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WOMENCOUNT2021

Role, Value, and Number of Female Executives in the FTSE 350

> "We cannot continue to hold talented women back by withholding opportunities to reach the top, and post-pandemic, we cannot continue to keep the economy back by not ensuring our companies have gender-diverse executive committees that will maximise profit."

Foreword

In 2021 we know we achieve stellar performance with executive gender balance at the very top of our organisations: on Boards. That's why I'm disappointed to read in **Women Count 2021** that we have not met the same corresponding increases of female executives on the equally important Executive Committees.

It's staggering to understand that 70% of companies in the FTSE 350 have no female executives from the company on their main boards. FTSE Companies have long talked about their intention to have more female executives sitting at the senior table in their organisations, but the result has been a rise from a lowly four per cent of female CEOs to just five per cent. There are also few signs of future change with men holding 89% of all FTSE 350 Executive Committee Profit and Loss roles a major stepping stone for CEO positions.

As part of the Investment industry, I back its purpose to help millions of people prepare for a more financially secure future, and to help the UK economy and its businesses to thrive now more than ever.

We see the devastation COVID has caused; as business leaders, we also understand that these situations provide an opportunity for innovation and transformation. It seems that we are not yet using this opportunity to transform the way we work, instead opting for what we call stability. The risk to this is that we do not widen the pathways for talented women, so they continue to leave in large numbers. This risk is even more severe for women who might face multiple barriers, perhaps because of their race, disability, or educational background.

Women Count 2021 shows that without women in top jobs UK businesses are missing out on £123 billion in pre-tax profit. We cannot continue to hold talented women back by withholding opportunities to reach the top, and post-pandemic, we cannot continue to keep the economy back by not ensuring our companies have gender-diverse executive committees that will maximise profit.

Our focus must be the future. Our focus must be action. Our focus must be what works. How much quicker could the financial recovery be if we saw more women executives in senior positions in the FTSE 350? We can no longer talk about what we intend to do to make our organisations more diverse and inclusive. We must act now.

This report lays out the current situation, and it also lays out the possibilities for the future if we take the well-overdue steps of strengthening our profitability by taking this opportunity to pick up the pace of change.

Keith Al.

Keith Skeoch
Chairman, Investment Association

Diverse organisations have a better bottom line. They are more productive, more profitable and more resilient because diversity brings in new perspectives and means our businesses better represent the people we serve. They are better for employees, better for customers, better for communities and better for the economy.

We know this. Yet across the board, companies are still falling woefully short of reaping the benefits. When it comes to gender diversity at the top of organisations, this **Women Count 2021** once again underlines the extent of the work that is still needed to move beyond talking about a familiar problem and taking the concerted, collaborative actions that are needed to solve it.

I understand this is not easy. Unpicking generations of inequality takes time. There are still various barriers standing in the way of women progressing, particularly in roles responsible for profit and loss. But, parity is genuinely possible, and we have the chance to be the generation to achieve it.

Progress will not come about by forcing women to fit into the existing working environment. Instead, we need to accept the huge challenge of creating a new environment where men and women, from all walks of life, and every part of society, can thrive as individuals. Not only for their own benefit but also to stop us wasting all the talent that is at our disposal.

What gets measured, gets done and I applaud the important analysis contained in **Women Count 2021** as a vital part of the puzzle. Any business depends on data. Successful businesses analyse that data to better understand their reality and use it to inform the decisions and actions needed to get the right outcomes.

We should not be treating this issue as a special case within our businesses. It ***is*** business. And its high time that we move beyond business as usual, to make one of today's key inequities in society a thing of the past.

A.J. Blanc

Amanda Blanc
Group CEO Aviva plc

"We should not be treating this issue as a special case within our businesses. It *is* business. And its high time that we move beyond business as usual, to make one of today's key inequities in society a thing of the past."

"FTSE 350 companies should realise their fate on this issue is still in their own hands. Women Count 2021 shows how they can take simple, straightforward steps that will improve executive gender diversity, unlock higher profits, and achieve better company operations and governance. Doing this is not just good for companies it is good for the country too."

Letter from the authors....

Dear Reader,

Before we start on the data, we'd like to say a big thank you to Amanda Blanc for her foreword sharing her thoughts on **Women Count 2021** and what the future could look like for women leaders. We would also like to congratulate Amanda and her 14 female colleagues in the FTSE 350 for making it through to CEO – they have broken through that tough glass ceiling and it shows other women with that same aspiration that it is possible despite the challenges. We would also like to thank Keith Skeoch for his foreword and thoughts, Keith is Chair of the Investment Association, and his words reflect the increasingly important voice of investors. In large part, the public's money, in the form of their pension funds, provides the funds to keep FTSE 350 companies going, and investors are increasingly using ESG to value companies.

Women Count 2021 is the sixth in our series of annual tracking reports. It is the only major report focusing on the number of women on executive committees in the FTSE 350, the body within companies where key day-to-day decisions are made. For other studies, such as the Davies Report, the central point of research is the number of female non-executive directors (NEDs) on main boards. NED roles are responsible positions, but without the executive power to direct daily operational activity in the business. It is the executive committee that matters.

Using independent research, this report looks at FTSE 350 executive committees, as at 17th April 2021. The data shows how despite numerous initiatives and repeated calls for action over many years, these important PLCs have still to make significant progress on achieving acceptable levels of executive gender diversity. This position belongs to another time, as in today's world it is recognised that ability is not the preserve of one gender, but equally distributed between men and women. **Women Count 2021** reveals how far many of the biggest companies have to go in catching up with the times, as in the FTSE 350, women remain second class citizens when it comes to promoting or developing talent.

The last year has been dominated by Covid-19, which has disrupted so much. Times of crisis offer the possibility of major shifts away from established paradigms, but the extreme stresses involved can also drive a regressive response. The data in **Women Count 2021** reveals that FTSE 350 companies have not used the pandemic as a transformative moment for their businesses, instead there has been a reversion to type with companies continuing to fail women. A key illustration of this is the paucity of women CEOs at the top FTSE 350 companies, with women accounting for just 5% of the leaders. This is a huge imbalance between men and women.

Women Count 2021 shows that the future is looking grim for both women who want to be the next boss and the wider economy without decisive action. Evidence of this lies in the incredibly low-level of women who are in executive committee roles with profit and loss responsibility, which are critical pre-CEO positions, a situation that remains largely unchanged in the last 12 months.

We know that having more women on executive committees is better for the bottom line. This strong relationship has been proven over many Women Count reports and stands true again in 2021, with a massive £123bn in pre-tax profits on offer for the UK economy. The country will need every pound it can get to help us recover from the pandemic. So there is a huge amount of money available here if we were to increase gender diversity meaningfully.

The pandemic has accelerated the second industrial revolution of our lifetimes. New technologies have emerged, the way we work has been transformed, customer demands have shifted, our way of life has altered. Yet, for everything that is different, the situation facing women in the executive world of business is largely unchanged. This is not sustainable and if businesses don't take action, it is likely government will.

Prime Minister Boris Johnson has explicitly referred to the need to create a post-pandemic settlement in a more 'gender neutral, perhaps a more feminine way'. This echoes the wider commitment made by G7 leaders, particularly US President Joe Biden, for whom gender equity is a key plank of his administration's work. The move to 'build back better' is gathering real strength and the result will be regulatory measures. Businesses will be forced to change.

FTSE 350 companies should realise their fate on this issue is still in their own hands. This report shows how they can take simple, straightforward steps that will improve executive gender diversity, unlock higher profits, and achieve better company operations and governance. Doing this is not just good for companies it is good for the country too.

