

# GENDER BALANCE AND PAY REPORT 2017

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# Committed to a diverse and inclusive workforce



*“Equality and diversity sit at the heart of our success. I firmly believe that organisations which reflect the diversity of all their stakeholders will earn the greatest respect.”*

Our Group purpose is to build better financial futures and we are proud of the role we play in doing this for all of our stakeholders.

Colleagues at Arrow Global have enabled us to be successful in our shared purpose and we are fully committed to fostering a truly diverse and inclusive culture. An environment where colleagues can be themselves, do their best work and have equal access to opportunities.

Arrow Global Group is committed to creating equality of opportunity regardless of gender, age, sexual orientation, ethnicity, socio-economic background and disability. This is a commitment that starts at the very top of our organisation and true to our values we are brave enough to challenge ourselves to be better and drive positive change.

**Lee Rochford, Group Chief Executive**

# Our commitment to building a diverse and inclusive workforce



We aim to create equality of opportunity regardless of gender, age, sexual orientation, ethnicity, socio-economic background and disability.

We believe at Arrow Global men and women across our organisation are paid equally for doing the same job and that we do not have equal pay issues. However, as our gender pay data shows, we still have more work to do to create further career opportunities so that women can continue to progress in the Group, and where we can address the gender balance at the top of the organisation.

Female representation is growing in Arrow Global, but we have proportionately more women than men in more junior roles, and proportionately more men in our senior leadership team. Almost the entire gender pay gap is attributable to this organisational profile, and our gender pay and bonus gaps reflect this.

We aim to change this and, through a range of initiatives and programmes that drive the necessary cultural change, we will continue to build an environment that supports and empowers women to succeed.

Addressing the gender pay gap will take time. Our determination and commitment to building a diverse and inclusive workforce is paramount. We are working hard to encourage an environment in which all colleagues have the opportunity to succeed and we are determined to make this happen.

# Measuring gender pay

Under the UK Government's new Gender Pay Regulations, employers in the UK with more than 250 employees must report their gender pay data.

## What is gender pay?

Gender pay shows the difference in the average pay of men and women across an organisation regardless of their roles or industry sectors. The statistics can be affected by a range of factors, including the different number of men and women across all roles right across the workforce.

Gender pay is different from equal pay. Equal pay legislation is about men and women receiving equal pay for the same jobs, similar jobs or work of equal value. We believe men and women across our organisation are paid equally for doing the same job.



## UNDER THE REGULATION THERE ARE TWO WAYS TO MEASURE THE PAY GAP

### 1. Median pay gap

The median represents the middle point of a population. If you lined up all of the women at a company and all of the men, the median pay gap is the difference between the hourly rate of pay for the middle woman compared to the hourly rate of pay for the middle man.



### 2. Mean pay gap

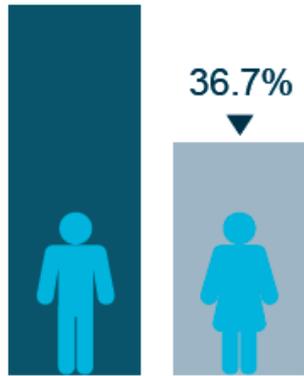
The mean gender pay gap is the difference between the average hourly rate of pay for women, compared to the average hourly rate of pay for men, within a company.



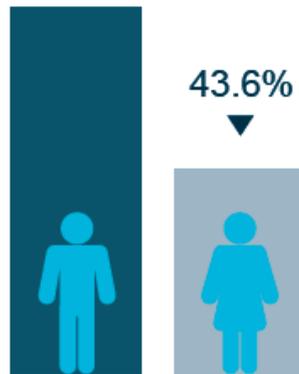
# Our Group gender balance and pay

Here is our Group gender pay figures. They reflect the gender profile of our workforce in all of our countries as at 5 April 2017. We have fewer women than men in senior management roles with higher salaries.

