

GENDER PAY REPORT 2023

03 APRIL 2024

Frontier Economics thrives on the diversity of our people. This diversity fuels our creativity, enabling us to tackle challenges from different perspectives and deliver unparalleled economic insights to our clients. It also makes for a more vibrant and fulfilling workplace.

This is why we make it our mission to attract and retain a varied pool of talent. We're committed to inclusivity: we want everyone at Frontier to feel valued and connected, and proud of their contributions.

Achieving equity is fundamental to this. And although we've seen positive changes, especially in terms of pay, we know our journey is far from complete.

Our gender pay gap is mainly the result of a higher number of men in senior roles. Achieving balance at a senior level is therefore vital. As part of this, we set a target in 2019 to secure 40% female representation at the Manager grade by January 2024. We're proud to say we achieved this a year ahead of schedule, in January 2023 and we are currently evaluating appropriate further targets.

But we recognise the need for more action. We understand that people from underrepresented groups can encounter unseen obstacles, particularly at mid-to-senior career stages. To address this, we're evaluating our systems and practices to dismantle these barriers and foster a more equitable workplace.

In this report, we outline not only our gender pay gap figures but also the steps we're taking to enact change. We confirm the accuracy of this information on behalf of Frontier Economics Ltd, adhering to government guidance. For employees who do not identify as either male or female, we offered the choice to exclude their data from our analysis, respecting their preferences.

As we move forward, our dedication to enhancing diversity and ensuring fairness remains unwavering. Through continuous review, strategic action and a commitment to transparency, we are steadfast in our mission to create a workplace where diversity is not just celebrated but seen as central to our success.



