The Hidden Truth

Diversity and Inclusion in the FTSE All-Share

A report from Women on Boards UK
June 2021

Contents

Executive summary

The report gives the most comprehensive picture ever of the state of diversity and inclusion across the entire FTSE All-Share. For the first time, it examines every FTSE All-Share company below the 350 (FTSE All-Share ex350) and brings together the Gender Pay Gap data across those FTSE All-Share companies, who are required to, or choose to, report.

Board Diversity

Our data exposes the hidden truth that, beyond the overall number of female non-executives, progress has been extremely limited.

We have also uncovered a significant 'diversity divide', between some firms who have majority female boards and others who have paid lip service, at best, to diversity and inclusion.

In the FTSE All-Share ex350:

16% female chairs

3% directors of colour

7% Female CEOs

In the FTSE All-Share ex350:

48% FTSE All-Share ex350 companies have met the target for 33% women on boards

65% of the FTSE 350

54% FTSE All-Share ex350 companies have all-male executive leadership teams

8% of the FTSE 350

This diversity divide is particularly stark in the FTSE All-Share ex350:

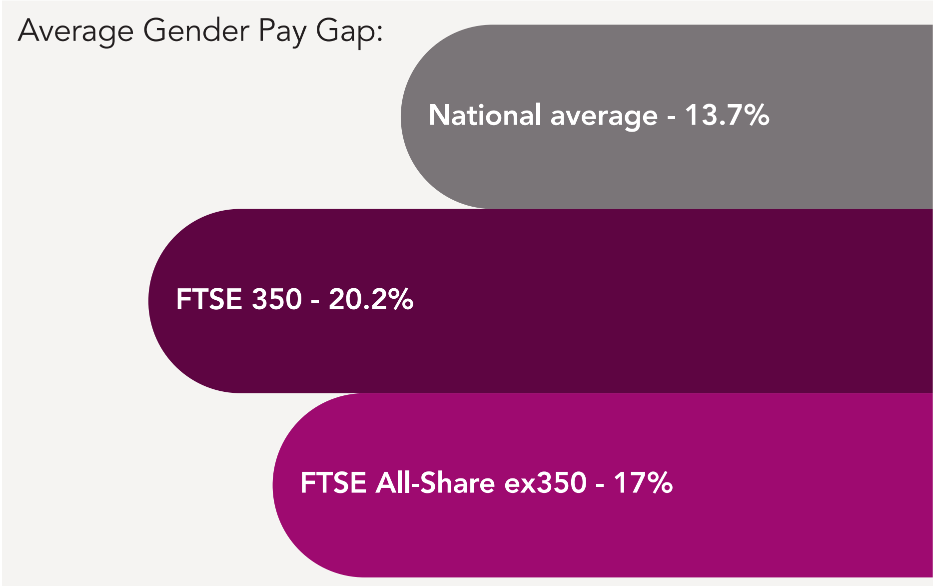
48 companies have 50%+ female boards

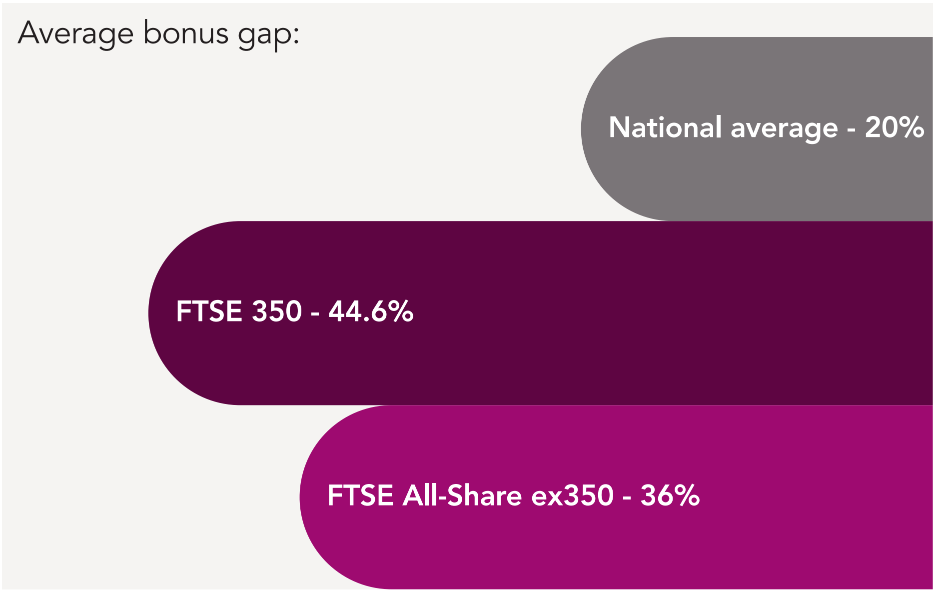
98 companies have either one or no women on their boards

Gender Pay Gap

Bringing together data for every FTSE All-Share firm which reports for the first time, we can clearly see that, as a group, these companies are performing poorly. Despite more diversity in their board and executive teams, the FTSE 350 companies have the largest average Gender Pay Gaps. Over the three years of reporting requirements, the Gender Pay Gap in FTSE All-Share companies has been broadly static. Yet, some firms have demonstrated this is far from inevitable by closing, or even reversing, their individual pay gap.

Looking at the quality of the Gender Pay Gap reports for the FTSE All-Share ex350 companies which are required to produce them, we found many demonstrated a low priority; low transparency; and were lacking in action. These are clear, if unacceptable, explanations for why their pay gaps are so high and static. Yet other firms do demonstrate high quality and innovative action.





What next?

The progress on gender diversity in non-executives shows 'proof of concept' in achieving business-led change through monitoring and scrutiny. It is not 'job done'.

Women on Boards calls for continued scrutiny and monitoring of all listed companies' diversity and inclusion metrics to ensure the achievements to date are embedded and built upon.

Specifically we recommend:

1. Scrutiny of the number of individual FTSE All-Share companies reaching board and executive diversity targets, not focusing on overall collated data.
2. All listed entities* to report their Gender Pay Gap, on a comply or explain basis.
3. FTSE All-Share companies to aim to reach the 'gold standard' of 40: 40: 20 gender balance.
4. Standardise and integrate reporting of diversity in all forms (where data permits) to enhance clarity and transparency.

*with the exception of collective investment companies, who employ very few staff directly.

