



ARCONIC

Innovation, engineered.

Arconic UK Gender Pay Gap Report





“Inclusion and Diversity is a way of life - not just a strategic imperative. This is how we will continue to drive innovation and advance Arconic as a global leader in the lightweight metals industry”.

Our commitment starts at the top

Arconic’s success depends on our ability to create innovative solutions that exceed our customers’ goals. We achieve this by leveraging the diversity of thought, experience and skills within our organisation. Our goal is to become the premier destination for the best talent to build successful careers.

We have a three-part strategy focused on creating an outstanding Arconic experience, where each individual can contribute their best work in a welcoming, vibrant environment.

Inclusion is about creating an environment where all of our people feel, and are, valued, where they are able to bring their differences to work each day, and where they can contribute their personal best in every encounter to achieve better business results.

Diversity refers to the variety of differences and similarities between people, such as gender, race/ethnicity, age, nationality, religion, language, education, geography, disability, sexual orientation, work style, work experience, job role or function, thinking style, or personality type.

Innovation is the result of supporting ideas in a collaborative way, wherever they might come from, and applying the company’s scale and expertise to address customer needs more efficiently and effectively.

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 2017)

- 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.

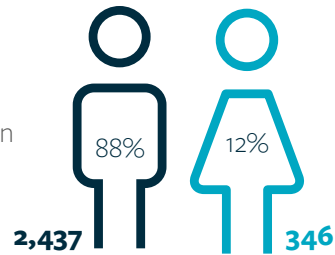
Bonus (any bonus pay received during the period of 12 months to 5 April 2017)

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

Arconic UK (all sites)

Pay

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



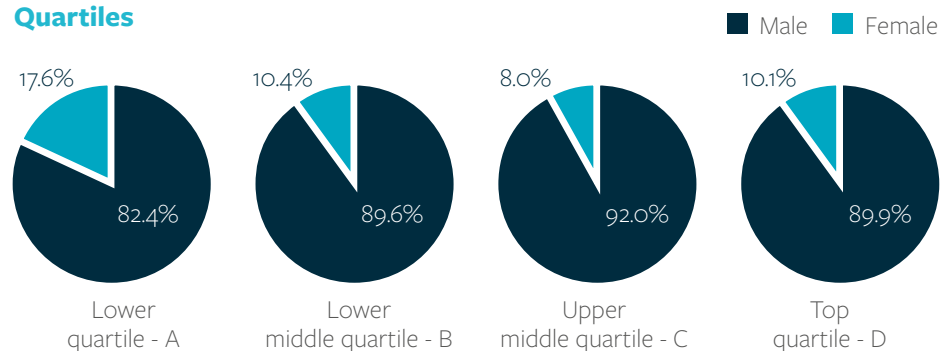
	Mean	Median
Hourly Pay	8.9%	10.6%
Bonus	22.1%	10.7%

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

	Pay gap
UK mean*	18.1%
Manufacturing sector mean*	29.0%
Arconic UK mean	8.9%
Arconic UK median	10.6%

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

Understanding the gap

- We often see males or females are over-represented in specific roles. For example, 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 quartile is the highest percentage for females, these roles tend to be less technical and as a result lower paid regardless of gender – 46% of our female population
- 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

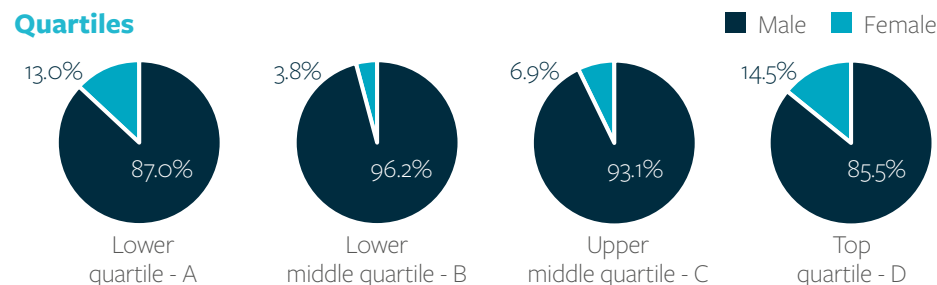
Our figures

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)

