

GENDER PAY GAP REPORT

SNAPSHOT DATE: APRIL 2024



FACULTY

STATEMENT OF ACCURACY

I hereby confirm the accuracy of the gender pay gap calculations conducted for the financial year 2024-25. 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 Gender Pay Gap report. 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, partly to demonstrate our commitment to identifying the root causes of our gender pay gap, but also to ensure that we are driving practical, realistic actions from this, which is the actual value from creating the report.

We know that gender pay gap reporting language can be quite jargon-y, so we have included a glossary of terms at the end of this report to clarify some of the terminology used.

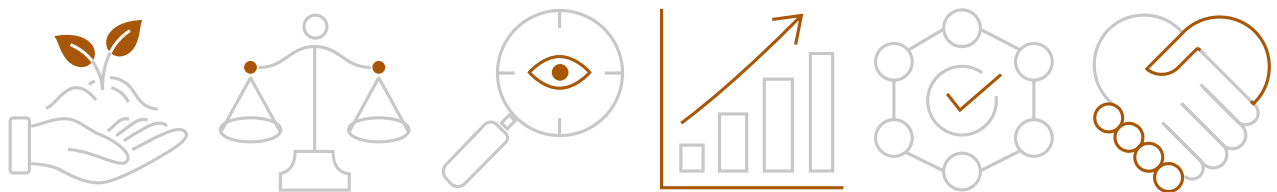
Vicki Marchington

CHIEF PEOPLE OFFICER

Faculty's Principles

At Faculty, our principles codify our high-performance culture, creating a shared understanding of what we stand for and what we should demand from ourselves and others in everything we do. They provide us with guidance and guardrails and a navigational moral compass.

We believe that they should never be compromised - either for convenience or economic gain - guiding the decisions and actions of everyone, from leadership to employees and ensuring a cohesive and unified approach to what we do, and how we do it.



Grow the Best Team

Only hire people you're convinced will make Faculty better. Take others' development as seriously as your own. Build strong and collaborative teams. **Through the Gender Pay Gap we have identified areas that will support our team's further development.**

Act with Integrity

Have the courage to maintain integrity even when it's costly to do so. Demand this from others without hesitation. **We have been transparent and open with our data and our analysis, providing more data where possible and appropriate.**

Seek Truth

Seek the truth over winning the argument. Understand the root cause. Create an atmosphere in which the best idea succeeds, regardless of who or where it comes from. **We have conducted further analysis beyond what the legal expectation is to ensure we are seeking truth.**

Maximise Impact

Care about the impact of your work. Find the thing that is most important to your customer. Design the best solution, not just what's easiest or fashionable. Get it done fast. Make sure nothing falls through the cracks. **We genuinely wanted to create an action plan that drives change in areas we can directly impact through the necessity of building this report.**

Do Great Work

Master your craft. Take pride in your work, even when no one is watching. Demand the highest standards from yourself and others. Work hard, but do it sustainably. **We hope you enjoy the read and feel that this reflects Faculty**

Be Humble & Kind

Recognise that you're always learning, and have something to learn from everyone. Always make the decision that is best for Faculty, but treat people kindly as you do it. **We have appreciated the process of learning through the insights from our employee forum and from external consultants who we have sought advice from.**

What is the gender pay gap?

