



FTSE 100 CEO Diversity Data 2023

HONORDEX

 EQUALITY
GROUP

INTRODUCTION

Equality Group's latest report analyses the diversity, equality and inclusion performance of the UK's FTSE100 using the inclusive Honordex index.

Equality Group's FTSE100 Diversity Data Report found that FTSE 100 companies led by women outperform FTSE 100 companies run by men across diversity, equality and inclusion (DEI) metrics and that a similar pattern is also true of FTSE 100 companies led by ethnic minorities compared to white CEOs.

Using Honordex, our inclusive scoring tool, we found that the average DEI score of nine FTSE 100 bosses led by women was 76, while the average overall DEI score of an FTSE 100 company led by a man was 46.

Although the diversity of the CEO pool has improved slightly since the first time we conducted the analysis five years ago, with an increase of 29% across women and 40% across ethnic minorities, the group remains overwhelmingly male and white. Our data found, for example, there are more CEOs named Simon and Andrew than the total number of female FTSE 100 CEOs. Meanwhile, there are almost as many Simons as there are companies run by ethnic minority CEOs.

Numerous studies have consistently demonstrated the positive impact of diversity on business performance. McKinsey research found that companies that have greater gender diversity in their top leadership teams are more profitable. Meanwhile, companies with an equal representation of men and women on their boards achieved superior stock returns, according to Morningstar.

But despite this research and a slight uptick in women and ethnic minorities, the leaders of the UK's largest companies remain far from being representative of Britain's population. We have still never seen a woman of colour leading one of the FTSE 100, evidence that barriers faced by those with intersectional identities are very much at play.

As leaders of the British business landscape, FTSE100 companies have a unique opportunity to champion DEI and pave the way for a more inclusive society. The importance leadership and of clear communication regarding DEI efforts cannot be overstated for the FTSE 100. With their significant presence and vast workforces, these corporations must articulate their commitment to DEI to foster an inclusive culture. By doing so, they drive progress, innovation, and sustainable growth.

Hephzi Pemberton, Founder and CEO of Equality Group

Equality Group has collected the latest data on the diversity of CEOs in the FTSE 100. Our research shows that in the past two years, the number of female CEOs has increased by only one and the number of ethnic minorities has almost doubled (from 4 to 7). In this study, ethnic minorities are considered as not of white-European descent. There continues to be no women of colour CEO in the FTSE 100.

The variety of white male names has changed this year. Dave has come back with three CEOs having that name. Andy/Andrew has decreased from seven to five and Simon has taken first place as the most common name of a FTSE 100 CEO. There are now more Simons and Andrews (11) than women or ethnic minorities on their own.

In 2018, an INvolve report revealed there were more CEOs named Dave and Steve than there were women and ethnic minorities and in the next year they estimated that the UK economy was losing £2.6 million due to ethnic minority discrimination. In 2021, we reviewed and analysed the diversity of leaders in the UK's most powerful and valuable companies, obtaining similar results. Now, in its second edition, we have analysed them again to see if there are any significant changes.

In addition to analysing the diversity, we wanted to observe their performance on Honordex to see if there is any sign of correlation. Obtaining a positive correlation would only explain if a company is more vocal about diversity, equality and inclusion (DEI), but not reflect a causality, meaning that it can't explain that being more vocal about DEI is because of having a woman CEO.

Honordex is an evolving, self-improving methodology. We aim to capture nuanced data and to be fair and transparent in our scoring. However, no scoring system is perfect. Furthermore, companies change over time, which impacts their rating. The goal of Honordex is not that any company achieves a perfect score, but that all companies gain continuous insight into how their score can be improved.

Equality Group created four classifications to help evaluate the companies in the index. They are:

70 - 100 - Leader: company demonstrated a clear commitment to DEI and scored highly across all of the six categories analysed by Equality Group. This is the highest classification awarded.

50 - 69 - Leveller: company demonstrated a commitment to DEI and scored well across all six categories, but there is still room for improvement.

