

# Charting Diversity Progress under the Revised UK Listing Rules

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Insights into FTSE 350 Diversity and Disclosure Trends

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# Table of Contents

About Glass Lewis .....	3
Introduction .....	4
Ethnic Diversity .....	4
FTSE 350 Progress .....	4
Company Disclosure Practices .....	6
Investment Companies .....	9
Voting and Engagement .....	10
Glass Lewis Approach .....	10
Gender Diversity .....	11
FTSE 350 Progress .....	11
Company Disclosure Practices .....	12
Target Setting .....	17
Investment Companies .....	17
Voting and Engagement .....	19
Glass Lewis Approach .....	20
Appendixes .....	21
Connect with Glass Lewis .....	<b>Error! Bookmark not defined.</b>

## Editors & Contributors

Bernadette O’Donoghue  
Eanna Kelly  
Ester Ballabio  
Jason Healy  
Troy McKeown  
Dimitri Zagoroff

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## Introduction

On April 20, 2022, the Financial Conduct Authority (FCA) issued a [Policy Statement on Diversity and inclusion on company boards and executive management](#). In a bid to standardise and enhance transparency around the diversity composition of listed company boards, new Listing Rules were introduced requiring issuers to include a statement in their annual financial report setting out, on a ‘comply or explain’ basis, whether they have met specific board diversity targets, as follows:

- The board consists of at least 40% women (including those self-identifying as women);
- At least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is held by a woman; and
- At least one member of the board is from a non-white ethnic minority background (as referenced in categories recommended by the Office for National Statistics (ONS)).

Along with these targets, the revised Listing Rules also require companies to publish data in their annual financial report on the composition of their board and the most senior level of executive management by gender and ethnicity.

Main Market companies were required to make these disclosures in their annual reports for financial years starting on or after April 1, 2022. Consequently, companies with AGMs in the first half of 2023 were generally not subject to the rules. Nonetheless, approximately 46% of FTSE 350 companies opted to adhere to the new reporting requirements over the course of 2023, offering early insights into evolving company practices and disclosure as we head into the 2024 proxy season.

This paper assesses the current state of play following the initial implementation of the new rules, providing a statistical overview of diversity performance across the FTSE 350 in addition to illustrative examples of best-in-class disclosure. We also discuss Glass Lewis’ general policy approach to diversity issues, and where relevant, the wider market response to the changes. Given their unique structure, smaller board size, and absence of employees, investment companies, commonly known as investment trusts (ITs) will be considered separately.

## Ethnic Diversity

### FTSE 350 Progress

While the updated Listing Rules include a ‘comply or explain’ target for all Main Market companies to have at least one director on the board from an ethnic minority background, the first guidance on board level ethnic diversity applying to FTSE 350 issuers was the Parker Review. First published in 2017, the Parker Review set a target for FTSE 100 and FTSE 250 boards to have at least one director from an ethnic minority group by 2021 and 2024, respectively.

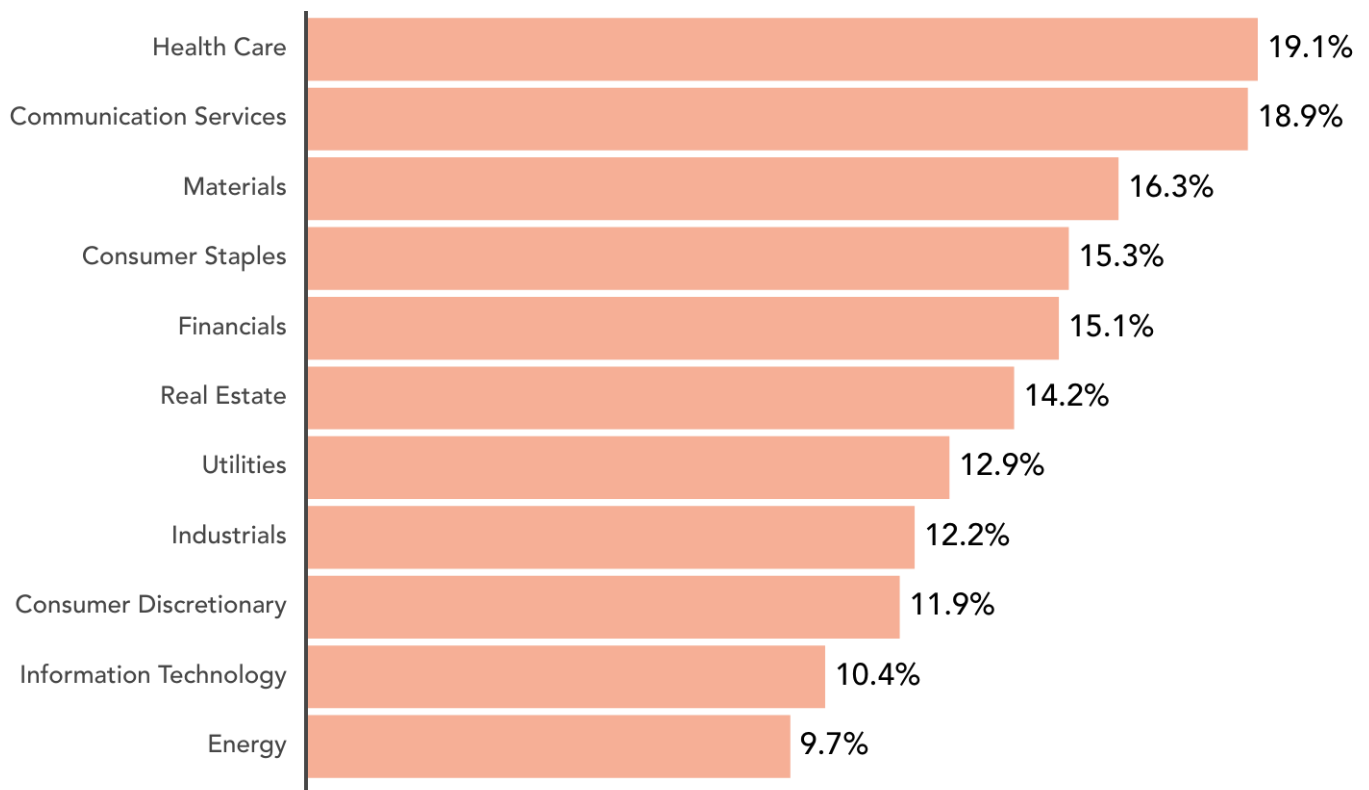
Since the publication of the first Parker Review report, there has been a steady rise in ethnic minority representation on FTSE 350 boards. As of their 2023 AGM dates, an overwhelming majority of FTSE 100 companies successfully met the Parker Review target of having at least one non-white board member, with only three exceptions: Frasers Group plc (disclosed as a recruitment priority); B&M European Value Retail S.A

(currently meets target following board appointment); and UNITE Group plc (currently meets target following board appointment).

Based on available company disclosure, we found that the average proportion of ethnically diverse directors on FTSE 350 boards (excluding ITs ) stood at approximately 14.1% (17.6% in the FTSE 100 and 11.9% in the FTSE 250) in 2023. This compares to ethnic minority representation of 18% observed across the population of England and Wales, as reported in the 2021 Census.

If we look at board ethnic representation by sector, as shown below, the least diverse sector is energy, with only 9.7% of directors from an ethnic minority background, followed by information technology with 10.4%. Conversely, the most diverse sectors are healthcare, with 19.1% of ethnically diverse board members and communication services, with 18.9%.

### FTSE 350 (excl. ITs) Ethnic Diversity by Sector



## Company Disclosure Practices

### Listing Rule Disclosure

The new Listing Rules require standardised disclosure regarding the ethnic composition of the board and senior leadership, with the data to be presented in a template based on ONS categories, as shown below.

