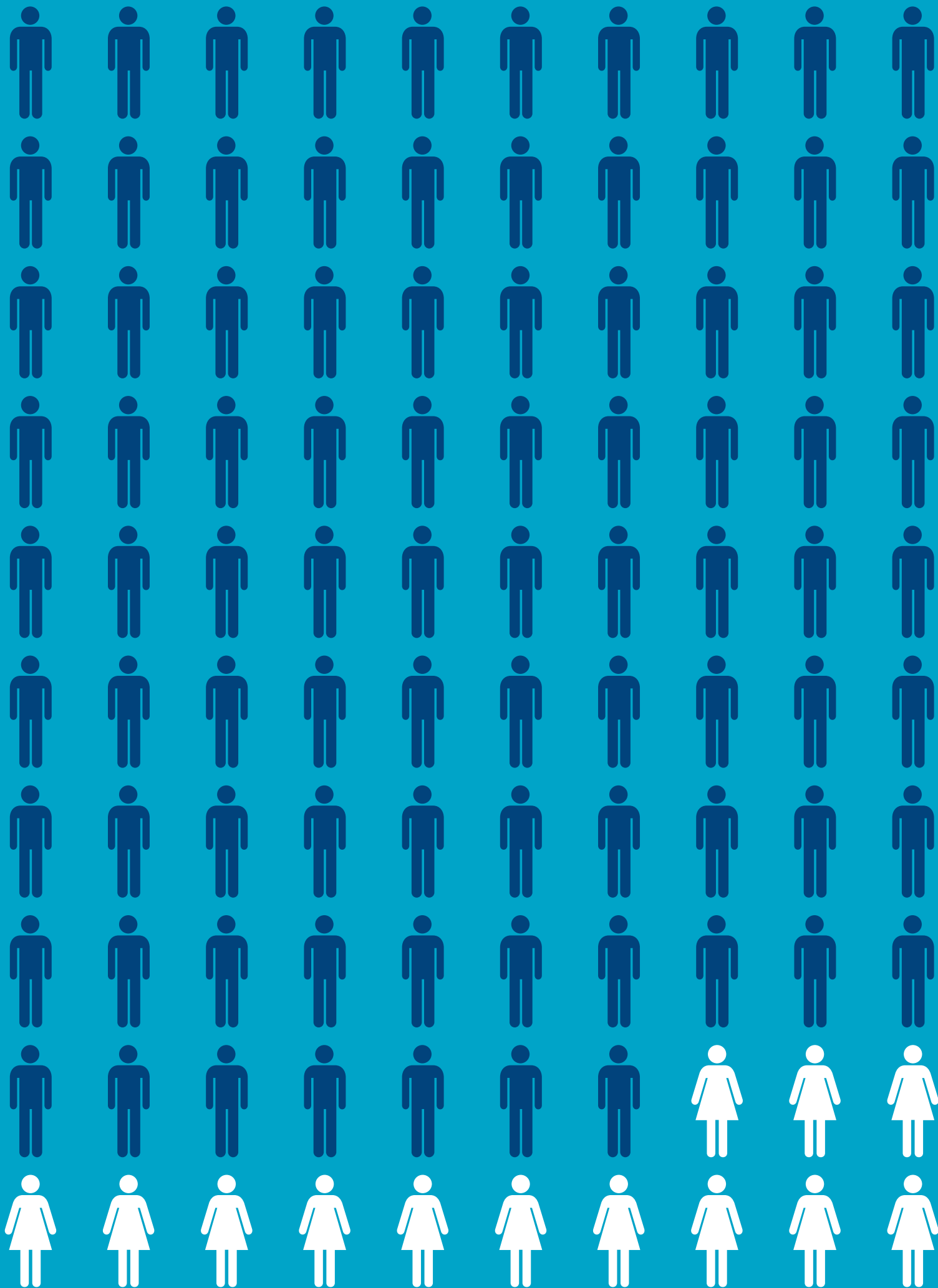


Women on boards February 2011



FTSE 100 boards. 87.5% men. 12.5% women.

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Foreword

Corporate boards perform better when they include the best people who come from a range of perspectives and backgrounds.

The boardroom is where strategic decisions are made, governance applied and risk overseen. It is therefore imperative that boards are made up of competent high calibre individuals who together offer a mix of skills, experiences and backgrounds. Board appointments must always be made on merit, with the best qualified person getting the job. But, given the long record of women achieving the highest qualifications and leadership positions in many walks of life, the poor representation of women on boards, relative to their male counterparts, has raised questions about whether board recruitment is in practice based on skills, experience and performance. This report presents practical recommendations to address this imbalance.

During the course of this review some people told us that the only way we could make real change in increasing the number of women on boards was by introducing quotas. They said that other routes have already been tried, but women still remain a small minority on UK boards. Many other people told us that quotas would not be their preferred option as they did not want to see tokenism prevail. On balance the decision has been made not to recommend quotas. Government must reserve the right to introduce more prescriptive alternatives if the recommended business-led approach does not achieve significant change.

A handwritten signature in black ink that reads "E. Mervyn Davies". The signature is written in a cursive, slightly stylized hand.

Lord Davies of Abersoch, CBE

Executive summary

In 2010 women made up only 12.5% of the members of the corporate boards of FTSE 100 companies. This was up from 9.4% in 2004. But the rate of increase is too slow.

The business case for increasing the number of women on corporate boards is clear. Women are successful at university and in their early careers, but attrition rates increase as they progress through an organisation. When women are so under-represented on corporate boards, companies are missing out, as they are unable to draw from the widest possible range of talent. Evidence suggests that companies with a strong female representation at board and top management level perform better than those without¹ and that gender-diverse boards have a positive impact on performance.² It is clear that boards make better decisions where a range of voices, drawing on different life experiences, can be heard. That mix of voices must include women.

The importance of improving the gender balance of corporate boards is increasingly recognised across the world. Some countries, including France and Italy, are considering significant action and some, including Norway, Spain and Australia, have made significant steps already.

A report by the Equality and Human Rights Commission (2008) suggested that at the current rate of change it will take more than 70 years to achieve gender-balanced boardrooms in the UK's largest 100 companies. This pace of change is not good enough. Through our extensive consultations we have found that there are a number of reasons for women's low representation on boards, many well researched and familiar.

Part of the challenge is around supply – the corporate pipeline. Fewer women than men are coming through to the top level of organisations. Part of the challenge is around demand. There are women in the UK more than capable of serving on boards who are not currently getting those roles.

If these challenges are to be met, then Chairmen and Chief Executives of UK companies need to take action, supported by others in the corporate world, including investors and executive search firms. Government must also play a supporting role.

¹ Women Matter, McKinsey & Company, 2007

² Women leaders, a competitive edge in and after the crisis, Women Matter 3, McKinsey & Company, 2009 (in a survey of a cohort of 800 business leaders 51% were convinced that gender diverse boards had a positive impact on performance).

Summary of recommendations

1. All Chairmen of FTSE 350 companies should set out the percentage of women they aim to have on their boards in 2013 and 2015. FTSE 100 boards should aim for a minimum of 25% female representation by 2015 and we expect that many will achieve a higher figure. Chairmen should announce their aspirational goals within the next six months (by September 2011). Also we expect all Chief Executives to review the percentage of women they aim to have on their Executive Committees in 2013 and 2015.
2. Quoted companies should be required to disclose each year the proportion of women on the board, women in Senior Executive positions and female employees in the whole organisation.
3. The Financial Reporting Council should amend the UK Corporate Governance Code to require listed companies to establish a policy concerning boardroom diversity, including measurable objectives for implementing the policy, and disclose annually a summary of the policy and the progress made in achieving the objectives.
4. Companies should report on the matters in recommendations 1, 2 and 3 in their 2012 Corporate Governance Statement whether or not the underlying regulatory changes are in place. In addition, Chairmen will be encouraged to sign a charter supporting the recommendations.
5. In line with the UK Corporate Governance Code provision B2.4 "A separate section of the annual report should describe the work of the nomination committee, including the process it has used in relation to board appointments". Chairmen should disclose meaningful information about the company's appointment process and how it addresses diversity in the company's annual report including a description of the search and nominations process.

6. Investors play a critical role in engaging with company boards. Therefore investors should pay close attention to recommendations 1-5 when considering company reporting and appointments to the board.
7. We encourage companies periodically to advertise non-executive board positions to encourage greater diversity in applications.
8. Executive search firms should draw up a Voluntary Code of Conduct addressing gender diversity and best practice which covers the relevant search criteria and processes relating to FTSE 350 board level appointments.
9. In order to achieve these recommendations, recognition and development of two different populations of women who are well-qualified to be appointed to UK boards needs to be considered:
 - Executives from within the corporate sector, for whom there are many different training and mentoring opportunities; and
 - Women from outside the corporate mainstream, including entrepreneurs, academics, civil servants and senior women with professional service backgrounds, for whom there are many fewer opportunities to take up corporate board positions.

A combination of entrepreneurs, existing providers and individuals needs to come together to consolidate and improve the provision of training and development for potential board members.

10. This steering board will meet every six months to consider progress against these measures and will report annually with an assessment of whether sufficient progress is being made.

The scope of the review

Concerned about the slow rate of progress, the incoming UK Government pledged in the Coalition Government Agreement to “look to promote gender equality on the boards of listed companies”. As a first step Edward Davey, the Business Minister and Lynne Featherstone, the Minister for Women, invited Lord Davies of Abersoch to undertake a review of the current situation, to identify the barriers preventing more women reaching the boardroom and to make recommendations regarding what government and business could do to increase the proportion of women on corporate boards.

This review examines the current situation, using the number of women on FTSE 350 corporate boards as a starting point, considers the business case for having gender-diverse boards and then sets out some recommendations for achieving urgent change.

