



June 2013

What is the 30% Club?

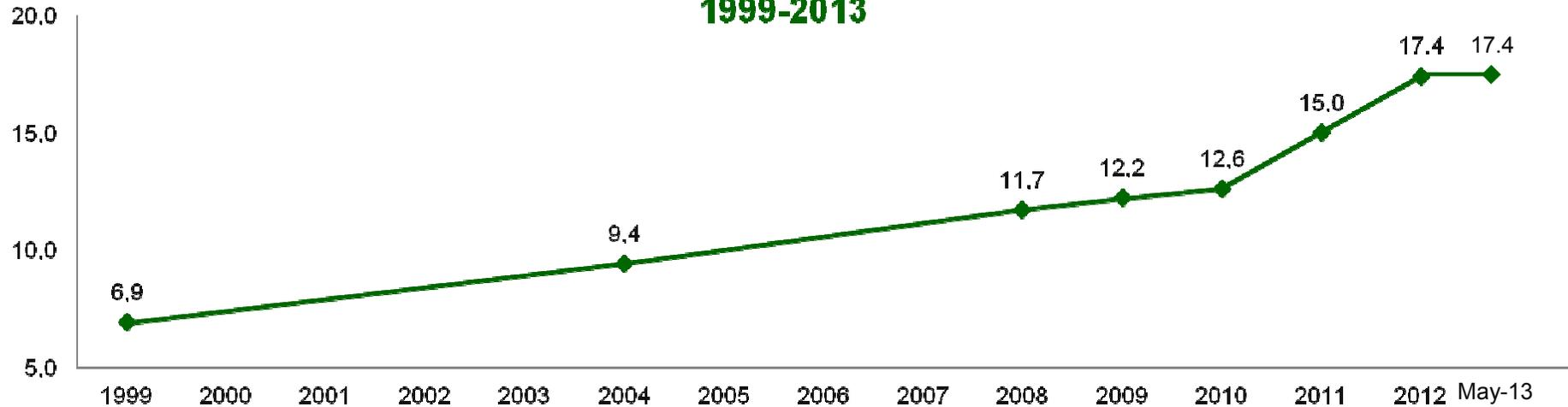


- The 30% Club is a group of Chairmen and organisations committed to bringing more women onto boards because we believe it's good for the overall effectiveness of the boardroom – and therefore good for business
- The aim is to achieve the 30% goal of women on boards by 2015
- This is business-led, voluntary action and anti-quotas, which are discriminatory and don't create sustainable change
- The UK 30% Club launched in November 2010 with 7 founding Chairmen supporters. 12.5% of FTSE-100 board directors were women (after a 3 year plateau). 21 FTSE-100 boards had no female directors
- The Club now has 65 Chairmen supporters and 17.4% of FTSE-100 board directors are women. 5 FTSE-100 boards have no female directors
- A confluence of factors has driven the breakthrough: leadership shown by the UK's top company chairmen; the Davies Review's ten clear recommendations; the collaborative, intensive nature of the 30% Club's efforts; broad political support and sustained media attention
- The issue of scarce representation of women at senior levels is a global one. A 30% Club launched in Hong Kong in March 2013 with 41 founding local Chairmen supporters. A Southern Africa 30% Club is planned. There is interest from Ireland, Belgium, Canada and the US.

Women on UK Boards – a breakthrough



FTSE-100: % women directors 1999-2013



Source: Professional Boards Forum BoardWatch. Data kindly provided by BoardEx and The Female FTSE Board Report

- 43% of non-executive FTSE-100 directors appointed in the year to 1 March 2013 were women
- Intensive, concerted business-led approach has been working; slowdown over past 6 months shows no room for complacency
- FTSE-250 seeing strong improvements from a low base; pace of female appointments now overtaken FTSE-100
- Executive pipeline remains a challenge and is a major focus

