

Gender Pay Gap report 2022/23

Foreword



Committed to narrowing the gender pay gap

We aim to make equality, diversity and inclusion central to our culture and business practices. Our latest gender pay gap report shows an improvement in the proportion of female employees, reflecting the effectiveness of our hiring and training efforts. Although our hourly pay gap widened this year, it is actually narrower than 2020 (the 2021 figure was distorted by an anomalous bonus payment), showing that we are continuing to make progress on remuneration overall. We will continue with our strategy of seeking long-term, lasting change to improve the pay gap for women at Numis and in the financial services industry as a whole.

Mica Ross
Head of HR

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At Numis, we strive to create a diverse and inclusive work environment, reflective of our client base and the society we serve, and where all employees feel supported and empowered. Not only is this the right thing to do, but more diverse and inclusive companies are more effective.

I confirm that the calculations provided are accurate and meet the requirements of legislation

A handwritten signature in black ink that reads 'M Ross'.

Mica Ross
Head of HR

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Understanding the gender pay gap

What is the gender pay gap?

The gender pay gap is the difference in average gross hourly earnings between women and men in an organisation. It is expressed as a percentage of men's average hourly earnings. A positive percentage means that the female workforce is paid, on average, less than the male workforce. A negative percentage means that male employees are paid, on average, less than female employees.

Gender pay gap reporting

The gender pay gap legislation was introduced in April 2017 and has as its basis the Equality Act of 2010. It is a statutory requirement for all organisations with 250 or more employees to report the gender pay gap data on the 'snapshot' date (for us, this is 5 April). We are required to report on six different metrics and submit a written statement. The report must be published on our company website. We are also encouraged to publish a narrative or action plan explaining our gender pay gap figures in our report. Failing to submit the data on time, or reporting inaccurate data, may lead to fines or penalties from the Equality and Human Rights Commission and reputational risk.

Reporting methodology and criteria

Snapshot date

The snapshot date is the date of the data used for the gender pay gap calculations. For companies under the private sector category, this is 5 April of the relevant year.

Relevant period

For calculating bonus gender pay gap metrics, we are mandated to use a period of one year ending on the snapshot date i.e. 6 April of the previous year until 5 April of the relevant year.

Eligible employees

All employees with an employment contract on the snapshot date are eligible for gender pay gap calculations. Any eligible employee who received less than their 'normal pay' is classed under 'relevant employees', while all other eligible employees are classed as 'full-pay relevant employees'. The report uses the 'relevant employees' category for bonus-related metrics and the 'full-pay relevant employees' for all other gender pay gap calculations.

Pay components

As per the legislation guidelines, different types of payments are classified under different categories. For example, the category of 'ordinary pay' is used for most gender pay gap calculations, while 'bonus payments' (pro-rated for the relevant period) is used for bonus pay calculation.

Gender pay gap measures

We are required to calculate the following six measures in line with specific criteria provided by the government:

- Mean gender pay gap in hourly pay
- Median gender pay gap in hourly pay
- Proportion of males and females receiving a bonus payment



Understanding the gender pay gap

continued



- Mean gender pay gap in bonus pay
- Median gender pay gap in bonus pay
- Proportion of men and women in each hourly pay quartile

The gender pay gap encompasses all roles at Numis, from entry-level to the most senior. It is not a measure of the difference in pay between women and men doing the same job. Nor is it the same as equal pay, which demands the same rate for women and men doing the same, or similar, work of equal value.

Why is this issue so important to tackle?

The gender pay gap has a long-term negative impact on women's wealth. Over a working lifetime, women do not generally progress as far, or earn as much, as men.

Women also fill more part-time roles, which tend to have lower hourly pay. The compounding effect is that women accumulate less money for retirement than men, meaning later-life poverty is more prevalent for women.

The financial services industry has one of the widest gender pay gaps in the UK. This is due to the higher proportion of men in senior, client-facing and revenue-generating roles, which are some of the most remunerated roles in the industry, with a higher ratio of variable to fixed remuneration than other roles.

Meanwhile, women are more likely to hold junior, mid-level or administrative roles, where salaries and variable remuneration are commensurately lower.

What is our long-term strategy?

