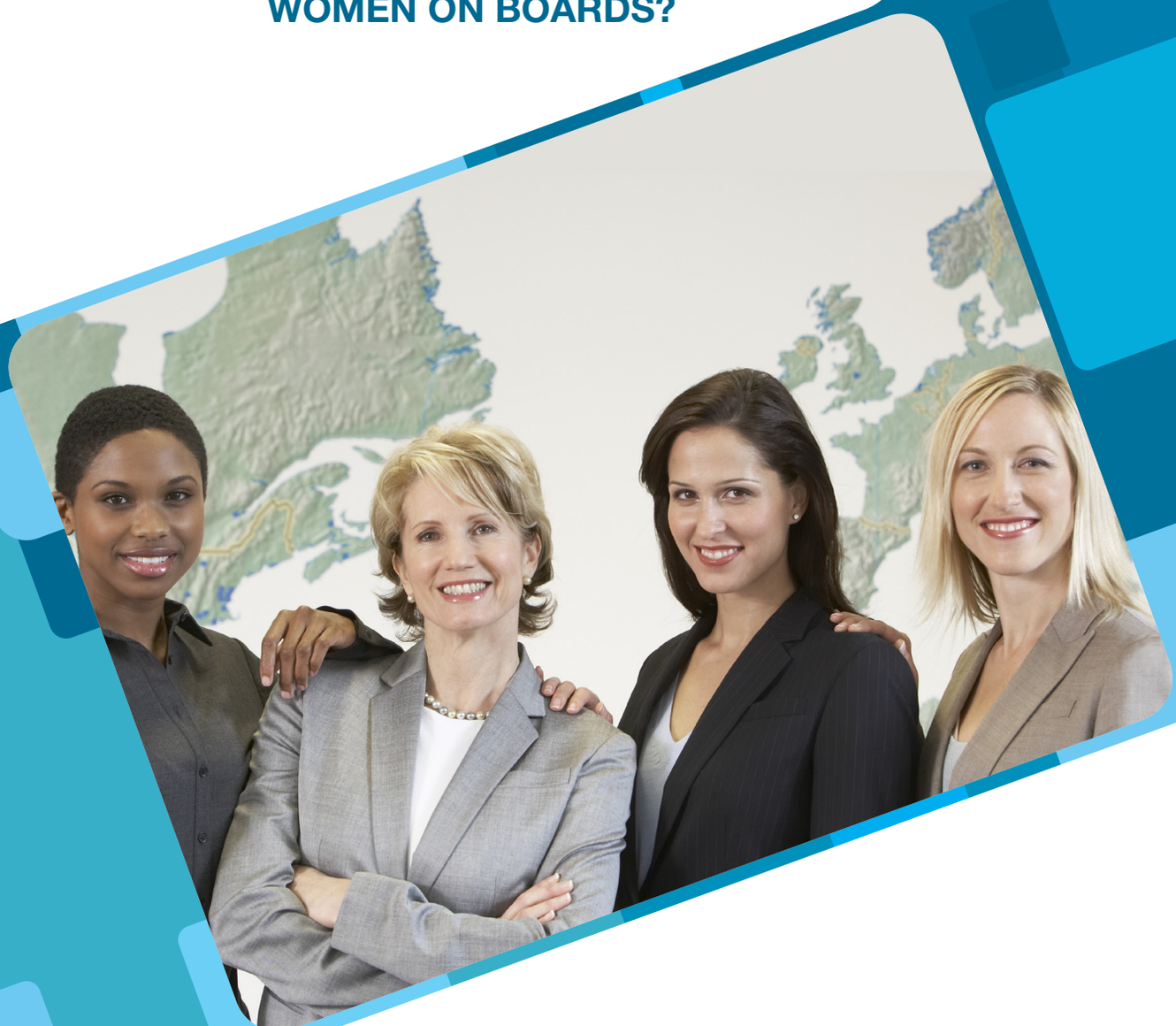
Cranfield UNIVERSITY
School of Management

The Female FTSE Board Report 2013

FALSE DAWN OF PROGRESS FOR WOMEN ON BOARDS?



Dr Ruth Sealy and Professor Susan Vinnicombe OBE
Cranfield International Centre for Women Leaders

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The Female FTSE board report 2013

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FEMALE FTSE BOARD REPORT 2013

This time last year Cranfield reported the largest increase in the number of women on boards since their records began. This progress had been made within just one year of Lord Davies setting out his voluntary approach for improving the representation of women on corporate boards in the UK. We are pleased that this 2013 report demonstrates that over the past year businesses have continued to take action.

We believe that progress is being sustained not just for the sake of equality - for mere tokenism or by businesses increasing the size of their boards to accommodate a female appointee - but for sound business reasons. Businesses know they have to reflect their customer base; that they have to continue to come up with fresh ideas to remain competitive; and that they have to utilise the skills of a broad range of talent.

The progress being made within the FTSE 250 is particularly commendable. Last year the Female FTSE report highlighted huge progress mainly just within the FTSE 100 companies and their evidence pointed to the need for FTSE 250 companies to follow suit if they were to remain competitive and keep up with FTSE 100 companies who were leading the way on this agenda.

We are pleased to see that this report by Cranfield now clearly shows considerable improvements for FTSE 250 companies over the past year with 27.6% of companies now with over 20% of women on the board, up from 19.6% last year. Around three quarters of these companies now have women on their board; this isn't parity but it proves that efforts being made by all parties are having the right impact. And within the FTSE 100 we now have only 7 all male boards, down from 21 in only 2 years. This is a huge achievement.

We would like to thank all the businesses and organisations who have played a role in this important agenda. The various initiatives and steps that stakeholders have taken have helped to drive this work forward. It is also important to note that the work Lord Davies and his steering board have been doing has been a tremendous driving force.

However, despite these improvements, this report should act as a renewed call to action for those companies not making progress here. Lord Davies and the UK Government remain committed to a voluntary action plan. Businesses must ensure that they continue to improve female representation in the boardroom if we are to fight off European intervention. In the past 6 months, progress, particularly in the number of female Non-Executive Directors on FTSE 100 boards, has plateaued. Alongside this we are continuing to see a lack of any real progress being made at Executive Director level in the FTSE 100. Since 2010 these figures have increased from only 5.5% to 5.8%. Companies need to be investing in their own talent if we are truly to see a culture change.

Our top companies need to continue to demonstrate that within this competitive, global economy, boards that have a better gender balance are able to make better decisions which can only lead to better performance. This can only be beneficial for individuals, for companies and for the economy as a whole.

Rt Hon Maria Miller MP
Secretary of State for Culture, Media and Sport
& Minister for Women and Equalities

Rt Hon Vince Cable MP
Secretary of State for
Business, Innovation and Skills

FROM THE CHIEF EXECUTIVE

During my career I have been inspired by, and worked with, many talented women. I am therefore delighted by the strong momentum surrounding female career advancement and, in particular, by the increased visibility of the link between gender-balanced Boards and better business. Without doubt, organisations that truly draw on a diverse range of perspectives and talents are better placed to benefit from stronger governance, enhanced innovation and a deeper affinity to their customers. Gender diversity is a vital component within that.

At Barclays, as we change the way we do business and set a new course for the future, Diversity & Inclusion will remain firmly embedded in our approach. We recently looked afresh at what we want to achieve and what we want to be known for. We have established a common purpose and five core values - Respect, Integrity, Service, Excellence, and Stewardship - which will be the focus for our goal of becoming the 'Go-To' bank – the bank that our customers and clients want to deal with and have an emotional connection to. As part of this, we will actively leverage the rich spectrum of strengths within our workforce as we set our strategies, engage our colleagues and serve our customers.

I am committed to ensuring that our long history of valuing female talent and enabling women to fulfil their potential – as colleagues, as customers and within their communities – will continue. It's why we have a robust plan to increase diversity at senior levels, including our Board. I strongly believe in diversity as a differentiator, but that comes with a leadership responsibility to manage talent inclusively. I am holding our leaders accountable for our inclusion goals, as well as personally taking action. I value the time I spend mentoring senior women and am sponsoring our global Unconscious Bias programme for over 8,000 leaders. I am also delighted that we welcomed Diane de Saint Victor to our Board as Non-Executive Director in February this year.

There remains much to do before gender parity is achieved both at Barclays and across the UK – or, indeed, globally. In challenging economic conditions and industry pressures, gender parity requires sustained focus. To that end, I value Cranfield's work to demonstrate how organisations like Barclays, that want to lead the way, can effect positive change so that today's - and tomorrow's - female leaders can rightfully bring their skills and expertise to our businesses and boardrooms.

Antony Jenkins
Barclays PLC Group Chief Executive

FEMALE FTSE INDEX AND REPORT 2013

RUTH SEALY & SUSAN VINNICOMBE OBE

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EXECUTIVE SUMMARY

FEMALE FTSE BOARD REPORT 2013: FALSE DAWN OF PROGRESS FOR WOMEN ON BOARDS

The last year has seen extraordinary changes for women on boards. The number of women holding FTSE 100 board seats is 169 (holding 194 seats), an increase of 28 on the 2012 figures. The overall percentage of female-held board directorships is 17.3%, an uplift of 2.3% on last year's figure. The number of FTSE 100 companies with all-male boards has dropped to seven and two thirds (67%) of the FTSE 100 have more than one woman on their board.

In the first six months the pace of change was extremely encouraging. There was a sharp increase in the percentage of new appointments going to women on both FTSE 100 and 250 boards, peaking at 44% and 36% respectively. However, those high levels were short-lived and over the past six months they have dropped to 26% and 29% respectively, showing a considerable gap from the 33% required to reach Lord Davies' target of 25% women on boards by 2015. That target for the FTSE 100 companies is still in sight but only if the rate of new appointments going to women regains momentum promptly and there is concern that complacency may be setting in, which the UK economy cannot afford.

As of March 2013	FTSE 100	FTSE 250
Female-held directorships	194 (17.3%)	267 (13.3%)
Female executive directorships	18 (5.8%)	32 (5.4%)
Female non-executive directorships	176 (21.8%)	235 (16.6%)
Companies with female directors	93 (93%)	183 (73.2%)
Companies with multiple women	67 (67%)	68 (27.2%)

Top Ranking of Female FTSE 100

Top of this year's ranking is Burberry with three women directors out of eight (37.5% of the board). Both the Chief Executive and Chief Financial Officer roles at Burberry are held by women. It is the only FTSE 100 company that has two female executive directors (EDs). In second place is Diageo with four women directors out of 11 (36.4% of the board). In joint third place are Capita, Glaxosmithkline and Standard Life, each with 33.3% of their board being female. A quarter (25%) of the FTSE 100 companies have already achieved the target set by Lord Davies in 2011.

FTSE 250 Companies

Of the FTSE 250 companies, 73% (183 companies) now have women in their boardrooms. This has increased substantially from 54% last year. The percentage of women on those boards is 13.3% (up from 9.4%). Despite the increasing numbers of women, the average board size of FTSE 250 companies has come down slightly from 8.1 to 8.0, disputing any myths that companies must make their boards bigger or that there is no room for women due to the smaller size of FTSE 250 boards.

Progress against the Lord Davies' target and the EU target

We have updated our forecast for the numbers of women on boards in future years with the latest data. On the assumption that FTSE 100 firms can regain the one third/two third ratio of female to male appointments, the target of 25% female FTSE 100 board directors should be met in 2015. We have also considered the projections in light of the EU targets (of 33% female unitary boards or 40% NEDs by 2020). With the same provisos, we predict that these are achievable for both FTSE 100 and FTSE 250 companies. The exact number of other companies that come under the Directive's remit is currently unclear. However, from our analyses of the boardrooms of smaller listed companies, there has been little increase in the very low numbers of women on their boards (currently 7.6%).

New Female Board Appointments

In the report we analysed the 48 women who took up new directorships on FTSE 100 boards this year. Of these 48, 31 women had no prior FTSE 350 board experience. With the exception of the two EDs appointed, almost all the women had held board seats in other major companies, often on foreign listings such as S&P, ASX, or on other UK listings. The average number of board seats held by the new appointees, including private and subsidiary companies, is three. This evidence counters any suggestions that Chairmen are placing inexperienced women on their boards. This represents a good addition to the talent pool. However, there is little evidence that the women come from "outside the corporate mainstream, including entrepreneurs, academics, civil servants and senior women with professional service backgrounds", (Davies Report, Recommendation 9).

Are senior women choosing to leave their executive careers for a portfolio career of NED roles? This is the assumption of some who take the view that it is now 'easy for women to get NED roles' (despite 74% of recent FTSE 100 board appointments going to men). We analysed what proportion of new female appointees have left executive careers over the past twelve months. We found only eight of the 48 (16.7%) have done so and have no current executive career, but of course there may be numerous reasons for this.

The Female Pipeline

We return to a focus this year on the FTSE 100 executive committees. Our figures show a drop in the percentage of women on executive committees from 18.1% to 15.3% since 2009. It is therefore not surprising that headway is not being made in the numbers of women holding Executive Directorships. Out of 96 companies, 79 had women on their executive committees, with Shire and Next achieving gender balance.

Despite women dominating Human Resources, Law and Marketing in general, this is not reflected at Executive Director level. Further, in terms of paths to executive roles, whilst 48% female Executive Directors were internally promoted the equivalent percentage for men was 62%. This bias forces women to seek promotion in other companies.

