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## Gender Pay Gap Report for Arch Europe Insurance Services

## Introduction

This report sets out the gender pay gap among our UK workforce for the 2020/2021 reporting year and describes the steps we are taking to improve our gender pay gap and foster greater diversity and inclusion within our organisation.

The figures in this report are based on a headcount of 663 employees as of 5 April 2021, consisting of 402 male employees and 261 female employees across Arch Europe Insurance Services Ltd (“AEIS”).

Our gender pay gap is indicative of the gender distribution of our workforce. In line with the insurance industry, AEIS currently has a greater proportion of men in senior roles, which carry higher salaries and bonuses, and a greater proportion of women in junior roles. As a result, the average pay for male employees in our workforce is higher than the average pay for female employees.

## Gender Pay and Equal Pay

The gender pay gap calculations set out in this report compares the pay received by all females to the pay received by all males, without taking each person’s role or location into account. Gender pay gap is not the same as equal pay, which is ensuring that men and women in similar positions receive comparable pay. Whilst both relate to the difference in pay that men and women may receive in the workplace, they are two distinct concepts as set out below:

**Equal Pay** is the legal right for men and women in the same employment to receive equal pay for performing equivalent work.

**Gender Pay Gap** is the difference between the average pay for all male employees and the average pay for all female employees within an organisation regardless of their job role or seniority. Gender pay gap is expressed as a percentage.