Numis is fully committed to promoting diversity and inclusion, with gender diversity a key focus.

This is because it is the right thing to do for our female employees, which ultimately benefits all of our stakeholders. It is now widely acknowledged that gender diversity has a direct positive impact on business strategy and risk management.

We acknowledge that meaningful, lasting change will take time. Our aim is to attract, retain and reward diverse talent, beginning by ensuring that new joiners truly reflect our clients, stakeholders and the wider community in which we operate.

Our focus on hiring and training entry-level female talent will have a gradual yet positive impact on our company's gender pay gap and that of the financial services industry as a whole.

While this approach is unlikely to materially shift our gender pay gap in the near term, it will be far more impactful over time than, for example, hiring a small number of women in headline roles.

In practical terms, this means asking our recruitment partners to supply us with a diverse gender pool of candidates for roles, maintaining our ongoing efforts to build a diverse pipeline of talent coming into the business.

It is important to us to ensure we have female employees on our interview panels and we build unconscious bias training into our entry-level career recruitment interviewer preparation.

Diversity and inclusion is firmly embedded into our company's culture, with a business-wide, transparent approach to discussion. Our Inclusive Numis Network (INN), an employee-led and board-sponsored discussion and learning group, is key to this.

We are making positive progress, as can be seen in the higher number of female hires as a proportion of our total recruitment when comparing this gender pay gap year to the previous one. We have increased the proportion of female hires by 15%.

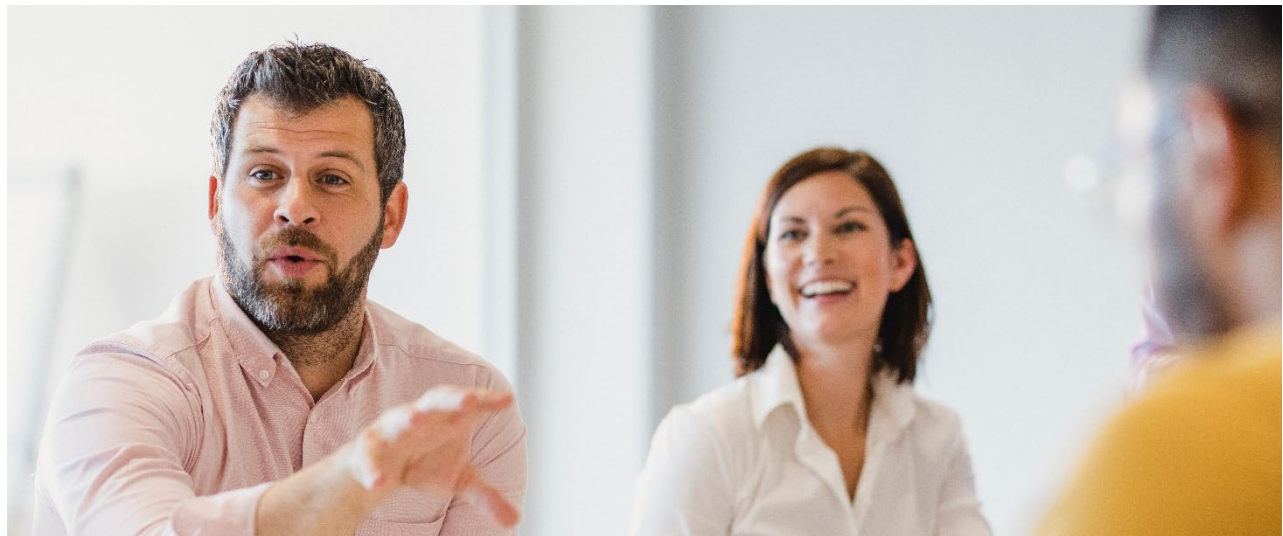
The gender pay gap reporting legislation recommends that companies state how they are addressing the gender pay gap.

Our approach to hiring and nurturing a gender diverse talent pool to sustainably narrow the gender pay gap, sits firmly within our broader ESG framework and strategy.

We aim to be the employer of choice for ambitious women seeking a career in investment banking and are confident that our board-sponsored strategic approach is the best way to achieve this.

