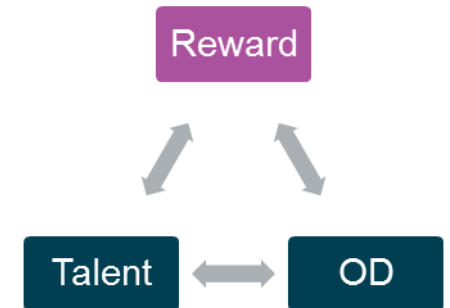




GENDER balance and PAY 2018 report



Committed to a diverse and inclusive workforce



“To enable our colleagues to succeed, we are fully committed to a truly inclusive environment, where colleagues from any background can be themselves, achieve great results and progress their careers.”

We have a core set of Group Values, which are focused on helping all of our customers and other stakeholders to ‘build better financial futures’.

Our colleagues provide the essential talent and energy to fulfil our purpose. We rely on them to deliver excellent customer service and outcomes. To help our colleagues succeed, we are fully committed to having an inclusive environment; one where colleagues from any background can achieve great results and progress their careers in line with their individual goals and aspirations.

As we explained in our report last year, this is a commitment that is prevalent at the top of our organisation and, true to our values, we will continue to challenge ourselves to be better and drive through positive change.

Clodagh Gunnigle
Group Chief Risk Officer &
Executive Gender Diversity Sponsor

Our colleague commitment

We would like every colleague at Arrow Global to have the opportunity to develop their career with us and fulfil their potential. Helped by our Group-wide culture, we want to give colleagues the flexibility, so they can accomplish the things that are important to them – both inside and outside of work.

Our belief is that a truly diverse workforce is critical to the continued success of our business and will be the key enabler to build a better financial future for our customers, employees, clients, shareholders and local communities.

This year is our second Gender Pay report and shows improvements to our pay gap, however, we know we have more work to do.

As we explained in last year's report, addressing the gender pay gap will take time, and we should not expect our gender pay gap to close in the short term; this is a process that will take some time to deliver, but we remain focused and committed.

Female representation at the top of our organisation continues to improve across Arrow Global, but we still have proportionately more women than men in junior roles, and proportionately more men in our senior positions.

We still have more work to do to create further career opportunities so that women can continue to progress their careers wherever they work in the Group.



A refresher – How we measure gender pay

Under the UK Government's Gender Pay Regulations, employers in the UK with 250 or more 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 REGULATIONSTHERE 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.



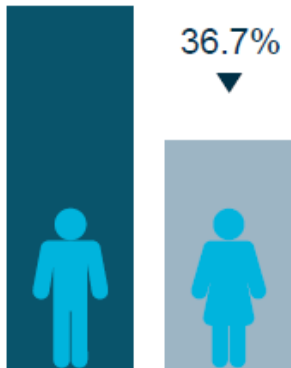
2. Mean pay gap

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.

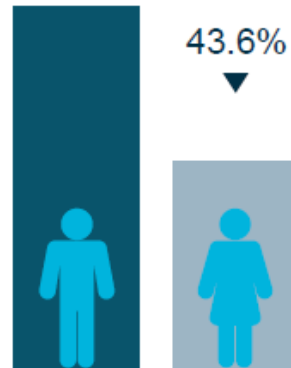


Our Group gender balance and pay

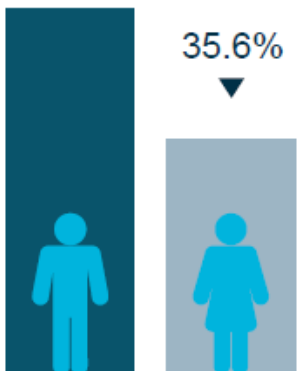
2017 Median Hourly Rate pay gap



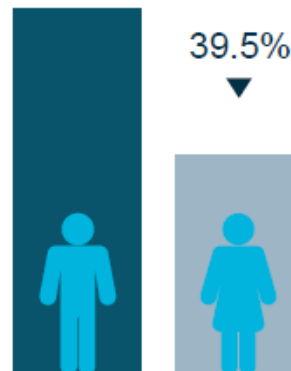
2017 Mean Hourly Rate pay gap



2018 Median Hourly Rate pay gap



2018 Mean Hourly Rate pay gap



Here are our Group gender pay figures. The charts reflect the gender profile of our workforce in all of our countries. Consistent with the wider Financial Services sector, and as you might expect, Arrow is no different to having fewer women than men in senior management roles. However, we are working hard to address this.