30% Club UK Chairman Supporters



Sir Brian Bender, London Metal Exchange

Sir Win Bischoff, Lloyds Banking Group

Mark Bomer, BDO

Donald Brydon, Royal Mail/ Smiths Group/ Sage

Sir Roger Carr, Centrica

Stuart Chambers, Rexam

David Childs, Clifford Chance

Michael Cole-Fontayn, BNY Mellon EMEA

Simon Collins, KPMG

Allan Cook, WS Atkins

David Cruickshank, Deloitte

Miranda Curtis, Waterstone's

Andrew Duff, Severn Trent

Ian Durant, Capital & Counties Properties

Neville Eisenberg, Berwin Leighton Paisner

Robert Elliott, Linklaters

Douglas Ferrans, Invista and IMA

Douglas Flint, HSBC

Anita Frew, Victrex

Charlie Geffen, Ashurst

Sir Peter Gershon, National Grid/Tate & Lyle

Sir Ian Gibson, Wm Morrison

Richard Gnodde, Goldman Sachs

Lord Green of Hurstpierpoint

John Griffith-Jones, Financial Conduct Authority

Sir Philip Hampton, Royal Bank of Scotland

David Harris, Hogan Lovells

John Heaps, Eversheds

Peter Hickson, Chemring

Andrew Higginson, Poundland

Tony Hobson, formerly Sage

Christine Hodgson, CapGemini

Dr Franz Humer, Diageo

Greg Jordan, Reed Smith

Lady Judge, Pension Protection Fund

Will Lawes, Freshfields Bruckhaus Deringer

Rich Laxer, GE Capital EMEA

John McFarlane, Aviva

Charlie Mayfield, John Lewis

Mike McTighe, Volex

Glen Moreno, Pearson

David Morley, Allen & Overy

John Nelson, formerly Hammerson

Peter Norris, Virgin

Dick Olver, BAE Systems

Patrick O'Sullivan, Old Mutual

Alan Parker, Brunswick

Sir John Parker, Anglo American

Sir John Peace, Burberry Group/ Experian/ Standard Chartered

Ian Powell, PwC

Sir Michael Rake, BT Group

Sir Simon Robertson, formerly Rolls Royce

Baron David de Rothschild, Rothschild

William Rucker, Lazard

Sir Nigel Rudd, BAA/Invensys

Chris Saul, Slaughter and May

Peter Scott, Engine Group

John Stewart, Legal & General

Carl-Henric Svanberg, BP

Robert Swannell, Marks & Spencer

Martin Thomas, Lancashire Holdings

Michael Treschow, Unilever

David Tyler, Hammerson, Sainsbury's

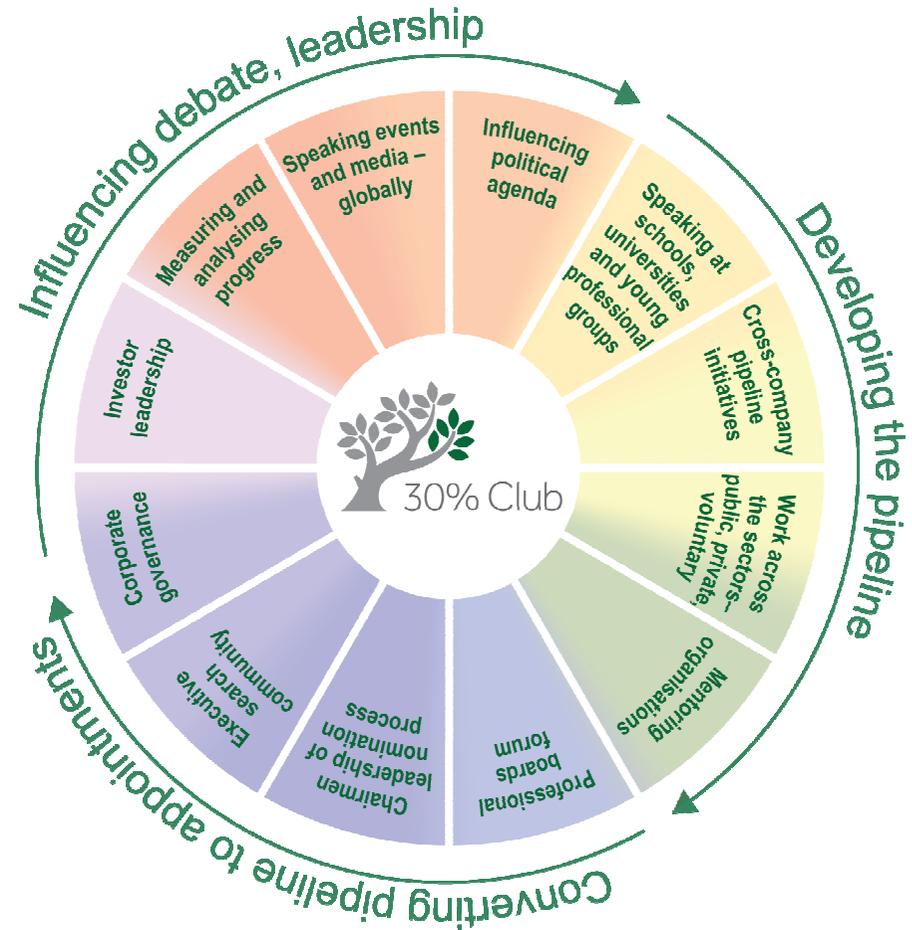
Steve Varley, Ernst & Young

Bob Wigley, Hibu

The 30% Club helps to bring the multiple efforts together and creates new initiatives where there are gaps



- Collaborative approach working with leading businessmen and women
- NOT a diversity business. Open source. Non-territorial
- Working closely with the Davies Committee
- 30% Club Investor Group (representing over £2trn AUM with 16 members) coordinates investment community approach to engaging with companies
- Targeted efforts to develop female talent; initial focus on the professional services firms, where few women make partner. New cross-company mentoring scheme focusing on 'mid-career' women; "Balancing the Pyramid" behavioural science project
