave financial services careers than other careers.

At Reinsurance Group, women account for only 20 percent of executive leadership.

Mercer finds managing pay equity "is associated with higher current female representation at the professional through executive levels and a faster trajectory to improved representation."

Research from *Morgan Stanley*, *McKinsey*, and *Robeco Sam* suggests more gender diverse leadership leads to superior stock price performance and return on equity. *McKinsey* states, "the business case for the advancement and promotion of women is compelling." Best practices include "tracking and eliminating gender pay gaps." 63 percent of companies report tracking gaps. Our Company does not report its gap.

Regulatory risk exists as the Paycheck Fairness Act pends before Congress. California, Massachusetts, New York, and Maryland have passed the strongest equal pay legislation to date. Companies with United Kingdom operations will be required to publish their United Kingdom gender pay numbers by 2018.

The Congressional Joint Economic Committee reports 40 percent of the wage gap may be attributed to discrimination.

Financial peers Schrodgers, Virgin Money, the Bank of England, TSB Banking Group, and S&P 500 peers have published their gender pay gaps.

Resolved: Shareholders request our Company prepare a report, omitting proprietary information, above and beyond litigation strategy or legal compliance, and prepared at reasonable cost, on the Company's policies and goals to reduce the gender pay gap.

The gender pay gap is defined as the difference between male and female median earnings expressed as a percentage of male earnings (Organization for Economic Cooperation and Development).

Supporting Statement: A report adequate for investors to assess company strategy and performance would include the percentage pay gap between male and female employees across race and ethnicity, including base, bonus and equity compensation, methodology used, and quantitative reduction targets.