STRENGTH THROUGH DIVERSITY

THE PIPELINE™

WOMENCOUNT2022

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

Contents

Foreword

Inequality is the greatest injustice. It can manifest between races, genders, and income groups. Inequality is a product of systemic failure, often across political systems, markets, education, and the business world. At every stage of my life, from the housing projects of New York to becoming the CEO of Xerox Corporation, I have seen how systems fail women, people of colour, low income individuals, and other disadvantaged groups.

In the United States, my home country, we have experienced significant upheaval since 2016. We have seen racial violence, gun violence, a reversal of gains made after years of progress, and a deeply divided public discourse. And yet, we can see signs of hope everywhere. New, enlightened attitudes are coming to the fore. Slowly but surely, we are making progress. As women, we are taking our rightful place at the top.

I wish that there was an easy solution to inequality. If there was a simple solution, we would be articulating, advocating and implementing it. But it starts with attitude and belief. It starts with CEOs ready to promote women, with men prepared to challenge their behaviors and attitudes, with companies able to see the potential for positive change, and doing something about it.

I understand from participants in The Pipeline's programmes that the experience and coaching can empower women.

That is why I am delighted to endorse this year's **Women Count** report. The findings and insights provide a valuable tool in the fight against inequality.

The struggle for equality takes many forms, but progress towards gender balance within the business world is a vital part of it. We are getting there, and we can be optimistic that one day we will arrive. In the words of the poet Amanda Gorman:

When day comes, we step out of the shade aflame and unafraid. The new dawn blooms as we free it.
For there is always light.
If only we're brave enough to see it.
If only we're brave enough to be it.

Ursula M. Burns

Ursula Burns
Chair of Teneo; Former CEO, Xerox Corporation

"The struggle for equality takes many forms, but progress towards gender balance within the business world is a vital part of it. We are getting there, and we can be optimistic that one day we will arrive."

"Our message is simple: recruit, retain and promote women by any means necessary. If you want to prosper, take a hammer to the glass ceiling in your firm. Don't just talk about it, but do something. Instead of a diversity policy, why not write an action plan?"

Letter from the authors…

Dear Reader,

Today's business leaders face seemingly unprecedented headwinds of economic turmoil, disruption to supply chains, rising commodity prices, and labour shortages. Rarely in history have CEOs confronted such a range of challenges at the same time. And yet we, as an economy, are wilfully missing out on a significant source of profitability, talent and innovation which is readily available within the system. To continue to systematically exclude women from Executive Committees and the most senior roles in top firms is an act of unbelievable folly.

Women Count 2022 looks at women on Executive Committees in the FTSE 350, their roles, and reveals their impact on the performance of those companies. Now in its seventh year, it paints a stark picture of what women are up against. 93% of the CEOs in FTSE 350 companies are men, proving yet again that meritocracy does not exist within our biggest companies.

Companies themselves, and the UK as a whole, are losing out on billions of pre-tax profit because the evidence shows that more women on Executive Committees equals more profits. If those companies in the FTSE 350 with fewer than a third women on their Executive Committees had more than a third, they would see £58 billion extra in pre-tax profits, thus benefitting the wider UK economy.

Women still face entrenched systemic barriers on their route to the top. More women have degrees than men, they leave school with better qualifications, and only 40% of working women in the UK have children aged 0-18 at home, so it is not about ability or caring responsibilities. The evidence speaks to a deep systemic problem that is not being addressed. Year-on-year results from Women Count show the idea that there is a meritocracy in business is just not borne out by the evidence. Daniel Markovits' book 'The Meritocracy Trap' shows that the concept of 'meritocracy' is still being used to exclude different people from power, reinforcing the dominance of men in boardrooms and in Executive Committees.

It gets worse. **Women Count 2022** also reveals the paucity of women in the stepping-stone roles that traditionally lead to the CEO seat. Even though more women are gaining accountancy qualifications, we have only seen a 2% rise in the number of female CFOs – a traditional recruiting ground for future CEOs.

Working over the last 10 years across all sectors The Pipeline have evidenced the continuing presence of subtle (and sometimes not-so-subtle) sexist attitudes and behaviours. Women often still find themselves as the only woman in the room as decisions are made, or even not in the room at all.

The tragedy is not just for individual women who are blocked from fulfilling their full potential. The real tragedy is that businesses are cutting themselves off from a pool of talent and potential growth. Businesses with diverse voices at the top, across gender, race, and class backgrounds, do better.

Our message is simple: recruit, retain and promote more women to sustain gender balanced teams at the top. If you want to prosper, take a hammer to the glass ceiling in your firm. Don't just talk about it, act, experiment, learn - but above all have zero tolerance for inhibiting behaviours. Being seen to act on bad behaviours is the greatest accelerant to your investment strategy in this area.

Retention is a major challenge within today's labour market, but the good news is when companies make the necessary changes towards gender equality, they often see the benefits immediately.

There is a clear link between diversity and innovation, at a time when innovation is the key to survival. For innovation to work within a company, there needs to be 'outsider' mindsets – people with different views, bringing fresh challenge and ideas to the table. The Nobel Prize-winning economist Paul Romer writes that:

'the thing about ideas is that they naturally inspire new ones. This is why places that facilitate idea-sharing tend to become more productive and innovative than those that don't. Because when ideas are shared the possibilities do not add up. They multiply.'

Never has innovation been so vital. We are living through technological advance at a faster pace than at any time in human history. Surely it is inconceivable that women's status and role within our top companies remain the same as it was decades ago? Surely there cannot be companies without any women in their leadership in ten years' time? When women occupy top roles in every area of modern life, it is bizarre that business overwhelmingly remains a male domain. Whether we look at Her Late Majesty Queen Elizabeth II, or England's European Cup-winning football team, women are showing they can lead from the top.

We call on the nation's business leaders to set out concrete plans to advance women within their ranks. If they don't, they will be damaging not only their reputation but their profit line, business prospects and society as a whole. It is in businesses' self-interest to act now, and when they do, we will applaud them every step of the way.

Margaret McDonagh & Lorna Fitzsimons

Co-Founders, The Pipeline

Executive Summary

Women Count 2022 is the seventh annual study of women executives, their roles on Executive Committees, and their impact on the performance of companies in the FTSE 350. Our research presents the picture at May 2022.

Today's business leaders face unprecedented challenges on a scale and of a complexity unknown to any previous generation. There is the fierce urgency to tackle climate change and move beyond our reliance on carbon. There is a technological and digital revolution shaping our daily lives and development as a society.

The global economic centre of gravity is shifting to the east and the south, and away from Europe. In the UK, we are finding our way outside the EU, and adapting to new terms of trade and shortages of labour. Major sectors of the economy, from the railways to hospitality, are struggling post-pandemic. Inflation is rising, interest rates are rising, energy prices are soaring into the stratosphere, and everyone is feeling the pinch of the cost-of-living crisis.