FTSE 100 Ranking

Rank	%age of Women	No. on Board	No. of Women	Company	Women Directors (Executive Directors in bold)	Chairmen
1st	37.5%	8	3	BURBERRY GROUP PLC	**Angela Ahrendts, Stacey Cartwright**, Stephanie George	Sir John Peace
2nd	36.4%	11	4	DIAGEO PLC	**Deirdre Mahlan**, Peggy Bruzelius, Laurence Danon, Betsy DeHaas Holden	Dr. Franz Humer
3rd	33.3%	9	3	CAPITA PLC	**Maggi Bell,** Martina King, Gillian Sheldon	Martin Bolland
3rd	33.3%	15	5	GLAXOSMITHKLINE PLC	Dr. Stephanie Burns, Stacey Cartwright, Lynn Laverty Elsenhans, Judy Lewent, Jing Ulrich	Sir Chris Gent
3rd	33.3%	12	4	STANDARD LIFE PLC	**Jackie Hunt,** Noel Harwerth, Lynne Peacock, Sheelagh Whittaker	Gerry Grimstone
6th	30.8%	13	4	WHITBREAD PLC	**Louise Smalley,** Wendy Becker, Susan Hooper, Susan Taylor Martin	Tony Habgood
7th	30.0%	10	3	BT GROUP PLC	The Rt. Hon. Patricia Hewitt, Karen Richardson, Jasmine Whitbread	Sir Mike Rake
7th	30.0%	10	3	SMITH & NEPHEW PLC	**Julie Brown,** Baroness Virginia Bottomley, Dr. Pam Kirby	Sir John Buchanan
7th	30.0%	10	3	TATE & LYLE PLC	Liz Airey, Virginia Kamsky, Anne Minto	Sir Peter Gershon
10th	28.6%	14	4	ABERDEEN ASSET MANAGEMENT PLC	**Anne Richards,** Jutta af Rosenborg, Julie Chakraverty, Anita Frew	Roger Cornick
10th	28.6%	7	2	SAGE GROUP PLC	Tamara Ingram, Ruth Markland	Donald Brydon CBE
12th	27.3%	11	3	BAE SYSTEMS PLC	**Linda Hudson,** Dr. Harriet Green, Paula Reynolds	Dick Olver
12th	27.3%	11	3	INTERCONTINENTAL HOTELS GROUP PLC	**Tracy Robbins**, Jennifer Laing, Ying Yeh	Patrick Cescau
12th	27.3%	11	3	KINGFISHER PLC	**Karen Witts,** Clare Chapman, Dr. Janis Kong	Daniel Bernard
12th	27.3%	11	3	PEARSON PLC	Rona Fairhead, Vivienne Cox, Professor Susan Fuhrman	Glen Moreno
16th	25.0%	12	3	ADMIRAL GROUP PLC	Annette Court, Margaret Johnson, Lucy Kellaway	Alastair Lyons
16th	25.0%	12	3	ASTRAZENECA PLC	Professor Genevieve Berger, Dame Nancy Rothwell, Baroness Shriti Vadera	Dr. Leif Johansson
16th	25.0%	12	3	CENTRICA PLC	Margherita Della Valle, Mary Francis, Lesley Knox	Sir Roger Carr
16th	25.0%	12	3	EXPERIAN PLC	Fabiola Arrendondo de Vara, Deirdre Mahlan, Jusy Sprieser	Sir John Peace
16th	25.0%	12	3	LLOYDS BANKING GROUP	Carolyn Fairbairn, Anita Frew, Sara Weller	Sir Win Bischoff
16th	25.0%	8	2	MORRISON (WM.) SUPERMARKETS PLC	Openny Hughes, Johanna Waterous	Sir Ian Gibson
16th	25.0%	12	3	ROYAL BANK OF SCOTLAND GROUP PLC	Alison Davis, Penny Hughes, The Rt. Hon. Sheila Noakes	Sir Philip Hampton
16th	25.0%	8	2	SMITHS GROUP PLC	Tanya Fratto, Anne Quinn	Donald Brydon CBE
16th	25.0%	12	3	UNILEVER PLC	Professor Louise Fresco, Anne Fudge, Hixonia Nyasulu	Michael Treschow
16th	25.0%	8	2	UNITED UTILITIES GROUP PLC	Dr Catherine Bell, Sara Weller	Dr. John McAdam
26th	23.5%	17	4	HSBC HLDGS PLC	Safra Catz, The Hon. Laura Cha, Rona Fairhead, Rachel Lomax	Douglas Flint
26th	23.1%	13	3	BRITISH AMERICAN TOBACCO PLC	Dr Karen de Segundo, Ann Godbehere, Christine Morin-Postel	Richard Burrows

FTSE 100 Ranking (cont'd)

Rank	%age of Women	No. on Board	No. of Women	Company	Women Directors (Executive Directors in bold)	Chairmen
28th	22.2%	9	2	INTERTEK GROUP PLC	Dr Louise Makin, Lena Cooper Wilson	Sir David Reid
28th	22.2%	9	2	SAINSBURY(J) PLC	Mary Harris, Jean Tomlin	David Tyler
28th	22.2%	9	2	SSE PLC	Katie Bickerstaffe, Susan Rice	Lord Robert Smith
28th	22.2%	9	2	TESCO PLC	Deanna Oppenheimer, Jacqueline Tammenoms Bakker	Sir Richard Broadbent
32nd	21.4%	14	3	MARKS & SPENCER GROUP PLC	**Laura Wade-Gery,** Miranda Curtis, Martha Lane Fox	Robert Swannell
32nd	21.4%	14	3	NATIONAL GRID PLC	Nora Mead Brownell, The Rt. Hon. Ruth Kelly, Maria Richter	Sir Peter Gershon
34th	20.0%	10	2	AGGREKO PLC	Diana Layfield, Rebecca McDonald	Ken Hanna
34th	20.0%	11	2	IMI PLC	Anita Frew, Birgit Norgaard	Robert Quarta
34th	20.0%	10	2	LAND SECURITIES GROUP PLC	Stacey Rauch	**Alison Carnwath**
34th	20.0%	10	2	NEXT PLC	Christine Cross, Caroline Goodall	John Barton
34th	20.0%	10	2	REED ELSEVIER PLC	Lisa Hook, Linda Sanford	Tony Habgood
34th	20.0%	10	2	WOLSELEY PLC	Tessa Bamford, Maria Lopez Alvarez	Gareth Davies
40th	18.8%	16	3	SABMILLER PLC	Lesley Knox, Dr Dambisa Moyo, Helen Weir	Ernest Mackay
40th	18.2%	11	2	ANGLO AMERICAN PLC	**Cynthia Carroll,** Anne Stevens	Sir John Parker
40th	18.2%	11	2	ARM HLDGS PLC	Kathleen O'Donovan, Janice Roberts	Sir John Buchanan
40th	18.2%	11	2	BABCOCK INTERNATIONAL GROUP PLC	Anna Stewart, Kate Swann	Mike Turner
40th	18.2%	11	2	IMPERIAL TOBACCO GROUP PLC	**Alison Cooper**, Susan Murray	Iain Napier
40th	18.2%	11	2	SHIRE PLC	Susan Kilsby, Anne Minto	Matt Emmens
40th	18.2%	11	2	TULLOW OIL PLC	Anne Drinkwater, Ann Grant	Simon Thompson
47th	16.7%	12	2	BRITISH LAND CO PLC	**Lucinda Bell**, The Hon. Dido Harding	John Gildersleeve
47th	16.7%	12	2	CRH PLC	**Maeve Carton**, Heather McSharry	Nicky Hartery
47th	16.7%	12	2	G4S PLC	Winnie Fok Kin, Dr Clare Spottiswoode	John Connolly
47th	16.7%	12	2	HAMMERSON PLC	Gwyn Burr, Judy Gibbons	John Nelson
47th	16.7%	12	2	OLD MUTUAL PLC	Maria Castillo Sanz, Nku Nyembezi-Heita	Patrick O'Sullivan
47th	16.7%	12	2	RIO TINTO PLC	Vivienne Cox, Ann Godbehere	Jan du Plessis
47th	16.7%	12	2	RSA INSURANCE GROUP PLC	Noel Harwerth, Johanna Waterous	Dr Martin Scicluna
47th	16.7%	12	2	SCHRODERS PLC	Merlyn Lowther, Nichola Pease	Andrew Beeson
55th	15.4%	13	2	BARCLAYS PLC	Dr Dambisa Moyo, Diane de Saint Victor	Sir David Walker
55th	15.4%	13	2	BG GROUP PLC	Vivienne Cox, Baroness Sarah Hogg	Andrew Gould
55th	15.4%	13	2	BHP BILLITON PLC	Carolyn Hewson, Baroness Shriti Vadera	Jac Nasser
55th	15.4%	13	2	LEGAL & GENERAL GROUP PLC	Dame Clara Furse, Julia Wilson	John Stewart
55th	15.4%	13	2	ROYAL DUTCH SHELL PLC	Christine Morin-Postel, Linda Stuntz	Jorma Ollila
55th	15.4%	13	2	VODAFONE GROUP PLC	Renee James, Anne Lauvergeon	Dr Gerard Kleisterlee
61st	14.3%	14	2	CARNIVAL PLC	Debra Kelly-Ennis, Laura Weil	Micky Arison
61st	14.3%	14	2	INTU PROPERTIES (formerly CAPITAL SHOPPING CENTRES GROUP PLC)	Lady Louise Patten, Adele Anderson	
61st	14.3%	7	1	REXAM PLC	Johanna Waterous	Stuart Chambers
61st	14.3%	7	1	SERCO GROUP PLC	Angie Risley	Alastair Lyons

FTSE 100 Ranking (cont'd)

Rank	%age of Women	No. on Board	No. of Women	Company	Women Directors (Executive Directors in bold)	Chairmen
61st	14.3%	21	3	STANDARD CHARTERED PLC	Margaret Ewing, Val Gooding, Ruth Markland	Sir John Peace
66th	13.3%	15	2	BP PLC	Cynthia Carroll, Dame Ann Dowling	Carl-Henric Svanberg
66th	13.3%	14	2	ROLLS-ROYCE HOLDINGS PLC	Dame Helen Alexander, Jasmin Staiblin	Sir Simon Robertson
66th	13.3%	15	2	TUI TRAVEL PLC	Dr Janis Kong, Coline McConville	Dr Michale Frenzel
66th	13.3%	15	2	WPP	Esther Dyson, Orit Gadiesh	Ambassador Phil Lader
70th	12.5%	8	1	AMEC PLC	Linda Adamany	John Connolly
70th	12.5%	8	1	ASSOCIATED BRITISH FOODS PLC	Emma Adamo	Charles Sinclair
70th	12.5%	8	1	HARGREAVES LANSDOWN PLC	Tracey Taylor	Mike Evans
70th	12.5%	8	1	ITV PLC	Dame Lucy Neville-Rolfe	Archie Norman
74th	11.1%	9	1	BUNZL PLC	Eugenia Ulasewicz	Philip Rogerson
74th	11.1%	9	1	JOHNSON MATTHEY PLC	Dorothy Thompson	Tim Stevenson
74th	11.1%	9	1	POLYMETAL INTERNATIONAL PLC	Marina Vyacheslavovna Gronberg	Bobby Godsell
74th	11.1%	9	1	RANDGOLD RESOURCES LTD		Philippe Lietard
74th	11.1%	9	1	WEIR GROUP PLC (The)	Melanie Gee	Lord Robert Smith
79th	10.0%	10	1	COMPASS GROUP PLC	Susan Murray	Sir Roy Gardner
79th	10.0%	10	1	EVRAZ PLC	Olga Pokrovskaya	Alexander Abramov
79th	10.0%	10	1	GKN PLC	Shonaid Jemmett-Page	Mike Turner
79th	10.0%	10	1	MEGGITT PLC	Brenda Reichelderfer	Sir Colin Terry
79th	10.0%	10	1	RECKITT BENCKISER GROUP PLC	Judy Spreiser	Adrian Bellamy
79th	10.0%	10	1	RESOLUTION LTD	Denise Mileham	Mike Biggs
85th	9.1%	11	1	PETROFAC LTD	Dr Roxanne Decyk	Norman Murray
85th	9.1%	11	1	SEVERN TRENT PLC	The Rt. Hon. Baroness Sheila Noakes	Andy Duff
87th	8.3%	12	1	AVIVA PLC	Gay Huey Evans	John McFarlane
87th	8.3%	12	1	EURASIAN NATURAL RESOURCES CORP PLC	Dr Zaure Zaurbekova	Mehmet Dalman
89th	7.7%	13	1	FRESNILLO PLC	Maria Asuncion Aramburuzabala Larregui	Dr Alberto Gonzalez
89th	7.7%	13	1	WOOD GROUP (JOHN) PLC	Mary Shafer-Malicki	Allister Langlands
89th	7.1%	14	1	BRITISH SKY BROADCASTING GROUP PLC (BSKYB)	Tracy Clarke	Nick Ferguson
89th	7.1%	14	1	INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA (IAG)	Baroness Denise Kingsmill	Antonio Romero
93rd	6.3%	16	1	PRUDENTIAL PLC	Ann Godbehere	Paul Manduca
94th	0.0%	8	0	GLENCORE INTERNATIONAL PLC		Simon Murray
95th	0.0%	8	0	MELROSE INDUSTRIES PLC		
95th	0.0%	9	0	ANTOFAGASTA PLC		Jean-Paul Fontbana
95th	0.0%	9	0	KAZAKHMYS PLC		Dr Vladimir Kim (Executive)
98th	0.0%	10	0	XSTRATA PLC		Sir John Bond
98th	0.0%	10	0	VEDANTA		Anil Agarwal (Executive)
100th	0.0%	13	0	CRODA INTERNATIONAL PLC		Martin Flower

1. INTRODUCTION

Women at work and specifically women on boards have rarely been out of the press over the past twelve months. The global debate on quotas for women on boards has gained huge traction, with many countries having passed the necessary legislation. Interestingly, these are not the usual suspects. They do include Denmark and Belgium, but they also include Malaysia, the Philippines, Kenya, Hong Kong and the United Arab Emirates. Whilst other countries have not been so bold, many have opted for changes in their corporate governance code, requiring a "comply or explain" rule in terms of having women on their boards. Others have taken the voluntary approach.

The UK is generally categorised as having taken this voluntary approach. This may sound like a "light touch", but in fact there are a number of pressure points in the system. There is the 25% target by 2015 set by Lord Davies for FTSE 100 companies, with FTSE 250 companies setting their own targets and the Voluntary Search Code to which 40 search firms are now committed. There have been three changes to the Corporate Governance Code, the latest introduced on 1 October 2012 requiring all listed companies to disclose their diversity policies, targets and progress to date. Chairmen are required to disclose how they handle the appointment process to their boards, investors are increasingly asking questions about gender diversity at companies' annual general meetings and we should not underplay the significant role of the press who constantly remind us of the mountain we have to climb.