Many businesses fervently articulate the benefits to the world of constant change in the marketplace, the value of disruption in driving innovation, the efficient way it helps allocate resources, and the better deal that results for the consumer. But, for so many FTSE 350 companies it seems that when it comes to promoting and developing women to key executive positions, these are just words. The reality is a culture and approach to the treatment of women that belongs in another age.

FTSE 350 companies must move on from the past, but the time for voluntary action is slipping away, fast. Either they commit to gender diversity and walk the change talk now, or external action will step in and do it for them. We urge these businesses to step up, seize this moment, and play their part in building a better future that delivers for all.

Yours,

Margaret Lorna

Margaret McDonagh & Lorna Fitzsimons

Co-Founders, The Pipeline

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Women Count 2021 is the sixth annual study of women executives, their roles on executive committees, and the impact on business performance in FTSE 350 companies, at 17th April 2021. This report shows how the top of the UK's major businesses are still an almost total male preserve. Even in a year where the pandemic has caused so much disruption and opportunity for dynamic change, senior leadership and executive committee positions in some of our biggest companies remain largely unaffected.

Trends identified in previous Women Count reports have continued: there are still very few women CEOs in charge of FTSE 350 companies; essential pre-CEO profit and loss (P&L) roles remain a male bastion; where women CEOs are in place, they achieve a better gender balance for their companies by appointing more women to executive committee positions and P&L roles than their male counterparts; and much-needed profits continue to be missed by companies without women on their executive committee.

Some minor progress is being made in reducing the numbers of companies with all male executive committees and there is an increase in the total number of women on FTSE 350 executive committees, although even this last point is caveated with the fact that the rate of growth for this has fallen back in 2021.

Meaningful gender diversity at the top of the UK's biggest companies remains a significant problem. And, it shows no sign of getting better anytime soon.

Amidst global change low numbers of women at the top expose PLCs to risk

- **Women account for only 5% of CEOs in FTSE 350 companies, continuing the sadly familiar trend of previous years.** With 95% of these businesses still having a male CEO, almost every major PLC is failing to make progress on gender diversity at the top.
- **Where women CEOs are in place, they are better at achieving a more gender balanced executive committee.** On average, women CEOs appoint four times the number of women to these business-critical bodies than male CEOs.
- **Chief Financial Officer (CFO) roles are still overwhelmingly occupied by men, with women only taking 17% of these leadership positions in FTSE 350 businesses.**

Companies are failing to promote women to P&L roles

- **Women are excluded from key profit and loss (P&L) roles.** 89% of all Executive Committee P&L roles available are taken by men whilst only 11% are filled by women.
- **The majority of FTSE 350 (59%) companies do not have a single woman on their executive**

committee with P&L responsibility. Yet the contrast with men is stark. Every company in the FTSE 350 has a man in a profit and loss role on their executive committee.

- **Women CEOs are better at collaboration, appointing on average 1.6 women to P&L roles on the executive committee.** Male CEOs only appoint 0.5 women.

More women = more profit, even during Covid

- **Even during the pandemic, the previous trend for companies with greater numbers of women on their executive committees to achieve higher profit margins has continued.**
- **FTSE 350 businesses without any women on their executive committee have suffered big losses.** In 2020 these companies fell way behind others who have embraced executive gender diversity, a trend that has accelerated in 2021.
- **Companies and the UK are missing out on £billions in pre-tax profit.** An additional £123 billion in profits is on offer if companies with less than 33% women on their executive committee performed as well as those with 33% or more.

The makeup of executive committees remain rooted in the past

- **Men still account for nearly 85% of all executives on company main boards, with the rate of increase for women appointments slowing rapidly in 2021.** 70% of FTSE 350 company boards never sit down with a senior female executive at a board meeting, undermining the very concept of 'unitary boards'.
- **Men now make up 78% of all Executive Committee roles and women 22%.** Women are in a better position than 5 years ago but the pandemic has slowed the rate of change. In 2021 we witnessed an increase of 2.5% on the previous year, but in 2020 this same annual measure was 2.7%.
- **Women Count 2021 therefore predicts the winning line on gender parity for executive committees is now 2036, four years longer than last year's assessment of 2032.**
- **Only 10% of companies are holding out against having a single woman on their executive committee, an improvement of 5% on 2020.** But, just 4% of companies have broken through the 50% mark, showing the size of the challenge for women.

Meaningful gender diversity at the top of the UK's biggest companies remains a significant problem. And, it shows no sign of getting better anytime soon.

The Count

Amidst global change low numbers of women at the top expose PLCs to risk

Leading a FTSE 350 company is an incredibly important and demanding job. The Chief Executive Officer (CEO) is at the top, taking all the big decisions, responsible for everything done by the business and its people, setting the tone and culture for the entire organisation. Being the boss matters. In a world where ability it equally distributed between men and women, it is immensely disappointing to see that the vast majority of FTSE companies are missing out on talented leaders simply because they will not appoint a women to the top job.

It is a staggering fact that in 2021, only 5% of FTSE 350 CEOs are women (see figure 1). This extremely low level of attainment continues a depressing trend from previous years, with the situation in 2021 hardly changing from 12 months ago, where4% of FTSE 350 CEOs were women. At a time when Covid has disrupted so much and driven innovation and change, we face a situation where the supposed pinnacles of these major companies remain stubbornly resistant to progress. These are male-dominated preserves and instead of embracing change, they are resisting it. These businesses are out of step and out of time with the world they operate within.

The 2021 situation for women CEOs in the FTSE 350 is not a 'one-off'. Previous Women Count reports have shown that there is a pattern, repeated over many years, to the failure to progress women to the top business jobs. Despite all the calls for action, things are stagnating (see figure 2).

This lack of gender diversity at the top is an appalling indictment of these major businesses and, sadly, it appears to be an enduring trait. There is a repeated failure to

