



Arconic UK
Gender Pay Gap Report 2021



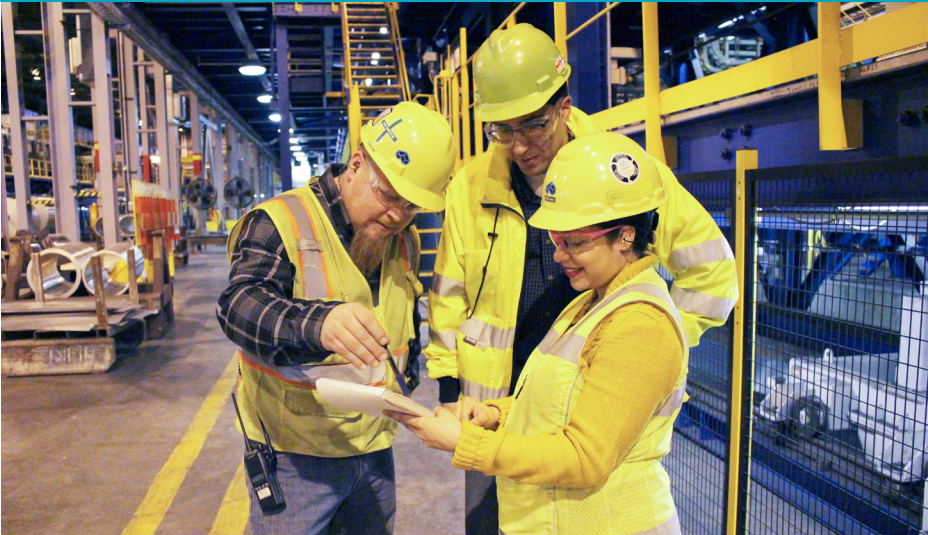
Committed to Diversity and Inclusion

Arconic’s success depends on our ability to create innovative solutions that exceed our customers’ goals. We can achieve this by fostering inclusive work environments that leverage the diversity of backgrounds, experience and thought within our organization.

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 between people, such as gender and gender identity/expression, 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.



“We recognize that any change to inclusion, diversity and social equity requires deep commitment and introspection from the leaders of an organization, which is why our leaders at Arconic are so focused on building and growing an inclusive and diverse organization. As a leader who has always valued diversity of thought, it’s not by coincidence that 40% of the Officers who comprise our executive leadership team are female. And in our recently published Sustainability & ESG Report we shared that 38% of our executives (vice president and higher) and 21% of our employees overall are female. While we are not yet at 50% and still have certain locations and disciplines that are under-represented, we continue to make progress in the area of gender diversity at Arconic.”



Tim Myers, CEO Arconic Corporation

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 businesses in addition to those we are legally required to report, so that we can provide a clear and transparent view on the gap that exists 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 as of 5th April 2021

- 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 2021)

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

Our commitment to reducing the gender pay gap:

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The past year was a very challenging period. Not only has the UK been dealing with the impacts of Brexit but we were also hugely impacted by the Global Pandemic. There are many challenges ahead in the context of the pandemic not least a focus on mental wellbeing of all of our people, and the increasing importance of talent retention and attraction.

We are pleased that this focus is continuing and can confirm that our gender pay gap this year has improved by 6.88% taking our mean (average) hourly pay gap to -5.86%.

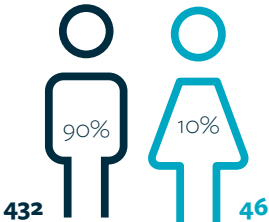
While this is an impressive improvement, we also need to acknowledge, that it is representative of workforce changes that have impacted the distribution of women in the organization and also the impact of pandemic related furlough on our reporting statistics.