(b) Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
<b>White British or other White (including minority-white groups)</b>					
<b>Mixed/Multiple Ethnic Groups</b>					
<b>Asian/Asian British</b>					
<b>Black/African/Caribbean/Black British</b>					
<b>Other ethnic group, including Arab</b>					
<b>Not specified/ prefer not to say</b>					

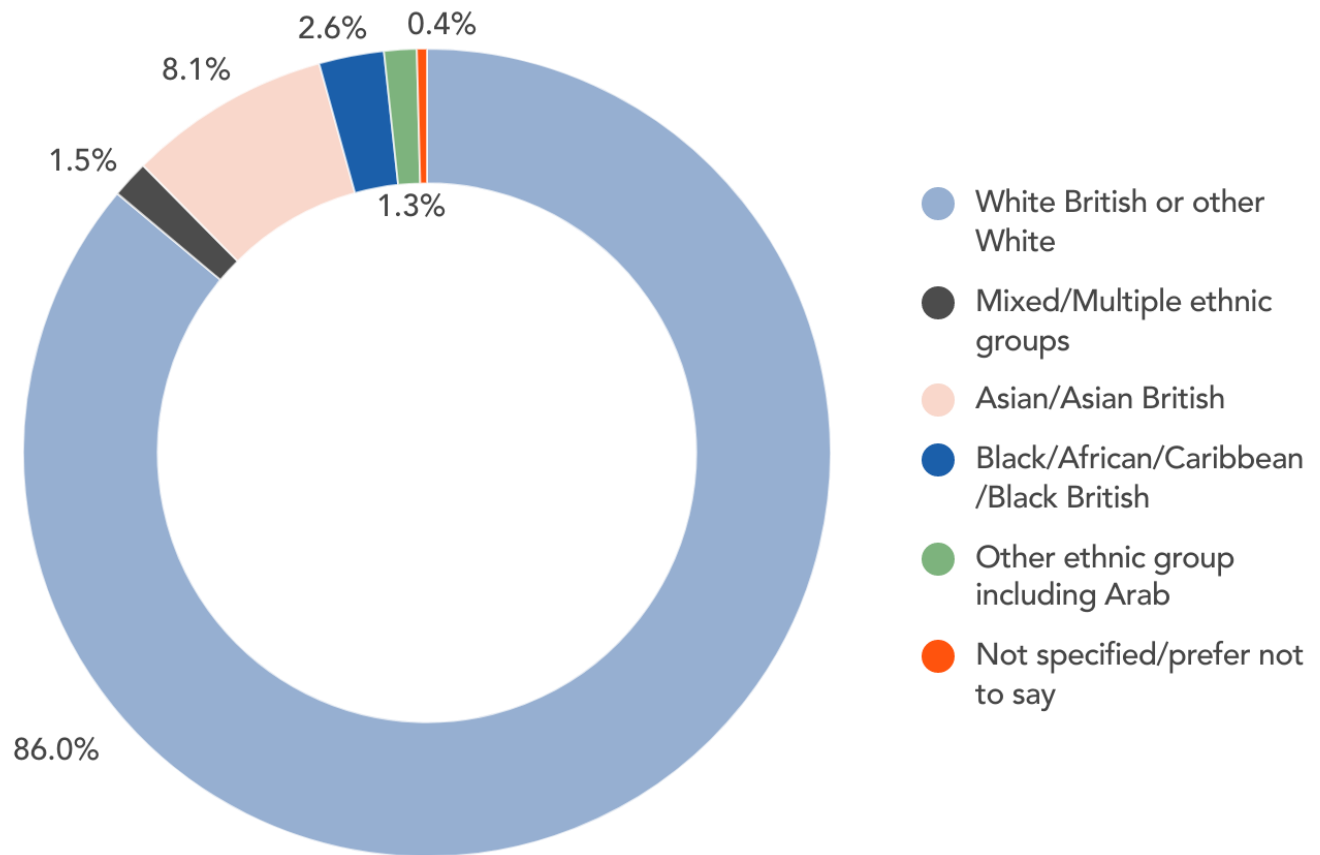
Given the Listing Rules applied to reporting periods starting on or after April 1, 2022, only 28.5% of non-IT FTSE 350 companies (mainly those with AGMs in the second half of the year) were required to use this disclosure template prior to their AGM in 2023. Nonetheless, due to early voluntary adoption by some companies, approximately 67.6% of the FTSE 350 provided this information (or a close equivalent<sup>1</sup>) in 2023.

Use of Listing Rules Template at FTSE 350 Companies in 2023 (excl. ITs)	
<b>Required to use template</b>	28.5%
<b>Used exact template</b>	54.3%
<b>Used template or equivalent</b>	67.6%

The chart below provides a breakdown of the average ethnic representation on FTSE 350 boards, where companies disclosed the same, during 2023.

<sup>1</sup> For the purposes of data collection, we considered the following as “close equivalents” to the Listing Rule template: (1) customised versions of the table excluding non-applicable rows; (2) pie charts showing the number of board directors of a certain ethnic background; and (3) disclosure of each of the directors’ ethnicity in their biographies.

### Ethnic Representation at FTSE 350 Boards (excl. ITs)



It is noteworthy that three FTSE 350 boards have a majority of non-white directors: Fresnillo plc; Airtel Africa plc; and Network International Holdings plc. This is likely reflective of the geographical scope of the companies' operations.

#### Parker Review Disclosure

There has been a general improvement in companies' disclosure concerning progress against the Parker Review targets, with only six companies in the FTSE 350 failing to state whether they met the relevant target. Further, 74.2% of FTSE 250 companies (excl. ITs) disclosed that their board included at least one director from an ethnic minority background. This is a substantial improvement relative to 2022, where 56.7% of companies did the same, representing a positive step towards achieving the 2024 Parker Review target.

Additionally, in 2023, a considerable number of FTSE 250 companies which had yet to meet the Parker Review target outlined their plans to do so or provided disclosure surrounding the specific challenges they face in this regard. As shown in the table below, **Balfour Beatty plc** clarified that, as two non-executive directors will reach the end of their tenure in 2024, the company will seek to achieve compliance through the succession planning for these roles. On the other hand, both **Baltic Classifieds Group plc** and **Bank of Georgia Group plc** emphasised how the ethnic composition of the countries and regions where they operate substantially differs from that of the UK.