Proportion of CEOs by Gender - FTSE 350

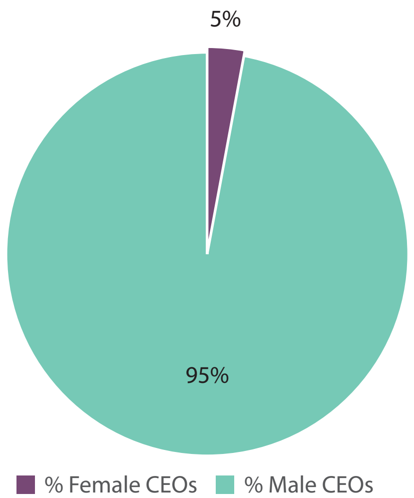

Figure 1

Proportion of CEOs by Gender - FTSE 350

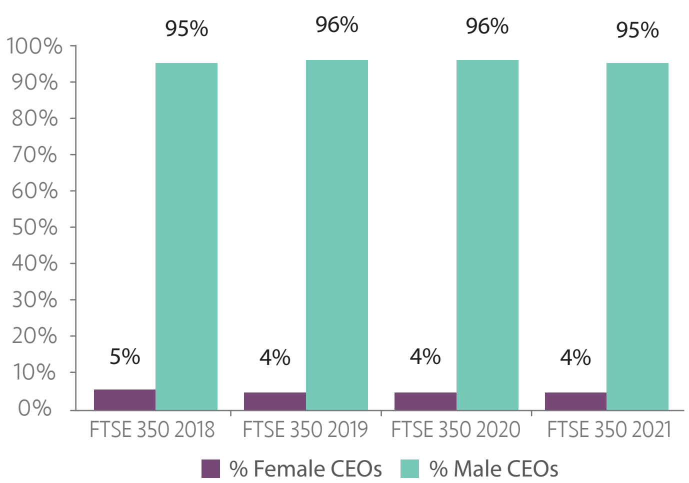

Figure 2

Proportion of CEOs by Gender - FTSE 100

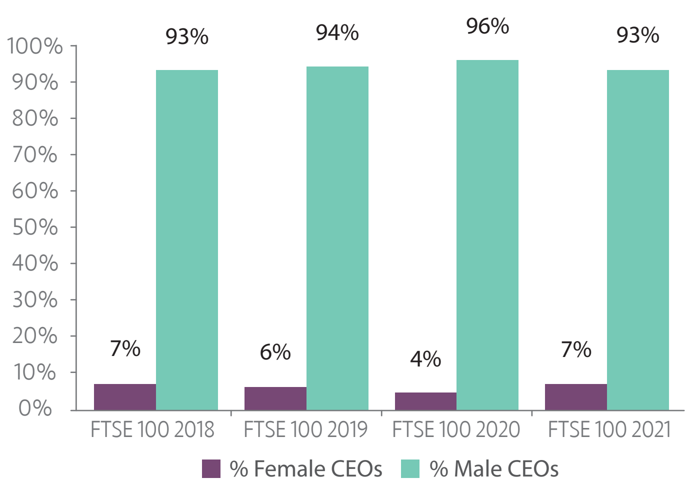

Figure 3

The Count

appoint talented, capable women leaders over the usual male candidates. This absence of meaningful numbers of women CEOs is also revealed when looking at the sizeable businesses that sit on the FTSE 100subset of companies. In recent years, the trend in the proportion of female CEOs in the FTSE 100 has flatlined, with the proportion in 2021 (7%) being the same achieved in 2018 (see figure 3).

When women are appointed as CEOs they make a big difference to the gender balance of their senior leaders. **Women Count 2021** shows that companies led by women CEOs have an average of 4 women members on their executive committee compared to just 2.2 for male-led businesses (see figure 4). As repeated Women Count reports have shown, there is a clear trend over time of women CEOs outperforming male CEOs in this area, but the rate of difference has accelerated markedly in the last 12 months. The lesson from this data is consistent and clear: if companies want to form more collaborative executive committees of both men and women, the most reliable solution is to appoint a woman CEO.

The shameful lack of women in the higher reaches of FTSE 350 companies is not just restricted to CEOs, there is also a massive problem at Chief Financial Officer (CFO) level. These are key company roles and, in many cases, the

Companies and the UK are missing out on £billions in pre-tax profit. An additional £123 billion in profits is on offer if companies with less than 33% women on their executive committee performed as well as those with 33% or more.

Average number of female executive directors split by CEO gender - FTSE 350

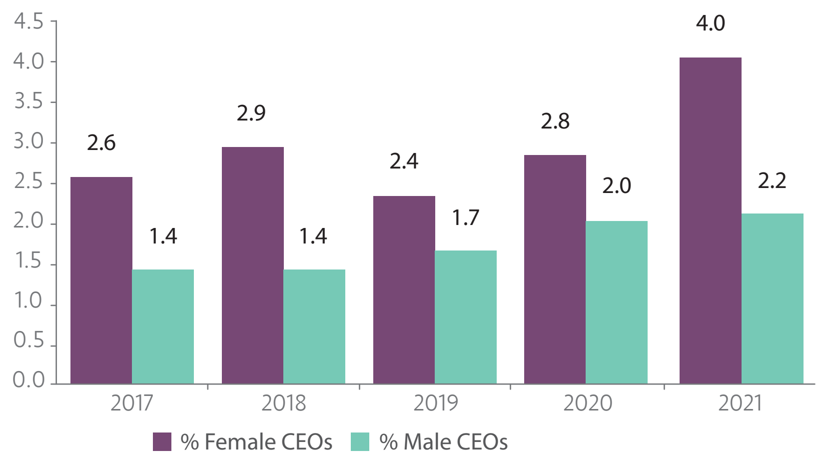

Figure 4

Proportion of CFOs by Gender - FTSE 350

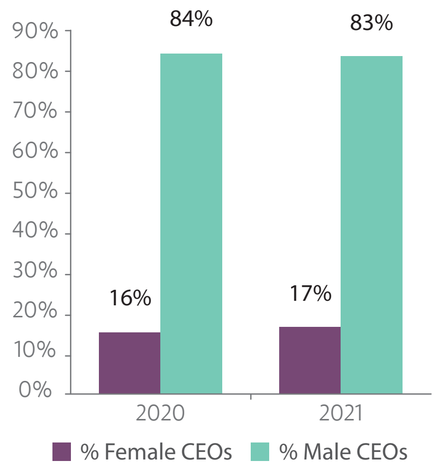

Figure 5

The Count *continued*

person appointed will also sit on the company main board. Again, we see that the UK's major businesses are failing to place women into such positions with a mere 17% of company CFOs being women, an increase of just 1% on 2020 (see figure 5). Men still dominate these leadership roles.

Not all companies within the FTSE 350 follow the traditional CEO, executive committee structure. A large number of businesses are investment trusts and key individuals within these have control over huge amounts of finance, heavily impacting on share prices and the wider economy. Given this influential role it is worrying to see that there are almost no women occupying the key positions of Investment Adviser of Investment Manager. The facts are sobering. There are no women performing these roles in the FTSE100 subset of companies and only one in the whole of the FTSE 350.

Companies are failing to promote women to P&L roles

Getting to be the CEO of a FTSE 350 company is tough. These critically important leadership positions demand much from the most able and talented. As identified in section 1, there is a shockingly low level of women CEOs running the UK's biggest businesses, a dominant trend that has been present for a number of years. The prospects for this changing, so the UK can finally start seeing female CEOs being appointed in truly representative numbers, is heavily dependent on there being a strong pool of women on company executive committees.

Having significant experience at executive committee level matters, but it's not enough to simply be appointed

