

GENDER PAY REPORT 2022

31 MARCH 2023

Frontier Economics is an employee-owned business, and the diversity of our people is critical to our success. It allows us to innovate, to challenge ourselves and to look at problems from different angles. This enables us to offer market-leading economic solutions for our clients and a more exciting, fulfilling environment for all.

Fostering a culture of inclusion helps us attract and retain diverse talent. We aspire to be a place where everyone can feel a sense of belonging and pride in what they do. To achieve this, we must achieve equity. While we've made progress in many areas, including pay, we know we're not there yet.

Our gender pay gap is mostly due to a higher proportion of men in senior positions. Balancing our talent at senior level is therefore crucial to closing the gap. In 2021, we set a goal to achieve 40% female representation at Manager level by January 2024. We're delighted to have reached this goal a year early, in January 2023.

However, there is more to do and we cannot be complacent. We're aware that employees from underrepresented populations often hit invisible barriers at the mid-to-senior level of their careers. As such, we're undertaking a review of our systems and practices to understand these issues and identify what can be done to improve them at Frontier.

In this document, we share our gender pay gap figures as well as the work we are doing to drive change.

On behalf of Frontier Economics Ltd, we confirm that this information is true and accurate. 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.



James Bellis
Director & COO



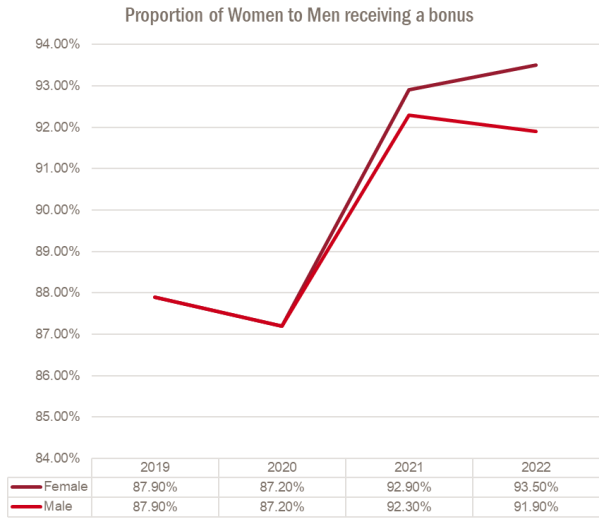
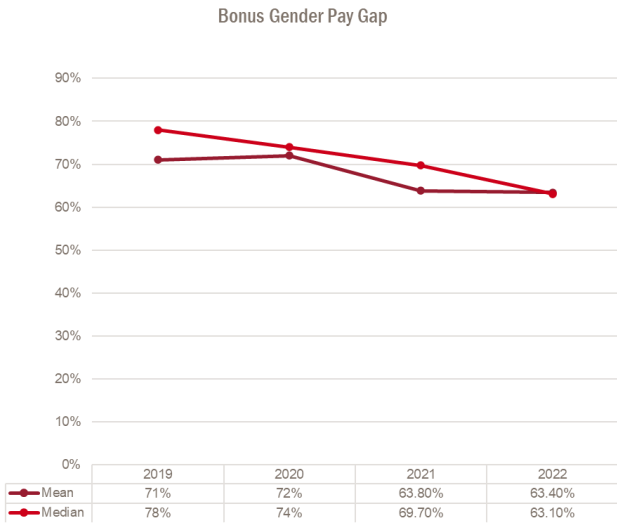
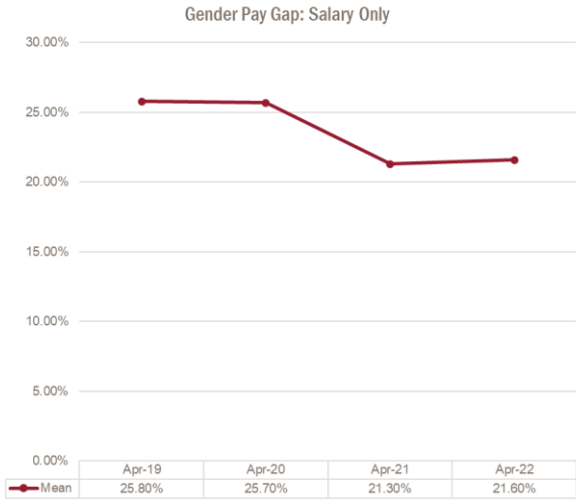
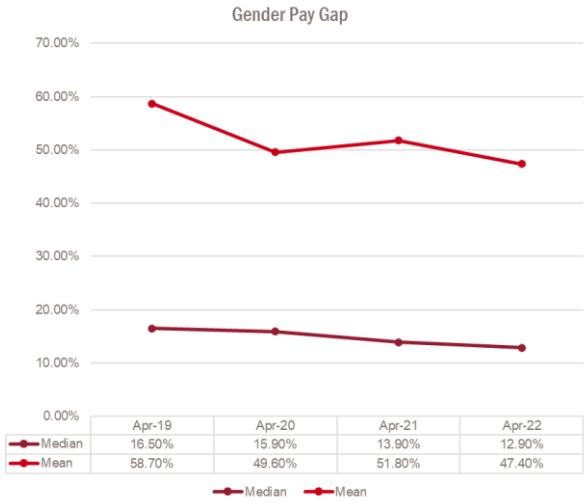
Lucy Tobin
People Director