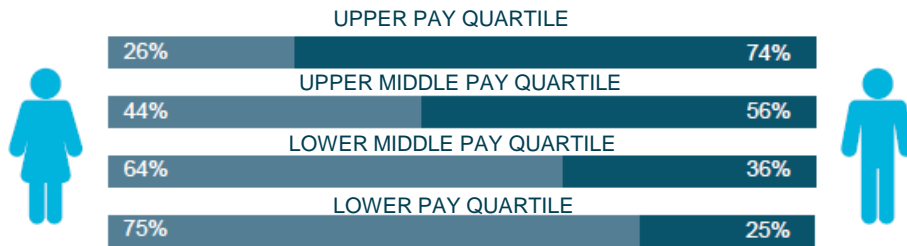
Our pay balance across the Group is result of the demographic of our workforce. Our analysis shows we have an overrepresentation of male colleagues in the most senior global roles in the organisation. In these roles, salaries and bonus outturns are higher, which directly contributes to our pay and bonus differences. As previously stated, the high proportion of males in senior roles mirrors that of the wider financial services industry.

When comparing our April 2017 pay data with April 2018, we can see there is a positive change taking place. This will have been driven by initiatives that were put in place prior to the first Gender Pay Reporting requirement, published in April 2018.

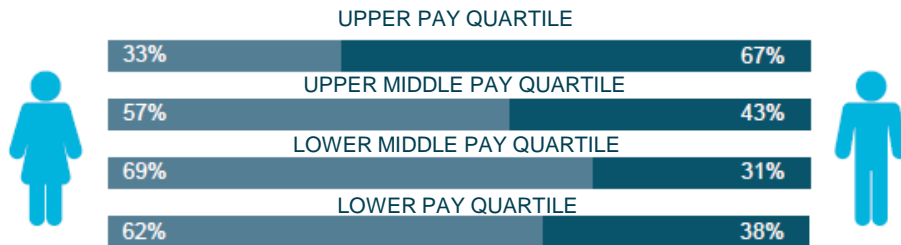
The targets set for female representation at a Leadership level and the significant focus on recruitment shortlists, is helping to ensure that females are properly represented and will have positively impacted the 2018 results.

Our Group gender balance and pay continued

Gender balance in each of the pay quartiles across the Group in April 2017



Gender balance in each of the pay quartiles across the Group in April 2018



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.

Consistent with last year, 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.

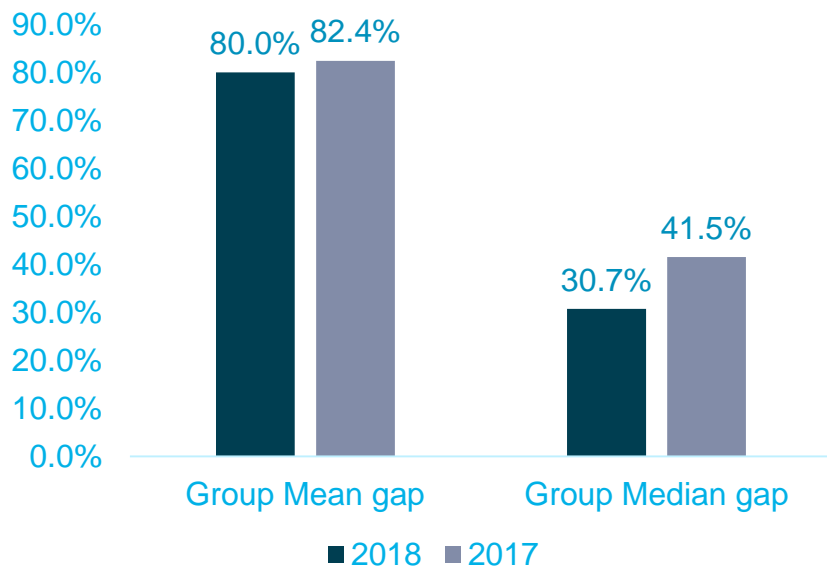
Female representation at the top of our organisation is improving across Arrow Global, there is however more work to do to address the balance.

Our Group bonus

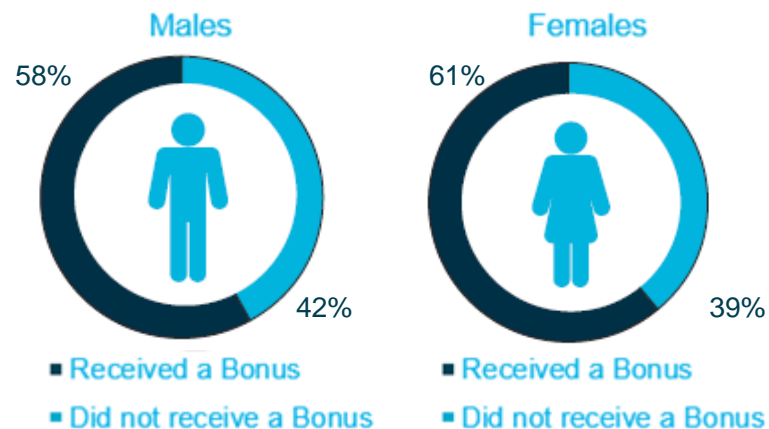
Our bonus gap is influenced by, having more men than women in the most senior roles.

