Hidden Talent

The expertise listed company boards are lacking

WB protiviti® Global Business Consulting

Contents

About us

Researched and written by:

Women on Boards is a purpose-led business working to increase diversity in executive and non-executive leadership.

Launched in the UK in 2012, we exist to improve diversity in senior leadership. From an initial focus on supporting women into non-executive board roles, we have evolved to also work extensively with our corporate partners on building inclusive cultures and providing diverse candidates for board searches.

Our membership network of thousands is predominantly female, and highly diverse across other demographics and professional disciplines. We are proud to be supporting one member a day (on average) into a board position.

As WB Directors, we work with many leading firms on their professional and leadership development strategies. Our organisational work is gender-neutral and fully intersectional, as we support leaders to create effective working cultures.

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Protiviti is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future.

Our consulting solutions span critical business problems in technology, business process, analytics, risk, compliance, transactions and internal audit. We are committed to attracting and developing a diverse workforce of professionals that share the common value of collaboration.

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Our more than 7,000 people serve clients through the network of Protiviti and independently owned Member Firms in more than 85 offices in over 25 countries. Protiviti has served more than 80 percent of Fortune 100 and nearly 80 percent of Fortune 500 companies. Our people and organisation have consistently been recognised by FORTUNE and Consulting Magazine as a best company to work for.

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Forewords

Fiona Hathorn
Co-founder and CEO,
WB Directors

"Corporate governance developed to ensure financial propriety. For decades, it seems that the duty of boards was to protect the company's financial wealth and maximise profit growth over and above everything else. Yet, times have changed.

Good governance now includes Environmental, Social and Governance (ESG) considerations. Backed by regulators, investors and a broad range of stakeholders, this new model of governance, looks across multiple factors to take a long-term vision of corporate success. It balances a need for innovation as well as scrutiny at board-level, alongside an increasing understanding of the need for diversity of thought as key to achieving this.

In the last few years we have seen a step-change in NED recruitment, to bring digital, sustainability and AI expertise into the board. Yet, there still remains a very narrow range of executive expertise given a board seat. This disconnect not only breaks information flow to the boards understanding what really needs to change, but also in reverse to ensure the executive drive to roll-out change."

Janet Barberis
Managing Director, Financial Services Internal Audit Practice,
Protiviti

"People and Culture has emerged in recent years as a key concern for all organisations. Changes to working patterns, accelerated by the Covid-19 crisis and tech developments, require a permanent shift to management approaches. Increased employee-activism and generational change interplay to create fundamentally different career aspirations and motivations in the workforce.

Boards today now know how important it is to consider their purpose. Most are now prioritising the needs of their people and more consciously creating a culture that engages them. Driving cultural change within an organisation is complex and requires significant professional skills and experience to achieve.

The insight in this report finds boards at the start of this journey, with a need for greater expertise to elevate the discussions and ensure they drive action. Yet, we also find few boards draw directly on the executive leader with responsibility for people and culture. Whether formally or informally, it seems boards could look closer to source the expertise they need."

1

Executive expertise at board level

Key takeaway

It remains striking that across over a thousand of the UK's leading firms, only a handful have seen a need for a diverse executive voice at board level.

Our data suggests that executive board member composition has not kept pace with the governance evolution of the past decade.

Demographic diversity across non-executive board members has increased over the past decade, although there still remains progress to be made (see Chapter 3 for an update on Gender on Boards).

Previous research by Women on Boards as well as the FTSE Women Leaders Review has shown that executive demographic diversity is far more limited.

What about diversity of executive expertise at board level?

Boards' remits and responsibilities are broader than ever - with regulatory guidance, investor expectations and the ESG agenda bringing a whole range of new topics into the boardroom. The disruption of recent years to logistics, supply chains, consumer behaviour and employee satisfaction also poses new and significant challenges to the 'core' governance issues of finance, risk and efficiency.

Meeting these challenges requires boards to draw on a broader range of executive expertise. However, our research shows that a lack of demographic diversity belies a very narrow range of executive expertise at board level.

1.1 Total executive board seats

Of the almost 4,800 board seats across the 585 FTSE All-Share companies analysed 25% were held by executive leaders. We did not find significant variations between the FTSE 100, FTSE 250 and FTSE All-Share below the 350 (see Appendix A for breakdown).

