

2021 GENDER PAY GAP REPORT

The UK Government Equalities Office requires UK employers with 250 or more employees to publish certain information in respect of their gender pay gap. Newton Investment Management welcomes initiatives that encourage greater diversity in the workplace. Below is our fifth report, covering the year to 5 April 2021.

THE GENDER PAY GAP IS A MEASURE OF THE DIFFERENCE BETWEEN THE AVERAGE (OR MEDIAN) EARNINGS OF MEN AND WOMEN.

GENDER PAY VERSUS EQUAL PAY

It is important to recognise that measuring a gender pay gap is not the same as measuring equal pay. Equal pay means men and women being paid the same for the same/similar work, and Newton conducts regular and consistent reviews of pay levels across all comparable roles in the business to ensure that men and women with similar levels of experience and skill are paid equally for doing equivalent jobs.

Newton's gender pay and bonus gap at 5 April 2021

	Mean		Median	
	2021	2020	2021	2020
Base salary pay gap	31%	26%	35%	36%
Bonus pay	51%	34%	64%	64%

Difference in mean and median pay and bonus between male and female employees.

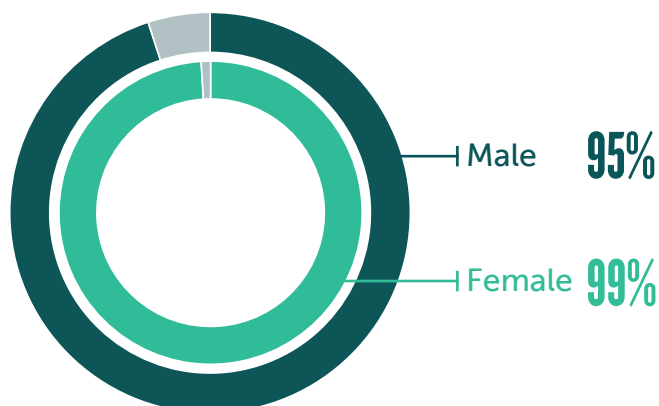
Salary: There was an increase of 5% for the mean salary figures in the 12 months to April 2021, while the median salary gap figure narrowed slightly by 1%. While the upper-quartile female and male salary populations remained relatively stable, what is apparent is the loss of a female CEO, albeit to a promotion within Newton's parent company BNY Mellon Investment Management. There was a slight change in the proportion of women in the upper-middle pay quartile (23%,

down from 29% in 2020) versus men (77%, up from 71% in 2021) and this also contributed to the increase. There was greater movement in the upper-middle pay quartile, where the number of women in the group reduced by 29% while the number of males rose by 6%. The number of females in the lower-quartile pay group increased marginally between 2020 and 2021, while the number of males in this group fell slightly, further affecting the overall numbers.

Bonus: Our bonus pay gap is influenced by a number of women occupying part-time roles whose incentives are paid on a pro-rated basis. There was a 17% widening in the mean bonus pay gap in the year to April 2021, which increased from 34% to 51%, while the median bonus pay gap remained the same. While the number of women within the upper quartile for bonuses fell by just one, there was a more significant shift in the upper-middle quartile range where the number of female employees dropped versus an increase in male employees.

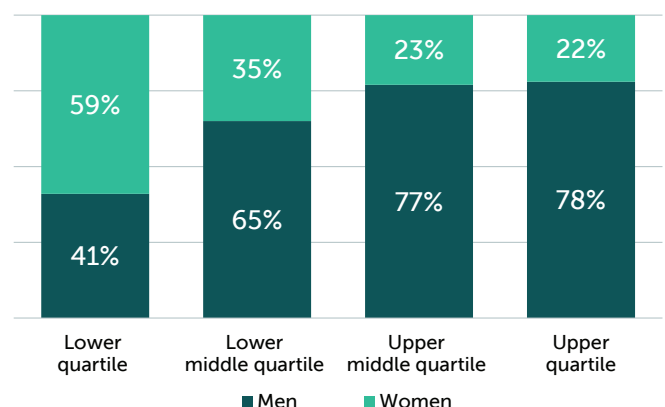
It is worth noting that Newton's reportable population only marginally exceeds the minimum of 250 employees required for gender pay gap reporting. It is known that, at this size, small changes in the data can have a noticeable impact on results.

PROPORTION OF EMPLOYEES RECEIVING A BONUS BY GENDER



GENDER DISTRIBUTION BY PAY QUARTILE

The proportion of men and women in each pay quartile was as follows:



ADDRESSING THE PAY GAP

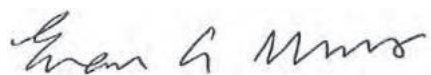
The pay gap is likely to persist until there is a more balanced representation of men and women at every level in the organisation, but particularly at more senior levels, where the potential bonus award is greater. Ensuring diverse senior leadership depends upon having diverse talent pipelines, from graduates through to the boardroom, and we are committed to implementing effective succession planning to promote more women from within the business wherever possible.

At Newton, we continue to make efforts to tackle diversity within our workplace, but we are also looking at ways of ensuring not only that we attract more talented female professionals to our industry, but that they stay in our industry and maximise their career opportunities. Bringing about such balance will take time, but it will help to narrow and ultimately close the current pay gap. Some of the continuing initiatives we are undertaking to address this are outlined below:

- We believe that it is imperative to build diverse teams, and, consequently, Newton's recruitment policy has been transformed over the last two years. This has included increasing the diversity of interview panels; the incorporation of a 50% female target for EMEA hires; the incorporation of diversity and inclusion questions in interview questions; final candidate slates for all open positions being minimum 50% female and/or ethnically/racially diverse; using blind CVs; the introduction of unconscious bias training for managers; and investment in a platform which champions women and broader diversity in the workplace to support and enhance our sourcing of diverse talent.
- We offer our employees maternity, adoption and shared parental leave (26 weeks' full salary pay) and we support working parents through family-friendly policies, an online parental leave toolkit, a parental buddy programme, and a programme that supports parents currently on, or recently returned from, parental leave.
- We continue to leverage technology to improve connectivity and digital collaboration with clients and colleagues, enabling employees to work flexibly. We appreciate this is key to attracting talent to our company.
- Alongside our parent company BNY Mellon, we are a partner with the Diversity Project, and members of a group of investment industry stakeholders focused on the topic of performance continuity. This latter initiative, which was launched at an event hosted by us in late 2019, provided best practices that could help address the impact that the loss of performance continuity through taking a leave of absence, often for caring reasons, can have on a career.
- As signatories of [HM Treasury's UK Women in Finance Charter](#) since 2016, we remain committed to championing industry-wide gender diversity transformation. We also actively promote diversity across the financial services industry through best practice sharing and peer collaboration forums.

As part of our unwavering commitment to responsible investment, we continue to make gender equality a priority at Newton. Meaningful change takes time, but we are confident that we are putting positive steps in place to close the gap.

I confirm the data reported is accurate.



Euan Munro
CEO, Newton Investment Management



Important Information

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