

Hidden Truth 2022

Board diversity in the FTSE All-Share ex350

A report by Women on Boards UK,
supported by Protiviti
June 2022



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About us

Researched & written by:



Women on Boards exists to support our members into the boardroom. What we do works - on average, our members gain 8 new non-executive positions a week. We are a network of 30,000 women, and some men, who are starting and shaping their board careers. Our network spans all career stages, sectors and professional disciplines and our 'Directors' Circle' membership caters to those with extensive board experience.

Women on Boards offers efficient services to connect recruiting boards and headhunters with high-calibre individuals who will enhance the diversity of thought in the boardroom. We host a non-executive Vacancy Board for our members (which is free to advertise on) and offer a straight-forward, cost-effective Bespoke NED Search service tailored to your needs.

As NexGen Directors, we work with over 30 leading firms to equip under-represented groups to advance their careers, enhancing overall diversity (beyond gender) at all levels. We also offer leadership training to enable all senior leaders to understand how to thrive in today's complex environment and unlock the benefits of diversity.

womenonboards.net

With support from:



Protiviti is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Our consulting solutions span critical business problems in technology, business process, analytics, risk, compliance, transactions and internal audit. We are committed to attracting and developing a diverse workforce of professionals that share the common value of collaboration. As an organisation, we believe that by teaming together, with each other, and our clients, we can see beyond the surface of changes and problems organisations face in this fast changing world to discover opportunities others might miss and face the future with greater confidence.

Our more than 7,000 people serve clients through the network of Protiviti and independently owned Member Firms in more than 85 offices in over 25 countries. We have served over 60% of FORTUNE 1000® companies and 35% of FORTUNE Global 500® companies. Our people and organisation have consistently been recognised by FORTUNE and Consulting Magazine as a best company to work for.

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“This year more clearly than ever we see that achieving fully diverse boards and executive leadership teams is possible. Many companies are meeting or even exceeding diversity targets, although still too few across the board. There is also a significant group of firms yet to reach even the most minimal levels of diverse representation, at both executive and non-executive level. To these firms I say, ‘catch up - and quickly.’ Investors, employees, regulators and wider stakeholders are increasingly expecting diverse leadership as standard, not an added extra.

Our analysis also shows female CEOs and Chairs are driving diversity within their sphere of influence. It is heartening to see women supporting women in business. Though, having built the thriving ‘Women on Boards’ network based on just this premise, this comes as no surprise to me. My only complaint is that the data set of companies with female CEOs and Chair remains far too small - I look forward to seeing it expand.”

Fiona Hathorn, co-founder and CEO of Women on Boards UK



“We are delighted to be partnering with Women on Boards on this important research, now in its second year. While the focus over the past few years on board diversity in UK business has been effective at creating change, there is still a way to go. As this research shows, this is not just in terms of gender diversity, but also in ethnicity and colour.

At Protiviti, we believe embracing diversity and inclusion is the right and responsible thing to do, and we also know it is vital to our success. Broadening our capabilities by tapping into diverse backgrounds and experiences is how we can best serve our clients.

Our approach is supported by a strong evidence base – diversity really is good for the bottom-line. Diverse teams increase innovation and create a more inclusive environments with happier employees. In fact, the expectation for diverse boards and leadership is now very real, with this being a winning factor in competitive business pitches and an increasing reputational risk in a lack of diversity. It is, therefore, important that data on board and executive leadership team diversity is readily available and shared transparently, and we are pleased to play a part in doing so with this report.”

Janet Barberis, Managing Director, Protiviti UK

Introduction

For the second year, we shine a light on diversity in the FTSE All-Share below the top 350. We believe that biggest need not mean best in terms of diversity and inclusion. Consequently, all those listed in the FTSE should be leading in this field.

The UK's business-led approach in this space remains unique and effective. Monitoring and highlighting diversity levels in corporate UK is driving change (albeit too slowly at times). We intend this report to play a part in applying this scrutiny across the FTSE All-Share.

The UK government has taken significant steps in this arena since our 2021 report. We welcome the launch of the FTSE Women Leaders Review, continuing the work started by the Hampton-Alexander Review. We have long advocated for a 40:40:20 gender balance* as being true equality and made its adoption a key recommendation in our 2021 report. We are delighted this has now been set as a target for firms in the FTSE.

We are also pleased to see the progress made by the FTSE 100 in the Parker Review, with attention now turning to the FTSE 250. We also seek to call attention to the FTSE All-Share below the 350 - there is no reason both groups cannot progress simultaneously.

The FCA commitment** on board diversity disclosure for financial services firms is welcome, particularly as it looks at diversity across both gender and ethnicity. This type of intersectional approach was a key recommendation of our 2021 report, and we only regret the FCA has not extended to other groups, such as LGBT and disability at this time. The well-established correlation between diversity and business performance makes board and executive team composition highly relevant information for investors and other stakeholders. We urge the FRC to make similar reporting recommendations across the entire FTSE.

*See section 1.1 for fuller explanation of this goal

**[New FCA reporting requirements on board diversity](#), finalised in April 2022

Methodology: Key points

We collated data on the board and executive leadership of the FTSE All-Share companies below the FTSE 350 (the FTSE All-Share ex350), as at the end of December 2021. The data was sourced from these companies' websites during January and February 2022. See Appendix C for full details on our methodology.

For comparison, we have drawn information on the FTSE 350 from the FTSE Women Leaders and Parker Reviews. See Appendix A. We have also compared to our 2021 data. Please note the FTSE All-Share ex350 fluctuates each year. In 2021 it comprised 261 firms, meaning we have used percentage comparisons as most accurate. See Appendix B.

The 252 companies outside the FTSE 350 include 141 Investment Trusts or collective property companies. These collective companies are significantly different in nature to normal operating companies - their boards are completely independent of their executive function, which they usually contract out to fund managers. For this reason, we have, at times, treated them separately in this report.

See appendices for fuller discussion of our methodology and comparative data tables.

