

Gender Pay Gap Report 2023



Building and maintaining a strong female talent pipeline

At MHCUK, we are committed to ensuring that all our people can fulfil their potential. This is key to consistently delivering outstanding customer experiences, resulting in a strong year on year financial performance. Achieving greater gender balance is fundamental to our people commitment, ensuring there is no glass ceiling to career progression for women across our organisation.

Our latest gender pay gap report, which reflects our position at 5 April 2023, shows a marginal decrease in both our mean and median gender pay gap by 0.9% and 3.5% respectively.

Consistent with the wider financial services sector, we remain 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.

As a proud signatory to the HM Treasury Women in Finance Charter, we continue to work towards targets for greater female representation within leadership roles across MHCUK by 2025. With 31.4% women in senior management positions, up from 27.5% in 2021, we have demonstrated progress over the past two years to actively support female progression with a more inclusive talent pipeline.

We are constantly striving to make MHCUK a great place to work and we were delighted that, for the second year running, we featured within Glassdoor's Best Places to Work top 50 list for 2023. This reflects the strong reputation we have established for delivering the best colleague experience possible for our people.

As we continue to focus on the professional and personal development of all our colleagues, we have achieved a notable improvement in career progression mobility within our female talent pipeline with a marked increase in female representation within our senior management role succession plans.



To ensure we make year on year improvements and maintain momentum towards a more gender-balanced workforce and deliver long lasting change, we continue to prioritise opening pathways for our female colleagues and removing any barriers to progression that may exist.

The pursuit of equality, diversity and inclusion are cornerstones of our long-term success, and we are committed to building on the steps we have taken to adopt a more inclusive approach enabling women across MHCUK to fulfil their potential.

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



Robert Gordon

*Mitsubishi HC Capital UK PLC
Chief Executive Officer*



Analysing our gender pay gap

The data for our report was collected for the year ending 5 April 2023, taking into account all roles at all levels of Mitsubishi HC Capital UK PLC (MHCUK).

“We continue to focus on bringing greater gender balance to our organisation and we want to do this in a sustainable way.”

During this period, we've recorded a small decrease in both our mean pay gap and our median pay gap. With more females at the lower salary grades and more males at the higher salary grades, we remain confident that the demographics of the company continue to be the main underlying factor in the presence of a gender pay gap.

We continue to focus on bringing greater gender balance to our organisation and we want to do this in a sustainable way through a series of measures, related to talent acquisition, engagement, development, progression and gender focused pay reviews where appropriate.

Pay

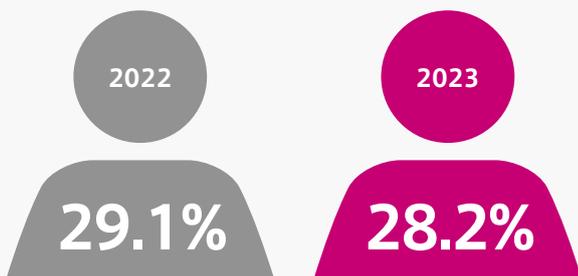
MHCUK has seen a 0.9% decrease in the mean gender pay gap to 28.2% compared to 29.1% last year. This is calculated by adding up the total amount paid to women and dividing it by the total number of women. We then do the same for men, and compare the difference.

MHCUK has recorded a 3.5% decrease in the median gender pay gap in hourly pay of 33.0% compared to 36.5% last year. This is calculated by listing the pay of all women in numerical order, the median is the middle figure. We then do the same for men, and compare the difference.



