

Gender Pay Gap Report 2020



Delivering greater gender balance at Hitachi Capital (UK) PLC in a changing working landscape

At HCUK, we remain firmly committed to ensuring that all our people have the opportunity to fulfil their potential.

I am pleased that our latest gender pay gap report, which reflects our position at 5 April 2020, shows further indications of progress reducing both our mean and median gender pay gap by 2.5% and 6.2% respectively.

Despite COVID-19, we have continued with many of our initiatives but recognise some will take time to impact the overall pay gap. Our recent progress over the past 12 months has been largely driven by demographics as HCUK continues to grow and we continue to recognise there are a higher concentration of males in the upper quartile salary bands.

During the past year, we have experienced unprecedented demand for our services. The COVID-19 pandemic has resulted in resources being diverted to other business critical projects to ensure our customers have continued to receive an outstanding experience. This has impacted momentum for some of the steps we're taking to fully address our gender pay gap. This includes our plan to launch enhanced policies for returning female talent which is reliant on close collaborative working.

However, the COVID-19 pandemic has accelerated the need for greater agile and flexible working in future. In turn, removing barriers to greater gender balance across HCUK will be integral to our continued sustainable growth so we must continue to deliver the change required and implement our action plan.

Consistent with the wider financial services sector, we continue to be confident that our gender pay gap is driven by the demographics of our workforce, which has historically seen a higher proportion of men in senior roles and more women in lower grades, rather than being an equal pay issue.

Redressing this imbalance in our Gender Pay Gap, making sure there is no glass ceiling for women throughout HCUK, is integral to our future success, combined with equality of opportunity for our entire workforce.

We are confident that the programme of initiatives we continue to implement will deliver the change required over the medium term.



I confirm that our data has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

A handwritten signature in black ink, appearing to read 'R Gordon', written over a light grey background.

Robert Gordon
Hitachi Capital (UK) PLC
Chief Executive Officer



Analysing our gender pay gap data

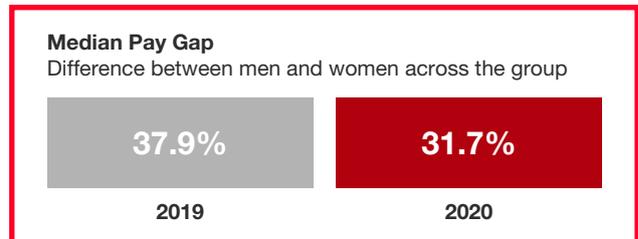
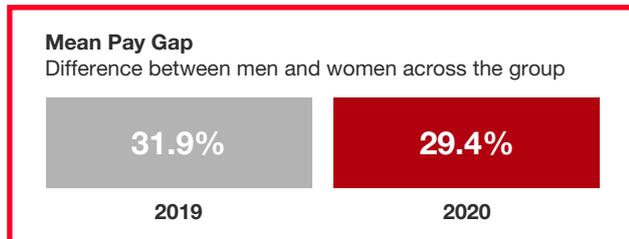
The data for our report was collected for the year ending 5 April 2020. During this period, we've recorded a decrease in our gender pay gap, impacted primarily by the demographics of the company.

Headcount increases saw a higher proportion of males joining us in our traditional entry level roles, resulting in greater diversity in grades 1-3 at HCUK. The resulting impact is that the male average pay increased less than the female average pay at the lower end of the salary grades.

However, the raft of measures we've implemented are also bringing greater gender balance to our business. The implementation of company-wide remuneration benchmarking, with a deliberate gender pay focused annual salary review, and a rigorous gender balanced talent acquisition process for senior position vacancies, demonstrate progress within our 2020 report. This will have a longer lasting impact as we continue to see the benefits of these changes over the next few years.