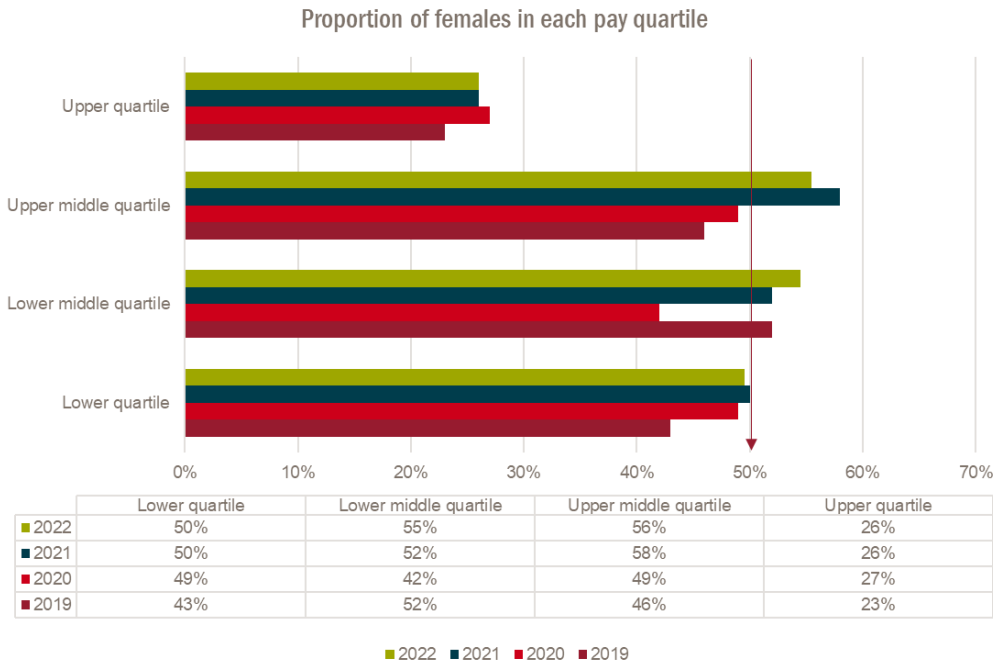
Phil Burns
Director & COO

Frontier Economics Ltd

Gender pay gap data for 2022



Proportion of women and men in each pay band



Please note that ‘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

We are committed to gender parity and to closing the pay gap that exists at Frontier. This gap is mostly 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.

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

- 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 2022. 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 Directors and Directors – are paid their bonuses monthly. This allows us to better manage the cashflow of our business. Considering base salary only, our mean gender pay gap in April 2022 was 21.6%.

- 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.
- Gender pay gap figures for bonus payments do not take part-time arrangements into account.

Talent pipeline

A number of factors have contributed to the predominance of men in our talent pipeline over the years.