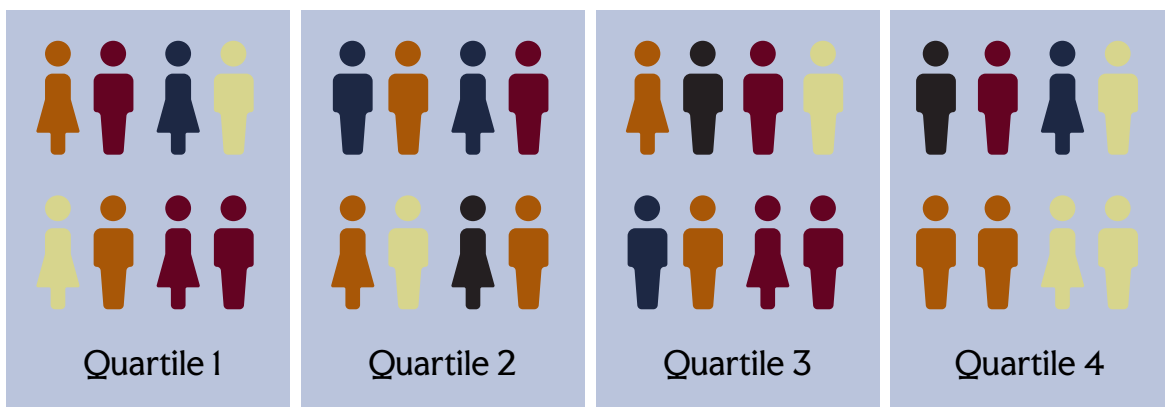
The Gender Pay Gap measures the **difference between the average earnings of women and men** across the business (shown as a percentage of men’s earnings), regardless of the work they do.

Gender pay gap reporting doesn’t specifically look at what individuals within the business earn (equal pay), but what women earn compared with men across the whole organisation. It provides a framework within which gender pay gaps can be surfaced so that, both inside and outside of the workplace, we can think constructively about why gender pay gaps exist and what to do about them.

Legal Requirements

Organisations with **250 or more employees** must report annually on their gender pay gap for a specified ‘snapshot date’. The snapshot date for private sector businesses is 5th April each year. We have 12 months from the snapshot date to publish our results. We are required to report on a number of different measures:

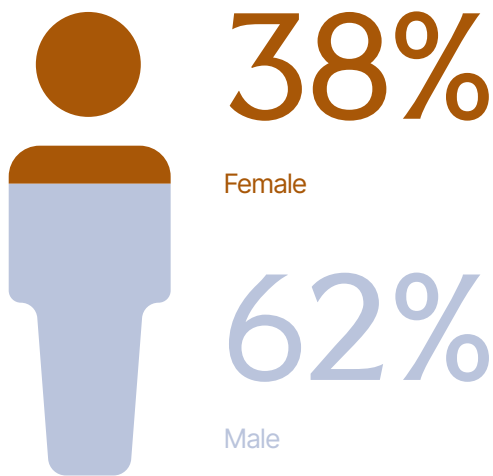
- Mean and median gender pay gap
- Mean and median bonus pay gap
- Percentage of men and women receiving a bonus
- Percentage of men and women in each hourly pay quartile



Our results

The 'snapshot' date was 5th April 2024

HEADCOUNT - 345



Mean Gender Pay Gap

15.9%

This means that on average, for every £1 a male employee earns at Faculty, a female employee earns 84.1p.

Median Gender Pay Gap

14.1%

This means that, discounting outliers, for every £1 a male employee earns at Faculty, a female employee earns 85.9p.

DIFFERENCE BETWEEN MEAN AND MEDIAN GENDER PAY GAP

The difference between the mean and median gender pay gaps can usually be explained by the exclusion of exceptional outliers at either end of the company's overall salary range.

The mean pay gap is calculated by adding all employees' rates of pay together and dividing by the total number of employees. The mean includes all of the lowest and highest rates of pay, and therefore reflects the impact of the higher proportion of women working in lower paid roles, and the higher proportion of men in higher paid roles.

The median pay gap is calculated by finding the midpoint in all employees' hourly pay. Therefore, half of the employees' earnings will be above the midpoint and half will be below the midpoint. Unlike the mean, the median ignores outliers at the lowest and highest rates of pay. Often, a median pay gap will be lower than its corresponding mean pay gap.