## Disclosure Examples

Company & Index	Board Ethnic Diversity	Disclosure
<b>Balfour Beatty plc</b> (FTSE 250)	0%	<p><i>"The Committee further acknowledges the Parker Review, directing that boards of FTSE 250 companies should have at least one director from an ethnic minority background by 2024.</i></p> <p><b>The Board is not yet compliant with the Parker Review and will seek to achieve compliance through short-term succession planning as two independent non-executive Directors are set to reach the end of their tenure in 2024.</b> The Committee acknowledges the importance of ethnic diversity on the Board, and acknowledges that for the Group to develop a truly diverse and inclusive culture, the Board needs to:</p> <ul style="list-style-type: none"> <li>• Set the right top-down example;</li> <li>• Be a more proportionate representation of our workforce, the communities in which we operate, and society at large; and</li> <li>• Foster a culture that embraces and celebrates diversity and inclusion.</li> </ul> <p><i>As a business, Balfour Beatty must make every effort to attract and retain diverse talent and break down the barriers that stifle recruitment and progression of ethnic minorities within the industry. With the support of the HR function, the Group drives a number of initiatives to support career development of ethnic minorities within the workforce" (2022 annual report, p.132).</i></p>
<b>Baltic Classifieds Group</b> (FTSE 250)	0%	<p><i>"Ethnic diversity is an identifier for a minority population sub-group which is broadly accepted to be a combination of national origin, racial origin, and cultural identity. It is clear that the minority or majority sub-groups of any population will vary by country and region. <b>Given that the Group operates all business in the Baltic region, due consideration should be given to the differences between the population of the Baltic region and the diverse populations of the UK or the US, for example.</b></i></p> <p><i>National minorities are recognised in Lithuania, Estonia and Latvia, and the ONS states that nationality is an aspect of ethnicity, especially where significant migration has taken place. See Figure 1 for the current ethnicity distribution in each of Lithuania, Latvia and Estonia which are countries relevant to the Group in terms of employees and Directors. Here we can clearly see the ethnic diversity of these countries includes principally white ethnic groups. In terms of openness and transparency of our diversity and inclusion, we feel this data is important to demonstrate both the context and the pool of resources available to the Group. Compliance with ethnic diversity targets is not as straight-forward for the Group as it might be for those entities located in the United Kingdom by comparison.</i></p> <p><i>The Group will continue opening up the discussion around diversity as is relevant for the Baltic region and will continue to take into account its diversity targets when considering Board appointments and hiring or promoting to leadership positions" (2023 annual report, p.74).</i></p>
<b>Bank of Georgia Group plc</b> (FTSE 250)	0%	<p><i>"During the year, the Committee continued to spend time reviewing the diversity of skills and experience, gender, social and ethnic backgrounds, cognitive and personal strengths, amongst other factors, including merit and other objective criteria. <b>The Committee noted that with the Group's workforce primarily based in Georgia, the ethnic make-up of its workforce is different to that of a UK-based group.</b> The Board itself is highly diverse in terms of nationality: our nine Directors are citizens of six different countries. The Committee will continue to have regard for all diversity factors, including gender and ethnicity, in any future appointments as well as the appropriate knowledge, skills and experience in accordance with the Group's Diversity and Inclusion Policy" (2022 annual report, p. 188).</i></p>



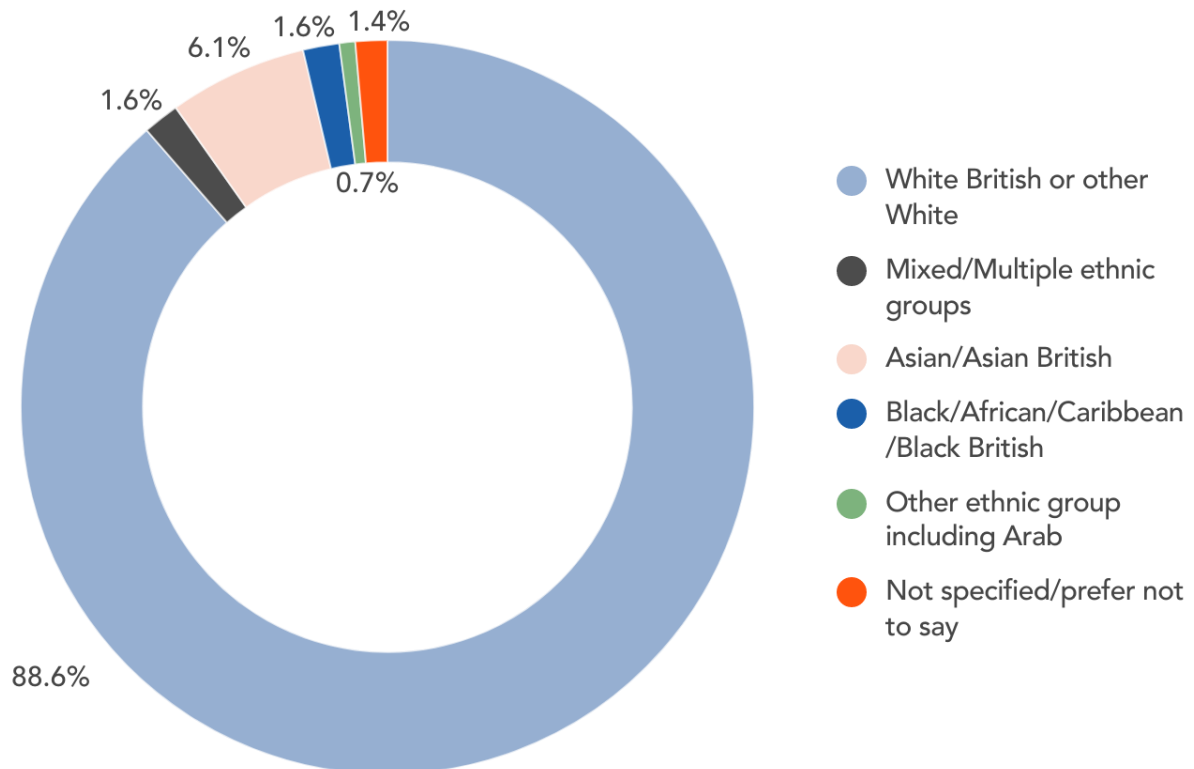
## Investment Companies

In the United Kingdom, ITs are a type of collective investment fund that operate as a closed-end investment company. While ITs must adhere to the FCA's listing rules and regulatory requirements to maintain their listing, they typically follow the AIC Code of Corporate Governance, which provides for a number of deviations from the UK Corporate Governance Code, and use it as a guide for best practices in corporate governance. Further, ITs generally have smaller boards (averaging five members) and are typically comprised solely of independent directors.

The percentage of IT boards having at least one director from an ethnic minority background is lower compared to FTSE 350 non-IT companies (64.4% vs 82.8%). This discrepancy is likely linked to the fact that only two of the ninety-one FTSE 350 ITs belong to the FTSE 100 index. As such, most of these companies have until the end of 2024 to meet the Parker Review ethnicity target applying to FTSE 250 companies.

In 2023, FTSE 350 ITs nonetheless saw a significant improvement in both ethnic minority representation and related disclosure, with the percentage of companies disclosing compliance with the Parker review target jumping from 23.2% to 64.4%. It is important to note, however, that in 2022, 32.9% of ITs did not disclose information regarding their compliance with the ethnicity target, while in 2023, only three companies failed to provide this disclosure.

### Ethnic Representation at FTSE 350 Investment Trust Boards



A greater number of ITs were also required to use the Listing Rules disclosure template, relative to non-ITs, as a higher proportion of their AGMs fell later in the year. Consequently, more ITs provided standardised numerical data on the ethnic composition of their boards (or a close equivalent) in 2023 compared to non-ITs (76.7% vs. 67.6%), illustrated above. We note that, overall, ethnic representation rates are comparable to those of non-ITs.

## Voting and Engagement

One of the most direct indicators of investor focus is their voting activity, with any proposals receiving high opposition likely to be the subject of subsequent engagement discussions. While no FTSE 350 companies reported instances of significant shareholder dissent due to concerns about board ethnic diversity in 2023, we suspect that this reflects the substantial progress made by companies in recent years and still-pending nature of Parker Review's FTSE 250 targets, rather than a lack of attention on this issue by large asset managers. Indeed, most institutions have voting policies in place whereby a failure to meet the Parker Review targets results in a vote against the chair of the nomination committee.

The general progress on this issue also meant that board ethnic diversity was not a frequent theme in Glass Lewis' engagement meetings, being a topic in less than 5% of our 2023 conversations with FTSE 350 companies. Among the engagements where the topic of ethnic diversity was discussed, one company wanted to rationalise their choice of identifying a certain group of people as an ethnic minority, while another explained why they believe that the structure of their organisation poses a challenge to setting meaningful ethnicity targets for senior management.

## Glass Lewis Approach

For 2024, Glass Lewis will continue to monitor company reporting against the new Listing Rules targets. We will also include a section in our Proxy Paper analysis of FTSE 350 companies highlighting company disclosure relating to the ethnic composition of their boards. Further, given that the deadline for the Parker Review target is now past due for FTSE 100 companies, Glass Lewis will generally recommend that shareholders vote against the re-election of the chair of the nomination committee at FTSE 100 companies that have failed to appoint one director from an ethnic minority and has also failed to disclose in their annual report why they have not been able to achieve compliance.