21 - 49 - Learner: company demonstrated some commitment to DEI, but is currently operating at an unsustainable rate according to social sustainability standards. Significant improvement is required.

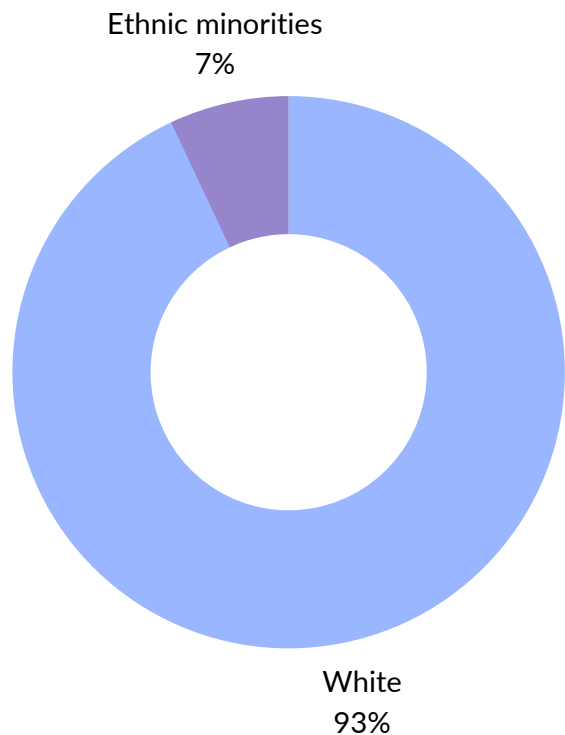
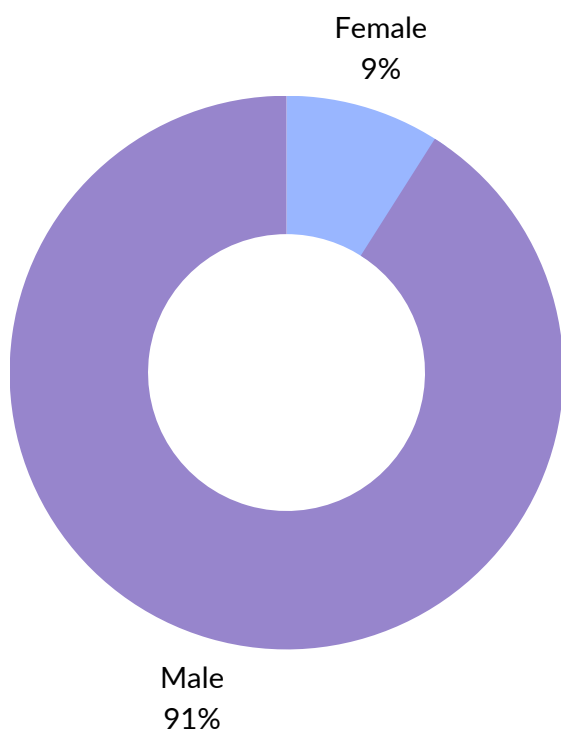
0 - 20 - Laggard: company has significantly fallen behind industry social sustainability standards. Urgent improvement is required.

OVERALL PICTURE

There are only nine women within the FTSE 100 companies, with no ethnic minorities representation (in women). This means that all of the nine female FTSE 100 leaders are white, no woman of colour has still never held this position.

