

Gender Pay Gap Report 2021



Embracing change to deliver greater gender balance at Hitachi Capital (UK) PLC

At HCUK, we are firmly committed to ensuring that all our people can fulfil their potential. This is key to consistently delivering outstanding customer experiences, resulting in strong financial performance year after year.

Our latest gender pay gap report, which reflects our position at 5 April 2021, shows marginal increases in both our mean and median gender pay gap by 0.1% and 2.4% respectively. The small change was driven by the payment of a Bonus advance in April 2020 to support colleagues through the pandemic with no equivalent Bonus payments in April 2021.

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.

To rigorously monitor and disclose our progress in achieving greater gender balance at HCUK and implement our action plan, we're publishing this year's figures as early as possible. We are embracing new ways of working at HCUK which firmly support inclusion and equality. Many of our employees have experienced different challenges in their personal lives during the pandemic which has accelerated the need for greater agile and flexible working.

Following the successful implementation of remote working over the course of the pandemic, we are adopting a hybrid working model in 2022.

We are committed to widening our talent pool and provide opportunities to people from diverse backgrounds. Hybrid working can remove some of the barriers to greater gender balance and provides significant opportunities for attracting, developing and retaining the best female talent from a wider pool.

Along with the raft of specific initiatives we continue to implement to deliver the change required, I firmly believe by embracing change we can reduce our gender pay gap over the medium term, in turn building a more diverse workforce.



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'.

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 2021. During this period, we've recorded an increase in our gender pay gap, impacted primarily by the demographics of the company and influenced by the bonus advance paid to employees in April 2020.

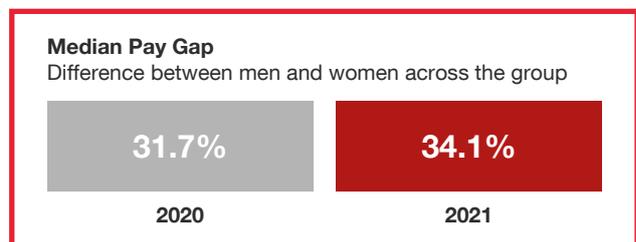
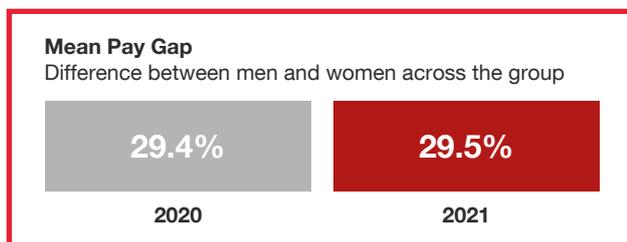
Headcount increases saw a higher proportion of females joining us in our traditional entry level roles. The resulting impact is that the female average pay increased less than the male average pay at the lower salary grades. Despite the changes in demographics, the widening of our gender gap this year has been impacted notably by HCUK's decision to pay a bonus advance for the first time. Notwithstanding the bonus advance paid on 7 April 2020, we would ordinarily have seen a 0.7% decrease in our mean gender pay gap and only a 1.2% increase in our median gender pay gap this year.

The series of measures we've already undertaken, including ensuring our role profiles are inclusive by placing emphasis on skills and knowledge rather than industry experience, are aimed at bringing greater gender balance to our business over the longer term.

Pay

HCUK has seen a 0.1% increase in the mean gender pay gap to 29.5% compared to 29.4% 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.

HCUK has also recorded a 2.4% increase in the median gender pay gap in hourly pay of 34.1% compared to 31.7% 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.

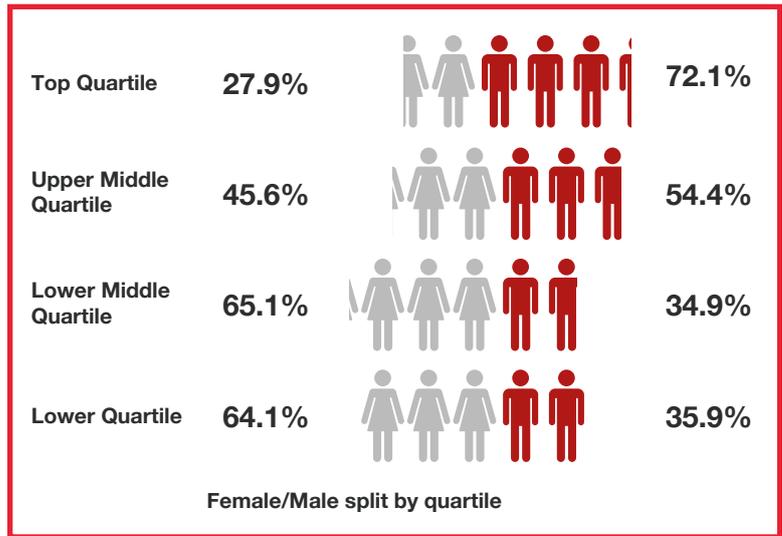


Over the last 12 months, our gender pay gap has widened marginally, driven predominately by changes in workforce demographics. We have increased our headcount this year with more men joining HCUK in higher salary grades and more women recruited at lower salary grades. For example, at Grades 1, 2 and 3, there was a 17% increase in new female employees compared to 11% of males.