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

Arconic UK (all sites)

Pay

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



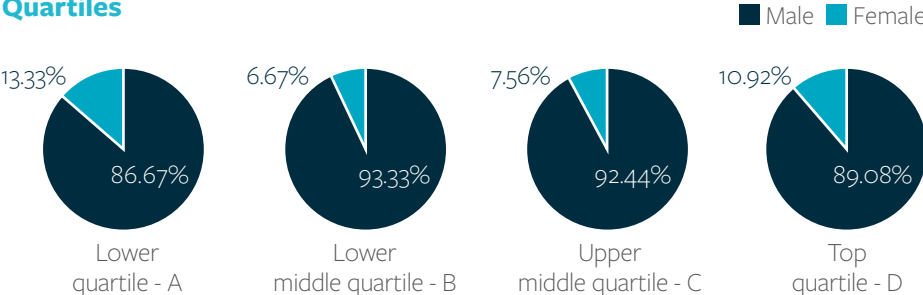
	Mean	Median	Difference £
Hourly Pay	-5.86%	4.82%	-1.07
Bonus	-2.95%	103%	-57.89

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*	15.4%
Manufacturing sector mean*	11.7%
Arconic UK mean	-5.86%
Arconic UK median	4.82%

* UK figures are from ONS, Manufacturing Sector Make UK and pay scales report

Understanding the gap

The composition of the workforce and the distribution across the quartiles is a significant factor to the overall gender pay gap which often indicates that 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 has the highest percentage for females but this has reduced in 2021 from 39% to 35%, while the upper quartiles had experienced an increase in the proportion of women, with the upper middle rising to 19.5% from 17.9 and the upper quartile rising from 25% to 28.26%.
- 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.
- The 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.

The Gap in Simple Terms
 For every £1 that our male employees earn, female employees earn £1.06 on average (mean) or £0.95 based on the median (middle figure).

Our figures

Arconic currently owns and operates two locations across the UK, and is reporting data on the following legal entities:

- Arconic Manufacturing (GB) Ltd
(Kitts Green, Rolled Products, Resource Units / Corporate functions)
- Kawneer UK Ltd
(Runcorn, Building and Construction Systems, not required to report data)

Note regarding the impact of the Global Pandemic:

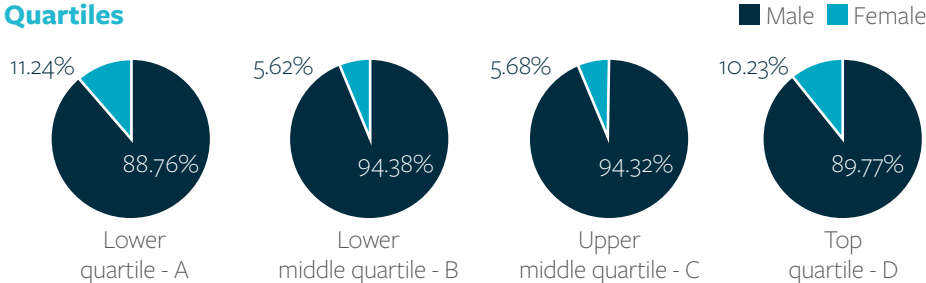
- The company did have to use the furlough programme to save jobs during the pandemic. The two companies' approach to furlough reflects the different commercial markets in which they operate.
- Employees furloughed have been excluded from the statistics.

Combined Arconic UK Mean Gender Pay Gap by Quartile

Group	Male	Mean Hourly Rate in Group	Female	Mean Hourly Rate in Group	Mean Gender Pay Gap	
					Difference -£	Difference -%
Lower Quartile	104	12.53	16	11.88	0.65	5.17%
Lower Middle Quartile	112	14.49	8	16.36	0.13	0.92%
Upper Middle Quartile	110	17.47	9	17.57	-0.10	-0.75%
Upper Quartile	106	28.30	13	32.42	-4.12	-14.57%
All Employees	432	18.16	46	19.23	-1.23	-5.86%

