

28 July 2011

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Email: [codereview@frc.org.uk](mailto:codereview@frc.org.uk)

Dear Chris

### **UKSIF response to FRC consultation on ‘Gender Diversity on Boards’**

Thank you for the opportunity to comment on the proposals in your consultation document ‘Gender Diversity on Boards’.

We welcome Lord Davies’ report on women on boards and the Financial Reporting Council’s consideration of this important aspect of board effectiveness. In our recent response to the European Commission Green Paper on the EU Corporate Governance Framework, UKSIF said:

*In our view, board diversity is an important contributor, alongside other good corporate governance practices, to effective board operation. We believe that there is currently considerable scope for a voluntary “comply or explain” approach to deliver measurable improvements to board diversity at UK companies. UKSIF has been impressed by the recent work of the 30% Club ([www.30percentclub.org.uk](http://www.30percentclub.org.uk)) to encourage effective voluntary action on board diversity.*

UKSIF supports the proposal to strengthen the Corporate Governance Code to address the recommendations in Lord Davies’ report.

While we welcome the FRC’s proposal to modify Sections B.2.4 and Principle B.6, we are concerned that informed commentators such as the 30% Club believe that the text proposed may be insufficient to achieve Lord Davies’ aims. We hope therefore that the FRC will give serious consideration to the changes recommended by the 30% Club and others and to the need for the board to consider and report on other aspects of diversity in addition to gender.

We believe that companies would welcome additional guidance from the FRC on the key elements to be covered by a gender diversity policy and that this would be done most appropriately as additional material rather than as part of the Code.

We believe that revisions to the Code should be implemented quickly in order to maintain momentum and encourage UK companies to demonstrate the progress that is already being achieved.

#### **About UKSIF**

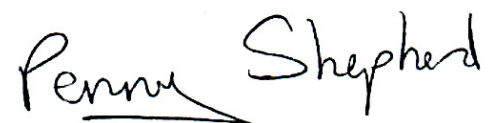
UKSIF, the sustainable investment and finance association, promotes responsible investment and other forms of finance that support sustainable economic development, enhance quality of life and safeguard the environment. UKSIF was created in 1991 to bring together the different strands of sustainable and responsible finance nationally and to act as a focus and a voice for the industry. UKSIF’s 250+ members

and affiliates include pension funds, asset managers, banks, financial advisers, research providers, consultants and non-governmental organisations. For more information, please visit [www.uksif.org](http://www.uksif.org).

UKSIF supports long-term responsible investment and ownership. It focuses its corporate governance support on the interface between governance on the one hand and social, environmental and ethical issues on the other.

Our response is based on our response to the European Commission Green Paper on the EU Corporate Governance Framework (available at <http://www.uksif.org/projects/policy>) together with comments made by our members at an UKSIF seminar on "Gender on Boards" held on 28 July 2011.

With best wishes

A handwritten signature in black ink that reads "Penny Shepherd". The signature is written in a cursive style with a long horizontal line under the first 'P'.

**Penny Shepherd MBE**

Chief Executive

UKSIF – the sustainable investment and finance association