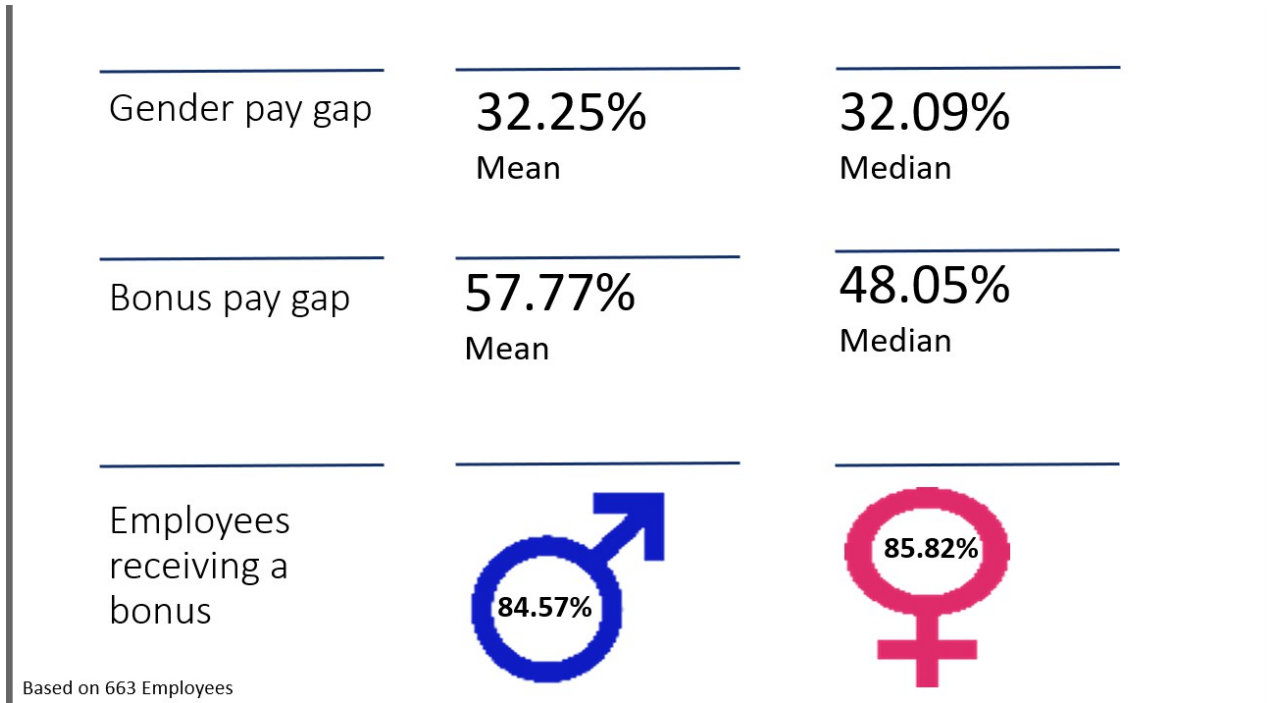
## Gender Pay Gap and Bonus Pay Gap

The gender pay gap figures listed in this report are calculated based on annual salaries of employees of AEIS as at 5 April 2021 and any bonuses that were paid during the 12 months prior to 5 April 2021 (i.e., 6 April 2020 to 5 April 2021).

The figures in the table below illustrate the following:

- Our **mean gender pay gap** —the percentage difference between the average pay of all male employees compared to the average pay of all female employees in our UK workforce.

- Our **median gender pay gap** —the percentage difference between the median (i.e., middle point) of all male employee salaries compared to the median of all female employee salaries in UK our workforce.
- Our **mean bonus pay gap** – the percentage difference in the average bonus received by all male employees compared to the average bonus received by all female employees in our UK workforce.
- Our **median bonus gap** —the percentage difference in median bonus received by male employees compared to the median bonus received by female employees in our UK workforce.