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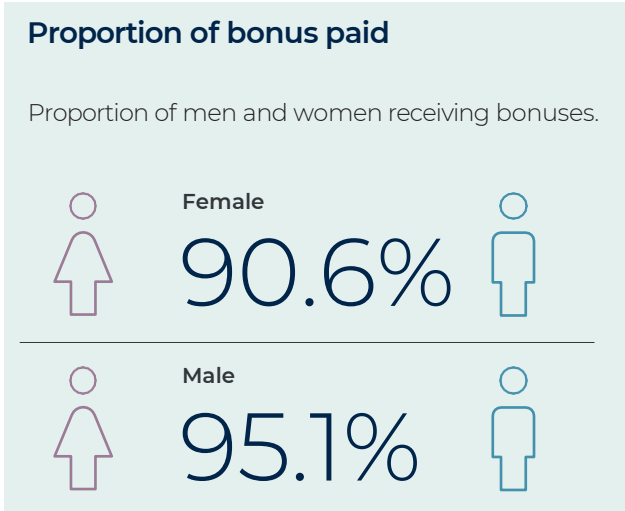
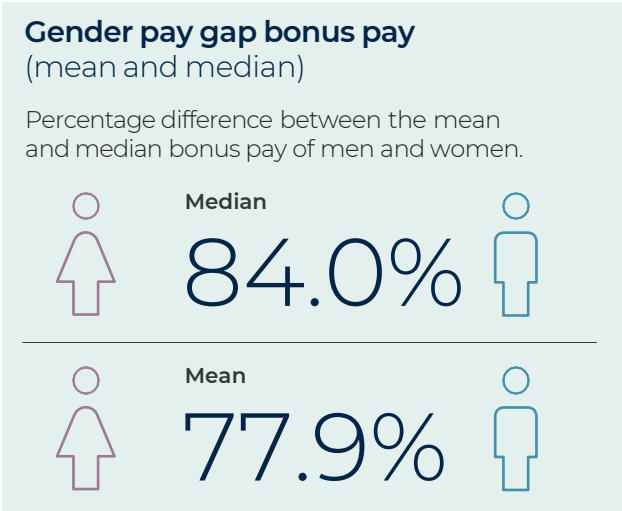
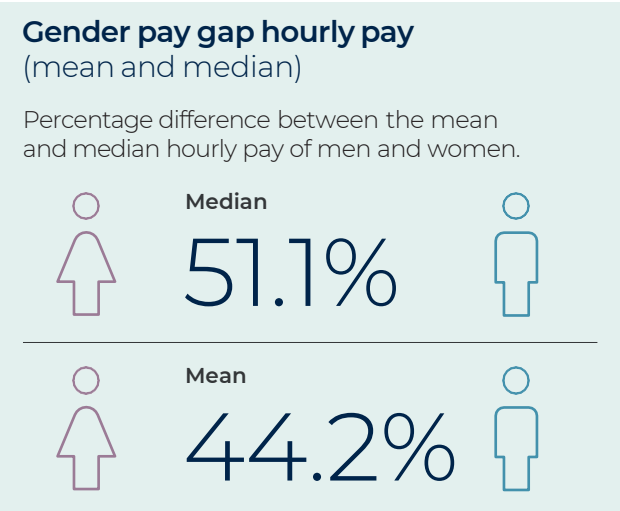
The gender pay gap at Numis



The Numis gender pay gap at mean for hourly pay is 44% and at median is 51%. The mean hourly pay gap means that for every £1 earned by men at Numis, women earned £0.56. The hourly pay gap is 10.5% bigger than in 2021 and 3.5% smaller than in 2020 for mean averages, which means that our gender pay gap has worsened from last year, but is slightly improved from the previous year. The same data on a median average shows a small improvement of 0.5% from 2021 and a 8.5% improvement from 2020. While both mean and median are measures of average, they reveal different aspects of the data. The median metric is not affected by the dataset being skewed by very large or very small figures; instead, it indicates a 'typical' gap.

Our quartile data shows that we have very few females in the top pay quartile and a large number of females in the lower pay quartile. This distribution also skews our mean average figures.