In higher education, more male students than female students have historically studied courses in economics. Studies indicate that between 2013 and 2018, only between 30% and 38% of economics undergraduate students were female¹. Concerningly, it also suggests that the progress achieved towards gender parity over the past 25 years has now slowed, and in some areas has been reversed.

It's therefore clear that we cannot be passive, and must take action to attract and retain female talent. As such, our gender targets ensure we are disciplined, challenged and accountable for our hiring practices.

Sustaining gender parity at entry level and beyond

Our recruitment team are committed to achieving diversity in our talent pipeline. They use tools to ensure job adverts are not gender-biased and interview panels are diverse. They also partner with institutions and networks across Europe to drive diversity in the candidates Frontier attracts.

In the past three years, the recruitment team has achieved a successful gender balance in the new recruits Frontier has employed. In FY21, 43% of new recruits were female; in FY22, 65% were female; and in FY23, 45% were female.

Our experienced hires team works in partnership with the Women in Economics network, the Women in Economics Initiative and a range of other organisations to connect with female talent, understand drivers of gender diversity and discuss how Frontier can support the career paths of women at all levels.

Championing female talent

We know that the key to closing our gender pay gap is the diversification of our senior leadership.

¹ [CEPR, 2021](#); [Royal Economic Society, 2021](#); [University of Cambridge, 2021](#).

The evidence shows that even where firms have demonstrated a 50% gender balance in entry-level recruitment over a number of years, that has not necessarily translated into a 50% balance at a senior level. We also know that, across industries and countries, too many highly qualified women are still leaving the workforce, particularly at the mid-to-senior level. There are many reasons for this: societal pressure, childcare responsibilities and costs, health issues, caregiver responsibilities, lack of role models and more.²

As such, we must take a human approach to ensure we support our people through their career journeys. At Frontier, we support our female talent by investing in them, through extensive learning and development programmes, external 1:1 and group coaching, sponsored leadership programmes with Oxford University and London Business School and parental leave coaching.

But it is not the responsibility of underrepresented populations to fix imbalances – it is the responsibility of us all. For this reason, we run inclusive leadership training across every level of our organisation to increase awareness of challenges, barriers and biases, and the roles we can play as sponsors, allies and champions.

In order to make our career development review process more equitable, all decisions from practices and mentors are run through ‘consistency meetings’. In these meetings, individuals from across the business sit with our people team, who are charged with reviewing and challenging the outcomes through an inclusion lens. We also keep our process under review to enable continuous improvement.

Flexibility and connection

The pandemic highlighted the challenges women face when work and family pressures collide. It reinforced for us the importance of work–life balance. Our hybrid working model allows employees to mix remote work with in-office connection, with the expectation that they connect in person 40% of the time. We also offer more formal flexible working practices, to incorporate individual circumstances and role-model successful flexible working.

To balance the benefits of flexibility and in-person connection, we’ve piloted a range of initiatives, including budgeting for coffee meetings outside the office, bringing people together across offices and allocating days dedicated to remote and in-person connectivity. This is a learning process for us – our employees are leading the way in exploring creative initiatives and we are listening to them.

Culture of inclusion and belonging

At Frontier Economics our culture, like our business, is owned by everyone. We want our culture to be one in which all our people feel belonging and can thrive.

² [Harvard Business Review, 2005](#); [Forbes, 2020](#).

We undertake regular surveys to measure our employees' sense of belonging. We also give our people a voice through our employee representatives, who sit on our Board and also meet with our COOs and Management Committee each month. This creates a regular dialogue between employees and leadership.

Our employee resource groups are a place where people can discuss topics that impact them, including gender-related topics. We invite employees to share challenges, including where they disagree with the firm's direction of travel. These groups also allow employees of all levels to help drive our collective education.

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.

Frontier Economics Ltd is a member of the Frontier Economics network, which consists of two separate companies based in Europe (Frontier Economics Ltd) and Australia (Frontier Economics Pty Ltd). Both companies are independently owned, and legal commitments entered into by one company do not impose any obligations on the other company in the network. All views expressed in this document are the views of Frontier Economics Ltd.