James Bellis
Director and COO



Lucy Tobin
People Director

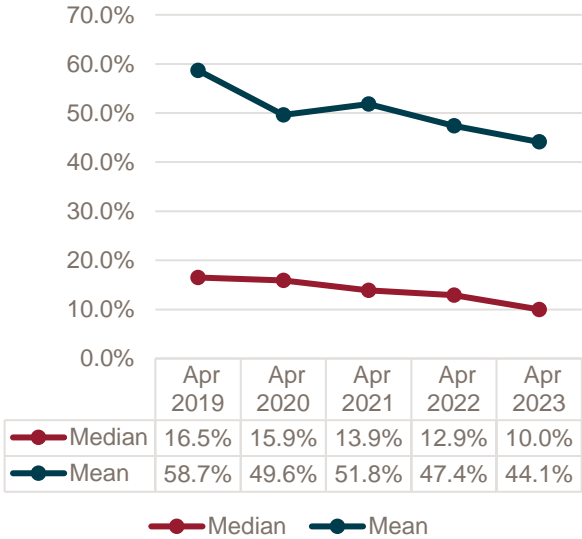


Phil Burns
Director and COO

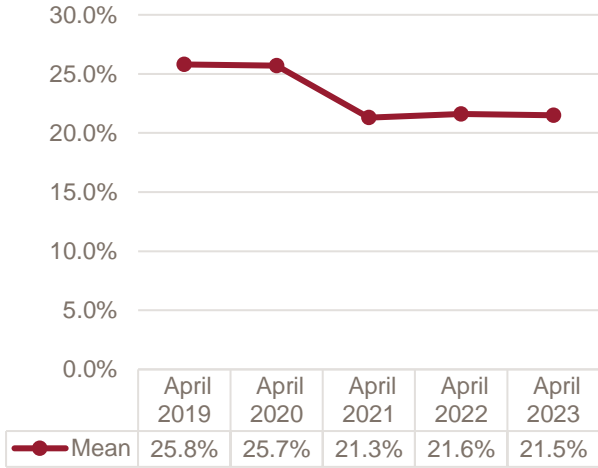
Frontier Economics Ltd

Gender pay gap data for 2023

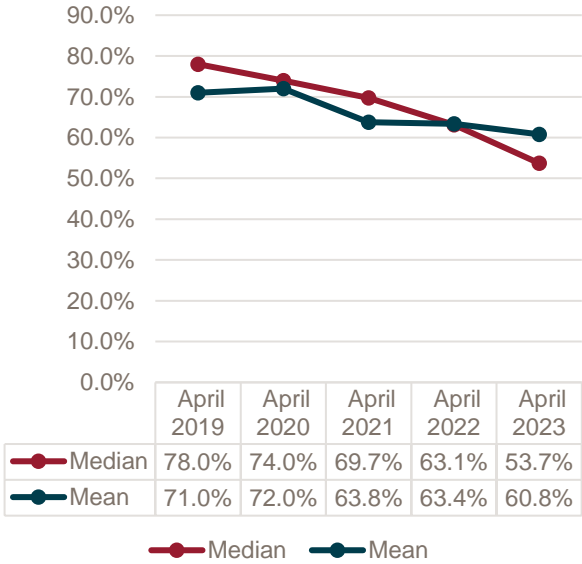
Gender pay gap



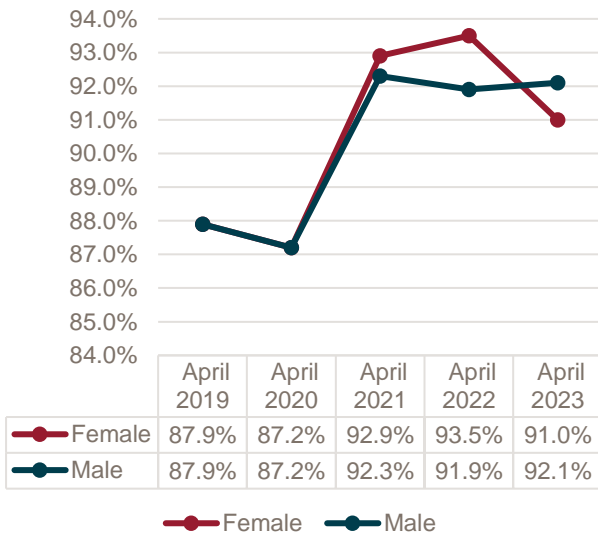
Gender pay gap: salary only



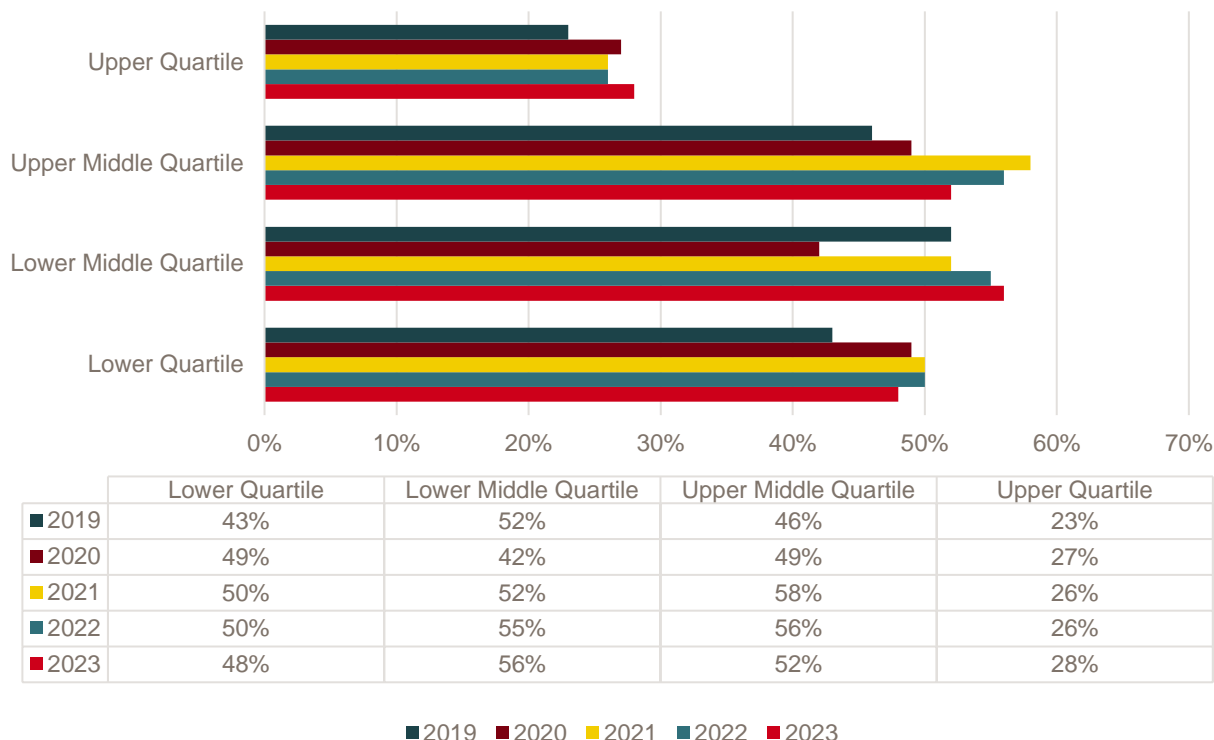
Bonus gender pay gap



Proportion of women and men receiving a bonus



Proportion of women in each pay quartile



‘Gender pay gap’ refers to the percentage total difference in average earnings between all men in the organisation and all women in the organisation, irrespective of level or role. This is not the same as ‘equal pay’, which is the principle of equal pay for equal work. The statements and figures and below relate to the gender pay gap.