01

Overall board diversity

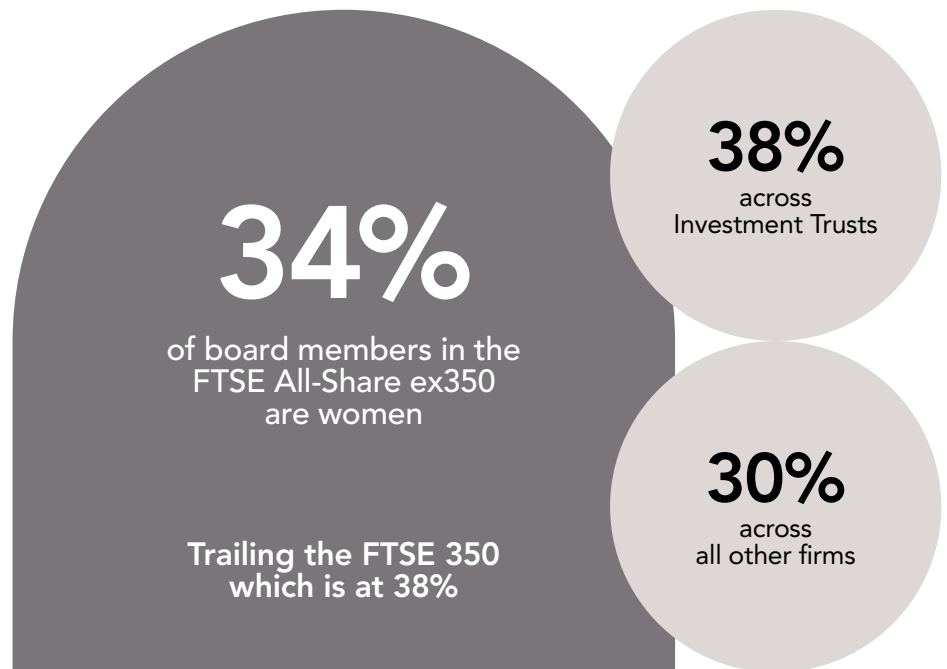
Our research examines board diversity in all 252 companies in the FTSE All-Share outside the 350 (ex350). Overall, this covers 1,525 directorships.

This is the second year we have shone a light on this group of firms. We believe biggest need not mean best when it comes to diversity, yet board diversity in the FTSE All-Share ex350 is far below the level of the FTSE 350. As the data here shows, the overall pace of change remains glacially slow.

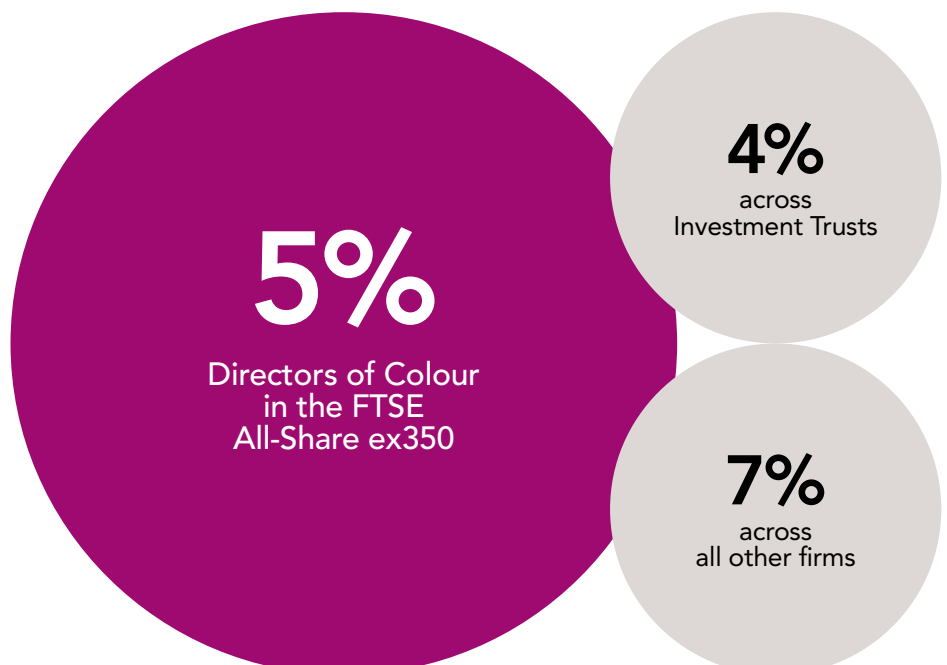


1.1 All board directors

The FTSE All-Share ex350 has increased its female board directors slightly from 31% in 2021, to meet the Hampton-Alexander Review's target. We welcome the shift in the FTSE Women Leaders report to a truly gender balanced target of 40:40:20. This recognises that with small or odd numbers of individuals on a board, a 50-50 split is unlikely so a representative target is 40% male, 40% female and the remaining 20% naturally fluctuating either way.



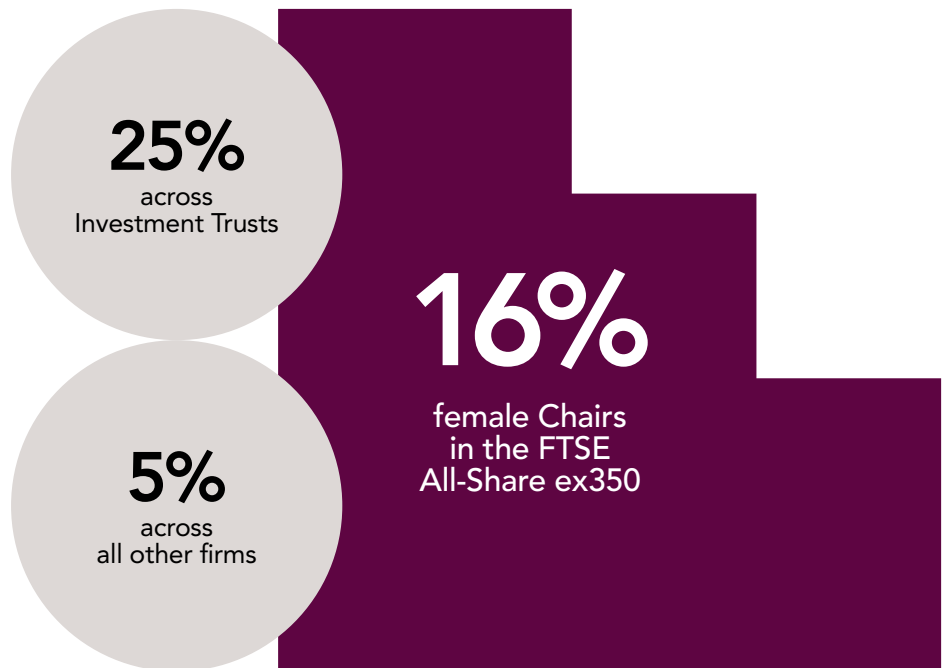
Progress on ethnic minority representation has equally been just 2% since 2021. This is less than half the level of representation across the FTSE 350, which is 12%. This is significantly led by the FTSE 100 which has 16% 'Directors of Colour', compared to 10% in the FTSE 250.