The last twelve months have shown a year of two distinct halves. In the first six months the pace of change was extremely encouraging with 44% of new appointments going to women on FTSE 100 companies and 36% on FTSE 250. Those high levels were short-lived and over the past six months they have dropped to 26% and 29% respectively, thus showing a considerable gap from the 33% required to reach 25% women on boards by 2015.

Viviane Reding (Vice-President of the European Commission) has dominated the year with her proposed EU Directive. The revised version, which sets a quota of 40% women non executives by 2020 on all listed companies with a turnover of 50 million euros, immediately puts nearly 1000 companies in the UK in the frame. This legislation looks increasingly likely to be passed. The only way the UK can opt out of it is to achieve the required level of gender diversity on boards the Davies way.

We at Cranfield have stood steadfast against quotas on the basis that Chairmen must understand the benefits of gender diversity and commit to achieving it. Undoubtedly a number of Chairmen do get it and see a gender balanced board as the 'new normal'. Unfortunately too many Chairmen choose to ignore the issue in the false hope that it will go away. Viviane Reding's demanding legislation is on its way and it goes far beyond Lord Davies' recommendations.

It is, therefore, timely to reflect on the case of our first female chief executive of a FTSE 100 company, Marjorie Scardino, who stepped down late last year after fifteen years. As Margaret Pagano says, "Her appointment…was an unlikely one, as her background…. didn't fit the corporate mould at all. But that was also the point… It was precisely because her background was so novel and she was American… She didn't conform to gender or talent stereotypes…" "If she had been presented on a list prepared by head-hunters or the HR department, I doubt she would have made it to a shortlist" said one board director at the time of her appointment. It is surely time for everyone to let go of their board stereotypes and appoint more creatively.

2. METHODOLOGY

We accessed data on each company from many sources in the public domain, including the Boardex database, annual reports and corporate websites. We contacted a number of Company Secretaries of those companies for whom the data on Executive Committees were not readily available. The main data from the FTSE 100 and FTSE 250 listings were taken as at January 8th 2013. The headline figures for the percentage of directorships and percentage of new appointments were taken again on March 8th so as to maintain the trend data on a six monthly basis since the Davies Report [the Executive Summary Table, Tables 1, 6, 10, 13 and 14 use March data]. Where we have looked more in depth at time period data we have used the 12 months to January 2013.

We used SPSS software for correlation analyses to examine relationships between variables, using t-tests to see if means were significantly different.

Following the success of our “100 Women to Watch” supplement since 2009, we have updated the list for this year’s report. Seven women from last year’s list have gone on to obtain FTSE 350 board directorships.

We would particularly like to thank Sapphire Partners (leaders in diverse professional talent) who provided us with information for a large number of the women on this list. In addition, we thank colleagues across the field of women on boards. The rest of the data were taken from the public domain.

We would like to thank Caroline Turner and Roxanne Kutzer, Doctoral Researchers, who helped with the data gathering and analysis.

3. FTSE 100 COMPANIES 2013

3.1 FTSE 100 Companies with Female Directors 2013

After a second year of much activity aimed at increasing the percentage of women on boards in the UK and the rest of the world, we are pleased to be reporting year-on-year improvements in the figures. As at 8th March 2013, we now have 194 female held directorships in 93 of the FTSE 100 boardrooms. This means the percentage of women on FTSE 100 boards in March 2013 has increased to 17.3%, up from 15% this time last year.

However, somewhat less encouraging is that these figures have not improved in the past six months. In our September interim report[1] the same headline figure was 17.4%.

In order to meet the Davies target of 25% of all FTSE 100 board positions, women would have to hold 280 of the directorships. We currently have a shortfall of 86.

The percentage of female Non-Executive Directors (NEDs) has increased to 21.8%, and that of female Executive Directors (EDs) has dropped slightly to 5.8%. The number of all-male boards has reduced by four to just seven and 67 of the 100 now have more than one woman on the board, demonstrating the continuing trend away from tokenism.

Table 1: Female FTSE Index 2012-2013

Female FTSE 100	2013	2012
Female held directorships	194 (17.3%)	163 (15.0%)
Female executive directorships	18 (5.8%)	20 (6.6%)
Female NEDs	176 (21.8%)	143 (18.3%)
Women holding FTSE directorships	169	141
Companies with female executive directors	17	17
Companies with at least one female director	93	89
Companies with multiple female directors	67	50
Companies with no female directors	7	11

[1] Sealy & Vinnicombe (2012) "Women on Boards: Benchmarking early adopters of the Corporate Governance Code 2012", Cranfield.

In top place of this year's ranking is Burberry with three women out of eight directors, comprising 37.5% of their board (see Executive Summary Table). Burberry has both Chief Executive and Chief Financial Officer roles held by women and is the only FTSE 100 company that has two female executive directors (EDs). It is disappointing that in 2012 while both Pearson and Marks & Spencer were also in this position, this is no longer the case. In second place is Diageo with four women out of 11, comprising 36.4% of the board. One of the four is Chief Financial Officer and there are three female NEDs. In joint third place are Capita, Glaxosmithkline and Standard Life, each with 33.3% of their board being female. Capita has three women, including one ED and Standard Life has four women, including one ED. Glaxosmithkline is the only FTSE board with five women, out of 15. Whitbread continue to do well with 30.8% and have added a female ED to their three female NEDs. BT Group, Smith & Nephew and Tate & Lyle are in joint 7th position with three female NEDs out of ten board members.

A further 16 companies have 25% or more women on boards, meaning that **25% of the FTSE 100 companies have already achieved the target set by Lord Davies in 2011**. These are:

Aberdeen Asset Management, Sage Group, BAE Systems, Intercontinental Hotels Group, Kingfisher, Pearson, Admiral, Astrazeneca, Centrica, Experian, Lloyds Banking Group, Morrison Supermarkets, Royal Bank of Scotland, Smiths Group, Unilever and United Utilities. A further 14 companies have at least 20% female directors.

Of the 11 FTSE 100 companies who had entirely male boards in 2012, one company (Essar Energy) is no longer in the FTSE 100 and five companies – **Amec, Aggreko, Fresnillo, Intertek** and **Randgold Resources** have appointed a woman to their boards. We congratulate them.

There remain seven FTSE 100 companies with entirely male boards:

- **Vedanta Resources***
- **Croda International**
- **Melrose***
- **Glencore International**
- **Antofagasta***
- **Kazakhmys***
- **Xstrata**

*It is interesting to note that four out of only seven FTSE 100 companies with Executive Chairmen roles are among these seven all male boards. This demonstrates disregard for another element of the UK Governance Code.

As we go to press, Kazakhmys has moved from the FTSE 100 to the FTSE 250 and been replaced by easyJet, meaning there are now just six remaining all-male boards among the FTSE 100.

3.1.1 FTSE 100 Companies with Women in Top Roles

Using the January data, there were 17 FTSE 100 companies who have a total of 18 women in top executive roles on the corporate board. As noted above, Burberry is now the only company with two such women. Pearson's Chief Executive, Marjorie Scardino, who was the first FTSE 100 female CEO has stepped down after 15 years in the role. Her colleague Rona Fairhead, CEO of the Financial Times, who was also an ED on the Pearson board has changed her role to NED. Marks & Spencer was the other company with two female EDs, but Kate Bostock has subsequently left the organization.

There are currently only three female CEOs of FTSE 100 companies: Angela Ahrendts (Burberry), Alison Cooper (Imperial Tobacco), Cynthia Carroll (Anglo American). It is disappointing that this figure has fallen over the past few years and is set to go down again as Cynthia Carroll will be stepping down as CEO of Anglo American (although staying on in an ED position).

Of the 31 new Executive Director appointments made across FTSE 100 boards in the twelve months to January 2013, women took just two, which equates to just 6.5%. They are Louise Smalley (Group HR Director at Whitbread), who was promoted internally and Karen Witts (Group Finance Officer at Kingfisher) who was appointed from a regional CFO role at Vodafone. Karen's appointment means that nine of the 18 EDs (50%) are in the top finance roles. The others are Stacey Cartwright (Burberry), Deirdre Mahlan (Diageo), Jackie Hunt (Standard Life), Lucinda Bell (British Land), Maeve Carton (CRH), Liz Doherty (Reckitt Benckiser), Dr Zaure Zaurbekova (Eurasian Natural Resources)and Tracey Taylor (Hargreaves Lansdown).
In February 2013, Liz Doherty stepped down as CFO at Reckitt Benckiser and Julie Brown was appointed as CFO at Smith & Nephew. She was previously in Group Finance at Astrazeneca.

It has also been announced that Stacey Cartwright will be leaving her CFO role at Burberry in July 2013. She is to be replaced by Carol Fairweather, CFO designate, who has been at Burberry since 2006.

Ten of the 17 companies with female EDs also have more than 20% women on their boards, and in 15 of the 17 companies there is at least one other woman on the corporate board, suggesting that these are companies where women are making inroads to the top positions.

As ever, it is encouraging that FTSE 100 companies with female executive directors represent a spread of sectors, some of which would not historically be considered 'female-friendly' (such as oil & gas, mining, construction & building, aerospace & defence) and yet they lead the way with women in their most senior executive posts.

Table 2: Profile of 17 companies with female executive directors

Rank Female FTSE	Company	% Female Board	No. of Female Directors	No. of Female Executive Directors	Executive Roles	Sector	Women in Executive Roles
1st	BURBERRY GROUP	37.5%	3	2	Chief Executive Officer, Chief Financial Officer	Food, Drug & General Retailers	**Angela Ahrendts, Stacey Cartwright**
2nd	DIAGEO	36.4%	4	1	Chief Financial Officer	Beverages	**Deirdre Mahlan**
3rd	STANDARD LIFE PLC	33.3%	4	1	Chief Financial Officer	Life Assurance	**Jackie Hunt**
3rd	CAPITA PLC	33.3%	3	1	Business Development	Support Services	**Maggi Bell**
6th	WHITBREAD	30.8%	4	1	Group HR Director	Leisure & Hotels	**Louise Smalley**
9th	ABERDEEN ASSET MANAGEMENT PLC	28.4%	4	1	Chief Investment Officer	Speciality & Other Finance	**Anne Richards**
12th	INTERCONTINENTAL HOTELS GROUP PLC	27.3%	3	1	Executive VP-HR	Leisure & Hotels	**Tracy Robbins**
12th	BAE SYSTEMS PLC	27.3%	3	1	Chief Operations Officer	Aerospace & Defence	**Linda Hudson**
17th	KINGFISHER PLC	25.0%	3	1	Group Finance Director	General Retailers	**Karen Witts**
33rd	MARKS & SPENCER	21.4%	3	1	ED E-Commerce	Food, Drug & General Retailers	**Laura Wade-Gery**
39th	IMPERIAL TOBACCO GROUP	18.2%	2	1	Chief Executive Officer	Tobacco	**Alison Cooper**
39th	ANGLO AMERICAN	18.2%	2	1	Chief Executive Officer	Mining	**Cynthia Carroll**
39th	RECKITT BENCKISER GROUP PLC	18.2%	2	1	Chief Financial Officer	Clothing, Leisure & Personal Products	**Liz Doherty**
48th	BRITISH LAND CO PLC	16.7%	2	1	Finance Director	Real Estate	**Lucinda Bell**
48th	CRH PLC	16.7%	2	1	Group Finance Director	Construction & Building Materials	**Maeve Carton**
69th	HARGREAVES LANSDOWN PLC	12.5%	1	1	Group Finance Director	Speciality & Other Finance	**Tracey Taylor**
85th	EURASIAN NATURAL RESOURCES CORP PLC	8.3%	1	1	Chief Financial Officer	Mining	**Dr Zaure Zaurbekova**

As we go to press easyJet have been promoted to the FTSE 100 list. Their CEO is Carolyn McCall, a welcome addition to the female EDs, making a total of 19, taking the percentage up to 6.1%.

3.1.2 Trends in Board Composition

It has been ten years since the Higgs Review on the effectiveness of directors recommended redressing the balance of NEDs and EDs on corporate boards. From 2003 to 2012 we noted a year-on-year decrease in the numbers of executive directorships. This appears to have stabilised.

In FTSE 100 companies the average board size is just over 11, with a range of 7-21 board directors. The number of NEDs continues to rise, with another new high this year. The number of EDs on each of those boards ranges from one to seven with an average of 3.1. **Of the 100 companies, 72% have one, two or three EDs.**

Table 3: Composition of Boards 2013

Female FTSE 100	2013	2012	2010	2009	2008	2004	1999
Total FTSE 100 NEDs	805	781	751	748	763	712	610
Total FTSE 100 EDs	307	305	325	330	353	418	645
Total FTSE 100 Directorships	1112	1086	1076	1078	1116	1130	1255

3.2 FTSE 100 Female Directors

3.2.1 Chairmen and Senior Independent Directors

It is a disappointment that there is still only one FTSE 100 company with a woman holding the position of Chairman. This is Alison Carnwath at Land Securities. This is particularly disappointing given the increase in individuals holding more than one FTSE 100 Chairman's position. This is in direct contradiction to the recommendations of the Higgs Review (2003) on time and commitment, which stated that "No individual should chair the board of more than one major company (paragraph 12.19)". At present there are nine FTSE 100 Chairs who between them chair 19 FTSE 100 companies, in addition to other NED and Senior Independent Director roles.

Every FTSE 100 board has a Senior Independent Director (SID) and this may be seen as a prerequisite to becoming a Chairman. There are **currently only nine female SIDs on FTSE 100 boards**, who for the most part are extremely experienced PLC board directors. They are:

- Vivienne Cox (Pearson)
- Mary Francis (Centrica)
- Anita Frew (Aberdeen Asset Management)
- Sarah Hogg (BG Group) – formerly Chair 3i
- Ruth Markland (Sage)
- Kathleen O'Donovan (Arm Holdings)
- Johanna Waterous (Rexam)
- Patricia Hewitt (BT Group)
- Gillian Sheldon (Capita)

Changing the demographics of the FTSE 100 Chairs is obviously not something that can happen quickly as there are only 100 roles and the tenures are usually for a full three terms. However, it should be noted that of the FTSE 100 Chairmen, seven have held their position for more than nine years and therefore may be up for replacement. **We would strongly recommend that executive search firms propose their strongest female candidates for these roles.**

3.2.2 Women holding Multiple Directorships

On FTSE 100 boards, using January data, 165 women hold 192 directorships. Since the Norwegian quota on women on boards, much has been made of "The Golden Skirts" – those women who apparently hold a large number of NED positions. However, the data clearly show that **in the UK there is no significant difference between the number of directorships held by women and men,** nor has this situation changed with the recent increases in female representation.