Proportion of P&L Roles by Gender - FTSE 350

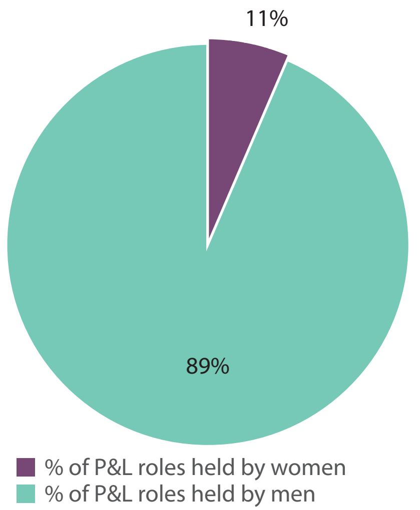

Figure 6

% of Companies with No Women in P&L Roles 2021 - FTSE

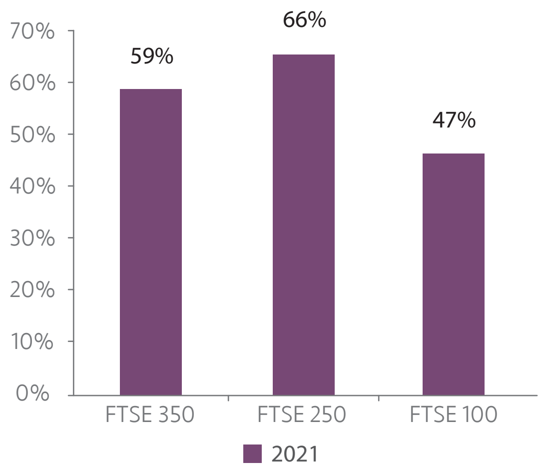

Figure 7

% of Women Executives in P&L Roles - FTSE 350

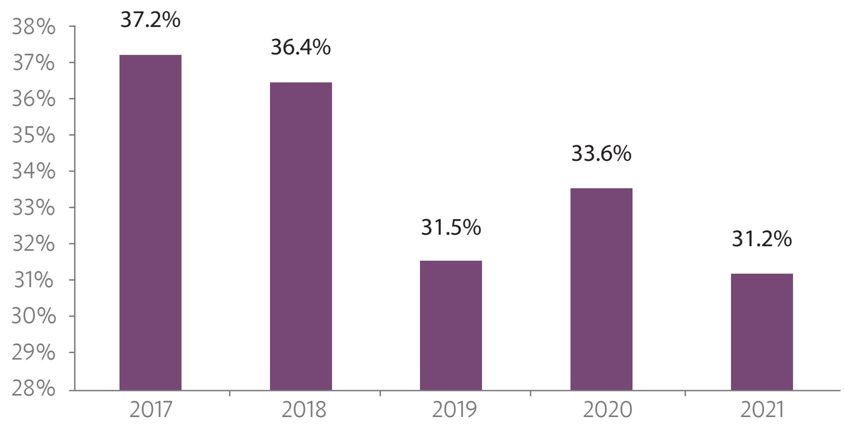

Figure 8

The Count *continued*

to these decision-making company bodies, the type of role matters too. Jobs having a profit and loss (P&L) responsibility are seen as testing grounds for the next generation of CEOs and if women are to have a chance of ascending to the top, it is essential that they have the same chance to occupy these positions as men.

There is little evidence that FTSE 350 companies want to give women a fair go in taking these roles. **Women Count 2021** reveals that women occupy only 11% of all P&L jobs on company executive committees, an increase of just 1% on the situation in 2020 (see figure 6). Such a low level of presence does not offer much hope for those seeking a future with better gender representation at the top of the UK's major businesses.

There are also big questions to ask of many FTSE companies about a total absence of women in these key positions. In 2021 59% of FTSE 350 companies did not have a single woman on their executive committee in a P&L role (see figure 7). The comparison with the situation for men is illuminating. Every single FTSE 350 company has at least one man in a P&L role on their executive committee.

This is a problem that is deep, but not new. Over many years, Women Count reports have shown how tough it is for women executives to be placed in key P&L roles, and it is getting harder. In 2017 37.2% of all women executives were working in P&L roles, but this has now dropped to 31.2%, a fall of 6% over 5 years (see figure 8).

There is some hope for meaningful action on getting more women into P&L roles but, as with so much else in driving increased gender diversity, it is women themselves who are taking the lead. FTSE 350 companies led by women CEOs have, on average, 1.6 women on their executive committees in P&L roles (see figure 9). For male-led businesses there are just 0.5 women in the same category, whilst women CEOs are 3 times more likely to have women

Average number of women in Executive Committee P&L roles split by CEO gender - FTSE 350

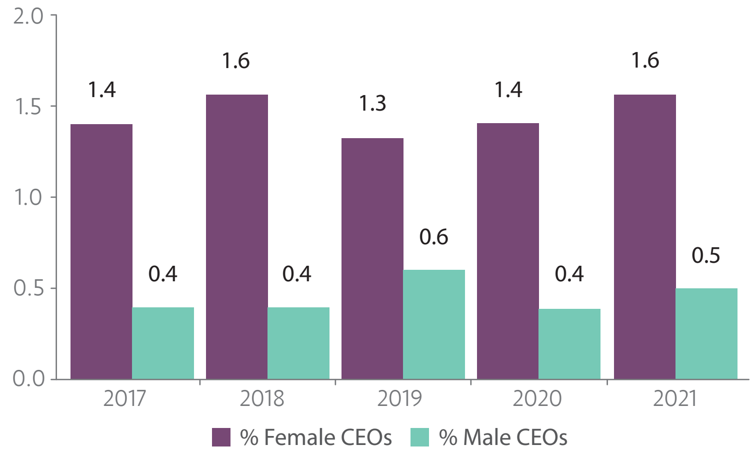

Figure 9

Proportion of HR Roles by Gender 2021 - FTSE

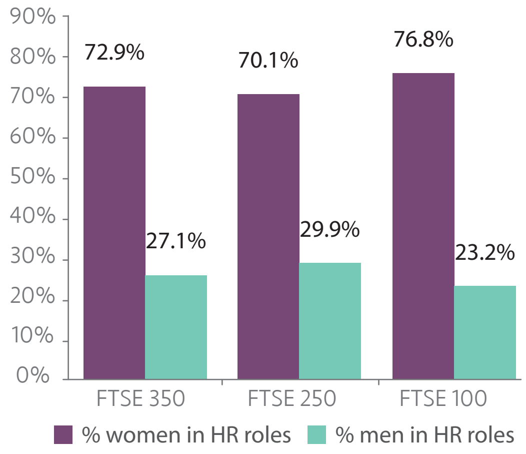

Figure 10

Women Count reports have shown how tough it is for women executives to be placed in key P&L roles, and it is getting harder. In 2017 37.2% of all women executives were working in P&L roles, but this has now dropped to 31.2%

The Count *continued*

executive committee members with P&L roles than their male counterparts. The message is clear: women CEOs deliver better gender balance in key P&L roles.

If women are not being appointed to P&L roles, then what executive committee positions do they occupy? **Women Count 2021** shows that many are being appointed to 'functional' roles, such as Human Resources (HR), that do not have P&L responsibility. In 2021 women occupied nearly three quarters of the HR roles in the FTSE 350, rising to over 75% for FTSE 100 companies (see figure 10).

Without exposure to roles with key P&L responsibilities, it is difficult to gain the experience required to transition to CEO positions. This is detrimental to the diversity of executive input to board decisions and a limiting factor for business activity. P&L roles need to be accessible to more women, if companies are to thrive and grow.

More women = more profit, even during Covid

The Covid-19 pandemic has reached into so many parts of our society and economy. FTSE 350 companies have not been immune from this crisis, with some being particularly vulnerable and suffering considerable financial hardship. In such an unusual year any analysis on the relationship between profits and gender diversity needs must be addressed with a degree of caution, but the data for **Women Count 2021** does reveal some interesting findings on financial resilience and confirms the trend seen previously – gender diverse companies achieve higher profits.

In 2021, companies with greater numbers of women on their executive committees continue to have fared significantly better on their profit margins than those who