1.2 Chairs and CEOs

The importance of diversity in the 'top jobs' is also being rightly highlighted, as those positions hold arguably the most influence on culture, inclusion and further diverse recruitment.

The percentage of female Chairs has not shifted since our 2021 report, with Investment Trusts still leading the way in this area at 25%. This high percentage of female Chairs pulls the FTSE All-Share ex350 just ahead of the FTSE 350, which has 14% female Chairs.

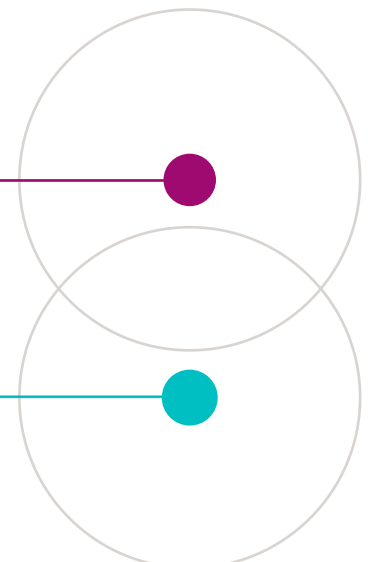


The representation of Directors of Colour in the Chair role has marginally increased since 2021 in the FTSE All-Share ex350, from 0% (2 individuals) to 2% (5 individuals). This very low percentage is actually in line with the FTSE 350's ethnic minority representation in the Chair role.

Board Chairs who are Directors of Colour:

2% FTSE All-Share ex350

2.3% FTSE 350



The percentage of diverse CEOs in the FTSE All-Share ex350 is at 7% for both gender and ethnicity. This is not the same 18 individuals across both metrics - intersectional representation of 'women of colour' is at just one individual (an Investment Trust lead fund manager). The overall percentage of UK ethnic minority CEOs is boosted by the relatively high level (9%) in Investment Trusts - this is discussed further in section four of this report.



Methodology note:

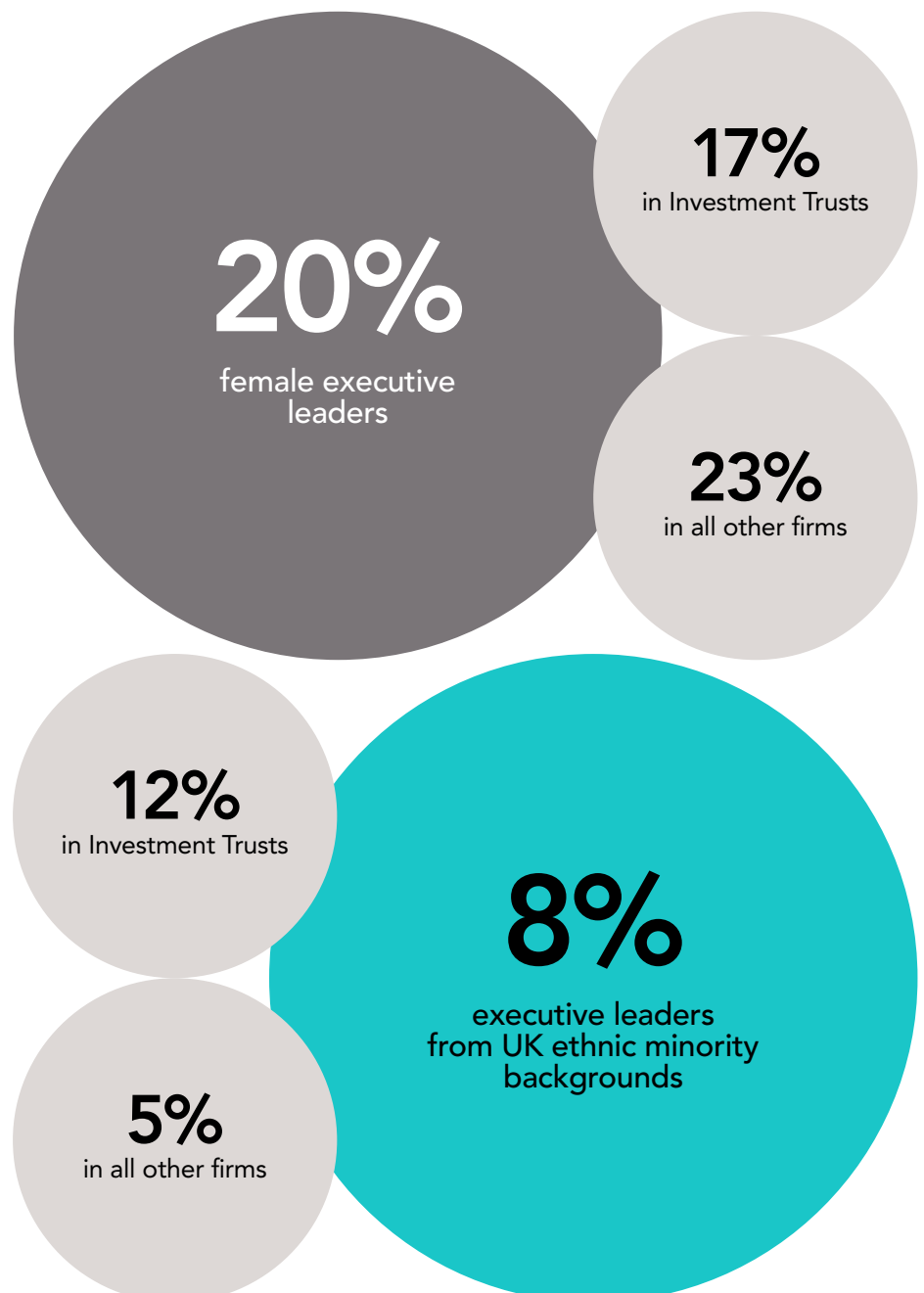
Investment Trusts do not employ a 'CEO' as such, given their relatively low operational requirements. We took the Lead Fund Manager as the CEO, given they hold the most senior executive position.

1.3 Executive Leadership teams

Boards are vital to shaping the strategy and direction of a company, but the top executive leadership team are those who impact on the day-to-day running and arguably the culture of an organisation. Diversity at this level is crucial to create an inclusive environment and also bring the benefits of diversity of thought, including innovation, to business operations.

The FTSE All-Share ex350 has increased its female executive leaders by 2% since 2021, though still trails the FTSE 350's 25% level. We have for the first time this year examined UK ethnic minority representation in the executive leadership teams. This data is not available for the FTSE 350, as the Parker Review focuses on board directors only.

