



30% Club Investor Group: *Statement of Intent* **October 2016**

As asset owners and asset managers we are responsible for the stewardship of the investments we make on behalf of our members and clients. Part of that responsibility includes the assessment of the boards and senior management teams of our investee companies.

We believe boards that genuinely embrace cognitive diversity, as manifested through appropriate gender representation and a broad spectrum of skills and experience, are more likely to achieve better outcomes for investors. There is increasing research to support this hypothesis.

The main purpose of the *Statement of Intent* is to signal the collective voice of the 30% Club Investor Group to companies and the wider marketplace, and to demonstrate the ways in which members will use their ownership rights and undertake stewardship to encourage progress on gender diversity.

This next phase of the work of the 30% Club Investor Group seeks to demonstrate the strong commitment that members have in delivering outcomes on gender representation that are sustainable over the longer term.

Target

As members of the 30% Club Investor Group, we are committed to achieving a minimum of 30% women on FTSE350 boards and 30% women at senior management level of FTSE100 companies by 2020. In addition, we support the target of one-third of FTSE 350 board positions to be held by women by 2020, as developed by the UK Government's Women on Boards Report, the Davies Review and the continuing Hampton-Alexander Review.

This includes improving diversity on the appointments of non-executive directors of boards and in senior management teams.

Disclosure expectations for investee companies

As part of our overall stewardship responsibilities on behalf of our members and clients, we will actively engage with investee companies on corporate governance issues, including the process the board uses to identify suitable candidates for the board and at senior management level.

To provide investors with a comprehensive understanding of an investee company's diversity policies, we expect companies to be transparent regarding the procedures used to find new members for the board and at senior management level, and how that process ensures a diverse board and senior executive pipeline.

As well as disclosures required under the Corporate Governance Codes, we also expect to see evidence of a culture of commitment to diversity at the board level and across the organisation.

Engagement with investee companies

We will actively engage with board chairs and nomination committees on the issue of board diversity to convey the high level of importance that we, and our clients and members, place on this core stewardship issue.



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We will raise questions where there is evidence that there has been a failure in the nomination process with respect to board diversity.

We may choose to vote against the re-election of the chair of the board or nomination committee, particularly where there continues to be no evidence of board diversity, and engagement with the board has not led to any satisfactory outcome.

Exercise of ownership rights

As a general approach, this could involve voting actions in listed companies in two areas:

Directors (re)elections – Board Chairman and/or Nominations Committee Chairman

The nominations committee should ensure that the board has the appropriate range and balance of skills, experience, independence and knowledge. The chairman of this committee shares a responsibility with the board chairman for ensuring that directors are appointed on merit, against objective criteria and with due regard for the benefits of diversity. Investors could consider not supporting the nominations committee chairman and/or board chairman of those companies that still fall short of expectations.

Report & Accounts

Companies should include disclosure on their diversity policy and implementation (or make reference to disclosure elsewhere) in the Report & Accounts. Investors could consider not supporting the Report & Accounts resolutions if the diversity statement is not considered satisfactory (for example, if a statement does not include specific reference to a stated policy and/or actions regarding increasing diversity throughout an organisation) or there is no clear evidence that diversity is being sufficiently considered by the board.

Whilst our initial focus will be on FTSE350 companies, we will be encouraging similar disclosure from FTSE Smallcap companies. We would also encourage any company considering a listing to introduce a diversity policy along similar lines.

Exemplars of Best Practice

In addition to putting pressure on companies to perform better on diversity, the 30% Club Investor Group is keen to highlight examples of companies that are leading the way in this area.

Reporting

We are committed to reporting, on a regular basis, examples of engagement activity as well as any voting activity undertaken.

As a guide, voting could be reported showing the company sector, market cap and the specific resolution voted on.

The engagement will be reported through case studies where collective engagement with some or all 30% Club Investor Group members has taken place.