Competitive advantage is key, and yet British business is still failing to capitalise on a major proven source of productivity, innovation, and profitability; namely, employing more women at the most senior levels of their firms. As the pressures mount, it seems increasingly counter-intuitive to ignore women's potential.

Our report shows that men still dominate the top of the UK's major businesses. No matter how radical the changes some businesses have adopted in rapidly-shifting circumstances, one aspect that has not dramatically changed is that men take up the majority of senior roles within our most significant businesses.

There are still very few women Chief Executive Officers (CEOs) running FTSE 350 companies. In the FTSE 100 there are 89 male CEOs and 9 women CEOs. In the FTSE 250 there are 163 male CEOs and 10 female CEOs.*

That represents 91% men at the top of FTSE 100 firms and 9% women. For the FTSE 250 it's 94% men and 6% women.

If a time-travelling businessman from the 1950s, or even 1850s, appeared at the HQ of any FTSE 350 company he would be baffled and amazed by every aspect of modern business. Except for one. The 93% of companies that are led by a male CEO would seem perfectly normal. Our time traveller might be reassured that the decades had not dented male dominance. Despite every technological advancement, the men are still in charge.

Women Count 2022 shows that there are 11 more female CEOs this year compared to last year. Whilst this is the largest increase that we have reported it is still a tiny number overall. These appointments offset the decline in the percentage of female CEOs that we identified in previous years.

The percentage of women in Profit and Loss (P&L) roles in FTSE 350 companies is 16.1%. These are the positions with direct responsibility for the profitability of the organisation and returns for shareholders. They directly influence how companies allocate their resources, and it has been proven that these are stepping-stone roles to the top job. 16.1% is the highest percentage we have reported on, over seven years, but still well short of the 50-50 that would reflect wider society.

The three companies with the highest percentage of women on their Executive Committees this year are the same as last year: Law Debenture Corporation PLC, Dunelm Group PLC, and Halma PLC. Year-on-year, the relative change in the percentage of women on Executive Committees is 15.6%, an improvement on last year's 3.1%.

To survive and prosper in an era of turbulance and change, businesses must have diverse and balanced Executive Committees. Our report shows beyond doubt there is a link between profit and diversity. Yet the overwhelming majority of companies have failed to adequately address the issue of gender diversity. This is holding British business back, at a time when our top companies need every competitive advantage going.

**NB: The numbers above do not add up to 100/250/350 because not every organisation listed in the FTSE has a CEO, e.g. investment vehicles listed often have only an Investment Manager and no further staff. For the purposes of this report, we have not included these organisations.*

Key Themes

The UK economy is losing billions because of gender imbalance

- **Companies with more women at the top do better.** More women at the top would mean £900 million in pre-tax profit on average for each FTSE 350 company.

- **The UK is losing billions of pounds because of gender imbalance.** If the 120 companies with fewer than a quarter of their Executive Committees comprising women were to perform with the same profit margin as companies with more than a quarter of their Executive Committees comprising women, it would mean an **additional £54 billion income** to the UK economy.

- The pre-tax profit that could be gained by companies with less than a third women on their Executive Committees if they had over a third of women on their Executive Committees would mean **an extra £58 billion dividend** for the UK economy. These figures are roughly the equivalent of the UK's expenditure on schools in 2021/22, more than the defence budget, and triple what we spend on the police.

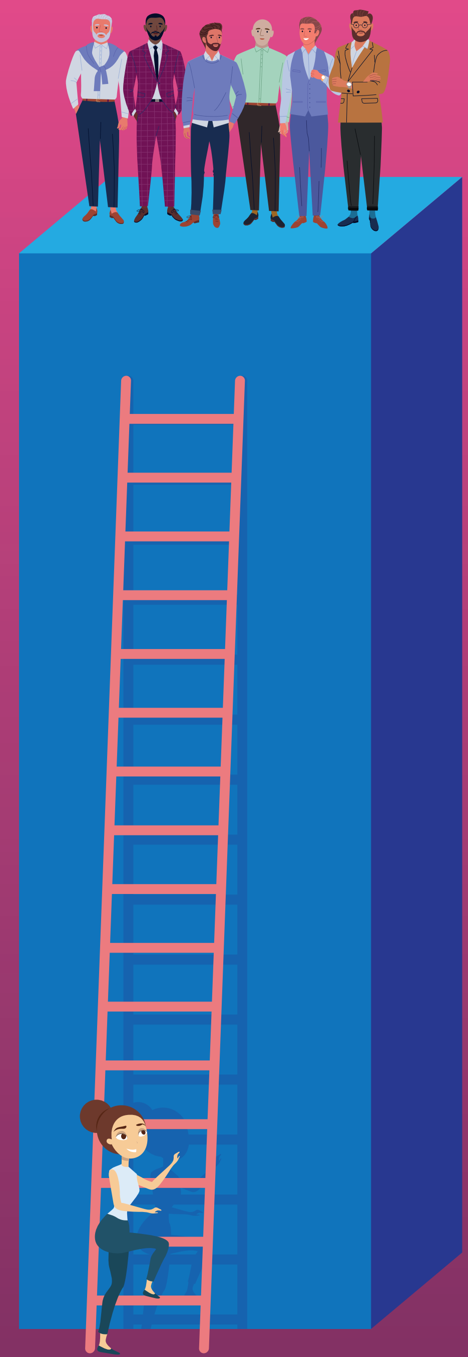
- If the 25 companies with no women on their Executive Committees were to perform at the same level even as companies with some, but fewer than a quarter, of women on their Executive Committees, there would be a 14.6% increase in pre-tax profit, **or £6.8 billion for the economy.**

- **In the UK, moving to balanced ExCos on the FTSE 350 could boost GDP by around 2.5%.**

Men continue to dominate the top of business

- **93% of the CEOs in FTSE 350 companies, some of our biggest household names, are men.** The causes are complex, rooted in outdated ideas and practices, but the result is that businesses are excluding the energy and talent that our brilliant businesswomen can bring to the top table.

- **This imbalance at the top of business will persist until we empower women in the pipeline, change systems, and challenge old thinking.** In the FTSE 350 companies, on average overall three-quarters of the members of Executive Committees are men, and a quarter are women. Three out of four executives working their way up are men, looking upwards to other men for leadership, guidance, and promotion. Women executives have far fewer female role-models and fewer opportunities for promotion.



Key Themes *continued*

- **The business-critical role of Chief Financial Officer (CFO) is far more likely to be filled by a man than a woman.** In the FTSE 350, 81% of CFOs are male, and 19% are women. There has been hardly any progress on gender equality in CFOs in recent years. Men are set to dominate these crucial roles in the future.