In the FTSE All-Share ex350:



02

Leaders and laggards



“With the benefits of diversity on boards well-established, having an overly homogenous board is an increasing risk. As the Parker Review gathers pace, all-white boards are fast disappearing from FTSE 100. I am heartened to see this significant progress being made across the FTSE All-Share below the 350. I would urge those yet to diversify to consider whether they may be disadvantaged by a lack of diversity of thought. Their reputation with their employees and customers may also be adversely affected.”

David Tyler, Chair of the Parker Review

Leaders and laggards

Whilst it is important to monitor overall representation, the proven business benefits of diversity of thought can only be unleashed if there is diversity around each and every board table. For this reason, we also look at board and executive leadership diversity by individual company.

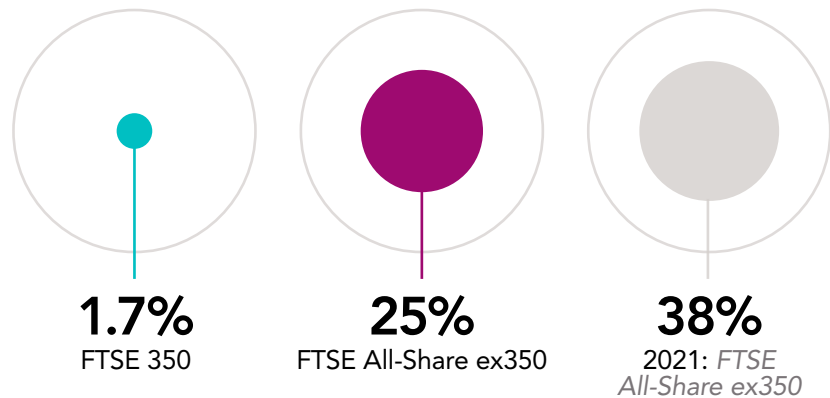
Here, we find a significant 'diversity divide'. This recognises the firms who are leading this agenda, with strong levels of diversity at or exceeding targets. It also spotlights those firms who are 'laggards', failing to achieve even a minimal level of diversity in their boards and/or executive leadership functions. We consider this to be the real 'hidden truth' of the data.

2.1 Laggards: Stepping up on non-executives

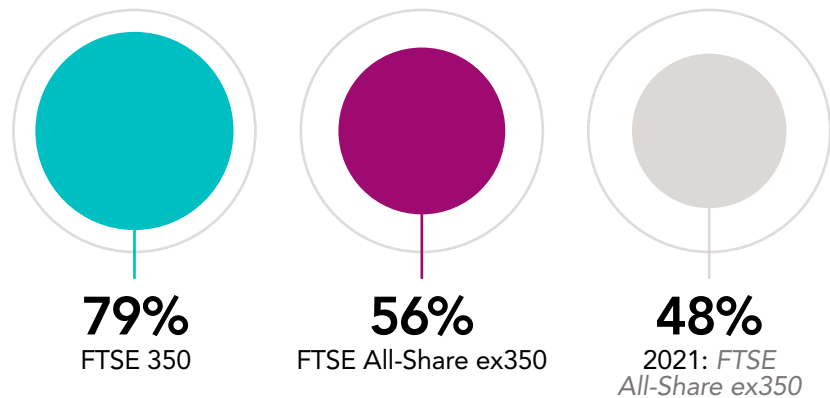
Our 2021 report uncovered very high numbers of firms in the FTSE All-Share ex350 who had not even made minimal progress on diversifying their boards and leadership teams.

We are heartened to see significant progress among this group over the past year on their board diversity. The leap in representation of Directors of Colour is particularly notable. However, there is still clearly much still to do to achieve diversity across the entire FTSE All-Share ex350. We also see that this group of firms significantly trail FTSE 350 companies, though there is much work to do even there.

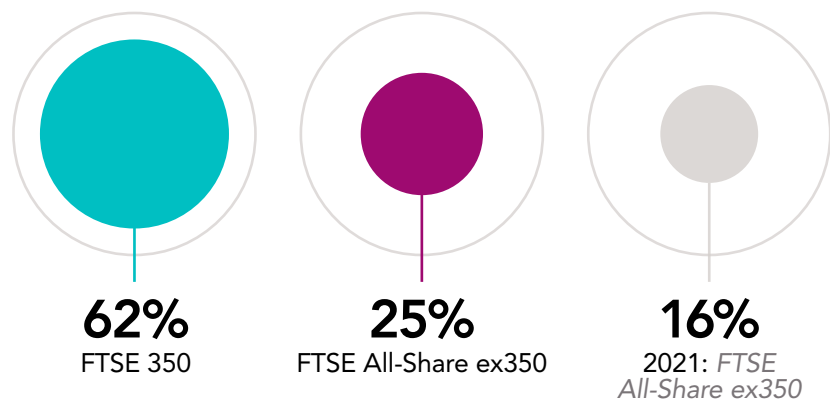
All-male or '1 and done' boards*



Boards meeting the 33% women on boards target



Boards meeting the '1 Director of Colour' target



* '1 and done' refers to boards with only one female director

2.2 Laggards: glacial progress in executive diversity

In marked contrast the progress seen in the non-executive space, those companies falling behind on diversity have not shifted their executive leadership team.

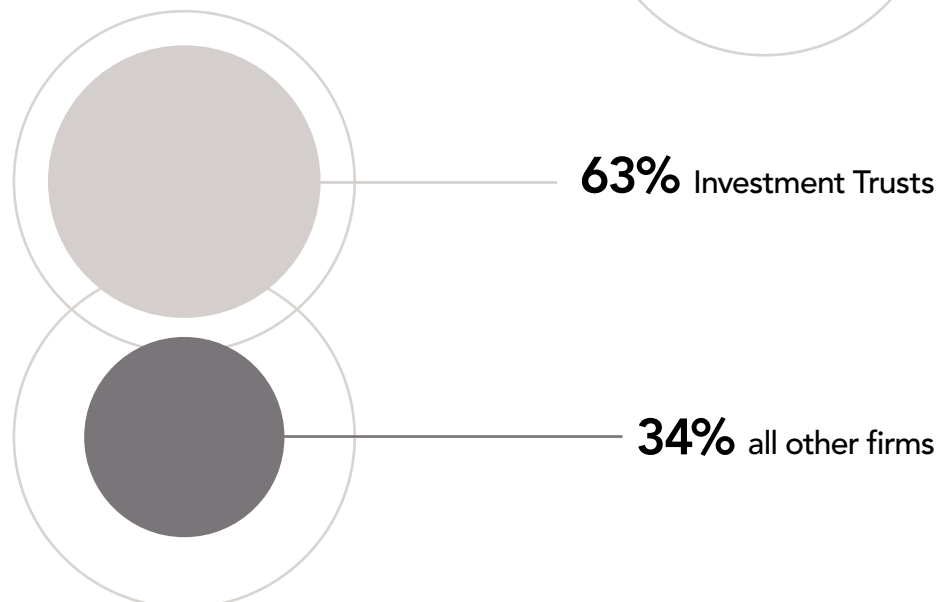
Last year we were shocked to find 54% of the FTSE All-Share ex350 companies had all male executive leadership teams. That has only decreased by 4% since then - meaning half of the companies we researched had zero female executive leaders. Investment Trusts have even poorer female representation, with 63% of them having all male fund managers.

