



**ARCONIC**

Arconic UK  
Gender Pay Gap Report 2018





Arconic's success depends on our ability to create innovative solutions that exceed our customers' goals. A future which is built upon attracting and retaining engineers, technologists and innovators who want to grow their careers with us.

We are determined to make progress in increasing the number of female and minority employees at all levels of our organisation and plan to achieve this by leveraging the diversity of thought, experience and skills.

We believe that diversity is a key sustainable advantage that drives innovation and helps advance our business.

## What is the gender pay gap?

A measure of the difference in the average pay of men and women - regardless of the nature of their work - across an entire organisation, business sector, industry or the economy. It can be impacted by the shape of the organisation, and by the number of both men and women across all roles.

**Gender pay is not the same as equal pay which deals with the pay differences between men and women who carry out the same, similar or equivalent work.**

We have provided the gender pay gap number for all of our Arconic UK business in addition to those we are legally required to report, so that we can provide a clear and transparent view on the gap that exist within our business.

**We currently are required to report on the following 6 key measures:**

### Hourly pay

- Difference in the mean (average) hourly pay of male and female employees
- Difference in the median hourly pay of male and female employees
- The proportion of males and females when the workforce is divided into four groups or quartiles from the lowest hourly pay to the highest

### Bonus

- Difference in the mean (average) bonus pay of male and female employees
- Difference in the median bonus pay of male and female employees
- Proportion of male and female employees who have received bonus pay

### Our numbers and what it includes:

**Pay** as stated in the regulations this is (pay as at 5th April)

- Pay is based on earnings which include: basic pay, any additional allowances including shift premium, bonus pay
- Earnings that are not included: overtime pay, expenses, the value of any salary sacrifice schemes, benefits in kind, redundancy pay and tax credits.

**Bonus** (any bonus pay received during the period of 12 months to 5th April)

- Any payment that has been classed as bonus in our payroll system

### Our commitment to reducing the gender pay gap:

Our UK business 12 months on is still predominately male, which impacts on our gender pay gap. Our numbers continue to be impacted by too few females within our higher level roles, and by more females than males present in the lowest quartile of the workforce.

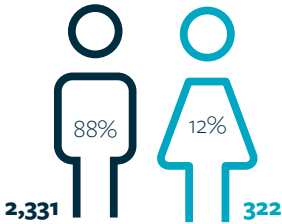
We are pleased with the progress we have made in closing our gap this year by 2.4%, taking our mean (average) hourly pay gap to 6.5%.

We remain committed to building a strong pipeline of female talent and a greater number of females joining our business so we may drive our number in a positive direction.

# Arconic UK (all sites)

## Pay

Our UK business is predominately male which significantly impacts on our gender pay gap figures.



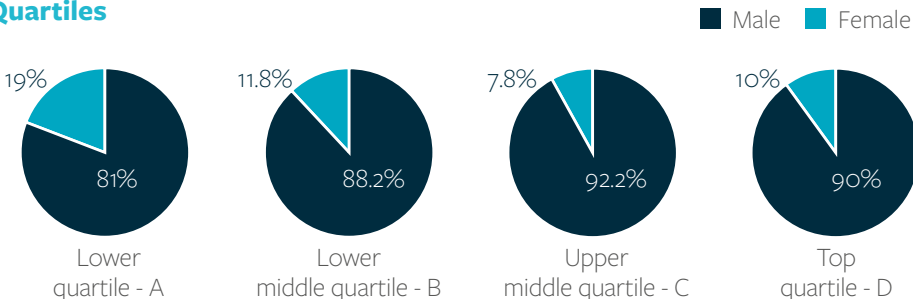
	2017		2018	
	Mean	Median	Mean	Median
Hourly Pay	8.9%	10.6%	6.5%	16.7%
Bonus	22.1%	10.7%	16.8%	7.9%

A positive percentage figure represents female employees having lower pay or bonuses than male employees. A negative percentage figure represents female employees having higher pay or bonuses than male employees.

