

Insights

FINDINGS OF THE FINAL HAMPTON-ALEXANDER REVIEW

Feb 24, 2021

SUMMARY

The Final Hampton-Alexander Review regarding women on boards has been published. This business-led independent Review has achieved significant progress - women now make up around 40%, in aggregate, of the non-executive directors on FTSE 350 boards. There is, however, a continuing challenge in the proportion of senior women executives on boards and on executive committees as well as the number of women with ethnic minority backgrounds.

This briefing looks at the key findings from the final review, sets out Sir Philip Hampton's recommendations for the future and reminds companies of some of the views from key stakeholder groups.

Background

The 2016 Hampton-Alexander Review recommended that:

- FTSE 350 companies should aim for a minimum of 33% female representation on boards by 2020; and
- FTSE 350 companies should aim for a minimum of 33% female representation across their executive committee and in the direct reports to the executive committees by 2020.

According to PLC Annual Reporting and AGMs 2020, What's Market Practice? the average size of a FTSE 100 board is 10 directors.

The Findings of the Final Hampton-Alexander Review:

- Reported numbers as at 11 January 2021 according to data gathered by BoardEx, show:
 - FTSE 100 is at 36.2% (374 women on boards), up from 32.4% in 2019 and up from 26.6% in 2016 (up from 12.5% in 2010)

- FTSE 250 is at 33.2% (652 women on boards), up from 29.6% in 2019 and up from 21.5% in 2016
- FTSE 350 is at 34.3% (1026 women on boards), up from 30.6% in 2019 and up from 23% in 2016
- 220 (65%) of the FTSE 350 companies have met the Hampton-Alexander target of having at least 33% of their board positions held by women
- The FTSE 350 no longer has any all-male boards although 16 companies out of the FTSE 350 only have one woman on their board (a significant decrease from 116 companies in October 2015 signalling perhaps the end of a “one and done” approach)
- Reported numbers for Women in Leadership (defined as the Executive Committee & Direct Reports to the Executive Committee combined) show:
 - FTSE 100 is at 30.6%, up from 28.6% in 2019 (the largest increase in women in leadership in four years)
 - FTSE 250 is at 28.5%, up from 27.9% in 2019
 - FTSE 350 is at 29.4%, up from 28.2% in 2019
 - FTSE 350 has 28 All-Male Executive Committees, versus 44 in 2019

Although significant progress has been made, the Review has fallen short of its second goal regarding women in the highest executive roles, such as CEO. There are only 17 female CEOs across the FTSE 350 and only four companies in FTSE 350 with a woman CEO and Chair duo.

Progress also needs to be made on the ethnic minority front – just 2.9% of board positions are held by women of colour according to the 30% Club even though the Parker Review recommends that there should be one director of colour on each FTSE 100 board by 2021 and one on each FTSE 250 board by 2024.

Sir Philip Hampton's Recommendations for the future

Whether there will be another Review, perhaps focusing on the Executive level, will be a matter for Ministers but in the meantime, Sir Philip Hampton recommends that:

- companies should as a matter of best practice have a woman in at least one of the four roles of Chair, CEO, SID and CFO;
- companies should publish a gender pay gap for their board and executive committee;

- BEIS should review with the Investment Association (IA) and other investor groups annually any voting sanctions applied to companies which fail to meet the gender targets they have set. Public policy may be adjusted in the event of persistent concerns over diversity at senior levels in businesses.

Stakeholder views

As companies prepare for the 2021 AGM season, it is worth noting stakeholder views on gender diversity and compliance with the Hampton-Alexander Review:

- The [IA Shareholder Priorities for 2021](#) include Red Top for FTSE 350 companies with 30% or less women on boards or 25% or less on Executive Committee & Direct Reports;
- Institutional Shareholder Services (ISS) recommends voting against FTSE 350 Nominations Committee Chairs with less than 33% women on the board;
- Glass Lewis, Federated Hermes and Rathbones Crossman, all recommend voting against FTSE 350 Nominations Committee Chairs with less than 33% women on the board; and
- BlackRock Stewardship Expectations 2021: in the UK, large company boards should adopt the recommendations of the Parker and Hampton-Alexander Reviews with a view towards more voting action against boards not exhibiting diversity in 2022.

[Hampton-Alexander Review - February 2021](#)

RELATED CAPABILITIES

- M&A & Corporate Finance
- Securities & Corporate Governance
- UK Public Company

MEET THE TEAM



Tessa Hastie

London

tessa.hastie@bclplaw.com

+44 (0) 20 3400 4516

This material is not comprehensive, is for informational purposes only, and is not legal advice. Your use or receipt of this material does not create an attorney-client relationship between us. If you require legal advice, you should consult an attorney regarding your particular circumstances. The choice of a lawyer is an important decision and should not be based solely upon advertisements. This material may be “Attorney Advertising” under the ethics and professional rules of certain jurisdictions. For advertising purposes, St. Louis, Missouri, is designated BCLP’s principal office and Kathrine Dixon (kathrine.dixon@bclplaw.com) as the responsible attorney.