Last year, we saw a positive leap in our gender pay gap figures, as Numis made a one-off bonus payment that focused on junior and mid-level employees who had shown exceptional performance during the pandemic. As the payment was made in April, it became part of our hourly pay calculations. As we noted in last year's report, in the absence of this one-off payment, our numbers would revert to normality the following year.



The gender pay gap at Numis

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This payment aside, it is encouraging to see that the median metric is slowly, but steadily, progressing.

For bonuses paid this year, our gender pay gap median is 84% (2021: 84.2%) and our mean is 77.9% (2021: 59.2%). The slight improvement in median is a positive indication, showing that Numis' pay gap has improved, despite the lack of a one-off bonus payment this year.

We paid bonuses to 90.6% of our total female employees and paid bonuses to 95.1% of our total male employees. This is a decline of 6% and 4% for women and men, respectively, when compared to last year.

The one-off bonus payment last year covered a wider population of employees and included more women.

However, when compared to 2020, we do see improvements, with a 3% narrowing in the mean bonus pay gap and a 9% narrowing in the median bonus pay gap. Setting 2022 against the benchmark of 2020 gives us a like-for-like comparison, as it removes the anomaly of 2021's exceptional bonus payment.

The bonus data, while therefore moving in a positive direction, does reflect the fact that there are more men in senior, client-facing and revenue-generating roles, which typically pay larger bonuses.

Gender pay gap split across hourly pay quartiles

Looking at the dispersion of women throughout the organisation, it is disproportionately high in the lower quartile, which comprises junior employees on commensurately lower pay. It is also disproportionately low further up the organisation and in client-facing roles. It is important to note that the quartiles accurately reflect the spread of female employees across the different departments and roles in the company. We have more women in support functions than we do in front office, and in front office we have more women in junior roles.

We are endeavouring to steadily improve the distribution of female employees across the firm – along with building a gender-diverse talent pipeline, we recruit at senior roles and front office departments, and promote our talent from within.

As shown below, we can see that, when compared to last year, our two mid-quartiles have seen an increase in female population of 11%, which is a positive indicator of our hiring and training efforts. Another positive indicator is the 7% decrease in female population at the lower quartile, showing career growth into the next level.

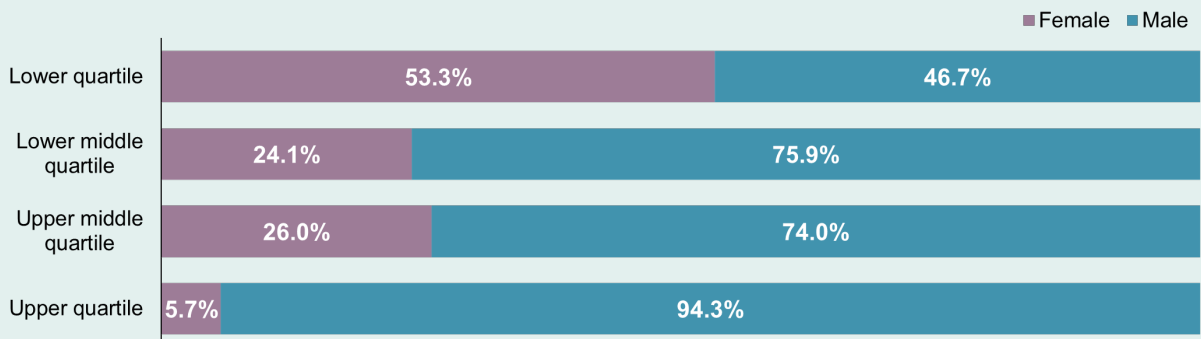
Given that Numis operates within financial services, the pool of female candidates, especially at more senior levels, is limited

when compared with other industries.

In addition to seeking sustainable and long-term change, this is another reason why our main recruitment focus is on building talent at entry-level and then retaining these employees as they move up through the business. We aim to retain our talent with a strong training programme, mentorship, promoting from within and our family friendly policies.

Proportion of bonus paid

Proportion of men and women receiving bonuses.



Our commitments and initiatives



Recruiting women

Our strategy is to build upwards – in search of long-term, structural change. We are recruiting more women across the firm, and up and down the gender pay quartiles. We are placing special focus on junior and entry-level staff, in the full expectation that many will attain leadership positions within the business over time.