Profit Margin by Proportion of Women on ExCo 2021 - FTSE 350

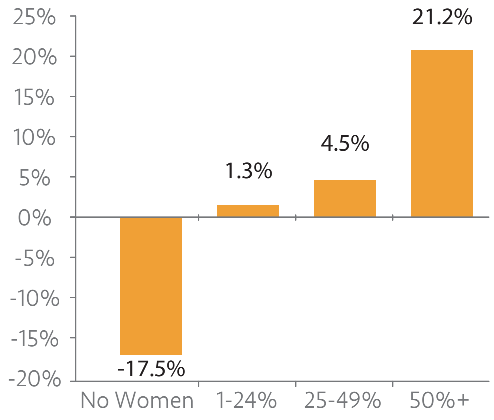

Figure 11

Profit Margin by Proportion of Women on ExCo - FTSE 350

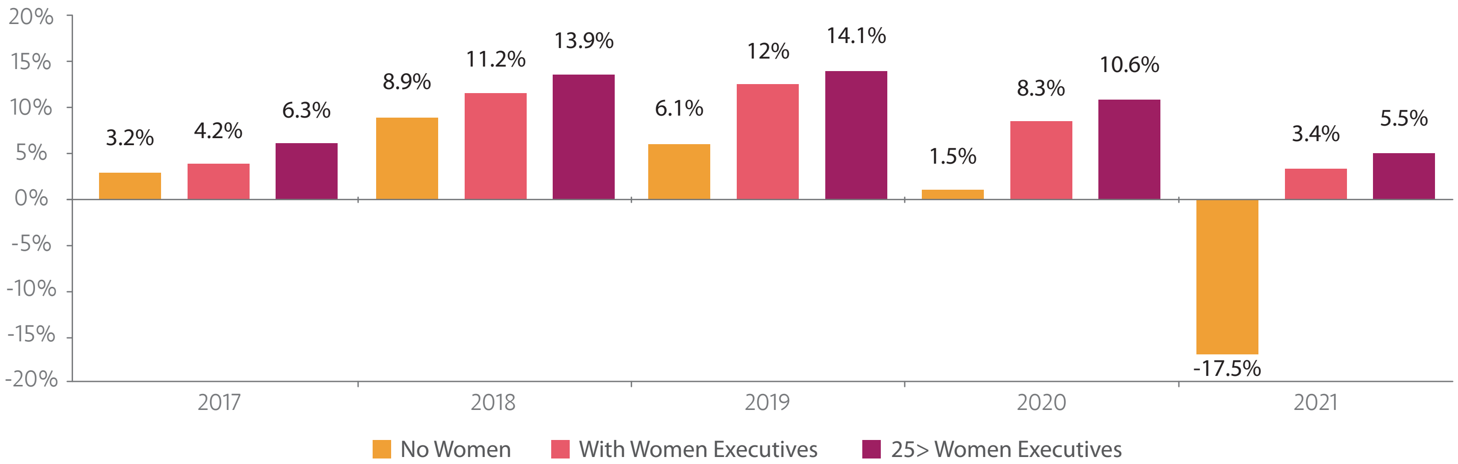

Figure 12

The Count *continued*

have failed to embrace gender diversity at executive level (see figure 11).

FTSE 350 companies with no women on their executive committees experienced significant losses of -17.5%, whilst those with 1-24% achieved a profit margin of 1.3%. Companies with 25-49% of their executive committee being women achieved profit levels of 4.5%, and those with over 50% secured a profit margin of 21.2%. To achieve such results is a significant achievement, especially given the extreme circumstances endured throughout the pandemic.

For companies at the other end of the gender diversity scale, where there are no women on the executive committee, there are interesting questions to be addressed about the change in results from previous years. For many years, the profit margin for these companies has been falling (see figure 12) and dropping further behind that achieved by companies who were making strides in placing women on their executive committees. In 2020 this had resulted in the achievement of a small 1.5% profit margin, poor in comparison to other businesses. 2021 took this disparity to another level. It has been a disastrous year for the financial position of companies without women executive committee members, with small profit levels turning into losses of -17.5%, a fall of 19% on the previous year.

Although the circumstances of the pandemic may have had a particular influence over profit levels, 2021 has seen the continuation of a well-established trend identified in previous Women Count reports, where companies with no women on their executive committee are falling behind the profits achieved in companies that do place women into senior executive positions. There is now a huge profit gap between companies who do have women on their executive committees and those who do not.

Profit Margin 2021 - FTSE 350

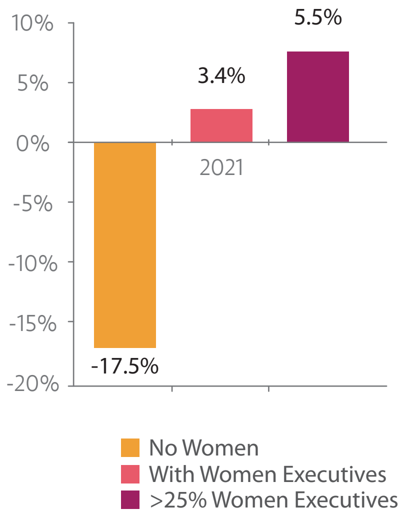

Figure 13

Profit Margin 2021 - FTSE 350

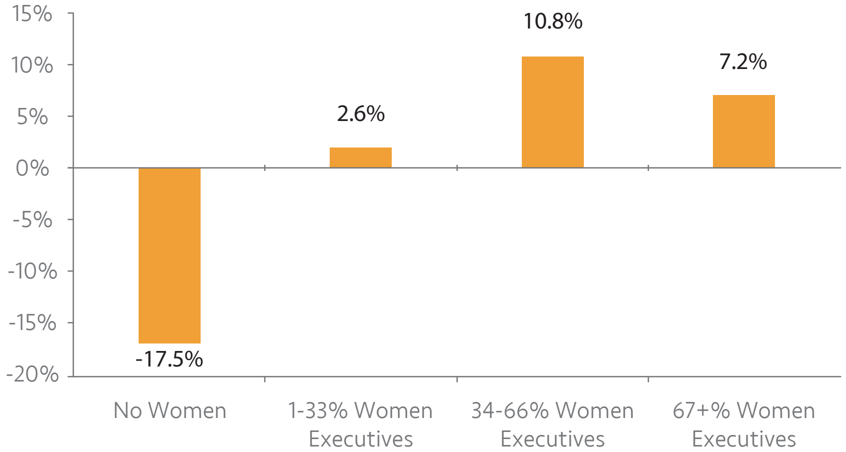

Figure 14

It has been a disastrous year for the financial position of companies without women executive committee members, with small profit levels turning into losses of -17.5%, a fall of 19% on the previous year.

The Count *continued*

The failure to address the UK's executive gender deficit is costing businesses and the wider economy substantial amounts of money. Our data reveals that if the companies with no women or less than 25% of women on their executive committee were to achieve the same profit margin as those with more than 25%, there would be an additional £39 billion in pre-tax profit for the UK economy (see figure 13). This is a significant amount at the best of times, but such sizable sums cannot be disregarded as we seek to repair the damage of the pandemic, with every pound needed for the national recovery.

A key measure of success for seeing more women on executive committees is the '33%' mark. This was the target set by the Hampton Alexander Review (insert end note) for companies to achieve in appointing women as members of executive committees and their direct reports, as well as for female representation on main boards as non-executive directors. Using '33%' in the context of levels of profit reveals just how much money is being missed by companies. If all FTSE 350 businesses with less than 33% of women on their executive committee were to achieve the same profit margin as those with 33% and greater, there would be an additional £123 billion in pre-tax profit for the UK economy (see figure 14).

The trend of missed profits and the relationship to the number of women on company executive committees, identified in previous Women Count reports, continues in 2021. Of course, this has been an unusual year, but the data here raises big questions about the financial resilience in times of crisis for companies who have yet to appoint women to their executive committee. And, if we accept, as in many other parts of daily life, the pandemic has accelerated developments and trends that were already taking place, then these FTSE 350 companies are facing a grim future, where they are left behind by competitors who are embracing executive gender diversity and, at the