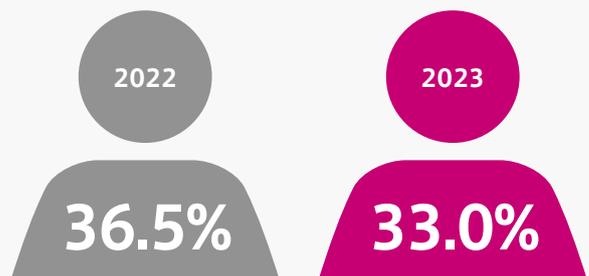
Mean Pay Gap

Difference between men and women across the group



Median Pay Gap

Difference between men and women across the group

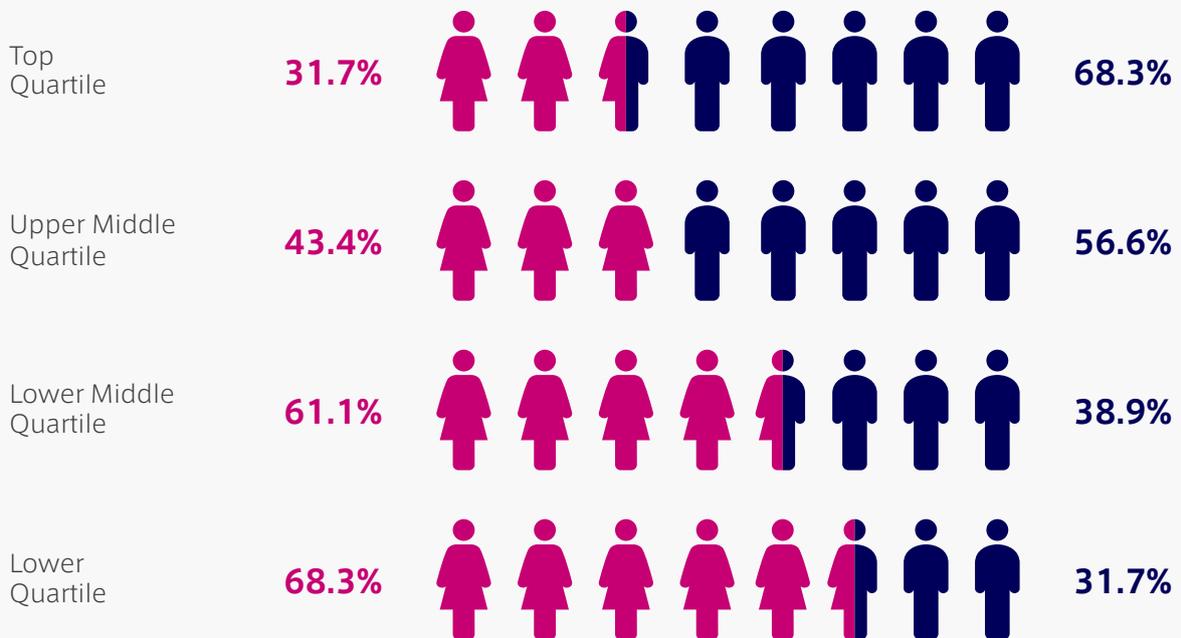


Changes to our annual salary review in 2023 which saw all employees receive a mandatory minimum increase of 4.7% as well as the redistribution of 2% of bonus into Base salary for Grades 1 and 2 were primary drivers for the marginal reduction in the mean pay gap. Slight shifts in demographics also had an impact; whilst overall headcount across MHCUK grew by 7.5%, the female population grew by 10.2% which also saw a higher number of females in our higher Grades compared to previous years.

The median pay gap reduction can also be attributed to higher increase rates proportionally of females compared to males at higher Grades over the past 12 months.

This decrease in the median pay gap can also be seen in the Pay Quartiles where 31.7% of the Top Quartile is made up of females, an increase of 3.6% compared to previous years.