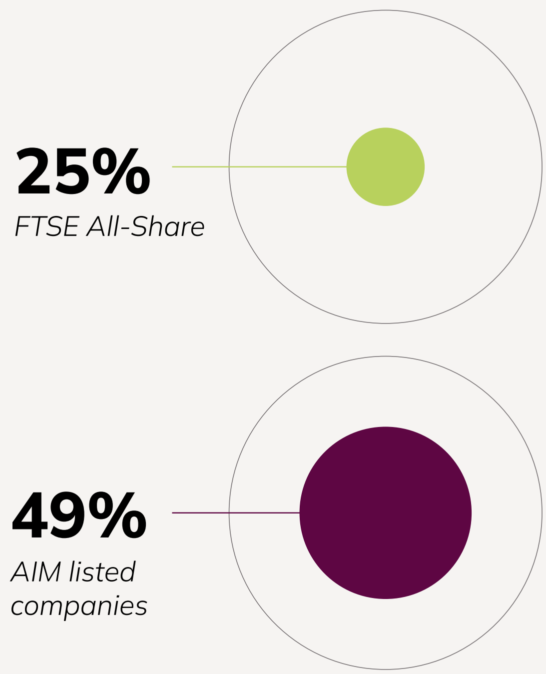
We know there is a very significant proportion of Investment Trust and Asset Based only companies within the FTSE All-Share (208 of the 585 companies). These differ materially from traditional operating companies, as these companies typically choose various asset managers to manage their assets, who are not normally registered directors on the board.

However, this only has a modest impact on the data. Removing Investment Trusts and Asset Based only companies from the analysis, across the 377 FTSE All-Share operating companies, 29% are executive leaders.

Of the 3,762 board seats in the 588 AIM listed firms, **49% were executive leaders**.

Anecdotally, this may be because AIM firms are more founder-run and therefore there are more owner-board members in place. **See Appendix A for full breakdown.**

% of company Board members who are executives



1.2 Diversity of expertise in executive board seats

Not surprisingly, the most frequent executive positions to hold board seats were Chief Executive Officer (CEO), Chief Financial Officer (CFO), and the registered board Company Secretary[1].

These roles are core to boards' focus on finance and good governance. These executive registered directors can and do provide important insights to non-executive members on these matters and are well-placed to disseminate and implement the board's directions across these areas.

What is striking is the level of concentration of executive board roles drawn from the narrow range of CEO, CFO and Company Secretary positions[2].

With boards now taking a broader remit, there is a strong case for other executive leaders to fulfil a similar function on priority areas for each company.

We would not expect a full C-Suite representation at board level, but would consider that additional expertise would be brought in by a number of firms. However, we found this not to be the case.

% of executive board members who hold positions other than CEO, CFO or Company Secretary

2.3%

FTSE All-Share operating companies [2]

12.2%

AIM listed companies

1 This report treats all Company Secretaries as full board members - see Appendix A notes.

2 This analysis excludes Investment Trusts and Asset Companies as they do not have a broader C-Suite team to draw on and the needs of their boards are significantly different. See Appendix A for full breakdown.

1.3 Priority expertise drawn from executive board seats

FTSE All-Share

The executive board members who are not CEO, CFO or Company Secretary are a very small group of individuals in FTSE All-Share firms. They represent an exceptional group of individuals who have proven their value to the business, achieving a position outside the established conventions because they are seen as individuals akin to the CEO in terms of business significance.

Taking a deep dive into the range of expertise represented within this small group, we found a further concentration of expertise. The majority of these executive held positions focused on operational efficiency, either being Chief Operating Officer or - for more digitally-focused firms - Chief Technology Officer.

Executive board members across the FTSE All-Share

81

Not CEO, CFO or Company Secretary

68%

(55) of these are COO or CTO

Even boards which are bringing in wider executive expertise, the executive board voice in FTSE All-Share firms is narrowly focused on traditional concerns of finance, governance and efficiency.

Of the remainder, we see a spread across several functional areas that in themselves represent the diversity of concerns one would expect across the breadth of firms in the FTSE All-Share. Yet this relates to less than 30 boards across almost 600 firms.