Our gender pay gap

The following technical elements should be noted when considering our pay figures:

- Between 2022 and 2023, our median pay gap reduced by 2.9% to 10%. This is a step in the right direction, but we are still above the UK average of 7.7%.¹
- Our bonus system is a core part of our remuneration strategy. The majority of our staff earn a bonus alongside their salary, in line with our business model of distributing most of our profits to our employees. However, the timing and percentage of our bonus payments vary depending 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 2023. Remuneration in this month includes bonus payments for senior employees but not for more junior staff. This is because junior staff are paid their bonuses via a twice-yearly lump sum in December and June, whereas more senior staff – Managers, Associate

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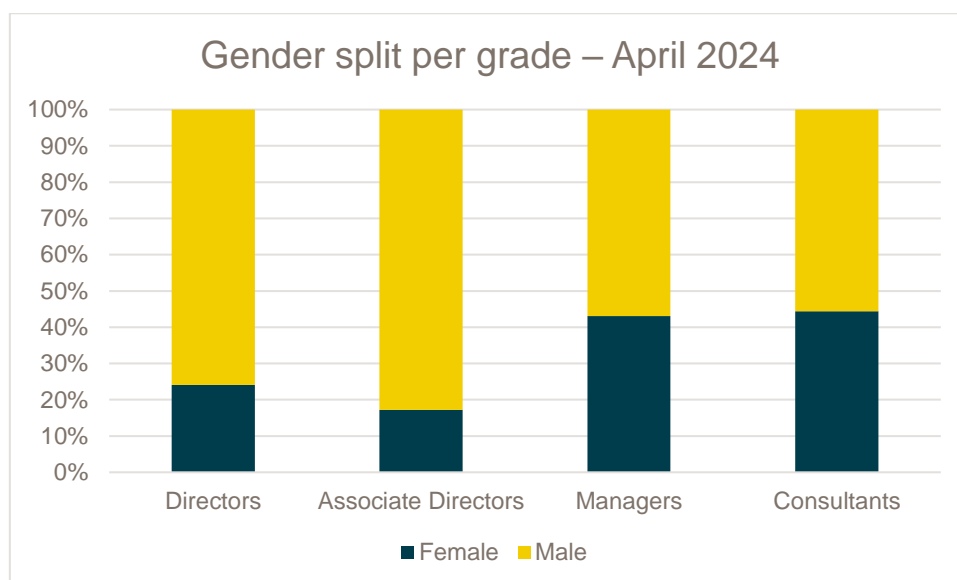
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023>

Directors and Directors – are paid their bonuses monthly. This allows us to better manage the cashflow of our business.

- Our bonus payments are linked to our revenue and profits. That means changes in payments can be linked to commercial factors, rather than being indicative of gender pay gap progress.

Our bonus pay gap has reduced by 9.5% to 53.7%, but as this is a commercial variable it will vary slightly year on year. If we are to close this gap further, we will need to focus on representation at a senior level. Gender pay gap figures for bonus payments do not take part-time arrangements into account.

We are committed to gender parity and to closing the pay gap that exists at Frontier. This gap is mainly due to a higher proportion of men in senior positions. We've made progress in this area but we still have a long way to go.



- In order to better understand our gender pay gap and the driving factors in changes we observe, we conducted further analysis of the data in each grade. Some notable observations include:
 - The composition of our fee-earning Director band remained the same up until April 2023, we did however see a smaller mean pay gap due to periods of female director leave.
 - At the Associate Director level, we've seen an increase in both the mean pay and bonus gaps, attributed to the gender imbalance at the top of this grade and the way bonuses are distributed. We are reviewing our gender targets in response.
 - The mean pay gap for Managers has decreased by 7%, partly driven by periods of leave and bonus timings for new managers. Excluding these events, the decrease would have been 2%. This is a step in the right direction and reflects the growing proportion of women at the grade.

- For Consultants, the mean pay and bonus gaps have significantly decreased. There remains a slight gender imbalance, with more men than women, but it's less pronounced than in other grades and continues to improve.

Our Progress So Far

We know a key part of addressing gender inequality is providing quality development opportunities and support throughout women's careers, including the time leading up to and following key milestones such as childbirth, parental leave and menopause. This continues to be a key priority for us although we are proud of the progress we have made.

Woman in Leadership Programmes

We have introduced two Women in Leadership programmes aimed at supporting emerging female talent and preparing future female leaders for the challenges and opportunities ahead. These initiatives are designed not just to empower but to inspire and equip our women with the skills and confidence needed to grow their careers. We have seen really positive results, with 75% of participants having been promoted or transitioned into new roles, demonstrating the impact of targeted development opportunities in accelerating career progression.

Growing Families Programme

Understanding the complexities and challenges of balancing professional growth with personal milestones, our Growing Families programme offers comprehensive support before, during, and after parental or care leave. In 2023, more than half of our eligible staff have taken advantage of this programme, benefiting from resources and guidance tailored to their unique needs during these pivotal moments in their lives. This initiative reflects our commitment to ensuring that starting or growing a family does not impede career development but is embraced as a valued part of our employees' journeys.