Female/Male split by quartile

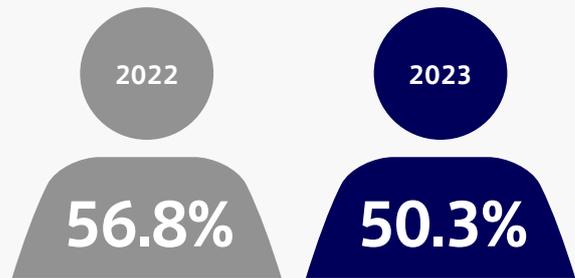


Bonus



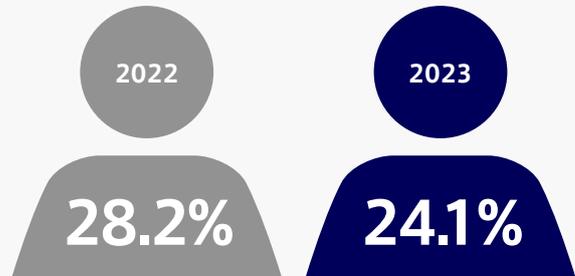
Mean Bonus Gap

Difference between men and women across the group



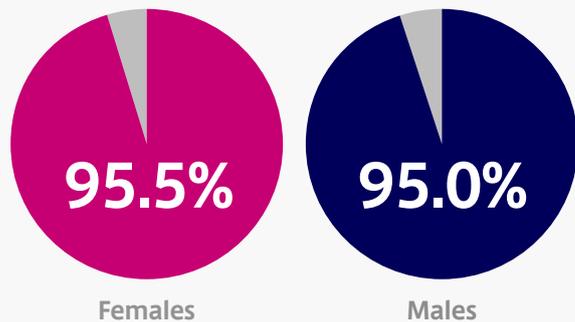
Median Bonus Gap

Difference between men and women across the group



Females/Males receiving a bonus

Difference between men and women across the group



The continued predominance of men in senior positions, albeit with a slight reduction in males within the top quartile, and part time females impacts our comparison figures for bonus payments.

Reflecting the marginal reduction in males and increase in females, the calculations indicate a difference in mean bonus payments of 50.3%, and a difference in median bonus payments of 24.1%.

As bonus payments are a percentage of salary, this gap also continues to be driven by demographics with higher grades, where there are proportionally more males, receiving higher bonuses.

The proportion of females who received a bonus is 95.5%, and the proportion of males that received a bonus is 95.0%.

Our plans to reduce our gender pay gap

The demographics within the business continue to be the single biggest factor influencing the pay gap which exists at MHCUK and it will take time for our past and future actions to significantly close the gap.

However, by regularly monitoring gender and diversity focused metrics and implementing targeted initiatives focused on proactively supporting gender diversity to enable us to attract, develop and retain female talent, we are focused on achieving better gender balance at all levels which in turn supports our continued sustainable growth.



Inclusive recruitment

We are continuing to implement enhanced recruitment practices focused on gender balance throughout the talent acquisition cycle to address our gender pay gap.

“We are ensuring job descriptions place emphasis on skills and knowledge rather than industry experience and have also implemented a tool to score our job adverts on gender balanced language.”

To support hiring managers achieve an equal gender split of suitable candidates at the vacancy shortlisting stage, we have launched our Hiring Manager Capability Toolkit. This focus on increasing awareness and understanding follows the steps we have already taken.

We are ensuring job descriptions place emphasis on skills and knowledge rather than industry experience and have also implemented a tool to score our job adverts on gender balanced language. Wherever reasonable, we also routinely ensure that interview panels are diverse by gender to encourage diversity of thought at critical decision-making points in the hiring process.



Career progression

We are prioritising internal mobility and support the professional and personal development of all our colleagues, including supporting female progression into senior positions. The aim of our succession and talent planning initiatives is to facilitate lateral, diagonal and vertical movement opportunities and increase the number of internal promotions.