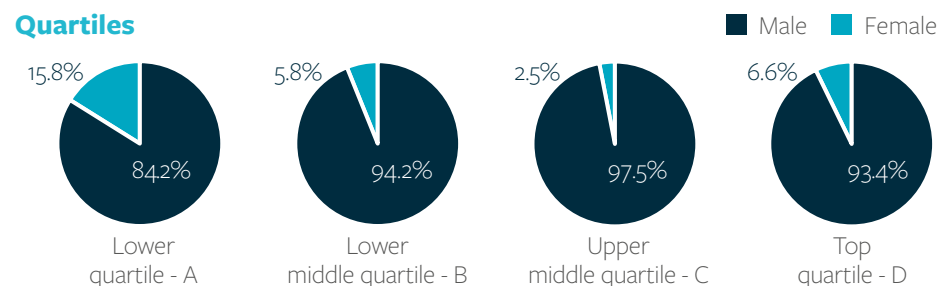
Arconic Manufacturing (GB) Ltd

Pay	Mean	Median
Hourly Pay	-7.4%	-7.2%
Bonus	-11.6%	0.0%



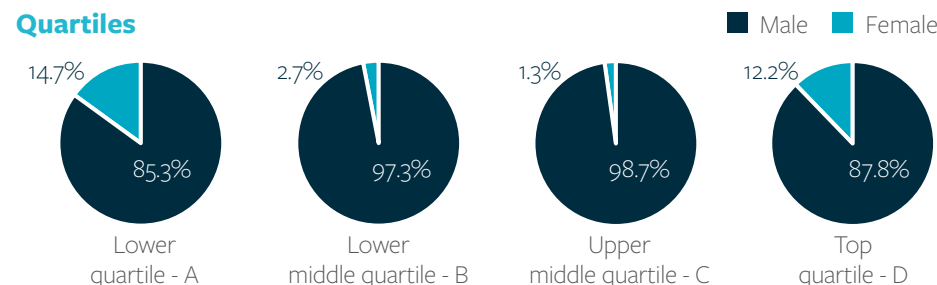
Firth Rixson Forgings Ltd

Pay	Mean	Median
Hourly Pay	8.3%	15.7%
Bonus	-1.6%	18.8%



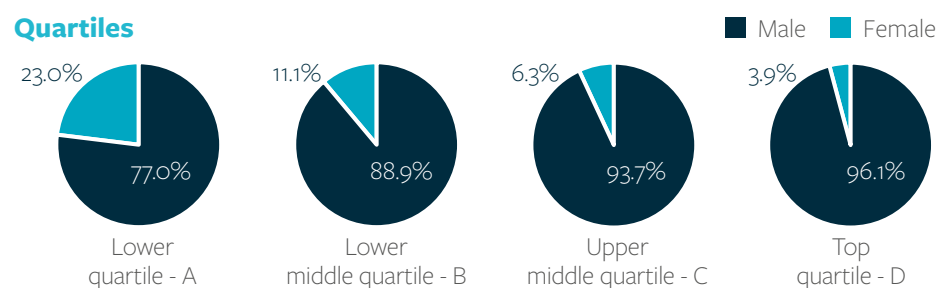
Firth Rixson Metals Ltd

Pay	Mean	Median
Hourly Pay	10.9%	11.5%
Bonus	47.8%	10.9%



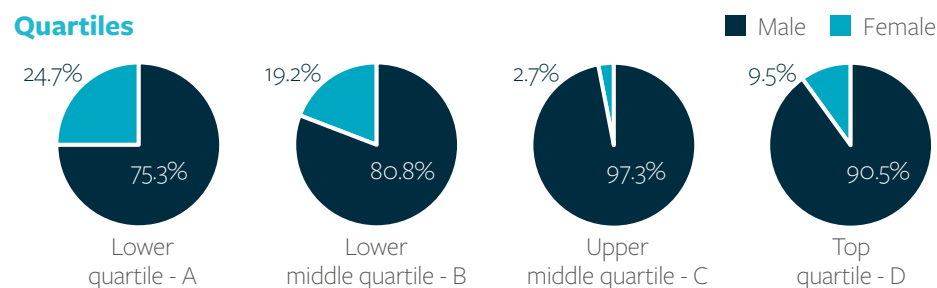
Howmet Ltd

Pay	Mean	Median
Hourly Pay	13.1%	12.9%
Bonus	26.5%	5.0%



Linread Ltd

Pay	Mean	Median
Hourly Pay	13.9%	14.8%
Bonus	24.3%	20.9%



Other considerations

- Analysis of the data demonstrates that the pay gap is largely due to the structure of our workforce, specifically the limited female representation (10%) in higher banded operational roles and in the higher paid specialist professionals within our businesses
- The manufacturing sector predominately requires employees to work shifts, 55% of our employees work set shift patterns, 92% 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
- Some differences can be due to us acquiring businesses but not harmonising on terms and conditions, we've had a number of acquisitions in the UK over the years
- 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

- Growing our talent pipeline through female apprentices and graduates, focussing our marketing to appeal to all
- Aim for 50:50 shortlists for all our professional level roles
- Ensuring we encourage career progression for all in our business
- Reward our people based on both their performance and individual contribution
- Continue being fair and equitable with all our employees, we need to maintain our effort on developing more female managers who are eligible for bonus pay
- 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
- We have the Arconic Womens Network (AWN) community which was started in 2003 and is now global with over 50 networks worldwide. The AWN mission is to shape the future for women in Arconic, and its vision is to strengthen the global network, promote an inclusive workplace, and develop policies for gender equity with male and female members



Final thoughts

We recognise that this is an area of focus for us, and it's our long-term view to challenge how we recruit and encourage more females to join our organisation, and 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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