"I have spent the past decade working to bring more diversity into the UK's boardrooms. I am proud that we now support an average of seven members a week into new non-executive roles.

Progress on board diversity has been painfully slow and recently there has been a creeping sense that what has been achieved is 'enough' and no more effort is needed.

This report categorically shows that more is absolutely needed. It exposes the hidden truth that, beyond the overall number of female non-executives, progress has been extremely limited. Our data also reveals a very significant proportion of FTSE All-Share firms are achieving little, if any, meaningful change as regards to diversity and inclusion.

While there are no quick fixes, Women on Boards UK will be doing all it can to champion broader, skills-based board recruitment. We hope you will also play your part."

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

"The increased profile given to the Gender Pay Gap in the UK by the mandatory reporting is welcome, but, ultimately, is of little value unless it leads to change. Too little progress has been made to close the gap - not just in the UK but internationally.

We need to find out why and what it will take to ensure professionals are fairly compensated, regardless of their gender. I'm delighted the Global Institute for Women's Leadership at King's College London is launching a ground-breaking study to determine just that."

Julia Gillard, 27th Prime Minister of Australia and *inter alia* inaugural Chair of the Global Institute for Women's Leadership

Introduction

Scrutiny of boardroom diversity in leading companies has been key to delivering progress. The Hampton-Alexander and Parker Reviews, and the Cranfield School of Management, have focused on the FTSE 350. Company Matters has examined the FTSE Small Market Cap 100 and AIM 50. But what about the FTSE All-Share as a whole?

This report examines the FTSE All-Share below the 350 for the first time.

Gender Pay Gap reporting gives us the best indication of how equally women are valued within their firms. Yet, three years into mandatory reporting for organisations with over 250 employees, little scrutiny has been applied to the quality of those reports - or indeed the size of the pay gaps reported.

Again, for the first time, this report brings together the Gender Pay Gap data across those FTSE All-Share companies, who are required to, or choose to, report.

In this way, we build a more comprehensive picture of the state of diversity and inclusion across the entire FTSE All-Share.

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 of the end of December 2020. The data was sourced from these companies' websites during January and February 2021. Gender Pay Gap data was taken from either each company's website or the Government's statutory reporting website.

For comparison, we have drawn information on the FTSE 350 from the Hampton-Alexander and Parker Reviews and on the AIM 50 from the latest Company Matters report. See Appendix A.

The 261 FTSE companies outside the FTSE 350 include 140 investment trusts or collective property companies. These collective companies are significantly different in nature to normal operating companies, since they generally have very few employees and often contract out management of their investment assets. For this reason, we have, at times, treated them separately in this report.

See Appendix A for Board and executive team diversity data in full

See Appendix C for full details on our methodology.

01 Board diversity in the FTSE All-Share ex350

"The future success of the UK economy depends on our corporate sector as a whole: listed or unlisted companies. Diversity around the board table enhances performance, which is why I expect FTSE All-Share companies to lead the way, not just the FTSE 350.

This means looking at diversity holistically - and we should all be concerned and disappointed at the near-total lack of progress on ethnic diversity across the FTSE All-Share."

Paul Drechsler CBE, Chairman of the International Chamber of Commerce; NED at Greencore plc and Schroder & Co Ltd; and former President of the CBI.

Headline data on the overall percentage of women on boards has shown significant progress. This is the metric which media, industry and Government have focused on and where improvements have undeniably been made.

The overall percentage of female non-executive directors (NEDs) on FTSE All-Share companies outside the 350 is only slightly lower than the 34% within the biggest 350 companies' boards. The AIM 50 companies have far more work to do, with just 15% of their board members being female.

Yet this is far from the whole picture.

31%

of board members in the FTSE All-Share ex350 are women

34%

in investment trusts

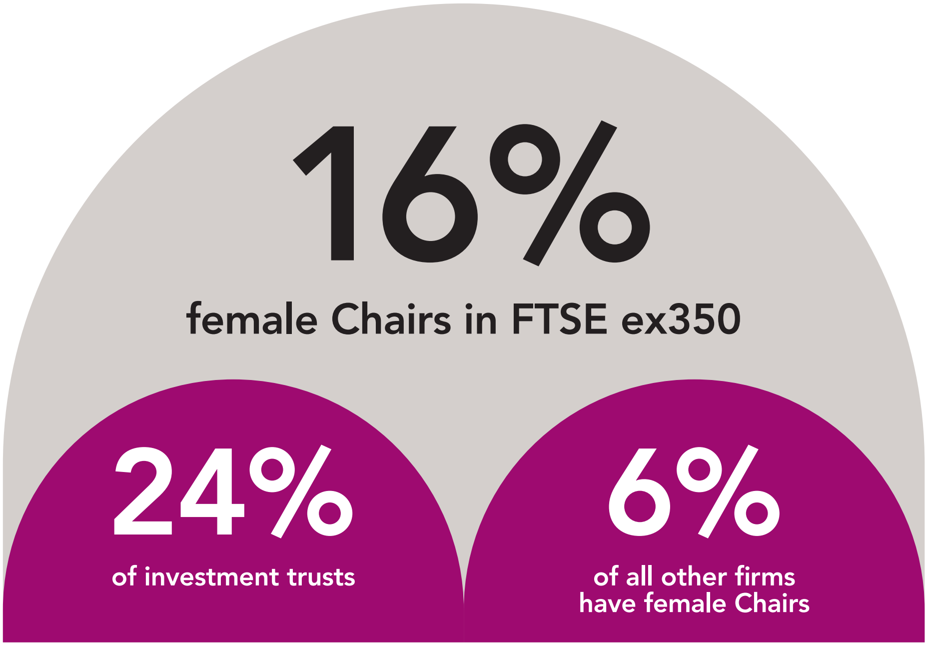
28%

in other companies

Chairs

More women are reaching the boardroom, but not the most senior role of board Chair.

With 11% of FTSE 350 Chairs being female, the investment trusts are leading the way at 24%. However, the other firms in the FTSE All-Share ex350 are only slightly ahead the AIM 50, which has just two female Chairs (4%).



Ethnicity

True diversity covers a whole range of perspectives, but the other element for which data is available is the ethnicity of board members.

It is clear, the impact of increasing diversity in the FTSE 350 has not inspired the rest of the FTSE All-Share to enhance its boards' ethnic diversity, in the way it appears to have in gender. 6.8% of FTSE 350 and 4% of the AIM 50 board members are identified as 'directors of colour'. Yet the remainder of the FTSE All-Share falls short of even that low bar at 3%.