UK Business fails to promote women to key Profit and Loss roles

- **These are the roles with direct responsibility for the profitability of the company, resource management, and key strategic decision making. In these roles, talent is nurtured, and reputations made. This is the forge for future CEOs. Women are underrepresented in these vital roles.** In the FTSE 350, there are 1419 people in P&L roles. 1191 are men and 228 are women. That is 83.9% male and just 16.1% women.

- Nearly half of FTSE 350 companies have zero women in P&L roles. **This has a direct impact on women's chances of promotion and advancement within these companies, and sends a negative signal about the companies' practices and internal culture. There are no companies which do not have any men in these roles.**

Women are missing from the Executive Committees of British businesses

- **Our report shows that there are 2,354 executives on Executive Committees in the FTSE 350. Just 611 are women.** This means 74.1% of ExCo members are men and 25.9% are women. On many of these ExCos there are only a small handful of women, or even just a solitary female voice at the top table.

- **Most business main boards have no female executive directors on them at all.** In the FTSE 350, nearly 70% of companies have no female executive directors at all on their main boards. This number is steadily decreasing, showing that we are making slow progress, but it is still glacial.

- **The absence of women is self-perpetuating.** Male-dominated leadership teams tend to recruit and promote in their own likeness. **Women Count 2022** shows that companies with female CEOs are over four times more likely to appoint women executive directors onto their main board than companies with male CEOs. The proportion of female executives on the Main Board of a company with a female CEO is 55% compared to 13% where the CEO is male.

- **There are 25 companies out of 252 with Executive Committees (10%) with no women on them at all.**

The findings in detail

For this year's report we gained information from 330 companies in the FTSE 350 with 20 organisations not reporting. This is the highest number of respondents in seven years, which is a positive sign that companies are keeping better records, and that **Women Count** is an established entity within the business community.

There are too few female CEOs

The CEO of a company not only has huge responsibility for its success or failure, but also embodies the ethos, culture and reputation of the company. They are ambassadors for the company's mission and values. Who the CEO is, what they do and say, and how they appear in public, speaks volumes about firms. Some of the leading CEOs are more famous than their companies; they are walking, talking brands, with tens of thousands of followers on social media and regular slots in the media.

Within the organisation, the CEO sets the internal culture, makes the big calls, and shapes the structure and direction of the company. It can be a tough, demanding, challenging but ultimately rewarding role. It can be exposed and lonely at the top. Uneasy lies the head that wears the crown. The modern CEO needs a range of skills, from hard-nosed financial acumen to collaborative working, team-building, and alliance forging; from strategic vision to driving performance.

Therefore, the most glaring of our findings is how few female CEOs there are. As we have seen, *Figures 1 and 2* show that 93% of CEOs in the FTSE 350 are men. There are complex sociological reasons for this, but the result is simple: companies are missing out on brilliant leaders, just because of their gender, and companies are doing worse as a result.

At *Figure 3* we can see that this indefensible situation has persisted over the time of our reports. In the FTSE 100 in 2018 there were 92 male CEOs and today there are 89. In the FTSE 100 in 2018 there were 7 female CEOs, and today there are 9.

Absolute and % of male and female CEOs 2022

	FTSE 100	FTSE 250
Number of Male CEOs	89	163
Number of Female CEOs	9	10
Number of CEOs	98	173
Percentage of Male CEOs	91%	94%
Percentage of Female CEOs	9%	6%

Figure 1 - Absolute and percentage of male and female CEOs 2022

Number of CEOs by Gender - FTSE 350

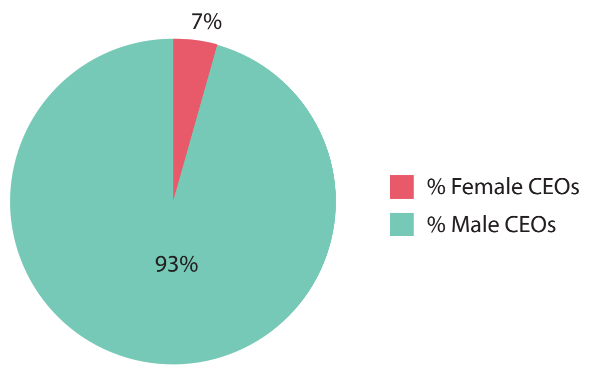


Figure 2 - Proportion of CEOs by gender – FTSE 350

The findings in detail *continued*

Things have simply not improved

This year, out of a total 271 identifiable CEOs in the FTSE 350, the number of male CEOs stands at 252 (93%) and the number of female CEO's stands at 19 (7%), up by 11 from last year. Whilst this is the largest increase that we have reported it is still a tiny number overall..

There are 79 investment trusts/investment management companies that do not have CEOs but have investment managers instead. Only 6% of CEOs in the FTSE 250 are female compared with 9% in the FTSE 100.

There are almost as many male CEOs named John as female CEOs in the FTSE 250

FTSE 100

In the FTSE 100, *Figure 3* shows that the number of female CEOs has increased by three since last year's report (from 6 in 2021 to 9 in 2022). However, this number looks likely to fall again with the departure of Alison Brittain from Whitbread early next year.

FTSE 250

Taking the FTSE 250, we can see there are eight more female CEOs than in 2021 (from 2 to 10, out of a total of 173). However, this is only two more than 2020. *Figure 4* shows there are almost as many male CEOs named John (8) as there are female CEOs (10) in the FTSE 250.

FTSE 350

In the FTSE 350, as shown in *Figure 5*, the overall number of female CEOs is up by 11, but only up five since 2018. Only 7% of CEOs in the FTSE 350 are women.

The number of female CEOs in the FTSE 350 has increased to 19, the highest number that we have reported on. The percentage of female CEOs in the FTSE 350 over the years previously indicated a decreasing trend. However, we can be hopeful that this is improving, even though we are still nowhere near parity.

Investment Managers

Of the 79 investment trusts/investment management companies, 78 reported the gender of their Investment

Absolute and % of male and female CEO's in FTSE 100 for 2018 - 2022

	2018	2019	2020	2021	2022
Number of Male CEOs	92	93	95	92	89
Number of Female CEOs	7	6	4	6	9
% Male CEOs	93%	94%	96%	94%	91%
% Female CEOs	7%	6%	4%	6%	9%

Figure 3 - FTSE 100 CEOs by gender (2018 – 2022)

There are almost as many male CEOs named John (8) as there are female CEOs (10) in the FTSE 250

Figure 4 - Number of female CEOs compared to CEOs named John in the FTSE 250

The findings in detail *continued*

Managers. There are no female Investment Managers in the FTSE 100 and only 1 overall in the FTSE 350 (of those that have been reported in our dataset).

A reduced pipeline for female CEOs

One reason for this absence of progress is the lack of women in roles which lead to the top jobs, as the next set of findings show.