Proportion of ExCo by Gender - FTSE 350

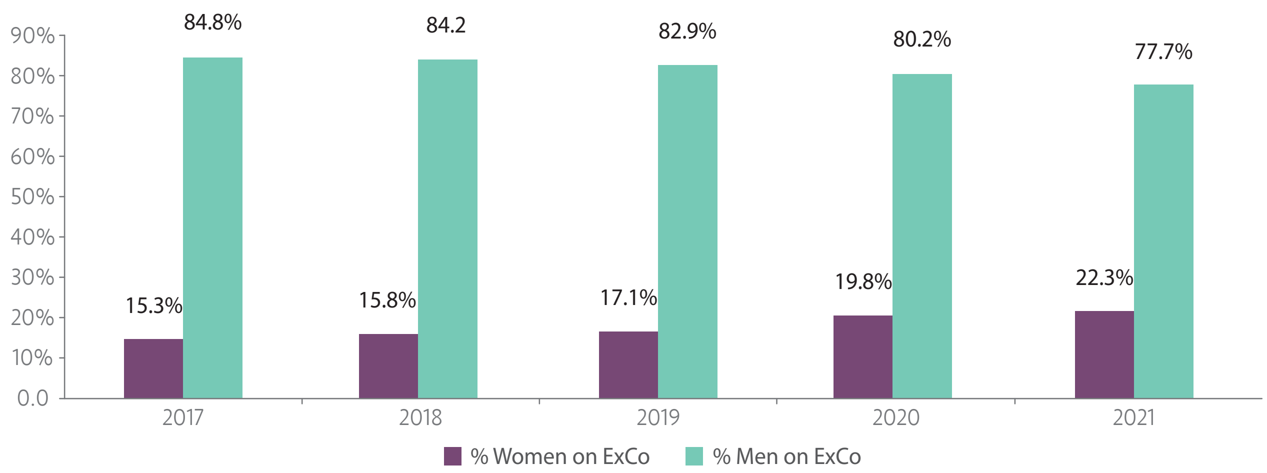

Figure 15

As we seek to repair the damage of the pandemic, with every pound needed for the national recovery. The data here raises big questions about the financial resilience in times of crisis for companies who have yet to appoint women to their executive committee.

The Count *continued*

same time, making more money. The impact of this failure on the economy is no less serious.

The makeup of executive committees remain rooted in the past

The sizable imbalance between the numbers of men and women members of FTSE 350 executive committees sits at the heart of the Women Count series of reports. It is a key indicator of progress, or otherwise, of the actions of the UK's major companies in addressing significant shortcomings in executive gender diversity. The strength of these studies is that they provide an annual check, conducted over many years, enabling identification of important trends and authoritative projections to be made.

Women Count 2021 reveals that some progress has been made since 2020 in increasing the numbers of women on FTSE 350 executive committees, a trend that can be traced back to 2018. A further 2.5% of women now sit at this important level, taking the total to 22.3%, a headline achievement that is noteworthy (see figure 15). However, it is disappointing that the rate of increase has declined when compared to previous years (2019-2020 saw a rate of increase of 2.7%), and this has the effect of adding a further four years to the projected moment when women achieve parity with men on executive committees, taking it from 2032 to 2036.

When examining the situation with different groups of companies within the FTSE 350 we can see varied levels of success. The FTSE 100 subset of businesses only achieved an increase of 0.7% on 2020 levels, less than half the rate of growth achieved by this group from 2019-20. Women now account for 23% of FTSE 100 executive committee

Proportion of Women on ExCo - FTSE 350

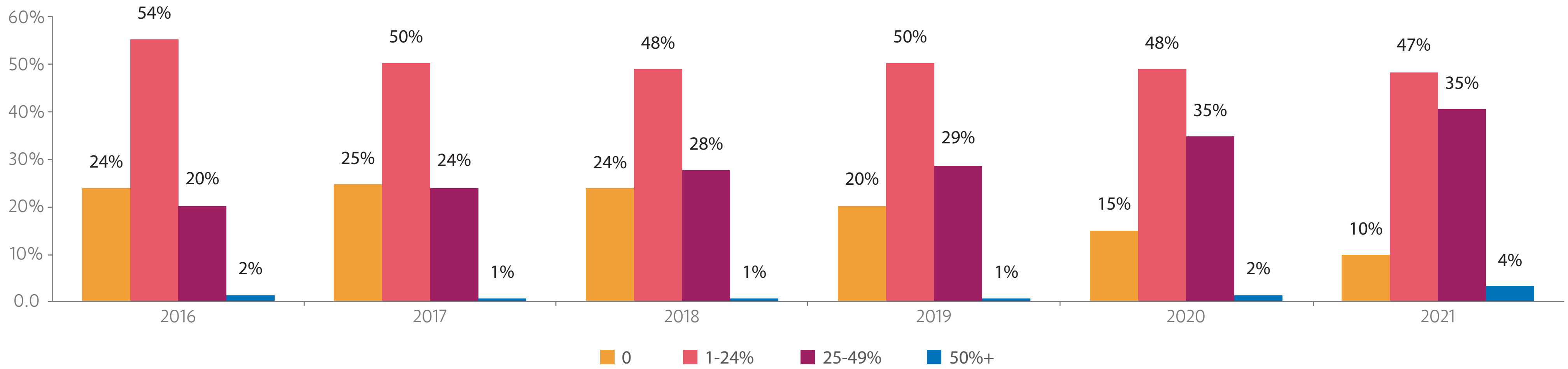

Figure 16

The Count *continued*

members. This poor performance is counterbalance by the changes for the FTSE 250 subset of companies which have registered an increase of 3.6%, contributing to a total level of 21.8%. FTSE 250 companies started from a lower base of women executive committee members but are making greater strides than their more substantial colleagues on the FTSE 100.

Even though there remains slow progress overall in the journey to greater gender diversity on executive committees, some companies are making changes. Noticeably, the number of companies without any women executive committee members has reduced from 15% to 10%, continuing a trend that goes back to 2018 (see figure 16). It is also interesting to see the 5% increase in the 25-49% banding, a group that is key in the drive to getting companies towards gender parity. Once again, this level of increase is consistent with a longer-term trend. However, it is sobering to see that in 2021 only 4 FTSE 350 companies have 50% or more women on their executive committees, showing the size of the challenge that remains. Small, incremental changes will take years to make a substantial difference. Decisive action is required, now.

Looking at the 2021 situation through the prism of different bandings is revealing (see figure 17). The vast majority of FTSE 350 companies (74.9%) have executive committees with 1-33% female membership, and it is concerning that there has only been a 1.9% increase in this group since 2020. The data also shows that 9.6% of companies have no women at this level and there are only 15.6% of companies who have more than the landmark 33% measure for women on their executive committee. This is deeply worrying as it means nearly 85% of companies are failing this critically important test.

There has been some progress on getting more women executives appointed to company main boards, but the level of achievement is still very low, and the rate of

Proportion of Companies with Women on ExCo

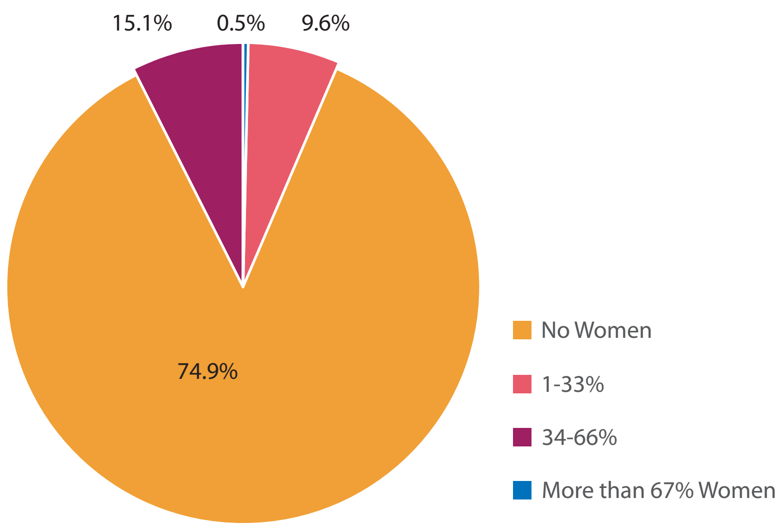

Figure 17

The slow pace of change has the effect of adding a further four years to the projected moment when women achieve parity with men on executive committees, taking it from 2032 to 2036.