## Bonus



## Quartiles



# UK figures

	2017	2018
UK mean*	18.1%	17.9%
Manufacturing sector mean*	29.0%	22.0%
Arconic UK mean	8.9%	6.5%
Arconic UK median	10.6%	16.7%

\* UK figures are from ONS, Manufacturing sector EEF and payscales report

# Understanding the gap compared to the previous year

- We still see males or females over-represented in specific roles; administrative roles, which tend to be lower paid, are traditionally dominated by females whilst engineering is higher paid and tends to be dominated by males
- Our lower quartiles are still dominated to a large extent by our female employees, these roles tend to be less technical and as a result lower paid regardless of gender
- Circa 16% of our female joiners were recruited into our higher job levels
- Our bonus schemes are gender neutral by design, but the shape of the workforce drives the mean bonus gap, in the same way it does the gender pay gap
- Bonus can be significantly influenced by the business units success each year
- Majority of our bonus schemes are paid as a percentage of salary, so the higher the pay the bigger the payout, but is impacted by pro rata for new starters and part time workers

# Our figures

We currently have 16 locations across the UK, and are reporting data on the following legal entities:

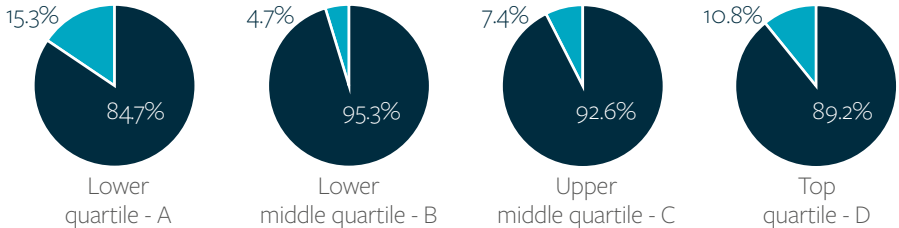
- Arconic Manufacturing (GB) Ltd (Kitts Green, Resource Units / Corporate functions)
- Firth Rixson Forgings Ltd (Darley Dale, Meadowhall & River Don)
- Firth Rixson Metals Ltd (Ecclesfield, Glossop & Ickles)
- Howmet Ltd (Exeter)
- Linread Ltd (Redditch, Leicester)