In 2017 Arrow Global's median bonus gap was 41.5%.
Our mean bonus gap was 82.4%.

In 2018 Arrow Global's median bonus gap was 30.7%.
Our mean bonus gap was 80.0%.



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



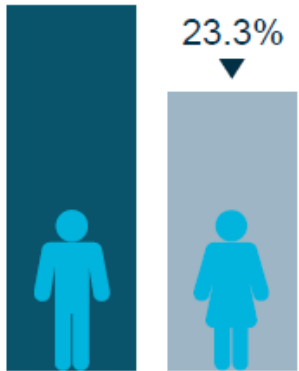
While the proportion of males in receipt of a bonus is similar to the proportion of females, our bonus data shows a significant gap because there are more males in our most senior roles earning higher salaries and bonuses, and significantly more females in less senior roles earning lower salaries and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

UK Summary

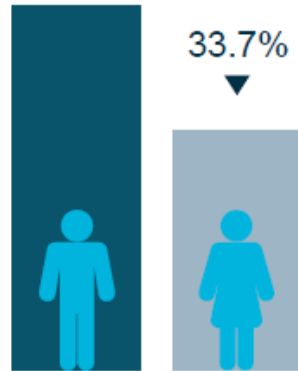
Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees.

Arrow Global's UK gender figures will be available on the UK Government website on 4 April 2019.

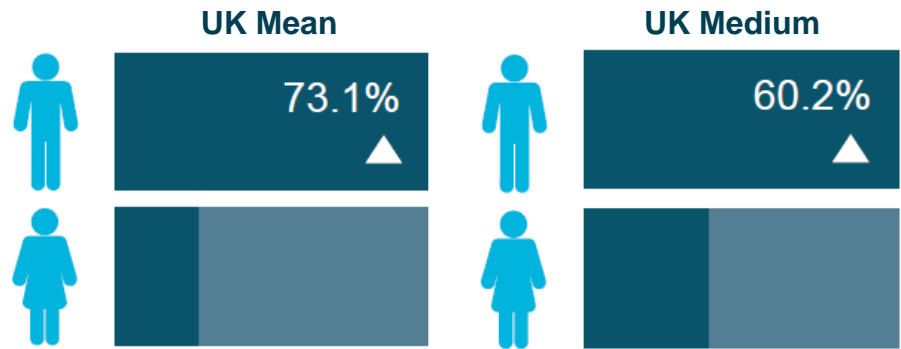
2018 Median Hourly Rate pay gap



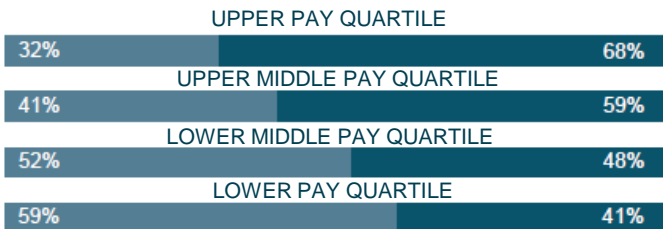
2018 Mean Hourly Rate pay gap



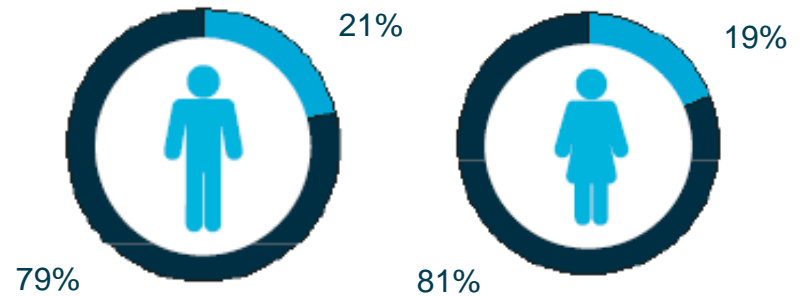
2018 Bonus pay gap



Gender balance in each of the pay quartiles in April 2018



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



- Received a Bonus
- Did not receive a Bonus

Our journey so far

Although we have seen some improvements in our data year on year, we shouldn't draw conclusions about the impact of our interventions included in last year's report just yet.

Reflecting on progress to date, I am proud of our pipeline of female talent across the Group. Our talent/development programmes are helping to develop future female leaders and this is a good opportunity to share our most recent successes.

From an internal progression perspective, we have seen Hannah Woodcock promoted to Deputy General Counsel and Adelle Smith promoted to Head of Operations. We have also recruited exceptional talent across the Group, most recently Jostal Schalkwijk, Director of Secured Financial and Caroline Richardson, Group Finance and Transformation Director.