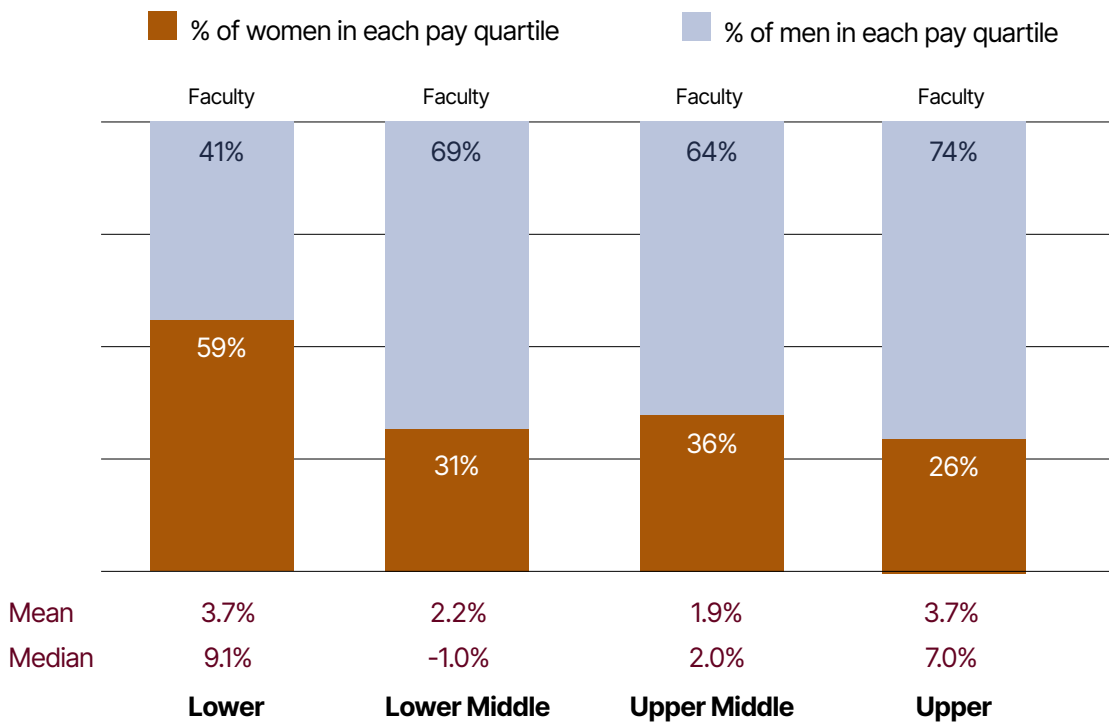
Ultimately the differences between the median and mean pay gaps are caused by the fact that medians are unaffected by outliers, whereas means are. In the case of the gender pay gap, the reason that the median pay gap is generally lower than the mean is that the very highest earners are often more likely to be men, and the very lowest earners are more likely to be women.

GENDER PAY GAP ADDITIONAL INFORMATION

Although this is not a legal requirement to provide this information we wanted to take a deeper dive into some areas highlighted in our Gender Diversity Working Group. We worked with some Data Scientists from the business to help us with this analysis - verifying our data and testing some hypotheses we had.

Our results - by quartile

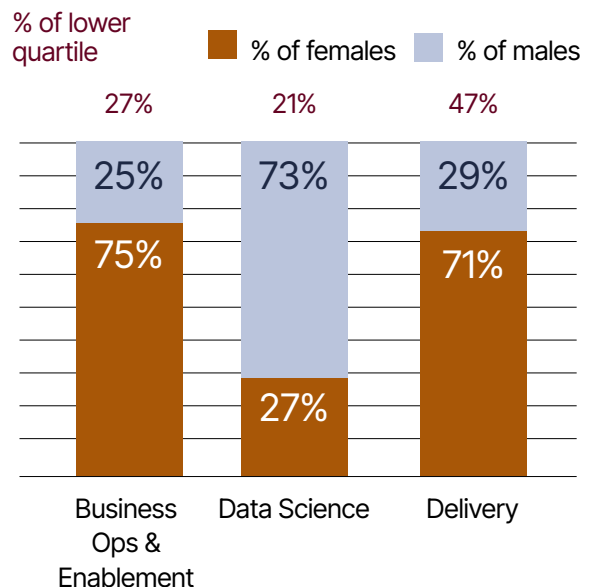
This helps us to understand more fully what levels of pay present the key imbalances within Faculty. Table to show number of men and women by quartile and the gender pay gap within each quartile



At Faculty, the lower quartile is the only quartile where the gender distribution is skewed towards females (59% women in the lower quartile). However, it is also the quartile with the biggest gender pay gap. This can be attributed to the higher representation of females in central functions roles e.g. people, finance, marketing within this quartile. In commercial roles, the gender split is more balanced, however these roles pay more than their central function equivalent.

