

Gender Pay Gap Report 2022



➤ 5 April 2022

Executive Summary

At Arco, we commit to operating with transparency and in line with our ethical values to monitor gender equity within our business and take active steps to address any disparities.

As detailed in this report, we are continuing to make progress and have seen another consecutive year of reduction in our gender pay gap **mean** from 13.9% to 12.08%. However, there has been a slight uptick of 0.82 percentage points in gender pay gap **median** which has risen from 6.20% in 2021 to 7.02% in 2022.

While this remains substantially lower than the 2020 median of 10.9%, it's a reminder that while we continue to employ more men than women in our business, slight variations in actual numbers can create undesirable swings in percentage terms and we must remain focused on inclusive recruitment, retention and remuneration.

Reporting on Pay

As an employer of more than 250 people, Arco is committed to reporting transparently and publicly on the differences in aggregate pay and bonuses by gender.

This is in line with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The information contained in this report is a snapshot from our HR and payroll records as at 5 April 2022. In line with the definitions laid out in the Equality Act 2010, all colleagues with an employment contract are included in the data.

A Gender Pay Gap is the difference between **average** hourly earnings (excluding overtime) of men **and** women as a proportion of average hourly earnings (excluding overtime) of **men's** earnings.

In this document, we report on this as a whole as well as across four equally divided quartiles (see Page 7), age, length of employment, and broadbands (salary bands).

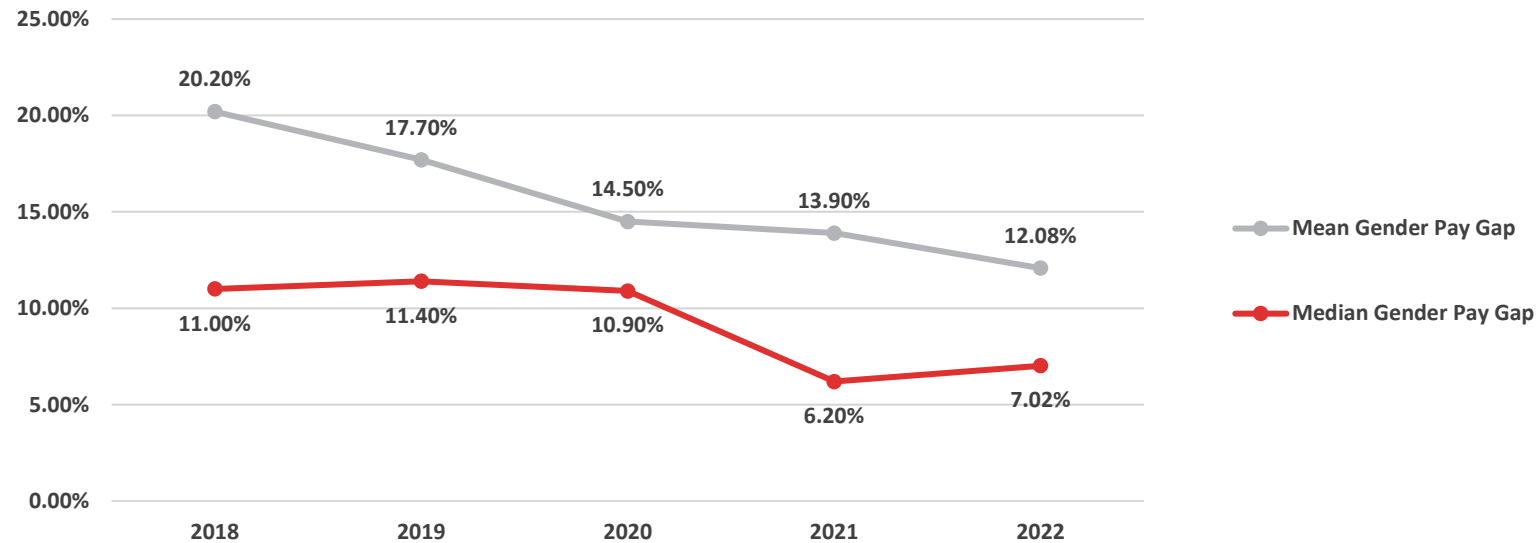
A Gender Pay Gap Analysis is not the same as an **Equal Pay Audit**, which assesses the difference between the pay for men and women who carry out the same job, a similar job, or work of equal value.