Mindful of the approaching Parker Review target deadline for FTSE 250 companies, Glass Lewis will also continue to monitor progress towards current market best practice standards, and our Benchmark Policy will consider recommending votes against the nomination committee chair in subsequent years in cases where a board has made insufficient progress and has not disclosed any cogent explanation or plan to address the issue. In egregious cases where a board has failed to address legitimate shareholder concerns regarding the diversity of ethnicity and national origin at board level, we may also recommend that shareholders vote against the re-election of the chair of the nomination committee.

In addition, from 2024, Glass Lewis Proxy Papers will include a section highlighting whether FTSE 350 companies have disclosed senior management ethnicity targets. This is in line with updated Parker Review guidance that these companies establish a target for the percentage of senior management positions to be occupied by ethnic minority executives by December 2023, with the targets to be achieved by December 2027.

# Gender Diversity

## FTSE 350 Progress

Gender diversity representation at UK listed companies continued its upward trajectory in 2023 with the FTSE 100 and FTSE 350, in aggregate, achieving the 40% representation target set out by both the FTSE Women Leaders Review and Listing Rules. This represents notable progress if we consider that board-level diversity in 2021 was just below 35%. Further, we note that 14 FTSE 350 boards comprised a majority of women at the time of their AGMs.

When examining gender diversity at senior board positions, we observe that the percentage of FTSE 350 companies having at least one woman in a key board role, as set out in the new Listing Rules, is 64.8%. The most diverse role is that of senior independent director which, with 40% female representation, experienced the most significant growth in the past two years. This is followed by CFO (19.9%) and board chair (12.5%). Only 8.4% of CEO positions in the FTSE 350 are occupied by a woman.

Among committee chair roles, the remuneration committee chair stands out, with 69.8% of these positions held by women. The audit committee chair is the second most diverse role, of whom 40% are women, while the nomination committee chair role is significantly less diverse with only 14.9% female representation. The relatively low level of diversity among nomination committee chairs is likely attributable to the fact that the nomination committee is often chaired by the chair of the board, where women remain underrepresented.

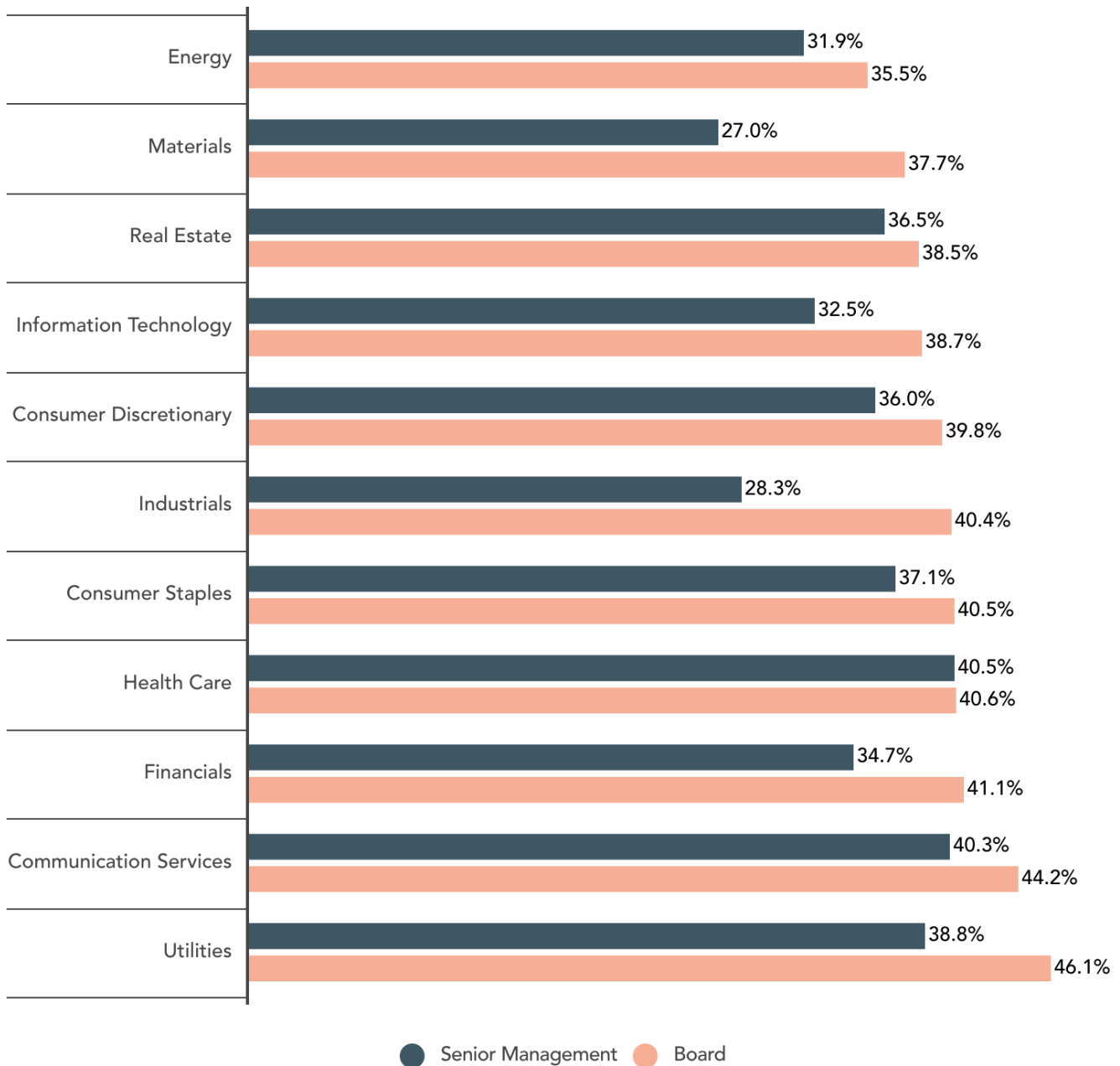
Regarding senior management-level representation, data for 2023 seems to align more closely with the previous Hampton-Alexander Review (the forerunner to the FTSE Women Leaders Review) target of 33% (34.5% in the FTSE 100 and 33.5% in the FTSE 250, respectively) falling short of the listing rule target of 40%, albeit representing a modest increase compared to the prior year (32.4% in the FTSE 100 and 31.4% in the FTSE 250, respectively).

If we look more closely at gender diversity data by sector, it is evident that some sectors have greater gender diversity rates compared to others. The least gender diverse sectors in terms of board composition appear to be energy and materials, with 35.5% and 37.7% female representation, respectively. Conversely, the most diverse boards can be found in utilities and communication services (46.1% and 44.2%, respectively).

In terms of diversity in senior management, the sectors facing the most significant challenges appear to be materials and industrials, where female representation stands at 27.01% and 28.26%, respectively, still lagging the previous 33% target set out by the Hampton-Alexander Review. On the other hand, healthcare and communication services emerge as the most diverse sectors, with female representation reaching 40.50% and 40.29%, respectively. These are the only sectors that, in aggregate, have successfully met the targets set by the FTSE Women Leaders Review.

It is important to note, however, that these figures may not necessarily be reflective of the actual efforts made by companies to improve diversity, as some sectors may have benefitted from a historical advantage whereby certain positions were conventionally occupied by women, affording them a broader pool of female candidates for succession planning initiatives.

## FTSE 350 (excl. ITs) Gender Diversity by Sector



### Company Disclosure Practices

Companies falling under the scope of the FCA’s Listing Rules are required to adhere to its requirements on a ‘comply or explain’ basis. Further, in its policy statement, the FCA included guidance that, in addition to the disclosure requirements described above, in-scope companies may wish to include the following in their annual financial report to provide further context:

- A brief summary of any key policies, procedures and processes, and any wider context that the company considers contributes to improving the diversity of its board and executive management.
- Any mitigating factors or circumstances which make achieving diversity on its board more challenging (for example, the size of the board or the country where its main operations are located).
- Any risks it foresees in being able to meet or continue to meet the board diversity targets in the next accounting period, or any plans to improve the diversity of its board.