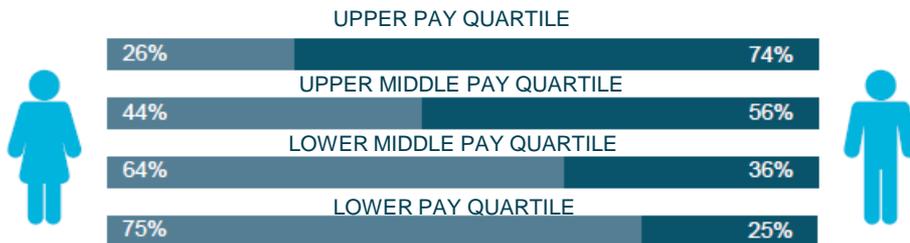
Median Hourly Rate pay gap



Mean Hourly Rate pay gap



Gender balance in each of the pay quartiles across the Group

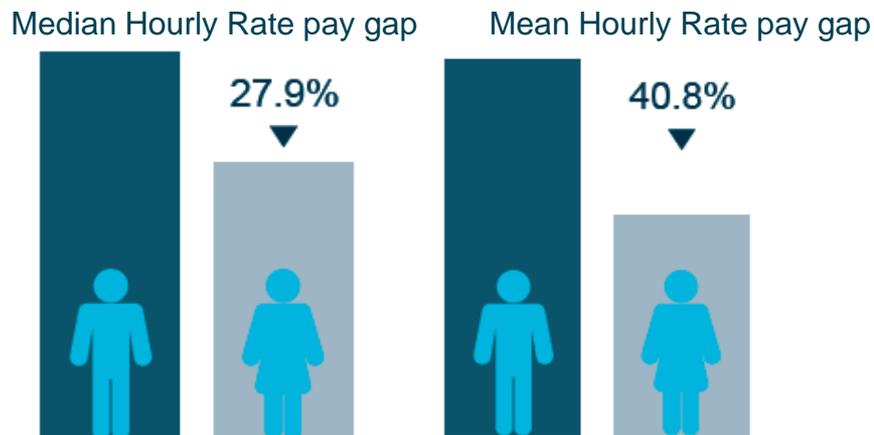


We have split our colleagues into four equal quartiles based on their average hourly rate of pay to show the gender distribution for each quartile across the Arrow Global Group as of 5 April 2017.

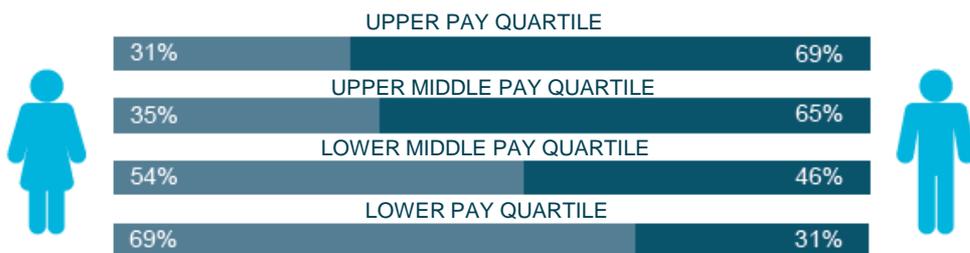
We have proportionally more women in our collections and support roles, which are reflected in the lower middle and lower quartiles. By contrast, the upper and upper middle quartiles show we have proportionally more men in senior management positions.

# Our UK gender balance and pay

Here is our UK gender pay figures. They reflect the gender profile of our UK workforce as at 5 April 2017. As is the position across the Group, in the UK we have fewer women than men in senior management roles with higher salaries.



Gender balance in each of the pay quartiles



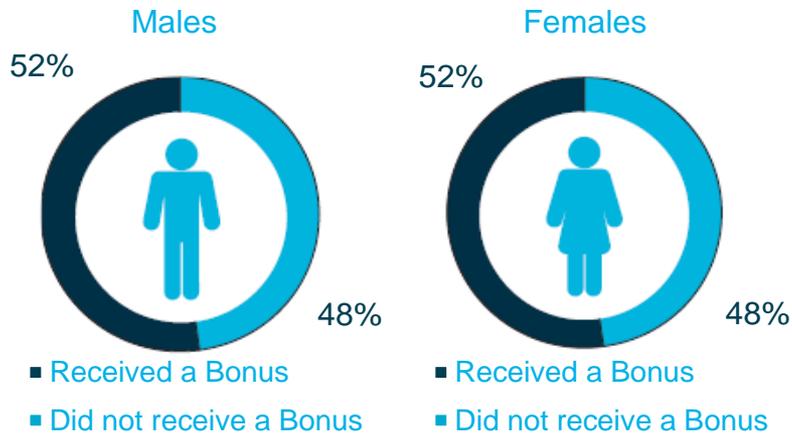
We have split our colleagues into four equal quartiles based on their average hourly rate of pay to show the gender distribution for each quartile across the UK workforce as of 5 April 2017.