In September 2010 Lord Davies began consulting with a wide range of stakeholders, interested parties and commentators including senior business figures, women business leaders, entrepreneurs, executive search firms, investors, women’s networks and women who are just below senior executive level. In addition an online call for evidence elicited a total of 2,654 responses. An analysis of this evidence can be found at Annex C.

Lord Davies was supported by a steering board made up of experts drawn from the business world and academia. Details of the steering board can be found at Annex D.

The European Commission is also debating what measures might be taken to bring about gender parity within boardrooms. The evidence they are considering aligns closely with that received by the Women on Boards steering board.

More women on the board – why does it matter?

The issues debated here are as much about improving business performance as about promoting equal opportunities for women. There is a strong business case for balanced boards. Inclusive and diverse boards are more likely to be effective boards, better able to understand their customers and stakeholders and to benefit from fresh perspectives, new ideas, vigorous challenge and broad experience. This in turn leads to better decision making.

This business case is backed by a growing body of evidence. Research has shown that strong stock market growth among European companies is most likely to occur where there is a higher proportion of women in senior management teams.³ Companies with more women on their boards were found to outperform their rivals with a 42% higher return in sales, 66% higher return on invested capital and 53% higher return on equity.⁴

Despite this evidence, women are under-represented on the company boards of UK plc. In 2009 only 12.2% of directors of FTSE 100 companies were women, and on the boards of FTSE 250 companies the proportion was just 7.3%.⁵ By 2010 these figures had moved to 12.5% for FTSE 100 and 7.8% of FTSE 250.

The pace of change remains too slow, despite a range of initiatives aimed at training, mentoring and supporting women to be “board ready”, and projects undertaken by companies to address organisational issues such as unconscious bias.

This is not just a gender numbers game. It is about the richness of the board as a whole, the combined contribution of a group of people with different skills and perspectives to offer, different experiences, backgrounds and life styles and who together are more able to consider issues in a rounded, holistic way and offer an attention to detail not seen on all male boards which often think the same way, and sometimes make poor decisions.⁶

Of course a key factor driving boards is profitability and return to shareholders. A range of research illustrates the positive impact that women’s contribution to the boardroom can make to the bottom line of the company’s finances, and positively associates gender-diverse boards with improved performance.

³ “Women Matter: gender diversity, a corporate performance driver”, McKinsey & Company, 2007.

⁴ “The Bottom Line: Corporate Performance and Women’s Representation on Boards”, Lois Joy, Nancy M Carter, Harvey M Wagener, Sriram Narayanan, Catalyst, 2007

⁵ Female FTSE Report, 2009. Cranfield School of Management

⁶ Government Equalities Office, conducted by Ipsos MORi, sample of 1,071 adults in Great Britain aged 16+. 20-24 February 2010, published 11 March 2010. (59% of those surveyed believe that single sex senior management teams were more likely to think the same way and so make poor decisions and 61% believed that businesses are losing out on talent by having fewer women in senior roles).

The business case for gender diversity on boards has four key dimensions:

- Improving performance
- Accessing the widest talent pool
- Being more responsive to the market
- Achieving better corporate governance

1. Improving performance

There is a body of research which demonstrates how the appointment of female directors can improve a company's performance. Female directors enhance board independence.⁷ Better decision-making is assumed to occur as a result of directors having a range of experiences and backgrounds. Women take their non-executive director roles more seriously, preparing more conscientiously for meetings.⁸ Women ask the awkward questions more often, decisions are less likely to be nodded through and so are likely to be better.

Boards are often criticised for having similar board members, with similar backgrounds, education and networks. Such homogeneity among directors is more likely to produce 'group-think'.⁹ Women bring different perspectives and voices to the table, to the debate and to the decisions.¹⁰ Studies, stemming from Solomon Asch's original work on conformity to majority opinion, have shown that three women are required to change boardroom dynamics,¹¹ allowing them to become more vocal and their voices to be heard. Further studies have shown that the environment for women in senior roles improves once about a third of leaders at that level are female, and that a 'critical mass' of 30% or more women at board level or in senior management produces the best financial results.¹²

A more recent non-academic study conducted by an asset management firm in the UK looked at those companies with a threshold of at least 20% female representation across FTSE-listed boards. They found that operational and share price performance was significantly higher at one and three year averages for those companies with women making up over 20% of board members than those with lower female representation.¹³

⁷ Fondas, N. and S. Salsalos (2000), "A Different Voice in the Boardroom: How the Presence of Women Directors Affects Board Influence over Management," *Global Focus*, 12: 13-22.

⁸ Izraeli, D. (2000) Women directors in Israel. In: Burke, R. and Mattis, M. (eds.) *Women on Corporate Boards of Directors: International Challenges and Opportunities*, 75-96. Kluwer Academic Publishers, Dordrecht, The Netherlands. Huse, M. and Solberg, A. G. (2006) Gender-related boardroom dynamics: How Scandinavian women make and can make contributions on corporate boards, *Women in Management Review*, 21(2): 113-30.

⁹ Maznevski, M. L. (1994) Understanding our differences: Performance in decision-making groups with diverse members, *Human Relations*, 47(5): 531-52.

¹⁰ Zelechowski, D. and Bilimoria, D. (2004) Characteristics of women and men corporate inside directors in the US, *Corporate Governance: An International Review*, 12(3): 337-42.

¹¹ Zelechowski, D. and Bilimoria, D. (2004) Characteristics of women and men corporate inside directors in the US, *Corporate Governance: An International Review*, 12(3): 337-42.

¹² "Women Matter: gender diversity, a corporate performance driver", McKinsey & Company, 2007

¹³ 'Companies with a better track record of promoting women deliver superior investment performance', Bhogaita M, *New Model Advisor*, 2011

The correlation between strong business performance and women's participation in management is striking. Studies have shown that where governance is weak, female directors exercise strong oversight, can have a "positive, value-relevant impact" on the company, and that a gender-balanced board is more likely to pay attention to managing and controlling risk.¹⁴ A Leeds University Business School study showed that having at least one female director on the board appears to cut a company's chances of going bust by 20% and that having two or three female directors lowered the chances of bankruptcy even further.¹⁵

In the UK, since the economic crisis, there has been much public debate concerning gender differences in risk preferences and behaviours. There are acknowledged gender differences in attitudes towards indebtedness and debt management. Another recent study considered the proportion of female directors in UK company bankruptcies and failures over the past decade, with a particular focus on the period of the recent economic recession 2007-9 when there was a significant increase in insolvencies. There is a negative association between female directors and insolvency risk – gender balance reduces risk.¹⁶ This negative correlation appears to hold good, irrespective of size, sector and ownership, for established companies as well as for newly incorporated companies.

2. Accessing the widest talent pool – using the skills of all

Around the world, women have become the new majority in the highly qualified talent pool. In Europe and the USA, women account for approximately six out of every ten university graduates and in the UK women represent almost half of the labour force.¹⁷ These are trends that British business cannot ignore. The failure of any business or economy to maximise the talents of all its people will result in below-par performance. Tapping into the under-utilised pool of female talent at board level is vital if British companies are to remain competitive and respond to rapidly changing expectations and market demands. British corporate competitiveness is at stake.

3. Being more responsive to the market

Women now form 51% of the UK population and 46% of the economically active workforce. They are estimated to be responsible for about 70% of household purchasing decisions and to hold almost half of the UK's wealth.¹⁹ Having women on boards, who in many cases would represent the users and customers of the companies' products, could improve understanding of customer needs, leading to more informed decision making.

¹⁴ Diversity and Gender Balance in Britain plc: a study by TCAM in conjunction with The Observer and as part of the Good Companies Guide, London, UK: TCAM. 2009

¹⁵ Women in the boardroom help companies succeed – Times article March 19, 2009 – Professor Nick Wilson LUBS

¹⁶ Wilson, Nick and Altanlar, Ali, Director Characteristics, Gender Balance and Insolvency Risk: An Empirical Study (May 30, 2009). Available at SSRN: <http://ssrn.com/abstract=1414224>

¹⁷ Women Mean Business, Raconteur Media, November 30 2010.

¹⁸ Room at the top: women and success in UK business" (2007). McKinsey (2007)

¹⁹ See footnote 14

And so it is not surprising that the companies in the UK with the highest number of women on their boards are consumer-facing industries, while those with the lowest are the heavy industrial companies.²⁰ A survey of 543 UK plcs identified an above average prevalence of women in the retail, utilities, media and banking sectors.²¹ Their evidence suggests that board diversity is more a result of the interest of Chairmen in having board members who understand the companies' consumers than a reaction to the number of women in a company's wider workforce.

4. Achieving better corporate governance

A Canadian study entitled 'Not just the right thing, but the bright thing', looking at public, not-for-profit and private boards, found that boards with three or more women on them showed very different governance behaviours to those with all-male boards.²² The more gender-balanced boards were more likely to identify criteria for measuring strategy, monitor its implementation, follow conflict of interest guidelines and adhere to a code of conduct. They were more likely to ensure better communication and focus on additional non-financial performance measures, such as employee and customer satisfaction, diversity and corporate social responsibility. They were also more likely to have new director induction programmes and closer monitoring of board accountability and authority.

UK FTSE 100 companies with more women on their boards adopted the governance recommendations from the Higgs Review earlier than those without. In particular they focused on: better succession planning and the use of external search consultants; new director induction and training; audit and balance of the whole board's skills, knowledge and experience; and regular reviews of board performance.

These findings are again confirmed in more recent research. A 2010 survey commissioned by search consultancy Heidrick & Struggles and conducted by Harvard Business School researchers suggests that women appear to be more assertive on certain important governance issues such as evaluating the board's own performance and supporting greater supervision on boards. The researchers suggest that this changing dynamic may bring in a new era of strengthened governance.

²⁰ See footnote 14

²¹ Brammer, S., Millington, A. and Pavelin, S. (2007) Gender and ethnic diversity among UK corporate boards, *Corporate Governance: An International Review*, 15(2): 393–403.