Table 4: Multiple Directorships

FTSE 100 Boards	Total Directors	1 seat	2 seats	3 seats	4 seats
No. of Male Directors	808	87.6% (708)	11.0% (89)	1.4% (11)	0
No. of Female Directors	165	86.1% (142)	11.5% (19)	2.4% (4)	0

3.2.3 Female FTSE 100 Directors' Age and Tenure

Overall, the female directors in 2013 are three years younger than their male peers, with an average age of 55.1, compared to 58.7 for male directors (based on 1,070 directors for whom we had ages. This figure is statistically significant (p=0.000). The difference between the ages of male and female executive directors was not significant. The women have a statistically significantly shorter tenure (p=0.000). See table 5.

Table 5: Age and Tenure

2013	AGE			TENURE		
	All	Execs	NEDs	All	Execs	NEDs
Men	58.7	53.1	61.3	5.6	6.8	5
Women	55.1	50.4	55.6	3.3	3.3	3.3

Case Study - Barclays PLC
Driving Talent Management. Developing inclusion.

At Barclays, our goal is to become the 'Go-To' bank. That means being the instinctive partner of choice for all of our customers and clients. We have a clear business plan that articulates how we will achieve our goal, and our Purpose and Values ensure that we are guided on not just what we are doing, but how we are doing it.

Our Diversity & Inclusion strategy is an important part of becoming the 'Go-To' bank as it enables us to welcome both customers and colleagues from all the societies, cultures and communities we serve. Our business relies on how well we embrace the skills, opinions and perspectives of everyone at Barclays to enrich customer relationships, drive innovation and make better decisions.

We have developed predictive analytics to enable a greater understanding of how the levers of hires, promotions and attrition materially change representation in our pipeline of upcoming talent. Using modelling that can flex for market conditions means that the impact on representation for each business division can be presented up to 2017 and beyond. The predictive analytics looks both at percentages and raw headcount, compounding trends and changes year-on-year.

As a result of this work, leaders can clearly recognise the impact of hiring, promotions and departure decisions on talent representation today, as well as how those decisions change our talent landscape years into the future.

To further facilitate this talent transformation, we are hosting leadership development sessions for 8,000 senior leaders, focused on exploring the impact that 'Unconscious Bias' has on performance management. Created in close collaboration between the business and experts in HR, this global 18-month programme is enhancing the way talent calibration and performance feedback is delivered. Workshops, tailored to each region, are based on real-life examples of diversity situations and are actively endorsed by senior leaders. The objective is not to introduce new processes, but to emphasise and explore the correlation between talent management and inclusion. The programme demonstrates the positive impact on the talent pipeline when that correlation is leveraged effectively, as well as highlighting the negative impact on the development or career advancement of next-generation diverse talent when non-inclusive behaviours are deployed, often unconsciously.

Barclays Global Head of Diversity & Inclusion Mark McLane commented: "Being purposeful in integrating diversity with talent management is the way forward. Diversity programming can no longer stand alone and deliver the impact needed in an organisation. We have moved from awareness to action at Barclays."

Barclays Executive Diversity Group, chaired by Tom Kalaris, Chief Executive of Wealth and Investment Management and Executive Chairman of Barclays in the Americas, drives our direction and monitors progress. Our most senior leaders are active sponsors and vocal champions of change. People across the business are integrating inclusive thinking into how they recruit and retain diverse talent for the future benefit of Barclays and its stakeholders.

We understand the power of diversity at Barclays: unlocking everyone's talent improves business performance. It is an organic process that widens our horizons and underpins how we evolve and get better as a business. It allows us not only to make a difference for ourselves and our clients now, but also helps us to deliver a sustainable and successful future.

3.3 The New FTSE 100 Director Appointments 2013

If we are to avoid legislative intervention in the UK, the natural turnover of directors is the mechanism through which any change in the demographic composition of boards will occur and therefore, in addition to the status quo, we also monitor the pace of change.

Since 2010, much of our research has focused on the appointment process to FTSE 100 board directorships. In the 2010 Report, we recounted "Conversations with the Chairmen" regarding the role that they played in the process. In the Davies Report of 2011, the role of Executive Search Firms (ESFs) was highlighted in encouraging best practice in board recruitment and in May 2012 we published a report[2], commissioned by the Equality & Human Rights Commission (EHRC), into the impact of the new Voluntary Code for ESFs. In December 2012 we also published a report commissioned by the Association of Chartered Certified Accountants (ACCA) into the role of the finance qualification in new board appointments. We found a focus on the importance of financial qualifications or significant financial background which was over-emphasised for women in the appointment process. *"The language of finance also helps to break down some persistent stereotypes about women's competence and emotional nature."*[3]

The Davies Report 2011 recommended that FTSE 100 companies set themselves a minimum target of 25% women on boards by 2015. As mentioned above, only 25 of the 100 companies have so far achieved this target. There is clearly still much work to be done in the next two years. Based on the turnover figures from previous Female FTSE Reports (an average of 14% over six years), the Davies Report calculated that if one third of all new FTSE 100 board appointments were given to women between 2011 and 2015, then from a starting point of 12.5% female directors, a figure of 23.5% could be achieved across the FTSE 100 companies by 2015. At the time it was understood that this would require a significant shift in behaviour, as the percentage of new appointments going to women in the decade before the Davies Report had been on average just 14% each year.

We have monitored the pace of change through the percentage of new appointments taken by women each six months since the Davies Report. The requisite shifts of behaviour have been made and last year the percentage rose to 44% for the six month period to September. **The figure has now decreased to 25.7%.** Whilst this is still positive progress, it lacks the required momentum needed to reach the target of 25% by the start of 2015. Chairmen and search consultants need urgently to review their strategies on board succession.

Table 6: New Appointments Across 6 months

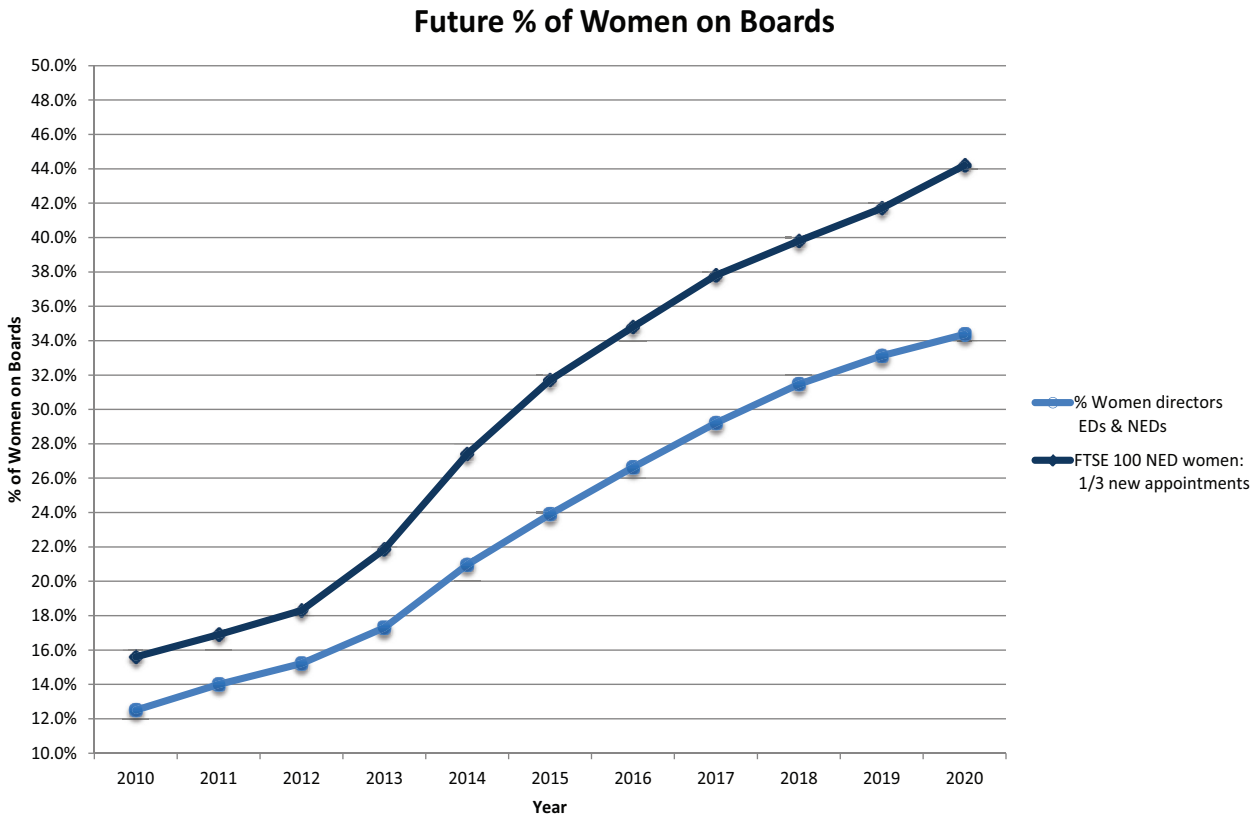
Female FTSE 100	Mar 2013	Sept 2012	Mar 2012	Sept 2011
New female appointments	**19**	26	21	21
New male appointments	**55**	33	54	72
Total new appointments	**74**	59	75	93
Female % of new appointments	**25.74%**	44.1%	28.0%	22.5%

[2] Doldor, Vinnicombe, Gaughan & Sealy (2012) "Gender diversity on boards: The appointment process and the role of executive search firms", London, EHRC.
[3] Sealy & Doherty (2012) "Women in finance: a springboard to corporate board positions?", London, ACCA/ESRC.

Interestingly, the turnover on boards has slowed to pre-Davies rates (13.2%), meaning that every board seat is even harder fought for by both men and women.

Predicted trajectories are useful tools to see what is possible and to set out what is required to hit specific targets. In the 2012 Female FTSE Report, we set out our trajectory based on how companies were responding to the Davies Report. We have updated it below with actual figures.

Figure 1: Predicting future percentages of FTSE 100 women on boards



The projections are based on four assumptions:

1. That the number of directors stays constant,
2. That turnover averages 14% per year,
3. That women receive 33.3% of all new directorships, and
4. The male/female split coming off boards mirrors the male/female split six years prior, given the average tenure for directorships is just under six years.

The lower line on Figure 1 shows the headline figure of FTSE 100 women on boards predicted to be 23.9% at the start of 2015 and **reaching Lord Davies' 25% target during the year.**

The introduction of the possible EU Directive on women on boards is predominantly aimed at supervisory directors (NEDs), as most European companies have a two-tier board system. The target set by Justice Commissioner Viviane Reding is 40% by 2020. However, in recognition that some countries (e.g. UK) operate a unitary board system, she has set a target of 33% of women on those boards. Therefore, if this projection is accurate, providing the momentum is maintained, **we could reach the EU unitary board target of 33% by 2020.**

Given the EU target, we also performed the same calculations just looking at our NEDs. The top line of Figure 1 shows that by 2015 we could have almost 37% female NEDs and **by 2020, we could better the EU target and reach 44%.**

We stress that these targets will only be met if the rate of new appointments going to women remains at one third.

Diversity Case Study - Eversheds

Summary

Eversheds is a global law firm with over 3,800 people in 43 offices across 26 jurisdictions. It takes a proactive approach to gender diversity and inclusivity, working hard to promote gender equality internally, within the industry and in the City.

Through the involvement of senior management figures in diversity initiatives, Eversheds has institutionalised a progressive culture where women recognise that their progress matters and contributes towards the larger picture.

What is working?

The commitment to inclusivity, particularly focused on gender, is written into the organisation's strategy, making it a core objective for the Board, Executive and Senior Management Team (SMT). One of Eversheds' six values is 'mutual respect', and diversity sits under this banner.

A priority objective is improving female representation in the partnership, with a target of 25% by 2016. In 2011, following detailed research to identify key drivers for a decline in female partner representation, Eversheds created a gender working party (GWP) to progress action plans for embedding improvements.

The action plans are targeted on:

1. Publicising internal and external role models to inspire more junior women
2. Creating a mentoring programme for women
3. Developing a career forum that significantly increases transparency around promotions
4. Maternity policy & process enhancements aimed at reducing the impact of maternity leave and improving the transition back to work

Eversheds has positioned itself as a thought leader and driver of cultural change on gender diversity issues at the top end of the corporate spectrum, focusing on the shortfall of women in senior positions in the law and in business.

In 2011 the 'Board Report', Eversheds' in-depth research survey of the boards of top companies and financial institutions, highlighted the correlation between better-performing companies and a higher percentage of female board members.

Eversheds was the first law firm to sign up to the GEO voluntary gender equality reporting initiative, and reports the gender balance across the levels of the firm externally on its website. Its enduring commitment to flexible working has resulted in 24% of female lawyers working part-time. Chairman John Heaps is a 30% Club Chair, further demonstrating the organisation's commitment to tackling both gender imbalances at the highest levels and the lack of role models for younger women.

Since the establishment of the GWP, Eversheds has seen the following clear improvements:

- A rise in female partners from 21% to 22%
- The percentage of female partner promotions has risen from 30% (2011) to 41% (2012)
- The percentage of women lawyers at each level of seniority below partner has reached near parity or a majority. There are 49% female principal associates (the level immediately below partner), and more than 60% of senior associates and associates are women.

3.3.1 The New Female Directors

A decade ago in the Higgs Review of 2003[4], it was recognised that FTSE 100 Directors were being selected from a very small elite group of almost exclusively white, middle-class, males with very similar backgrounds and experiences. Two of the recommendations from Higgs addressed this.