We have proportionally more women in our collections and support roles, which are reflected in the lower middle and lower quartiles. By contrast, the upper and upper middle quartiles show we have proportionally more men in senior management positions.

# Our Group bonus

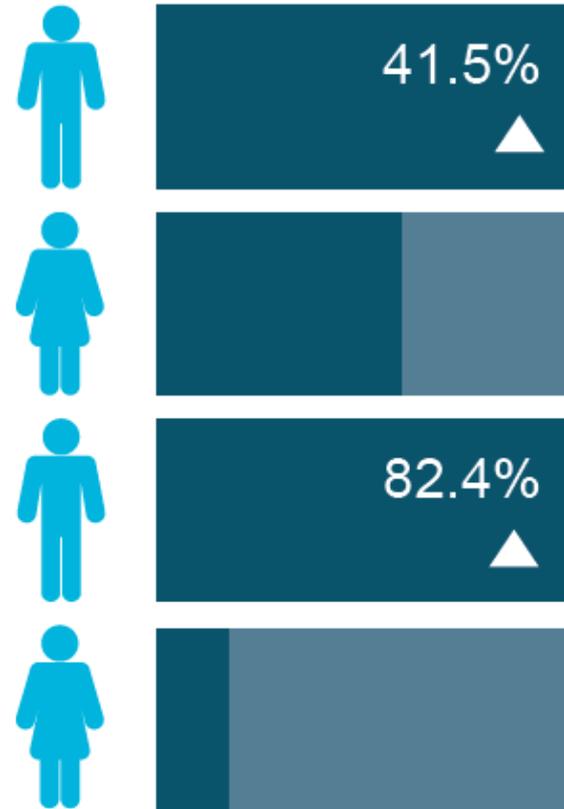
We're proud that colleagues at the same level have the same bonus opportunity. Our bonus gap is influenced by, currently, having more men than women in the most senior roles.

## Proportion of our men and women paid a bonus across the Group:



Bonuses refer to all bonus payments made to colleagues in the 12 month period prior to 5 April 2017.

Arrow Global's median bonus gap is 41.5%.  
Our mean bonus gap is 82.4%.

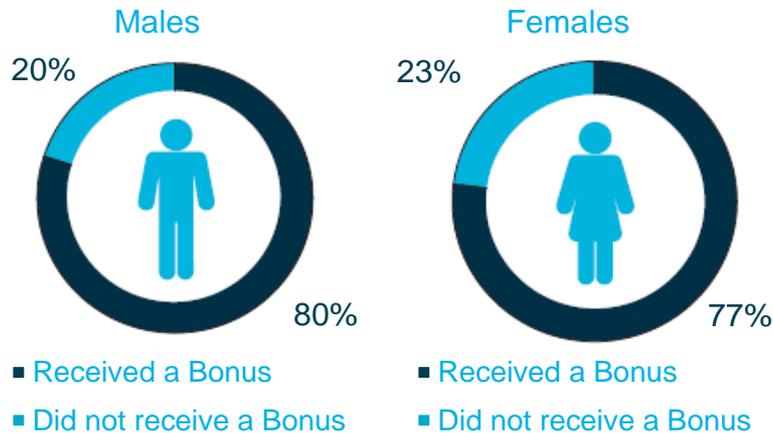


While the proportion of males in receipt of a bonus is the same as the proportion of females, our bonus data shows a significant gap because there are more males in our most senior roles earning higher salaries and bonuses, and significantly more females in less senior roles earning lower salaries and bonuses. There is, therefore, a significant overall lowering of the average female bonus in comparison to the male bonus.

# Our UK gender bonus

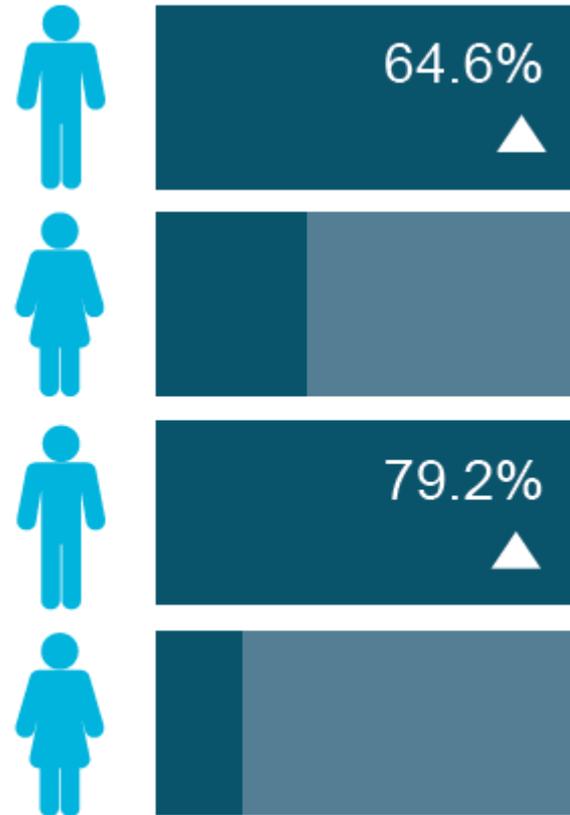
We're proud that colleagues at the same level have the same bonus opportunity. Our bonus gap is influenced by, currently, having more men than women in the most senior roles.

