



GENDER PAY GAP REPORT

Snapshot Date: April 2023

FACULTY



I hereby confirm the accuracy of the gender pay gap calculations conducted for the financial year 2023-24. Our calculations have been rigorously assessed and verified to ensure precision and adherence to Gender pay reporting regulation. We affirm that the reported gender pay gap figures reflect an unbiased and transparent representation of the compensation disparities between male and female employees within our organisation. We remain committed to monitoring and addressing any disparities identified through our ongoing analysis of pay equity.

Marc Warner
CEO

Introduction

This is Faculty's first official Gender Pay Gap report, and we have enjoyed the process of putting this together - particularly the forum we held with some of the Faculty team for their thoughts, initial reflections and analytical insights to what is creating our gender pay gap and meeting with a small number of external consultants and experts on this topic.

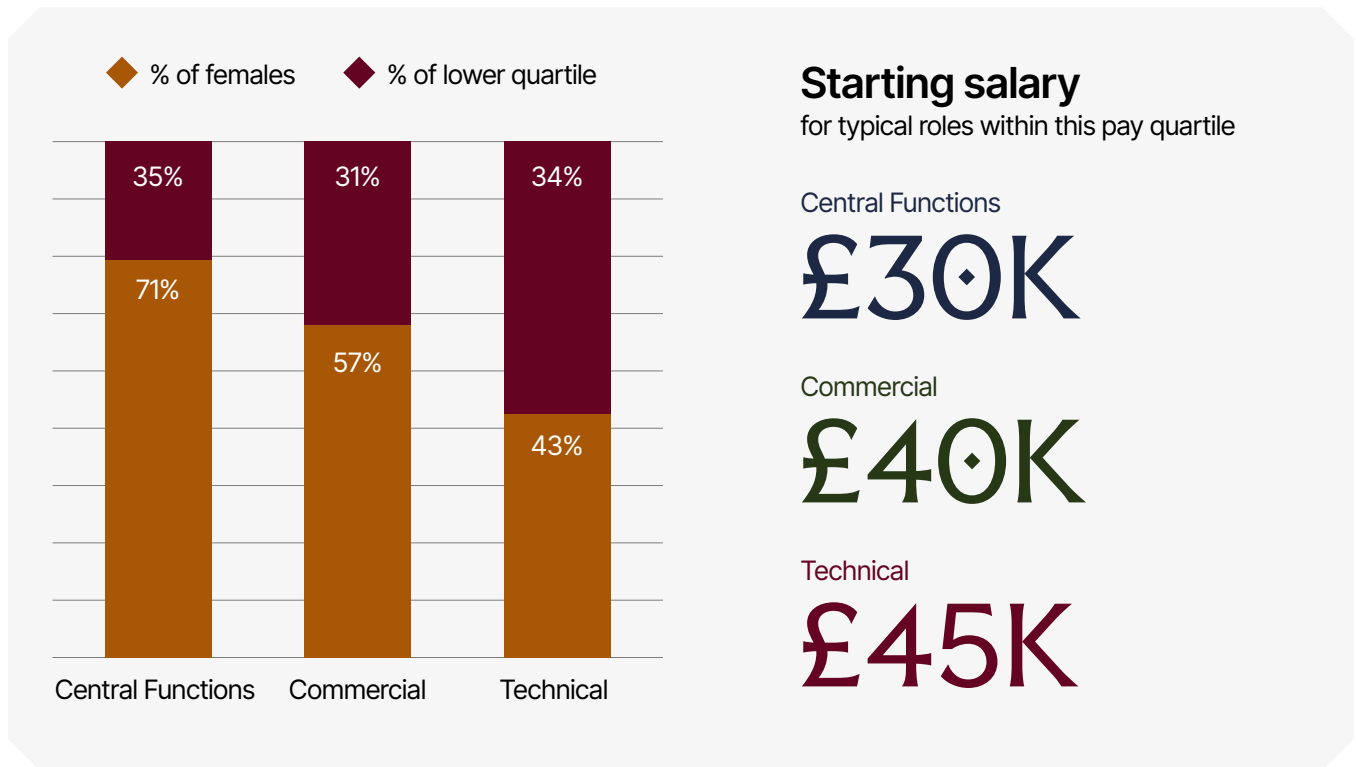
At Faculty, we are committed to consistently reviewing and updating our policies and practices in areas such as recruitment, remuneration, benefits and behaviour to drive an environment where all talented people are capable of thriving and are recognised for it, regardless of their gender.

We hope to have provided a broader more holistic view of the gender pay gap; to demonstrate our commitment to this and to respond to our employees' requests for further insights, and also to ensure that we are driving practical, realistic actions from this which is the actual value from creating the report. Societally there is work to do to close the gender pay gap and we remain committed to our contribution to addressing this.