The Higgs Review 2003

- Proposals are made to broaden the pool of candidates for non-executive director appointments, including more executive directors and senior executives from other companies and directors of private companies, as well as advisors and those from other backgrounds (paragraphs 10.25 to 10.31)
- A small group of business leaders and others will be set up to identify how to bring to greater prominence candidates for non-executive director appointment from the non-commercial sector (paragraph 10.32)

Laura Tyson, then Dean of London Business School, was asked to Chair such a group and The Tyson Report[5] contains the group's findings. The group found that there was no evidence linking previous boardroom experience or top management experience as the only source of relevant experience required for NEDs. The Higgs Review had found that prior boardroom or top management experience from specific firms was "often the main, and sometimes the only, competence that companies seek from candidates". The Tyson Report focused on the skills and attributes required for effective NEDs, emphasising that these could be found in individuals from alternative sectors, and accentuating the numerous benefits of attracting NEDs from varying backgrounds and experiences that have been reported in much subsequent research.

The Tyson Report 2003

"There is no evidence to suggest that previous boardroom or top management experience is the only source of relevant experience required for effective NEDs"

This was also a message from the Davies Report, that the pool of talent from which search firms are taking their potential board candidates must be expanded further than those who have already sat on FTSE-listed boards or whose careers have been entirely within such companies.

[4] Higgs, D. (2003) "Review of the role and effectiveness of non-executive directors", Department of Trade and Industry, London, UK

[5] Tyson, L.D. (2003) "The Tyson Report on the recruitment and development of non-executive directors", London, London Business School.

The Davies Report 2011
Recommendation 9:

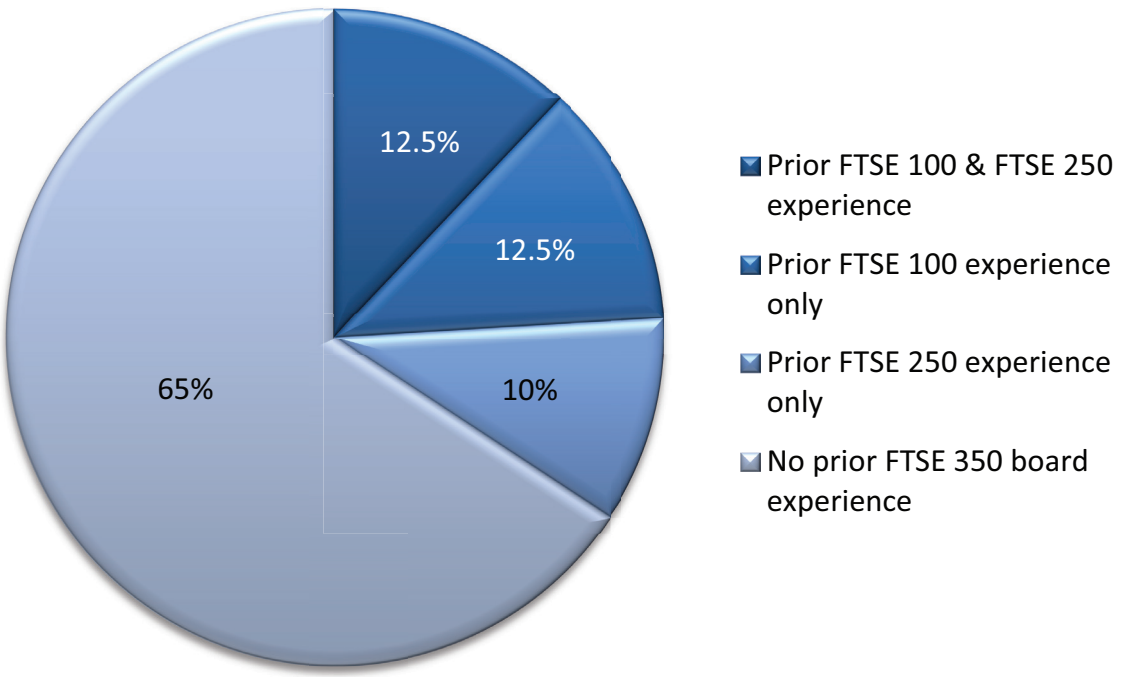
In order to achieve these recommendations, recognition and development of two different populations of women who are well-qualified to be appointed to UK boards needs to be considered:

- Executives from within the corporate sector, for whom there are many different training and mentoring opportunities; and
- Women from outside the corporate mainstream, including entrepreneurs, academics, civil servants and senior women with professional service backgrounds, for whom there are many fewer opportunities to take up corporate board positions.

In the 2012 Female FTSE Report, we stated that this message was being heeded and that new women were being 'found' from outside the existing, somewhat stagnant, pool.

In the 12 months to January 2013, **48 women took up new roles on FTSE 100 boards. Of these 48, we can report that 31 women have had no prior FTSE 350 board experience** (see Figure 2).

Figure 2: FTSE 100 New Female Appointments Experience



However, with the exception of the two EDs appointed, **almost all the women had held board seats in other major companies, often on foreign listings such as S&P, ASX, OMX, or in the UK on companies registered on the Techmark or Smallcap listings, from a wide variety of sectors.** This was also evident as the average number of board seats held by the new appointees, including private and subsidiary companies, is three. **This evidence counters any ideas that Chairmen are placing inexperienced women on their boards.**

Once again, this represents a good addition to the talent pool, suggesting that the Chairmen and executive search firms have gone further afield in their selection of candidates. Together with the data from Table 4 above, it is also further proof that these companies are not addressing the challenge of increasing female board representation simply by offering more board appointments to 'safe' known candidates. However, **we do not see much evidence of their heeding Lord Davies' recommendation of taking women from "outside the corporate mainstream,** including entrepreneurs, academics, civil servants and senior women with professional service backgrounds". Nor do we see much evidence of women leading major charitable organizations being considered for such roles and would once again **urge the search consultants and chairmen to let go of their board stereotypes and appoint more creatively.**

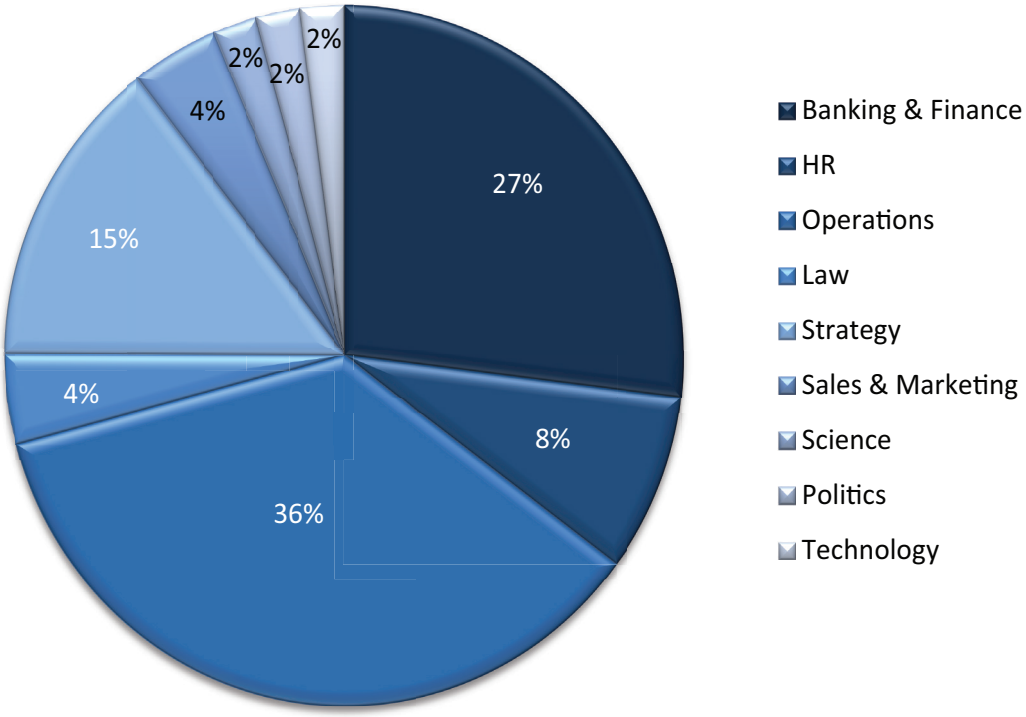
Of the 48 new appointments, only two were ED positions, the rest being NEDs. They were:

- Louise Smalley, Group HR Director, Whitbread, and
- Karen Witts, Group Finance Director, Kingfisher

For both this is their first FTSE-listed executive board position (Karen Witts has held NED roles).

We have looked at the functional backgrounds of the 48 recently appointed women, in terms of their roles (as opposed to industry sectors). In the past year we have seen a significant shift away from the majority of new female directors coming from purely financial backgrounds. The largest share (35.4%) of new female appointments this year has come from operational roles, including divisional/regional CEO and COO positions. This is encouraging as the lack of operational experience is another commonly cited reason for not appointing women. To some extent this trend of more women in operational roles is being played out at Executive Committee level, which again is encouraging (see below).

Figure 3: Backgrounds of FTSE 100 New Appointees



3.3.2 Women Seeking Portfolio Careers

There is currently some discussion about whether senior women are choosing to leave their executive careers in order to compose a portfolio career including a number of major NED roles. This is driven from the somewhat misguided belief that it is now 'easy for women to get NED roles' (despite figures above showing that 74% of all FTSE 100 board appointments in the past six months were taken by men).

Therefore, we analysed what proportion of new female appointees have left executive careers over the past twelve months. **We found only eight of the 48 (16.7%) have done so and have no current executive career.** Of course, we should note that we can only speculate why they left. For some it may well have been that they planned a portfolio career and resigned their executive post after their first NED appointment. However, in the current economic climate it is equally possible that they may have been made redundant from their previous executive role and have been pushed into a different type of career.

Case Study – Aviva

Aviva really began to focus on gender balance back in 2010, when our annual employee survey results shows a significant gap in engagement between senior men and senior women. That same year, it was reported in the FTSE Female board report that the gender gap in executive director roles was even more significant than the gap among non-executive director roles. Aviva sat very near the bottom of the rankings with only one woman (6.7%) on our group executive committee. It was time to act.

Two and a half years later, four of our 15 group executive directors (28.5%) are women. With the financial services sector continuing to face significant economic headwinds, we know that we need the best possible talent leading our organisation. The composition of our senior team has changed significantly as we have elevated additional senior roles, particularly functional leaders (eg IT, Legal) to the group executive. This enables us to make better business decisions while also resulting in an increase in the gender representation of our top team.

We are also currently in the process of refreshing our Board of Directors which has meant our female representation has been impacted, declining in recent months. Yet, we remain fully committed to realising our goal of 30% female board representation by the end of 2015.

Aviva has more work to do.

Since the original Female FTSE report, we have invested in a range of initiatives that strengthen the pipeline of women into senior management and increase the visibility of gender balance at all levels of the organisation. We have led conversations with senior women about their perception of barriers to progression in the organisation. We re-launched our Aviva Women's Network with a clear focus on professional development. We initiated a one-year reciprocal mentoring programme to develop the next generation of talented female leaders at Aviva. Finally, in the last 12 months, we increased the visibility of gender representation data at all levels – both as part of our transformation programme and within our global talent management process. These have helped us increase the percentage of women among all directors globally from 20% to 22% over the last 18 months.

Change is slow, but we've made a strong start. We're guided by our belief that people perform better when they can be themselves. That's why we're committed to this journey, and we're learning more each day from our own efforts and from the good work of organisations across the UK and internationally.

3.4 The Executive Committees

In the Davies Report, Recommendation 1 stated that:

> *"We expect all Chief Executives to review the percentage of women they aim to have on their Executive Committees in 2013 and 2015."*

In addition, Recommendation 2 stated that:

> *"Quoted companies should be required to disclose each year the proportion of women on the board, women in Senior Executive positions and female employees in the whole organization."*

"We believe that the women of WPP have unique talents and insights, that every client needs and wants. One of our executive management programs is designed specifically to make sure our women develop an even larger sphere of influence. The program works, as evidenced by participants expanding their businesses, developing themselves, feeling more empowered and seeing a long-term future within WPP."
Sir Martin Sorrell, Group CEO, WPP Group

There has been a shift of focus in much media coverage in the past six months suggesting that organizations need to direct their attention more keenly at the pipeline to the executive directorships that are woefully represented by women. Whilst we do not disagree with that sentiment, we do not see this as an either/or situation. **Companies need to benefit from gender balanced boards and gender balanced senior executives.**

In the Interim Report October 2012[6] we found that **47% of FTSE 100 companies demonstrated in their annual reports that they had specific policies or measures aimed at addressing their lack of women at senior executive level — an encouraging figure.** In addition, 18% had stated measurable objectives. In that report we named a few excellent case examples of companies who have started to address this issue in earnest. Throughout this report we showcase a few more.

The executive committee usually includes the executive directors and is chaired by the Chief Executive. The Company Secretary is included in the executive committee in the majority of cases and so has been included here. A variety of names are used to describe these committees and 78% of FTSE 100 companies disclose the committee's composition on their websites or in their annual reports. For this report we used information available on websites and annual reports of the FTSE 100 companies for information regarding their executive committee and then wrote to the Company Secretaries of those for whom we could not access the data. We have data for 96 companies as four companies either chose not to respond or could not provide the information. Those companies are:

- Fresnillo
- Melrose
- Resolution and
- Schroders

From the 96 companies that are our data set, the average size of the Executive Committee is 12 members, with a range of 5 to 44.

[6] Sealy & Vinnicombe (2012) "Women on Boards: Benchmarking early adopters of the Corporate Governance Code 2012", Cranfield.

Case Study - Royal Bank of Scotland Journeys to the Boardroom

Within the Markets and International Banking Division (M&IB) of the Royal Bank of Scotland Group (RBS), the development of a strong female talent pipeline remains a key business imperative. Sir Philip Hampton, Group Chairman, sees this as core to delivering a major cultural shift in the organisation, to avoid 'groupthink' and better reflect the customers and society which they serve.