The typical path for a CEO is to move from the FTSE 250 to the FTSE 100. Therefore, if there are only a small number of female CEOs in the FTSE 250, there will be a reduced pipeline of female CEOs into the FTSE 100.

There are too few women in senior roles

We looked at how many women there are in senior roles below the level of CEOs. These roles might reasonably be seen as the pipeline for women into the top jobs. We found a huge gender gap in the number of women on Executive Committees, and in profit and loss roles, as we can see at *Figure 6*.

Executive Committee and Profit & Loss Statistics – FTSE 350

Women are systematically excluded from these key roles in the pipeline, despite some slow progress from a low base.

There are too few women Chief Financial Officers (CFOs)

For example, we researched the numbers of women serving as CFO, a role which is often a stepping-stone to the top job. As *Figure 7* shows, 81% of CFOs are men and just 19% are women, reducing the supply of talented, experienced women who are in a position to become the boss.

There has been some progress, but as ever, too sluggish to give hope for a significant change in culture within the next five or ten years without major interventions.

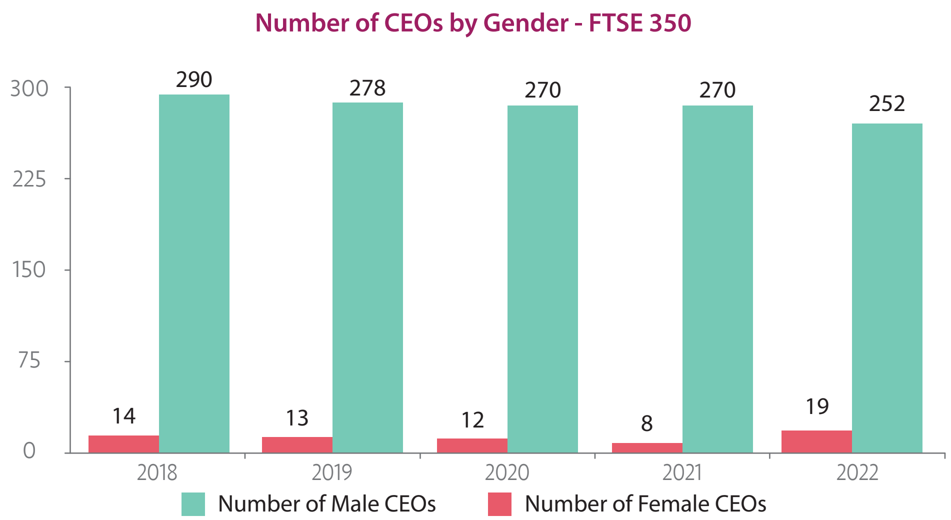


Figure 5 - Number of CEOs FTSE 350 (2018 – 2022)

Executive Committee and Profit & Loss Roles – FTSE 350

	2017	2018	2019	2020	2021	2022
Number of Execs on Committees	2227	2064	2121	2180	2199	2354
Number of Female Execs on Committees	352	335	390	446	494	611
Number of Women in P&L roles				150	154	228
Number of Men in P&L roles				1315	1247	1191
% P&L roles - Women				10%	11%	16%
% P&L roles - Men				90%	89%	84%

Figure 6 – Executive Committee and Profit & Loss Roles (2017 – 2022)

The findings in detail *continued*

There are too few women on Executive Committees

Broadening our focus from CEOs and CFOs, we looked at Executive Committees (or 'ExCos' in the jargon) to see how well women are represented at executive level. *Figure 8* shows how many women there are on Executive Committees, and how companies compare. Women are starkly underrepresented. Roughly, three-quarters of business executives in the top 350 firms are men, and one-quarter women.

Executive Committee Statistics 2022

How has this picture changed over time? We can see there has been a modest but encouraging increase in the numbers of women executives over the past six years.

Comparison of Executive Committee Statistics over Time

This year the overall percentage of female executives is 26.5%. As we can see in *Figure 9* there is in increasing trend in the proportion of female executives across the FTSE 350, 250 and 100, (apart from a dip in 2018 in the FTSE 250).

The FTSE 250 has also seen a smaller relative change in comparison to the FTSE 100 and FTSE 350 overall. The relative change has seen the most improvement in the FTSE 100 with last year's percentage being 3.1% but this year the relative change is 15.6%.

We can estimate that on current trends it will take until the year 2030 to achieve a balanced 50-50 split between women and men on the executives of Britain's top firms. Last year, we estimated that it would take until 2036, so we should recognise steady progress towards equality. Of course, this is just an estimate not clairvoyance, and things may slow down or even go into reverse.

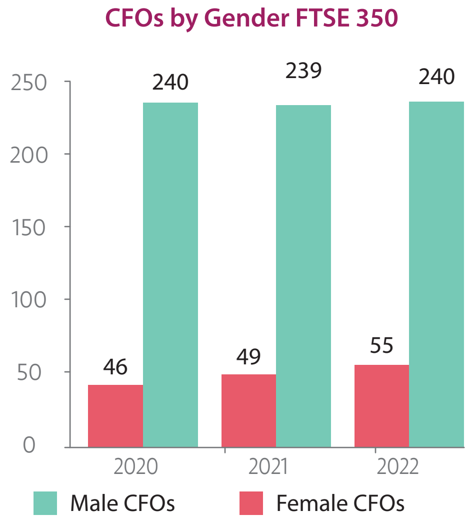


Figure 7 - Number of CFOs split by gender for FTSE 350 (2020-2022)

Executives on ExCos by Gender 2022	FTSE 100	FTSE 250	FTSE 350
Number of Executives	1006	1348	2354
Number of Female Executives	268	343	611
Number of Male Executives	738	1005	1743
% Female Executives	27%	25%	26%
% Male Executives	73%	75%	74%

Figure 8 - Figures for Executive Committees (2022)

The findings in detail *continued*

Our report looks at the companies themselves and the proportion of women on their Executive Committees. The good news is that the number of companies in the FTSE 350 with more than half of executives who are women has doubled. The bad news is that the number of companies with no women at all has actually increased. We wonder what goes through the minds of men sitting on an all-male Executive Committee. We know what goes through the minds of the women watching through the glass.

Executive Committees – top three

The top three companies with the highest percentage of women on their Executive Committees are: Law Debenture Corp, Dunelm Group PLC and Halma PLC. These are the same companies as last year.

There are 25 companies with no women on their Executive Committees. At The Pipeline we believe it is totally unacceptable for any company, regardless of history, sector or business model, to have no women whatsoever in its top team.

Profit and Loss roles: even in times of turmoil, more women equal more profit

Gender diverse companies outperform their competitors. This has been supported by many studies, and corroborated by the latest report by McKinsey & Co which suggests the case for diversity is more robust than ever:

'the relationship between diversity on executive teams and the likelihood of financial outperformance has strengthened over time.'