In descending order of frequency:

- Employee Representative
- General Counsel (senior legal adviser)
- Chief Information Officer
- Chief Strategy Officer
- Chief People Officer

The 'employee representative' board members are largely found in companies which although are listed in the UK, have significant operational activity in other European countries where this type of representation is common place or mandated by regulators.

They can provide an important voice of lived experience and accountability, but do not necessarily offer expertise or capacity to drive organisational change.

AIM listed companies

The group of executive board members who are not CEO, CFO or Company Secretary is somewhat larger in AIM listed companies.

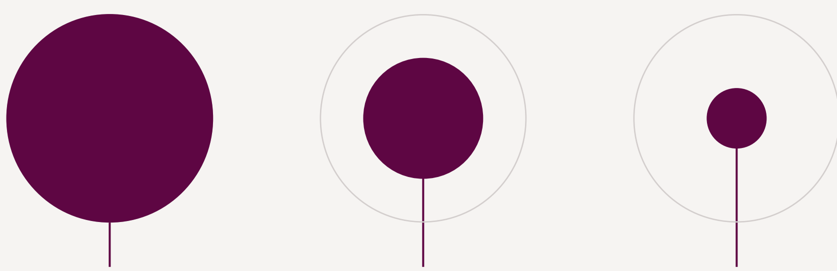
There is a very significant 'other' category in the AIM-listing, which we believe to largely represent company founders and/or early stage recruits who have become personally valuable to the business.

Of the remaining 60 individuals outside these categories, they hold positions in descending order of frequency:

- Chief Strategy Officer
- Chief Marketing Officer
- Chief Information Officer
- Chief Risk Officer

The representation of Strategy and Marketing expertise can be taken as a sign that these smaller companies are more growth focused, and therefore value this expertise at their board level more than more established FTSE companies.

Executive board members across AIM



474

Not CEO, CFO or Co Sec

58%

(276) of these are 'other'

29%

(137) of these are COO or CTO

1.4 In conclusion

Boards today are tasked with far more than ensuring compliance and financial results. They need to create the context for innovation and creativity, which in turn attracts and inspires talented people to work to deliver the vision.

There is no single way for boards to achieve this and the optimal mix of skills and experience will be different for each company. Non-executives have an extremely valuable role to play in their contribution and challenge, therefore ensuring the constant innovation needed to keep pace with a dramatically changing operating environment is achieved.

Of course, it is possible that individual job roles bely a wider range of experience, and all leaders' approaches are highly individual. CEOs have responsibility across the full range of areas, but in practice any single professional can only have a deeper expertise in a limited field. Analysis by Raconteur noted that many FTSE 100 CEOs have a 'similar career background', with the majority being internal promotions from divisional director, CFO or COO positions[3] .

Whilst it is also true that boards can draw on executive input without those leaders holding a full board seat, it is indisputable that a formal board position enables individuals to influence outcomes and organisational strategy in a unique way.

It remains striking that across over a thousand of the UK's leading firms, only a handful have seen a need for a diverse executive voice at board level.

Our data suggests that executive board member composition has not kept pace with the governance evolution of the past decade. The overwhelming predominance of 'traditional three' roles of CEO, CFO and Company Secretary in composing the executive voice at board level reinforces what is now an outdated exclusive board focus on compliance, financial probity and efficiency.

These are important factors in any company's success and it is entirely appropriate that these roles have a seat at the board table. What we are asking is for boards to consider the key challenges before them and how they work with the executives responsible for meeting them.

All boards should consider appointing an executive board member from outside the 'traditional three' roles.

3 Meet the FTSE CEOs, Clara Murray, Raconteur (May 2023) https://www.raconteur.net/ftse-100-ceos-in-numbers/#career

2

People and Culture in the boardroom

Part A - How are boards tackling the challenges?

Key takeaway

Boards have begun prioritising People and Culture - but there remains a gap in achieving the quality of board engagement needed to really drive action.

Board composition alone does not tell us the whole story about how a board is addressing key issues. People and Culture is a key challenge currently for organisations across the spectrum, yet the inclusion of Chief People Officers at board level was incredibly low.

If not with the input of an executive board member, how are boards tackling People and Culture?

We asked Women on Boards members, who are currently serving on boards of all types, to participate in a simple online survey. Their responses allowed us to delve into their experience of managing People and Culture issues as non-executive board members.