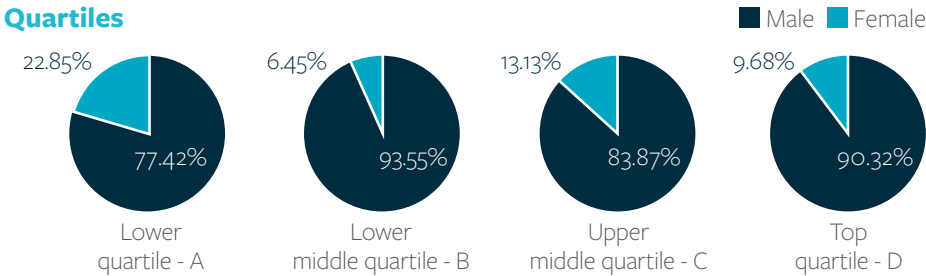
Arconic Manufacturing (GB) Ltd

Pay	Mean	Median
Hourly Pay	-14.54%	2.91%
Bonus	-25.3%	0.0%



Kawneer UK Ltd

Pay	Mean	Median
Hourly Pay	10.86%	12.19%
Bonus	-65.5%	26.2%



Other considerations

Analysis of the data demonstrates that the pay gap is largely due to the structure of our workforce, specifically the increased proportion of women in middle and upper quartiles. Women tend to be concentrated in our technical and higher paid specialist professionals within our businesses.

- The Mean Bonus Pay Gap which favours female employees is most likely due to the impact of individual bonus arrangements linked to grade, especially as higher bonus % are available in the higher grades of the organization, where there are small numbers of women which is reflected in the differing mean and median results overall.
- The manufacturing sector predominately requires employees to work shifts, 63% of our employees work set shift patterns, 94% 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.
- Year on year changes will be more marked due to a reduction in the footprint of Arconic Corporation in the UK, following a global demerger which was executed in April 2020.
- 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

Arconic is committed to grow stronger together. We cultivate an inclusive and diverse culture that advocates for equity.

- At Arconic, we value gender diversity, and we're working to make sure that women are empowered and able to thrive in our workplace and in our extended supply chains. UN Women and the UN Global Compact encourage business leaders to use seven principles as a guide for actions that advance and empower women in the workplace, marketplace and community. This partnership and the WEP assessment tool gave us valuable insights into our equality performance that translated into meaningful steps in our DEI roadmap and targets.
- Arconic's CEO has signed the CEO Action for Diversity & Inclusion™ pledge, the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. Nearly 2,000 CEOs across 85 industries are part of this initiative, which centers around four main pledge commitments including:
 - cultivating trusting workplaces that can have complex, and sometimes difficult conversations;
 - implementing or expanding unconscious bias education;
 - best and unsuccessful practice sharing and;
 - creating and sharing strategic inclusion and diversity plans with the board of directors.
- We aim to grow our talent pipeline through female apprentices and graduates, focusing our employer branding to appeal to all.
- We aim for 50:50 shortlists for all our professional level roles.
- We ensure we encourage career progression for all, encouraging women into leadership roles.
- We reward our people based on both their performance and individual contribution.
- We continue to build a workplace which is fair and equitable.

- We promote Employee Resource Groups (ERGs) within our organization to ensure everyone has a voice. Our 'Thrive' network in particular is focusing on shaping the future for women in Arconic, strengthening global networks and promoting inclusion and gender equity both through female as well as male members.
- We encourage more young females to embrace careers in science, technology, engineering and mathematics (STEM), continuing closely working with schools, universities and youth organisations through our Arconic Foundation and community activities.
- We train our leaders in the importance of inclusion and in particular their roles as Allies in supporting women in the workplace.

Final thoughts

Diversity and inclusion is a guiding principle in our business. Ensuring that everyone feels valued and recognized no matter their gender is critically important.

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

J. Wallace

Jim Wallace

Arconic Manufacturing (GB) Ltd

P. Randles

Phil Randles

Kawneer UK Ltd

CEO **ACT!ON** FOR
DIVERSITY & INCLUSION

thrive
ARCONIC WOMEN'S NETWORK

 **GROW TOGETHER**
ARCONIC INCLUSION AND DIVERSITY


**ARCONIC
FOUNDATION**