Figure 9 - FTSE ExCo breakdown by gender (2017 – 2022)

The findings in detail *continued*

There is something about a top table with a range of talented people from different genders, ethnicities, races and class backgrounds which leads to better decision-making. It is healthy and productive to have disparate insights and experiences at the top. Monocultures can lead to group-think, and outdated assumptions about the way the world works.

Women Count 2022 examines the performance of companies based on the number of women on their Executive Committees, as shown in *Figure 10*. Even with all the upheaval of the pandemic, with most firms under extreme pressure, the uncertainties of life beyond Brexit, and the challenges of automation and digitalisation, companies led by diverse teams do disproportionately better. *Figure 11* shows those companies with 50% of women on the ExCo had the highest profit margin, and companies with 25%-49% women had the second-highest profit margin. The strongest argument for gender balance in British business remains the positive impact of women on company profits.

Impact on Performance – FTSE 350

There has been an increase in profit margin across all three categories measured, which is to be expected following the challenging results across all sectors in 2021 as the economy buckled under the pandemic. However, as with 2021 – and indeed with every previous year – companies that do have female executives on their ExCos outperform companies that do not. And companies that have more than 25% of their ExCo seats taken by women perform even better still as shown in *Figure 12*.

If the 120 companies with less than 25% women on their ExCo were to perform with the same profit margin as those companies with more than 25% women on their ExCo, this would mean an additional £54 billion in pre-tax profit for the UK economy, and an additional £900 million in pre-tax profit for each of these companies on average.

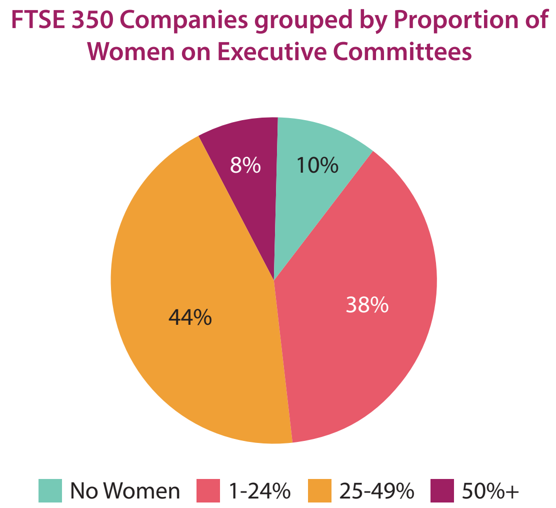


Figure 10 – FTSE 350 companies grouped by proportion of women on Executive Committees

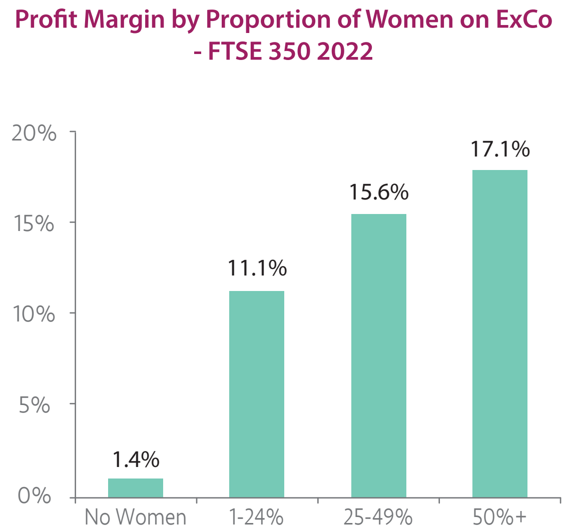


Figure 11 – Average profit margins by proportion of women on ExCo for the FTSE 350 (2022)

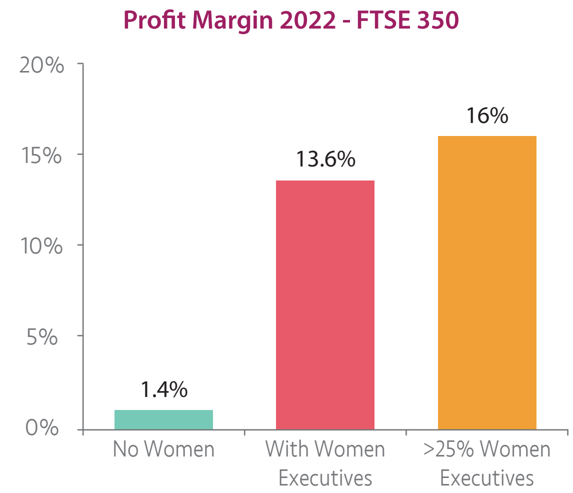


Figure 12 - Profit margin FTSE 350 (2022)

The findings in detail *continued*

If the 25 companies with no women were to perform at the same level as companies with more than 25% of women on their ExCo, *Figure 13* shows that there is 14.6% more pre-tax profit (£6.8 billion for the economy) that could be gained, whereas last year it was 23.1% more pre-tax profit (£6.7 billion for the economy).

There is over nine times the percentage profit margin available on average for those companies with between a third (13.5%) and no women (1.4%) on their ExCo. There is a staggering difference of a 43.5% gap in profit margin between the 25 companies with no women on their ExCo and the three companies with more than 67% women on their ExCo. We are again seeing high numbers when it comes to the potential pre-tax profit that could be made for the companies with no women executives if they performed with the same profit margins as companies with women executives.

If the 25 companies with no women were to perform at the same level as companies with less than 33% of women on their ExCo, there is 12.3% more pre-tax profit (£5.7 billion for the economy) that could be gained in 2022. That would mean an additional £229 million in pre-tax profit for each of these companies on average.

If all 187 companies with less than 33% women on their ExCo were to perform with the same profit margin as those companies with more than 33% women on their ExCo, this would mean an additional £58 billion in pre-tax profit for the UK economy, and an additional £48 million in pre-tax profit for each company on average.

Comparison of Profit Margin Over Time (2017 – 2022)

As seen in *Figure 14*, this year there is almost a threefold increase in profit margins for companies with more than 25% women on their ExCo compared to 2021. There has

What was the impact of female executives on company results?