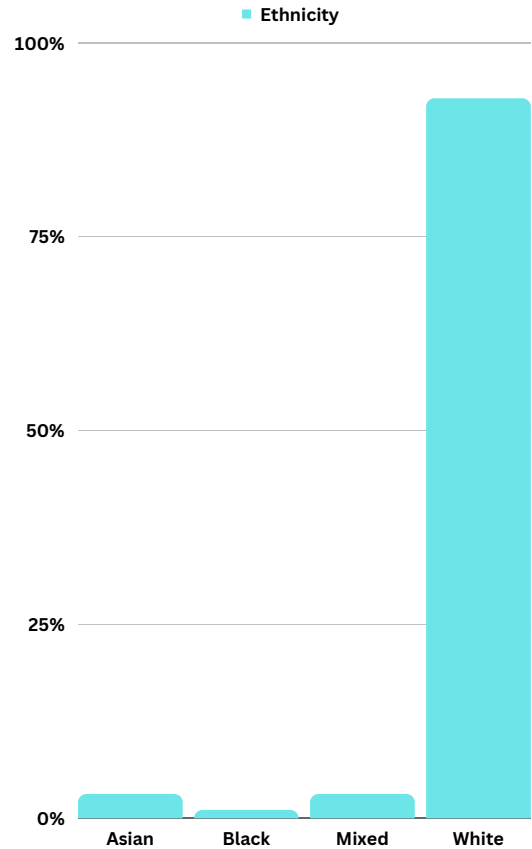
Asian and mixed backgrounds (other than Asians) are the second most common ethnicity with 3.09% each one, still way below the 92.78% represented by white.

It is worth noting that readjustments on the FTSE100 happen every quarter, where companies can be added or taken out of the index. This is a static analysis done at the beginning of May 2023.



YEAR-OVER-YEAR COMPARISON

| Category | 2018* | 2021** | 2023** |
|-------------------|-------|--------|--------|
| Women | 7 | 8 | 9 |
| Ethnic minorities | 5 | 4 | 7 |
| Women of colour | 0 | 0 | 0 |
| Andy/Andrew | 0 | 7 | 5 |
| Steve/Stephen | 4 | 6 | 4 |
| Peter | 0 | 6 | 2 |
| Dave/David | 9 | 3 | 3 |
| Simon | 0 | 0 | 6 |