²² Brown, D., Brown, D. and Anastasopoulos, V. (2002) Women on Boards: Not just the Right Thing . . . But the "Bright" Thing, Report., 341-02: The Conference Board of Canada, Ottawa.

The picture today

Since 1999 the Female FTSE Index Report produced by Cranfield School of Management has provided an annual benchmark of the number of women directors in the UK's top companies. Starting from a 6.9% base Table 1 shows the slow and modest progress that has been made over the last 12 years, culminating with the current rate of 12.5% of female FTSE 100 directors.

Women now occupy just 242 of the 2,742 board seats of FTSE 350 companies.²³ Across the FTSE 250, the percentage of female held directorships now stands at just 7.8%, which equates to 154 compared to 1,812 male directorships.

**Table 1:
Change on
FTSE 100
boards over
time**

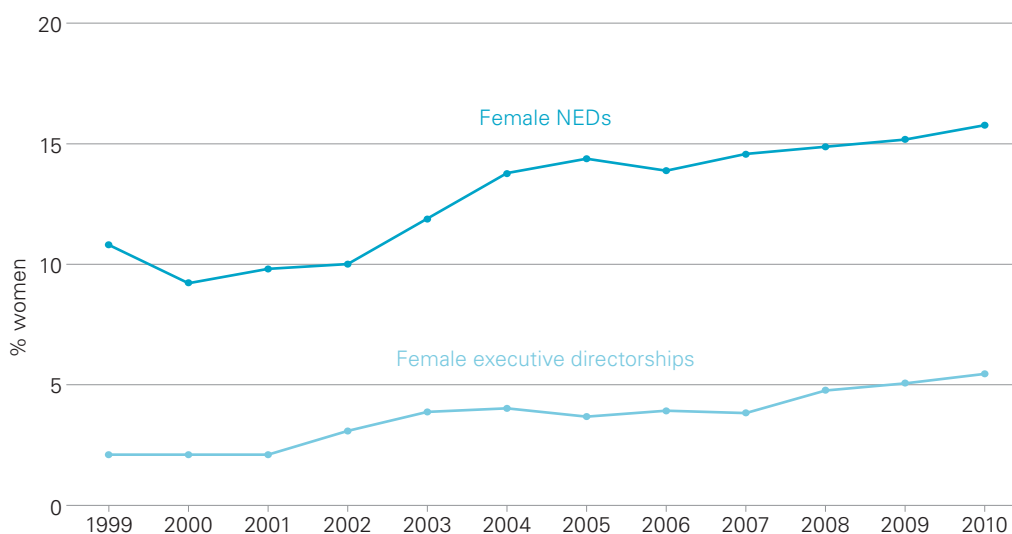
	1999	2004	2008	2009	2010
Female held directorships	6.2%	9.4%	11.7%	12.2%	12.5%
Female executive directorships	2.02%	4.1%	4.8%	5.2%	5.5%
Female non-executive directors	10.82%	13.6%	14.9%	15.2%	15.6%

Source:
The Female FTSE
board report 2010

Out of a total of 1,076 FTSE 100 directorships, 323 are executive appointments and 753 non-executive directorships. 941 of these positions are held by men and only 135 are held by 116 women. In addition, 1 in 5 (21%) FTSE 100 companies and over half, 131, (52.4%) of FTSE 250 companies still have no women on their boards.²⁴ Only 2% of chairs of FTSE 100 companies are women.

The UK figures for women on boards appear to have plateaued over the three years to 2010, interestingly echoing figures in the USA and Canada.

**Figure 1:
Female
FTSE 100 –
Progress**



Source:
The Female FTSE
Board Report 2010

²³ See footnote 14.

²⁴ Female FTSE Report 2010, Cranfield School of Management. December 2010.

Board size and turnover

Board size

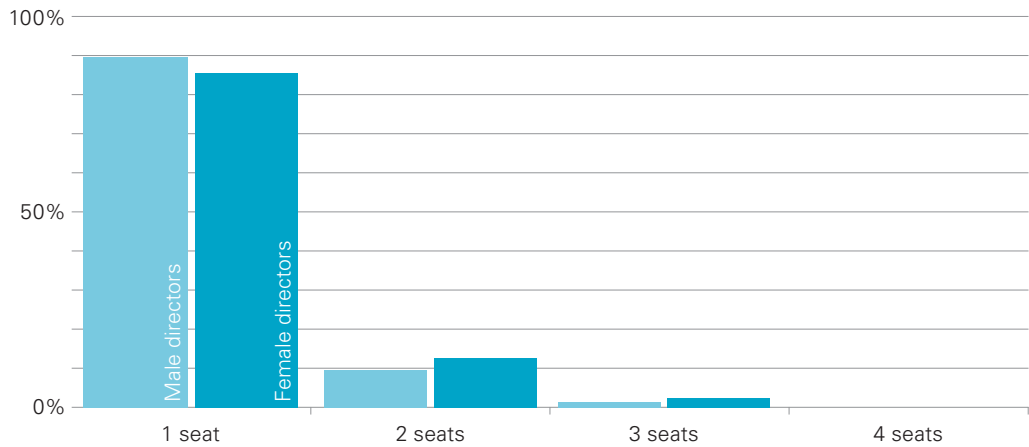
Following the corporate scandals of the late 1990s, the Sarbanes-Oxley Act of 2002 in the US and the Higgs Review of Corporate Governance in 2003 in the UK called for significant changes to the composition of the corporate boards. Both demanded more balanced boards, addressing the relative lack of independent advice through non-executive or executive directors, and also the homogeneity of the directors. The Higgs Review called for greater diversity among board directors on corporate boards. But the response in terms of gender diversity has been poor. Between 2003 and 2010 the percentage of women on the boards of the FTSE 100 companies has risen by just four percentage points from 8.6% (101 directorships) to 12.5% (135 directorships).

The call for the professionalisation of boards meant that the skills criteria for candidates increasingly focused on the need to have substantial business and board level experience. Our findings show that over time this has also evolved into a need for candidates to have had significant prior financial responsibility. We would argue that, although there is a real need for candidates to be financially literate, financial responsibility, just like sector expertise, can be taught and should not be a pre-requisite for appointments. Greater emphasis should be placed on a broader mix of skills and experience.

Board size within the FTSE 100 ranges from 6 to 18 members, while FTSE 250 boards tend to be much smaller. Since Higgs, the average size of UK boards has declined. In the FTSE 100 the number of board directorships fell from 1,255 in 1999, to 1,076 in 2010. But research from Cranfield School of Management demonstrates there is no correlation between board size and gender diversity in FTSE 100 companies. With the exception of boards with eight members, at every size of board there are more boards with women on them than without. Size of board does not constrain choice when it comes to gender diversity.

The number of individuals engaged in decision-making at the highest level is further diminished by those holding multiple directorships. Figure 2 demonstrates that the majority of UK board members of FTSE 100 companies hold one directorship, but that a female board member is more likely to hold more than one directorship. If our aim is greater diversity in our boardrooms, it is important that greater representation of women in boardrooms is not achieved simply by multiplying the number of roles individual directors hold.

**Figure 2:
FTSE 100
directorships**



Source:
The Female FTSE
board report 2010

Turnover

Of the 135 new appointees to FTSE 100 boards in the past year (12.5% turnover), only 18, just 13.3%, were women (Table 2). At 13% turnover, the pace of change is very slow and it will take decades to alter significantly the percentage of women on boards, without other interventions.

**Table 2:
New
appointments**

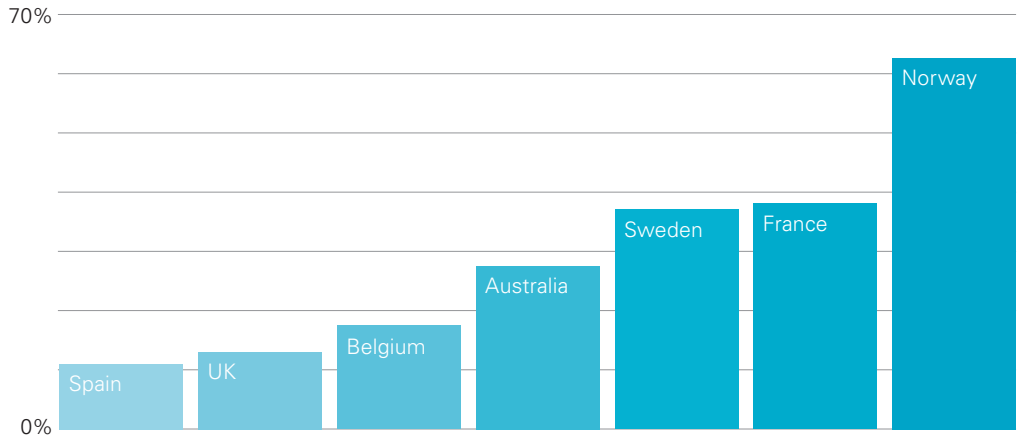
Female FTSE 100	2010	2009	2008	1999
New female appointments	18	23	16	22
New male appointments	117	133	133	
Total male appointments	135	156	149	
Female % of new appointments	13.3%	14.7%	11%	

Source:
The Female FTSE
board report 2010

However, in some other countries the pace of change quickened last year. Some are in the process of introducing, or have already introduced, regulation or even legislation designed to radically increase access to the female talent pool, and demand for female talent at board level. In Australia, the Stock Exchange Securities Council has introduced gender metric reporting as part of its governance code. The aim is to achieve a significant increase in the proportion of female directors, and thereby avoid any requirement for government intervention in the form of legislation.

The Council's figure of 27% of new appointments going to women in the first half of 2010, compared to 5% in 2009, with 46 new women appointed so far (compared to ten in the whole of 2009) shows what can be achieved when there is real motivation. More information on the measures taken internationally can be found at Annex A. Case studies from Australia and Norway can be found at Annex B.