## Proportion of our men and women paid a bonus across the Group:



Bonuses refer to all bonus payments made to colleagues in the 12 month period prior to 5 April 2017.

Arrow Global's UK median bonus gap is 64.6%.  
Our mean bonus gap is 79.2%.



Our bonus data shows a significant gap because there are more males in our most senior roles earning higher salaries and bonuses, and significantly more females in less senior roles earning lower salaries and bonuses. There is, therefore, a significant overall lowering of the average female bonus in comparison to the male bonus.

## Taking action

We are already taking steps to close our gender balance and pay and to create a culture that all employees have a fair and equal opportunity to succeed at Arrow Global. Some of the steps are detailed below, and these will form part of our wider Diversity and Inclusion Group strategy currently in development.

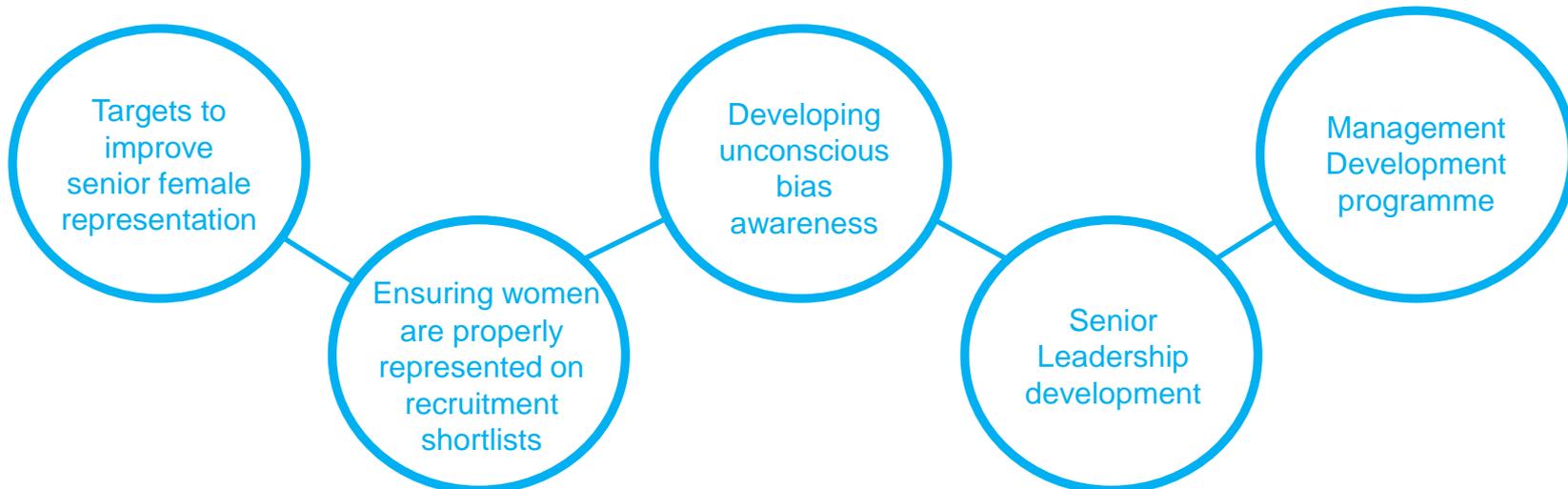
We want to focus on our pipeline of female talent and encourage more women to consider joining the Arrow Global Group.

I confirm the information in this report is accurate.