FTSE 100 companies with an ethnic minority CEOs



Segun Ogunsanya
Appointed 2021



Octavio Alvidrez
Appointed 2012



C. S. Venkatakishnan
Appointed 2021



Anil Wadhvani
Appointed 2012



Jonathan Akeroyd
Appointed 2022



Deepak Nath
Appointed 2022

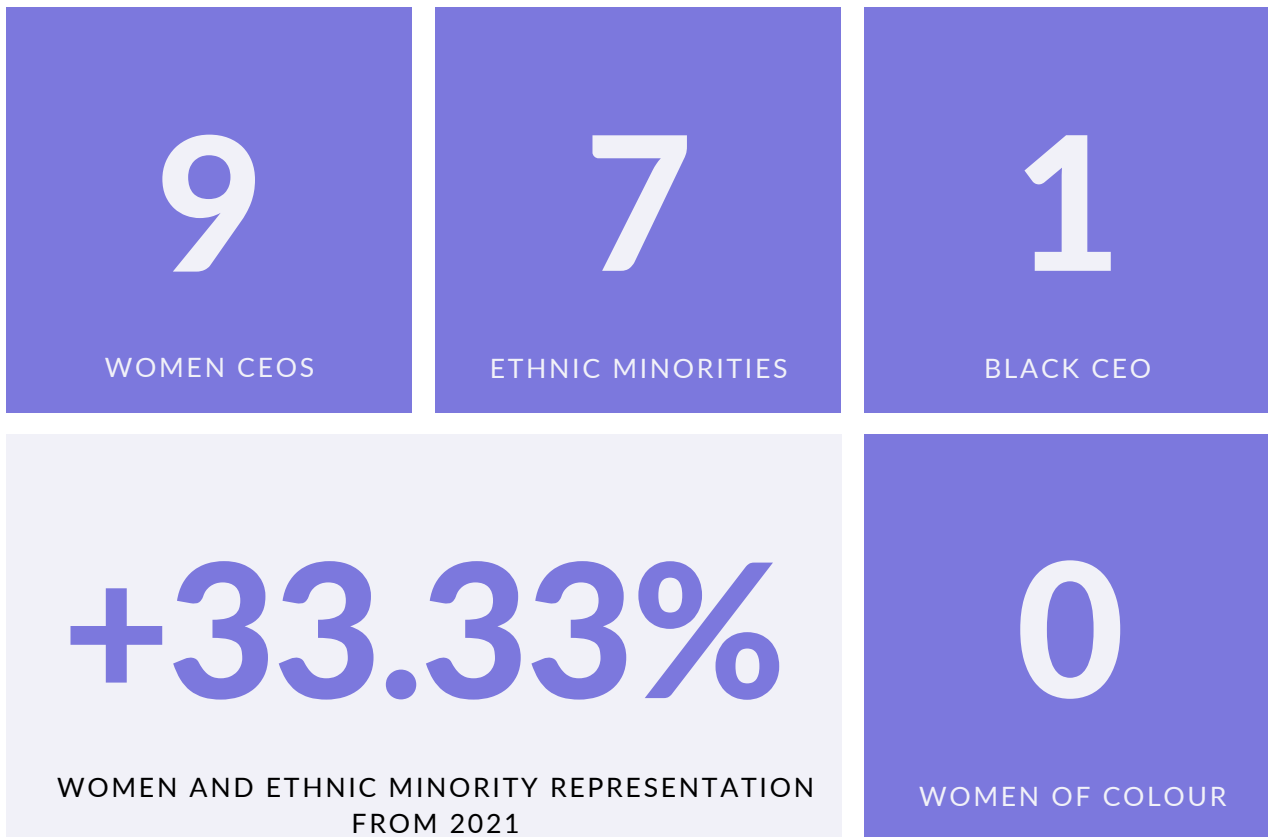


Ivan Menezes
Appointed 2013

According to the data presented in the 2023 table, there is a clear lack of opportunities for women and people of colour in top positions within corporate leadership.

In 2021, a study released by EY showed that nearly all FTSE 100 companies have met the Parker Review's target to improve ethnic diversity.

This involves having at least one ethnic minority person on the board. As expected, most of these persons occupy non-Executive positions, as the most common Executive ones are CEO and CFO. This confirms the findings from this study, showing that Executive positions are still not being held by people with ethnic minority backgrounds.



FTSE 100 WOMEN CEO ANALYSIS



Milena Mondini de Focatiis
Appointed 2021



Liv Garfield
Appointed 2014



Amanda Blanc
Appointed 2020



Jennie Daly
Appointed 2022



Jette Nygaard-Andersen
Appointed 2021



Louise Beardmore
Appointed 2023



Emma Walmsley
Appointed 2017



Margherita Della Valle
Appointed 2023



Alison Rose
Appointed 2019



| Company Name | Honordex Score |
|-------------------|----------------|
| gsk | 69 |
| Vodafone Group | 64 |
| Aviva | 63 |
| Admiral Group plc | 61 |
| Severn Trent | 60 |
| NatWest Group | 53 |
| Taylor Wimpey | 44 |
| United Utilities | 43 |
| Entain | 42 |

The average score for the nine companies with women CEOs was 56 and the range was 27. While this denotes a broad array of scores, the range is lower than we have measured in other industries like VC, but still bigger than the PE (the range within the top 10 is 16).

gsk scored 69 points and it's the highest score within the companies that are led by women. The first 6 companies are classified as Levellers and the bottom 3 as Learners. Most of the Levellers are scoring high in several metrical as they are vocal about their DEI Support, Inclusive Team and Actions and Policies done to achieve an inclusive workplace.

We measured the correlation between the score and having a woman as CEO and we found a moderate positive correlation of 0.6477. This means that having a woman as CEO impacts positively on their Honordex score.

FTSE 100 SIMON-LED COMPANIES

| Company Name | Honordex Score |
|--------------------|----------------|
| British Land | 55 |
| Sainsbury | 46 |
| 3i Group | 42 |
| RS Group | 32 |
| Melrose Industries | 21 |
| Next | 10 |

As expected, companies led by CEOs named Simon have a broad range of scores. Nonetheless, none of them scored as a Leader with one company even scoring as a Laggard. The average for these companies was 35 with a range of 45.

Most of these companies didn't have working conditions explained or specific actions or policies to support equal opportunities. Some of them did not have an equal proportion of women and ethnic minorities in senior leadership positions. The vast majority did not have any additional public information mentioning strategies towards diversity and inclusion on their website or social media.