### Board Disclosure

In the following table, we provide some examples of disclosure from the annual reports of FTSE 350 companies with a low level of board gender diversity (all below 33%). In each of these cases, we were satisfied with the wider context and mitigating factors provided and determined not to escalate the issue by recommending that shareholders oppose the re-election of the nomination committee chair (or equivalent).

In the case of **C&C Group plc**, gender diversity dropped below 33% following the resignation of two female directors and the nomination committee stated its commitment to meet the FCA’s board representation target by 2025, assuring that diversity would be a key consideration for new appointments. **Frasers Group plc** also stated its intention to appoint two additional directors in order to address the lack of gender diversity on its board and demonstrated its positive trajectory by an increase in the diversity in senior management. **Kainos Group plc** also identified succession planning as an opportunity to address the gender imbalance. Additionally, the company mentioned the challenges of having an equitable list of candidates for non-executive director roles in the technology sector and outlined the creation of a pool with 40% women to address this issue.

### Board Disclosure Examples

Company Name	Board Diversity	Disclosure
<b>C&amp;C Group plc</b> <b>(FTSE 250)</b>	17%	<p><i>"We have a Diversity, Inclusion and Wellbeing Policy and the Committee is satisfied that it supports the development of a more diverse workforce within the business and is consistent with the Group's inclusive and welcoming culture. The policy equally applies to our Board members and all our employees, regardless of their contract, location or role in the business. As at 28 February 2023, female representation on the Board was 22% (two out of nine). The Committee is <b>mindful of both the FTSE Women Leaders Review and the FCA's diversity targets at Board level.</b> The Company is fully supportive of these aims and is <b>committed to ensuring that the proportion of female representation will meet this requirement by 2025"</b> (2023 annual report, p.111).</i></p> <p><i>"Both the Committee and the Board are mindful that progress needs to be made in relation to the level of female representation on the Board. <b>Following the significant changes to the Board recently, the diversity of our Board has fallen below our diversity aims.</b> The Committee and the Board fully support diversity, equity and inclusion in all its dimensions and recognise the important contribution it makes to high quality decision making and innovative thinking. <b>As we look to appoint two new Directors to the Board, diversity will be part of our key considerations.</b> I look forward to updating our progress in our search for two new additional Non-Executive Directors, and in ensuring the appropriate balance of diversity on our</i></p>

		<p>Board. Diversity, equity and inclusion remained firmly on the Committee's agenda, both at a Board level and throughout the Group" (2023 annual report, p.108).</p>
<b>Frasers Group plc</b>  <b>(FTSE 100)</b>	29%	<p><b>"The Board is conscious of the targets set by the FCA which apply for the FY23 financial year and its reporting requirements in respect of this, being on a comply and explain basis. With this in mind, the Board has engaged external recruitment agents, Odgers Berndtson and Heads! International, to seek to appoint two additional Directors with the purpose of addressing the gender and ethnic diversity requirements, as well as addressing opportunities to fill identified skills gaps on the Board .... As discussed above, we have been working with recruitment agents specialising in diverse candidates in order to meet the new FCA requirements on gender and ethnicity. The Board is conscious that to successfully deliver the strategic goals of the business, our people, including the Board of Directors must reflect the diverse cultures and values of our customer base. During the period we increased the gender diversity of our senior management team with the appointment of two females to the roles of Chief Marketing Officer and Managing Director of Sport. With two of the three appointees to the senior management team being aged under 35, we have not only increased diversity of age on the senior management team but now also have representation from every age group between 30 through to 60 plus. The Committee recognises the advantages of having a diverse team and has therefore reviewed the composition of the senior management team, including their direct reports. There is a varied representation of ages within senior management and a number of roles were held by women at period end, including the Chief Marketing Officer, Head of Sustainability, Head of Consumer Credit, Head of PR and Communications and the Head of UK Finance" (2023 annual report, p.104).</b></p>
<b>Kainos Group plc</b>  <b>(FTSE 250)</b>	29%	<p><b>"Two (50%) of our four Non-Executive Directors are women (2022: 50%). Including the Executive Directors, 33% of our Board are women (2022: 33%). All Board members identify 'White/European' as their ethnic group. Although we have not met the new Listing Rule requirement on diversity targets in the current year, the Board is fully supportive of and is actively working towards compliance. The additional diversity requirements align with our D&amp;I principles. The Board is currently recruiting, as part of succession planning for those Non-Executive Directors who will step down in 2024, having by then served on the Kainos Board for the recommended maximum nine-year tenure. As part of the Board rebalancing exercise, in December 2022, we started a search for two new Non-Executive Directors. The search is being conducted through our internal executive search function with the Nominations Committee leading the selection process. The appointment of the new Non-Executive Directors is expected within the FY24 financial year, to facilitate time for a comprehensive handover. This recruitment activity provides an opportunity for us to achieve compliance with the new Listing Rule targets on gender, ethnicity and seniority of Board positions held. To support the attraction of a more diverse Board, in the current recruitment round there has been a strong focus on building equitable long lists of diverse candidates with relevant skills, experience and knowledge. With the diversity challenges within the technology sector, it has been challenging to achieve equitable long lists of candidates for the new Non-Executive Director appointments. For one of the roles, an initial long list consisting of 60% men and 40% women has been established with 10% of the candidates declaring as being from an ethnic minority background. To achieve a fair and balanced selection process, short listing and interview panels will consist of equal numbers of men and women with diverse skillsets and levels of experience" (2023 annual report, p.65).</b></p>

## Senior Management Disclosure

Sector-specific recruitment challenges seem to be even more apparent in senior management. The table below provides some examples of disclosure from companies that have low senior management-level diversity (all below 33%) and outlines their plans to address this issue. Notably, these companies, operating within sectors such as financial services, defence and mining, all acknowledge the historical male dominance in their respective sectors.

In response to this, **Ashmore Group plc** has chosen to establish a dedicated diversity committee tasked to oversee the company D&I strategy and related activities. **Babcock International Group plc**, recognising the sector-specific disadvantage, has incorporated specific senior management diversity targets as key metrics for its performance share plan. **Centamin plc**, in addition to contending with sector challenges, also highlighted “significant legal and cultural challenges to the employment of women” in Egypt. Consequently, the company developed targets along with the remuneration committee to enhance diversity and established a diversity working group in one of its locations in Egypt to facilitate the achievement of these targets.

