

Gender Pay Gap Report 2022



Setting targets to deliver greater equality and inclusion

At MHCUK, we are committed to creating an inclusive and diverse workplace where everyone can thrive in a safe, welcoming environment, regardless of their background. Achieving greater gender balance across our organisation is fundamental to our people commitment, ensuring there is no glass ceiling for women to fulfil their potential.

Our latest gender pay gap report, which reflects our position at 5 April 2022, shows a marginal decrease in our mean gender pay gap by 0.4% but a small increase in our median pay gap by 2.4%.

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.

Continuing our journey, we are proud to be a signatory to the HM Treasury Women in Finance Charter. By setting clear targets to increase the female representation in our leadership roles by 2025, we have demonstrated we have the conviction as an organisation to deliver greater equality and inclusion over the medium term.

Our people recognise our commitment to implement and maintain an employee-first culture. We were delighted that we were ranked 11th in Glassdoor's Best Places to Work top 50 list for 2022. We will continue to listen and act to ensure we maintain high employee engagement in an ever-changing world.

Over the past year, our rebrand has been a springboard to further develop the best colleague experience possible, ensuring all of our people feel valued and engaged to live and breathe our corporate values, vision and promise. This enables us to continue to attract and retain the best talent and, in turn, provide innovative financial solutions and outstanding customer experiences.



Many of the initiatives we have already implemented will deliver the change required over time whilst evolving working practices, including hybrid working with more flexible and agile working options, provide a catalyst for new opportunities to create a more inclusive female talent pipeline. Our action plan is about long-term sustainable solutions to address the demographics gap and make lasting change.

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 in a cursive style.

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 2022, 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 marginal decrease in our mean pay gap but a slight increase in 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 primary factor which dictates the gender 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

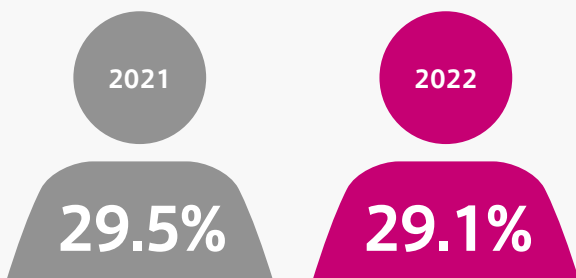
MHCUK has seen a 0.4% decrease in the mean gender pay gap to 29.1% compared to 29.5% last year. This is calculated by adding up the total amount paid to women and dividing it by the total number of women. We then do the same for men, and compare the difference.

MHCUK has recorded a 2.4% increase in the median gender pay gap in hourly pay of 36.5% compared to 34.1% 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.