Although this is not a causality test and the sample is small, we can empirically conclude that companies within the FTSE 100 that are led by a woman are more vocal about DEI in their publicly available resources.

FTSE100 ETHNIC MINORITY CEOs

| Company Name | Honordex Score |
|--------------|----------------|
| Barclays | 77 |
| Diageo | 57 |
| Burberry | 53 |
| Smith+Nephew | 40 |
| Prudential | 35 |
| Fresnillo | 20 |
| Airtel | 16 |

Companies led by CEOs with ethnic minority backgrounds have a big range of scores. Barclays is the only one that scored as a Leader with a 77. The average for these companies was 43 with a range of 61. The median at 40 is three points above the one that companies led by Simons had. The range is big enough to show that companies led by a CEO with an ethnic minority background do not imply that they communicate their DEI efforts.

Most of these companies didn't have working conditions explained or specific actions or policies to support equal opportunities. The vast majority did not have any additional public information mentioning strategies towards diversity and inclusion on their website or social media. Working conditions are not explained, specifically towards parental leave and flexible working.

In this case, there is a small correlation between having an ethnic minority CEO and their Honordex score. The Pearson correlation was 0.2178.

PAY GAP ANALYSIS

Not only we wanted to see if there is any correlation between their Honordex score and being vocal about DEI, but we wanted to see if companies led by women were shortening the gap between salaries. We used data reported from companies on their website, some of them taken from the annual report or the pay gap report.

From the nine companies led by a woman, we found that the average gender pay gap is 11.22% and 22.32% for the bonus pay gap. For companies led by a CEO with an ethnic minority background these metrics more than double to 24.66% and 49.20% respectively. For the companies led by a CEO named Simon, these metrics were around the same percentages (as ethnic minorities-led companies), with 21.63% for the mean gender pay gap and 57.13% for the bonus pay gap.

We can clearly see that women-led companies have addressed and made specific strategies to close the gap between men's and women's income for the same work. The data is the following:

| Company | Gender Pay Gap (Mean) | Bonus Pay Gap (Mean) | Proportion of men in top quartile positions |
|------------------|-----------------------|----------------------|---|
| GSK | -1.36% | 1.68% | 54.15% |
| Vodafone Group | 10.40% | 26.10% | 69.40% |
| Aviva | 24.30% | 50.90% | 66% |
| Admiral | 13.80% | 28.40% | 64% |
| Severn Trent | 2.90% | 0.00% | 71.00% |
| Natwest Group | 31.80% | 43.50% | 68.70% |
| Taylor Wimpey | -6.00% | -47.00% | 65.00% |
| United Utilities | 8.20% | 31.20% | 68.00% |
| Entain | 16.90% | 66.10% | 62.30% |

| Company | Gender Pay Gap (Mean) | Bonus Pay Gap (Mean) | Proportion of men in top quartile positions |
|--------------------|-----------------------|----------------------|---|
| Barclays | 35.90% | 67.60% | 69.00% |
| Diageo | 0.00% | 26.30% | 59.80% |
| Burberry | 31.90% | 56.10% | 45.00% |
| Smith+Nephew | 16.00% | 22.00% | NA |
| Prudential | 39.50% | 74.00% | 69.00% |
| Fresnillo | NA | NA | NA |
| Airtel | NA | NA | NA |
| British Land | 24.40% | 43.30% | 68.30% |
| Sainsbury | 8.50% | 46.40% | 62.10% |
| 3i Group | NA | NA | NA |
| RS Group | 22.40% | 66.60% | 67.00% |
| Melrose Industries | NA | NA | NA |
| Next | 31.20% | 72.20% | 45.00% |

There is still work to be done regarding women's representation in senior leadership positions, as most companies still have more than 2/3 of men in those positions.

In conclusion, it is clear that women-led companies are doing what it takes to close the gap between salaries. Nonetheless, companies that are led by a man, despite being from an ethnic minority background, are still paying women an average of 75p for every £1 earned by a man doing the same work.