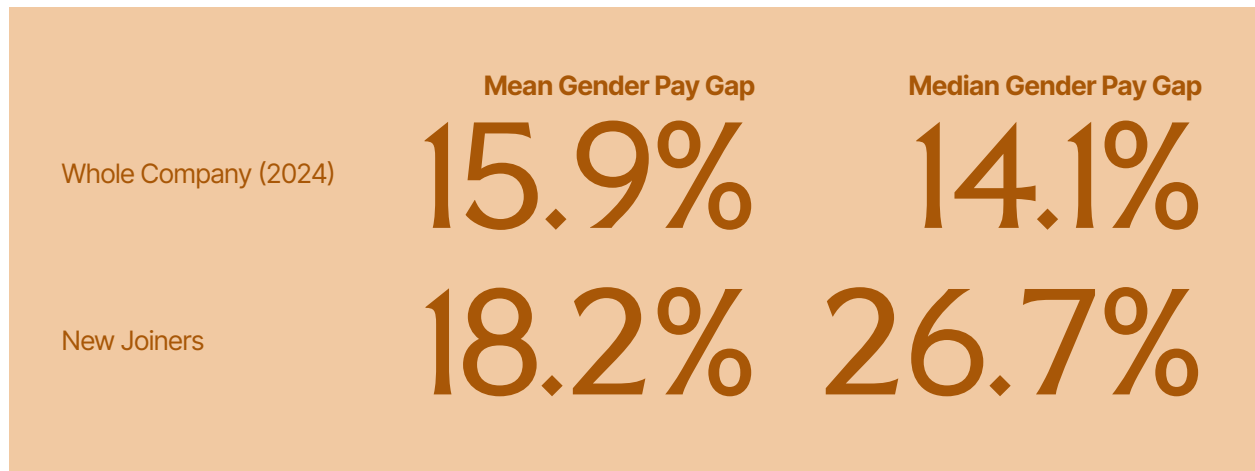
The median gap for the lower quartile is significantly larger than the mean. This is quite unusual to see, but in this case is explained by the fact that the female pay in this quartile is skewed to the left by the large proportion of females in central functions roles.

Table to show 3 main categories of role within the lower quartile to explain the pay gap.



Review of Hiring

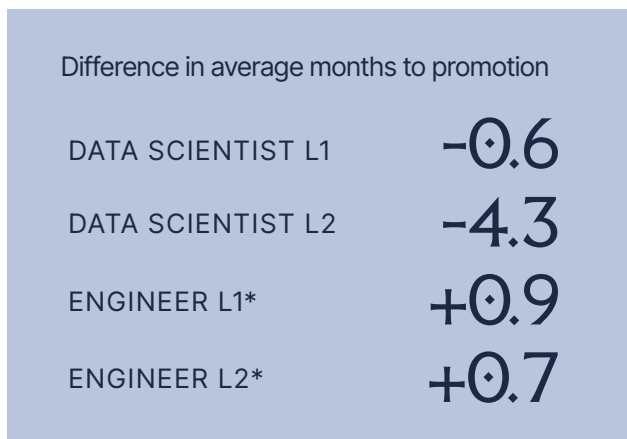
We believe one of the reasons for a larger gender pay gap this year is due to more women being hired into junior roles where the starting salary is lower. To verify this, we calculated the mean and median gender pay gap for our new joiners and compared to this year's gender pay gap results.