Parker's definition of 'directors of colour' groups together people with very different ethnicities, who may face very different challenges related to (conscious and unconscious) perceptions of that identity.
We are particularly concerned to note that, of the 46 'directors of colour' in the FTSE All-Share ex350, only eight are black. Improvements in ethnic diversity on boards need to include people from all the different communities that constitute minority groups in the UK.

1.1 Individual companies

Diversity matters as it expands the range of perspectives and experiences available to enhance discussion and the quality of decision-making. It is, therefore, important to consider the mix on the board of each individual company.

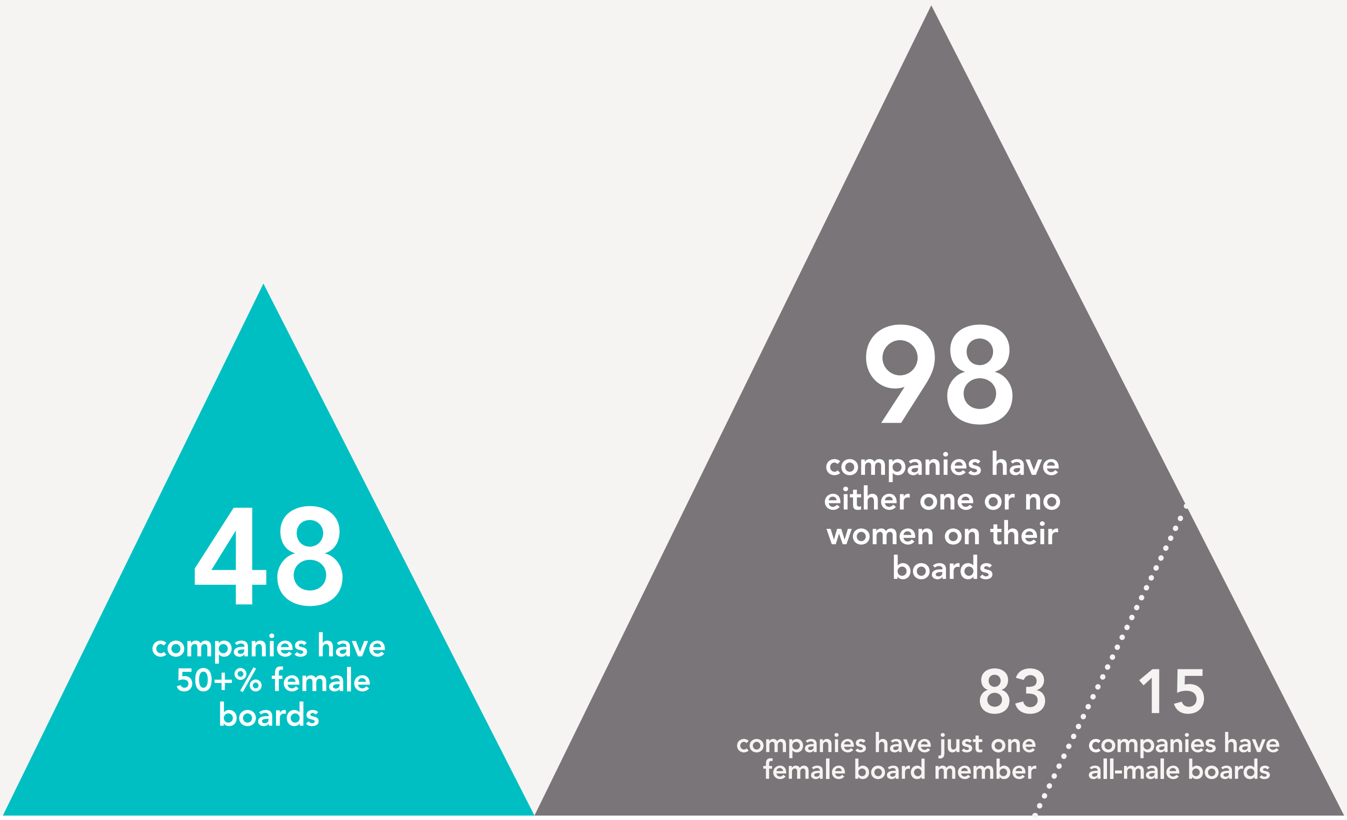
"We've proven time and again that you can find diverse candidates with the requisite expertise for board roles, and yes, even highly technical seats.

Yet outdated cultures and weighted appointment processes are holding back diversity on too many UK boards. We need all board Chairs to take a proactive and purposeful approach to finding the diverse talent they need."

Suki Sandhu OBE,
Audeliss Executive Search

Beneath the overall figures, we have uncovered a significant 'diversity divide'. The data reveals a gulf between some firms who have majority female boards and others who have paid lip service, at best, to the need to diversify their boards. Clearly it is possible to recruit and run a diverse board, yet too many firms are persisting in not doing so.