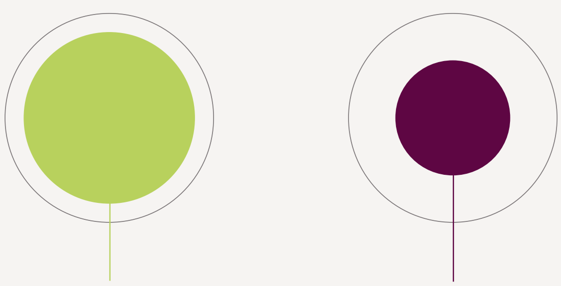
In this way, we gained insightful context into how effectively boards deal with important issues where there is highly unlikely to be an executive board member with the relevant expertise.

2.1 About our sample of respondents

We received 400 responses to our online survey on this topic from Women on Boards members currently serving on a board of any type as a non-executive director.

Respondents self-selected from a broad invitation. Those who chose to complete the survey were broadly balanced across length of experience as a non-executive and the sector their board was in.

We know many of our members sit on multiple boards, so we asked them to complete the survey with one board in mind - but allowed multiple submissions for each board they sit on.



82%

said People and Culture was a 'top level' or 'significant' issue

50%

of respondents are Remuneration Committee members

> A strong majority considered People and Culture to be an important area their boards address.

We should consider the self-selection bias of respondents motivated to complete a survey on People and Culture, as being more likely to consider this an important issue. We do not therefore take this finding as indicative of non-executives as a group but instead an insight into the cohort responding to this survey.

Around half our respondents sit on a Remuneration Committee (16% as Chair), showing self-selection bias towards a greater level of interest and also expertise in this subject matter.

Unsurprisingly, non-executives from smaller organisations were slightly less likely to agree People and Culture is an important issue (71%), most likely due to their workforce size.

There was a slight skew towards NEDs serving on diverse boards, which reflects our membership. 46% of respondents stated their board had both around 40% female members and representation from a minoritised ethnic group.

See Appendix B for a fuller breakdown.

2.2 Board attention on People and Culture issues

64%

said People and Culture was discussed regularly at board level

70%

were satisfied with the information they receive on People and Culture topics

This is a positive finding, indicating that boards are prioritising this topic - at least among the boards this highly engaged cohort sit on.

93% of board members on larger organisations reported People and Culture being discussed regularly at committee level, dropping to 76% for smaller organisations. This may be more of a reflection that smaller organisations do not always have a formal committee structure, and/or that the full board can cover a wider range of issues across a relatively small organisation.

We asked more about the remit of the Remuneration Committees (RemCo). Traditionally RemCo has been tasked with negotiating the CEO's remuneration package, and potentially other senior executives.

More board members felt a pressure from employees to address People and Culture issues than they did from regulators or investors.

82% agreed or strongly agreed that "Employees expect leadership from boards on People and Culture". Just 51% agreed "Pressure from regulators and investors is driving an increased focus on People and Culture issues at board level."

Of course, the regulatory and investment context differs significantly between sectors. We did find private sector board members more likely to agree that regulators and investors are driving board focus on People and Culture (at 54%, compared to 48% of charity sector board members and 37% of public sector non-executive respondents).

However, in every sector a significantly large percentage noted employees' expectations of board leadership on this topic (82% of private sector NEDs; 81% of charity trustees and 59% of public sector non-executives).

2.3 The role of Remuneration Committees

A significant proportion of RemCo now have a broad scope, encompassing organisation-wide People and Culture issues.

Our respondent cohort had a strong level of RemCo experience. When looking at what is discussed, between 30-40% of our sample said their RemCo addressed issues including reward below C-Suite level; Equity, Diversity & Inclusion (ED&I) issues; Gender Pay Gap and broader issues (eg talent retention/hybrid working).

In descending order, the issues most commonly covered by RemCo were:

6. CEO/C-Suite reward
5. Reward across the whole organisation
4. Equity, Diversity & Inclusion issues
3. Broader topics (eg talent retention/ hybrid working)
2. Gender and/or ethnicity pay gap
1. Other People and Culture topics

Of the ‘other’ category, topics mentioned included staff training, ESG ‘social’ issues, succession planning, industrial relations, employee survey results, grievance/disciplinary monitoring and performance management.

Of course, we don’t know how representative this sample is of boards more broadly. However, it is a clear illustration of how boards may choose to engage with People and Culture and how RemCo in particular are meeting the challenges.