- Strong, consistent media support including FT, Evening Standard, Radio 4 Today
- Three objectives for 2013: maintain momentum, build the pipeline, go global!



A summary of progress since 2010



- 17.4% of FTSE-100 directors are female up from 12.5% at end 2010
- 22% of FTSE-100 non-executive directors but only 5.6% of Executive Directors
- In the year to 1 March 2013, women accounted for 43% of FTSE-100 NED appointments
- 2011 - a breakthrough year: almost 100 female directors appointed to FTSE-100 and FTSE-250 boards, 62% had no prior boardroom experience
- Ratio of female : male FTSE-100 board appointments (both exec and non-exec) has increased from 13% in 2010 to 34% in the year to 1 March 2013
- 9 companies have reached or exceeded 30% female representation on their boards - Burberry, Diageo, Capita, GlaxoSmithKline, Whitbread, BT Group, Lloyds Banking Group, Tate & Lyle and Tesco
- 26 companies have reached the 25% target set by Lord Davies for 2015; 84 more board seats held by women needed to reach Lord Davies 25% target for FTSE-100
- 5 all-male FTSE-100 boards, compared with 21 at the time of the Davies report
- FTSE-250 seeing sharp improvements from a low base, with 13.8% women directors (up from 7.8% end 2010). 24.8% all-male FTSE-250 boards down from 52.4% end 2010. Ratio of female board appointments has picked up sharply, currently running at 40% of all new appointments

An epiphany in the UK over the past 3 years: this is now seen as a business issue not a women's issue

The business case



- There is clearly a powerful intuitive argument for having a varied board, with less danger of ‘groupthink’
- 30% is the widely-suggestion proportion when the contributions of a member of a minority group become valued in their own right rather than as representatives of that group
- Institutional investors are increasingly considering overall board effectiveness including diversity (beyond gender) as an important aspect of good governance
- It is impossible to prove causality. However, 5 studies based on experiences in different countries have corroborated the intuitive argument that more diverse boards can improve corporate performance. Please see www.30percentclub.org.uk for links
 1. *McKinsey* ‘Women Matter’ 2011
 2. *Catalyst* ‘The Bottom Line and Women’s Representation on Boards’
 3. *Citigroup* ASX100 Women on Board Analysis August 2011
 4. *SocGen* Getting the Right Women on Board October 2011
 5. *Credit Suisse* Gender Diversity and Corporate Performance August 2012

These studies all point to a positive correlation between women on boards and financial performance (return on equity, return on capital employed).