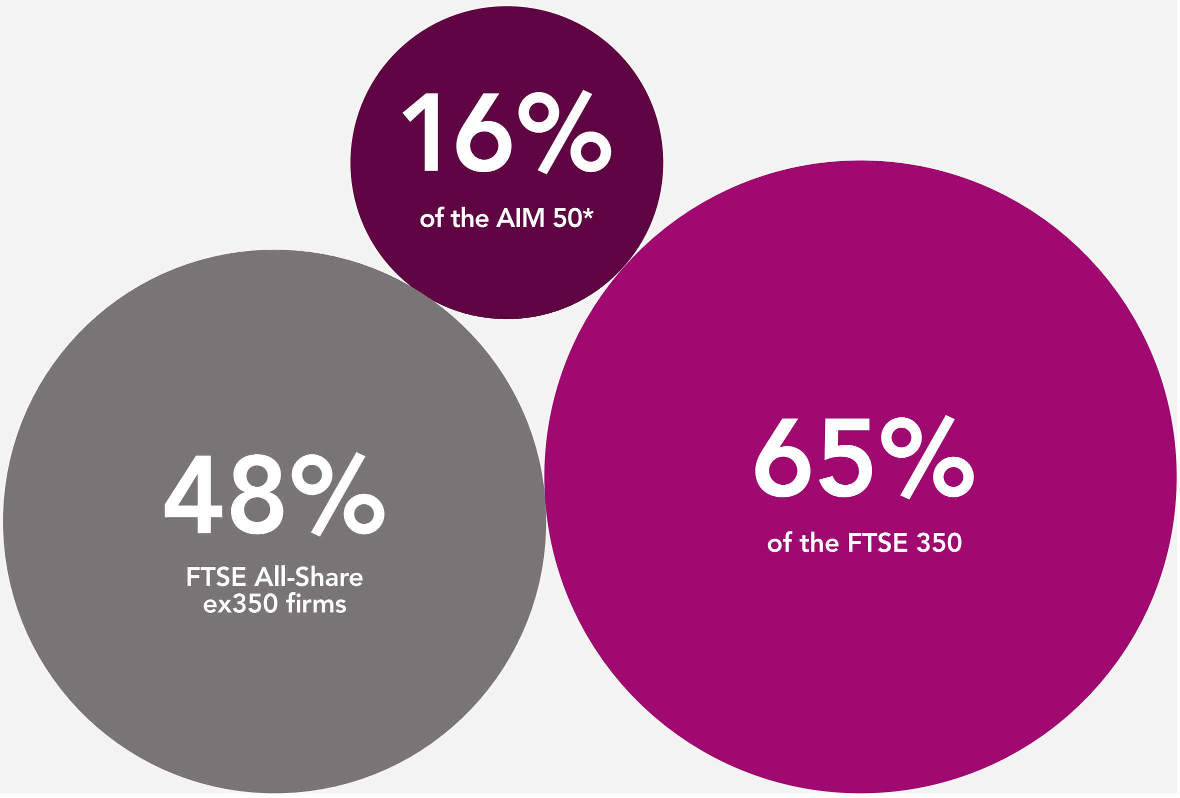
This diversity divide is particularly stark in the FTSE All-Share ex350:



The 33% target for women on boards was not designed to be a reflection of 51% of the population. Nor was the Parker Review's 'one (director of colour) by 2021' goal ever regarded as adequately reflecting the ethnic diversity of the UK.

Rather, these targets are intended to be a 'tipping point' to a shift in dynamics where divergent views around the board table are respected and actively encouraged. So, how many firms are at this point, where we could hope to see real cultural change?

Meeting the 33% target for women on boards



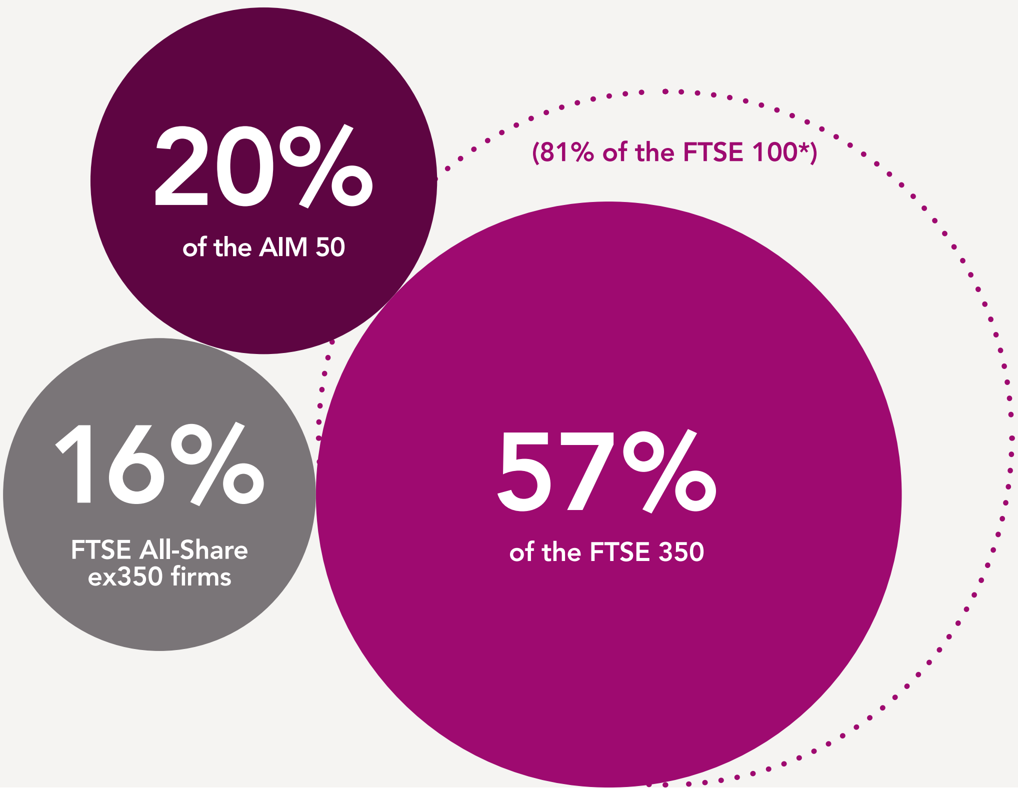
*Just 8 companies

Data for the FTSE 350 taken from the 2020 Hampton-Alexander and Parker Reviews; AIM 50 data taken from Company Matters.

Progress can be made very quickly by firms, given the right priority. This has been clearly demonstrated by the FTSE 100 - only 52 of whom had a 'director of colour' on their board in Parker's January 2020 survey. This figure had jumped to 81 companies as of March 2021[1].

We can see the diversity divide particularly reflected in commitment to ethnic diversity. Leaders, such as PwC and Lloyds Bank[2], are calculating and bravely publishing their ethnicity pay gap. Yet, we also see those 51 companies in the FTSE 350 who did not respond to the Parker Review 2020 at all.

Meeting the target for one 'director of colour':



*Parker Review's March 2021 update

1 Parker Review Survey Update

2 Report on Lloyds Bank's ethnicity pay gap and PwC Ethnicity pay gap

02 Executive leadership

"The executive team leading a company are crucial to embedding a culture that values diversity and fosters inclusion.

It is vital that those individuals not only have exceptional skills in inclusive leadership, but that they bring diverse perspectives themselves. This is proven to improve business outcomes.

Importantly, a diverse leadership team clearly demonstrates, to staff and externally, that yours is a company where talented professionals can excel - whatever their background."

Zarin Patel, NED at Pets at Home plc, Post Office Ltd, Anglian Water Services, the National Trust and Audit & Risk Committee member at HM Treasury; former CFO and Executive Director of the BBC.