Figure 3:
International comparison of percentage of female new appointees 2010



Source:
The Female FTSE Board Report 2010

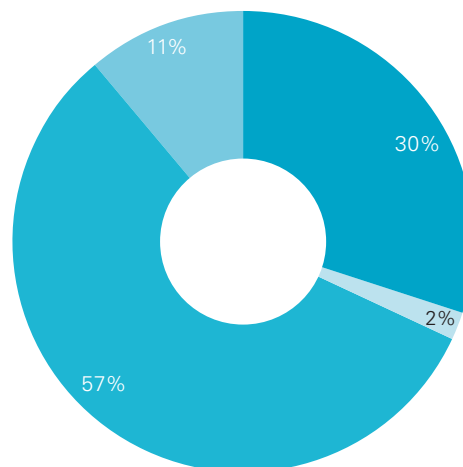
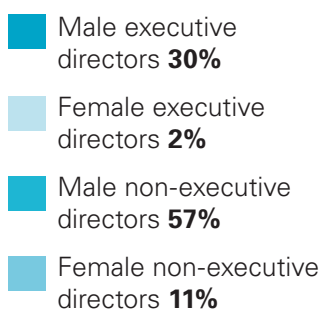
The female executive pipeline challenge

The low number of women on boards is in part a symptom of insufficient numbers emerging at the top of the management structure and the under-representation of women in senior management generally. However, Cranfield School of Management research has identified a pipeline of 677 women on the corporate boards and executive committees of all FTSE 350 companies, not counting the 116 women on FTSE 100 boards.

Across Europe female representation is low amongst executive board members. 20.7% of all board positions at the largest European companies are executive positions,²⁵ of which only 4.2% are taken by women.

Of the 323 executive directorships within the FTSE 100 only 18 posts (5.5%) are held by women. These executive directorships are usually drawn from the pool of 934 senior executive positions, of which 161 (17.2%) are female and 773 male.

Figure 4:
Composition of FTSE 100 boards by gender and role



Source:
Based on the data
from *The Female FTSE
board report 2010*

Executive appointments are usually made for a minimum term of three years and the declining number of seats, down from 6.5 per board in 1991 to an average of 3.2 today, means that there is on average only one executive seat following the appointment of the Chief Financial Officer (CFO) and Chief Executive Officer (CEO). Within the FTSE 100 there are only six female CFOs and five CEOs. 179 women sit on the executive committees of 82 FTSE 100 companies, whilst 18 companies are without any female representation at all. This low level of female participation in the ranks of CEOs and senior executives results in the low number of executive women with board experience who can then serve as non-executive directors elsewhere.

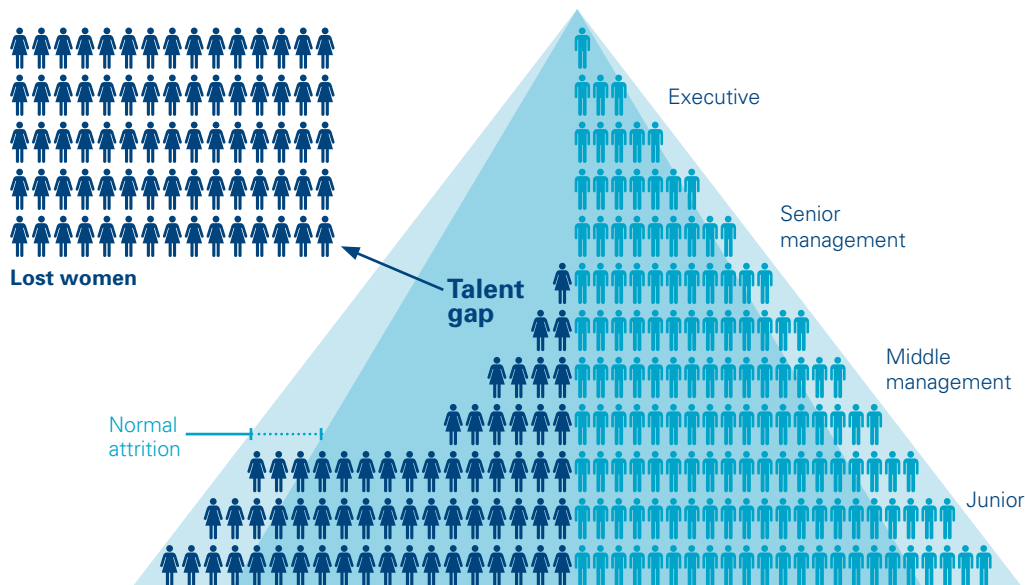
²⁵ European board diversity analysis 2010: Is it getting easier to find women on European boards? Egon Zehnder, (2010)

The UK is not alone: within the top 101 US companies women comprise just 15% of executive committee members and only 7%²⁶ in European top 101 companies. In Asia the figure is a mere 3%.

This leaking pipeline may be partially explained by the level of female attrition from the UK workforce. Male and female graduate entry into the workforce is relatively equal. This equality is maintained at junior management positions but then suffers a marked drop at senior management levels. The reasons for this drop are complex, and relate to factors such as lack of access to flexible working arrangements, difficulties in achieving work-life balance or disillusionment at a lack of career progression.²⁷

It is a big and growing problem for British business, especially as demographics shift and the effect of the declining birth rate feeds into the workforce. The UK will need an additional five million highly qualified workers within the next ten years to compete globally.²⁸ Raising the proportion of women in the workplace to that of men would cut the gap to three million.²⁹ However, the wider issue of women in the workplace is beyond the scope of this Review, we would only note that firms are investing in developing talented women, only to lose them before they reach senior management levels. This pattern is illustrated below in Figure 5.

Figure 5:
The talent gap



Source:
Your Loss: How to Win Back your Female Talent, 2010

²⁶ WOMENOMICS 101 Survey 2010

²⁷ Your Loss, Ioannidis C & Walther N, 2010 (www.yourlossbook.com)

²⁸ Breaking the mould for Women Leaders: could boardroom quotas hold the key? A Fawcett Society thinkpiece for the Gender Equality Forum, Rowena Lewis and Dr Katherine Rake OBE, October 2008

²⁹ A business case for women, McKinsey and Co 2008

Barriers to success

Over the course of this review it has become clear that there are many women who are ready to serve on corporate boards, but complex barriers and challenges stand in their way.

Many consultation respondents told us that women with corporate experience were frequently overlooked for development opportunities and that there were differences in the way that men and women were mentored and sponsored, which gave men the edge over their female peers. Others cited gender behavioural traits as a key issue, whereby women tend to undervalue their own skills, achievements and experiences. Also, the relatively low number of successful female role models often compounds stereotypes and reinforces perceived difficulties in rising up the corporate ladder. Meanwhile, there is a perception that the many women in leadership positions in academia, the arts, the media, the civil service or professional services are often overlooked because they do not have specific corporate experience and Chairmen fear that they will not understand corporate issues or corporate board governance.

Our consultation found that the informal networks influential in board appointments, the lack of transparency around selection criteria and the way in which executive search firms operate, were together considered to make up a significant barrier to women reaching boards. More information about the consultation response is attached at Annex C.

Recommendations

To achieve the objective of seeing more women recruited to boardroom positions, it is evident that action needs to be taken to increase the demand for women by chairs and executive search firms but also to expand the pool of female candidates by increasing the number of women reaching the executive layer of management and the number of women leaders from outside the corporate world ready to play a role on corporate boards.

We have given careful consideration to the question of quotas – the arguments for and against; the impact they have had internationally; and the views of those consulted. Out of 2,654 responses only 11% recommended the introduction of quotas.

The European Commission is currently debating whether or not to impose quotas and legislation across European Member States. We have chosen not to recommend quotas because we believe that board appointments should be made on the basis of business needs, skills and ability. But a more focused business-led approach can increase the number of women on company boards at a much faster rate than we have seen recently.

We have developed ten recommendations to generate momentum behind, and increase focus on, this business priority:

1. All Chairmen of FTSE 350 companies should set out the percentage of women they aim to have on their boards in 2013 and 2015. FTSE 100 boards should aim for a minimum of 25% female representation by 2015 and we expect that many will achieve a higher figure. Chairmen should announce their aspirational goals within the next six months (by September 2011). Also we expect all Chief Executives to review the percentage of women they aim to have on their Executive Committees in 2013 and 2015.

Using the following rationale we believe that a minimum of 25% is achievable on FTSE 100 boards:

- Current number of FTSE 100 board positions = 1,076
- Current proportion of board positions held by women = 12.5%
- Assumed board turnover = 14%. Turnover in the last six years was 2010 = 12.5%, 2009 = 14.5%, 2008 = 13.3%, 2007 = 13.6%, 2006 = 16% and 2005 = 15.5%. Average = 14.24%.

Board target for all new appointments from March 2011 to be 2/3 male, 1/3 female, effective from the publication of this report.

On these assumptions, the pace of change would be:

End	Men	Women
2011	84.6%	15.4%
2012	82%	18%
2013	80%	20%
2014	78%	22%
2015	76.5%	23.5%

FTSE 250 companies are starting from a lower position and tend to have smaller boards. So the target needs to be adjusted accordingly. They should still apply the 2/3 men, 1/3 women rule to all new appointments.

These targets are considerably lower than those currently being deliberated by the European Commission and lower than those set by countries that have opted for legislation and quotas.

We believe that all boards moving to 25% female representation on boards is attainable and if this pace continues we will achieve 30% by 2020.

When we achieve 25% female representation on boards we will have doubled the current percentage in four years. This is a major milestone on a longer journey.

All companies are different. It is in their own interest to set and develop their own targets and strategies, so that they can effect the necessary change through means best suited to their own circumstances. Companies should set out in their strategies how they think the skills on their boards meet their needs.