Vicki Marchington
Chief People Officer

Additional Information

However in commercial and technical roles, the gender split is more balanced, however these roles pay more than their central function equivalent. The median gap for the lower quartile is significantly larger than the mean. This is quite unusual to see, but in this case is explained by the fact that the female pay in this quartile is skewed to the left by the large proportion of females in central functions roles.



We were requested by our gender pay gap forum to review our % of women in leadership positions - we have showed a number of slices of this data in the table below using roles relevant within this report (ie: not roles based outside of the UK):

We will continue to review this data and track promotions, turnover and hiring rates within these groups moving forward.

Board

20%

Leadership
(Director Level)

31%

Executive Team

33%

Leadership
(Director Level)

44%

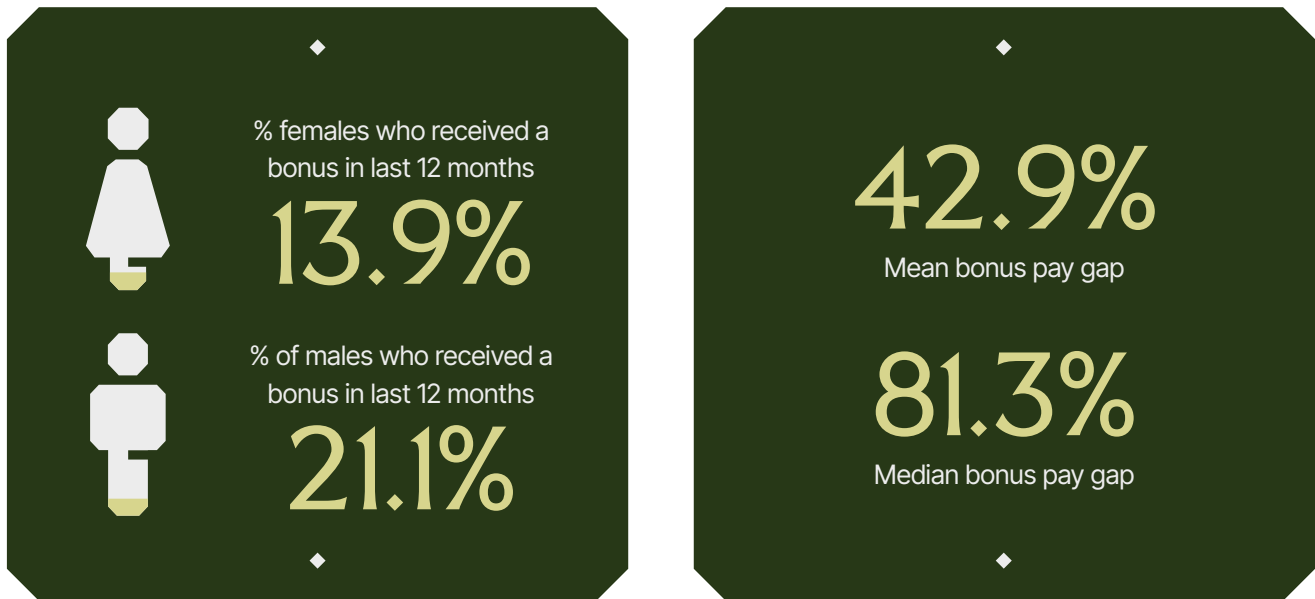
In the 12 months leading up to the snapshot date we reviewed the following data: our rate of promoting women, time to promote women, turnover of women, and hiring rate of women, and we found the following:



This basic data review indicates that there doesn't appear to be a significant issue in our promotions, hiring or turnover. Although of course, as with any data, this creates more questions that we want to ask ourselves and that we will build into our action planning.

Bonus gender split

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In Faculty only a small number of our roles are eligible for a traditional bonus plan.

These roles are sales focused and are the following positions, (based on the snapshot date):

- ◆ Business Unit Directors
- ◆ Business Development Directors
- ◆ Customer Directors
- ◆ Business Development Managers

Our executive team is not eligible for a bonus.

In response to high inflation and energy costs throughout 2022, a cost of living payment was made to employees earning below £40,000; it was a fixed payment of £1,000. More women received this, because more women are in these positions (please see information above on gender split by pay quartile).

These payments were small relative to the sales incentive payments made to those in senior commercial positions,

which contributes to the overall bonus pay gap.

However, as of the snapshot date, more sales roles were held by men than women (16 vs 6), so this also contributes to a very significant bonus pay gap.

What is also included in this data is other bonuses eg. referral payments (for talent acquisition efforts), relocation allowances, fellowship referral bonus and other similar initiatives.

Closing the gap

In considering our options for closing the gender pay gap we have considered external data for women in STEM (www.stemwomen.com).