When it comes to bonuses, these figures increase substantially. Not only because men are still the vast majority of workers occupying upper quartile positions, but also because most of them have jobs that qualify to get a bonus. Most of the part-time workers, especially in the retail industry, are women, who are sometimes not qualified to get this benefit. There is still a lot of work to be done in this space.

CONCLUSION

The research found that in the FTSE 100, there are currently nine female CEOs, seven male CEOs not of White-European descent and one Black CEO. Gender continues to be the primary lens for diversity, and data collection by independent bodies reflects this. The Hampton-Alexander 2021 Review did not include any data on ethnic minorities, restricting its use of the term diversity to gender. This makes it even more concerning that, despite the growing effort to scrutinise the FTSE 100 on their gender inclusion, the number of female CEOs has only increased by one since 2021. Similarly, it is evident female inclusion stops at white women.

Applying Lord Woolley's statement in response to the government's race report, acknowledging that there is an issue is the first step in rectifying the problem. Creating shortlists for a role where 50% of candidates are from diverse backgrounds; anonymising the resume by removing information - name, school and university - from an application before it is reviewed; and hired by a committee to help reduce unconscious bias and produce a more objective view of the candidate, are three ways to recruit more diverse talent.

Regarding their Honordex scoring, it is clear that women CEOs are putting diversity and inclusion at the top of the agenda and clearly seeing the benefits of it. As part of the FTSE100, these companies are some of the largest employers in the UK and people would benefit immensely if they were more vocal about DEI. Having more data available so future employees can know about what they are doing regarding diversity and inclusion can increase the sense of belonging and actually knowing where to focus the next strategies.

Firms should aspire to have diverse leadership teams not only because of their positive business benefits but because it is the right thing to do. Companies should strive for a more diverse workforce that is representative of the populations the firms serve. Focusing too narrowly on bolstering innovation and profitability can create unrealistic and unmanageable expectations for marginalised groups, in turn creating yet another barrier for them to climb.

Wording for the use of the term "ethnic minority"

For the purpose of this report, the term "ethnic minority" is used to refer to a person that is not of white-European descent. Our data breaks this group down further into Black, Asian and mixed-race groups.

We are wary to not homogenize the experience of those from "ethnic minority" backgrounds but for the purpose of this report, we want to highlight that the majority of those in leadership positions are white and therefore not representative of the UK population. As a point of comparison, the UK's 2021 Census found that 82% of people in England and Wales are white, and 18% belong to Black, Asian, mixed or other ethnic groups.

At Equality Group we are planning on running this analysis on an annual basis to measure progress on some of the biggest companies in the country. Moreover, most of the companies will remain in the index and having historical data will benefit further analysis of previous scores in different categories versus the current senior leadership team.

METHODOLOGY

Equality Group collected this data through the use of publicly available information sites, such as LinkedIn and the executive profiles of FTSE 100 company websites. The information in this report is accurate as of 10 May 2023.

For this report, an ethnic minority is defined as a person who is not of White-European descent.

For the Honordex scoring, The data is sourced from multiple publicly available information sites, including company websites, social media channels, published articles and reports. Honordex covers seven core categories: explicit DEI support, inclusive team, working conditions, actions and data, leadership, portfolio DEI and additional public information.

Within these categories, there are a total of 28 inclusion and diversity sub-metrics.

Equality Group has applied variable weightings to individual categories to reflect the most impactful data points across the core categories, as informed by the latest academic research. Visit Equality Group's website where there is a 3-minute video explaining the methodology.

Breakdown of the score

The six core categories analysed within the Honordex Index:

| | |
|-----------------------------|--------------------------------------|
| Explicit EDI Support | Actions/Policies |
| Inclusive Team | Leadership |
| Working conditions | Additional Public Information |

About Equality Group

Equality Group is a Diversity, Equality and Inclusion specialist focused on the Finance and Technology industry. The firm helps companies diversify their teams with their executive search service and create a more inclusive culture with their consulting and education services. For further information about our services and research projects, please reach out:

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