In a talent-driven world, the composition of both executive boards and boards of directors should over time reflect more gender diversity. Having more female executive directors will be a key way to increase the number of female directors.

2. Quoted companies should be required to disclose each year the proportion of women on the board, women in senior executive positions and female employees in the whole organisation.

The old adage "what gets measured gets done" remains true. Transparent reporting will help Chairmen and CEOs to better understand the composition of their workforces and monitor attrition rates.

3. The Financial Reporting Council should amend the UK Corporate Governance Code to require listed companies to establish a policy concerning boardroom diversity, including measurable objectives for implementing the policy, and disclose annually a summary of the policy and the progress made in achieving the objectives.

Enhanced Corporate Governance Statements will allow companies to pay attention to, and consider what diversity means within their own organisations. Stakeholders, both investors and customers, will be able to make informed decisions about the diversity of the company and the performance of that company in addressing the diversity challenge.

4. Companies should report on the matters in recommendations 1, 2 and 3 in their 2012 Corporate Governance Statement whether or not the underlying regulatory changes are in place. In addition, Chairmen will be encouraged to sign a charter supporting the recommendations.
5. In line with the UK Corporate Governance Code provision B2.4 “A separate section of the annual report should describe the work of the nomination committee, including the process it has used in relation to board appointments”, Chairmen should disclose meaningful information about the company’s appointment process and how it addresses diversity in the company’s Annual Report including a description of the search and nominations process.
6. Investors play a critical role in engaging with company boards. Therefore investors should pay close attention to recommendations 1-5 when considering company reporting and appointments to the board.

There has been much call for greater transparency in the board appointment process and the advertising of all opportunities. Following careful consideration we have decided not to recommend the advertising of all opportunities as we acknowledge that this could be cumbersome, potentially adding expense and undue process. This would result in prolonging the placement of board members and probably not make a substantial difference to the outcome for women.

We do believe, however, that there is a need for greater transparency to ensure that more women are brought into the recruitment process. Both executive search firms and company Chairmen have a part to play in this. Higgs & Tyson found that almost half of the directors they surveyed had been recruited through personal friendships and contacts, only 4% had a formal interview and only 1% had obtained the role through answering an advertisement.³⁰ We found no evidence to suggest that this has changed substantially in the intervening years. The whole process of board appointments by the Nomination Committee should be more transparent and open to challenge. Therefore:

³⁰ Balancing Boards, Opportunity Now. 2010

7. We encourage companies periodically to advertise non-executive board positions to encourage greater diversity in applications.
8. Executive search firms should draw up a Voluntary Code of Conduct addressing gender diversity and best practice which covers the relevant search criteria and processes relating to FTSE 350 board level appointments.

Written by executive search firms, the best practice code for executive search firms tasked with board level and other senior appointments will help them demonstrate their ongoing commitment to supporting diverse boards, building on and sharing good practice.

9. In order to achieve these recommendations, recognition and development of two different populations of women who are well-qualified to be appointed to UK boards needs to be considered:
 - Executives from within the corporate sector, for whom there are many different training and mentoring opportunities; and
 - Women from outside the corporate mainstream, including entrepreneurs, academics, civil servants and senior women with professional service backgrounds, for whom there are many fewer opportunities to take up corporate board positions.

A combination of entrepreneurs, existing providers and individuals needs to come together to consolidate and improve the provision of training and development for potential board members.

We know that organisations invest heavily in identifying and training talented staff but that this investment does not always yield results. There is no doubt that current initiatives aimed at allowing women to gain the necessary skills and attributes to serve on boards could be improved. Organisations should consider board internships and encourage the take-up of non-executive directorships on non-competitor boards, including public sector boards, to allow women to gain first hand experience of a board role.

Although we have not made it a formal recommendation of the report, we would ask FTSE 100 Chairmen to consider running board internship programmes for future potential non-executive directors.

10. This steering board will meet every six months to consider progress against these measures and will report annually with an assessment of whether sufficient progress is being made.

Annex A – International comparisons

Current picture

Concern over the lack of women in senior decision making positions appears to be endemic globally, with many countries introducing various forms of positive action, legislation or quotas.

Over the course of the last ten years, international interest in women on corporate boards has grown significantly. In the year 2000 only the United States regularly monitored the proportion of women on top corporate boards. Now at least 12 countries are regularly reviewing the gender balance of their top boards.³¹

A sample of different measures being used by governments and corporations across the world to increase the representation of women on boards is set out below:

Actions that different countries are taking – Quotas

Norway – in February 2002, the government gave a deadline of July 2005 for private listed companies to raise the proportion of women on their boards to 40%. By July 2005, the proportion was only at 24%, and so in January 2006 legislation was introduced giving companies a final deadline of January 2008, after which they would face fines or even closure. Full compliance was achieved by 2009.

Spain – passed a gender equality law in 2007 obliging public companies and IBEX 35-quoted firms with more than 250 employees to attain a minimum 40% share of each sex on their boards within eight years (2015). Companies reaching this quota will be given priority status in the allocation of government contracts. There are no formal sanctions. Women made up 6.2% of boards in 2006. This proportion has risen to 11.2% in early 2011.

Iceland – passed a quota law in 2010 (40% from each sex by 2013) applicable to publicly owned and publicly limited companies with more than 50 employees.

Finland – from 2008 the “comply or explain” code requires that every board should have at least **one** man and **one** woman.

Countries that are considering legislation for quotas

France – has passed a bill applying a 40% quota for female directors by 2016. The quotas are for 20% within three years and 40% within six years for listed companies and 40% within nine years for non-listed companies. The sanctions for non-compliance are that nominations would be void and fees suspended for all board members.

³¹ Women on Corporate Boards of Directors: International Research & Practice; Vinnicombe S et al; 2008

Netherlands – proposals were made to apply a 30% quota for men and women for larger companies. Companies would have to explain any non-compliance. This requirement would expire in January 2016.

EU – European Commission Vice-President Viviane Reding is expected to publish a Green Paper on boardroom diversity in 2011. She has made it clear that she would prefer companies to take action themselves but, if there was no progress over a certain period of time, then she is prepared to introduce targeted measures to improve the representation of women in senior positions. European Commissioner Michel Barnier is considering introducing legislative proposals in relation to women in financial service during 2011.

Countries that are taking alternative action

US – under the Dodd-Frank Act Diversity Offices will implement rules to ensure the fair inclusion and utilisation of minorities and women in all firms that do business with government agencies. The US Securities and Exchange Commission introduced a new code in December 2009, requiring the disclosure of how board nomination committees consider diversity in selecting candidates for board positions.

Canada – Quebec has legislated gender parity for the boards of its Crown corporations and is on track to have 50% female representation by December 2011.

Australia – from July 2010 reporting guidelines require companies to disclose information about the proportion of women on the board and to provide progress reports on gender objectives.

Austria – from 2009 companies must publish details of all measures taken to promote women onto management boards.

Denmark – from 2008 the “comply or explain” code requires that diversity must be taken into account in all appointments.

Germany – the Justice Minister has threatened legislation if boards do not achieve a better balance in the next 12 months.

Sweden – the “comply or explain” code requires companies to strive for gender parity on boards.

Poland – the corporate governance code recommends balanced gender representation on boards.

Various interventions are producing a range of impacts:

1. There is considerable variation in progress across countries. In particular, the Scandinavian countries of Norway, Sweden and Finland have made good progress on this issue. For example, Norway has achieved 40.2% proportion of women on boards. The next cluster of European countries includes the UK, Netherlands, Iceland, Germany and Austria, whose percentage of women directors ranges from approximately 14% to 7%. Progress is less apparent in Italy and Portugal, where the proportions of women on boards is very low.
2. The average European corporate board is composed of about 15 members, of which 1.5 are women. On average, there are only 9.7% of women on the boards of the top 300 European corporations.³²
3. There are different stakeholder approaches to increasing the representation of women on boards: coercive measures via government intervention (e.g. Norway); liberal approaches, which rely on voluntary corporate commitment (e.g. USA, Canada); collaborative approaches, which rely upon co-operative measures across a range of public and private sector stakeholder groups (e.g. UK).

A fuller indicative global comparison is outlined in Table 3. The table is indicative only and variations in the structures of international corporate sectors mean that comparisons cannot be exact.³³ It does, however, indicate the potential need for some more co-ordinated international research to reach a deeper understanding of corporate governance in different parts of the world.

³² Increasing diversity in public and private sector boards, Government Equalities Office, October 2009

³³ Source: Women on Boards: A Statistical Review by Country, Region, Sector and Market Index; Governance Metrics International, March 2009

Table 3: International comparison of women on boards

Country	% of Women on Boards
Australia	9.9%
Hong Kong	7.6%
Japan	0.9%
New Zealand	11.4%
Singapore	5.7%
Industrialised Asia-Pacific	3.6%
Austria	6.7%
Belgium	6.5%
Denmark	12.1%
Finland	21%
France	8.2%
Germany	9%
Greece	9.5%
Iceland	14.3%
Ireland	7.1%
Italy	3.6%
The Netherlands	10.3%
Norway	35.9%
Portugal	0.4%
Spain	6.6%
Sweden	23%
Switzerland	8.4%
UK	7.8%
Industrialised Europe	9.6%
Canada	11.3%
US	11.4%
North America	11.4%

Source:
*Women on Boards: A
 Statistical Review by Country,
 Region, Sector and Market
 Index; Governance Metrics
 International; March 2009*

Country	% of Women on Boards
China	6.6%
India	4.1%
Indonesia	4.1%
Malaysia	4.2%
Pakistan	4.6%
Philippines	23%
South Korea	1%
Taiwan	6.4%
Thailand	8.7%
Emerging Markets – Asia	4.7%
Czech Republic	4.4%
Hungary	10.2%
Poland	10.2%
Russia	5.8%
Turkey	9.7%
Emerging Markets – Europe	7.8%
Egypt	7.1%
Israel	12.5%
Morocco	0%
South Africa	14.6%
Emerging Markets – Middle East and Africa	12.4%
Argentina	4.1%
Brazil	3.9%
Chile	2.4%
Colombia	11.3%
Mexico	6.5%
Peru	3.6%
Emerging Markets – Latin America	4.7%
Total Emerging Markets	6%
Total	8.9%

Annex B – International case studies

Norway: the impact of quotas

Norway has achieved one of the most significant increases in the representation of women on boards. 44.2% of directors today are women, having risen from just 6.8% in 2002. In 2002 470 out of the 611 relevant companies were without a single female board member.