## Senior Management Disclosure Examples

Company and Index	Senior Mgmt. Diversity	Disclosure
<b>Ashmore Group plc</b>  <b>(FTSE 250)</b>	19%	<p><i>“Ashmore’s focus on Emerging Markets and its network of 11 offices with local employees mean that it is diverse from ethnicity, gender and nationality perspectives, with 69% of employees from diverse backgrounds (defined as being not white or male). More than a third (36%) of the Group’s employees and 57% of the Board Directors are female. <b>Recognising that the financial services sector has historically been a male-dominated industry, the firm is keen to promote gender diversity.</b></i></p> <p><i>However, <b>Ashmore is a relatively small organisation of approximately 300 employees, with a long-standing remuneration philosophy that rewards performance and engenders long-term employee loyalty.</b> It does not have large-scale recruitment programmes. Therefore, while Ashmore has become more diverse over the past 12 months, any significant desired changes in the profile of the employee base must occur over time as succession occurs, new roles arise, and replacements are recruited based on merit and objective criteria without any quotas set.</i></p> <p><i>Within this context, Ashmore seeks to ensure that candidate pools are assembled wherever possible to include candidates of different gender, ethnic and social backgrounds.</i></p> <p><i>Ashmore launched its graduate recruitment programme in FY2022 and the first group of graduates joined in September 2022. The programme’s focus is on front office roles and it will support the ongoing development of a diverse workforce over the longer term.</i></p> <p><i>To ensure diversity characteristics are understood and, where necessary, acted upon, Ashmore maintains a comprehensive view of the profile of its employees, based on self-identified factual data. The ‘diversity dashboard’ is reported periodically to the Board, its Remuneration Committee and the RCC. In addition, all employees receive comprehensive annual Equality and Diversity in the Workplace training.</i></p> <p><i><b>During the year, the Board agreed to establish a Diversity Committee, chaired by the Non-executive Director responsible for workforce engagement. The committee held its first</b></i></p>

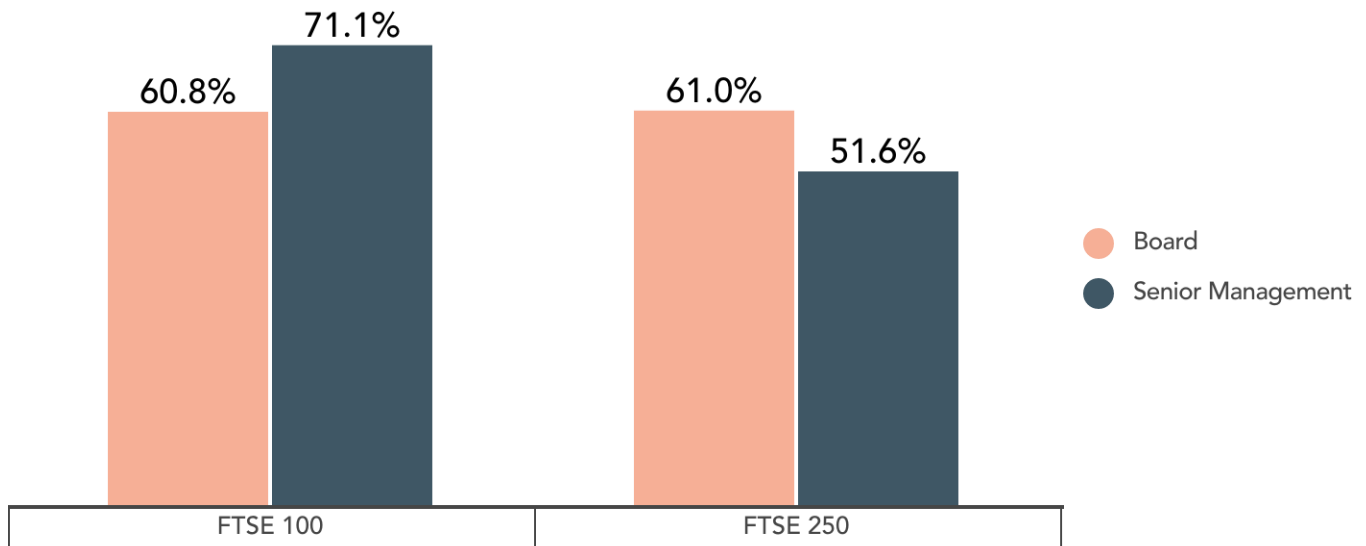
		meeting in July 2023, and will oversee Ashmore's diversity and inclusion strategies and activities" (2023 annual report, p.47).
<b>Babcock International Group plc</b> <b>(FTSE 250)</b>	23%	<p>"At Board level, as the Committee works on composition and develops the Board's membership over time, <b>it is planning for the Board to meet the FTSE Women Leaders Review target for 40% women by 2025</b>, and the Parker Review target of at least one minority ethnic director by 2024 and has searches ongoing to do so. However, as a relatively small board, the Board's diversity statistics can be susceptible to material movement on the basis of an individual appointment or retirement. For example, on Jane's appointment, the Board was 37.5% female, but that percentage reduced on Sir Kevin's appointment. So, the journey to achieving the targets will not be even. Looking at diversity across the organisation, the Committee recognises that the transparency and clarity introduced with the Babcock Role Framework will be very supportive, allowing employees a clear sight of the criteria for each role within the Group. It will also allow role models to become more visible. To support the Remuneration Committee in setting performance targets, <b>the Committee has probed Management's targets on gender (30% of the senior leadership to be female by 2025 and 30% of employees to be female by 2030)</b> and concluded that these represent sufficient ambition, taking into account the locations of the Group's principal sites and the sectors in which the Group operates" (2023 annual report, p.123).</p> <p>"As a defence company, we operate in a sector that continues to be male dominated and our challenge remains primarily an issue of representation. For us, having more women across the Group, and particularly in senior leadership roles, is key to our long-term strategy" (2023 annual report, p.75).</p>
<b>Centamin plc</b> <b>(FTSE 250)</b>	24%	<p>"The mining industry has been historically male dominated and the challenge to bring about greater gender diversity has been on the agenda for many companies in the sector. However, in Egypt, Centamin has faced additional and significant legal and cultural challenges to the employment of women. Sukari is in a remote location and Egyptian custom discourages women from working away from their families for extended periods of time, as is required with a rostered workforce. We recognised that broad and concerted leadership will be required to advance the participation of women within the workplace in Egypt. Leading from the top, <b>the Board approved the People Policy and Diversity and Inclusion Policy and developed targets along with the Remuneration Committee to improve diversity and inclusion across the business. At Sukari, a gender diversity working group was established under the leadership of the General Manager to advise the site management team on the achievement of these objectives.</b> These have led to female appointments at a site level which represent a significant milestone in the history of Sukari and we are proud of this achievement. A support group has also been established for female employees working at Sukari. Recruitment in 2022 has been successful with 30 female employees now working across HR, Administration, Finance and Health and Safety and 5 women working at Sukari with contractors. The next phase will be identifying barriers for the recruitment of female employees within Mineral Resource Management, Processing and Mining. Alongside these initiatives are training programmes, with diversity and awareness courses and induction for all the workforce including diversity standards" (2022 annual report, p.105)</p>



## Target Setting

As shown in the graph below, setting measurable gender diversity targets for senior management seems to be a more common practice among FTSE 100 companies compared to their FTSE 250 counterparts.

### FTSE 350 Companies with Measurable Gender Diversity Targets



However, in aggregate, 2023 saw a modest increase in FTSE 350 companies adopting targets for their senior management (59.0% in 2023 vs. 56.1% in 2022). During 2023 there was also an increase in FTSE 250 companies setting gender diversity targets at board-level (61.0% in 2023 vs. 50.0% in 2022), while there was a slight drop in this respect in FTSE 100 companies (60.8% in 2023 vs. 62.9% in 2022). This is likely motivated by the fact that board diversity levels in the FTSE 250 are lagging behind the FTSE 100 and FTSE Women Leaders Review target.

It also appears that some companies decided to abandon targets once they met the Hampton Alexander Review and FTSE Women Leaders Review targets, or they consider the simple acknowledgment of the new targets as a sufficient assurance of their willingness to improve diversity.

It is important to highlight that the language employed to describe diversity below board still varies considerably among companies. Some companies discuss the diversity of the executive committee and direct reports, in line with the Hampton-Alexander Review methodology and Provision 23 of the Code, while others refer to senior managers as defined in the Companies Act 2006. Other companies provide a comprehensive breakdown of various categories across the organisation.