2.4 Quality of board conversation on People and Culture

only

27%

draw on specialist HR expertise

40%

said the quality of People and Culture discussions was 'weaker' or 'much weaker' than other topics

The CEO most commonly leads discussions on People and Culture topics, with 42% of responses reporting this. Only 27% indicated a Chief People Officer or similar was brought in. 20% said non-executives led the conversations. Finally around 10% selected an 'other' option with the majority of these responses indicating broad contributions from a range of executive leaders, such as the Chief Operating Officer.

We asked how People and Culture discussions compared to discussions on other strategic issues, giving digital, Risk or M&A as examples.

Around 50% said discussions on People and Culture were at a similar quality, but 40% considered the board conversations were 'weaker' (27%) or 'much weaker' (13%). Only 8% considered People and Culture conversations were 'more rigorous' with just 1% selecting 'much more rigorous'.

There was a notable difference between sectors, with non-executives on private sector boards more likely to say conversations were 'weaker' (45%) compared to just 28% of charity sector board members feeling the same way.

We gave space for respondents to share ‘any other comments’. We had 237 open comments across a wide range of topics.

Of these, the largest group - 16% (39) of comments - were classified as being about the need to improve the quality of the conversations around People and Culture and drive action. Comments included:

> “Tokenistic and performative. There is no appetite for long term action just reactivity.”
>
> “It’s simpler to discuss the numbers rather than the more emotive subject of People and Culture.”
>
> “There is insufficient understanding of the risks around People and Culture. There is movement in the right direction, but it’s slow.”
>
> “There is challenge around how to assess and monitor culture - a concern with a very dominant CEO.”
>
> “Our board receives quarterly reports on diversity representation and engagement survey results, ... but rarely, if ever, do they drive action.”
>
> “The topic is discussed at board level but the action plan to address issues is very basic.”

The other groupings of comments were reflections on their own board’s performance in this area; general observations on the importance of People and Culture; opinions that boards should be doing more; and a small number described governance dysfunctionality around these topics.

The quality of the conversation around People and Culture was a key concern which respondents shared.

2.5 In conclusion

We would not suggest that our self-selected sample from Women on Boards membership is illustrative across the whole non-executive community. Instead, our survey findings give a strong insight into the experience of non-executives who are highly engaged with People and Culture topics and on relatively progressive and diverse boards.

The scope of the survey did not cover the reasons that may be behind this. However, the relative lack of executive expertise on this is striking.

Creating positive cultures which attract, retain and develop key talent is a complex challenge and one where experience and dedicated expertise is beneficial. We know very few boards give a formal seat to their organisation's executive expert on People and Culture, and this survey shows it is still a minority who are calling on that role.

Expanding the executive voice on the board could be one clear route to enhancing the impact boards have on strategic People and Culture topics.

Overall, these boards have begun prioritising People and Culture - but there remains a gap in achieving the quality of board engagement needed to really drive action.

Part B - What are the People and Culture challenges facing organisations today?

Key takeaway

Shifting attitudes, motivation and generational change are driving profound change across our workforce. Organisations need to respond and adapt to attract, retain and enable high quality talent.

Boards today tackle a range of considerations when looking to the future success of an organisation. Environmental, Social and Governance concerns have been identified as the top priority in one survey of governance Chairs[4]. Deloitte note that People and Culture issues, particularly Equity, Diversity & Inclusion (ED&I), are addressed as part of the social 'S' element of ESG[5].

For many organisations People and Culture is also a key risk area. Even pre-Covid, McKinsey found CEOs identified 'human capital' as a top challenge, yet the same research subjects also rank HR as eighth or ninth most important function in the company[6]. The acceleration of change in working practices and challenges with retaining a motivated, productive team brought by the pandemic are significant.

See Appendix B for references

'You can't get the staff these days' has never been more literally true.

Companies are struggling to recruit to their vacancies (80% according to ManPowerGroup research), with KornFerry research suggesting further difficulties ahead as up to half of employees will need to reskill by 2025[7].

We are also seeing companies haemorrhaging the staff they have, with 2021 dubbed the year of the 'great resignation' as studies found 1 in 3 workers changing jobs or dropping out of the workforce altogether[8].