	2017	2018	2019	2020	2021	2022
No Women	3.2%	8.9%	6.1%	1.5%	-17.5%	1.4%
With Women Executives	4.2%	11.2%	12%	8.3%	3.4%	13.6%
>25% Women Executives	6.3%	13.9%	14.1%	10.6%	5.5%	16%

Figure 13 - Profit margin percentage by banding of women on ExCo

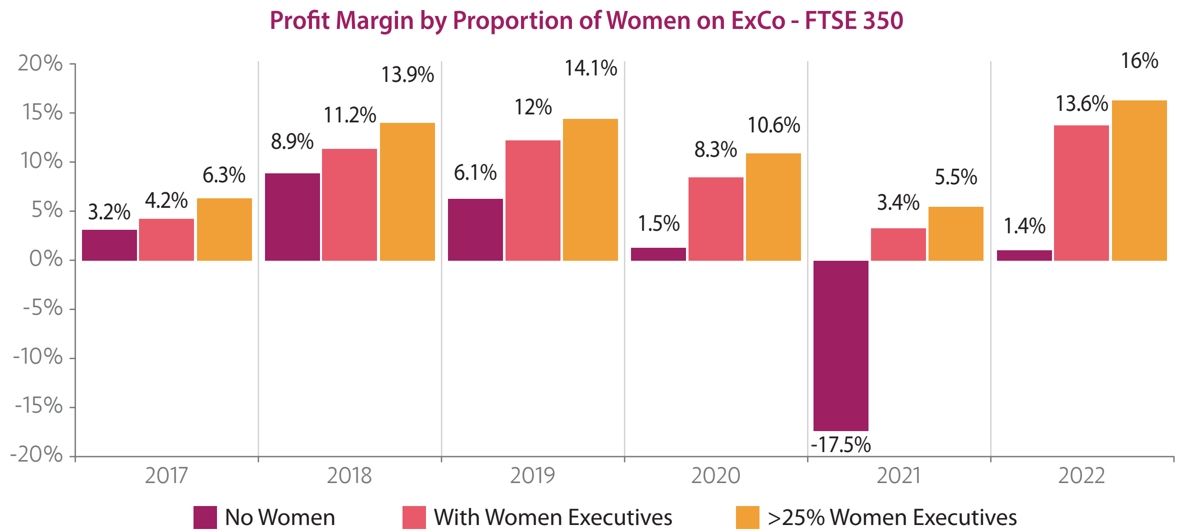


Figure 14 - Profit margin by proportion of women on ExCo FTSE 350 (2017 - 2022)

The findings in detail *continued*

been an overall increase in profits and companies with female executives seeing an increase of 10.2%.

The profit margin drop to minus 17.5% in 2021 for companies with no women on their ExCos is caused by data from two sectors in particular: accommodation and food service industries, and transportation and storage. Both sectors were severely impacted by the Covid-19 pandemic.

The specific companies with negative profit margins in 2021 were the cruise operator Carnival (with a drop in profit of £767.82 million), National Express Group, and Just Eat.

The virtuous spiral: women promote women

One practical method to promote women is simply to promote women. Once women secure senior roles, they can rapidly change internal cultures, structures and systems, and send a clear signal that women are welcome at the top. The presence of women in the most senior roles can tackle taboos and out-dated attitudes. Women performing highly in visible and critical roles is the best answer to corporate dinosaurs.

Figure 15 shows that companies with female CEOs are over 4x more likely than those with male CEOs to appoint women executives to their main company boards. This is important because when women executives are appointed to main boards, they have exposure to the Chair and other non-executive directors on a regular basis, and these are the people who in turn will appoint future CEOs.

Female CEOs are also consistently more likely to appoint more women to their Executive Committees (*Figure 16*), and to P&L Roles (*Figure 17*).

Hiring brilliant, resilient, talented women at the top opens the pipeline for other women on the way up.

Female CEOs appoint more Female Executives to their Main Boards

FTSE 350	Execs on Main Board	Female Execs on Main Board	% Execs on Boards that are Female
Female CEOs	42	23	55%
Male CEOs	579	74	13%

Figure 15 - Executives on Main Boards by Gender of CEO FTSE 350 (2022)

Female CEOs appoint more Female Executives to their ExCo

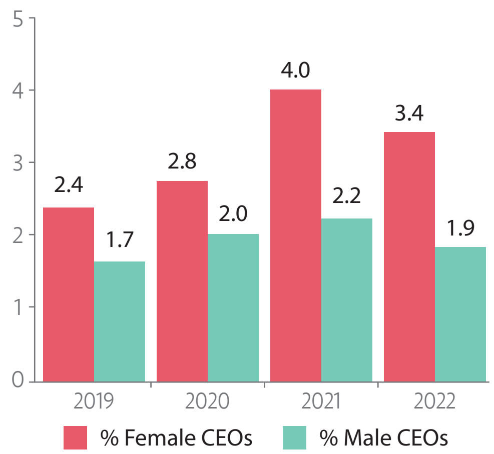


Figure 16 – Average number of Female Executives by CEO Gender

Female CEOs appoint more Women to P&L Roles

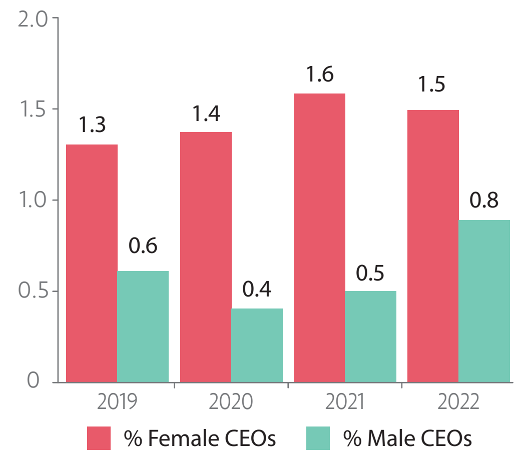


Figure 17 – Average number of Women in P&L Roles by CEO Gender


THE PIPELINE
The Pane

Our Conclusions

Women Make Good Business

The only sensible conclusion to draw from **Women Count 2022** is that women remain significantly underrepresented at the top of British businesses. Despite the upheaval of Covid-19, the growing awareness of sexism and racism in the workplace, endless diversity statements and millions of well-intentioned words, men unjustly dominate the very top of business, doing business with people who look and sound like themselves.

This situation is not going to change dramatically any time soon. There has been some slow progress, but not at a rate that can give us much comfort. We are not seeing the kind of seismic change that would achieve gender balance on our company boards and on Executive Committees. We are not seeing enough women promoted to key roles responsible for profit and loss. We are not seeing enough women serving as CFOs or Chief Operating Officers (COOs) or other roles which can act as a stepping stone to the top jobs. Not enough women are coming through the pipeline of our top FTSE 350 companies.

This absence of gender balance is bad for business. It holds back individual companies, but it also holds back UK PLC. After years of slow and sclerotic growth in the UK economy, the Office of Budget Responsibility (OBR) predicts continuing low growth rates for the rest of the decade. This low growth rate is coupled with rising inflation and costs for businesses and consumers. We are set for a decade of economic turbulence and challenge. Achieving more women in the boardroom is one sure way for businesses to weather the coming economic storms.

There is a growing body of evidence that more diversity at senior levels brings economic benefits. For example, International Monetary Fund (IMF) research looked at 2 million firms in 34 European countries and found that the more women there are at the top, the more profitable companies are. They found that for each woman added to existing boards (without increasing the size of the board) there is between 8 and 13 points higher return on assets. McKinsey & Co showed that companies in the upper quartile for gender diversity on executive teams are 21% more likely to outperform on profitability and 27% more likely to have 'superior value creation'. Grant Thornton highlighted that companies with diverse executive teams outperform competitors run by men only.