The Count *continued*

progress has slowed. In 2021 there were 2.2% more women executives on main boards, taking the total to 15.3% (see figure 18). This rate of growth is significantly below the 3.7% increase seen between 2019-2020 and does not bode well for future increases in gender diversity or gender parity. The result is that men still account for 84.7% of all executives sitting on company main boards.

It is also worth noting that 70% of FTSE 350 companies do not have a single women executive sitting on their company main board. This means the vast majority of company Chairs and Non-Executive Directors are not regularly engaging with talented women executives from within their own organisations, a deeply unsatisfactory situation that can have profound consequences for board choices when deciding on future senior leaders and CEOs. Revealingly, the situation for men is very different, with only 2.5% of FTSE 350 companies not having a single man on their main board. This huge imbalance severely weakens the very idea of companies operating and benefitting from 'unitary boards'.

One area of particular interest is the role of Human Resource Director (HRD). These positions are crucial for the development of talent within companies, yet despite women accounting for nearly 75% of all these positions within FTSE 350 companies, a mere 3% are appointed to main boards.

Some companies are making significant advances in placing more women executives onto company main boards and they are united by a common theme: they have a woman CEO. Female-led FTSE 350 businesses are over four times more likely to appoint women executives to the main company board than male CEOs. That's a clear message to those seeking meaningful change on gender diversity.

% Executives on Boards by Gender - FTSE 350

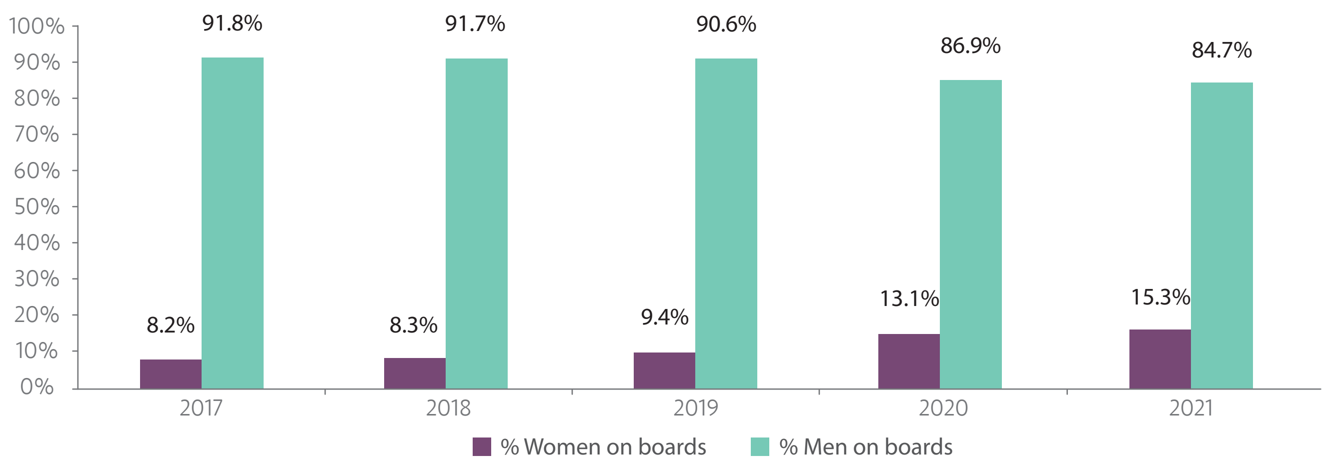

Figure 18

70% of FTSE 350 companies do not have a single women executive sitting on their company main board. This means the vast majority of company Chairs and Non-Executive Directors are not regularly engaging with talented women executives from within their own organisations.

Conclusion

Over the last 12 months a familiar refrain has been heard, "the pandemic has changed everything". In so many ways this seems true. Our daily lives do not feel the same. The way we live, learn, shop, socialise, travel; things are certainly different to before. For some, there will be no going back to a pre-Covid world. Sadly, for women seeking advancement to the senior echelons of FTSE 350 businesses, prospects for a better tomorrow are as bleak as ever.

> **Government appears ready to act as the lesson for policy makers from years past and present is that businesses are not going to do it for themselves.**

For far too long women have been hugely underrepresented at senior levels in the biggest businesses. The Covid induced crisis provided an opportunity to change this failing status quo but, as **Women Count 2021** reveals, this is a moment missed. There has been no significant improvement in the number of women at the top. Women in essential P&L roles, which act as pre-CEO launchpads, make up only around 1 in 10 of those who will be the next leaders of FTSE 350 companies. There is a direct and ongoing cost to this failure to change, with an estimated 123 billion in lost profits for companies that are not achieving meaningful levels of executive gender diversity. And, whilst there is some progress on overall numbers of women executives, the rate of growth is slowing, meaning it will no longer be 2032 but 2036 before gender parity is achieved for FTSE 350 executive committees.

The journey out of Covid-19 has begun and we can already see the genesis of a new normal in so many facets of life. The business world must not be immune from this movement and should embrace changes that are regarded as essential for a modern economy and society.

The message from consumers, investors, and government is clear: it's time to leave behind the behaviours that lead to bad practices and cultures. The gathering consensus on the need to 'build back better' and create a new settlement forcefully rejects the long-held standard of talented, able people being consigned to the slow lane, simply because they are women. That belongs to yesterday. In today's world, it will not do.

A transformation is needed, and urgently. But how? Government appears ready to act as the lesson for policy makers from years past and present is that businesses are not going to do it for themselves. Regulation is needed to fix this most broken of markets and, at the same time, enable a big step to be taken in securing much-needed economic benefits for the nation. Targets for numbers of women CEOs, on executive committees, in P&L roles, and much more must surely be on the table in any meaningful programme of legislation.

> **Women account for nearly three quarters of all Human Resource Directors in the FTSE 350, only 3% are on company main boards. We call on FTSE 350 companies to begin by putting their HRDs on the main board.**

FTSE 350 businesses can no longer dodge the issue. They have to take decisive action on executive gender diversity before the political rhetoric hardens into a new reality. There is still time for companies to take their own measures, but for this to be more than window dressing, there needs to be a full-throated commitment from the top in the form of significant investment in developing and promoting women, so that people of talent and ability can ascend to the level they deserve, regardless of their gender.

We believe there are immediate steps that companies can take that will significantly move the dial and call on FTSE 350 companies to begin by putting their Human Resource Directors (HRDs) on the main board. HRDs are pivotal to any discussion of talent and development, but although women account for nearly three quarters of all HRDs on the FTSE 350, only 3% are on company main boards. By taking firm action here, companies will get more diverse inputs to main boards so improving decisions, rapidly improve female representation at senior level, and lay strong foundations for better decisions on leadership today and in the future, all bringing to life the concept of 'unitary boards'.

For too long FTSE 350 businesses have failed to embrace a better, richer, gender balanced future. Without urgent change, it is likely matters will be taken out of their hands. No more stalling. No more excuses. Time's up.

Our Programmes & GENIE

The Pipeline is a leading diversity business, working with organisations to develop all their talent to deliver better results. Our diagnostic tool, GENIE™, shows organisations where and how to intervene so that all of their workforce maximises their career and feel supported to thrive. It also is the largest bank of data on the barriers facing women, to evidence our tailored interventions for organisations who are losing their female talent. This provides the basis of the leadership programmes we design and run for individual women and organisations.

GENIE™

GENIE™ is a diagnostic tool based on six years of primary research in the largest study of its kind, including executive interviews, focus groups, quantitative work and a longitudinal study of over 500 female executives, Boards, CEOs and C-Suites in over 100 large organisations.