## Investment Companies

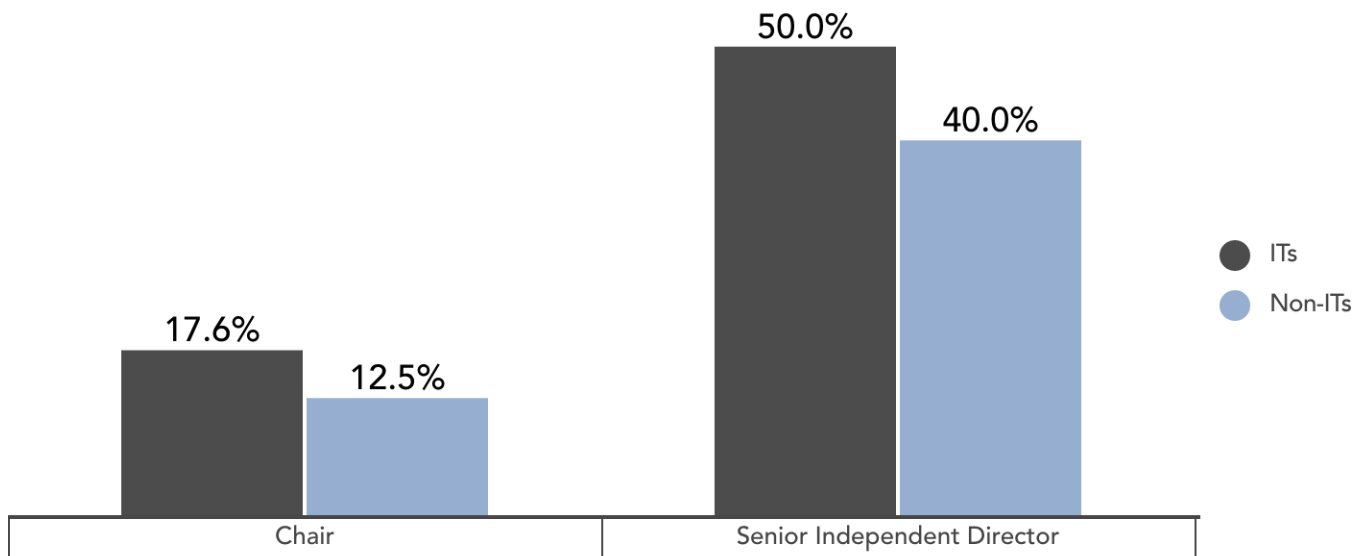
The average level of gender diversity on FTSE 350 IT boards stands at 46.0%, compared to 40.2% on non-IT boards. This higher proportion of female representation is likely due to the greater impact of appointing a gender-diverse director on a smaller board. For instance, it would take the appointment of two women to meet the 33% target for a board consisting of four directors, but this would also result in 50% female representation. Consequently, IT boards have collectively achieved the 40% representation target since 2021, while non-IT

boards only surpassed the target in 2023. This could also explain why considerably fewer ITs set specific board targets (30%) compared to their FTSE 350 non-IT counterparts (60.9%).

Nevertheless, ITs in aggregate modestly lag non-IT companies in appointing women to senior board roles, with 60% having achieved the target compared to 65.4% at non-IT companies. Given ITs generally do not have executive positions, many companies (46.7%) stated in their annual reports that they consider this an impediment to achieving the Listing Rule target of having at least one woman in a senior board position and that they consider the role of audit committee chair as an equivalent. In a minority of cases, all committee chair roles are regarded as senior board positions.

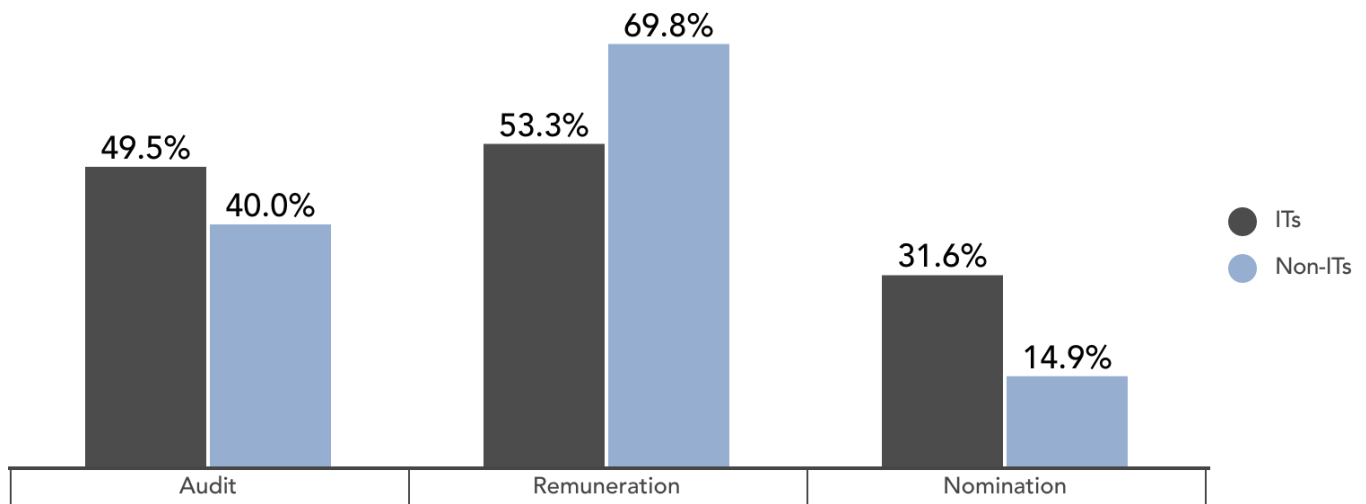
The percentage of chair and senior independent director positions held by women is higher at ITs. The roles of audit committee and nomination committee chair also have higher gender diversity. While the representation of women is higher on remuneration committees at non-IT companies, it is worth noting that many investment trusts do not find it necessary to establish a dedicated remuneration committee, as non-executive directors typically receive only monetary fees as compensation for their roles.

### Women in Leadership Roles



*\*The roles of CEO and CFO are not applicable to investment trusts.*

## Women Chairing Key Committee Roles



## Voting and Engagement

Institutional investors have made their perspective on board diversity clear through their governance and voting policies. The proxy voting guidelines for most large investors include the expectation that UK boards are composed of at least a certain proportion of women (or the underrepresented gender), with the representation threshold for FTSE 350 companies typically between 30%-33%.

As companies make progress on gender diversity and align their practices with investor expectations, the topic has become less likely to prompt voting opposition or engagement discussion. Only two of the companies included in the Investment Association’s public register explicitly referred to diversity concerns in 2023, compared to seven and ten in 2022 and 2021, respectively.

Similarly, the number of companies wishing to discuss gender diversity with Glass Lewis as part of our engagement program was down substantially in 2023. In the past year, gender diversity was a topic in less than 5% of engagement meetings, compared to 21% and 18% in 2022 and 2021, respectively. Since these conversations typically focus on contentious topics; the declining prevalence of gender diversity suggest that issuers have developed a better understanding of investor expectations in this area.

We note, however, that most investors have yet to publish proxy voting guidelines for 2024. It’s possible that the updated Listing Rules will prompt investors to incorporate stricter diversity policies and, over time, result in the topic becoming more of a flashpoint for voting and engagement.

## Glass Lewis Approach

Glass Lewis recommended shareholders vote against six FTSE 350 directors in 2023 based on gender diversity concerns, in line with 2022 (compared to 20 in 2021). Each of the negative recommendations issued in 2023 was due to board gender diversity lagging the 33% representation target, with little to no progress made in the preceding two years, combined with the use of boilerplate language and lack of commitment to improve diversity going forward.

Going forward, Glass Lewis will continue to expect FTSE 350 boards to be composed of at least 33% gender diverse directors, and to be striving towards 40% representation by 2025 in line with the target set out by FTSE Women Leaders Review. Further, we will continue to expect the boards of all UK listed companies to contain at least one gender diverse director. Where a proposed board election does not align with these targets, absent a compelling rationale or action plan to address the issue, we will generally recommend that shareholders vote against the re-election of the chair of the nomination committee (or equivalent).