In the UK, that means that moving to balanced Executive Committees on the FTSE 350 could boost GDP by around 2.5%.

Each year, the UK is losing the equivalent of more than the defence budget, the entire schools budget, and triple the police budget, because of gender imbalance at the top of our companies.

Of course, there is more to modern British business than profit and loss. Most take their responsibilities to their workers, suppliers, consumers, to the community, and to the planet seriously. Most businesses have policies to promote their environment, social, and corporate governance (ESG) responsibilities. Most have policies to promote diversity and inclusion within their structures.

Promoting and supporting women in senior roles must become a priority for every company's senior leadership. It should be core business. Every senior leader must tackle the cultures and practices which exclude talented women. If you look around your boardroom table and see too few, or even zero, women, then it is your responsibility to do something about it.

We do not suffer from a lack of policies and statements. Most male-dominated companies can point to their diversity and inclusion policy. But the true test of policy is its impact on the individual. It may take legislation to force companies into action. New regulations may be required to fix decades of inequality. This may include hard targets for numbers of women CEOs, on Executive Committees, in P&L roles, and at every step on the career ladder. Let's not wait for that legislation, let's act now!

Our work at The Pipeline has shown over many years that positive interventions can support women, give women the practical tools to advance, and break down barriers. We work to empower women from diverse backgrounds of class and race to achieve their full potential.

As **Women Count 2022** shows, when more women are operating at senior levels, it means more women follow. Women are often open to recruiting other women. Women are more likely to consider applying for senior roles if they see other women in those roles. The old cultures of casual sexism and decision-making in male-only spaces can be swept into the dustbin with the presence of women at the top. There is a tipping point where more women in the boardroom creates a new, more positive, more productive, and more profitable atmosphere within companies, making them significantly better places to work.

We know there are immediate steps companies can take. For example, putting Human Resource Directors (HRDs) on the main board can place gender diversity on the agenda. Women account for three-quarters of HRDs but only 3% serve on boards. Putting your HRD on the board can happen immediately, as a first step.

Legislation is coming down the track. But companies must act now. Surely it is a national disgrace that there are still companies with zero women on the board, and a matter of acute embarrassment for those companies. Where companies have created a better gender balance, and therefore more profits, this should be celebrated. There is really no excuse for exclusion when so many organisations have shown the benefits of inclusion.

The UK faces an uncertain future. We are finding our way outside the European Union (EU). We are coping with the shock of the Covid-19 pandemic. Automation and digitalisation are changing every aspect of life. The climate emergency is changing our weather and confronting us with the necessity of cutting carbon. We need every drop of talent and enterprise, every entrepreneurial spirit and enlightened leadership to flourish. Excluding women from the top of business is a brake slowing us down, when we need to accelerate. It is time for change.

Recommendations for change

It starts at the top. The Chief Executive Officer (CEO) of each company in the FTSE 350 must own and lead action on gender balance. The behaviour of the CEO sets the tone on this agenda. Without the example and leadership of the CEO, then all efforts will ultimately falter and fail.

Set targets. Companies need to have targets for the numbers of women they want at each level of the organisation. Having clear targets creates a climate of accountability, shared goals, and an impetus for action.

Male 'allyship' is crucial. Men within companies have a major responsibility for their actions and behaviours. Men must buy into the drive for gender balance with more than lip service. It cannot be left to women alone.

Zero tolerance on bad behaviour. There must be a zero tolerance approach to the behaviours and cultures which prevent women from reaching the top of companies.

About The Pipeline

STRENGTH THROUGH DIVERSITY

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

ABOUT THE AUTHORS

Margaret McDonagh – Co-Founder, The Pipeline

Margaret is a dynamic businesswoman, board member, and member of the House of Lords. She has enjoyed a successful corporate career as a non-executive director for Standard Life, and for the Spanish infrastructure company Abertis-TBI (global airports). Since 2021 she has also sat on the board of The Bank of London. Margaret was the founding Chairperson of Smart Energy GB. She supports several charities including the AFC Wimbledon Foundation, and the Orthopaedic Research and Education Fund, which uses 'big data' to improve patient outcomes. Margaret McDonagh is a global expert in leading big campaigns. She ran Labour's 1997 and 2001 General Election campaigns, which produced the most successful results for any political party in British history.

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Lorna Fitzsimons – Co-Founder, The Pipeline

Lorna Fitzsimons is a valued and trusted adviser to blue chip companies, and to the UK Civil Service, on gender diversity and developing talent. She is a board member of the UK Fashion Textiles Association (UKFT), the Greater Manchester Local Enterprise Partnership, and a trustee of the charity SHINE. Lorna is deeply committed to unlocking women's potential at the top of corporate Britain and realising growth in the Northern Powerhouse. She was founder and director of The Alliance Project, a £150m public/private partnership to bring back textile manufacturing to the UK. She was CEO of the Britain Israel Communications and Research Centre (BICOM), leading it to become an internationally-renowned centre of excellence. Lorna was a visiting fellow at the Defence Academy's Advanced Research and Assessment Group. Between 1997 and 2005 she was a Member of Parliament.

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GET IN TOUCH

We'd love to hear from you. Please get in touch with Kathryn Gallan, The Pipeline's Head of Client Development, on **kathryn@execpipeline.com** or **020 7636 9002.** Kathryn is responsible for liaising with organisations to help answer questions around our open or bespoke programmes and to match you to the right solution.

What we offer

Top Flight is unique in being designed specifically to reduce the exodus of senior female executives from the workplace. Most executive leadership programmes are designed either by men, or for men, and so don't tackle the fundamental issues that cause women to leave. Top Flight is different. Since 2014, more than 180 senior female executives have taken part in this exclusive programme. Participants join us for one year, kicking off with a three-day session in January, and thereafter in every alternative month, and are introduced to thought-provoking group sessions led by inspirational business leaders. They also experience one-to-one coaching and career planning sessions.

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

Leadership Summit: We find at the middle-management level, women are most likely to get stuck in an 'attainment trap' whereas they need to be displaying 'leadership potential'. On the three-day intensive Leadership Summit programmes, we help participants build personal brands, improve their communications skills, understand the power of networking and the importance of recruiting sponsors. We also help them to question underlying assumptions in strategic and financial plans. This is a practical programme and participants leave with a 3-year career plan, which is followed up with a 3-month coaching session. Within 6 months of undertaking the programme, on average 48% of all participants are achieving a promotion or a stretch role. More than 1,500 women have attended a Leadership Summit programme since 2015.

