

2023 GENDER PAY GAP REPORT

Newton is a global investment management firm with offices in London, New York, Boston, San Francisco and Tokyo. The UK Government Equalities Office requires UK employers with 250 or more employees to publish certain information in respect of their gender pay gap. Below is our seventh report, covering the year to 5 April 2023. These figures focus solely on the UK branch of our business.

GENDER PAY VERSUS EQUAL PAY

It is important to recognise that measuring the gender pay gap is not the same as measuring equal pay, but the difference between the average pay of all men compared to the average pay of all women in an organisation. Newton does not pay men and women differently for the same role, but in the 2022/23 reporting year we did have more men than women in UK-based senior positions, resulting in a gender pay gap for the year ending 5 April 2023.

At Newton, we strive for a culture that embodies the promotion of belonging and inclusion. We believe the best teams should foster different perspectives and schools of thought, with room for sharing and challenging one another in an open and inclusive environment. With these teams, we believe we will be better equipped to navigate today's market environment on behalf of all our clients. In an industry undergoing significant evolution, we harness as many opportunities as we can to create an equitable and balanced environment for all.

Newton's gender pay and bonus gap at 5 April 2023

	Mean		Median	
	2023	2022	2023	2022
Base salary pay gap	31%	33%	34%	38%
Bonus pay	54%	56%	49%	60%

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

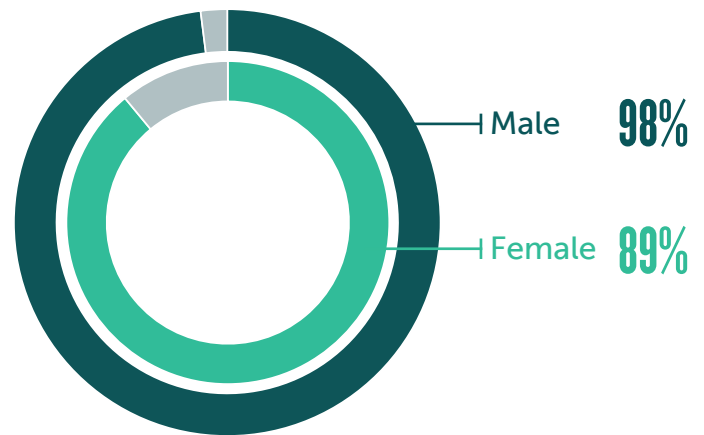
Salary: In the year to April 2023, the mean salary gender pay gap decreased by two percentage points. The median salary gap decreased by four percentage points.

Looking deeper into the data, we saw progress during the reporting period in the upper pay quartile, with an increase of four percentage points in the proportion of this group that is female (21% to 25%). In the upper-mid salary quartile, the number of women is less than a quarter of the total Newton employee population, which has a meaningful impact on the mean figures.

Bonus: During the same reporting period, bonus figures show that the median gap has decreased by 11 percentage points and the mean gap has also decreased by two percentage points. Women represent 38% of Newton's UK-based bonus population and 28% of the upper two quartiles (an increase on the 2022 data), which is reflected in the bonus gap. These improved year-on-year figures reflect the movement of women into the upper pay quartile groups over the reporting period.

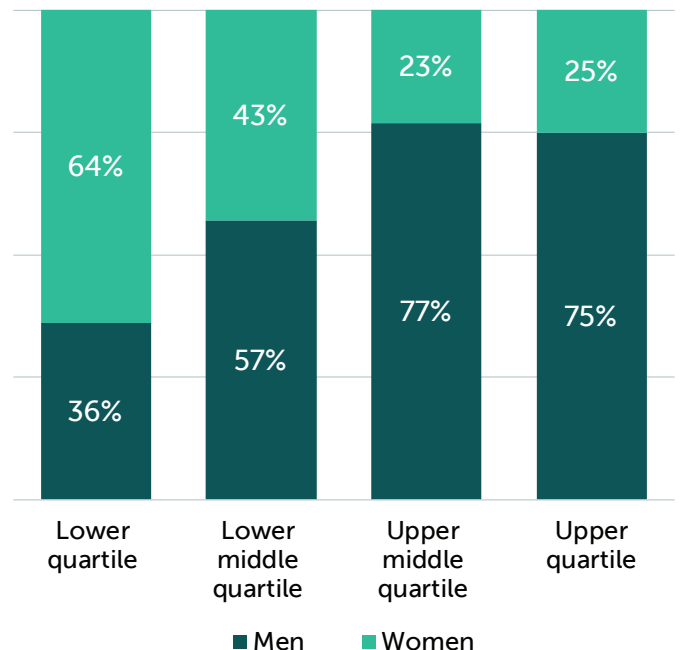
Our bonus (and salary) pay gap is also influenced by the fact that more women than men during the reporting period occupy part-time roles, where incentives are paid on a pro-rated basis. At Newton, 5% of the total UK workforce are part time and 94% of these are women.