The progress on diversifying non-executives, imperfect as it is, has been more successful than in building diverse executive leadership teams. Although non-executives steer the company, it is the executives who lead the day-to-day operations. They are, perhaps, more influential to a company's culture and how diversity and inclusion is experienced within it.

CEOs

Taking the lead fund manager as the CEO-equivalent, investment trusts in the FTSE All-Share ex350 have the most diverse CEOs - yet this constitutes just 12 women in 140 investment trusts (9%). The remainder of the FTSE All-Share ex350 is in line with the FTSE 350 at 5% female CEOs.

7%

Female CEOs in the FTSE All-Share ex350

Methodology note:

We identified companies' senior leadership teams from their websites and or investment trust fact sheets in January/ February 2021.

It is important to recognise investment trusts do not employ large staff teams directly. They contract designated fund managers (often just two people), who we took as providing the executive leadership function.

See also Appendix C

Individual companies

The FTSE 350 has work to do on diversity in executive leadership, with 8% of firms having all-male top teams. Yet this figure soars to over half of the FTSE All-Share ex350 who do not have a single woman in their senior executive leadership team.

Even if we exclude the small teams of fund managers in the investment trusts, we find 40% of the remainder of the FTSE All-Share ex350 only employ men as senior executive leaders.

Worryingly, the overall figures fall significantly below the levels seen in the non-executive space and in the FTSE 350 (who are missing the target at 29%). Just 18% of top executives in the FTSE All-Share ex350 are female. A smaller proportion of the investment trusts' designated fund managers are women (16%) than that of the much larger executive leadership teams of the other companies (20% female).

54%

all-male executive leadership teams in the FTSE All-Share ex350

40%

of companies excluding investment trusts

03 FTSE All-Share companies' Gender Pay Gap

"Bringing more diversity into large companies is important, but getting the seat at the table is the start, not the end.

Pay gap data is a crucial indicator of how far all professionals are valued, whatever their gender or ethnicity, and whether this is fairly based on their performance rather than personal connections or how "their face fits".

All boards should review and monitor their organisation's pay gap as part of their talent development and retention processes."

Moni Mannings, NED and Remuneration Committee Chair at Hargreaves Lansdown plc, EasyJet plc, Breedon Group plc, SID at Investec plc and Deputy Chair of Barnardo's.

The statutory reporting of Gender Pay Gaps for UK organisations with over 250 employees has been hailed as a major step forward for gender equality. Having completed three years of reporting, the data is one of the clearest metrics available on whether women are equally valued throughout an organisation.

But how does the FTSE All-Share as a whole value its female employees? And is the reporting requirement proving the catalyst to equal pay it was hoped to be?

About the data

Each year's Gender Pay Gap report relates to a snapshot date in the previous year. In this report, we refer to the year of reporting. We considered those companies in the FTSE All-Share as of December 2020 (including when looking at previous years).

Not all companies listed in the FTSE All-Share have to report, as they may not be UK domiciled and/or have fewer than 250 employees (which includes all investment trusts). We found 237 companies in the FTSE All-Share published a Gender Pay Gap report (or reports for their subsidiaries): 163 of those were in the FTSE 350 and 74 were in the remaining 261 firms of the FTSE All-Share.

Although the Government's suspension of the Gender Pay Gap reporting requirement in 2020 led to a 44% drop in overall reports, virtually all FTSE All-Share firms, normally required to report, elected to do so. We therefore believe the 2020 reporting data to be reliably indicative of the Gender Pay Gap in the FTSE All-Share.

See also Appendix C

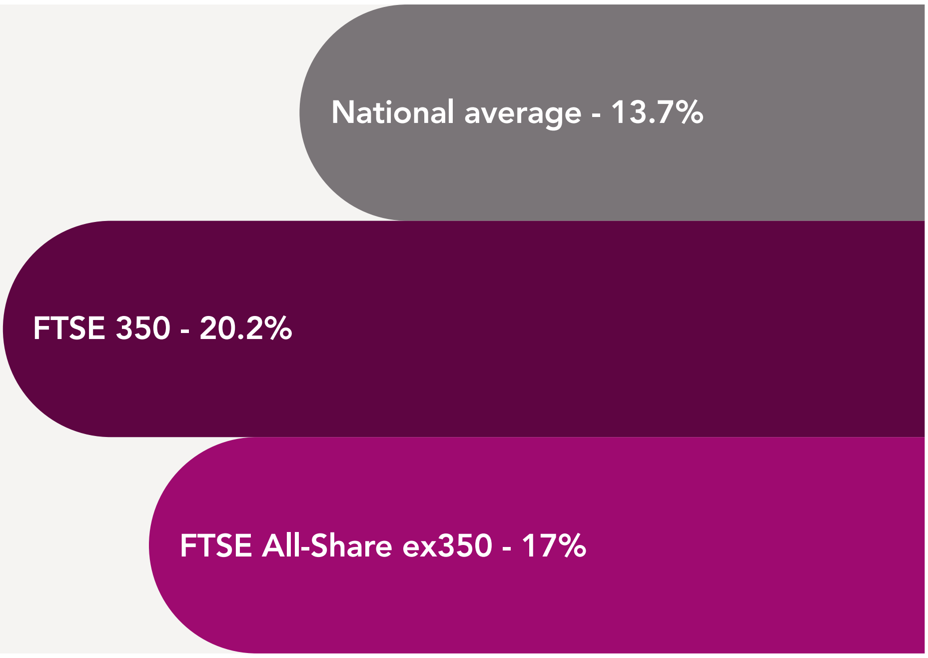
FTSE All-Share companies' Gender Pay Gap

Bringing together data for every FTSE All-Share firm which reports for the first time, we can clearly see that, as a group, these companies are performing poorly. Despite more diversity in their board and executive teams, the FTSE 350 companies have the largest average Gender Pay Gaps.