Our recruitment processes continue to provide more gender-diverse shortlists, while our advertisements are carefully curated to avoid any gendered language. We also aim to support women returning to work after a long-term career break for family responsibilities.

While we do attract high calibre female candidates into senior roles, such as our recent notable hire in investment banking, we are mindful that this often has a shorter-term, tactical impact on Numis' gender pay gap reporting data. The ingrained structural gender imbalance in investment banking requires a more strategic solution. To address this, we are instituting new ways of identifying talent – especially future leaders. One way we do this is via our internship programme, where we continue to maintain a diverse intake – for 2023, we were close to 50% on gender diversity.

We continue to demand the highest gender diversity standards from our recruitment partners – on occasion, this has necessitated requesting that candidate lists be redrafted because they were too homogenous. We also ensure that interviewers for our internship and graduate recruitment programmes have training to increase inclusivity.

Numis' HR director reports on the gender ratio of new hires, as well as the overall diversity across the organisation, at every board meeting. We analyse these figures to uncover the gender diversity trends at all levels of seniority. This enables our leadership team to monitor progress and make informed decisions on strategy, initiatives and policies.

Retaining women

We place the utmost importance on ensuring that women within our organisation receive all the support, understanding and rewards they should expect.

Above all, we aim to create an inclusive environment where every employee can reach their full potential, no matter their gender.

The Inclusive Numis Network (INN)

In 2021, following up on a staff survey that identified this need, the Inclusive Numis Network (INN) was founded.

It is an employee-led and board-sponsored discussion and learning group, open to everyone, which addresses challenges and opportunities around diversity and inclusivity to encourage dialogue across the company.

This year saw the continued progress of INN, with added structure around its framework and event organisation. Numis celebrated International Women's Day with an INN-hosted event – an evening with professional adventurer and serial entrepreneur, Debra Searle.

Employee engagement with this and INN's other events has been very strong across all departments and levels of seniority, and we are excited to continue to develop INN in 2023.

INN is gathering pace and participants, and it is an endeavour that places women in positions of supported leadership on gender, in close alignment with our ESG framework and strategy.

It also gives the women of Numis a platform to raise discussions and help further build on gender diversity within the business.

Our commitments and initiatives

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Female friendlier policies

Last year, we reported on our progress in creating a more flexible environment that is conducive to family life. This year, we are continuing this approach with a full and ongoing review of the key policies that underpin our culture and values. We are looking at our recruitment, EDI and family friendly policies through an equality, diversity and inclusion lens. As part of our proposal, we ran a 'lunch and learn' training session on family leave policies, which has encouraged a number of employees to take up leave and given them a platform to voice their thoughts on it. We have been able to take these views into account as part of our current ongoing review.

It is well documented that one of the chief contributing factors to the UK's gender pay gap is a childcare system that is insufficient at meeting the needs of working families. At a daily level, we seek to support working mothers in as many ways as possible to help them fulfil their potential, unsaddled by the time and cost pressure of childcare.

To this end, we have further improved our family friendly benefits, expanding the use of our Bubble 'childcare on-demand' app to incorporate elder care, family care, tutoring, home and administrative help as well.

Numis provides a small amount of credit to all employees for emergency childcare support via this app. Meanwhile, our 'work-from-anywhere for four weeks' model – on top of our hybrid working model – gives all employees, but especially mothers, a better balance to their lives and is continuing to prove very popular.

Looking forward

Government and industry leaders are highlighting the need for the UK financial services sector to be more representative of the society it serves, with the possibility of regulation to follow. It is therefore essential to look at long-term, sustainable solutions sooner rather than later.

We hope our report clarifies that we are making progress on gender pay gap issues and on gender diversity more broadly. As we have clarified, although our gap widened in comparison with last year, this was due to an anomalous bonus payment and we have actually closed the gap in comparison with 2020, so we are still moving in the right direction.

However, our strategy of seeking long-term, lasting change – rather than short-term headlines – may mean that our data does not narrow as quickly as we would like. It might even widen for a period. But we are convinced that structural change is the right way to improve working life for this, and the next, generation of women in investment banking.