Menopause and Peri-Menopause Policy

We're proud to have introduced our first Menopause awareness campaign and Menopause support policy in 2022. By providing information and guidance to our employees and managers on how menopause can affect women and how we can provide support, we took a step forward in opening up a dialogue and creating a culture of openness and support around the topic. We have also committed to ongoing investment in this space by offering one to one coaching with an external coach who specialises in menstruation, hormonal health and menopause as well as funding menopause healthcare plans, providing treatment and support.

Looking forward

We've made steady progress in reducing our gender pay gap and enhancing our commitment to equity, diversity and inclusion (EDI). In 2023, we took a significant step by working alongside EDI experts to develop a new EDI strategy.

This has set a strong foundation, clarifying our goals, defining who is responsible for what and laying out steps for achieving our objectives.

Our updated EDI mission is to build a workplace where everyone is treated fairly, feels respected and has an equal chance to succeed.

Everyone has a role to play in the success of this mission, but responsibility for driving it lies with our Executive Directors and Management Committee, who in turn are accountable to our Board. We've set up an EDI council, led by our People Director, to steer our efforts and act as a design authority and decision-making forum. In 2024, we will launch five working groups to tackle specific improvement areas:

1) Diversity in talent acquisition working group

Women are underrepresented among economics graduates and experienced economists, and this trend has worsened in recent years. Studies indicate that between 2013 and 2018, only between 30% and 38% of economic undergraduate students were female and that progress toward gender parity has now slowed and in some areas been reversed.

We tackle this in our recruitment by ensuring we reach as many female candidates as possible, through marketing, partnerships and inclusive selection practices. We also strive to promote internal role models and provide support for female careers.

We're pleased to share some positive numbers reflecting our progress. In the year to March 2024, women represented:

- 40% of our new Analysts
- 60% of our business management team hires
- 50% of our experienced economist hires
- 46% of all our permanent new starters.

We ensure fair pay from the start by aligning our salaries with external benchmarks.

In 2024, we plan to fine-tune how we recruit, reaching out more effectively to a greater variety of candidates and training our hiring managers to run processes that are inclusive and focused solely on the skills needed for the job.

2) Talent development and promotion working group

In 2019, we set a goal to achieve 40% female representation at Manager level by January 2024. We achieved that goal a year early, in January 2023.

In January 2024, 57% of our Manager promotions, 40% of Associate Director promotions and 50% of Director promotions were female.

We also monitor bonus and salary increases by gender to ensure equitable reward and progression over time.

While we are proud of what we've achieved, we know that to continue closing our gender pay gap we must do more to increase female representation at the most senior levels of our organisation.

Our Talent Development group will work on making promotions and resourcing processes clearer and more supportive, especially for those on parental leave. We'll also enhance our programmes for women's advancement, paying particular attention to the challenges faced by women of colour.

Current female representation at senior level

	2020	2021	2022	2023	2024
Board	25%	25%	27%	33%	36%
Exec	26%	29%	30%	30%	32%
MC	57%	57%	63%	66%	66%
All	47%	47%	47%	48%	45%

3) Strengthening our inclusive culture working group

Over the past year, we've taken steps to make our workplace more inclusive, including initiatives focused on menopause and menstruation.

But a recent employee survey indicated we could improve how we show our commitment to EDI, including by making the commitment of our leaders more visible.

In 2024 we'll strive to make these improvements. We'll launch a working group dedicated to strengthening our inclusive culture by articulating how we measure our performance around EDI and the behaviours we expect from our leadership teams.

4) Client engagement working group

We know EDI is also important to our clients. We want Frontier to be a role model to them and to other partners. To help achieve this, we'll increase the external visibility of our EDI goals and progress.

We will also foster an environment of open communication, trust and support. That means making our EDI standards clear to clients and others we work with, and ensuring our employees and partners enjoy a positive working environment through a zero-tolerance approach to discriminatory behaviour.

To help us do this, we'll clarify and promote our escalation processes.

5) Diversity Data working group

In 2023 we invested in a new people management system, creating a step-change in the diversity data we collect and monitor. We can now collect better data around ethnicity and gender identity, allowing us to more accurately understand the experiences of employees, including those who are intersectional.

Data will be used to monitor outcomes across recruitment, reward, remuneration, promotions and attrition. This will allow us to identify and respond to any trends, ensuring everyone has an equal opportunity to succeed.

Commitment to continued improvement

We take responsibility for our gender pay gap and we're committed to closing it. We can be proud of our progress so far but we still have a long way to go. We recognise that creating an equitable, diverse and inclusive culture requires each of us to walk in someone else's shoes. We embrace the learning journey that we are on and will work together, at every level, to drive meaningful and sustainable progress.

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