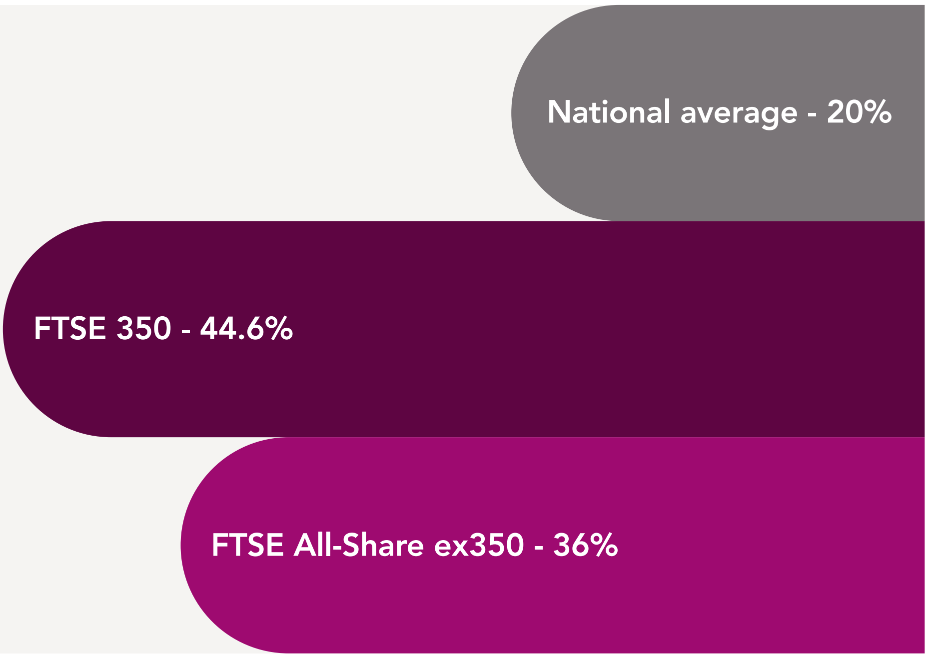
The overall pay gap in the FTSE is around 5% higher than the national average; the bonus gap is even more marked, being 10-20% higher than national average.

The FTSE All-Share are some of the best-resourced organisations in the country, with access to expertise, talent and budget. There is no reason they should be the laggards, not leaders, in this area.

Average Gender Pay Gap:



Average bonus gap:

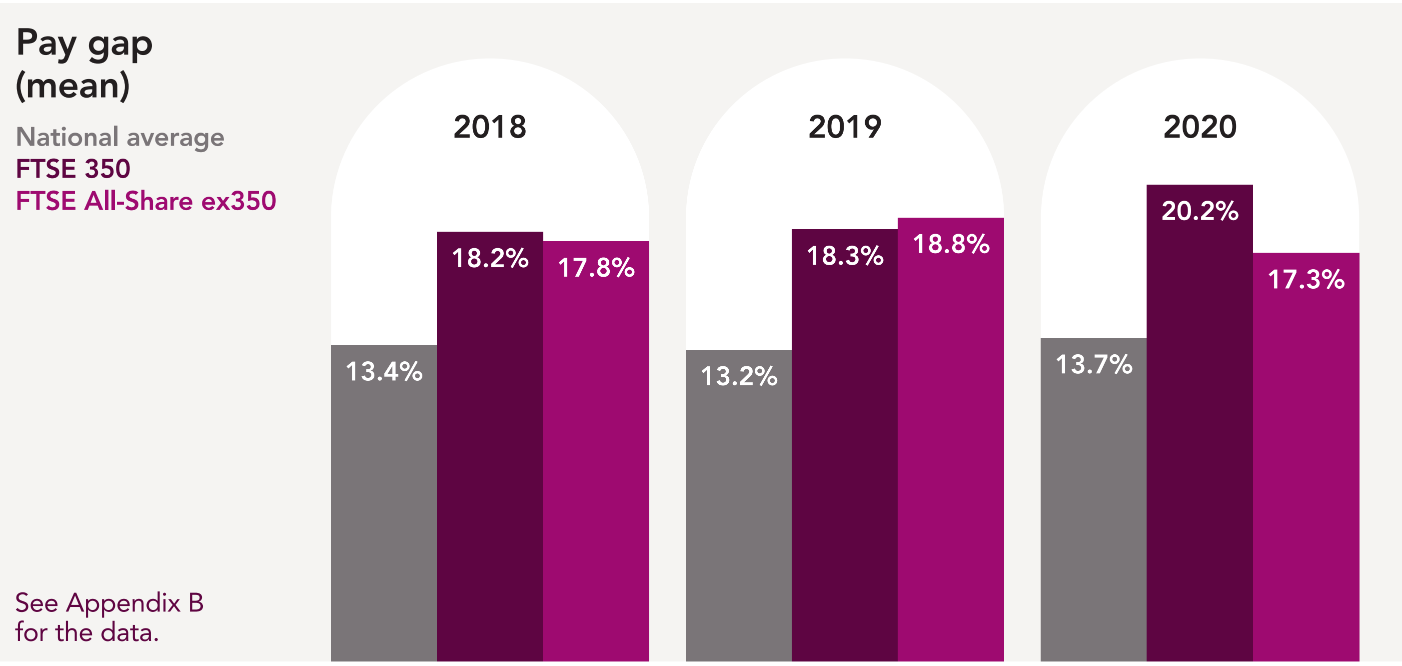


Closing the gap

Over the three years of reporting requirements, the Gender Pay Gap has been broadly static.

This is far from inevitable. For example, SIG plc[3] reversed their (mean) pay gap from 6.8% to -4.7% (meaning their pay gap is now in favour of female staff) and reduced their bonus gap by 10% between the 2018 and 2019 snapshot dates. It can be done.

Yet in the 2020 reports, the bonus gap actually widens by 12% in the FTSE 350 to 44.6%. Significant year-on-year fluctuations are to be expected in bonus payments, in line with business performance. Although an increase in the bonus gap of this size is alarming, it remains to be seen if it constitutes a long-term trend.



See Appendix B for the data.

3 SIG group GPG report for 2019 snapshot, fulfilling 2020 reporting requirement

3.1 How good are the FTSE Gender Pay Gap reports?

We also looked at the quality of the Gender Pay Gap reports for the FTSE All-Share ex350 companies that are required to produce them. Here we find some clear – if unacceptable – explanations for why their pay gaps are so high and static. Yet we also find some examples of high quality and innovative action, which show there are firms committed to tackling their pay gap.

"With an established Gender Pay Gap being 'the norm' for many companies, achieving equal pay will require significant internal change.

Companies should think broadly about policies that may have a gendered impact. Ultimately, the challenge is to bring together numerous changes, big and small, to drive a shift to an overall culture which values diverse employees' contributions."

Shirley Campbell, Scottish Water's People, Workplace and Organisational Development Director

Low priority

Many companies appear to take a minimalist approach to compliance in this area. Little attention is paid to the result, let alone taking action to minimise the gap.