This is not confined to junior grade staff and some studies suggest retention issues are more acute in management levels with a recent survey finding 'business decisions-makers' are twice as likely to be 'actively planning to quit'[9].

People and Culture requires top-level strategic management

Yetunde Hofmann
iNED at Cranswick Country Foods plc and founder, Solaris Leadership Academy

"People and Culture are strategic issues and HR is a leadership role. It is more intangible and complex to monitor than more data-centric areas, so can feel harder for boards to tackle. It is vital boards step up to the People and Culture challenge, as when you look at what is causing the CEO most concern – it very often comes down to people issues.

HR leaders should have the opportunity to bring a very powerful combination of people engagement skills alongside commercial acumen. Most business issues have a people dimension- such as managing staff turnover in an acquisition; C-Suite succession and retention; workforce competency around emerging areas such as AI.

For me, RemCo is best-placed to tackle these governance priorities. In previous board roles, I reframed RemCos I chaired to be 'People, Culture and Remuneration'. This reframe was highly impactful and gave the committee authority to apply our expertise to a range of strategic topics. We analysed if the company 'walks the talk' on its rhetoric around culture; monitored pay gap data in a nuanced way to assess the impact of ED&I strategies. Another important role for a holistic RemCo is shaping meaningful and measurable non-financial objectives for the CEO to fulfil their responsibilities under the 'S' in ESG."

See Appendix B for references

Deep rooted shifts in employee motivation conflict with traditional management styles.

Whilst recruitment issues seem to cross all industries and worker types, numerous studies have identified deeply shifting motivations in the professional 'knowledge economy' workforce.

Professionals are increasingly concerned with working for a company whose purpose aligns to their values. Deloitte argue that alignment with purpose is the "best talent retention tool available"[10] - with 71% prepared to consider a pay cut for this and almost half under 40s having resigned a role for this reason[11].

Autonomy and flexibility are also highly valued, often after the experience of working remotely during Covid-19 lockdowns. Almost half of workers suggest they would turn down a role which required returning to the office full-time and hybrid workers report higher motivation levels[12]. This can bring conflict with management priorities, with significantly differing productivity estimates from employees and management[13]. This may be the driver for up to 60% of companies using monitoring software despite warnings of its impact on motivation and retention[14].

Engaging employees in culture is key

Annie Coleman
Senior Advisor at Audley and NED,
Strategic Equity Capital plc

"Culture is key to a board's core duties around maximising performance and minimising risk. Enabling a positive organisational culture should be a fundamental part of the conversation for all boards. A number of high-profile cases have shown what happens when culture gets ignored or goes badly wrong.

Culture change is only effective when it comes top down and bottom up, regardless of your business sector. Senior business leaders need to visibly be part of any culture change initiative, as they aid and allow their employees to shape the culture across the organisation. Culture is not done to employees - they and the way they work together is the culture. My focus therefore has always been to help organisations devise a process that also engages employees at different levels of seniority throughout the company– this is critical to shaping a successful organisational culture change.

To truly understand culture, board members should have unfiltered meeting time with staff at all levels. Such time does not have to be frequent but must be supported by the wider board. I have seen this work well through informal breakfast meetings and simply office 'walk arounds'. Hearing what it is really like for people of different demographics and at different levels in the company is invaluable knowledge to inform decisions on and monitoring of cultural change."

See Appendix B for references

Generation Z are embedding future values

From those in 'Gen Z'^ who are already in the workplace, we see these trends embedded as core requirements. Gen Z employees value salary level less than any other generation, prioritise flexibility and in one study ranked 'work-life balance' as their top priority.

Diversity is also a priority for Gen Z who expect action beyond rhetoric and prize the inclusive culture[18] needed to retain and maximise the benefits of diversity.

They are a highly educated generation and prepared to re-skill as they grow their careers[19]. However, concerns have been raised around Gen Z employees' communication skills and 'professionalism'[20], resulting in some corporates offering additional training in these areas to recent graduates[21].

For companies that don't keep up with workers' shifting motivation, the challenges of retention and productivity may become more acute with a larger cohort of Gen Z in the workplace. On average, Gen Z stay in post for a shorter period of time than other generations at the same stage of their career.[22] and are the 'core energy' behind 'quiet quitting', defined as refusing to go beyond core duties[23].