This contrasts significantly with the FTSE 350, where only 16 firms have failed to make progress in their executive leadership's gender diversity (of these, only 3 firms are in the FTSE 100).

Companies with all male leadership teams:

50% FTSE All-Share ex350

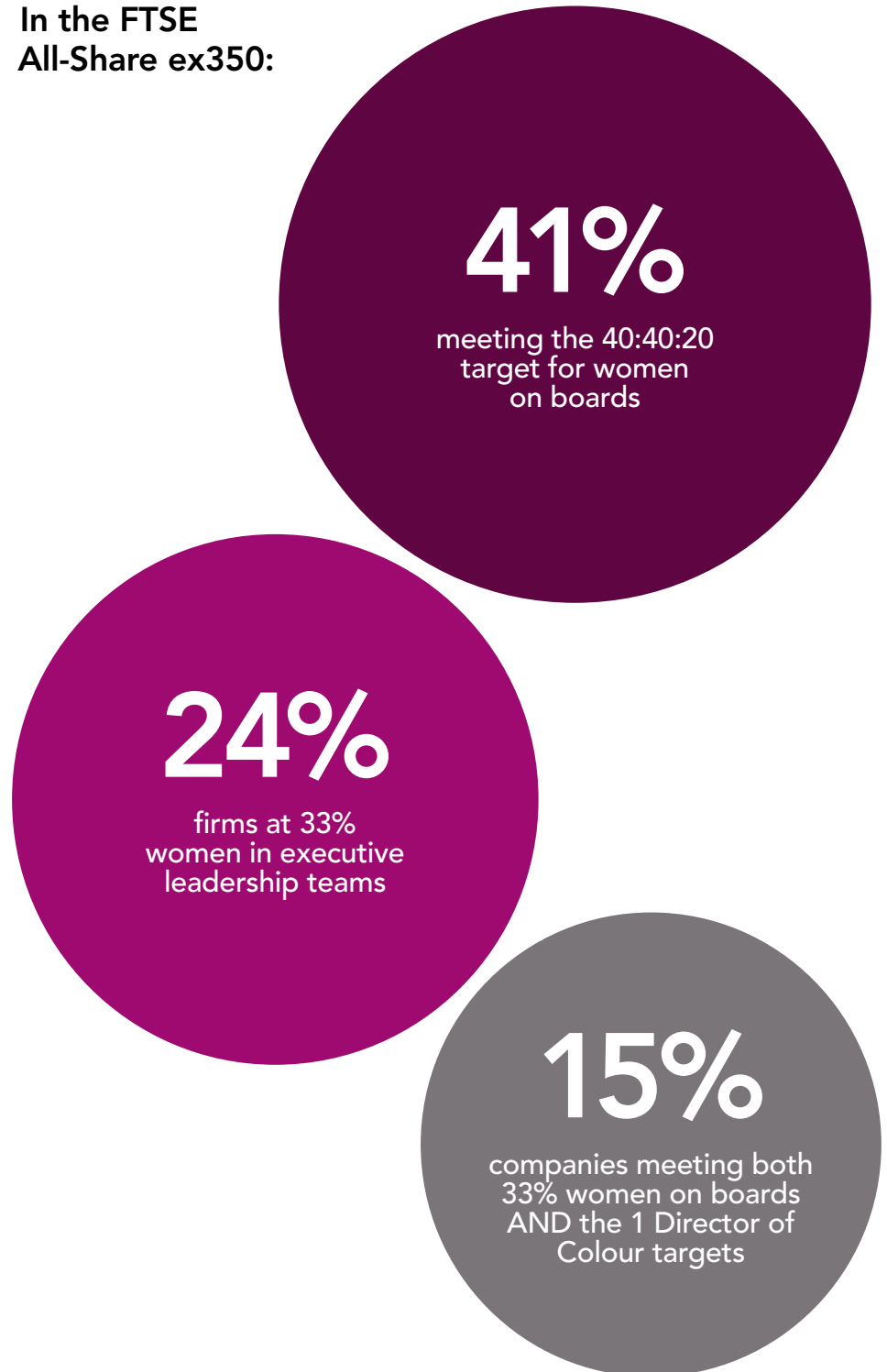
4.6% FTSE 350



2.3 Leaders: meeting and exceeding targets

In contrast, we also found firms who are excelling in building diverse boards and executive leadership teams. This shows it is entirely possible to diversify the most senior levels of leading UK companies.

In the FTSE
All-Share ex350:



03

What makes the difference on gender?

“There is no ‘magic bullet’ when it comes to diversity and inclusion, but leadership from the most senior levels is key to achieving meaningful change.

At Go-Ahead, I am proud of the significant steps we are making to address diverse representation and narrow the gender pay gap, both for frontline bus and rail colleagues and those in management. As senior leaders we are well placed to draw together people at all levels who can play a role in achieving these goals.”