To help explore the critical transition points for senior women to make the breakthrough to the board, Sir Philip hosted an event for senior women across RBS and a group of female FTSE 100 Non–Executive Directors, to share their stories, the challenges they faced and lessons learnt along the way. The event was facilitated by Professor Susan Vinnicombe, of Cranfield School of Management and Jacey Graham, Director of leading Diversity & Inclusion consulting firm Brook Graham Ltd and the findings are summarised as follows:

Experiences and lessons learnt

- Don't just bring your ED functional/technical expertise to your NED role - this gives you an entrée but it's important not to be pigeon-holed.
- Broadening your background and experience via charity boards, NHS trusts etc whilst an ED, allows you to bring a different perspective and gives you a breadth/depth outside your ED experience
- Take part in any courses which allow you to role play NED roles with Chairmen e.g. LBS
- The facilitation skills and approach of the Chair are critical factors in making you feel included and in leveraging a female directors' contribution (more so than e.g. having more than one woman on a board)
- Different routes can lead to a board e.g. one woman had taken the NED route at a relatively young age and went for a variety of companies, most came from personal connections. Another woman only took on boards within her sector of expertise
- Take care to do due diligence on the companies.

What more can be done to develop women EDs (and therefore build the pool for NEDs)?

- Women need to take risks, feel some discomfort, get out there more, and produce a 'brag sheet'
- Men need to be made more aware of the double bind faced by women and provide more encouragement to women
- Companies need to do more to 'pull women through'
- HR functions need to understand this agenda more and get better at assessing people (i.e. not assessing women against male lists of competencies).
- Give women experience on company subsidiary boards; make the process of subsidiary boards as formal as main boards and ExCos so that women experience this
- Sell ED/NED roles to women: women have many choices and for a senior career choice to compete with other life choices, the position has to be one where women feel they can 'add value' and 'make a difference'.
- CEOs and Chairs could do more to 'sell' their need for women to take on senior roles. It is not enough to think that if women are ambitious and capable they will automatically want a role at the next level.
- Companies need to do more to eradicate behaviours which 'turn women off' or exclude them: typically, women aren't into competing with colleagues on a win: lose basis; they will typically want to do business differently – roles have to be 'sold' in the context of collaborative behaviours and 'fun'.
- CEOs should encourage their directors on ExCos to take up an NED role
- Existing women NEDs should advocate more for women and "nudge" them into NEDs

What more can female NEDs do?

- Encourage other women to 'step up'
- Challenge EDs in the company about the number of women on their teams as they go round the business (and when succession plan comes before the board)
- Talk to groups of female employees in the company

3.4.1 FTSE 100 Female Executives – Historical and Current

In four of our reports during the last decade we focused on the female executives of the FTSE 100 companies, both those in ED roles and those on Executive Committees. We are pleased to see increased awareness of the importance of these roles now. The Executive Committee is the path towards Executive Directorships. When we look back at the **drop in figures for women on Executive Committees since 2009,** it is not surprising that headway is not being made in the numbers of women holding executive directorships – see table 7 below. **These women are not only a rich resource pool for future main board directorships, but also a significant talent pool for smaller listed companies today.**

Table 7: FTSE 100 Female Executives

Year	Executive Committee Member	Executive Board Directors
2007	122 (16.3%)	13 (3.6%)
2008	139 (13.0%)	17 (4.8%)
2009	175 (18.1%)	17 (5.2%)
2010	161 (17.2%)	18 (5.5%)
2013	**176 (15.3%)**	**18 (5.8%)**

In 2010 we analysed those companies which have consistently performed well in terms of women on boards over the past five years and looked at their executive committee composition over that same time period. Our findings indicated a broad connection between a relatively high proportion of women on boards and the proportion of women on the Executive Committee. This suggested that CEOs and Chairs within these companies have a shared mindset on the value of gender diversity throughout their organization. For example, Burberry consistently stands out as pulling talent through, as exemplified above with their home-grown CFO designate (Carol Fairweather) taking over when the current CFO (Stacey Cartwright) leaves Burberry in July 2013. This year there is more of a mixed picture on the link between number of women on the board and number of women of the Executive Commitee (see Table 8)

79 companies have women on their Executive Committees in 2013. Two companies top the list with gender balanced male and female executives: **Shire (50%) - in pharmaceuticals - and Next (47%) – in fashion retail.** Of the 96 companies for whom we have data, **17 have no female members of the Executive Committee.** These companies are:

- Aggreko
- Babcock
- BG Group
- BP
- Glencore International
- IMI
- Johnson Matthey
- Kazakhmys
- Morrison Supermarket
- Prudential
- Royal Dutch Shell
- Serco
- SSE
- Tullow Oil
- Vedanta Resources
- Wolseley
- Xstrata

Table 8: The Top FTSE 100 Companies for Women on Executive Committees

Company	Women % of ExCo	Total Women ExCo	Women % Board
SHIRE	50.0%	3	18.2%
NEXT	46.8%	11	20.0%
UNITED UTILITIES	38.5%	5	25.0%
EURASIAN NATURAL RESOURCES COMPANY	37.5%	3	8.3%
ADMIRAL	33.0%	10	25.0%
LEGAL & GENERAL	33.0%	4	16.7%
BAE SYSTEMS	30.0%	3	27.3%
HARGREAVES LANSDOWN	30.0%	3	12.5%
RECKITT BENCKISER GROUP	30.0%	3	18.2%
SEVERN TRENT	30.0%	3	9.1%
MARKS & SPENCER	28.6%	4	21.4%
BURBERRY	27.8%	5	37.5%
PEARSON	27.3%	3	27.3%
SAINSBURYS	27.3%	3	22.2%
AVIVA	26.6%	4	9.1%
NATIONAL GRID	25.0%	2	23.1%
GLAXOSMITHKLINE	23.5%	4	33.3%
BRITISH SKY BROADCASTING	23.1%	3	7.1%
KINGFISHER	23.1%	3	25.0%
ASTRAZENECA	22.2%	2	25.0%
BHP BILLITON	22.2%	2	15.4%
BT GROUP	22.2%	2	30.0%
IMPERIAL TOBACCO	22.2%	2	18.2%
ROYAL BANK OF SCOTLAND	22.2%	2	25.0%
SMITH & NEPHEW	21.4%	3	22.2%
AMEC	20.0%	2	12.5%
BARCLAYS	20.0%	2	8.3%
BUNZL	20.0%	1	11.1%
INTERTEK	20.0%	2	22.2%
LAND SECURITIES	20.0%	1	20.0%
SAGE GROUP	20.0%	2	28.6%
TESCO	20.0%	3	27.3%

"Diversity is absolutely an asset. With diversity you bring different ways of looking at the world, different ways of analysing issues, different ways of offering solutions. The sheer fact of diversity actually increases the horizon and enriches the thinking process, which is critical." **Christine Lagarde, Managing Director, International Monetary Fund.**

3.4.2 Composition of Executive Committees

Women account for 15.3% of Executive Committee positions, held by just 176 women (see Table 9 below).

Women account for just 5% of CEO, CFO and COO roles and 10% of top operational roles at Divisional/Regional level. The assumption that HR is dominated by women is not confirmed at executive committee level, with women constituting 52% of HR executives. Marketing and Company Secretary posts are dominated by men who account for 82% of executives in Marketing and 71% of Company Secretary/General Counsel roles, countering popular belief that women are well represented in these roles. Women are well represented in Communications and Corporate Affairs roles (41.2%).

Table 9: Composition of Executive Committee by Gender and Role

ROLE	BOARD	MD/ CEO/VP DIV/REG	HR	MKTG SALES	FINANCE RISK *	CO.SEC COUNSEL	COMMS CORP. AFFAIR	CORP. STRAT./ BUS DEV	LEGAL	CIO/ CTO	OTHER/ N.D.	TOTAL
Women	11 (5.1%)	34 (8.9%)	35 (52.2%)	7 (17.9%)	8 (21.6%)	32 (29.4%)	14 (40.0%)	11 (22.0%)	5 (21.7%)	4 (13.3%)	15 (9.2%)	176 (15.3%)
Men	204 (94.9%)	349 (90.1%)	32 (47.8%)	32 (82.1%)	29 (78.4 %)	77 (70.6%)	21 (60.0%)	39 (78.0%)	18 (78.3%)	26 (86.7%)	148 (90.8%)	975 (84.7%)
Total	**215**	**383**	**67**	**39**	**37**	**109**	**35**	**50**	**23**	**30**	**163**	**1151**

*Finance figures exclude CFO /FD which are included in Board & MD et al. Divisional/Regional Categories

3.4.3 Paths to Executive Roles

Comment has been made in the past about the differences between how men and women progress to top roles. We analysed the career paths to the Executive of those women for whom we had data (157 of the 176) to see whether they had been hired directly into their Executive Committee role from a different organization, or whether they had progressed through the organization to that role. We found there was no obvious clear route: 75 women (48%) had been internally promoted to that role and 82 (52%) had been hired in to their role. We analysed a matched random sample of 157 men on executive committees and found that 62% of men were internally promoted versus 38% externally hired. This suggests that women find it **harder to be promoted internally than men and in order to make the Executive Committee roles find it more necessary to move between companies.**

What was very interesting to note is that **almost half (48%) of those women hired into such roles had been hired since 2010.** The comparative figure for men was 35%. Together these findings show that proportionally less women are internally promoted to the Executive than men and where women have been hired from the outside nearly half of them have been hired in the last two years. The average age of women hired into the role was 50 and that of those internally promoted was 50.5 years. The average age for men was slightly higher at 52.

We had detailed career data for 148 of the 176 women and investigated how many of those 148 are already holding NEDs on other listed companies. **Only 31 (21%) of them currently hold such seats. This is an obvious pool of talent for search firms and Nominations Committees of smaller listed firms who want to develop the diversity of their boards.**

Executive Committee Members – up through the ranks

Olivia (Liv) Garfield, Chief Executive Openreach (BT Group) has been at BT for over a decade, working up through the ranks from General Manager in 2002, through Group Director of Strategy and Regulatory Affairs, where she oversaw the company's fibre broadband strategy, to her current position, in 2011. At the helm of Openreach, a £5bn-a-year division supplying 13 million premises, Liv is charged with delivery of one of the fastest and most ambitious deployments of superfast fibre-optic broadband in the world. Liv started her career as a Consultant in Change Management, Communications and the High Tech Market Unit in Accenture. She was named a Pepsico Business Woman of the Future in 2008 and a Cranfield 100 Women to Watch in 2012. Liv has just landed her first FTSE 100 Directorship as a NED at Tesco.

Jacynthe Cote, Chief Executive Alcan (Rio Tinto), has extensive operational and executive experience in the aluminium industry. She joined the company in 1988 as a Process Analyst and has moved up through the years, from roles in the construction of a speciality alumina plant as Production Superintendent, Works Manager of the Beauharnois smelter and Works Director of the Lynemouth (UK) smelter, to Executive positions. Since 2000, Jacynthe has had a series of senior Executive roles, including Division VP Business Planning and Development, VP HR and HSE, CEO Bauxite and Alumina and Divisional CEO & President responsible for all primary metal facilities and power generation installation worldwide. She is a member of the Advisory Board of the Montreal Neurological Institute and member of the Canadian Council of Chief Executives.

Executive Committee Members – hired in

Maria Ramos, Group Chief Executive Absa Group Ltd (Barclays). Prior to joining Absa in March 2009, Maria spent 5 years as Group Chief Executive of Transnet Limited, the state-owned South African freight transport and logistics service provider, which she led through a significant financial, cultural and operational turnaround. She moved into business from an 8-year period in the public sector, where, as Director-General, she played a key role in transforming the National Treasury (formerly the Department of Finance), into one of the most effective and efficient state departments in South Africa. In her earlier career, Maria was active in academia and the ANC, and cut her teeth in the First National Bank of SA. In 2009, Maria was named Outstanding Businesswoman of the Year at the African Business Awards and in 2012 Forbes ranked her one of the 20 most Powerful People in African Business.

Amanda Jobbins, Group Chief Marketing Officer (Sage) started out as an analyst at Cable and Wireless, moving into senior marketing and leadership roles in major technology companies in the US and Europe. Her career to date has included a year as a divisional director at IBM, two years in charge of marketing at McAfee, four years as Symantec's Chief Marketing Officer and four more years latterly at CISCO, where she vacated the post of Global VP of Partner Marketing, based in San Francisco. Amanda joined Sage in November 2012. A member of the Executive Committee, in her current role, Amanda is responsible for managing Sage's global brand, strategic product marketing, pricing strategy, corporate communications and global alliance relationships.

Case Study – Ernst & Young
EMEIA (Europe, Middle East, India and Africa) Women's Leadership Programme

Ernst & Young recognised that companies with the most diverse leadership teams were most likely to outperform their competitors. They wanted to see more women in leadership positions and so they decided to make a visible commitment to women's career development and retention within the organisation.

In 2007 the Women's Leadership Programme was designed in partnership with Cranfield School of Management to target women within three years of partnership. Cranfield identified three key areas that the women wanted to develop:

1. to create an intellectual space to explore ideas
2. to build confidence and take control of the situations that they face
3. to facilitate a network that would develop on the programme and operate long after the formal programme had ended

The two day programme is run at least three times a year and to date 281 women have participated, with feedback being overwhelmingly positive. Each half day session is opened with a plenary session framing the ideas/concepts from the latest research on the subject. This is then followed by a two to three hour session in small personal development groups with a team of coaches plus a session with Partners on role models.

As of July 2012, 26% of participants have been promoted to Partner since attending the programme. In addition the number of women being promoted to Partner across EMEIA has increased from 13% to 20%. Ernst & Young have also seen an increase in the number of women being promoted to leadership roles. Nine regions now have women on their leadership teams compared to four in 2008.

It is also important to highlight that there has been significant individual impact including opportunities to build business networks across the EMEIA Area. Many of the participants continue to meet, physically or virtually, on a regular basis to provide ongoing challenge and support for each other.

