

GENDER PAY REPORT 2021

22 FEBRUARY 2022

A NOTE FROM THE PEOPLE DIRECTOR AND THE COOS

Equality, Diversity and Inclusion are core to our business and our people strategy. We focus on creating a culture and working environment that embraces difference, encourages innovation and supports all of our people to achieve their full potential at work. Our company is owned by its employees and as such we are accountable to each other for the success of our Equality, Diversity and Inclusion [EDI] programme. With direction and support from our Board and leadership teams we encourage all our employees to participate, and offer challenge to all aspects of the programme, including our approach to achieving equality in gender pay.

Since our initial report we have continued to investigate the reasons for our gap and the main driver continues to be the higher proportion of men in more senior positions. Whilst diversity across our senior grades has improved in recent years, we know we still have a long way to go and since our last report have taken action across a number of areas. This report offers an update on our continued commitments and focuses on current initiatives that we see as key to tackling our gender pay gap.

In line with [government guidance](#) in cases where our people do not identify as either gender we have asked if they would prefer to be omitted. In all cases these employees chose to omit their data.

CONTINUED COMMITMENTS

We continue to promote equal progression opportunities for people at Frontier by:

- Subjecting all pay, bonus and promotion decisions to a high degree of scrutiny by a wide group of individuals, including peers and our leadership team who consider; equality of decision, diversity distribution and the impact of decisions on inclusion initiatives.
- Regularly reviewing our internal processes and pay policies to check for bias or discrimination.
- Ensuring all salary and promotion decisions are reviewed first by peer groups and then a central consistency team to reduce the potential for bias.
- Allocating all staff a mentor, independent from their day to day work to provide objective advice and support in their career development.

Our efforts to close the gender pay gap will continue to focus on attracting and retaining a wide base of female talent and offering them the right support to develop and progress through the firm. We firmly believe that focusing on the growth of female talent will lead to a sustainable gender pay outcome.

Given the distribution of female talent is one of the key drivers of our pay gap we set ourselves a goal of reaching 40% female distribution across the Manager and AD grades by January 2024. We commit to report progress against this goal back to the whole firm as part of our Annual EDI report alongside the publication of our gender pay statistics and diversity data.

As of January 2022 the proportion of female managers is 34%. This has risen by 13% since 2017.

THE GENDER PAY GAP AT FRONTIER ECONOMICS LTD

PLEASE NOTE:

Frontier Economics Ltd comply fully with the UK legally required Equal Pay policy, which determines that men and women are paid the same for the same work. The statements and figures below relate to the 'gender' pay gap.

Our gender pay gap statistics are set out below as per April 2021, 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 2021.

In addition to the legally required statistics, we also show the gender pay gap based on base salary remuneration in April 2021 only.

	Mean	Median
Gender pay gap – hourly pay. April 2021	51.80%	13.90%
Gender pay gap – bonus only, year preceding April 2020	63.80%	69.70%
Gender pay gap – base salary only, April 2021	21.30%	
	Women	Men
Proportion receiving bonus payment, year preceding April 2021	92.90%	93.20%

PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE – APRIL 2021

	Female	Male
Lower	50%	50%
Lower middle	52%	48%
Upper middle	58%	42%
Upper	26%	74%

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 2021; 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 2021 was 21.3%.
- 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 – our gender pay gap is bigger than we would like.

ACTIONS IN FOCUS

RECRUITMENT

To ensure we have a solid pipeline of diverse talent, including strong female candidates, we're constantly developing and improving our recruitment process. To support our goals we have shifted our recruitment strategy to include a mix of experienced hires and analysts and we have also balanced our hires toward mainland Europe. We've increased our sourcing pool for new analysts by reaching out to a wider range of global universities and we have expanded our sourcing methods for lateral hires to include agencies, headhunting, blind referrals and marketing. We revised our assessment processes to include rigorous training for all interviewers, including discrimination awareness.

RETENTION

Whilst we do see a positive impact from external hiring, our priority continues to be a focus on the retention, development and progression of female and non-binary employees. We know that creating an open and inclusive environment that enables women to thrive is key to us addressing the gender balance of the firm, which is the key driver of our pay gap.

In collaboration with our employees we have developed initiatives that seek to address retention and continue to provide an environment that's focused on fairness and equal opportunities. Specific initiatives include

- **Learning and Development opportunities.** We are committed to enhancing our learning offer for all staff to ensure that everyone has an equal opportunity to progress. Over the past year we have worked with external suppliers to develop an offer that includes, bias training, inclusive leadership and we have recently invested in two women in leadership programmes for aspiring female leaders. These are run by Oxford University and London Business School.
- **Support for working parents.** Feedback continues to highlight the tension of working in a high-paced consulting environment whilst having a family. We understand that this issue is felt among many professional service firms and our aim is to resolve this tension at Frontier. As a result, we've placed greater emphasis on supporting working families and new parents of both genders. Our working families group continue to provide support to parents by creating a safe space to highlight issues and challenges. As a firm we continue to look at ways of responding to this challenge and place the principles of trust and flexibility at the core of our approach. We have increased our parental leave benefits to be applicable from day one of employment and available at any time within the first year. We actively promote a flexible hybrid working model that means parents can manage work around family and we have increased our new parents coaching programme to be available to all parents throughout their career. We continue to work with our employee networks to review our approach.
- **Prism Employee Network** Our employees have further developed our networks to include a space to freely discuss gender related topics and identify learning opportunities for our leadership teams and the wider organisation. As with all our networks we encourage open debate and open conversation with our People Director and Executive.

Reducing our gender pay gap is a challenge that everyone at Frontier is committed to resolving. 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 the behavioural and structural change required to reduce our gap.

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