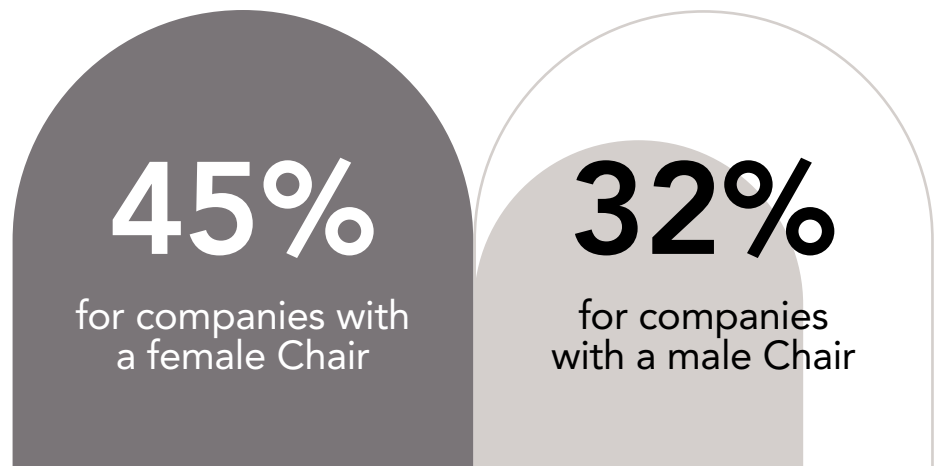
Clare Hollingsworth,
Chair of the board, Go-Ahead Group plc



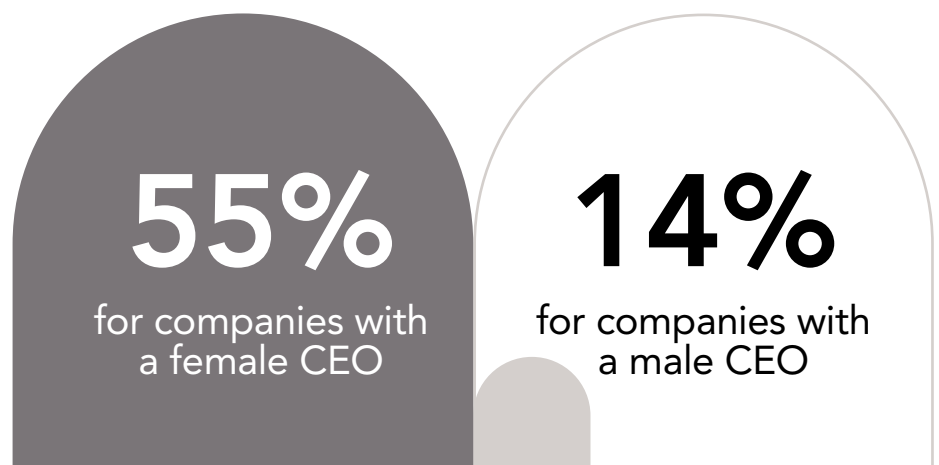
Observing this significant diversity divide leads to questioning why some firms are so far ahead, and what makes the difference. Clearly the full answer to these questions lies across many factors and would require broad and qualitative analysis on companies' culture and broader People Strategy, including but not limited to Diversity and Inclusion initiatives.

However, an analysis of our data does show a strong correlation between women being in the 'top jobs' and female representation.

**Average % of women on boards
in the FTSE All-Share ex350:**



**Average % of women in executive leadership teams in
the FTSE All-Share ex350:**



This indicates women are supporting women within their circle of influence. The impact of a female CEO building her team with strong gender diversity is particularly marked. It should be noted, however, that these samples are still fairly small, with just 18 FTSE All-Share ex350 firms having female CEOs. It does provide a positive indication towards embedding diversity as 'business as usual'.

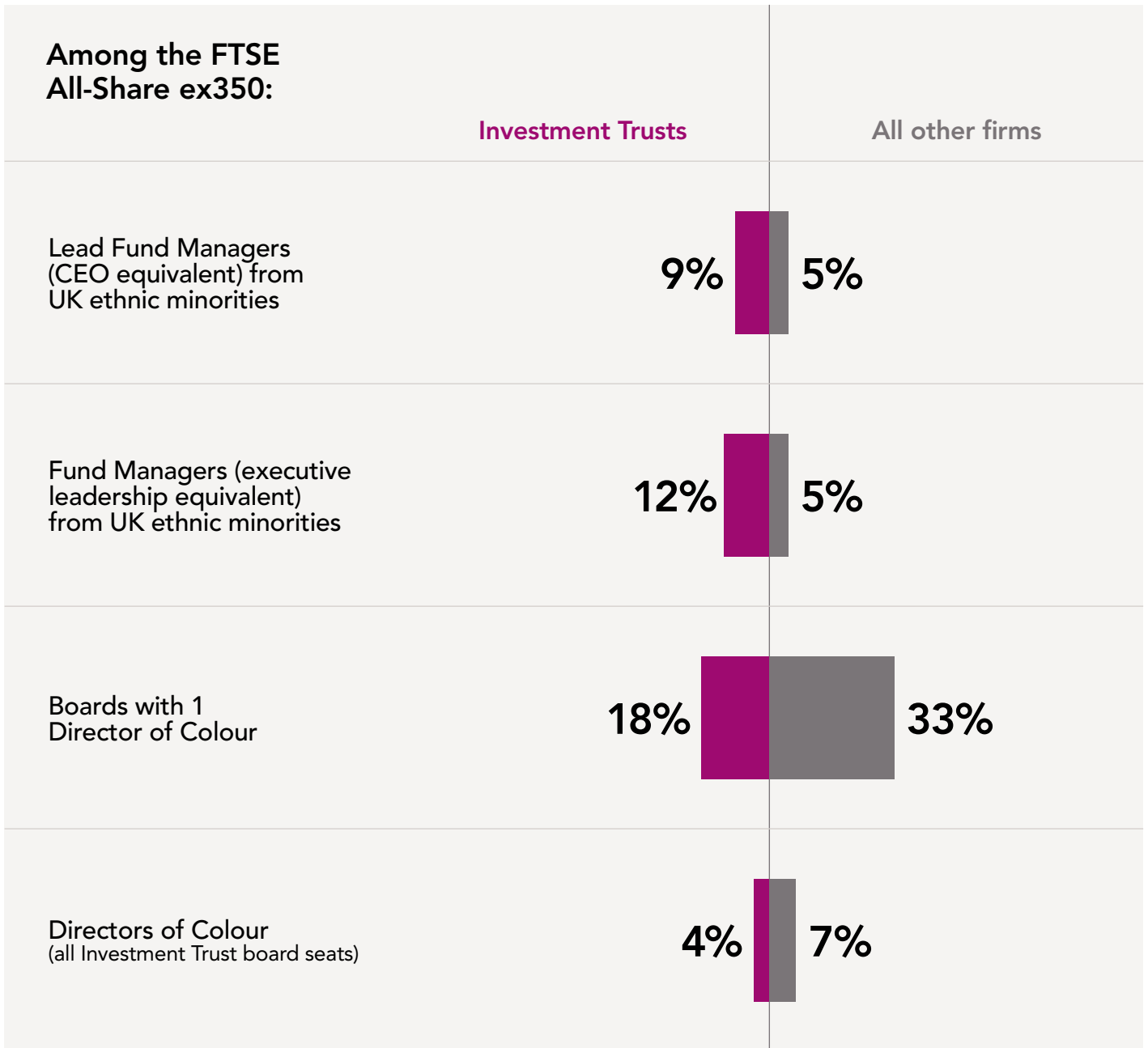
04

Investment Trusts
and ethnicity

“The full extent of cognitive diversity is shaped by people’s formative and experiential diversity - which means taking into account their different social and educational backgrounds, and lived experiences beyond work. The benefits of this approach to seeking true diversity accrue to boards, and my own experience as a non-executive director on multiple listed investment trusts is in accord. Achieving this kind of diversity requires a considered approach to talent search and recruitment for all boards.”