4. FTSE 250 COMPANIES

"While we obviously can't be complacent about the pace of change in the boardroom, it's encouraging that the focus of attention is now very much on how to create meaningful sustainable progress towards better gender balance at all levels of companies. I've been excited to see how open organisations are to share their experiences of what works - as well as the frustrations around the difficulties involved; collaborative effort is much more likely to be effective at accelerating change."
Helena Morrissey, CBE, Chief Executive, Newton Investment Management and Founder of the 30% Club

FTSE 250 describes those companies ranked from 101-350 in terms of market capitalisation. Within the boardrooms of those companies **13.3% (267) of directorships are now held by women. This has increased from 9.4% (187)** recorded in the 2012 Female FTSE Report. Historically, the numbers of women on boards of the FTSE 250 companies have been much lower than those of the FTSE 100 companies and some commentators suggest that this is because they are less in the media spotlight than their FTSE 100 counterparts. However, **it appears that FTSE 250 Chairmen are realising the benefits of boardroom diversity and understand that ignoring this issue is no longer acceptable from a governance perspective.** The Financial Reporting Council's changes to the Code regarding gender diversity apply to all major listed companies.

4.1 FTSE 250 Companies with Female Directors

In the past year we have seen a substantial increase in female representation on the boards of the FTSE 250 companies. Up from 135 last year, 183 **(73.2%) of the FTSE 250 companies now have women in their boardrooms.** The number of companies with female executive directors has also increased slightly from 25 to 29. This time last year, the average size of a FTSE 250 board was 8.1 people. Despite an increase of female representation, the board size has actually decreased slightly to 8 people, **disputing myths that companies will have to make their boards bigger or that there is no room for women due to the smaller size of FTSE 250 boards.**

Table 10: FTSE 250 Companies 2013

FTSE 250 Companies	No.	%
Companies with female directors	183	73.2%
Companies with female executive directors	29	11.6%
Companies with multiple women directors	68	27.2%
Average board size	8	

Below are two tables. The first shows the 36 FTSE 250 companies which now have at least 25% female directors. The second shows the 67 FTSE 250 companies with no women on their boards.

Of the 36 companies who have 25% or higher of women on their boards, nine also have female executive directors. We have shown their names and roles (Table 11).

Table 11: The 36 FTSE 250 Companies with at least 25% Female Directors

Rank	FTSE 250 Company	Percent Female Board	No. of Female Directors	Female Executive Directors	Director's Name
1st	ALLIANCE TRUST PLC	57.1%	4	1 (CEO)	Katherine Garrett-Cox
2nd	ELECTRA PRIVATE EQUITY PLC	40.0%	2		
2nd	SVG CAPITAL PLC (Schroder Ventures International Investment Trust PLC prior to 05/2004)	40.0%	2	1 (CEO)	Lynn Fordham
2nd	SYNERGY HEALTH PLC	40.0%	2		
5th	WETHERSPOON (J.D.) PLC	37.5%	3	1 (ED)	Su Cacioppo
5th	WH SMITH PLC	37.5%	3	1 (CEO)	Kate Swann
7th	JPMORGAN AMERICAN INVESTMENT TRUST PLC	33.3%	2		
7th	MURRAY INTERNATIONAL TRUST PLC	33.3%	2		
7th	NB GLOBAL FLOATING RATE INCOME FUND LTD	33.3%	1		
7th	RATHBONE BROTHERS PLC	33.3%	3		
7th	REDROW PLC	33.3%	2	1(GFD)	Barbara Richmond
7th	SCOTTISH MORTGAGE INVESTMENT TRUST PLC	33.3%	2		
7th	TR PROPERTY INVESTMENT TRUST PLC	33.3%	2		
14th	DIRECT LINE INSURANCE GROUP PLC	30.0%	3		
14th	ST. MODWEN PROPERTIES	30.0%	3		
16th	3i INFRASTRUCTURE PLC	28.6%	2		
16th	HOME RETAIL GROUP PLC	28.6%	2		
16th	PACE PLC	28.6%	2		
19th	LANCASHIRE HOLDINGS LTD	27.3%	3	1(CFO)	Elaine Whelan
19th	SHAFTESBURY PLC	25.0%	3		
19th	3I GROUP PLC	25.0%	2	1 (GFD)	Julia Wilson
19th	ALENT PLC	25.0%	2		
19th	ASHMORE GROUP PLC	25.0%	2		
19th	BTG PLC	25.0%	2	1 (CEO)	Dr. Louise Makin
19th	CARPETRIGHT PLC	25.0%	2		
19th	CHEMRING GROUP PLC	25.0%	2	1 (ED)	Sarah Ellard
19th	DE LA RUE PLC	25.0%	2		
19th	HAYS PLC	25.0%	2		
19th	HICL INFRASTRUCTURE CO LTD	25.0%	1		
19th	INFORMA PLC	25.0%	2		
19th	MONKS INVESTMENT TRUST PLC	25.0%	1		
19th	PENNON GROUP PLC	25.0%	2		
19th	RPS GROUP PLC	25.0%	2		
19th	TELECITY GROUP PLC	25.0%	2		
19th	VICTREX PLC	25.0%	2		
19th	WILLIAM HILL PLC	25.0%	2		

As well as those FTSE 250 companies who understand the benefits of a diverse board, we also show a table (12) with the FTSE 250 Zeros – those companies which retain **all-male boards. The number of such companies is falling and currently stands at 67 – down from 115 last year.**

Table 12: The 67 FTSE 250 Zeros Companies

ABERFORTH SMALLER COMPANIES TRUST PLC	DOMINO PRINTING SCIENCES PLC	MILLENNIUM & COPTHORNE HOTELS PLC
AFREN PLC	ELEMENTIS PLC	MITCHELLS & BUTLERS PLC
AFRICAN BARRICK GOLD PLC	ESSAR ENERGY PLC	MONEYSUPERMARKET.COM GROUP PLC
ANITE PLC	F&C ASSET MANAGEMENT PLC	NEW WORLD RESOURCES PLC
AVEVA GROUP PLC	F&C COMMERCIAL PROPERTY TRUST LTD	OPHIR ENERGY PLC
BARR (A.G.) PLC	FERREXPO PLC	OXFORD INSTRUMENTS PLC
BEAZLEY PLC	FILTRONA PLC	PAYPOINT PLC
BELLWAY PLC	FIRSTGROUP PLC	PERPETUAL INCOME & GROWTH INVESTMENT TRUST PLC
BH GLOBAL LTD	GENUS PLC	PERSONAL ASSETS TRUST PLC
BH MACRO LTD	HANSTEEN HLDGS PLC	PETRA DIAMONDS
BIG YELLOW GROUP PLC	HERALD INVESTMENT TRUST PLC	PLAYTECH LTD
BLACKROCK WORLD MINING TRUST PLC	HIKMA PHARMACEUTICALS PLC	RAVEN RUSSIA LTD
BLUECREST ALLBLUE FUND LTD	HOCHSCHILD MINING PLC	REGUS PLC
BOVIS HOMES GROUP PLC	HUNTING PLC	SCOTTISH INVESTMENT TRUST PLC
BUMI PLC	IG GROUP HOLDINGS PLC	SENIOR PLC
BWIN.PARTY DIGITAL ENTERTAINMENT PLC	IMAGINATION TECHNOLOGIES GROUP PLC	TELECOM PLUS PLC
CALEDONIA INVESTMENTS PLC	JD SPORTS FASHION PLC	TEMPLETON EMERGING MARKETS INVESTMENT TRUST PLC
CENTAMIN PLC	JOHN LAING INFRASTRUCTURE FUND LTD	UK COMMERCIAL PROPERTY TRUST LTD
CITY OF LONDON INVESTMENT TRUST PLC	JPMORGAN EMERGING MARKETS INVEST TRUST PLC	ULTRA ELECTRONICS HLDGS PLC
COLT GROUP SA	KCOM GROUP PLC	UNITED DRUG PLC
COMPUTACENTER PLC	KENTZ CORP LTD	UTILICO EMERGING MARKETS LTD
CRANSWICK PLC	LONDONMETRIC PROPERTY PLC	
DAEJAN HOLDINGS PLC	MERCHANTS TRUST PLC	

4.2 FTSE 250 Women in Top Roles

There are now **eight female CEOs** in the FTSE 250 companies. They are: Lyn Fordham, SVG Capital; Katherine Garrett-Cox, Alliance Trust; the Honourable Dido Harding, TalkTalk Telecom; Carolyn McCall, easyJet; Ruby McGregor-Smith, Mitie Group; Dr. Louise Makin, BTG; Dorothy Thompson, Drax; and Kate Swann, WHSmith.

(At the time of going to press, easyJet had just moved up to the FTSE 100 list).

In addition, **nine women hold the top financial position** in the FTSE 250 companies. They are: Suzanne Baxter, Mitie Group; Jan Brown, Cairn Energy; Cynthia Cagle, Soco International; Shirley Garrood, Henderson Group; Barbara Richmond, Redrow; Amy Stirling, TalkTalk Telecom; Elaine Whelan, Lancashire Holdings; Julia Wilson at 3i and Suzanne Wood, Ashtead Group.

As well as the executive positions, there are also **seven women holding the role of Chairman** in FTSE 250 companies. They are: Dame Helen Alexander, UBM; Sarah Bates, JPMorgan American Investment Trust; Dr Mary Bowe, Electra Private Equity; Karin Forseke, Alliance Trust; Anita Frew, Victrex; Val Gooding, Premier Farnell and Lynne Ruddick, British Assets Trust.

Three companies stand out in those lists for having two each of these three key roles held by women: Alliance Trust, Mitie Group and TalkTalk Telecom.

4.3 Cross-Index Comparison

As can be seen in Table 13, the FTSE 250 companies fall behind the FTSE 100 companies in terms or percentages of women holding both executive and non-executive board directorships. However, they are gaining ground and are up to the 2011 levels of the FTSE 100. **The big question will be whether the FTSE 250 companies can maintain this momentum to make significant change.**

Table 13: FTSE 100 and FTSE 250 Comparison

At March 2013	FTSE 100	FTSE 250
Female-held directorships	194 (17.3%)	267 (13.3%)
Female executive directorships	18 (5.8%)	32 (5.4%)
Female non-executive directorships	176 (21.6%)	235 (16.6%)

4.4 New Appointments

As with the FTSE 100 boards, we have been monitoring the rate of new appointments going to women on FTSE 250 boards since the publication of the Davies Report. Throughout last year we saw a steady increase in the percentage of appointments going to women. However, **in the six months to March 2013, the figure has fallen back to 29.1%.**

Table 14: FTSE 250 New Appointments

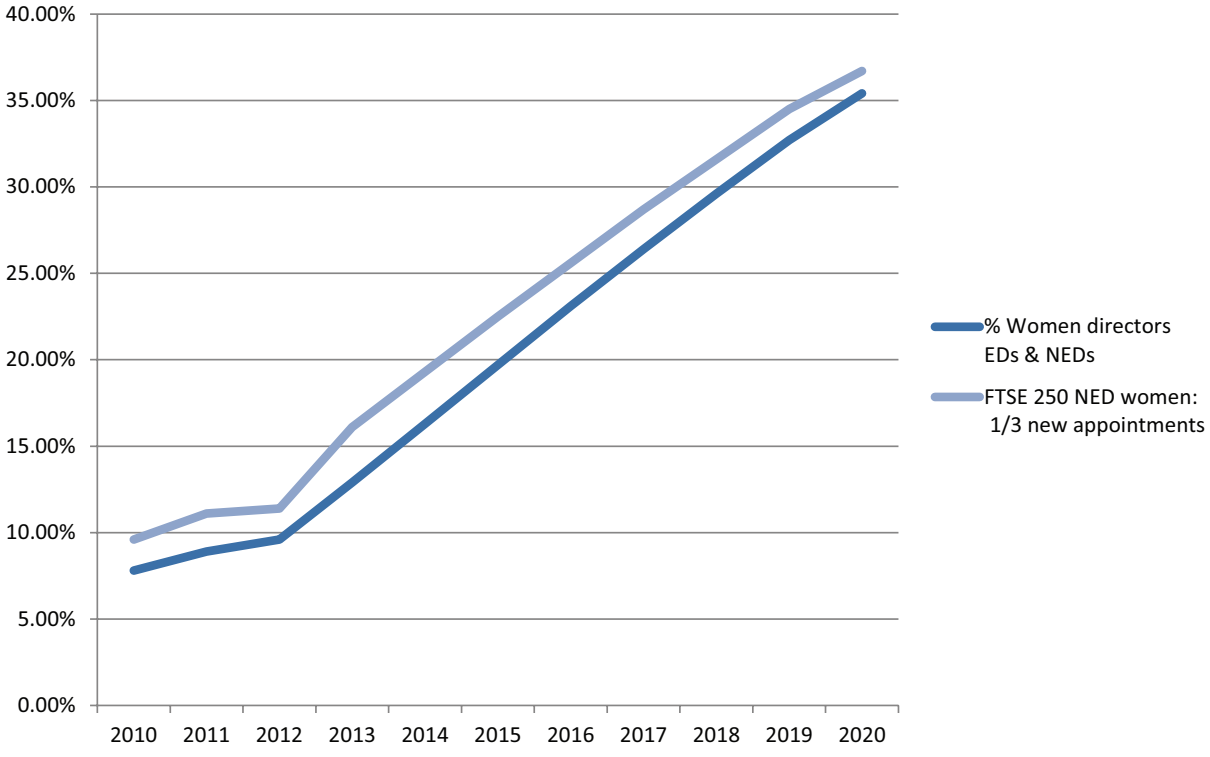
FTSE 250	March 2013 (6 mth)	Sept 2012 (6 mth)	March 2012 (6 mth)	Sept 2011 (6 mth)
New female appointments	46	43	33	21
New male appointments	112	75	92	102
Total new appointments	158	118	125	123
Female % of new appointments	**29.10%**	**36.40%**	**26.40%**	**17.10%**

Trajectories

As with the FTSE 100 companies, it is useful to predict the trajectory of the percentage of women on boards in order to understand both what is possible and what is required to reach the targets set by the EU (40% by 2020). Lord Davies did not set a target for FTSE 250 companies but it is interesting to compare with the FTSE 100.

If we look at the unitary board, this trajectory predicts that we will reach 19.7% of women on boards across the FTSE 250 by 2015 and 35.4% by 2020. As above, if we just look at the NEDs, as this is what the EU target is aimed at, the prediction is 22.5% by 2015 and 36.7% by 2020. This is based on a turnover of 13% and one third of all appointments going to women each year.

