



30% CLUB UK INVESTOR GROUP STATEMENT ON ADDRESSING RACIAL INEQUALITY AND CALL TO ACTION

1 March 2022, London, UK: As long-term institutional investors, we, the 30% Club UK Investor Group, are responsible for the stewardship of the investments we make on behalf of our members and clients.

We acknowledge the existence of inequities and discrimination with respect to a number of factors including, but not limited to gender, race, sexual orientation, age, disability, religion, culture and socio-economic status. In particular, we recognise the existence of systemic discrimination and its impacts on racial and ethnic minorities globally.

We believe boards that genuinely embrace cognitive diversity, as manifested through appropriate gender and racial 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.

We also view diversity as integral to sound decision-making and we believe that companies with an inclusive culture and diversity of skills, experiences and perspectives at all levels of the organisation are better managed and better able to adapt to change, and thus create long-term value.

We all have a role to play to ensure that the persistent race inequities in business and our society are addressed. As institutional investors, we can contribute to addressing these inequities by taking concrete steps to promote diversity and inclusion across our portfolios and within our organisations.

As such, we the undersigned encourage UK public companies to advance diversity and inclusion efforts and enhance transparency and accountability. We ask that companies, in addition to disclosing racial diversity data where permitted, establish a level of transparency on par with current gender diversity disclosure and set out how they plan to increase racial diversity and inclusion in their workforces¹.

Supporting voluntary initiatives such as ‘Change the Race Ratio’ (which the 30% Club is proud to be a founder partner of) and ‘Business in the Community Race at Work Charter’, using benchmarking tools, as well as actively engaging with organisations specialising in inclusion and data collection could be helpful for companies to progress in this area.

We support the delivery of the following UK 30% Club 2023 targets:

1. **Beyond** 30% representation of women on all FTSE 350 boards, to include at least one person of colour

We support the Parker Review goals for at least one person of colour on every FTSE 350



board - in addition, we advocate for gender balance with half these seats going to women, creating 175 board seats for women of colour.

- 2. Beyond 30%** representation of women on all FTSE 350 Executive Committees, to include one person of colour

We advocate for gender balance with half these seats going to women, creating 175 executive committee roles for women of colour

- 3. Beyond 30%** of all new FTSE 350 Chair appointments to go to women between 2020 and 2023.

We commit to actively engage with UK company board Chairs, nomination committees and executive teams on the issue of racial inequality in their leadership ranks and workforce. Where insufficient progress is made against targets, we may consider voting against the re-election of board directors.

Furthermore, we challenge ourselves and our fellow institutional investors to advance diversity and inclusion within our own organisations and to make similar commitments.

Signed on behalf of:

Co-Chairs of the 30% Club Investor Group

Diandra Soobiah, Head of Responsible Investment, Nest

Mais Callan, Senior Responsible Investment Manager, Nest

Marte Borhaug, Head of Sustainable Outcomes, International Equity, Morgan Stanley Investment Management

And:

Sophie Chandauka MBE, Chair of the 30% Club Race Equity Group

Ann Cairns, Global Chair of the 30% Club

And 30% Club Investor Group Member Organisations [£11.7tn AUM]: AMP Capital (UK), Astarte Capital Partners, Aviva Investors, AXA Investment Managers, Baring Foundation, Barrow Cadbury Trust, BMO Global Asset Management, Border to Coast Pensions Partnership, Brunel Pension Partnership, Castlefield Investment Partners LLP, Church Investors Group, Eco Advisers Ltd, EdenTree Investment Management, Environment Agency Pension Fund, Fidelity International, Government Pension Investment Fund (GPIF), Hermes Investment Management, J.P. Morgan Asset Management, Jupiter Asset Management, Legal & General Investment Management, LGPS Central Ltd, Liontrust Investment Partners LLP, Local Authority Pension Fund Forum, Local Pensions Partnership, M&G Investments, NEST, Newton Investment Management, Northern Local Government Pension Scheme, Quilter, Resona Asset Management Co., Ltd., Robeco, Royal London Asset Management (CIS) Limited, RPMI Railpen Investments, Sarasin & Partners LLP, Standard Life Aberdeen, Sumitomo Mitsui Trust Asset Management, T. Rowe Price International Ltd, West Midlands Pension Fund, West Yorkshire Pension Fund



ⁱ Potentially useful concepts for companies to consider are “Race Action Plans” and a “Balanced Scorecard” reflecting ethnic representation. Race Action Plans is an umbrella term for a specific plan that aims to tackle race inequities in a company through setting clear targets and outlining specific activities the company will undertake. A balanced scorecard is a scorecard of measurements balanced between financial and non-financial metrics measuring outcomes, between metrics used for external stakeholders (financial and customers) and internal capabilities (internal processes and learning growth) and between short term results and longer term sustainable value creation.