

2022 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 (Newton) welcomes initiatives that encourage greater diversity in the workplace. Below is our sixth report, covering the year to 5 April 2022.

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. Newton does not pay men and women differently for the same role, but we do have more men in senior positions and so are focused on clearing the pathway for women to occupy more senior roles at Newton and in our industry.

Newton's gender pay and bonus gap at 5 April 2022

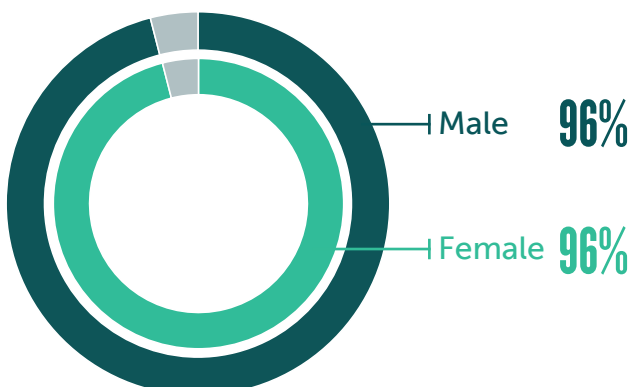
	Mean		Median	
	2022	2021	2022	2021
Base salary pay gap	33%	31%	38%	35%
Bonus pay	56%	51%	60%	64%

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

Salary: There was an increase of 2% for the mean salary figures in the twelve months to April 2022 and a 3% increase in the median figure. While the number of women in the upper-quartile salary segment has remained unchanged over the twelve months, four upper-quartile women left the company, and these roles were filled by two new hires and two women who were promoted internally. The increase in the gap can be explained by the number of male incumbents in the upper-quartile population increasing by 7%, which included Newton's new CEO.

Across both the upper and upper-middle salary quartiles, the number of women is less than a quarter of the total Newton

PROPORTION OF EMPLOYEES RECEIVING A BONUS BY GENDER



employee population, which has a meaningful impact on the mean figures. In addition, in the two lower salary quartiles, there was an overall decrease in the male population of 5%, while the female population increased by 13%, with the overall number of women in these groups increasing from 48% to 52%. Overall, women account for 37% of the total Newton population.

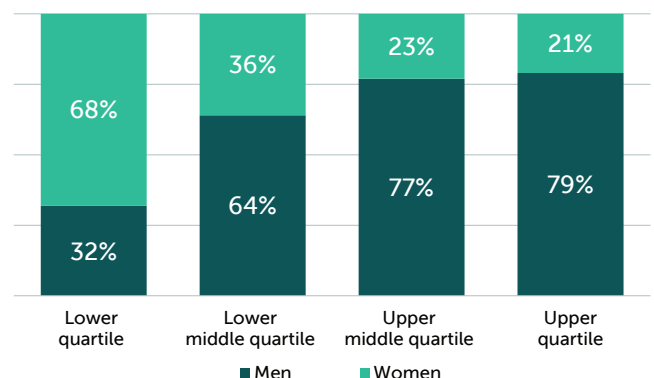
Bonus: There has also been an increase in the mean bonus pay gap of 5%, while the median bonus figure has decreased from 64% to 60%. The overall decrease in the female population, though relatively small, is most noticeable at the two mid quartiles in comparison to no movement in the male population of the two mid quartiles. This has affected the mean bonus gap for this time period. As noted above, the 7% increase in the male population in the upper quartile also affected the mean bonus gap.

Women represent 37% of the overall bonus population and 25% of the two upper quartiles (up from 24% in 2021) which is reflected in the overall bonus gap. Our bonus (and salary) pay gap is also influenced by the fact that more women than men occupy part-time roles, where incentives are paid on a pro-rated basis. Some 9% of the total workforce are part time, and 92% of these are women.

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.

GENDER DISTRIBUTION BY PAY QUARTILE

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



ADDRESSING THE PAY GAP

The last twelve months were a period of strategic transformation at Newton. In partnership with our parent company BNY Mellon Investment Management, we completed the transition of the former Mellon Investments Corporation's specialist multi-asset and equity capabilities and strengthened our research platforms and global reach to become a \$100.3 billion global investment firm (as at December 2022).

During this period of expansion at Newton, our global headcount increased by 22%, and our UK headcount by 4%. To support this growth, we sought to hire diverse candidates within a highly competitive market, including working alongside Sapphire Partners, a recruitment search firm that helps to find and attract diverse candidates at executive level to ensure diversity among senior-level job applicants.

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

Certainly, the magnitude of the gender parity challenge within the asset management industry cannot be underestimated. Figures from the latest [Citywire Alpha Female Report](#) revealed that currently only 12% of fund managers in the UK are women, with a 42% turnover rate, in comparison to a 28% turnover for men.

We recognise that it is crucial that we play our part in making efforts to tackle the diversity challenge facing the asset management industry, and within our workplace. We are looking at ways to ensure that we can attract more female professionals to our industry, and to create the conditions to enable them to stay in the industry to maximise their career opportunities wherever possible.

Some of the initiatives we undertake to attract and retain a diverse pool of employees are listed below.

Newton's recruitment

Newton's recruitment policy continues to strive to create a more diverse workforce. This includes diverse interview panels; a 50% female target for EMEA hires; diversity and inclusion questions in interview questions; final candidate slates for all open positions being minimum 50% female and/or ethnically/racially diverse; 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 have an annual **summer internship programme**, welcoming a new pool of high-potential students from a variety of backgrounds with a rewarding internship experience as well as an inside look into what it is like to work for a global financial services organisation to gain real-world experiences.

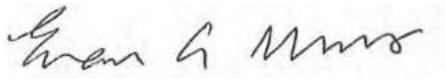
Partnerships

- Diversity Project:
 - We work in partnership with the Diversity Project, an initiative which champions a diverse, equitable and inclusive finance industry. We hired 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. You can read more about this programme from a Newton employee hired through the programme, who was recently profiled on [Ignites Europe](#).
 - We are participants in the project's 'Future Fund Manager' programme, an industry wide effort to address the under-representation of women in fund management, which aims to help more women succeed in a career in fund management by putting an emphasis on the skills needed beyond technical competence. This year two Newton females took part in the programme, and our resources contributed to the curriculum design.
 - We are members of a group of investment industry stakeholders focused on the topic of performance continuity within investment management. In 2019, we hosted an event to launch new guidance from industry stakeholders, entitled *Addressing Barriers to Diversity in Portfolio Management: Performance Continuity & Turnover*. The guidance, which was published by the Diversity Project, 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 partner 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, career change or when they have returned to a role beneath their potential.
- The Brokerage:
 - Working with recruitment partner The Brokerage, the Newton Vocational Trainee Programme provides A-level students with the opportunity to work at Newton while continuing in higher education. We fund a business-related degree at the European College of Business Management, allowing trainees to build their career while still progressing academically and without the burden of college fees, selecting candidates with a range of age and educational backgrounds.

- 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.

We acknowledge that improvements need to be made to bridge the gap. In alignment with the rest of the asset management industry, our figures show a higher proportion of men than women in senior roles. While the initiatives listed above may not change these figures overnight, we believe they are a step in the right direction. We look forward to further progress being made through these initiatives and exploring other ways to bridge the gap. At Newton, we strive to be diverse because we know bringing different perspectives to the table helps deliver strong outcomes for our people and clients. This is at the heart of what we do, as part of our unwavering commitment to creating a more diverse and inclusive workforce.

I confirm the data reported is accurate.



Euan Munro
CEO, Newton Investment Management



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