

2017 GENDER PAY GAP REPORT

The UK Government Equalities Office has introduced legislation which, as of 4 April 2018, requires employers with 250 or more UK employees to publish certain information in respect of their gender pay gap.

Newton Investment Management welcomes initiatives that encourage greater diversity in the workplace.

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 April 2017

	Mean	Median
Base salary pay gap	18%	20%
Bonus pay	48%	57%

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

Our gender pay gap reflects an overall gender split of 66% men to 34% women, with a higher proportion of men in senior higher-paid roles. The relatively small size of our workforce exacerbates this characteristic.

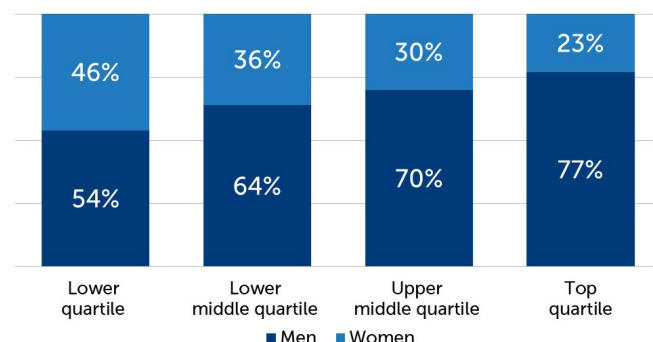
Our bonus pay gap is influenced by a number of women occupying part time roles whose incentives are paid on a pro-rated basis.

PROPORTION OF EMPLOYEES RECEIVING AN INCENTIVE AWARD



All employees are eligible for our incentive programmes, and we actively monitor and review decisions made in our annual pay-for-performance cycle.

GENDER DISTRIBUTION BY PAY QUARTILE



The above graph shows the gender distribution across our population split into four quartiles of equal size.

ADDRESSING THE PAY GAP

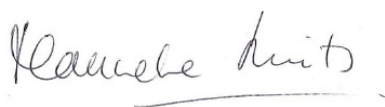
The pay gap is likely to persist until there is a more balanced representation of men and women at every level in the organisation, but particularly at more senior levels. Ensuring diverse senior leadership depends upon having diverse talent pipelines, from graduates through to the boardroom. At Newton, we are making 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 such balance about will take time, but it will help close the current pay gap.

Some of the initiatives we are undertaking to address this are outlined below:

- We are working with our recruitment partners to ensure balanced shortlists of candidates.
- Working with BNY Mellon, we signed the UK HM Treasury's Women in Finance Charter in July 2016, which supports the progression of women into senior roles in the financial services sector.
- We are forming a Diversity and Inclusion Committee, which will expand upon the remit of our women's initiative.
- Our compensation committee is governed by an independent non-executive board director.
- We recently introduced an inclusive leadership training course for managers which explores unconscious bias and the behaviours managers should embody to develop an inclusive working environment.
- We encourage flexible working arrangements.

In the spirit of our leading position within the responsible investment industry, we have recently engaged our responsible investment team to undertake an environmental, social and governance (ESG) audit of our own business. We will use its findings to ensure that we are taking all reasonable steps to ensure we act responsibly, including in the important area of gender pay.

I confirm the data reported is accurate.



Hanneke Smits

CEO, Newton Investment Management

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