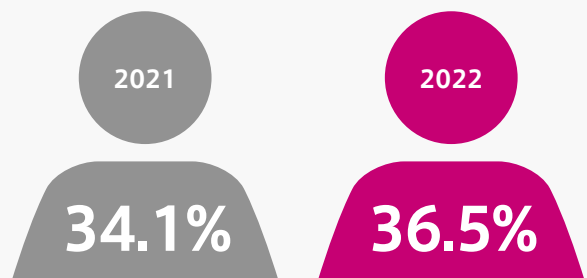
Mean Pay Gap

Difference between men and women across the group



Median Pay Gap

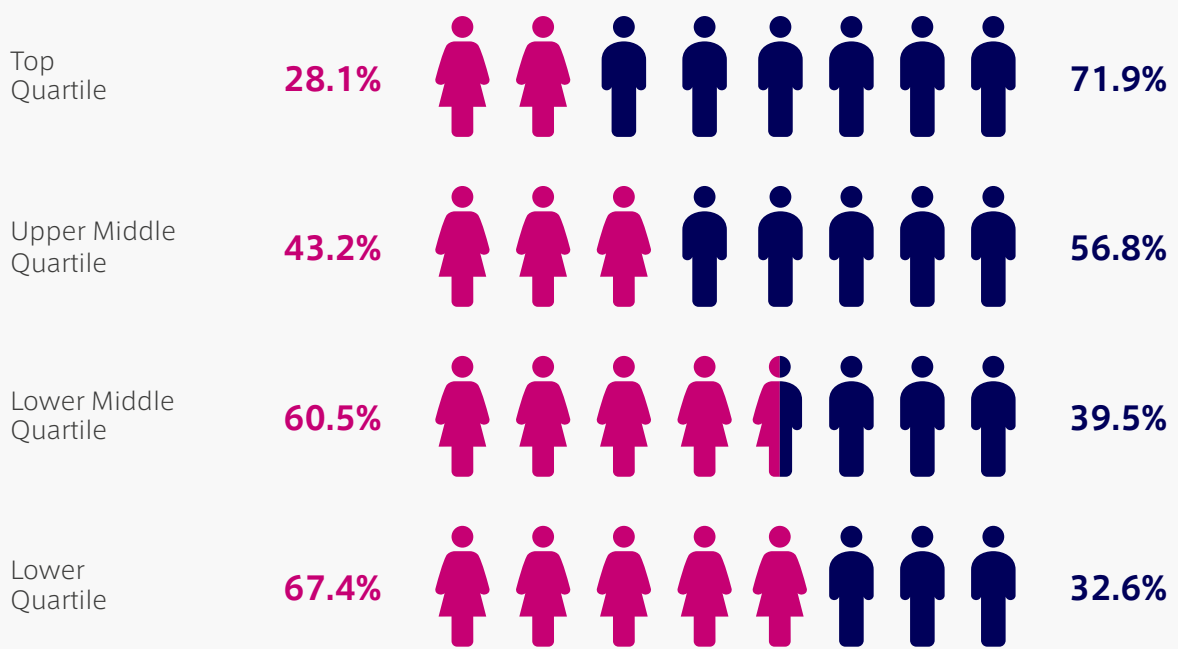
Difference between men and women across the group



Over the last 12 months, we have seen a small reduction of in scope females at the lower grades with a small increase in the higher grades. This has led to a marginal reduction in the mean pay gap as the average hourly rate of females has increased at a slightly higher rate than males.

Conversely, this slight shift in demographics has not had the same impact on the median pay gap as there was also an increase in males at our mid and higher grades which, whilst not having such a large impact on the average hourly rate for males, did cause the median hourly rate to increase which has caused the small increase in the median pay gap.

Female/Male split by quartile



Bonus



The continued predominance of men in senior positions and part time females impacts our comparison figures for bonus payments.

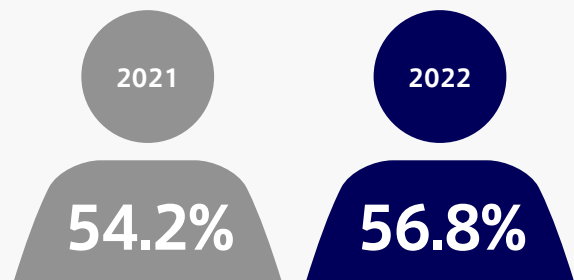
Ordinarily, as the vast majority of bonus payments are intrinsically linked to salary, we would expect the change we've seen in our mean gender gap to also be reflected in the bonus pay gap.

However, the calculations indicate a difference in mean bonus payments of 56.8%, up by 2.6% from 2021 (but still below the 62% mean bonus gap we disclosed in 2020) and a difference in median bonus payments of 28.2%, down by 2.7%. 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 96.3%, and the proportion of males that received a bonus is 93.7%.