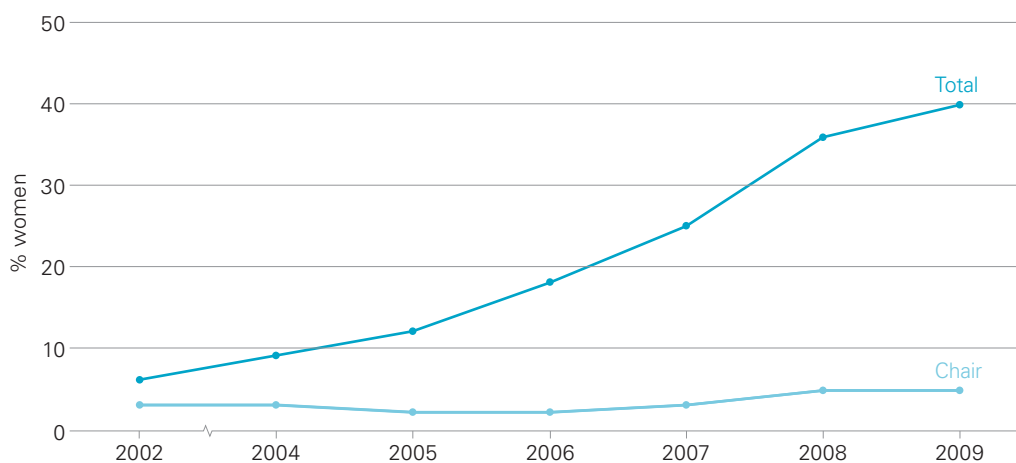
Private companies were initially given until July 2005 to increase the number of women on boards. By this time representation had quadrupled to 24%, but was still short of the 40% target. Only 13% of companies had met the requirements and only 16% of board members were women. By the end of December 2005 the figures were 18% and 18%.

Legislation was drafted giving companies until 1st January 2008 to meet the quota, with heavy sanctions including fines and possible liquidation for those who did not. In spring 2008 the Norwegian government announced full compliance, with between 560 and 600 women voted onto company boards.

There was significant opposition to this process. The Confederation of Norwegian Enterprise was concerned that increasing the number of women on boards would increase a sense of tokenism, and that good quality male board members would be ousted to make way for poorer quality women candidates. To tackle fears about a lack of suitable women to fill board positions, the Female Future programme was established, a training and networking programme where companies identified a minimum of three women candidates to take part. Of the 600 women who have successfully completed the programme, 60% have gone on to join Norwegian boards.

This success has not yet altered the fundamentals of how women progress through organisations. Non-executive director appointments account for most of the increase in representation. Quotas have not tackled the issue of women coming through their own organisation's pipeline. Women still only make up 2% of CEOs and only 10% of executive committee members. The increase in the number of women board members was partly achieved through an increase in board size, rather than replacing significant numbers of existing members. However, having balanced boards is increasingly the norm, with many companies who were outside the remit of the legislation also increasing the number of women on their boards. This progress should be set in the broader context of Norway, a country with significant state support for childcare, a progressive welfare state and generous maternity and paternity leave.

**Figure 6:
Norway –
women on
public limited
company
boards**



Source:
Friedrich-Ebert-
Stiftung: Women on
Board: The Norwegian
Experience. June 2010

Australia: “If not why not”

In Australia, a “report or explain” model has been used since July 2010 to increase the numbers of women on boards. The Australian Securities Exchange’s Corporate Governance Council has published guidelines and recommendations which include a call for companies to disclose the proportion of women on boards and in senior management, and to provide progress reports on gender objectives. Companies are encouraged to set up a committee for devising strategies to address gender diversity, consider diversity in succession planning and regularly review the ratio of women to men at all levels of an organisation. Targets were also set by the Women on Boards and Chartered Secretaries Australia (CSA), of 25% representation of women by 2012 and 40% by 2015.

Boards will also be encouraged to disclose the mix of skills they are looking for in their membership

Companies do not have to adopt the changes, but have to explain that decision in their annual report.

In addition, a range of initiatives have been undertaken to ensure that women are ready to take up board positions, with the Australian Institute of Company Directors championing the work.

Since the changes were announced, women have made up 27% of all new board appointments, in contrast to 5% within the same timeframe of 2009. It is too early to assess the full impact of the changes, as the new code only came fully into force in January 2011, but it does appear that the threat of quotas, should the voluntary approach be ineffective, has also had an impact on behaviour.

Annex C – Consultation and call for evidence

During the course of this review an extensive consultation was undertaken with a wide variety of stakeholders and interested parties. An online call for evidence received 2,654 individual responses. In addition a large number of in-depth responses were submitted direct. This input has been invaluable in helping to understand the wide range of issues that affect women and hinder their progress up the corporate ladder and has resulted in a wealth of ideas and suggestions.

As the questions were open-ended to encourage input, responses were analysed twice, firstly to draw out the key themes and secondly to drill down into these themes.

Who responded

Most of the responses to the online questionnaire (88%) were from women. Of these respondents 25% currently sit on a board, with 12% as current executive directors, 12% as non-executive directors and 4% as Chairmen. 87% of the responses were from individuals, with 10% responding from a range of organisations including listed companies (26%), unlisted companies (14%), investor or investment managers, NGOs, public sector organisations and organisations that represent businesses.

Issues

Organisations that responded to the consultation told us that they believed the most significant problem posed by lack of gender diversity was that there were too few senior women to act as role models and mentors (8%). This implies a circular challenge, in which a lack of senior women means a lack of role models, which perpetuates the problem. Other problems raised were higher staff turnover, poor decision-making processes, lack of collaboration and team work, old fashioned work practices and a lack of qualified or senior people at top levels.

Current actions

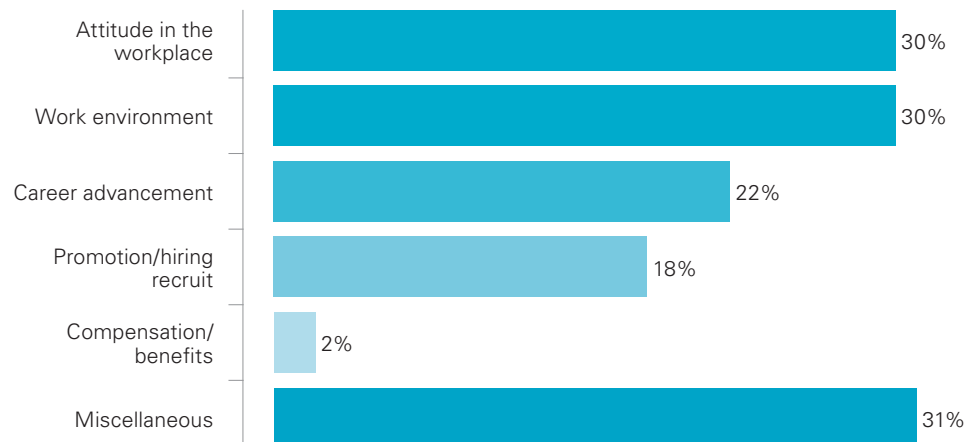
One of the most common actions organisations were taking to tackle the issues they faced was trying to create more role models. Other steps included training and networking opportunities for women and for others within the organisation to develop awareness of issues such as unconscious bias.

As for the actions individuals were taking to tackle issues they faced due to gender diversity, some responses were predictable e.g. 9% of respondents from listed companies said they worked harder or gained more experience; and 8% said they sought training, coaching or mentoring. However, 8% of women said they chose to leave the company or start a new career. Only 1% of men gave this answer.

Causes

Graph 1:

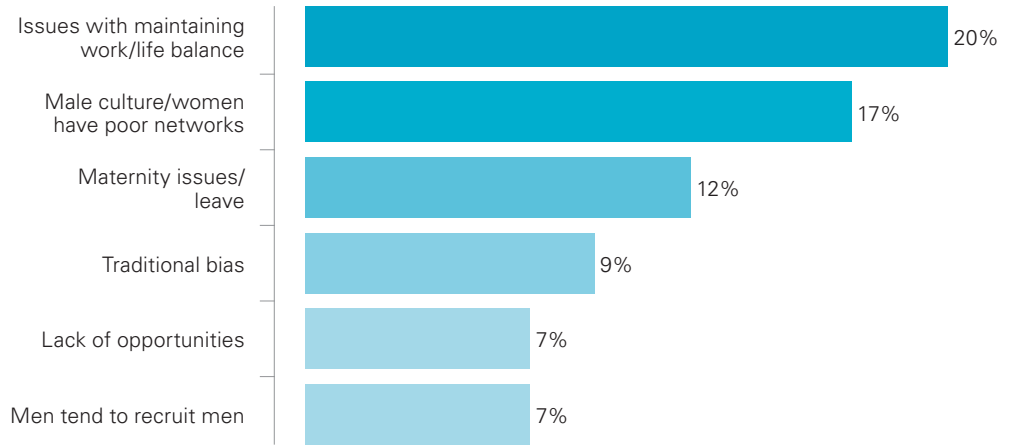
Q. Why are women under-represented in the boardrooms of UK listed companies? High level themes.