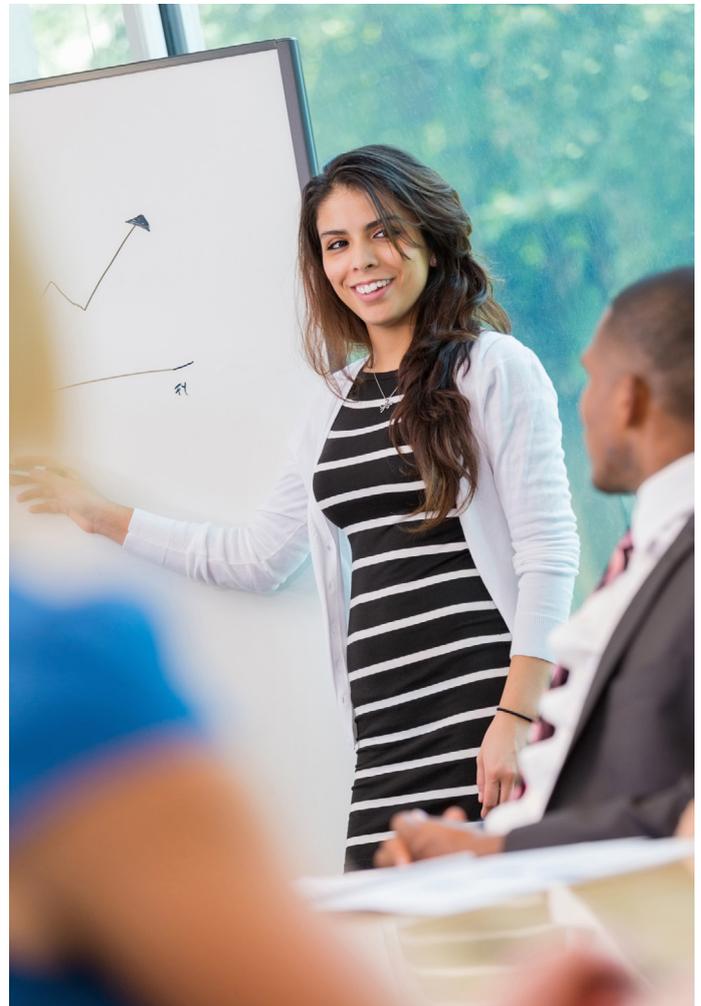
In total, 354 employees were promoted in the last two years, representing an increase in internal promotions, with a 46% male versus 54% female split of colleagues moving to a higher salary grade. We have recorded 178 management grade promotions over the same period with a male versus female split of 56% vs 44%, which represents a 2% increase of females from the previous 2 year period. Our pipeline of females appearing in the 'one to three years' category on top-level senior management role succession plans has increased year-on-year.

Our Aspire leadership programme, now in its fifth year, is endorsed by the Institute of Leadership and Management (ILM) and focuses on training the next generation of people leaders.

In total 253 colleagues have participated in the programme, with 48% representation of women taking part. Continuing to increase the population of female colleagues in leadership positions in the future is a key component of the programme.

“Increasing the population of female colleagues in leadership positions in the future is a key component of the programme.”

We are developing an inclusive leadership development initiative to build and sustain a culture where inclusive behaviours and practices are modelled by all our colleagues and championed by senior management, including MHCUK's Diversity Leadership Council.



As a signatory to HM Treasury's Women in Finance Charter, which is a blueprint for gender equality across financial services, we are committed to setting targets for gender diversity in senior management. In order to ensure we are actively supporting female progression into senior positions, we have set a target for 35% of leadership roles to be held by women by December 2025. As of April 2023, we had 31.4% women in senior management positions, up from a representation figure of 27.5% in 2021.

Support and development

We continue to embed a wide-ranging support framework with greater agile and flexible working opportunities for our colleagues to balance their personal circumstances with their career and hybrid working is now a permanent aspect of MHCUK.

Following a comprehensive review of all our parental policies ensuring that the process and incentives deliver the best colleague experience possible, we have started to implement additional maternity leave support arrangements for parents. We will be completing the rollout during 2024 to create a more inclusive workforce across MHCUK.

Our Employee Assistance Programme, providing a range of wellbeing services, includes specific support focused around women’s career pathways. We recognise the professional and personal impact the menopause can have on our female colleagues as a barrier to greater gender equality and continue to evolve our support for those experiencing the mid-life transition through enhanced education and awareness.



Gender focused pay reviews



Remuneration benchmarking, placing a deliberate focus on gender, is routinely undertaken in order to identify and where appropriate, address inconsistencies between men and women. We continue to provide supplementary management information to inform future actions, both internally and in comparison to the wider market.

“We continue to provide supplementary management information to inform future actions.”

External recognition and accreditations



In recognition of the steps MHCUK is taking to grow an inclusive and diverse workforce that facilitates equality of opportunity, we were named one of the UK's top 50 most inclusive employers for the fourth year running, with an improved ranking from 40 to 37 testament to our continued commitment to workplace diversity.

We were officially ranked 15th in Glassdoor's Best Places to Work top 50 list for 2023 factoring workplace attributes including career opportunities, compensation and benefits, culture and values, diversity and inclusion and work-life balance.

Our Apprenticeship programme and range of people development initiatives were commended in the 2022 Learning Awards, reflecting the steps we have taken to implement effective workplace learning opportunities for our employees.





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