We think it is important to think about the ecosystem in which we operate. Stem women state that, lack of women in STEM education impacts the workforce. The current rate of change is insufficient to ensure an inclusive future workforce. [2015 - 25% in STEM education and 27% in 2022].

Gradual increase in women in the overall STEM workforce, but at the current rate of change, we would not see equal representation in STEM until the year 2070.

They also state that computer science and engineering fields show the largest gender imbalances. These sectors are also some of the most financially lucrative, meaning that high paying jobs are predominantly taken up by men. They show engineering at 12% women and IT professionals covering roles similar to those at Faculty at 19% women.

Based on our analysis of the gender pay gap we believe the main reasons for our gap are as follows:

◆

01

Imbalance in the population of men and women in 3 of our 4 quartiles.

◆

◆

02

More women in central functions where the starting salary is lower than technical and commercial roles.

◆

Action Planning

Take Aways	Action	Details
<p>As we are able to hire 57% women into our lower quartile then we should review in more detail the paths for our internal talent and our hiring processes into this quartile</p>	<p>Look deeper into our promotion data</p> <p>Review why there is such a significant drop off in the % of women after quartile 1</p> <p>If we continue this pattern of hiring/turnover and promotions over the next two years, where do we get to?</p> <p>Review data of women in leadership positions</p>	<p>Difference in time to promote men/women is 0.3 of a month</p> <p>Is this significant? Are there any practices/processes we need to do differently?</p> <p>Are there women or men that have been in roles longer than average? Is there anything we should be doing to support those people?</p> <p>Our women % drops from 57% to 29% - we need to understand why this is happening and what we can do to correct it</p> <p>We will model our patterns against our planned headcount growth to see what these patterns deliver in the next 2 years</p> <p>We have shown very basic data for women in 3 different versions of leadership positions</p> <p>We will continue to track this across turnover, promotions and hiring</p>
<p>External data is showing us that there is a significant imbalance in occupational segregation (more men in engineering and technical roles than women)</p>	<p>Review the gender pay gap measures across job families</p> <p>Review our offering for early talent programmes</p> <p>Review our source of hiring</p> <p>Review our funnel metrics in TA (talent acquisition) by job level for relevant roles</p> <p>Demand appropriate top of funnel metrics in TA</p>	<p>Compare the data across job families eg data science, engineering etc... to understand whether there is a specific area we should be focusing on more</p> <p>We have had internships and work experience people join Faculty previously - we will formalise this offering to drive uptake of the programme</p> <p>Look at our most effective source of hiring for women - if this is in direct sourcing for eg consider how we can double down on this</p> <p>Our funnel metrics show whether we are losing women from our talent pipeline whilst hiring and allow us to review our processes in line with this data</p> <p>In TA we can demand of agencies that we partner with to create the appropriate % of women at the top and next stage of the hiring funnel</p>

Action Planning

Take Aways	Action	Details
<p>Continue our practices to develop our 'Employee Voice'</p>	<p>Formalise how we work with our ERGs (employee resource groups)</p> <p>Repeat gender pay gap forum on an annual basis</p>	<p>We have a women's network group - working with this group more formally could be useful to our development of these types of initiatives within Faculty</p> <p>Continue to engage the business in this topic</p> <p>Utilise our employees to review this information in the most effective way</p>
<p>We have enjoyed the process of reviewing this information - we want this to be actionable and regular to drive change needed in real time</p>	<p>Build some of the data from this report into the people partnering dashboard</p>	<p>We would like our leadership team to have their eyes regularly on this data to spot issues and course correct in real time</p> <p>The partnering team are the most business facing team so this should be built into their dashboards</p>

Glossary of terms

Relevant employees

All employees employed on your snapshot date, who either:

- ◆ have a contract of employment – including employees who are part-time, job-sharing, and on leave
- ◆ are self-employed, where they must perform the work themselves – that is, they are not permitted to subcontract any part of the work or employ their own staff to do it

Hourly pay/ Average earnings

Hourly pay is the sum of ordinary pay and any bonus pay (including any pro-rated bonus pay) that was paid in the pay period that includes your snapshot date.

This is calculated using gross figures before deductions made at source (such as tax and employee pension contributions) and after any reductions from gross pay for salary sacrifice.

Full-pay relevant employees

All employees employed on your snapshot date who are either:

- ◆ paid their usual full basic pay – including paid leave – or paid for piecework during the pay period in which your snapshot date falls
- ◆ paid less than their usual basic pay or piecework rate, but not because of leave (for example, because they have irregular working hours)

Full-pay relevant employees

Employee turnover is the percentage of employees that leave an organisation during a given time period.

In this report, it is calculated as the total number of male/female leavers in the given time period (12 months), divided by the average number of male/female employees during the same time period.