From an external perspective, I am delighted for Rachel Hopkins, Adelle Smith and Trudi Woodier, all shortlisted in the Women in Credit awards this year. A fantastic piece of recognition for their great work delivered.

We will continue to focus on our pipeline of female talent and encourage more women to join us at Arrow Global.

I confirm the information in this report is accurate.



Tracy French, Group HR Director

Our Gender Diversity Journey

2018 'One Arrow' agenda has focussed on leadership alignment, collaboration and challenging mindsets

1. Senior Leadership Development

In March 2018, we invested in an externally led, top-down leadership and business alignment development programme. Titled DIPS (Define, Insight, Practice, Sustain) the 12-month programme enables intact senior teams to challenge thinking, shift habits and understand how mindset drives behaviours and therefore results. It provides a common language and encourages diversity of thinking. We have upskilled six internal senior female colleagues to deliver the programme across the Arrow Group – 50% HR colleagues and 50% from the business. To date, 73 of our senior leaders have participated and the programme will continue during 2019/2020.

2. Culture Steering Group (CSG)

In 2017, we stated our intention to create a culture that all employees have a fair and equal opportunity to succeed at Arrow Global. In 2019 we will define and launch a culture statement as well as establishing a CSG. Chaired by the Group CEO, the CSG will be responsible for ensuring alignment of the culture programme to our business strategy, be the central focus for all cultural activity including diversity and inclusion, provide oversight of an effective DIPS programme and have oversight of the execution and alignment of our systems and practices.

To support this, we will create a Diversity working group (DWG) with representatives from across the Group. The Group will agree and monitor the application of a Diversity and Inclusion strategy and policy, and review performance in relation to Financial Reporting Council targets.

Our Gender Diversity Journey

3. Transparency in Management Development

Launched in 2017 we have continued with our Management and Leadership Development programme that covers a full range of management and leadership topics. Our first group successfully completed their ILM Diploma in November 2018 with 60% of the attendee female. Following this inaugural success, we have launched two follow-up development programmes both of which have a 50% female representation. However, irrespective of gender, we encourage all our colleagues to develop their careers and stretch themselves professionally with Arrow Global.

4. International Women's Day

With the success of our Lean In circles in the UK, we are now introducing these into other countries. Further to this, and building on last years' IWD guest speaker we invited Dr Becky Quicke, a consultant clinical psychologist, to speak this year about 'Letting go of self-doubt and the imposter syndrome'. The session was broadcast to colleagues across the Group. We also made the session available on demand to those colleagues who were unable to attend.

5. Gender Diversity – Our targets

In 2017, we set ourselves the following targets

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

We have continued to focus on short lists for all senior recruitment to ensure that, whilst processes remain meritocratic, women are properly represented. As of 1 March 2019 our representation was:

1. 25% female representation at Board level
2. 29% female representation on the Group Excom
3. At a senior leadership level (Translate graded population) we have 38% in the UK; 33% in Portugal; 50% in the Netherlands; and, 8% in Italy

My Arrow Global Story

Ellen van Ginkel

I joined Arrow in October 2017, when I became Chief Operating Officer of the subsidiary Vesting Finance in the Netherlands.

I was asked to manage the migration of four operational units across the country to one location in Amersfoort. This was a hugely exciting opportunity, being faced with different ways of working, different mindsets and a plethora of different processes.

Given the challenge, I introduced a lean program for operations. With a clear vision, I invited colleagues to join the journey, asking them to come outside their comfort zone and share their knowledge and ideas for business improvement.

This lean program has resulted in a well organised, more efficient operation. With standardised processes, supportive managers, and one golden thread of culture running from the Arrow Global Group through our site in Amersfoort.

With my huge aspirations on one hand, and a beautiful family; two young children (Hugo and Katie) on the other hand, Arrow Global has supported me in finding a good balance between my work and my family.

I am now 18 months into my Arrow Global journey and I am proud that as an organisation we fully recognise the need to create the right balance. This will ensure that we retain and recruit the best talent into our business.

Kavita Gupta

I joined Arrow Global in 2014 as Senior Account Manager for the student loan portfolio.

Since then I have held numerous positions across the Arrow Global Group, supporting teams to implement their strategy in the UK, Ireland, the Netherlands and Portugal.

In 2017, I was promoted to Change and Implementation Director for Whitestar in Portugal, joining their executive committee.

In 2018, I returned to the UK to develop and implement Arrow Global's Remediation strategy, rolling this out across our geographies.

I am currently responsible for developing and implementing Arrow Global's lean programme and am involved in rolling out the leadership development programme across the Group.

Through my time at Arrow, I have had a number of great opportunities. Each of these have enabled me to work across multiple geographies and teams, developing my knowledge and insight into strategy and culture.