TIME TO PROMOTE

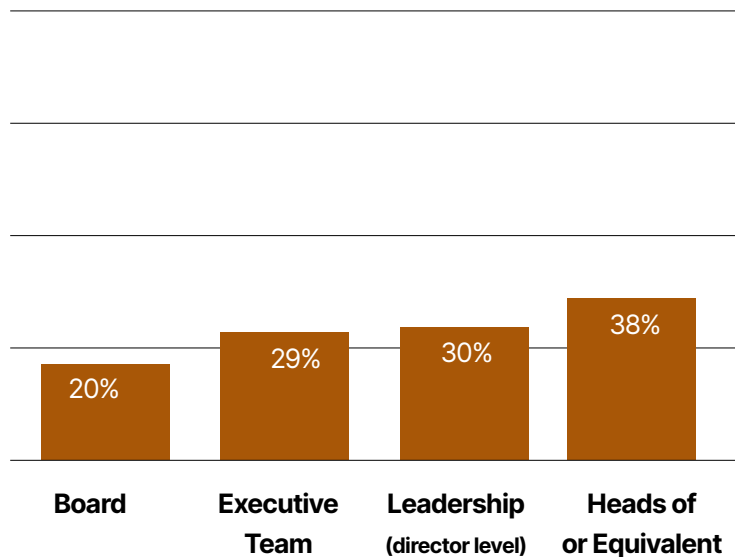
We were requested by our gender diversity working group to review our time to promote and turnover rate. Only the following roles are shown due to others having fewer than 10 members when split by gender. To align with gender pay gap reporting practices, positive (+) figures denote males to be quicker to promote than women, and negative (-) figures denote women to be quicker to promotion.

We found no significant difference in average time to promotion between men and women. We confirmed this by fitting a time-to-event model to the promotion data, which showed that gender did not have a significant impact on the predicted time-to-promotion. We will continue to monitor this data to track trends after each performance review.



Women in Leadership

Another of our hypotheses as to why our gender pay gap was bigger in FY24 compared to FY25, was due to the fact that we had 4 women in leadership positions leave in the year between April 2023 - April 2024, changing the gender composition of our team in the upper quartile and specifically in leadership positions. We were requested by our gender pay gap forum to review our % of women in leadership positions. Leadership positions will be tracked based on a new baseline, following a re-evaluation of our leveling last year.



	Mean Gender Pay Gap	Median Gender Pay Gap
Whole Company (2023)	12.4%	11.2%
Leavers	-7.2%	-2.8%
New Joiners	16.4%	17.2%

This shows that the average salary for women leavers who were included in the FY23-34 gender pay gap report but left before the FY24-25 snapshot date was higher than the male leavers in the same period.

Bonus gender split



% females who received a bonus in last 12 months

6.8%



% of males who received a bonus in last 12 months

15.3%

-29.9%

Mean bonus pay gap

-100%

Median bonus pay gap

Our executive team is contractually **not eligible for a bonus.**

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.

SUMMARY

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

- Loss of senior women significantly contributed to a larger pay gap this year
- More women hired into junior roles where the starting salary is lower

Actions Planning for FY24/25

Training and Development Programs:

Develop and implement a pilot program for future leaders, ensuring female representation to foster retention and development.

Equal Opportunities:

Review promotion criteria to ensure they are objective and fair. Actively encourage and support female candidates in applying for leadership roles.

Research Phase for Setting Future Standard:

- Research Phase for Setting Future Standard:
- Research what a good gender pay gap is in our industry in preparation for FY25/26 where we can define measurable goals for reducing the gender pay gap by an agreed amount in an agreed timeframe.
- Benchmark all roles and address discrepancies (if any are found).

Employee Feedback:

- Conduct regular surveys to understand employee perceptions and experiences.
- Implement Taito for continuous feedback and ensure it is embedded into the business
- Launch Sanctus for career coaching

Further in depth analysis:

- Review why there is such a significant drop off in the % of women after Quartile 1 to understand why this is happening and what we can do to correct it.
- By modelling our patterns against our planned headcount growth we can see what these patterns deliver in the next two years.

Gender diversity working group

We will continue to meet quarterly as a Gender Diversity Working Group to review our current data and trends, and highlight and action any issues..

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)

Turnover rate 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.