Senior leadership on Equity, Diversity & Inclusion is now expected

Bernadine Reese
Managing Director, Risk & Compliance, **Protiviti**

"Taking a strategic approach to Equity, Diversity and Inclusion is now a 'must' for all firms. It ensures efforts being made will lead to impactful change and gives staff the visibility they need to see how the organisation is tackling the challenges.

Yet - like any other strategy - senior-level support is vital to success. It is only the board and senior leaders who can deliver the status and resourcing required to implement the plans to a high quality. As leaders, we also have a key role in building consensus and listening to staff concerns to ensure our strategy is aligned with lived experience in our organisational culture.

I was delighted to act as the "Director Champion" for Protiviti's recent ED&I strategy in the UK and look forward to seeing our strong track record improve further."

See Appendix B for references
^ born between 1997-2012

3

Gender on boards

Whilst diversity of thought and expertise is the true goal, we believe this cannot be effective without demographic diversity underpinning it.

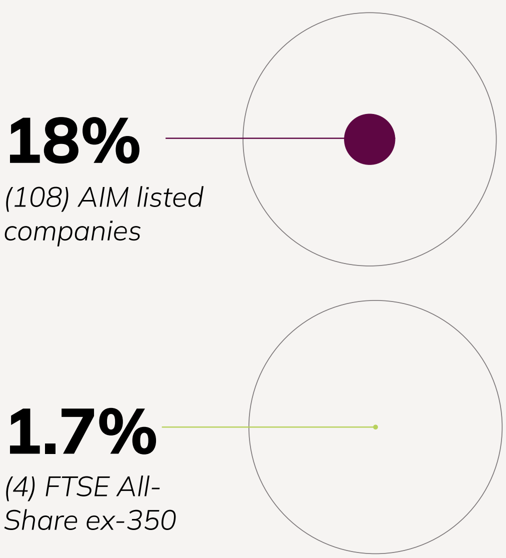
Key takeaway

We are still a very long way from a gender-balanced executive voice in the boardroom.

3.1 Overall gender balance

Here we are looking across the piece of executive and non-executive board members. We have also split the FTSE All-Share into three distinct groups - the FTSE 100, FTSE 250 and FTSE All-Share ex350 - given the significant variation in performance for each*

% of all-male boards



This is a decrease from previous years. In 2022, our analysis of the FTSE All-Share ex350 showed 9 all-male boards. We are not aware of prior data for all AIM listed firms. all AIM listed firms, although the top 50 AIM listed firms were founder to have 36% all-male boards in a 2020 report by Company Matters.

We would hope our data points to significant progress, but it is hard to draw firm conclusions as our analysis is across a much larger sample of over 580 AIM listed firms.

Milestone ‘one third female’ target still a work-in-progress outside the FTSE 100.

40% of AIM listed companies still do not have at least 33% female board members; 16% of FTSE All-Share ex350 and 6% of FTSE 250 have fewer than one third female board members.

There appears to have been significant progress in the FTSE All-Share ex350 in this regard, since our 2022 analysis which found 44% of firms were below one-third female target. In 2020, 84% of the AIM 50 did not meet the 33% target for women on boards. Again, this is not a like-for-like comparison, but it does seem progress is being made.

There is some distance to go to meet the FTSE Women Leaders Review’s targets for genuine representation.

The FTSE Women Leaders Review set a goal for 40% female representation, supporting our long-held campaign aim of 40:40:20 being truly representative. In addition they have outlined that one of the four most influential roles should be held by a woman - these roles are CEO, CFO, SID or Chair.

19% of the FTSE 100 do not meet these targets, rising to 36% of the FTSE 250 and 41% of the FTSE ex350. 73% among AIM listed companies are yet to reach this goal.

* FTSE All-Share ex350 refers to the 235 companies listed below the FTSE350

3.2 Executive board members gender balance

A lot of the progress on gender diversity on boards has been made through the non-executive appointments.

10%

of executive board directors are women, excluding Company Secretaries

This is consistent across the FTSE All-Share and AIM listed companies. Company Secretary roles enjoy a great gender balance, so including Company Secretaries sees this figure rise to 24% in the FTSE All-Share and 17% in AIM listed companies.