Looking at the key themes cited by respondents as barriers causing women to be under-represented in the boardroom, attitude was referred to by 30% with bias, prejudice or stereotypical behaviour being the top factor. This was cited by 8% of men and 10% of women. 13% of responses from listed companies cited this as did 28% of respondents from the investment community. A second theme around the work environment was also cited by 30% of respondents. Other themes that emerged from the responses included career advancement, cited by 22% of respondents due to issues such as too few opportunities for advancement or professional development or a lack of encouragement or support. Finally, 18% of respondents described issues around recruitment, including the likelihood of men recruiting men, or of people recruiting in their own image.

Graph 2:

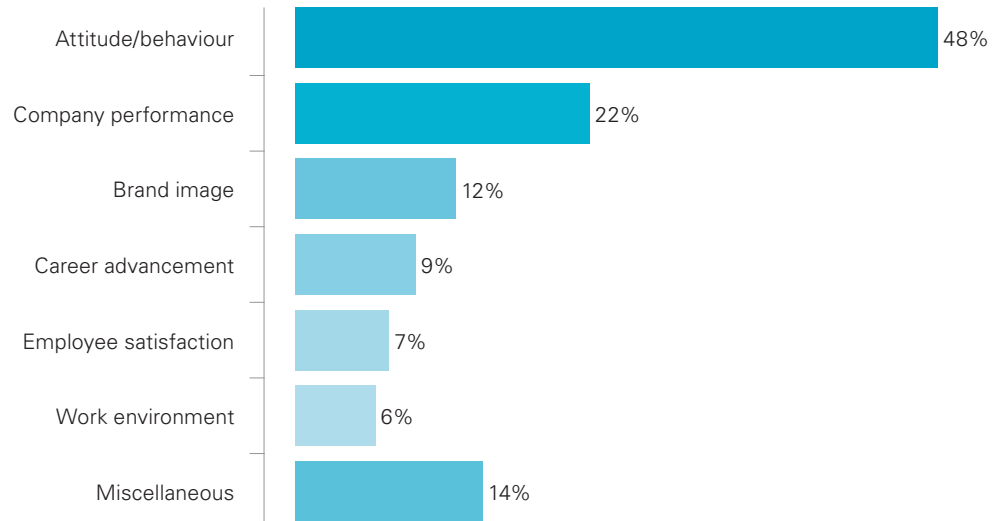
Q. Why are women under-represented in the boardrooms of UK listed companies? Detailed themes.



Drilling down at a more detailed level into responses around the barriers causing women to be under-represented in the boardroom reveals two further barriers. The first revolves around work-life balance particularly around maternity leave and the second is around the male cultural environment and absences of female networks.

Graph 3:

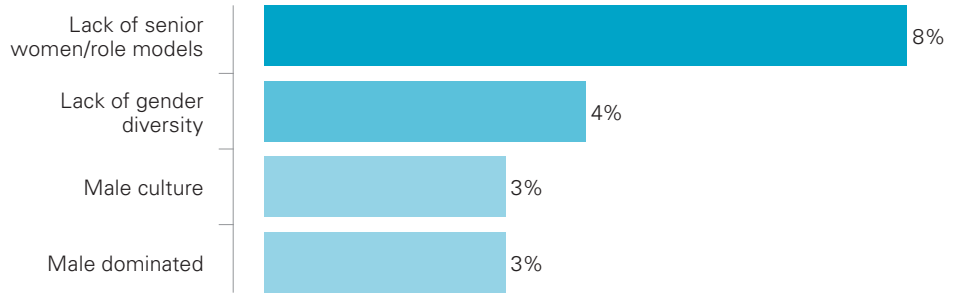
Q. What impact would gender diversity in senior positions have for business? High level themes.



A further set of questions was around what impact respondents believed having greater gender diversity in senior positions might have for business. The main theme, as cited by 48% of respondents, was that greater gender diversity would change corporations' behaviour. 22% of respondents thought it would also impact on company performance.

Graph 5:

Q. Has gender diversity caused any particular problems for your organisation?



When asked if gender diversity has caused any particular problems for organisations 8% of respondents cite the absence of female role models, suggesting a vicious circle where the absence of female role models itself stands in the way of gender diversity.

Graph 6:

Q. Has gender diversity caused any particular problems for you?



45% of respondents did not respond to this question, but those who did cited a lack of opportunities, issues around maintaining a successful work/life balance and a lack of role models as being the main problems.

Graph 7:

Q. What steps has your organisation taken to overcome issues relating to gender diversity?



62% of respondents did not respond to this question but those who did cited the introduction of the following initiatives to overcome the particular barriers.

Solutions

Graph 8:

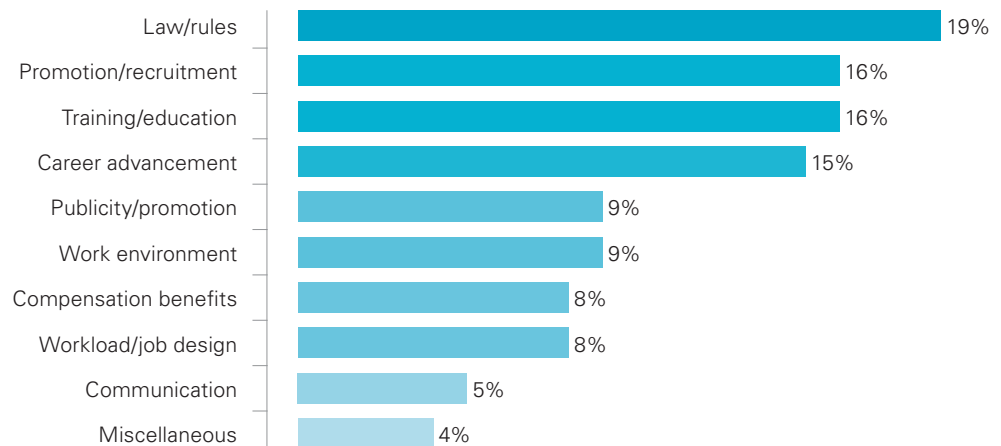
Q. Describe any steps you took to overcome the particular issues you faced.



While individuals tried to step up their game by working harder, up-skilling and developing stronger networks, the top solution to overcoming gender barriers cited by 8% of respondents was to resign.

Graph 9:

Q. What actions might be taken to achieve recruitment of women to the boardroom? High level themes.



A range of actions was suggested in response to this question. The main recommendation cited by 19% of respondents was around the legal changes that government could make, including introducing quotas for women on boards or other legislative suggestions. It was also suggested that diversity numbers should be reported or published, or a “comply or explain” policy be introduced.

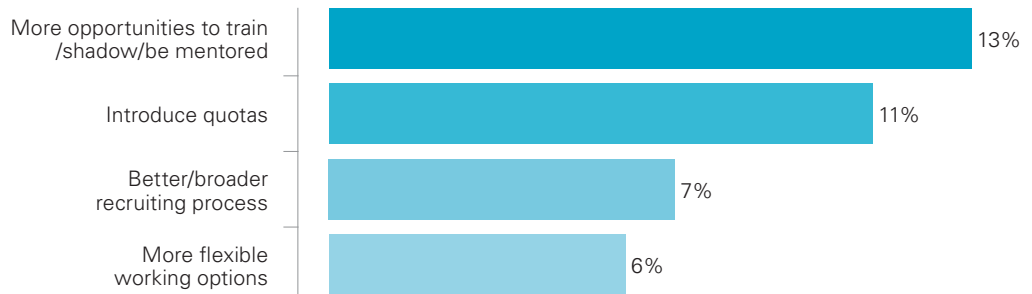
Another set of actions suggested by 16% of respondents was around recruitment processes. These included increasing transparency and broadening the skills and experiences understood as necessary to serve as an effective board member.

16% of responses mentioned training and education, including shadowing and mentoring. 15% of respondents made reference to a range of career development, including encouragement and support for women, promoting role models, acknowledging achievement and action to overcome the issue of career breaks. Further actions were suggested around publicity and promotion, raising awareness of the importance of

gender diversity, and improvements to work environment. A number of suggestions were made around shifting attitudes, and some around pay and benefits, including provision for childcare, equal pay for women, as well as a suggestion of rewarding companies for delivering on gender diversity. A further group of contributions were around flexible working, work/life balance and workload issues.

Graph 10:

Q. What actions might be taken to achieve recruitment of women to the boardroom? High level themes.



Upon further analysis the key solutions posed focused on more training opportunities for women, more open and transparent recruiting processes and flexible working options, together with the introduction of quotas.

Conclusions

The two key issues running throughout the consultation responses were:

- A lack of flexibility around work/life balance particularly around maternity leave and young families
- The perception of a traditional male cultural environment, the old boys network and a lack of networking opportunities for women

Many of the problems raised, and solutions suggested, were based around improving the pipeline of women coming up through companies. Providing role models, education and training and flexible working are all solutions that would encourage women to serve on corporate boards, having gained experience, expertise and profile. The responses also highlight the importance of dealing with barriers around organisational culture and unconscious bias. Many more women than men report they have dealt with gender-based barriers by leaving employers or changing careers. This implies that talent will move to companies who are better at encouraging gender diversity. A number of contributors to the review felt that quotas, or some other form of legal mechanism, were a route to achieving change. Others suggested aspirational targets or incentive-based approaches.

This narrative is based on an analysis of the responses undertaken by ICM Research.

Annex D – Steering board



Lord Davies of Abersoch, CBE

Lord Davies of Abersoch is a partner and Vice Chairman of Corsair Capital, a private equity firm specialising in financial services. He is also Non-Executive Chairman of PineBridge Investments Limited and Chair of the Advisory board of Moelis & Co. He holds a Non-Executive Director role at Diageo plc and is a Non-Executive Independent Director at Bharti Airtel Limited.

Lord Davies of Abersoch was Minister for Trade, Investment and Small Business from January 2009 until May 2010, a joint role between the Department for Business, Innovation and Skills and the Foreign and Commonwealth Office, also with responsibility for Infrastructure UK.