PROPORTION OF UK 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

As an asset manager, we recognise the vital role we play in closing the gender pay gap, directly through the standards we set with our own workforce and as investors on behalf of our clients.

Although our figures show signs of progress, we acknowledge that a long-term and unfaltering commitment is required to address the systemic challenges. At Newton, for the reporting period, we have a higher proportion of men than women in senior roles. This is the norm across the asset management industry, and affects somewhat the ability of any one manager to effect change.

Industry wide, the gender parity challenge persists, and the latest 2023 [Citywire Alpha Female Report](#) revealed that across the UK, only 12.1% of portfolio managers are women. At Newton, 18% of our portfolio managers are female.

Until there is a more equivalent balance of women to men in roles at all levels, the gender gap will continue. We play an active role in industry initiatives such as the [30% Club](#), a global campaign to increase gender diversity at board and senior management levels of the world's biggest companies. Newton was an early supporter of the campaign's goals and helped encourage many chairs of Britain's biggest companies to commit to the initial target of 30% women on their boards. This campaign is led by Hanneke Smits, Global Head of Investment Management at BNY Mellon and former CEO of Newton.

DIVERSE TALENT AT NEWTON

We are dedicated to creating conditions to attract, retain and cultivate diverse talent. We strive to provide a nurturing environment where all employees have equal opportunities to succeed.

Newton's recruitment

Our hiring practices ensure that we include a diverse selection of candidates based on gender, ethnicity, and race for all open roles. To encourage this, we offer unconscious bias training for managers. We have a leadership development programme, sponsored by our executive management committee, to support our future leaders and offer mentoring for diverse high-potential employees.

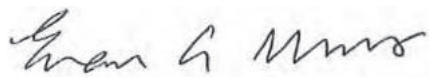
Partnerships

- Diversity Project:
 - We work in partnership with the Diversity Project, an initiative which champions a diverse, equitable and inclusive finance industry. We look to hire through the project's 'Return to Work' programme, which links finance professionals looking for a way back into the industry after a career break. 'Returners' are considered those who have had a career break of at least 18 months for several reasons, including having children.
 - We are participants in the project's Pathway ('Future Female Portfolio Manager') programme, an industry-wide effort to address the under-representation of women in portfolio management, which aims to help more women succeed in a career in portfolio management by putting an emphasis on the skills needed beyond technical competence.
 - We are members of a group of investment industry stakeholders focused on the topic of performance continuity within investment management. We previously worked with the Diversity Project to launch guidance titled *Addressing Barriers to Diversity in Portfolio Management: Performance Continuity & Turnover*. This provides 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 an investment career.
- The Return Hub:
 - We work with The Return Hub, a financial services executive search and advisory firm designed to fill a significant gap in the recruitment market. The company seeks to place professionals back into mid and senior-level roles after a career break or career change, or when they have returned to a role beneath their potential.
- Employee initiatives:
 - We offer our employees market-leading 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 enable employees to work flexibly in most roles. We leverage technology to improve connectivity and digital collaboration with clients and colleagues, and believe this is key to attracting talent to our company.
- Women in Finance Charter:
 - As signatories of HM Treasury's UK Women in Finance Charter since 2016, we remain committed to championing industry-wide gender diversity transformation, and continue to drive accountability against our set goals. We actively promote diversity across the financial services industry through thought leadership, best practice sharing and peer collaboration forums.

Developing a more diverse workforce ensures that our business is more reflective of society as a whole. While we acknowledge it will take time to close the gap, we believe we are making deliberate, consistent and sustainable progress to increase female representation at all levels.

Newton's core values are intrinsically based on diversity and inclusivity, which has made us a company where employees feel valued and proud to work. As investors, we also hold our investee companies to high standards when it comes to diversity, equity and inclusion, so it is only right that we embody these same principles ourselves.

I confirm the data reported is accurate.



Euan Munro

CEO, Newton Investment Management

Notes:

1. 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. These figures should be viewed within the context of the UK part of Newton's business only.



Important Information

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