The legislation requires the reports to be published on the employer's website "in a manner that is accessible to all its employees and to the public".* Yet for 25% of the FTSE All-Share ex350 companies who report, the reports are extremely hard to find. They are usually not in their 'People' or 'Diversity & Inclusion' sections, nor clearly available in their corporate governance reporting sections, or even discovered through an in-site search. For these firms we found the pay gap report via a Google search - far from reflecting the level of visibility we believe is described in the law.

Spktral, the Gender Pay Gap reporting company, has discovered the majority of organisations take 11 months to file their reports - hardly showing a commitment to timely use of data.

However, we also found a limited number of companies who go beyond the requirements of the Gender Pay Gap legislation. They understand their pay gap is business critical data, and ensure their report is comprehensive, meaningful and informs action.

*Clause 15, The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017

A couple of examples of going beyond the reporting requirements

McCarthy & Stone plc tracks progress of female representation at three levels in its organisational hierarchy and share some 'Success Stories' from each (in addition to the statutory analysis by pay band quartiles).

DWF plc included an ethnicity pay gap and included regular self-employed contractors (not just employees as required).

4 More details available from Spktral's #ResetTheTimeline campaign

Low transparency

As we saw in the drive to increase the number of women on boards, external scrutiny of data can be effective in motivating companies to make changes.

The relatively low level of external scrutiny of the FTSE All-Share Gender Pay Gaps is, in part, due to a lack of transparency. As mentioned above, many companies are not making it easy to find their Gender Pay Gap on their website and the Government's Gender Pay Gap portal is not necessarily widely known to employees.

Additionally, many of the listed entities file separate Gender Pay Gap reports for each of their subsidiaries. We had to use considerable time, knowledge and expertise to collate the data for each overall listed entity. It is also problematic as large groups avoid reporting for those subsidiaries that are not UK-domiciled and/or do not meet the 250 employee threshold. This means there can be significant gaps in the data for the overall companies, and some large groups can avoid reporting at all.

While it is important to understand how the pay gap differs between each subsidiary, and even division and department, combining this with an overall picture optimises transparency and accountability. Greater transparency in this area matters, as it enables investors, staff (present and potential) and customers to make informed choices about their dealings with those firms.

Two companies offering enhanced transparency

Tyman plc chose to report on all UK employees, even though only one of its three divisions is over the 250 employee threshold (which also reports separately.)

Pendragon plc reports as a single entity and gives the individual data across all nine of its companies in a clear table.

Lacking in action

Too many firms simply calculate their Gender Pay Gap. Then they observe it and, seemingly, accept it.

In some cases we found the company chose not to compile a year-on-year comparison of its three reports, requiring the reader to open each report to analyse movement. A number of firms appear not to publish their previous reports on their website, preferring instead to only share their latest - which may be contrary to the Gender Pay Gap legislation expectations.

Other reports discuss the principles of inclusion and avow a belief in equality. Yet these same reports make no mention of plans to reduce their, often significant, Gender Pay Gap. Some do mention a charity or women's awareness initiative they support - yet there is no rationale on how this type of externally focused activity will impact the organisation's internal reward structures.

Companies who are serious about gender equality include action plans to reduce their Gender Pay Gap in their reports. These include tangible initiatives focused on their recruitment and reward strategies, talent pipeline management and wider organisational culture.

Just a few examples of effective actions cited in Gender Pay Gap reports

DFS plc introduced targets for female new senior hires into the strategic objectives of the Senior Leadership Team.

GallifordTry plc has made short-listing female candidates a requirement for all senior positions.

Ted Baker is introducing a 'career levelling framework' to ensure greater equity in reward - and plans to roll this out worldwide, not just in the UK where the reporting requirement applies.

Go-Ahead plc offers apprenticeships and associated marketing campaigns to attract more women into traditionally male occupations (i.e. bus and train drivers).

04 What next?

The progress on gender diversity in non-executives shows ‘proof of concept’ in achieving business-led change through monitoring and scrutiny. It is not ‘job done’.

Internationally, many countries have turned to the swifter method of legislative quotas for women on boards. Although attractive in their clarity, we believe there are significant drawbacks to this approach, as they give too little focus to the cultural change required to support inclusion of more diverse voices.

Continued action is vital as progress is not linear. Things can go backwards as well as forwards, as the 2020 Hampton-Alexander Review noted in observing backsliding between 2013 and 2014 and again between 2017 and 2018.

Women on Boards UK calls for continued scrutiny and monitoring of the entire FTSE All-Share’s diversity and inclusion metrics to ensure the achievements to date are embedded and built upon.

We recommend

1

Scrutiny of the number of individual FTSE All-Share companies reaching board and executive diversity targets, not focusing on overall collated data.

Our analysis shows a 'diversity divide' between firms with highly diverse boards and/or executive teams, and those persisting in drawing their leaders from a narrow pool of talent. We would like more attention paid to the percentage of firms reaching diversity targets - and to those making little or no progress.

2

All listed entities* to report their Gender Pay Gap, on a comply or explain basis.

A reporting requirement to publish a Gender Pay Gap analysis for the entire listed entity is a vital step to creating the transparency and accountability that can create market-led pressure to improve and ultimately close the Gender Pay Gap.

With the exception of collective investment companies, companies listed on the UK Stock Exchange should be expected to report their mean and bonus pay gaps as a listed entity (not just by subsidiary). This should be regardless of how many employees they have or where those employees reside geographically.

We suggest regulators recommend, in their codes of practice, that companies report their Gender Pay Gap (with the exception of collective investment companies). This would be in line with the developing interpretation of Regulation 13 of the Miscellaneous Reporting Act, for large companies in the UK, which covers how the company engages with its employees and other stakeholders. The advantage of the UK's 'comply or explain' regulatory codes is that those listed firms who have good reasons for not reporting can explain them.

Whilst pay gap reporting is not meaningful for collective investment companies, we suggest they measure their diversity impact through their ESG-related investment decision-making processes.

*with the exception of collective investment companies, who employ very few staff directly.

We recommend

3

FTSE All-Share companies to aim to reach 40: 40: 20 gender balance.

All FTSE All-Share firms can and should reach the 'gold standard' of truly representative gender balance at both senior executive and non-executive levels. Women on Boards defines this as a mix of 40% male, 40% female and the remaining 20% fluctuating with natural turnover of personnel.