Pay

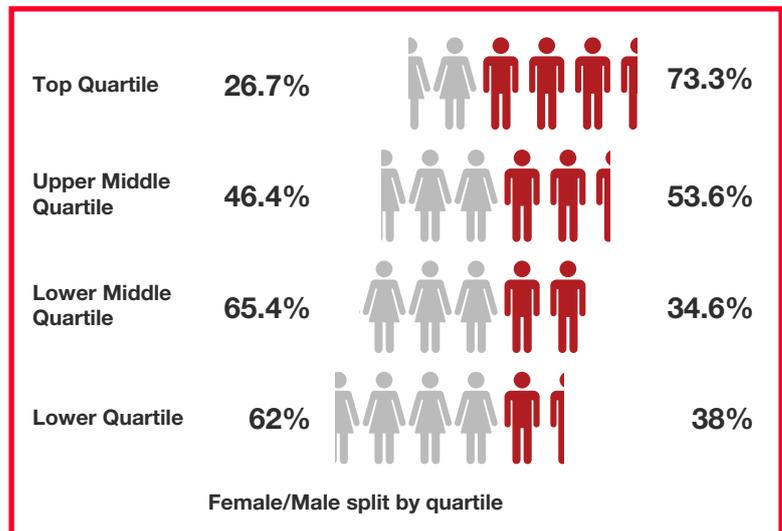
HCUK has achieved a 2.5% decrease in the mean gender pay gap to 29.4% compared to 31.9% last year.



Our latest mean gender pay gap figure is also 4.1% lower than the 33.5% difference reported in 2017.

HCUK has also achieved a 6.2% decrease in the median gender pay gap in hourly pay of 31.7% compared to 37.9% last year.

Over the last 12 months, our gender pay gap has narrowed due to some notable changes in workforce demographics. We have increased our headcount with 143 new colleagues joining the business of which 94 were men, with 68 in lower salary grades. In turn, the pay gap has reduced in Grades 1, 2, 3 and 5.



Recruitment of significantly more men in lower salary grades has contributed to our diversity mix and the overall pay gap decrease, notably the median pay gap. In turn, this has seen the proportion of females in the lower quartile reduce from 76.2% to 62%.

As a whole however, the business continues to have a higher proportion of women than men at these lower salary grades. Conversely, across higher salary grades there has been a slight increase in the proportion of males in the upper middle quartile, up from 51.8% to 53.6% and a marginal increase in the top quartile up from 72.7% to 73.3%.

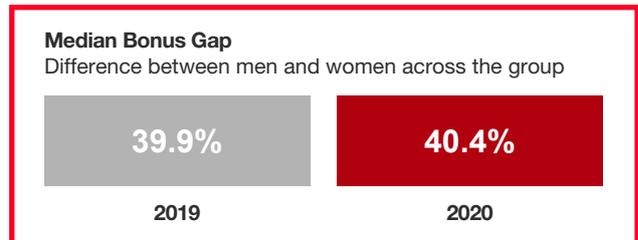
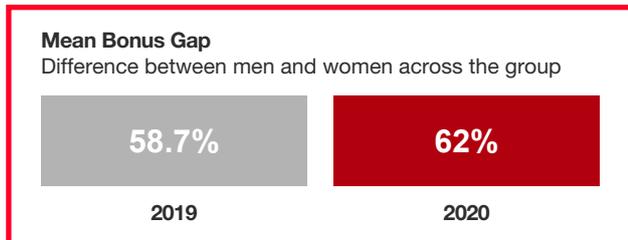
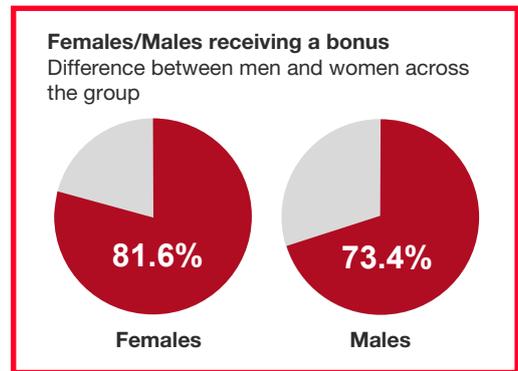
Bonus

The continued predominance of men in senior positions and part time females also impacts our comparison figures for bonus payments. The calculations indicate a difference in mean bonus payments of 62%, up by 3.3% from 2019 and a difference in median bonus payments of 40.4%, up 0.5%.