It is unlawful to pay people unequally on the basis of gender and for all pay reviews, all roles are assessed against external benchmarks through an independent company, Willis Towers Watson, to ensure colleagues are paid fairly for the role they hold.

Mean and Median Methodology

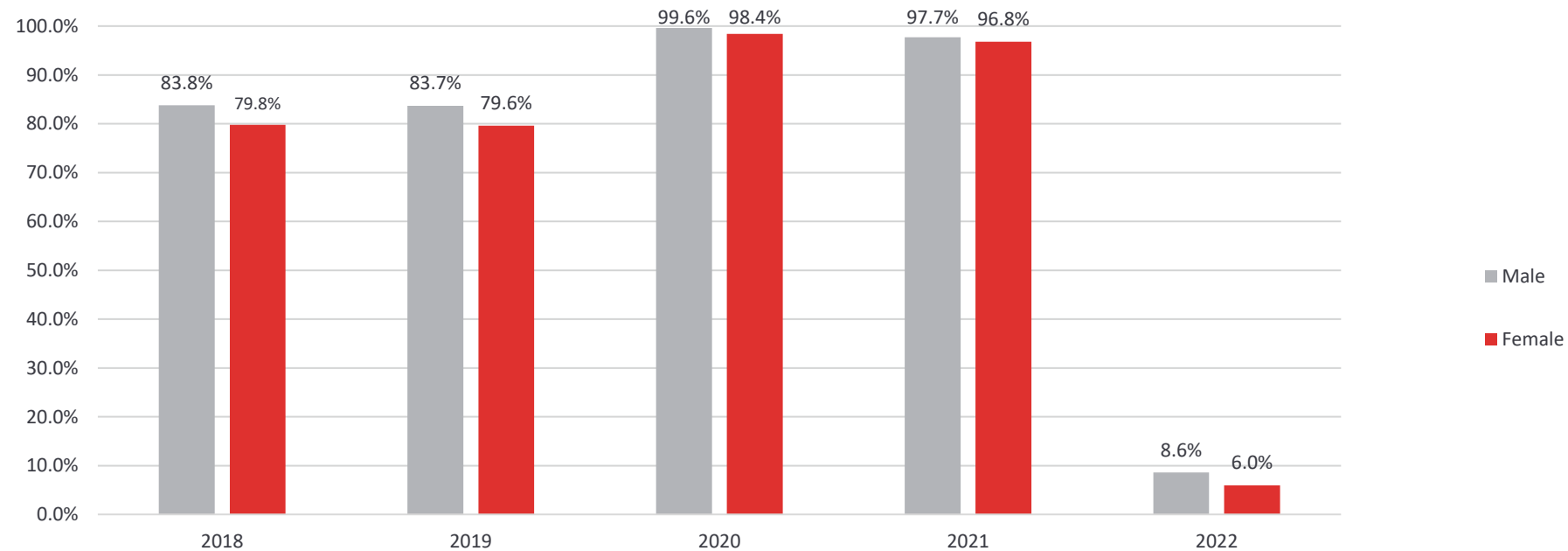
- A gender pay gap shows the difference between the mean (average) and median (mid-point) pay and bonus earnings of men and women employees, expressed as a percentage of men employees' earnings.
- A mean gender pay gap shows the difference in the **average** hourly pay for **all** women compared to **all** men, regardless of the nature of their work within the organisation.
- The median represents the middle point of a population. If we separately lined up all our female and male colleagues in order of the lowest hourly rate of pay to the highest hourly rate of pay, the median pay gap would be the difference in hourly pay between the woman in the middle of the female line, compared to the pay of the man in the middle of the male line.
- Both mean and median calculations are affected by the actual numbers of men and women employed in different roles.