- Academic research into the Norwegian experience suggests achieving balanced boards through quotas may have the opposite effect (University of Michigan The Changing of the Boards: The Impact of Mandated Female Board Representation May 2011).
- The “Balancing the Pyramid” 30% Club project is exploring behavioural differences between men and women, and how these complement each other to create more effective teams – restating the business case

Developing the pipeline is key to sustainable change



- Clearly no single reason behind the lack of a strong pipeline of senior women. Broad range of factors: sociological, biological, cultural and traditional business practices
- Countries with quotas for the boardroom have failed to develop the pipeline (in Norway, only 2% of listed company CEOs are women)
- Creating a better gender balance at all levels of a company requires a sustained, concerted series of efforts, including modernising working practices for all
- The 30% Club's neutral non-commercial status and open source approach is encouraging companies to work collaboratively and more radically than before
- The 30% Club's initial efforts have been focused on the professional services firms who suffer particularly acute attrition rates between high female entry level intake and low number of female partners. An intensive project involving 700 people from 17 firms, is ongoing. Initial findings were reported December 2012 (see www.30percentclub.org.uk)
- Balancing the Pyramid Project involves publicly listed companies. Members of this group include Centrica, BP, Pearson, Marks and Spencer, GE Capital, Lloyds Bank, Cairn Energy, JP Morgan. The group is focusing on behavioural differences between men and women and how these have a bearing on the formation of successful teams in business, with a view to creating gender-intelligent skills development programmes

The investor community can accelerate the pace of change



- Financial Reporting Council announced changes to UK Corporate Governance Code in October 2011, effective October 2012. These require companies in the UK to report annually on their boardroom diversity policy including gender and on any measurable objectives the board has set for implementing the policy
- Purpose of 30% Club Investor group is to help coordinate the investment community's approach to the issue. Our investor seminar in February included the publication of best practice guidelines for constructive engagement with companies; these were updated in November to encompass 'Diversity and Stewardship'
- There are 16 institutional members of the Investor group representing over £2trn AUM
- Members are: Aberdeen Asset Management, Aviva Investors, AXA Investment Managers, BlackRock, Co-operative Asset Management, Ecclesiastical, F&C Investments, HSBC Bank Pension Trust UK, Hermes Equity Ownership Services, J P Morgan Asset Management, Jupiter Asset Management, Legal & General Investment Management, the Local Authority Pension Fund Forum, Newton Investment Management and RPMI Railpen
- An extraordinary shift is possible, along lines of other investment community successes in recent years (such as the cessation of past practice of combining CEO/Chairman roles for UK listed companies)
- The media has also been helpful in raising the issue as part of needed corporate governance improvements following the financial crisis
- The 30% Club investor group submitted a detailed response to the EU Consultation Paper 'Gender Imbalance on Corporate Boards'

Factors behind the UK's accelerated progress



- Zeitgeist. Financial crisis raised questions over status quo of existing boards
- Davies Report. Analysed the loss of talent and raised pressure on companies to act. Set out ten clear recommendations, with cross-party political support. Coalition government has been consistently supportive of business-led change
- 30% Club helped coordinate many existing efforts, to develop new ones and to move the issue firmly into the business domain. Open source approach helped to build momentum and to evolve with the issue
- UK's strong 'Comply or Explain' culture and established Corporate Governance Code have reinforced preference for voluntary approach not mandated action. The Code now includes a specific boardroom gender diversity policy. Other helpful good governance aspects are: clear delineation between CEO and Chairmen roles, two 3 year terms for NEDs (which creates natural turnover) and the annual re-election of directors
- Strong leadership by UK corporate chairmen, who led recruitment of other chairmen. EU quota push helped to highlight voluntary change as a better way
- Headhunters developed Voluntary Code to meet Lord Davies' recommendation – and adapted their board recruitment practices

A confluence of factors. Some exportable, others UK-specific but the model can be replicated.