Shefaly Yogendra PhD, portfolio NED

When looking at diversity within the 141 Investment Trusts and collective funds in the FTSE All-Share ex350, the difference in UK ethnic minority* representation at the executive and non-executive levels is striking. The Investment Trusts have higher than average representation of UK ethnic minorities in their executive function, yet well below the average representation in their non-executive positions.



* See Appendix C for definition

Many Investment Trusts are listed in the UK, but have executive and investments in other territories. As such, their diverse workforce may be individuals who do not reside in the UK, but in a country where they are the ethnic majority. For example, a Japanese fund manager working in Tokyo on a Japanese fund.

Yet, we are not seeing this diverse, global workforce reflected in the non-executive boards. One common objection to board diversity is that there are not the requisite candidates with sufficient executive experience. This is clearly not true for Investment Trusts.

Moreover, a concentrated group of Investment Trusts are leading the way in bringing gender diversity to their non-executive boards. 25% have female Chairs and 62% are at the 40:40:20 women on boards target. The sector needs to be making similar strides towards ethnic diversity at board level.

05

Conclusions and recommendations



Conclusions

The broad direction of travel on board diversity is very much positive. We are particularly pleased to see the FTSE Women Leaders Review set a 40:40:20 target and that the FCA is taking an intersectional approach improving transparency on both gender and ethnic diversity on the boards it oversees. However, the data this year shows there remains a stark 'diversity divide' between those firms leading- and those lagging behind even minimal standards for diverse representation.

The good news is that many in the 'laggard' group appear to be taking swift, if as yet insufficient, action. The step change away from all-male and One & Done boards and the 9% increase in boards with UK ethnic minority representation begins to look exciting. Those companies which persist with all-male, all-white boards will increasingly find themselves outliers, for all the wrong reasons.

This makes the appalling lack of diversity in executive leadership across the FTSE All-Share ex350 even more stark. After a decade of focus on gender diversity, half of these companies do not have a single woman in an executive leadership role. Yet, our data also shows female leaders make a difference. Women appear to be supporting women - by actually appointing them to positions of influence - and are successfully leading diverse teams.

Far more prominence needs to be given to diversity in executive leadership. Appointing women and UK ethnic minorities to leadership roles is clearly required. However, creating an inclusive culture which optimises retention and encourages diverse candidates is also necessary and much more complex. [Women on Boards 'Shifting the dial on D&I'](#) offers a quick guide to impactful initiatives, include key questions for board members to ask to drive real change. More in-depth resources, such as the comprehensive 'How to improve gender equality in the workplace: evidence-based actions for employers' from the Behavioural Insights Team, offer organisations a suite of tools to draw on. We understand these changes may not feel easy, but know that they draw on robust evidence on the change that can be delivered and the benefits it can yield.

Recommendations

FRC should require disclosure of board and executive leadership diversity as part of reporting requirements for all listed firms.

With the FCA instituting this requirement for financial services companies, there is a risk of other firms lagging behind and deepening the diversity divide in the FTSE All-Share.

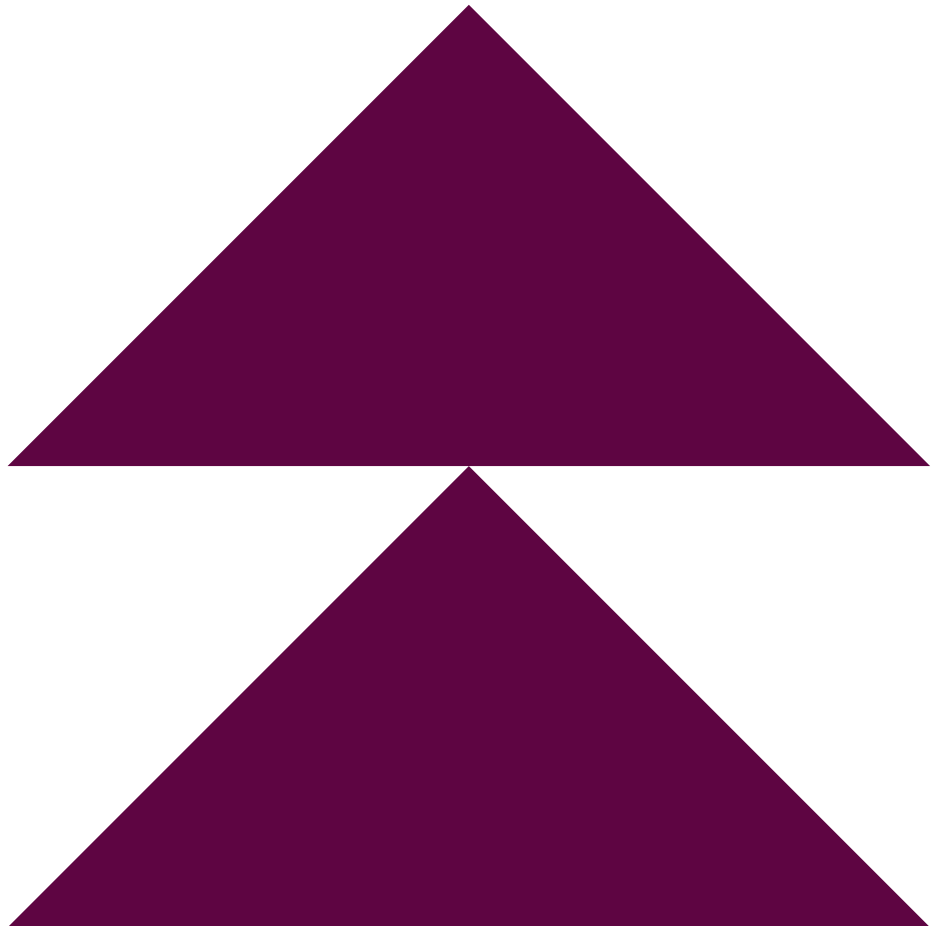
Move to an intersectional approach to diversity.