GENIE™ signposts where and how senior management might need to focus to help women within their workforce maximise their contributions as well as their career and provide the support to allow them to flourish and grow.

Top Flight

Top Flight is unique in being designed specifically to reduce this exodus of senior female executives from the workplace. Most executive leadership programmes are designed either by men, or for men, and so don't tackle the fundamental issues that cause women to leave. Top Flight is different. Participants join us for one year, kicking off with a three-day session in January, and thereafter in March, May, July, September and November and are introduced to thought provoking group sessions led by inspirational business leaders. They also experience one-to-one coaching and career planning sessions.

The women are from FTSE 100 organisations or equivalent and are typically one or two roles below Executive Committee. This is an exceptional programme with a maximum of twenty-four participants across all sectors and functions creating a fantastic network for the long term. Typically, they work for large corporates in P&L and functional roles such as legal, marketing, finance, risk, financial crime, underwriting, HR, regulation, customer experience, digital and IT, as well as MDs of business units or heads of product lines. We also include two or three women from Whitehall who the Civil Service believes have the potential to become a Permanent Secretary.

Leadership & Breakthrough Summit

We find at this middle management level women are most likely to get stuck in an "attainment trap" whereas they need to be displaying "leadership potential". On these three-day intensive programmes we help participants build personal brands, improve their communication skills understand the power of networking and the importance of recruiting sponsors. We also help them to question underlying assumptions in strategic and financial plans. This is a practical programme and participants leave with a 3-year career plan, which is followed up with a 6 month coaching call. Within 6-months of undertaking the programme 38% of all participants are achieving promotions or stretch roles and Over 820 women have attended a Leadership Summit programme since its start in 2015

There has been little progress on achieving gender diversity at senior levels. However, improving the representation of Black and Asian women is an even bigger challenge. In response, The Pipeline has created Breakthrough Summit specifically aimed at helping organisations to retain and promote these talented women of colour. Before Breakthrough Summit 27% of Black and Asian women would apply for a promotion. This figure jumped to 63% after attending our programme.

Leading Diverse Teams

Talent is distributed equally across gender, race, and class, yet whilst organisations recognise how to identify potential in their male employees, they are less able to spot, develop, and promote female executive talent. All too often organisations apply the same mind-set and processes they use to develop men for developing female talent when it's shown not to work. Building diverse teams is not an innate skill that all managers have, but it can be learned. That's why The Pipeline is offering something that works – a programme of training to show senior leaders and managers how to develop women and maximise the potential of female executive talent. In so doing it increases understanding and builds confidence in managers and leaders to tackle difficult conversations.

Get in touch

Alison Byrom is The Pipeline's Sales Operations Manager. She is responsible for liaising with organisations as the first point of contact to help answer queries around our open or bespoke programmes and match you to the right solution. Once programme places are booked, Alison provides all delegates and their managers with vital pre-programme information to ensure participants and organisations maximise results.

Alison Byrom: alison@execpipeline.com

About The Pipeline & Authors

The Pipeline was established in 2012 to enable organisations to achieve their diversity goals through outstanding diagnostic tools, excellent leadership programmes, and bespoke consultancy. We begin by providing organisations with data and insights on diversity across all groups. Once these results are known we can help organisations achieve sustainable gender diversity by focusing on the best interventions from our holistic range of services, including highly acclaimed executive programmes and consultancy projects.

Margaret McDonagh – Co-Founder

Margaret McDonagh is a dynamic businesswoman and member of the House of Lords. She has had a successful corporate career serving as a NED for both Standard Life and Spanish based infrastructure company Abertis-TBI (global airports). Margaret was also the founding Chairperson of Smart Energy GB. Margaret actively supports several charities, including the AFC Wimbledon Foundation and the Orthopaedic Research & Education Fund, which uses big data to improve outcomes for patients. By profession, Margaret is a global expert in leading 'big campaigns'. She ran Labour's 1997 and 2001 General Election campaigns, which produced the most successful results for any party in Britain's history.

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Lorna Fitzsimons – Co-Founder

Lorna Fitzsimons is a trusted advisor to blue chip companies and Whitehall on gender diversity and developing executive female talent. She is also a Board member of the UK Fashion Textiles Association (UKFT), the Greater Manchester Local Enterprise Partnership, and a trustee of the education charity, SHINE. Lorna is deeply committed to unlocking women's potential at the top of corporate Britain and realising growth in the Northern Powerhouse. Lorna was the Founder and Director of The Alliance Project, a 150m public-private partnership to bring back textile manufacturing to the UK, and CEO at the Britain Israel Communications and Research Centre (BICOM). She turned BICOM into an internationally renowned centre of excellence. She was also a visiting Fellow at the Defence Academy's Advanced Research and Assessment Group, and a former Member of Parliament.

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Methodology & Insights

Women Count 2021 is the sixth annual report by The Pipeline on the role, value and number of women executive directors on FTSE 350 executive committees and main company boards. The data contained within was gathered through a mixed-methods approach, including research of company websites, annual reports, and other company communications, as at 17th April 2021.

1. For consistency, there is a fixed point in the calendar for this annual count when data is captured, so that direct comparisons can be made year-on-year. In line with company reporting, this data was collected on 17th April 2021. Any subsequent changes during the year ahead will be counted and published in Women Count 2022.

2. For 6 years, Women Count has found that FTSE companies with women on executive committees have higher profit margins than those with no women at this level. These findings are consistent with research carried out by the IMF and McKinsey. This year, we found that if the companies with less than 33% of women on their executive committees had performed with the same net profit margin as companies with more than 33%, they would have gained an additional £123 billion for the UK economy and shareholders. This is almost the entire NHS budget for the year 2019-2020.

3. On 17th April 2021, there were fifteen female CEOs in the FTSE 350.

4. Net Profit Margin is the ratio of net profits, before tax, to turnover (i.e. revenue). Expressed as a percentage, Net Profit Margin expresses how much of each pound collected in revenue is converted into profit.

5. There are 81 companies which have investment managers rather than CFO structure (out of which 70 investment managers are male and 1 female) and they are missing from the dataset used for this calculation.

6. For the purpose of this research, we identified the following roles as having P&L responsibility: Chief Executive, Deputy Chief Executive, Chief Finance Officer, Finance Director, Managing Director, President/ Executive Vice-President/ Senior Vice-President/ Director of a division, country/ region or product, Chief Operations/Supply Chain Officer, Chief Commercial Officer, Sales Director and Trading/Merchandising Director. We also analysed biographies on company websites to determine if the roles involved responsibility for running P&L accounts.

7. In the FTSE 350, 289 (82.6%) companies published full details on their executive committees.

8. See, for example, The Pipeline (2020) Women Count. Available from: www.execpipeline.com/wp-content/uploads/2020/12/The-Pipeline-Women-Count-2020-1.pdf; and The Pipeline (2019) Women Count. Available from: www.execpipeline.com/wp-content/uploads/2020/12/The-Pipeline-Women-Count-2019.pdf

9. This report focuses on women executive directors only and must not be confused with non-executive directors. FTSE 350 company boards are made up of executive directors and non-executive directors. Executive directors are responsible for running the organisation full-time on a day-to-day basis. Whereas, the non-executive director's role on main boards is to represent shareholders' interests and, more broadly, of wider stakeholders including responsibility for oversight and governance.

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Thank you also to participants of **Top Flight 2020** for being willing to feature on the front cover of this report. Female talent are here and ready to lead and the women on all of our programmes remind of that weekly.

Women Count is our annual report on the women in the FTSE 350, our previous reports show further insights into the data for the past five years.