International efforts



- The issue of scarce representation of women at senior levels is global in nature and the aim is to catalyse an international, concerted effort
- Our approach is to offer strategic support to local groups who are run consistently as a business-led effort supported by chairmen and CEOs of companies listed in the relevant countries
- A “protocol” has been established to help local efforts. Each country is assigned a UK Steering Committee member “buddy” to help co-ordinate and establish close links
- A 30% Club was launched on 14th March 2013 in Hong Kong with 41 founding Chairmen supporters. CY Leung, HK Prime Minister spoke at the launch event.
- A 30% Club is planned to be launched in Southern Africa
- In New Zealand, a 25% Club has launched
- There is good support for the approach in Ireland, Canada, Belgium and interest in Australia and the Netherlands
- We have been working with supporters to launch a US initiative in late 2013

Structure



Governance structure

Chairmen
Advisory
Board

Steering
Committee

Chairmen members

Working groups

Investors

Professional
Services
Firms

Balancing
the
Pyramid

Events

Media/
Social
Media

UK Steering committee



- Gaenor Bagley, PwC
- Tamara Box, Reed Smith
- Diana Brightmore-Armour, NED
- Lisa Bryant, Lloyds
- Caroline Carr, Goldman Sachs
- Gay Collins, MHP Communications
- Pavita Cooper, Independent Board Advisor
- Niamh Corbett, Morgan Stanley
- Melanie Gee, Lazard
- Katushka Giltsoff, The Miles Partnership
- Mary Goudie, Labour Peer
- Vimi Grewal-Carr, Deloitte
- Emma Howard Boyd, Jupiter
- Claudia Kohler, Newton
- Emily Lawson, McKinsey
- Sally Martin, Shell
- Heather McGregor, Taylor Bennett
- Helena Morrissey, Newton
- Melanie Richards, KPMG
- Henrietta Royle, Fanshawe Haldin
- Joanna Santinon, E&Y
- Jane Scott, Professional Boards Forum
- Peninah Thomson, The Mentoring Foundation
- Claire Tracey, The Boston Consulting Group
- Brenda Trenowden, BNY Mellon
- Siân Westerman, Rothschild
- Sarah Wiggins, Linklaters

30% Club Activity – highlights



- **July 2011** Inaugural event, Cass Business School. Speakers: Rt. Hon Theresa May, Home Secretary. Martin Gilbert, CEO, Aberdeen Asset Management highlighted key role institutional investors can play to catalyse a faster pace of change
- **October 2011** 10 Downing Street event where the Prime Minister endorsed the aims and work of the 30% Club
- **January 2012** All Party Parliamentary Corporate Governance Group breakfast for House of Commons and House of Lords representatives with Davies Committee and 30% Club to discuss progress and next steps
- **February 2012** Helena Morrissey joined the Prime Minister at the Northern Future Forum in Stockholm to contribute UK views on “How do we get more women into top positions?”
- **February 2012** Investor Seminar on the benefits for business having more diverse board, the importance of ‘comply or explain’ approach and methods for investors of engaging with companies on the issue
- **May 2012** Chaired City and Financial Conference ‘Creating the Next Generation of Women Business Leaders and Entrepreneurs – a Practical Guide to Making it Happen’
- **May 2012** Hosted seminar to launch Equality and Human Rights Commission report “Gender Diversity on Boards: The Appointment Process and the Role of Executive Search Firms”
- **July 2012** Reception hosted by Rothschild for achieving 50 chairmen supporters; speakers: Rt Hon Theresa May and Vince Cable, Business Secretary
- **July 2012** House of Lords oral evidence on why a business-led approach is better than a quota; House of Commons oral evidence Dec 2012 on ‘Women in the Workplace’
- Intensive campaign leading up to November 2012 when EU amended mandatory quota plans
- **November 2012** ‘Transforming Business Culture’ landmark event, London Stock Exchange: keynote speaker Rt Hon Vince Cable and Jo Swinson MP, Minister for Women and Equalities on panel discussing more innovative approaches to ‘Developing the pipeline’
- **December 2012** ‘Shifting the Needle: Getting more Women to the Top of Professional Services Firms’ McKinsey-facilitated 30% Club project with 10 law and 7 accountancy firms exploring why so few female partners and considering new ideas to accelerate progress
- **February 2013** ‘Breaking the Mould’ Awards partnered with the Mail on Sunday to recognise innovative organisations for achieving demonstrable results in developing senior female talent
- **April 2013** ‘Accelerator steps to Female Talent Development’ seminar hosted by Bloomberg focused on activities around the pipeline
- **July 2013** Global Summit hosted by E&Y

Contact points



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