Prior to this appointment, he was Chairman of Standard Chartered plc from November 2006. He joined the board of Standard Chartered plc in December 1997 and was Group Chief Executive from November 2001 until 2006. He was a Non-Executive Director at Tesco plc from 2003-2008.

Lord Davies is the Chair of the Council of the University of Wales, Bangor, and a trustee of the Royal Academy of Arts.

He was awarded a CBE for his services to the financial sector and the community in Hong Kong in June 2002 where he served as a member of the HK Exchange fund for many years.

Lord Davies is married with two children and is a fluent Welsh speaker.



Annoushka Ducas

Annoushka Ducas is an experienced entrepreneur and jewellery designer. After studying at the Sorbonne in Paris she co-founded Links of London in 1990. She grew it into a global business with a turnover in excess of £50 million before selling the business and leaving in 2007. In July 2009 Annoushka established a new luxury jewellery brand, “Annoushka” which already employs over 70 people. Since 1996 she has mentored young designers from Central Saint Martins and the Royal College as well as providing business mentoring through Walpole Brands of Tomorrow to many young luxury brands. Annoushka is married with four children and lives in West Sussex.

**Amanda Mackenzie**

Amanda is the Chief Marketing and Communications Officer of Aviva plc and a member of the group Executive Committee. She is the executive sponsor for diversity. Amanda is a Non-Executive Director for Mothercare plc.

Amanda joined Aviva in 2008 to oversee the rebrand and to set up a global marketing and communications function. Amanda has 25 years marketing and advertising experience including Director roles at British Airways Air Miles, BT and British Gas.

Amanda has a BSc in Psychology from London University, and is a graduate of the Insead Advanced Management programme. She is a Fellow of the Marketing Society; on the board of the National Youth Orchestra, chairs "Front Foot" for the Advertising Association and mentors for the Marketing Academy. Amanda is very proudly from Yorkshire, now lives in London and is married with two children.

**Sir John Parker**

Sir John Parker was born into a farming family in County Down (Northern Ireland). He studied Naval Architecture and Mechanical Engineering at the College of Technology and Queens University, Belfast and joined the ship design team at Harland & Wolff in 1964. After extensive ship design and research experience he held a number of senior management positions in technical, production and ship sales.

Sir John Parker is Chairman of National Grid plc (October 2002), and Chairman of Anglo American plc (August 2009), Vice Chairman of DP World (Dubai) (2006). He is a Non-Executive Director of Carnival Corporation (2003) and (EADS Airbus) (October 2007).

He was Chair of the Court of the Bank of England (2004-2009), Joint Chairman of Mondi plc (2007-2009), Chair of the BVT Joint Venture (2008) and he was a Member of the Prime Minister's Business Council for Britain (2007-2010).

He is the Chancellor of University of Southampton (August 2006) and has been nominated to be President of the Royal Academy of Engineering from July 2011.



Dominic Casserley

Dominic Casserley is a senior partner of McKinsey & Company. Dominic is British and was educated in the UK, but his professional career has been spent in the US, Europe and Asia. He joined McKinsey in New York in 1983; he moved to Hong Kong in 1994 to lead McKinsey's Greater China practice; at the end of 1999 he moved to London. He was the Managing Partner of McKinsey & Company, UK and Ireland from 2003-2010. Dominic has been a member of the Shareholders Council (global board) of McKinsey since 1999.

Dominic read history at Cambridge University, where he was also President of the Cambridge Union Society. Dominic is Chairman of the Charities Aid Foundation (CAF) and is on the Council of Cambridge University, and the boards of the Donmar Warehouse Theatre and The Council for Industry & Higher Education. He is married with three children.



Susan Vinnicombe OBE MA PhD MCIM FRSA

Professor of Organisational Behaviour and Diversity Management, Director of the International Centre for Women Leaders, Member of the Executive Team, Cranfield School of Management.

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

Susan has written ten books and over 100 articles, reports and conference papers. Her book, "Women on Corporate Boards of Directors – International Research and Practice" (with R. Burke, D. Bilimoria, M. Husen and V. Singh published by Edward Elgar) was published in 2009.

Susan has consulted for organisations in over 20 countries on how best to attract, retain and develop women executives. She has advised the government in the UK, New Zealand, Australia, Finland and Spain on how to increase the number of women on their corporate boards. Susan is the founder judge for Women in the City Awards and judge for Future Women of Achievement Awards. She is a board member of the Saudi British Joint Business Council and Vice Patron of Working Families, a charity. She is also Visiting Professor of Curtin University, Graduate Business School, Perth, Australia

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



Sally Bott

Sally is the Group HR Director of BP. She was appointed in March of 2005. She is also a member of the BP executive management team.

Sally has a BSc degree in Economics from Manhattanville College in Purchase, New York and began her career in the Economics Department of Citibank in 1970.

Sally is an experienced HR professional with more than 25 years of HR experience. She worked at Citibank for 23 years, at BZW for two years, and then five years as Group Human Resources Director of Barclays plc in London.

Her most recent position prior to joining BP was at Marsh & McLennan Companies, where she worked for five years, and served as a Managing Director and Head of Global HR for Marsh Inc.

Sally is a non-executive board member of UBS AG in Switzerland and she is the Chairperson of their HR and Compensation Committee. She is on the board of the Royal College of Music in London and the Carter Burden Center for the Aging in New York City.

Acknowledgements

Thanks are due to a number of people and organisations for the use of their work in this report.

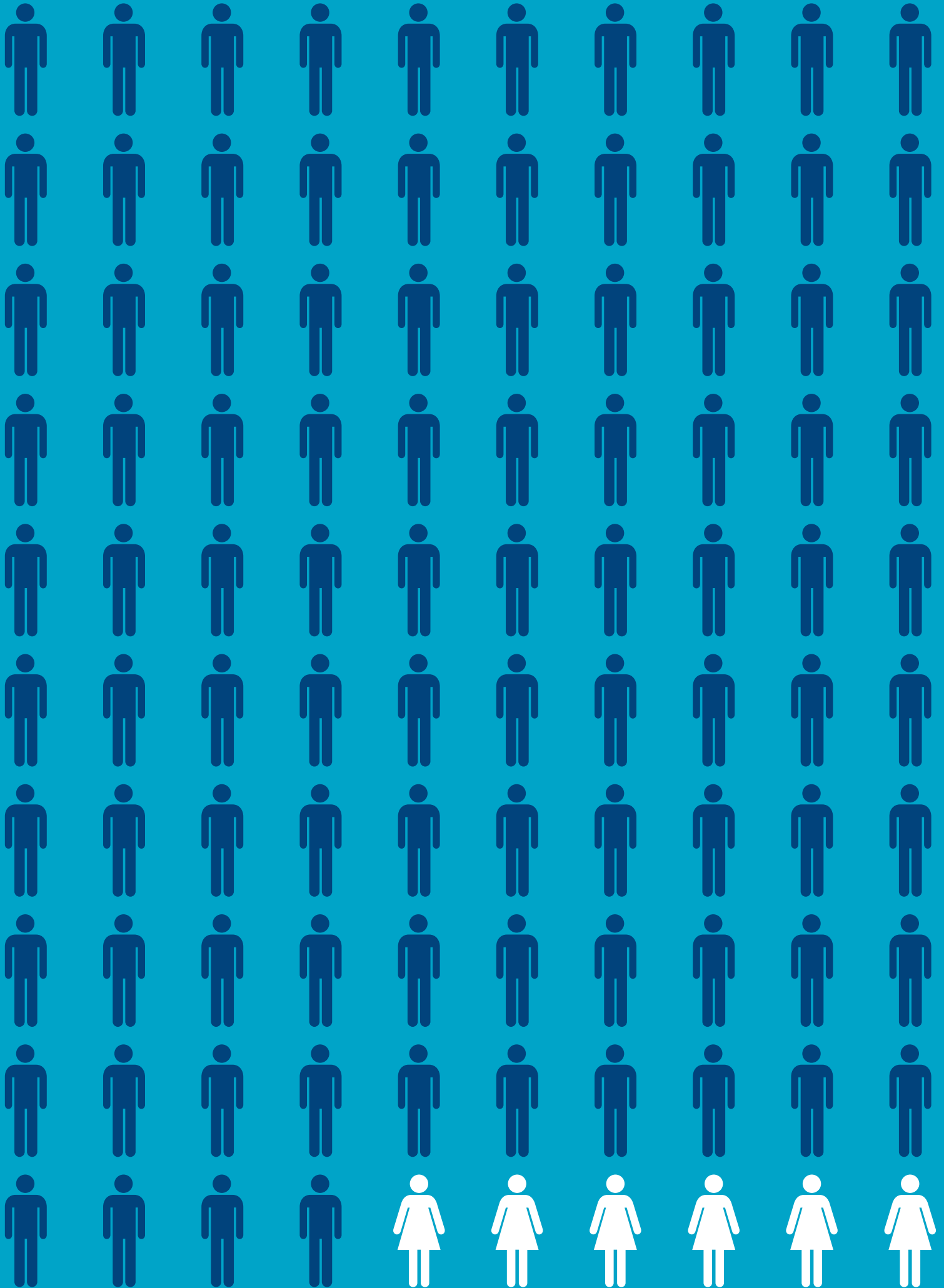
Thanks to Susan Vinnicombe for allowing us to quote extensively from the work of the Female FTSE 100 report. Thanks to Christina Ioannidis and Nicola Walther for allowing us to use the graphic from their book “Your Loss: How to Win Back your Female Talent”. Thanks are also due to Cilia Ebert-Libeskind and Elisa Becker of the Internationale Politikanalys in Berlin for allowing us to use the table in their report “Women on Boards, Norwegian Experience, June 2010”.

Thanks to Nick Eul-Barker of ICM Research for analysing the responses to the call for evidence and to The Partners for their design work.

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