## Tracy French, Group HR Director

### Our key focus areas



# Taking action

## 1. Gender Diversity - Our Targets

We have set three targets to improve female representation. We are in the process of reviewing these targets, but they currently are:

1. A minimum 30% female representation at Group Board by the end of 2020
2. A minimum 30% female representation at Group Executive Committee by the end of 2020
3. A minimum 30% female representation at Senior Leadership level (Grade Translate) across the Group by the end of 2020

## 2. Candidate attraction & selection

We have a focus on short lists for all senior recruitment to ensure that, whilst processes remain meritocratic, women are properly represented. Over the past 12 months we have appointed a number of females into senior roles across the Group, which is moving us towards (and in some areas above) our specified targets. We now have:

1. 25% female representation at Board level
2. 25% female representation on the Group Excom
3. And in terms of the senior leadership level (Translate graded populations): we have 35% in the UK; 20% in Portugal; 40% in the Netherlands; and, 71% in Italy.

We are also planning to further enhance our careers website by adding a 'Women at Arrow' page to include case studies of colleagues from across the Group and showcase their success stories.

# Taking action

## 3. Developing unconscious bias awareness

We have incorporated unconscious bias training into the recruitment training in the UK and we are working with the wider Group HR team around how we roll this out across the Group. As a next step we are exploring how unconscious bias training can help individuals reflect on their behaviours and the impact this has on our ability to create an open, fair and inclusive workplace culture for all.

## 4. Senior Leadership Development

Since January 2017 and on a quarterly basis, a small number of colleagues at Translate and Guide levels across the Group identified as talent have been working through the 'Succeeding Together' programme. In addition, we have invested in an external coach and an external programme aimed at supporting women to get to Executive roles. Two of our female colleagues on the 'Succeeding Together' programme have moved into more senior roles.

## 5. Transparency in Management Development and Career Opportunities

We also have the Management & Leadership Development programme that covers a full range of management and leadership topics. We currently have 2 intakes working towards a professional qualification.

Work is currently underway to map out the variety of career development opportunities and learning options available for colleagues who are wishing to progress their careers at Arrow Global. Initially focused on the UK we will be looking to expand across the Group.

In the UK we also introduced internal Lean In Circles and these have been running with great success. Lean In Circles are small groups of women who meet regularly to learn and grow together.

# Taking action – Succeeding together and Lean In programmes

## Succeeding Together: Hannah Woodcock, Deputy General Counsel

The Succeeding Together programme gives participants insight into their strengths and development areas in preparation for further progression.

Hannah joined Arrow Global in 2012 as Legal Counsel. After 18 months, she was promoted to Senior Legal Counsel which included line management and the start of her wider leadership journey. Hannah has led on the legal aspects of transactions across the group including M&A activity, portfolio acquisitions, co-investment arrangements and servicing contracts. As a result, Hannah has gained a breadth of knowledge and experience of working across cultures and jurisdictions.

Hannah, along with other senior women in Arrow UK, joined the Women on Boards (WOB) group in 2016. WOB exists to provide information, encouragement and connections to help women get to the top within their own company or to take on a board or committee role as a non-executive director (NED), trustee or governor. After attending several WOB sessions, in November 2016, Hannah was successful in gaining a NED position with n-compass - a North West based charity whose mission is to make a positive difference and enhance life opportunities for adults and young people disadvantaged by disability, physical and mental illness, age or social exclusion.

Hannah was promoted to Deputy General Counsel in August 2017. In this new role, she has a broader remit including providing advice to the PLC board, greater involvement in the governance function, developing and embedding the strategy for the wider European legal team whilst also continuing to lead on certain transactions.

## Lean In

Inspired by Sheryl Sandberg, Founder of Lean In Foundation, Lean In Circles are small groups that meet on a regular basis to encourage and support each other in an atmosphere of confidentiality and trust.

Now running in Glasgow, Farnborough and Manchester, the agenda is set and run by the members and have proved to be a great success. Here's what members have said:

*"Lean in has helped me to identify my personal goals and also helped me to stay motivated in working towards these goals. I feel a great sense of achievement and it feels good to invest my time and energy in me!"*

*"I joined Lean in out of curiosity, since, that curiosity has grown into strength, self-worth/belief and confidence. I have learnt so much in what feels like such a short space of time, not just about myself but also about the strong women I'm very fortunate to learn from and work with."*

*"I love that Lean In doesn't just apply to work, I use the phrase 'lean in' in every part of my life now! I love that I trust all the ladies in our circle and we genuinely are all there for one another."*

Lean In circles are open to both men and women and while we have established these internally in the UK colleagues across the Group can access a range of external groups in 160 countries. <https://leanin.org/>