Ordinarily, as the vast majority of bonus payments are intrinsically linked to salary, we would expect the progress we've made to reduce the mean gender gap to also be reflected in the bonus pay gap.

However, this is not the case for 2020 where the bonus advance paid on 7 April 2020 (pro-rated as per regulations), accounts for 0.8% of the total 2.5% reduction in mean pay. The deferred salary review and headcount changes, with an increase of males into lower grades, have also conversely led to a 3.3% increase in the mean gender bonus gap and 0.5% increase in the median gender bonus gap.

The proportion of females who received a bonus is 81.6%, and the proportion of males that received a bonus is 73.4%.



Our plans to further reduce our gender pay gap

The demographics within the business continue to be the single biggest factor influencing the pay gap which exists at HCUK and it will take time for our past and future actions to significantly impact this. However, by regularly monitoring gender and diversity focussed metrics and driving a stronger culture of equality and inclusion across our company, we firmly believe we can further reduce our gender pay gap and make lasting change to support our continued sustainable growth.

Talent acquisition

We are making great strides which are encouraging inclusion and diversity throughout the talent acquisition process to help enable HCUK to address our gender pay gap.

In order to place greater emphasis on knowledge and skills rather than experience, role profiles for every position at HCUK have been reviewed, rewritten and shared with the business.

By seeking an equal gender split of suitable candidates at the vacancy shortlisting stage for senior positions, we have started to implement enhanced, gender neutral recruitment practices. This policy will be fully implemented throughout HCUK in the next 12 months.

Due to the COVID-19 pandemic, we delayed launching substantially enhanced policies, including new flexible working patterns which will benefit our workforce, particularly working parents and returning female talent. This year, we will aim to implement a specific middle management Returners Programme aimed at more effectively using the external talent pool to fill management positions across HCUK.

Despite COVID-19 and having to move to digital and remote delivery methods, we have successfully launched our ASPIRE management development programme this year. Supported by our continued mentoring circles programme, this will be a key component in increasing the population of females in management roles moving forward.

Engagement and development

We recognise that greater agile and flexible working opportunities will provide staff with the level of support they need to balance their personal circumstances with their career.

Through our Working Inclusively Framework we ensure there is a consistent interpretation of agile and flexible working for our employees. In light of COVID-19, a new working group has been formed to review our remote working practices and agree a new policy which will be operational across HCUK.

This year, building on the success of our Mentoring Circles and recently launched ASPIRE programme, we are developing a leadership programme specifically to encourage female talent to gain the experiences necessary to move into senior roles. Since 2016, we have seen 157 females and 68 males participate in this programme.

We are also continuing to encourage personal and professional progression of female talent through a series of events and workshops run throughout the year as part of HCUK's We Mean Business Programme. These include menopause awareness sessions and a live virtual event in conjunction with Hitachi Capital America and Hitachi Capital Canada to mark International Women's Day. We have also appointed an Inclusion & Diversity Manager to provide greater focus on our diversity improvement agenda.

Gender focused pay reviews

Company-wide remuneration benchmarking has been undertaken on over 80% of roles in the last 12 months. Throughout this year, we will continue to undertake a deliberate focus on gender to ensure the right balance between pay and incentives. We will identify and address any inconsistencies in salary between men and women both internally, and in comparison to the wider market.

Our next steps

We are pleased to see that over the past three years we have already seen incremental improvement to bring greater gender balance to our business and build a more diverse workforce. Whilst it will take time, HCUK will continue to rigorously monitor and disclose our progress in reducing the Gender Pay Gap.