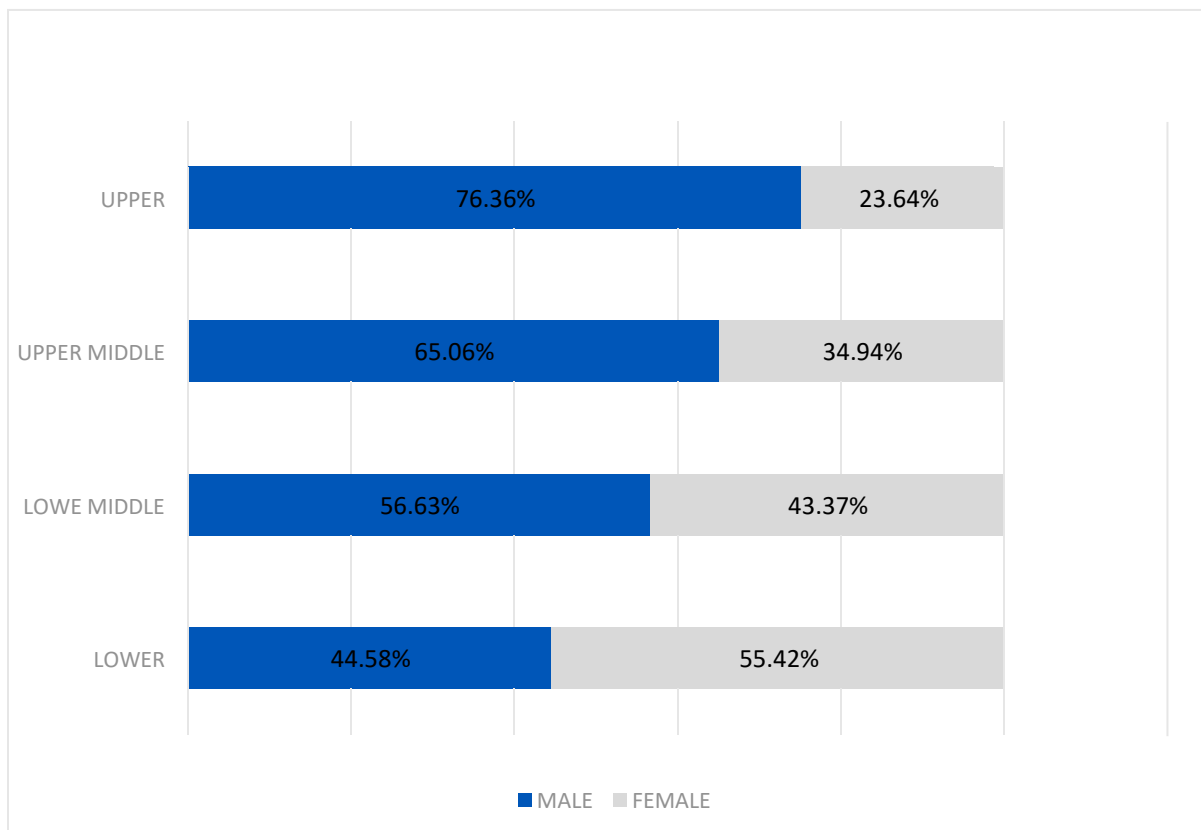


## Pay Quartiles

When reviewing our gender pay gap in the UK, we split our employees' earnings into four equally sized groups, or **pay quartiles**, and calculate the proportion of men and women in each quartile. The chart below shows the proportion of male and female employees in each of our pay quartiles. As the chart illustrates, we have proportionally more men than women in our top three pay quartiles which is the primary reason for our gender pay gap.

The lower, lower middle and upper middle quartiles each contain 166 employees and the upper quartile contains 165 employees.

## Gender Distribution By Pay Quartiles



## What has changed?

- Our mean gender pay gap, or the difference in mean pay between male and female colleagues, reduced by 2.03% compared to 2021.<sup>1</sup>
- Our mean bonus pay gap, or the difference in bonus pay between male and female colleagues, reduced by 8.13% compared to 2021.
- There is an overall improvement in the percentage of pay and bonus allocation being made to female employees.
- Our 2021 recruitment activity shows positive gender balance trends with 45% of the top 35 roles, by salary, filled by females compared to 30% in 2020.

## Closing the Gap

To further improve gender balance and promote an inclusive workplace, we have adopted the following initiatives:

- **Diversity and Inclusion (“D&I”) initiatives**
  - As part of our efforts to foster D&I across the organisation, we have promoted the launch of additional employee resource groups and continued to actively support the Women and Allies network.
  - Female co-chairs from the UK were endorsed to lead the LGBTQ+ and Black Professionals and Allies employee resource groups.
  - Our executive team have adopted a set of gender targets in line with Insurance market standards which will underpin our D&I efforts:
    - 20% female representation on Boards and Executive Committees by the end of 2023.
    - 35% female representation on the Board, Executive Committee and in Executive Committee direct reports to be achieved by 2024.
    - 50% female representation in succession plans for Board, Executive Committee and Executive Committee direct reports by 2025.
- **Strategic partnerships to create exposure and development opportunities**
  - We have partnered with Sponsors for Educational Opportunity, Ltd. (“SEO”) to improve our access to graduate and early career level female talent. SEO is a UK-registered charity delivering educational, training, and mentoring support to young people from underrepresented and underserved backgrounds. We will launch an internship pilot scheme in Summer 2022, hosting interns in our Underwriting, IT and Actuarial functions. We will actively use the SEO alumni network for our recruitment activity.

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<sup>1</sup> 2021 report contained miscalculations and corrected report was republished on 1<sup>st</sup> April 2022

■ **Talent Development**

- In 2022, we will launch a mentoring programme to provide an important linkage between our graduate and internship efforts and ensure female employees are supported in their early career navigation. For female employees that are non-managerial, individual contributors, our aim is that the programme will create a framework which supports their development as future leaders.

■ **Recruitment**

- In 2022, we will build on our recruitment success by launching our Principles for Inclusive Recruiting. The Principles are linked to our behavioural framework, The Arch Experience, and will provide guidance for hiring managers to promote inclusion and reduce bias during the recruitment process.

We confirm that the data contained within this report is accurate and meets the requirements of the Gender Pay Gap reporting regulations.

Hugh Sturgess, President & Chief Executive Officer



Kirsten Valder, Chief Administrative Officer



Marcella McLean, Chief Human Resources Officer