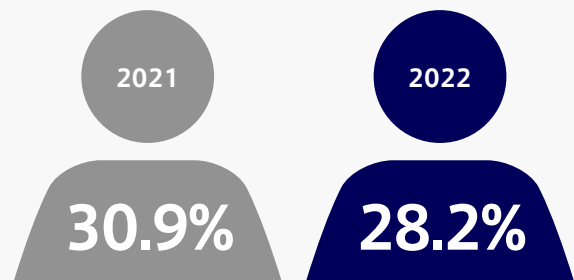
Mean Bonus Gap

Difference between men and women across the group



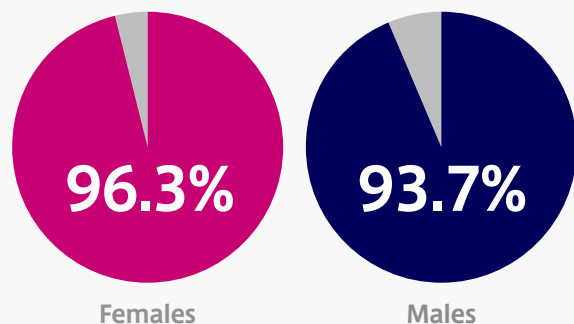
Median Bonus Gap

Difference between men and women across the group



Females/Males receiving a bonus

Difference between men and women across the group



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.

To make improvements to our recruitment process, we are ensuring job descriptions place emphasis on skills and knowledge rather than industry experience. We have also implemented a tool to score our job adverts on gender balanced language.

Wherever reasonable, we seek to achieve an equal gender split of suitable candidates at the vacancy shortlisting stage as well as ensuring that interview panels are diverse by gender to encourage diversity of thought at critical decision-making points in the hiring process.

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Career progression

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

179 colleagues have participated in the programme so far, with a 44% representation of women taking part. We are extending the programme across MHCUK, which is a key component in increasing the population of females in management roles moving forward.

We have created MHCUK's Diversity Leadership Council including senior management advocating for the inclusion and representation of different groups, including our Women's Inclusion Network whose aim is to cultivate a culture of inclusion that removes barriers and supports the development, empowerment and growth of our female colleagues.

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, up from our current 30.8% representation.

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Our commitment to close the gender pay gap and remove any barriers that may exist requires opening pathways for employees to facilitate lateral, diagonal and vertical movement. We are focused on enhancing our succession and talent planning initiatives in order to increase the number of internal promotions, up from our current figure of 41%.



180 employees were promoted in the last two years with an equal split of females and males moving to a higher salary grade. We have also recorded a more even split of management grade promotions over the past two years, reducing our male versus female split down from 70% vs 30% to 58% vs 42%.

In response to the evolution of hybrid working, we continue to embed our Working Inclusively Framework to ensure a consistent interpretation of agile and flexible working for colleagues. By offering greater agile and flexible working opportunities, we aim to provide our people with the level of support they need to balance their personal circumstances with their career.

Support and development

Over the next 12 months, we will be carrying out a comprehensive review of all our parental policies ensuring that the process and incentives deliver the best colleague experience possible to support flexible working arrangements for parents and create a more inclusive workforce across MHCUK.

We recognise the professional and personal impact the menopause can have on women's career pathways within MHCUK and we are taking the necessary steps to formalise our support for those experiencing the menopause transition through enhanced education and awareness.



Gender focused pay reviews



Ongoing remuneration benchmarking is being undertaken on all roles as we continue to place a deliberate focus on gender to identify and where appropriate, address inconsistencies between men and women. This year, supplementary management information is being provided to support decision making and address disparities between men and women, both internally and in comparison to the wider market.

“ Supplementary management information is being provided to support decision making and address disparities between men and women. ”

External recognition and accreditations



At MHCUK we want to create an environment that showcases the strength of our female talent and the steps we are taking to create a safe, inclusive and diverse workplace that welcomes everyone.

In 2021 we were named as one of the UK's top 50 most inclusive employers for the third year running, with an improved ranking from 47 to 40 testament to our continued commitment to workplace diversity.

We were officially ranked 11th in Glassdoor's Best Places to Work top 50 list for 2022 and the highest ranked UK finance company factoring workplace attributes including career opportunities, compensation and benefits, culture and values, diversity and inclusion and work-life balance.

Our Aspire programme was awarded Bronze for People Development Programme of the Year at the Learning Awards 2022, a body which recognises innovation and achievement in workplace learning.

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