A NOTE FROM THE PEOPLE DIRECTOR AND COO

Diversity and inclusion are deeply embedded in Frontier’s values. We’ve always focused on creating a culture and working environment that embraces difference, encourages innovation and supports all of our people to achieve their full potential. This is the first year we’ve reached a size where we’re required to publish our gender pay gap statistics.

Since Frontier was founded in 1999, we’ve always reviewed our salary and promotion decisions fairly, considering diversity and inclusion. You will see from the statistics below, it’s evident we do have a gender pay gap at Frontier. As a firm who is so passionate about inclusion we are disappointed by this but are committed to reducing our gender pay gap. We have always sought to promote equal progression opportunities for people at Frontier by:

- Allocating staff an independent mentor to provide objective advice and support in their career development.

- Initiating various processes designed to provide clarity and objectivity to career paths across the firm.

- Subjecting all pay, bonus and promotion decisions to a high degree of scrutiny by a wide group of individuals, who actively check for potential discriminations. Openness and inclusive behaviours are central to our appraisals of staff.

Naturally we’ve investigated the reasons for our pay gap. As with many other professional services firms, the main driver is a higher proportion of men in the more senior positions. Whilst diversity across our senior grades has improved in recent years, we know we still have a long way to go.

Our priority is to close our pay gap through natural development of our own female talent. However, it will take some time before we see significant changes at the top grades. We firmly believe that focusing on attracting the best candidates, both female and male, at entry level and giving them the space and support they need to unlock their full potential, will lead to a much more sustainable outcome than looking for quick fixes. We’ll continue to provide an environment that’s focused on fairness and equal opportunities, and monitor progress as we work towards closing our gender pay gap. We’ll also remain open to exploring additional options if the gap continues to persist.

HELEN FIELD
People Director

CHRIS NEWTON
Director, COO
THE GENDER PAY GAP AT FRONTIER ECONOMICS LTD

Our gender pay gap statistics are set out below as per April 2019, according to the legally required calculation method. The numbers reflect the difference in average pay across all job functions, grades and offices between all men and women at Frontier. They look at total pay and bonus payments only and are based on two different measures of the ‘average’ (mean and median). We also show the proportion of Frontier employees in each pay quartile as of April 2019.

In addition to the legally required statistics, we also show the gender pay gap based on base salary remuneration.

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<tr>
<th>Description</th>
<th>Mean</th>
<th>Median</th>
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<tbody>
<tr>
<td>Gender pay gap – hourly pay, April 2019</td>
<td>58.7%</td>
<td>16.5%</td>
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<tr>
<td>Gender pay gap – bonus only, year preceding April 2019</td>
<td>70.6%</td>
<td>78.1%</td>
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<td>Gender pay gap – base salary only, April 2019</td>
<td>25.8%</td>
<td>16.5%</td>
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<table>
<thead>
<tr>
<th>Gender</th>
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<tbody>
<tr>
<td>Female</td>
<td>87.9%</td>
<td>81.7%</td>
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<td>Male</td>
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When looking at our gender pay gap statistics, there are a few things to bear in mind:

- Frontier is an employee-owned limited company. Directors are employees along with everyone else. Our gender pay gap statistics are based on the salaries of all employees regardless of their job function and grade.

- Our bonus system is a core part of our overall remuneration strategy. The vast majority of our staff earn a bonus alongside their salary. However, the timing and percentage of our bonus payments vary dependent on job function and level of seniority. This has an impact on our gender pay gap statistics. The officially required calculation method focuses on April 2019; remuneration we pay in this month includes bonus payments for senior employees but none for more junior staff as they are paid their bonus via a twice yearly lump sum in December and June. Looking at base salary only, our mean gender pay gap in April 2019 was 25.8%.

- It should also be noted that the gender pay gap numbers for bonus payments do not take part-time arrangements into account. However, none of the points above affect the reality that our gender pay gap is bigger than we would like.
WHAT ARE WE DOING TO CLOSE THE GAP?

We remain fully committed to attracting, retaining and developing the best people, regardless of their background and personal characteristics, including gender. Our efforts to close the gender pay gap will continue to focus on attracting a wide base of female talent at entry level and offering them the right support to develop and progress through the firm. We firmly believe that focusing on the organic growth of female talent will lead to a more sustainable way of reducing our gender pay gap.

RECRUITMENT

We’ve always operated an organic growth model with a recruitment strategy of hiring predominantly at entry level (analyst), rather than at senior levels. To ensure we have a solid pipeline of diverse talent, including strong female candidates, we’re constantly developing and improving our recruitment process. We’ve increased our sourcing pool for new analysts by reaching out to a wider range of global universities; we blind screen all of our candidates; have introduced a new Applicant Tracking System to streamline our screening process; and have revised our assessment processes to include rigorous training for all interviewers, including discrimination awareness.

RETENTION AND STAFF DEVELOPMENT

Closing the gender pay gap not only requires attracting great female colleagues, but also helping them progress, and retaining them as they become more senior. We’re continuing to implement a wide range of initiatives to improve our performance in this area.

- **Focus on fairness and equal opportunities to progress**: We don’t have a typical line management structure at Frontier. Instead, we strongly encourage people to develop a wide range of experience by working across the firm with the support of their mentor. This approach was always designed to be inclusive and create an open environment that allows everyone to fulfil their potential. We’ll be introducing further training, including for all seniors in the firm, that focuses on increasing diversity and inclusion awareness, building coaching skills and encouraging upward feedback at all levels.

- **Support for working mothers (and fathers!)**: Recent internal surveys and focus groups suggest that the prospect of working in a high-paced consulting environment whilst having a family felt incompatible for some employees. As a result, we’ve placed greater emphasis on supporting working families and new parents of both genders. We’ve introduced a Working Families Group to provide support to parents, and reviewed policies and initiated change where needed. We’ve also increased parental leave, made our flexible working policy much easier to access and introduced a programme of coaching and support for parents returning to work.
• **Better understand the challenges of maintaining our female talent pipeline:** Our gender split tends to be relatively balanced at the entry level and we don’t see much difference in the rate of progression between male and female colleagues. However, we see evidence of cracks in the pipeline at the more senior grades, and are fully committed to understanding the reasons behind them and what we can do to address them. In this context, we will work with our female talent to introduce a women’s network, to freely share ideas from all employees to further improve our internal processes, provide greater support networks and create role models for all staff.

In line with Frontier’s wider approach to diversity and inclusion, our approach to addressing our gender pay gap is employee-led. All staff are encouraged to innovate in the diversity and inclusion space and we’ve already developed several employee networks including Spectrum for our LGBTQ+ employees and the Working Families Group we mentioned before.

Reducing our gender pay gap is a challenge that all of our employees are tasked with. We truly believe that openly sharing our data, and how we’re progressing in this space, with the whole firm will lead to the right conversations, and encourage behavioural and structural change.