## Arconic Manufacturing (GB) Ltd

Pay	Mean	Median
Hourly Pay	5.1%	1.8%
Bonus	-5.2%	-2.2%



**Quartiles** Male Female

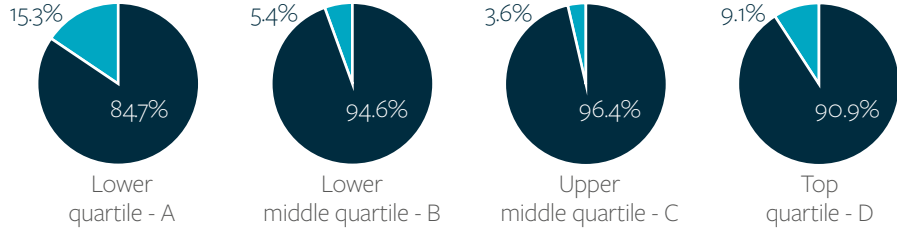


## Firth Rixson Forgings Ltd

Pay	Mean	Median
Hourly Pay	6.1%	10.4%
Bonus	-53.7%	-17.9%



**Quartiles** Male Female

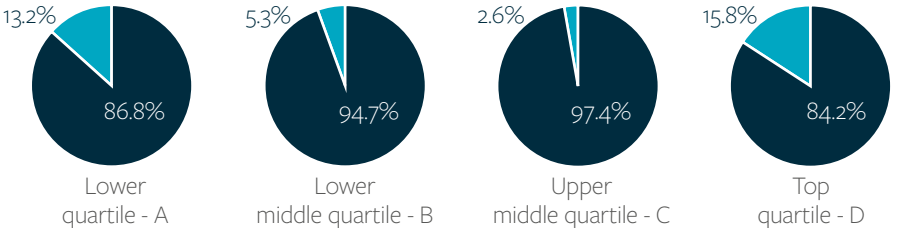


## Firth Rixson Metals Ltd

Pay	Mean	Median
Hourly Pay	5.5%	-1.4%
Bonus	21.6%	15.6%

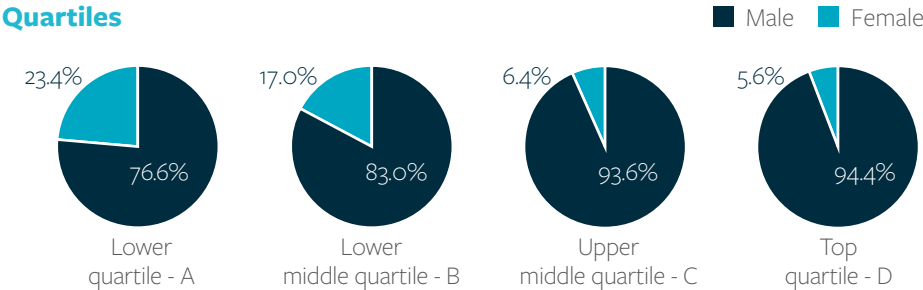


**Quartiles** Male Female



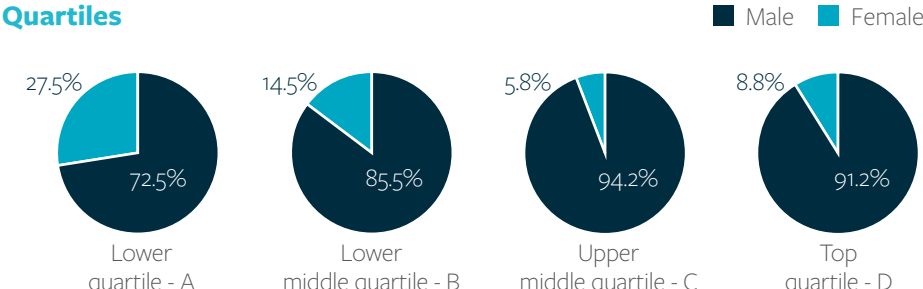
## Howmet Ltd

Pay	Mean	Median
Hourly Pay	7.9%	10.5%
Bonus	27.6%	5.7%



## Linread Ltd

Pay	Mean	Median
Hourly Pay	8.3%	14.2%
Bonus	22.3%	10.7%



## Other considerations

- Analysis of the data demonstrates that the pay gap remains largely due to the structure of our workforce. There is limited female representation (11%) in the higher banded operational roles and in the higher paid specialist professionals within our businesses. We have seen a slight improvement compared to our previous year (+1%)
- This past year, circa 20% of our new starters were female employees, but unfortunately this was offset by a number of female leavers (13)
- Some of our UK sites have reviewed and aligned females pay, which has positively impacted on overall numbers
- The manufacturing sector predominately requires employees to work shifts, 50% of our employees work set shift patterns, 95% of these are male and whilst there is no occupational reason for male dominance in these traditional manufacturing roles, which offer little flexibility, it still continues to be a challenge to attract females
- Our pay award philosophy by design is for all based on pay for performance and same opportunity for the same job responsibility
- We apply a structured approach to job sizing, and attach pay ranges to our salaried roles within the business

## How we make a difference

- Continue our effort to try and promote more of our female employees into managerial roles
- Encouraging more young female to embrace careers in science, technology, engineering and mathematics (STEM), continuing closely working with schools, universities and youth organisations
- Extending the work with secondary schools to raise awareness of STEM related careers for students 11-14
- Continue volunteering to support local schools and community partners
- 50:50 scorecards for all our professional level roles helps us attract more female employees
- Ensuring we encourage career progression for all in our business
- Reward our people based on both their performance and individual contribution
- Reinforcing the work done in partnership with the Arconic Women's Network (AWN) to shape the future for women in Arconic
- We have received significant investment as part of the Arconic Foundation into the UK circa £250k (\$325k) for grant fund activity, 80% focused on STEM activities and raising awareness



## Final thoughts

Whilst our numbers have improved, we need to keep the momentum by challenging how we recruit and encourage more females to join our organisation, and for them to continue their career progression into more of the senior roles within our business.

We confirm that our data has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

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