# Appendix

*Disclaimer: The data presented represents board and senior management composition as at the conclusion of each of the companies' 2023 AGM dates, and does not reflect any subsequent changes since that date.*

## FTSE 350 Boards (excl. ITs) with Highest Proportion of Women

Company Name	Ticker	Index	Sector	%
<b>Diageo plc</b>	DGE	FTSE 100	Consumer Staples	70%
<b>Severn Trent plc</b>	SVN	FTSE 100	Utilities	66.7%
<b>Greggs plc</b>	GRG	FTSE 250	Consumer Discretionary	62.5%
<b>Moneysupermarket.com Group</b>	MONY	FTSE 250	Communication Services	62%
<b>Ascential plc</b>	ASCL	FTSE 250	Communication Services	60%
<b>Ashmore Group plc</b>	ASHM	FTSE 250	Financials	57.1%
<b>Just Group plc</b>	JUST	FTSE 250	Financials	57.1%
<b>Senior plc</b>	SNR	FTSE 250	Industrials	57.1%
<b>Softcat plc</b>	SCT	FTSE 250	Information Technology	57.1%
<b>Pets at Home Group plc</b>	PETS	FTSE 250	Consumer Discretionary	56%

### FTSE 350 Boards (excl. ITs) with Lowest Proportion of Women

Company Name	Ticker	Index	Sector	%
<b>C&amp;C Group plc</b>	CCR	FTSE 250	Consumer Staples	16.7%
<b>Ithaca Energy plc</b>	ITH	FTSE 250	Energy	20%
<b>J D Wetherspoon plc</b>	JDW	FTSE 250	Consumer Discretionary	22.2%
<b>Mitchells &amp; Butlers plc</b>	MAB	FTSE 250	Consumer Discretionary	22.2%
<b>Aston Martin Lagonda Global Holdings plc</b>	AML	FTSE 250	Consumer Discretionary	25%
<b>Playtech plc</b>	PTEC	FTSE 250	Consumer Discretionary	25%
<b>Tullow Oil plc</b>	TLW	FTSE 250	Energy	25%
<b>Bakkavor Group plc</b>	BAKK	FTSE 250	Consumer Staples	27.3%

### FTSE 350 Companies (excl. ITs) with Highest Proportion of Women in Senior Management

Company Name	Ticker	Index	Sector	%
<b>Pets at Home Group plc</b>	PETS	FTSE 250	Consumer Discretionary	71%
<b>Spire Healthcare Group plc</b>	SPI	FTSE 250	Health Care	67.9%
<b>IntegraFin Holdings plc</b>	IHP	FTSE 250	Financials	67%
<b>The Law Debenture Corporation plc</b>	LWDB	FTSE 250	Financials	62%
<b>Tate &amp; Lyle plc</b>	TATE	FTSE 250	Consumer Staples	59%
<b>Burberry Group plc</b>	BRBY	FTSE 100	Consumer Discretionary	57%
<b>Shaftesbury Capital plc</b>	SHC	FTSE 250	Real Estate	54%
<b>WPP plc</b>	WPP	FTSE 250	Communication Services	54%
<b>Phoenix Group Holdings plc</b>	PHNX	FTSE 100	Financials	54%
<b>PZ Cussons plc</b>	PZC	FTSE 250	Consumer Staples	53%

### FTSE 350 Companies (excl. ITs) with Lowest Proportion of Women in Senior Management

Company Name	Ticker	Index	Sector	%
<b>Fresnillo plc</b>	FRES	FTSE 100	Materials	7.69%
<b>Morgan Sindall Group plc</b>	MGNS	FTSE 250	Industrials	10%
<b>Antofagasta plc</b>	ANTO	FTSE 100	Materials	12%
<b>Tullow Oil plc</b>	TLW	FTSE 250	Energy	14%
<b>AJ Bell plc</b>	AJB	FTSE 250	Financials	14%
<b>Videndum plc</b>	VID	FTSE 250	Consumer Discretionary	14%
<b>W.A.G Payment Solutions plc</b>	WPS	FTSE 250	Financials	14%
<b>Bridgepoint Group plc</b>	BPT	FTSE 250	Financials	14.29%
<b>Aston Martin Lagonda Global Holdings plc</b>	AML	FTSE 250	Consumer Discretionary	15%
<b>CRH plc</b>	CRH	FTSE 100	Materials	15%

### FTSE 350 Boards (excl. ITs) with Highest Ethnic Minority Representation

Company Name	Ticker	Index	Sector	%
<b>Fresnillo plc</b>	FRES	FTSE 100	Materials	75%
<b>Airtel Africa plc</b>	AAF	FTSE 100	Communication Services	62%
<b>Network International Holdings plc</b>	NETW	FTSE 250	Financials	55.6%
<b>Prudential plc</b>	PRU	FTSE 100	Financials	46%
<b>Endeavour Mining plc</b>	EDV	FTSE 100	Materials	44%
<b>PureTech Health plc</b>	PRTC	FTSE 250	Health Care	44%
<b>Investec plc</b>	INVP	FTSE 250	Financials	43%
<b>Diageo plc</b>	DGE	FTSE 100	Consumer Staples	40%
<b>Helios Towers plc</b>	HTWS	FTSE 250	Communication Services	40%
<b>Rightmove plc</b>	RMV	FTSE 100	Communication Services	38%

### FTSE 350 Boards (excl. ITs) with No Ethnic Minority Representation

A.G. Barr plc	Chemring Group plc	Howden Joinery Group plc	SThree plc
AJ Bell plc	CLS Holdings plc	Indivior plc	Telecom Plus plc
Assura plc	CMC Markets plc	John Wood Group plc	TI Fluid Systems plc
B&M European Value Retail S.A.	Crest Nicholson Holdings plc	Kainos Group plc	UNITE Group plc
Babcock International Group plc	Diploma plc	Lancashire Holdings Limited	Victrex plc
Balfour Beatty plc	Diversified Energy Company plc	Mitchells & Butlers plc	Videndum plc
Baltic Classifieds Group plc	Ferrexpo plc	QinetiQ Group plc	Vistry Group plc
Bank of Georgia Group plc	Frasers Group plc	Renishaw plc	W.A.G Payment Solutions plc
Bellway plc	Future plc	RHI Magnesita N.V.	
Bytes Technology Group plc	Hilton Food Group plc	Safestore Holdings plc	



# Connect with Glass Lewis

Corporate Website | [www.glasslewis.com](http://www.glasslewis.com)

Email | [info@glasslewis.com](mailto:info@glasslewis.com)

Social |  [@glasslewis](https://twitter.com/glasslewis)  [Glass, Lewis & Co.](https://www.linkedin.com/company/glass-lewis-&-co)

## Global Locations

### North America

#### United States

*Headquarters*  
100 Pine Street, Suite 1925  
San Francisco, CA 94111  
+1 415 678 4110

New York, NY  
+1 646 606 2345

2323 Grand Boulevard  
Suite 1125  
Kansas City, MO 64108  
+1 816 945 4525

### Asia Pacific

#### Australia

*CGI Glass Lewis*  
Suite 5.03, Level 5  
255 George Street  
Sydney NSW 2000  
+61 2 9299 9266

#### Japan

Shinjuku Mitsui Building  
11th floor  
2-1-1, Nishi-Shinjuku, Shinjuku-ku,  
Tokyo 163-0411, Japan

### Europe

#### Ireland

15 Henry Street  
Limerick V94 V9T4  
+353 61 534 343

#### United Kingdom

80 Coleman Street  
Suite 4.02  
London EC2R 5BJ  
+44 20 7653 8800

#### France

*Proxinvest*  
6 Rue d'Uzès  
75002 Paris  
+33 ( )1 45 51 50 43

#### Germany

*IVOX Glass Lewis*  
Kaiserallee 23a  
76133 Karlsruhe  
+49 721 35 49622

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