Gender Pay Gap progress since 2018



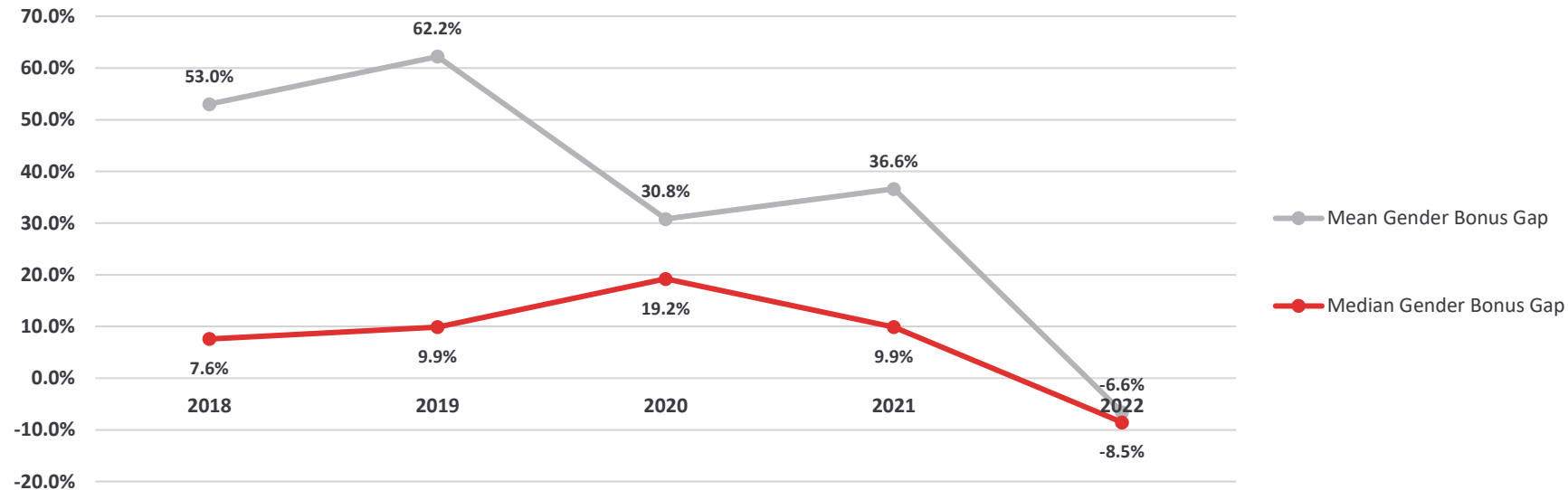
- We still have work to do to close our Gender Pay Gap at Arco, but are pleased to report another consecutive year of improvement in the mean metrics in this year's report which once again is ahead of, and outpaces the rate of improvement in, national figures.
- As we remain an organisation which has more male than female employees relatively small changes in the ratio of men to women in different pay quartiles can substantially impact the mid-point variance recorded by the median metric.