Conversely, with more men than women onboarded at Grades 4, 5 and 6, there was a 20% increase in men, compared to a 17% increase in women.

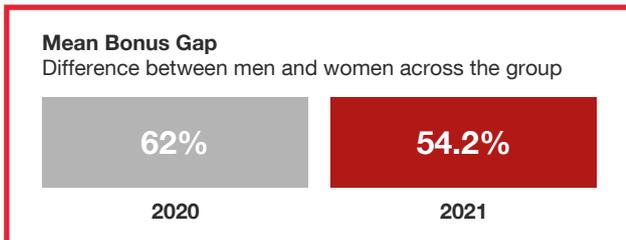
Recruitment of significantly more women in lower salary grades has contributed to our overall pay gap increase, notably the median pay gap.

Consequently, the business continues to have a higher proportion of women than men at these lower salary grades, with an increase of females from 62% to 64.1% and a decrease of males from 38% to 35.9%. In contrast, at higher salary grades HCUK continues to have a higher proportion of men than women. There has been a slight increase in the proportion of males in the upper middle quartile, up from 53.6% to 54.4% but a marginal decrease in the top quartile, down from 73.3% to 72.1%.



Bonus

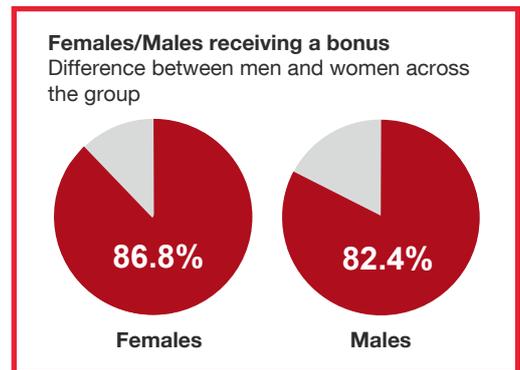
The continued predominance of men in senior positions, albeit with a slight reduction in males within the top quartile, and part time females also impacts our comparison figures for bonus payments. Reflecting the marginal reduction in males and increase in females, the calculations indicate a difference in mean bonus payments of 54.2%, and a difference in median bonus payments of 30.9%.



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

However, driven by a reduction of males at Grades 6 and 7, we have recorded a 7.8% decrease in the mean gender bonus gap and 9.5% decrease in the median gender bonus gap this year.

The proportion of females who received a bonus is 86.8%, and the proportion of males that received a bonus is 82.4%.





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 focused metrics and driving a stronger culture of equality and inclusion across our company, we firmly believe we can reduce our gender pay gap and make lasting change to support our continued sustainable growth.

To rigorously analyse our progress and inform our future plans and actions, we have added an inclusion and diversity index to our annual insights survey. During 2022, we are committed to joining the HM Treasury Women in Finance Charter and set a three-year target to increase the representation of females in our senior leadership roles. The recruitment of a Head of Talent and Employee Experience this year will also help to drive and deliver our plans to achieve the change required.

Talent acquisition

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

To support gender equality, we are analysing and scoring all of our job adverts based on their gender balanced language. We have also completed a full review of the recruitment lifecycle to identify further opportunities to support inclusion and equality including gender balanced shortlisting and interview panels where possible.

Due to the COVID-19 pandemic, we delayed commencement of a Returners Programme. The first cohort will join in 2022 as HCUK seeks to effectively build a more inclusive pipeline of female talent to fill future middle management positions within the business.

We are launching our first ever company-wide graduate scheme to create a consistent experience for students and continue to build diversity at HCUK. In January 2022, we will be onboarding our first cohort of students on a two-year programme, seeking to obtain talent from a wide range of diverse backgrounds.

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.

Subject to the easing of COVID-19 restrictions, we plan to fully implement a Hybrid Working Model for all of our colleagues over the next 12 months. This policy will offer more flexibility for female colleagues to help women balance their personal and work commitments whilst also enabling HCUK to recruit from a wider talent pool, both geographically and demographically, removing some of the barriers to greater gender equality.

We are extending our Aspire management development programme across HCUK, which is focused on training the next generation of people leaders. Following the launch last year, five new cohorts across the Group joined the programme this year, with female colleagues comprising 40% of all participants. The 12-month programme will be a key component in increasing the population of females in management roles moving forward.

Since 2016, we have seen 15% of our workforce participate in our Mentoring Circles Programme which enables colleagues across HCUK to grow and develop to fulfil their potential. 70% of participants across five cohorts have been female colleagues. We are relaunching our mentoring programme encompassing 1 to 1 mentoring, mentoring circles and reverse mentoring to empower our colleagues to enhance their personal and professional development.

We have reconfigured our Women's Inclusion Network with new leadership who will have a primary focus on representation in addition to inclusion and engagement. Through the enhanced programme, we are running a series of events and workshops to encourage personal and professional development and challenge our own biases.

Gender focused pay reviews

Remuneration benchmarking is being undertaken on the vast majority of roles as we continue to place a deliberate focus on gender to ensure the right balance between pay and incentives. On an ongoing basis we will identify and address any disparities in salary between men and women both internally, and in comparison to the wider market.