



Gender Pay Gap Report for
Arch Europe Insurance Services Ltd

Introduction

This report sets out the gender pay gap among the UK workforce of Arch Europe Insurance Services Ltd (“**AEIS**”) for the 2021/2022 reporting year and describes the steps we are taking to improve our gender pay gap and foster greater diversity and inclusion within our organisation. AEIS employs the individuals that provide services to Arch Insurance (UK) Limited and Arch Managing Agency Limited (collectively, “**Arch UK**”) under an Agreement for the Provision of Staff. The figures in this report are based on a headcount of 708 employees as at 5 April 2022, consisting of 410 male employees and 298 female employees across AEIS.

Our gender pay gap is indicative of the gender distribution of our workforce. AEIS currently has a greater proportion of men in senior roles, which typically 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. Whilst this gender distribution is common in the insurance industry, we have several initiatives aimed at increasing recruitment and retention of female employees across all levels, and increasing female representation at senior levels of management.

Gender Pay and Equal Pay

The gender pay gap calculations set out in this report compare the pay received by all females to the pay received by all males, without taking each person’s role or location into account. There is a distinction between gender pay gap and the concept of equal pay. While both relate to the difference in pay that men and women may receive in the workplace, they are two distinct concepts as further 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.

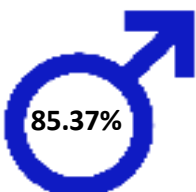

Gender Pay Gap and Bonus Pay Gap

The gender pay gap figures listed in this report are calculated based on annual salaries of employees of AEIS as at 5 April 2022 and any bonuses that were paid during the 12 months prior to 5 April 2022 (i.e. 6 April 2021 to 5 April 2022).

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.

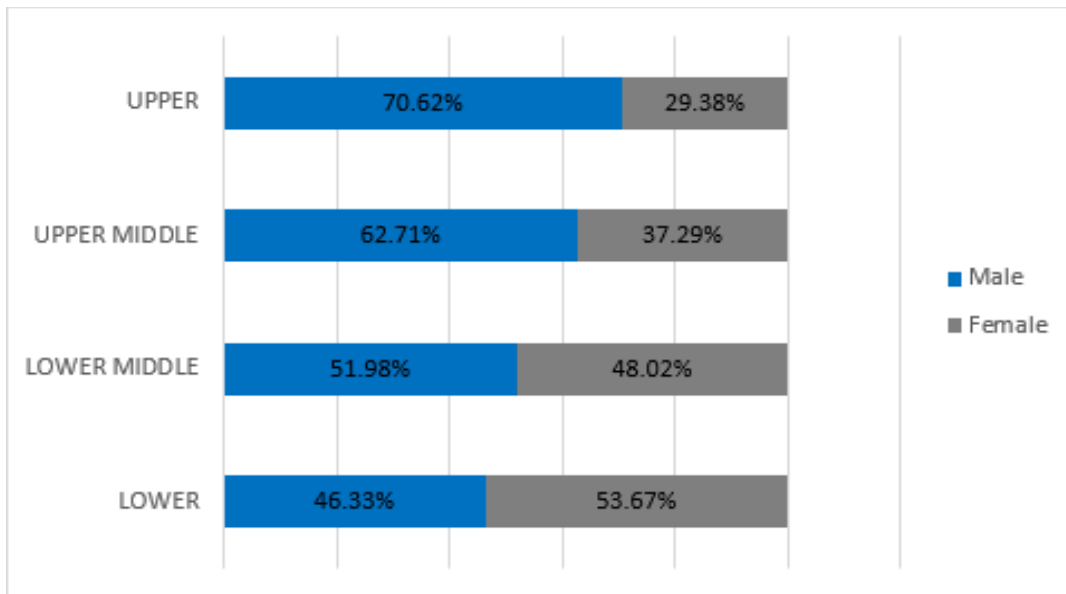
Gender pay gap	26.51% Mean	23.08% Median
Bonus pay gap	63.68% Mean	42.00% Median
Employees receiving a bonus	 85.37%	 84.90%

Based on 708 Employees

Pay Quartiles

When reviewing our gender pay gap, we split our employees' earnings into four equally sized groups consisting of 177 employees, 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.

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 5.74% compared to 2022.
- Our mean bonus pay gap, or the difference in mean bonus pay between male and female colleagues, increased by 5.91% compared to 2022.
- The median gender pay gap reduced by 9.01% and the median bonus pay gap reduced by 6.05%.
- Senior female hires made during the reporting period include General Counsel, Independent Non-Executive Director and Deputy Chief Compliance Officer (now Chief Compliance Officer).

Closing the Gap

We are committed to improving gender balance and cultivating a culture of inclusion and diversity. Listed below are some initiatives that we have established to support our strategy:

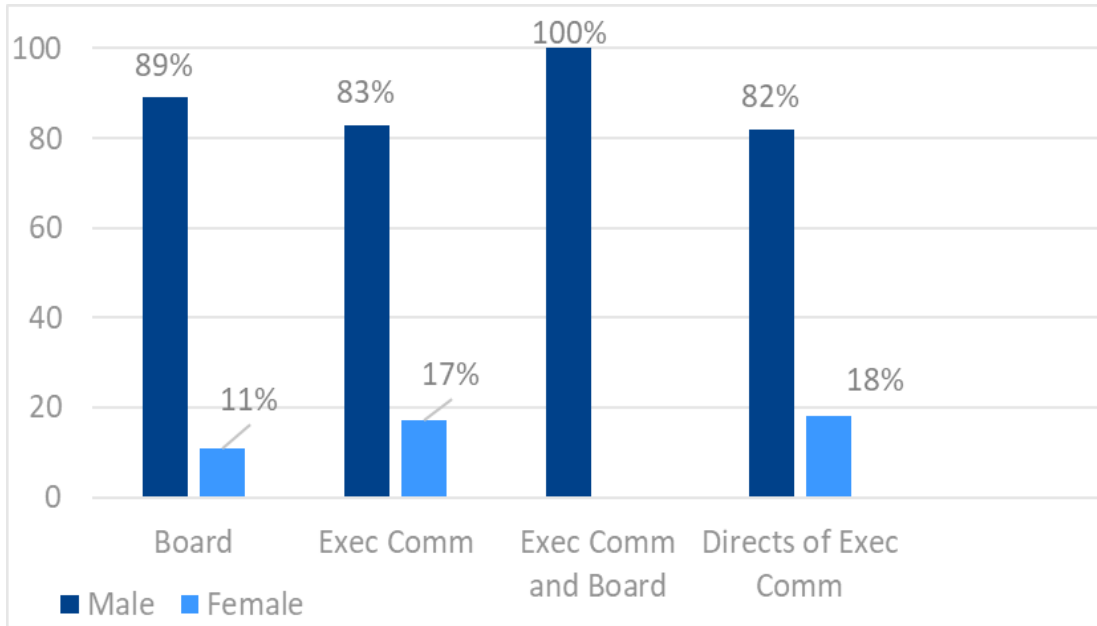
- **Diversity and Inclusion (“D&I”) targets**

In 2022, the Arch UK Board of Directors (the “**Arch UK Board**”) set the below diversity objectives for the Arch UK Board and senior leadership roles to improve decision-making and promote the success of Arch UK:

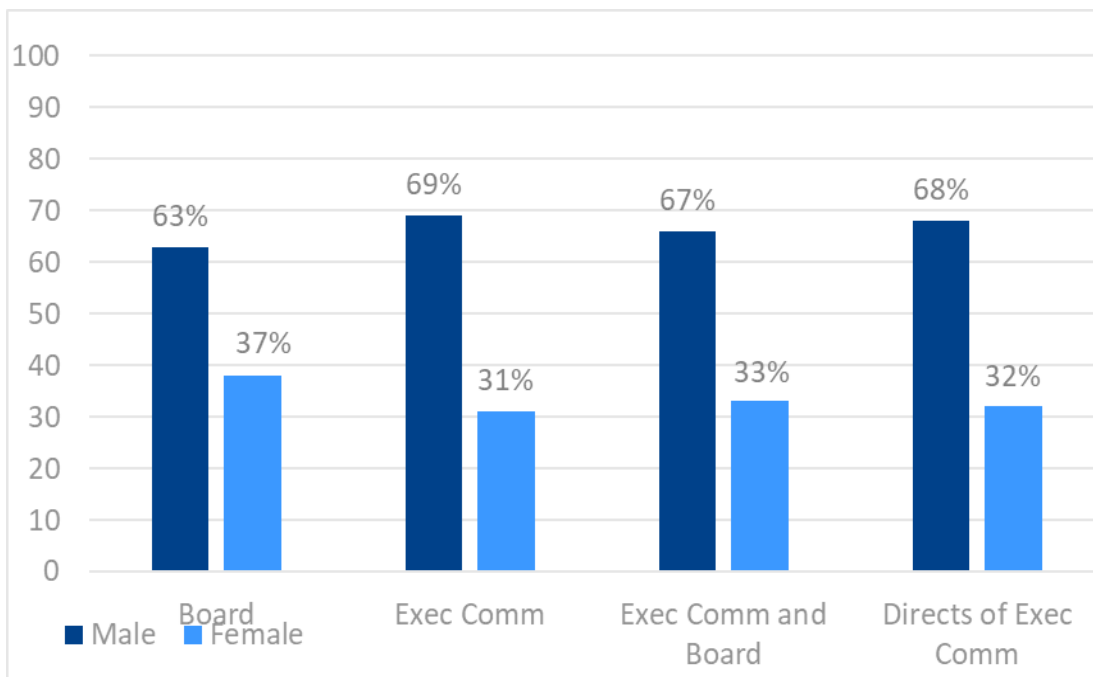
- i) *at least 20% female representation on the Arch UK Board by 31 December 2023*
 - As at 1 March 2023, 37% of the members on the Arch UK Board are female.
- ii) *at least 35% female representation in leadership positions (i.e., Arch UK Group Board, Management Committee and Management Committee’s direct reports) by 31 December 2023*
 - As at 1 March 2023, female representation in leadership positions is 32%
- iii) *at least 50% female representation of succession plans for members of the Executive Committee and their direct reports by 31 December 2024*
 - As at June 2022, 40% of Executive Committee successors were female.
 - In 2023, we aim to expand our succession planning activities to include the direct reports of the members of the Executive Committee.

The charts below illustrate gender representation in leadership positions as at 31 December 2021 and 1 March 2023, respectively:

Gender representation as at 31 December 2021:



Gender representation as at 1 March 2023:



- **Strategic partnerships to create exposure and development opportunities**

- We have extended our partnership with the Insurance Supper Club which provides mentoring, networking and development opportunities for women in the Insurance industry.
- We continue to support female leadership development and have enrolled female employees on the Lloyd's Market Advance Programme and the Women in Leadership apprenticeship scheme, each aimed at improving the pipeline of women within the industry as future leaders.

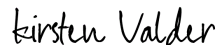
- **Talent Development**

- In 2022, we successfully launched an all staff mentoring programme across the UK, Australia and Bermuda to, among other things, ensure that female employees are supported in their career navigation. 66% of mentees in the first cohort were female and we will use feedback from this group to further address development needs.
- In 2022, we ran our first 8-week internship programme and achieved an equal male/female gender balance.
- Our graduate programme will be launched in September 2023 and our aim is to achieve gender balance based on the number of eligible candidates.

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