There has been little progress in achieving gender diversity at senior levels. However, improving the representation of Black and Asian women is an even bigger challenge. In response, The Pipeline has created the Leadership Summit for Ethnic Minority Women specifically aimed at helping organisations to retain and promote their talented women of colour. Before attending one of these programmes, on average only 27% of Black and Asian participants would apply for a promotion. This figure jumped to 84% of participants after attending our programme.

Leading Diverse Teams: Talent is distributed equally across gender, race and class. Yet, whilst organisations recognise how to identify potential in their male employees, they are less able to spot, develop and promote female executive talent. All too often organisations apply the same mind-set and processes they use to develop men for developing female talent when it's shown not to work. Building diverse teams is not an innate skill that all managers have, but it can be learned.

That's why The Pipeline is offering something that works – a programme of training to show senior leaders and managers how to develop women and maximise the potential of female executive talent. In so doing it increases understanding and builds confidence in managers and leaders to tackle difficult conversations.

GENIE™

GENIE™ is a purpose-built diversity and inclusion diagnostic tool. It has been developed on the highest quality primary and secondary academic research. The advanced survey methodology helps us to better appreciate the barriers we know to exist in organisations. GENIE™ then provides the data and insights necessary to achieve improved performance through diversity and inclusion at all levels in the workplace.

Unlike other Diversity and Inclusion diagnostic tools, GENIE™ is much more than a rather bland and routine engagement survey. It shows how the culture affects organisations' ability to become more productive, effective, and efficient. These three things are the critical measure of a high-performing diverse team. GENIE™ shows how to make different decisions that affect whole organisations, helping to future-proof competitiveness.

Our Methodology

Women Count 2022 is the seventh annual report by The Pipeline on the role, value, and number of women executive directors on FTSE 350 Executive Committees and main company boards. The data we present in this report has been gathered through a mix of methods, including researching company websites, annual reports and other company communications, at May 2022.

When we refer to female CEOs in May 2022, the companies and the women we refer to are shown in *Figure 18*.

We use a fixed point in the calendar for our annual count so we can observe year-on-year comparisons. In the FTSE 350, 94.3% companies published full details on their Executive Committees.

For seven years we can show that FTSE companies with women on Executive Committees have higher profit margins than those with no women at the same levels. These findings are consistent with research conducted by the IMF, McKinsey & Co, and other trusted organisations.

When we talk about company 'boards', we are clear on the differences between companies' constitutions. An Executive Committee or 'ExCo' is the group of senior employees who lead an organisation and manage it on a day-to-day basis. This can sometimes be referred to as a Management Committee or Senior Leadership Team. This would typically comprise the Chief Executive Officer (CEO), plus various other chief officers such as Chief Finance Officer (CFO), Chief Marketing Officer (CMO), Chief People Officer (CPO), and so on. These are all employees of the organisation, and may have different job titles to those above, while covering the same roles. Collectively they would be referred to as Executive Directors.

A Main Board is responsible for the governance and strategic direction of an organisation (but not the day-to-day management), as well as recruitment of senior executives such as the CEO. The Main Board is made up of Non-Executive Directors (NEDs), who are not employees of the company. There are usually a small number of Executive Directors who also sit on the Main Board – usually the CEO, CFO and perhaps others.

Company Name	FTSE 100	FTSE 250	Name
Admiral Group PLC	1		Milena Mondini de Focatlis
AVIVA PLC	1		Amanda Blanc
Darktrace PLC		1	Poppy Gustafsson
Direct Line Insurance Group PLC		1	Penny James
Entain PLC	1		Jette Nygaard-Anderson
Future PLC		1	Zillah Byng-Thorne
GSK PLC	1		Dame Emma Walmsely
Grainger PLC		1	Helen Gordon
Hammerson PLC		1	Rita-Rose Gagne
Harbour Energy PLC		1	Linda Z. Cook
IG Group Holdings PLC		1	June Felix
ITV PLC	1		Dame Carolyn McCall
NatWest Group PLC	1		Alison Rose
Pennon Group PLC		1	Susan Davy
PureTech Health PLC		1	Daphne Zohar
Severn Trent PLC	1		Liv Garfield
Taylor Wimpey PLC	1		Jennie Daly
Tyman PLC		1	Jo Hallas
Whitbread PLC	1		Alison Brittain*

** Alison Brittain will be leaving Whitbread PLC at the end of the financial year 2022-23*

Figure 18 - Female CEOs in the FTSE 100 and FTSE 250

We are interested in the people occupying these roles because executives on Main Boards work with Board members who choose the next CEO, and therefore may have an advantage over outsiders. We are therefore interested in how many women comprise the executives on companies' Main Boards.

In the 2022 dataset out of the 330 companies that did report on their Executive Committees, 79 are investment trusts/management. These companies say they do not have the same governance structure as others. They have no Executive Committee but instead an investment manager. These roles are excluded from the calculations to allow a fair comparison.

When we refer to Net Profit Margin we mean the ratio of net profits, before tax, to turnover (i.e. revenue). Expressed as a percentage, Net Profit Margin expresses how much of each pound collected in revenue is converted into profit. Our calculations are consistent with previous methods used over the years.

For the purposes of our report, we identify the following roles as having 'profit and loss' or 'P&L' responsibilities: Chief Executive Officer, Deputy Chief Executive, Chief Finance Officer, Finance Director, Managing Director, President, Executive Vice-President, Senior Vice-President, Director of a product, division, country or region, Chief Operating Officer, Chief Supply Chain Officer, Chief Commercial Officer, Sales Director, and Trading/Merchandising Director. We also looked beyond job titles and analysed biographies on company websites to determine if roles were responsible for running P&L accounts.

The report focuses on women executive directors only, and not non-executive directors (NEDS), who sit on boards with a different range of responsibilities than those responsible for the operation of the company.

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Thank you to **Margaret Edge** for her expertise and editorial input.

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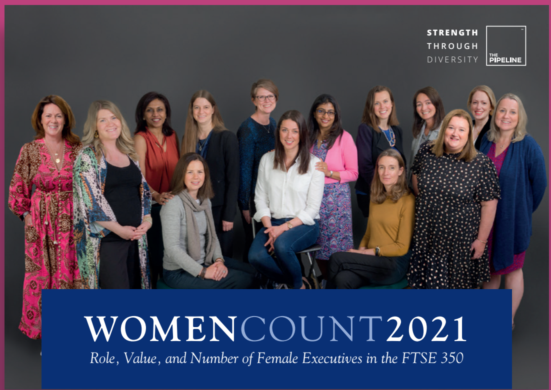
We would like to thank our partners **BLJ London**, including **Lauren Adair, Fay Murray,** and **Sarah Bridge**, for all their hard work in delivering and promoting our report.

Thank you to **Geoff Wilson** for the photography.

Lastly, thank you to the participants in our 2022 programmes, and to all the talented women who are ready to lead.

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



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