It is vital that companies do not merely endorse this goal, but back up their ambition with a series of recruitment and retention targets linked to performance KPIs.

4

Standardise and integrate reporting of diversity in all forms (where data permits) to enhance clarity and transparency.

Diversity is far broader than gender. Ethnicity, LGBTQ identities and disability are all important strands that should be represented in companies' decision making.

Going forward, external monitoring and scrutiny of diversity should look at all available metrics and encourage companies to make more data available. This comprehensive approach to diversity is urgently needed. It would allow the pressure and profile around gender diversity to positively impact on ethnic diversity, for example, where progress has been paltry within the FTSE 350 and virtually non-existent outside it.

Appendices

Appendix A

Board and executive team diversity data in full

In this report, all comparisons made to the board and executive team diversity in the FTSE 350 draw from the 'Hampton-Alexander Review 2020' and 'Parker Review 2020' data. Comparisons with the AIM 50 use data in the 'Company Matters 2020' report. For ease, we have reproduced the relevant data here, alongside our own:

Overall	FTSE 350 (Hampton Alexander Review Appendix B & Parker Review 'Key findings')	AIM 50 (Company Matters report)	**FTSE ex350 (261 companies)**	**FTSE ex350 investment trusts (140 companies)**	**FTSE ex350 non investment trusts (121 companies)**
Women on boards	34%	15%	31% (476)	34% (226)	28% (250)
Directors of colour	6.8% of all (7.5% of those who reported)	4%	3% (46)	3% (29)	3% (17)
Black on boards	-	-	1% (8)	0% (1)	1% (7)
Women on executive leadership teams	29%	6%	18% (228)	16% (82)	20% (146)
Top jobs					
Female Chairs	11% (39)	4% (2)	16% (41)	24% (34)	6% (7)
Female CEO	4.8% (17)	4% (2)	7% (17)	9% (12)	4% (5)
BAME Chair	4% (Chair/CEO)	-	0% (2)	1% (1)	1% (1)
Individual companies					
All-male boards	None	36%	6% (15)	9% (12)	2% (3)
All-male executive leadership teams	8% (28)	-	54% (140)	66% (92)	40% (48)
1+ Director of colour	57% (200 did meet)	20%	16% (42)	12% (17)	20% (25)
33% target	65% (220)	16% (8)	48% (124)	59% (83)	34% (41)

Numbers given in brackets are the number of individuals or companies.

Appendix B

Gender Pay Gap averages for all three years of reporting

We found 237 companies in the FTSE All-Share published a Gender Pay Gap report (or reports for their subsidiaries). Those companies were 163 of the FTSE 350 and 74 of the 261 FTSE All-Share ex350.

The figures given for the FTSE 350 and FTSE ex350 are a mean average for those companies and/or their subsidiaries who reported. We took the mean average as most representative, given there were no significant outliers in the data.

Pay gap (mean)	National Average*	FTSE 350 (163 companies)	FTSE All-Share ex350 (74 companies)
2018	13.4%	18.2%	17.8%
2019	13.2%	18.3%	18.8%
2020	13.7%**	20.2%	17.3%

Bonus gap (mean)	National Average*	FTSE 350 (163 companies)	FTSE All-Share ex350 (74 companies)
2018	22%	32.5%	36.3%
2019	21.9%	32.4%	41.3%
2020	20%**	44.6%	35.8%

*National Averages taken from Spktral, the pay gap specialists

**of those who reported as the Government's suspension of the reporting requirement led to a 44% drop in overall reports, although virtually all of the FTSE All-Share required to report, still chose to do so.

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 and February 2021, based on the companies who were in the FTSE All-Share as of the end of December 2020. Gender Pay Gap data was taken either from each company's website or the Government's statutory reporting website.

Comparison data

For comparison, we have drawn information on the FTSE 350 from the Hampton-Alexander 2020 and Parker 2020 Reviews and the AIM 50 from the 2020 Company Matters report. See Appendix A.

There are small differences in the method of data collection between those reports and ours. Hampton-Alexander and Parker relied on companies self-reporting data and Company Matters used the firms' annual reports. 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.

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 management team clear on their websites. We therefore assumed the registered executive directors on the board were the executive management team.

To identify investment trusts' senior executive 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, as did Company Matters. 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 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.

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.

Gender Pay Gap reports

Each year's Gender Pay Gap report relates to a snapshot date in the previous year, and, in this report, we refer to the year of reporting. Not all companies listed in the FTSE All-Share have to report, as they may not be UK domiciled and/or have less than 250 employees (which includes all investment trusts).

We looked at the 2020 Gender Pay Gap reports (relating to the 2019 snapshot date) as the most recent available at the time of the research (Jan/Feb 2021). Some companies have since published a new report (related to the 2020 snapshot date). Although the Government's suspension of the Gender Pay Gap reporting requirement in 2020 led to a 44% drop in overall reports, virtually all FTSE All-Share firms normally required to report elected to do so. We therefore believe the data reported in 2020 to be reliable for the FTSE All-Share.

For this report, we considered those companies in the FTSE All-Share as of December 2020. When referring to previous years' Gender Pay Gap reports, we used the same sample of firms (whether or not they were in the FTSE All-Share that year).

Where a listed entity reported its Gender Pay Gap as multiple subsidiary companies, we took the average across all reports. This will not necessarily give a full picture of a listed entity's Gender Pay Gap, as some parts of the company may not have been required to report (e.g. subsidiary companies with fewer than 250 employees). For this reason, we have not shared company-specific information, but we believe the data is sufficiently reliable to determine an average Gender Pay Gap for the FTSE All-Share.

Our comments on the quality of the reports are not quantified, but simply share interesting examples and trends. Good practice examples from named companies should not necessarily be taken as an endorsement of the company's overall Gender Pay Gap report or approach to diversity and inclusion more widely.

About Women on Boards UK

Women on Boards UK exists to support our members into the boardroom. We are a network of 30,000 women, and some men, who are starting and shaping their board careers. The network includes those with all levels of board experience, across all sectors and professional disciplines. What we do works - on average, seven members secure a new board role each week.

Women on Boards UK works with boards to understand how to recruit for diversity, and to connect with quality candidates outside the 'usual suspects'. As absolute believers that men and women share equal reserves of talent and ambition, we are dedicated to helping organisations in all sectors to work towards gender balance at board and leadership level.

Find out more and join us at www.womenonboards.net