There does seem to be a little more gender balance in executive board directors outside the 'top 3' roles of CEO, CFO and Company Secretary. 24% of the group of executive directors who are not CEO, CFO or Company Secretary are women in FTSE All-Share firms. This is 19% in AIM listed companies.

We are still a very long way from a gender-balanced executive voice in the boardroom.

Appendices

Appendix A

We have partnered this year with **Numerable**, the board intelligence platform. Numerable provide accessible, connected, live information on all UK directors and companies. We have drawn on their in-depth data on FTSE & AIM companies and their boards during January 2023. We have conducted further analysis of this data, with cross-reference to organisations' websites in a limited number of cases.

	FTSE 100	FTSE 250	FTSE ex-350 (235 firms)	**All FTSE All-Share** (585 firms)	**FTSE All-Share 'operating' companies***	**AIM listed firms** (588 firms)
Total no. of individuals on boards	1167	2082	1520	4769	3657	3762
No. who are exec board members	315	527	338	1180	1062	1847
% executive board members	27%	25%	22%	25%	29%	49%
No. of exec board members who are NOT CEO, CFO or Co Sec	19	48	14	81	80	474
% of exec board members who are NOT CEO, CFO or Co Sec	1.8%	2.3%	1.1%	1.9%	2.3%	12.2%

Appendix A - Notes

Company Secretaries perform a vital governance function. Companies vary as to whether they are given a formal board seat, and it was hard to determine in our data sources if this was the case. For that reason we have included Company Secretaries as board members.

Job titles vary across organisation and those listed in our report are better seen as categories, rather than an individual job title. We used job title to group together executive leaders by functional area, categorising close variations together - for example Finance Director and Chief Financial Officer. We classified combined job titles - for example 'Chief Financial and Operations Officer' or 'Chief Finance and Transformation Officer' - by the first area in their title, although these were relatively rare.

* 'operating' companies excludes Investment Trusts and Asset companies who do not have a broader C-Suite team to draw on and the needs of their boards are significantly different.

Appendix B

Our People and Culture online survey was shared with Women on Boards members who we know are already serving on a board. Respondents self-selected.

Respondents sitting on multiple boards were asked to complete the questionnaire for one board. Multiple submissions were permitted, so individuals may have submitted a response for each of their board seats.

(Percentages below may not total 100 due to rounding.)

Length of experience as a non-executive		
First term	1-3 years	34%
Second term	3-6 years	28%
Multiple terms	6 -10 years	22%
	10+ years	17%
Type of board (sector)		
Private Sector	Listed*	12%
	Investment Trust	3%
	Other private/ SME/ Start-up	22%
Public Sector	National public sector body*	7%
	Other local/regional public sector body	6%
	NHS organisation*	5%
University/Higher Education*		8%
Charity sector	Charity, £10+m turnover*	13%
	Charity, less than £10m turnover	24%
Diversity on the board		
Limited	Only one woman/under-represented group	10%
Moderate	Some diversity but quite limited	34%
Strong	Approx 40% female and ethnic minority representation	46%
Other	Strong on gender, no ethnic minority representation	10%
Remuneration Committee membership		
Yes	As a committee member	35%
	As Chair	16%
No		49%

*sectors classified as 'larger' organisations.

Chapter 2 - Part B - References

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Appendix C

This data is sourced from the Numerable data base.

We compare this year's data with Women on Boards and Protiviti's 2022 report '**The Hidden Truth**' for the FTSE All-Share ex350.

Comparison's with AIM listed company data are taken from Company Matter's 2020 report '**Board Diversity in AIM and FTSE Small cap companies**'.

	FTSE 100	FTSE 250	FTSE ex350 (235 firms)	FTSE All-Share (585 firms)	AIM listed firms (588 firms)
All male boards	0	0	4 (1.7%)	4 (1%)	108 (18%)
Below 33% women on boards	0	15 (6%)	37 (16%)	52 (9%)	236 (40%)
Outside FTSE Women Leaders Review target	19 (19%)	89 (36%)	97 (41%)	205 (35%)	428 (73%)
Women on boards average %	40%	41%	37%	39%	16%
Female executive board directors (excluding Co Sec)	33 (10%)	49 (9%)	27 (9%)	109 (9%)	189 (10%)
Female executive board directors (in-cluding Co Sec)	85 (27%)	123 (23%)	72 (5%)	280 (24%)	320 (17%)

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