Further steps should be taken, when the time is right, to further join up focus on board diversity to look at both gender and ethnicity. Data should be gathered on broader diversity, including LGBTQ+ representation, disability and socio-economic background.

Focus on diversity at the executive leadership level for the FTSE All-Share ex350.

It is for individual firms to develop their own action plans, drawing on the considerable learning available. We would like to see more companies publishing these actions in their Gender Pay Gaps reports (for those who produce one) to improve transparency on commitment and progress.

Appendices



Appendix A

Board diversity in the FTSE all-share

For ease of reference, we list here our key data points on board and executive leadership in the FTSE All-Share ex350 including the breakdown between Investment Trusts and all other companies.

All comparisons made to the FTSE 350 draw from the 'FTSE Women Leaders Review 2022' and 'Parker Review 2022' data, also reproduced here.

Overall	FTSE ex350 (252 companies)	FTSE ex350 Investment Trusts (141 companies)	FTSE ex350 non Investment Trusts (111 companies)	FTSE 350 (FTSE Women Leaders 2022 report & Parker Review 2022)
Women on boards	34% (511)	38% (262)	30% (249)	38% (1138)
Women on executive leadership teams	20% (226)	17% (78)	23% (148)	25% (736)
Directors of colour	5% (83)	4% (26)	7% (57)	12% (342)
BAME on executive leadership teams	8% (87)	12% (55)	5% (32)	
Top jobs				
Female Chairs	16% (40)	25% (35)	5% (5)	14% (48)
Female CEO	7% (18)	10% (14)	4% (4)	5% (18)
BAME Chair	2% (5)	1% (2)	3% (3)	2.3% (8)
BAME CEO	7% (18)	9% (13)	5% (5)	6.3% (22)
Individual companies				
All-male boards	4% (9)	4% (6)	3% (3)	0% (0)
1 & Done Boards	23% (58)	23% (33)	22.5% (25)	1.7% (6)
All-male executive leadership teams	50% (127)	63% (89)	34% (38)	4.6%(16)
1+ Director of colour	25% (63)	18% (26)	33% (37)	62% (217)
33% WOB target	56% (142)	72% (101)	37% (41)	79% (278)
40% WOB target	41% (104)	62% (87)	15% (17)	40% (141)

Numbers given in brackets are the number of individuals or companies. For brevity in this table, we have used 'BAME' (Black, Asian and Minority Ethnic) to refer to individuals from UK ethnic minorities.

Appendix B

Change over time in the FTSE All-Share ex350

All changes over time in the FTSE All-Share ex350 draw from our Hidden Truth 2021 report. We have reproduced the relevant data from both years here, along with the rate of change.

Categories of data gathered in 2022 but not in 2021 are excluded from this comparison.

Overall	FTSE ex350 2021 (261 companies)	FTSE ex350 2022 (252 companies)	Change
Women on boards	31%	34%	+3%
Women on executive leadership teams	18%	20%	+2%
Directors of colour	3%	5%	+2%
Top jobs			
Female Chairs	16% (41)	16% (40)	+0% (-1)
Female CEO	7% (17)	7% (18)	+0% (1)
BAME Chair	0% (2)	2% (5)	+2% (3)
Individual companies			
All-male boards	6% (15)	4% (9)	-2% (-6)
1 & Done Boards	32% (83)	23% (58)	-9% (-25)
All-male executive leadership teams	54% (140)	50% (127)	-4% (-13)
1+ Director of colour	16% (42)	25% (63)	+9% (21)
33% WOB target	48% (124)	56% (142)	+8% (18)

Numbers given in brackets are the number of individuals or companies. For brevity in this table, we have used 'BAME' (Black, Asian and Minority Ethnic) to refer to individuals from UK ethnic minorities.

Appendix C

Full methodology discussion

We sourced the data on the board and executive leadership of the FTSE All-Share ex350 companies from their own websites or Investment Trust fact sheets. The research was undertaken during January, February and March 2022, based on the companies who were in the FTSE All-Share as at the end of December 2021.

Comparison data

For comparison, we have drawn information on the FTSE 350 from the FTSE Women Leaders 2022 Review and Parker 2022 Reviews. See Appendix A.

There are small differences in the method of data collection between those reports and ours. FTSE Women Leaders sourced data primarily from BoardEx and Parker relied on companies self-reporting data. We chose to look at company websites as they are the most up-to-date source, and we could gather data on 100% of the FTSE All-Share ex350. We believe these differences have, at most, a marginal effect on the findings and comparisons are valid.

For the comparison of data across 2021 and 2022, we drew on our 2021 Women on Boards Hidden Truth Report. See Appendix B.

Categorisation of individuals

The non-executive board members and the Chair data were clearly named on all company websites or Investment Trust fact sheets. A small number of firms did not make the executive leadership team clear on their websites. We therefore assumed the registered executive directors on the board were the executive management team.

To identify Investment Trusts' executive leadership teams, we looked at who was contracted to manage the specific investments: the designated fund managers. This data was normally extracted from the investment portfolio's fact sheet. The executive team was then assumed to be the fund managers, with the lead fund manager assumed as the CEO's equivalent. For Investment Trusts where it was not possible to identify the lead fund manager of a mixed-gender team, we assumed that the lead fund manager was the woman. We took this decision as we were so pleased to see women being named as fund managers, given the current male domination of the asset management industry.

To determine ethnicity, we mirrored the approach of the Parker Review's 2017 report. This approach observes individuals with evident heritage in African, Asian, Middle

Eastern and South American regions and collectively describes them as 'directors of colour'. We have also described these individuals as being from 'UK ethnic minorities', recognising the additional challenges and under-representation faced in the UK context whilst allowing that those with the heritage described are the global majority. We acknowledge the drawbacks and limitations the Parker review identified of observing ethnicity (rather than allowing for self-identification) and in the terminology chosen. However, Parker is a leading authority in this area and using the same methodology allows for more accurate comparisons.

We also categorised individuals' gender according to the gender identity they present as. Where it was not possible to identify gender or ethnicity from our sources, as there were no photos and ambiguous names, we undertook further investigation of those individuals via their digital presence. We believe we reached the most accurate conclusion possible, but - particularly regarding ethnicity - recognise there may be some errors in a small number of cases.