% of colleagues receiving a bonus since 2018



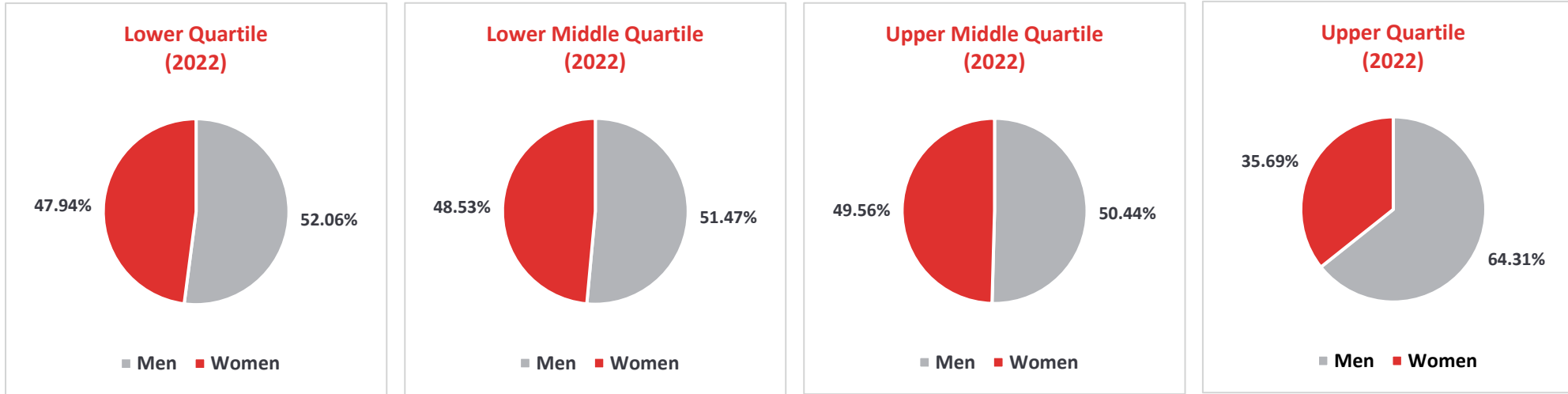
- After a number of years' positive bonus performance, 2022 saw fewer payments paid. The Sales team continued to receive commission related sales incentive, which count as bonuses' for the purpose of this reporting.

Gender Bonus Gap progress since 2018



- A smaller number of colleagues received a bonus, within that pool, the data tells us that female colleagues received higher bonus payments than their male colleagues.

Pay Quartiles



- Pay Quartiles take the full payroll cost for full time equivalent and relevant colleagues and divide it equally into four pay quartiles, to assess the proportion of men and women in each.
- At Arco, we employ more men than women in all quartiles. Quartiles 1 to 3 remain broadly comparable. Although it has improved slightly on last year, we continue to see a more substantial difference in the highest paid quartile which reveals that 64.31% of colleagues in this quartile are men (down from 67.4% in 2021) and 35.69% are women (up from 32.6% in 2021).
- This tells us that most of our highly paid roles are held by men.

Next Steps

As confirmed at the beginning of this report, Arco's approach to pay (aligned with industry benchmarking from Willis Tower Watson) ensures that our colleagues are paid fairly for the role they have.

We've determined that strengthening our recruitment process is the best way for us to reduce our gender pay gap (without positively discriminating). By doing this, we'll make sure that throughout the recruitment process conscious and/or unconscious bias will be mitigated, all while ensuring that we're recruiting the right people, with the right skills, to further increase our reputation of being the true 'Experts in Safety'.

As we're only a few months away from the next data set being taken (April 2023), there is very little time for us to positively influence any changes to next years gender pay gap. However, a number of positive steps have already been taken to further support inclusive recruitment.

Find out more on the next slide.

Next Steps Continued...

Implementation of a new Applicant Tracking System (ATS):

By June 2023, we aim to have implemented a new ATS. This will enable us to improve our reporting on all stages of our recruitment process. It'll also provide improved EDI reporting and enable 'blind' recruitment up to the interview stage, therefore reducing unconscious bias impact.

New Careers landing page:

As part of the new ATS, we'll be developing a new Careers landing page. It'll showcase our Employer Brand, Employer Value Proposition (EVP) and our flexible working options to attract those searching for their next career. They'll be encouraged to apply for roles and/or register their interest in working for us, and will receive updates from us about their application and/or with details of our latest vacancies.

The page's content and branding will use inclusive language, images and videos (from our already inclusive workforce) and will be a tool which is accessible for all.