Figure 4: Predicting future percentages of FTSE 250 women on boards



4.5 Pipeline

Table 15 shows the number of male and female held directorships and senior executive positions in FTSE 250 firms. As with the FTSE 100 firms, this year there has been a slight increase in the total number of directorships (from 1,966 in 2012) but another decrease in the number of Executive Directorships (from 608).

The total number of senior executives has slightly increased (from 2,213 to 2,267), and there has been a similarly **marginal increase in the percentage of these roles held by women (from 16.3% to 17.0%).**

Table 15: FTSE 250 Directors, by Gender and Role*

FTSE 250	Females	Males	Total
Executive Directors	32 (5.4%)	557 (94.6%)	589
Non-Executive Directors	235 (16.6%)	1182 (83.4%)	1417
Total Directors	267 (13.3%)	1739 (86.7%)	2006
Senior Executives	385 (17.0%)	1882 (83.0%)	2267

* As we go to press Caroline Burton has been appointed Chair of TR Property Investment Trust, Phuti Mahanyele a NED with Lonmin Plc, Fiona Laird a NED with N Brown Group, Claudia Arney and Nancy Cruickshank NEDs of Telecity and Nelda Connors a NED of Vesuvius.

5. THE EU DIRECTIVE

On 14 November 2012 the European Commission published its proposal for a Gender Diversity Directive for improving gender balance on company boards.

The objective is that 40% of non-executive members of boards of publicly listed companies in Europe should be women by 2020. The Directive obliges companies with less than 40% of women non-executive directors to make significant efforts to make appointments in the next seven years to reach this target. If boards are unitary (i.e. include executive directors, as in the UK) then this figure is one third of all directors. The European Commission proposals require Member States to apply sanctions to companies who do not achieve the minimum objective of 40%.

"We know from experience that specific action is required to get women onto the Executive. Interventions that target women, such as sponsorship, leadership development and executive search are essential. In 18 months we went from zero to 27% females on our executive board and, as we agree gender targets across our business, we know these will drive action plans which will give us more balanced talent pipelines for the future."
Sarah Churchman, Human Capital Director, PwC

The Commission has the legal right to bring these measures through the principle of equal treatment for men and women in the workplace. That principle permits positive action to be taken during recruitment and promotion to assist the under-represented sex. This is currently permitted by the UK Equality Act 2010. For example, if a Primary School Headteacher felt that in her school of all female teachers it would be beneficial to have a male teacher, she may choose the male candidate where he competes on equal merit with a female candidate. The European Commission has made it clear that there should be no diminution of quality in those selection decisions. Executive search teams will need to make sure they extend the pool of talent available so that women of sufficient quality and skills are put forward. Member States need not apply the Directive's "procedural justice" if they can show they have sufficient initiatives in play to meet the 2020 target.

Our figures above would suggest that this is the case in the UK, but only for the top 350 listed UK companies. According to the Commission, the Directive impacts on around 5,000 companies listed on regulated markets in EU Member States, of which some 950 are in the UK. Unfortunately it is not entirely clear which companies are included. The main criteria are public listed companies, with a turnover of more than €50million or more than 250 employees. However, there are some questions around which listings are included, and whether companies who are headquartered in the UK but listed elsewhere or vice versa, fall into the category.

As an illustration, we looked at the boards of those companies on the FTSE AIM, FTSE SmallCap, FTSE Fledgling and FTSE Techmark Allshare listings. We removed any companies also listed in the FTSE 350. We converted €50million to be approximately £42million and selected those companies with either a revenue of that size or with over 250 employees. This produced a list of 433 companies in addition to the FTSE 350. From Table 17 below we can see that across the 433 companies analysed, there is **an average of only 7.6% of board seats held by women.** Interestingly, the percentage of EDs is not dissimilar to that in the FTSE 350, at 5.2%, but the figure for NED roles is only 9.2%. The boards of these companies are much smaller with an average of only 6.5 people.

Table 16: An illustration of possible UK companies under the EU Directive

433 companies	Number of WoB	Percentage
Female-held directorships	215	7.6%
Female executive directorships	60	5.2%
Female non-executive directorships	155	9.2%
Average board size	6.54	

From the Female FTSE Reports of 2008, 2009 and 2010, we have the average female board representation across the AIM, SmallCap, Fledgling and Techmark Allshare listings. Across the listings the average percentage of women on boards has been rising slowly, but only from 5.5% in the five years since 2008.

At a recent meeting in the UK, EU Vice President and Justice Commissioner Viviane Reding made it clear that whilst she applauded the progress made within FTSE 350 companies, the same must be made within smaller listed organizations. Whilst it remains unclear exactly which companies fall within the remit, **Table 16 demonstrates the enormity of the task at hand.** The proposal now passes to the European Parliament and Council of the European Union for consideration under the normal legislative procedure.

6. CONCLUDING REMARKS

The 2013 Female FTSE Report follows a second year of intense activity for women on boards and this year the activity has been across the whole of the FTSE 350, which is encouraging. When we consider the year-on-year figures, the increases and rates of appointment look good. However, in the past six months the momentum has alarmingly decreased and little progress has been made since October 2012.

There has been an increased focus recently on the female talent pipeline i.e. those women coming through to executive roles. We welcome this focus as it is undoubtedly where longer term sustainable change must happen. Our revealing insight that proportionally far fewer women are internally promoted to executive roles than men must prompt CEOs to review their talent management strategies. In our research experience talented women often need to be "pulled through".

In conclusion we call for action in the following four areas:

1. Achieve a one-third/two thirds ratio of female to male appointments. The Lord Davies target of 25% female representation on FTSE 100 boards can be met during 2015 but only if the previous momentum in female appointments is regained in both the FTSE 100 and 250 companies. If this is the case, the UK could also meet the EU 2020 targets in its largest 350 companies.

2. Smaller listed companies need to heed the call – in addition to the FTSE 350, it is likely that 450-550 smaller listed companies will come under the EU Directive. They need to realise the benefits of boardroom diversity and follow the guidelines of the Financial Reporting Council best governance practice.

3. Broaden the talent pool – Whilst Chairmen and search consultants are starting to look further afield for female candidates, there is still a need to appoint more creatively, including utilising talent from outside the corporate mainstream.

4. Increase the proportion of women on Executive Committees – There has been a drop in the number of committees since 2009. Our research this year shows that proportionally far fewer women are promoted to executive roles than men. Women need to be managed proactively. Women on the executive committee are not only a rich resource pool for future main board directorships, but also a significant talent pool for smaller listed companies.

APPENDIX I: CRANFIELD'S INTERNATIONAL CENTRE FOR WOMEN LEADERS

The International Centre for Women Leaders is committed to helping organisations to develop the next generation of leaders from the widest possible pool of talent. We are unique in focussing our research, management development and writing on gender diversity at leadership level.

The objectives of the Centre are to:

- **Lead the national debate on gender diversity and corporate boards**
- Provide a centre of excellence on women leaders, from which organisations can obtain the latest trends, up-to-date research and benchmark best practice
- Identify and examine emergent issues in gender diversity and leadership, through sponsored research in partnership with industry and government
- Share research findings globally through conferences, workshops, academic articles, practitioner reports and in the international press.

For more information on the Centre's research and executive development, please visit our Centre website at www.som.cranfield.ac.uk/som/research/centres. There is also available a list of our research articles in areas such as women on boards, ethnicity on boards, leadership, diversity management, gendered cultures, role models, impression management, and flexible working.

We have a number of doctoral researchers studying for PhDs or DBAs within our research centre and can occasionally offer a full bursary to cover costs.

Dr Ruth Sealy BSc MSc PhD MCIPD

Senior Research Fellow,
Deputy Director of the International Centre for Women Leaders

With global expertise on women on corporate boards, Ruth has been the lead researcher of the UK's annual Female FTSE Report since 2007. In addition to the Female FTSE Report, Ruth has led the monitoring research following Lord Davies' review.

Ruth's research interests cover many aspects of retaining women in leadership, particularly board composition and corporate governance. She completed her PhD at Cranfield looking at the impact of role models on the identity formation of senior female directors in the banking sector. She has since published numerous journal articles, book chapters and conference papers, where she has won two Best Paper Awards. She is on the Editorial Board of Gender in Management: An International Review, and speaks frequently at academic and practitioner conferences, including at European Commission meetings on the UK's business-led approach to boardroom diversity.

Prior to becoming an academic, Ruth was the Managing Director of a specialist holiday company, which she sold to a larger tour operator in 2001. She then worked as an independent Business Psychology consultant. Her work included assessment, but particularly the development of high potential talent, focusing on emotional intelligence and cognitive processing, working extensively in the engineering/ aerospace sector.

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Susan Vinnicombe OBE MA PhD MCIM FRSA

Professor of Organisational Behaviour and Diversity Management
Director of the Leadership and Organisation Development Community
Director of the Cranfield International Centre for Women Leaders
Cranfield School of Management

Susan's particular research interests are gender diversity on corporate boards, women's leadership styles, and the issues involved in women developing their managerial careers. Her Research Centre is unique in Europe with its focus on women leaders and the annual Female FTSE Report is regarded as the premier research resource on women directors in the UK.

Susan has written ten books and over one hundred articles, reports and conference papers. "Women on Corporate Boards of Directors – International Research and Practice" (with R. Burke, D. Bilimoria, M. Husen and V. Singh published by Edward Elgar) was published in 2009. Her latest book "Handbook of Research on Promoting Women's Careers" (with R. Burke, L. Moore and S. Blake-Beard) will be published with Edward Elgar in 2013.

Susan has consulted for organisations in over twenty countries including the UAE, the Philippines, Trinidad, Nigeria and Malaysia on how best to attract, retain and develop women executives. She has advised government in the UK, New Zealand, Australia, Finland and Spain on how to increase the number of women on their corporate boards. Susan is regularly interviewed in the press and on the radio and television for her expert views on women directors, and is a frequent keynote speaker at conferences. Susan is the founder and Chair of the judges for Women in the City Awards. She is a Board member of the Saudi British Joint Business Council and Vice Patron of Working Families, a charity. She is also Visiting Professor of Curtin University, Graduate Business School, Perth, Australia. Susan is a member of the Davies Steering Committee.

Susan was awarded an OBE for her Services to Diversity in the Queen's New Year's Honours List in 2005.

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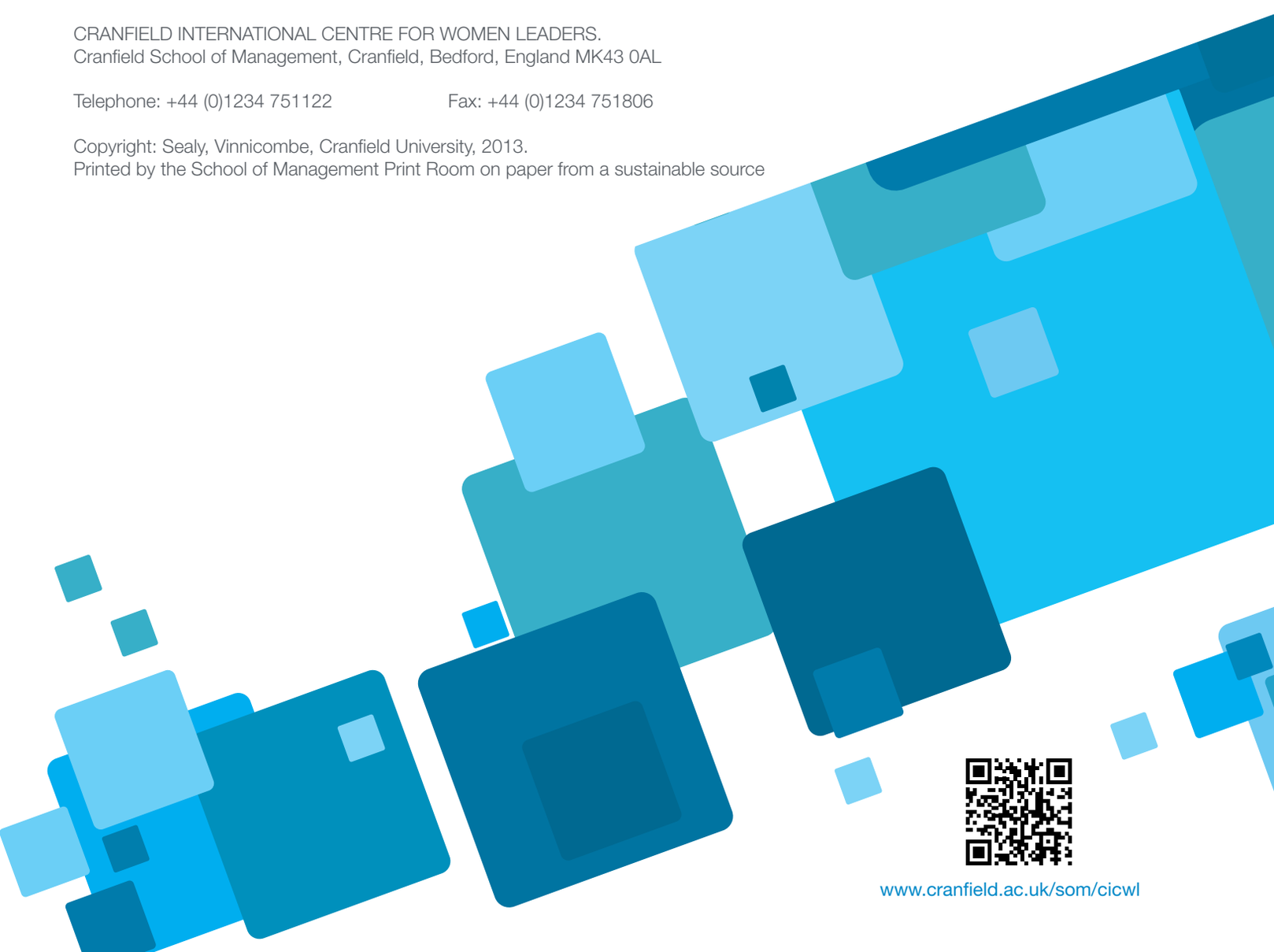

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