

Chris Hodge  
Corporate Governance Unit  
Financial Reporting Council  
Fifth Floor  
Aldwych House  
71-91 Aldwych  
London WC2B 4HN

**By email: [codereview@frc.org.uk](mailto:codereview@frc.org.uk)**

29 July 2011

Dear Mr. Hodge

### **Gender Diversity on Boards**

We welcome the opportunity to comment on the Financial Reporting Council's consultation on gender diversity on boards.

GKN is a global engineering business with operations in more than 30 countries serving the automotive, aerospace and land systems markets. As a result diversity in all its forms is an integral part of how we do business and we acknowledge its importance and recognise the benefits that it can bring.

We are equally supportive of board diversity, in all forms including gender, and believe that due consideration should be given to diversity when selecting individuals for appointment as directors. Our Board currently comprises 11 directors, each offering a unique range of skills and experience which contribute to the effectiveness of the Board and its Committees. We are also fortunate that diversity on our Board extends to both gender and nationality, with one female non-executive Director and both Turkish and American nationals.

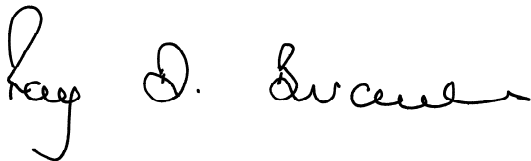
Lord Davies' report focuses on gender diversity in the boardroom and it is well recognised that women are underrepresented on the boards of FTSE 350 companies. However, in order to address the imbalance and increase the talent pool from which appointments can be made, an environment which encourages the development of female talent needs to be created. This will be more challenging in certain sectors and, as an engineering business, we recognise that we have work to do to increase the number of women employed across the Group, subject always to ensuring selection of the best candidate.

Indeed Board appointments should, as the current Corporate Governance Code (Code) suggests, be made on merit, having due regard to all relevant factors such as skills, experience, knowledge, personality and independence. There is a danger that the setting of a policy for gender diversity in the boardroom with measureable objectives against which progress is reported – in effect a quasi quota system – could detract from the importance of diversity in general and have an adverse impact on Board effectiveness.

Gender should not be promoted at the expense of diversity generally and it may therefore be more appropriate for companies to adopt a comprehensive diversity policy which goes beyond both the boardroom and gender specific issues. Similarly, board evaluation should aim to ensure that directors offer an appropriate balance of skills and experience and not give undue focus to a specific form of diversity.

The current Code recognises the importance of diversity, including gender, when making appointments to the board. In consideration of this, the recently published code of conduct for executive search firms and the increased awareness of gender diversity issues, it is our view that a reasonable period of time should be allowed to elapse to enable companies to undertake whatever actions they feel are necessary to address any gender imbalance before further amendments to the Code are considered.

Yours sincerely



**Roy Brown**  
**Chairman**