

28 July 2011

Chris Hodge
Corporate Governance Unit
Financial Reporting Council
Fifth Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN
By email to: codereview@frc.org.uk

Dear Chris

GENDER DIVERSITY ON BOARDS

CIMA is pleased to comment on the above consultation paper.

We are actively involved in helping women into senior roles. The finance industry has traditionally been a male dominated environment, particularly at higher levels. But this is changing and we are proud that CIMA has one of the highest growth rates in female members of all the accounting institutes since 2003 with 65,000 female members and students internationally. However, there is still some way to go before female leaders are widespread. This is why CIMA launched the women in leadership campaign as our commitment to support the progression of our female members into senior roles. Further details can be found at www.cimaglobal.com/women.

We are also members of the Report Leadership Group along with PricewaterhouseCoopers and the communications consultancy, Radley Yeldar. Later this year, we will be publishing a report on good practice in governance reporting. For more information, see www.reportleadership.com. This will include reporting on diversity and boardroom composition.

CIMA welcomed the Davies report as an important step towards recognising the urgent need for greater boardroom diversity. We support the focus of the UK Corporate Governance Code on improving the quality and functioning of boards to achieve the long-term success of the company (rather than any wider social objectives). Given that the business case for increasing the number of women on corporate boards has been

made so strongly through research, we therefore believe that it is entirely appropriate to make changes to the code.

In terms of what these changes should be, we would comment as follows:

Principle B1 – The composition of the board

We believe that diversity in the broadest sense (ie not just gender, but other dimensions of diversity such as international, ethnic etc) should be mentioned explicitly in this part of the code – perhaps as a supporting principle to B1. The current second supporting principle could be reworded slightly to acknowledge the need for sufficient diversity.

This small revision then sets the context for the further proposed revisions relating to principles B2 (appointments to the board) and B6 (evaluation). To us, it reads oddly not to mention diversity as an important aspect of board composition.

Provision B.2.4 – nomination committee report

We support this revision. However, as indicated above we believe that diversity has a number of dimensions – not just gender – although we would argue that any diversity policy should always include information about gender.

We would therefore suggest that the wording is revised to read:

This section should include a description of the board’s policy on diversity in the boardroom, including gender.....

Principle B6 - evaluation

We support the addition of a supporting principle, although we would like to see the wording revised to cover diversity as a whole, while specifying gender as a necessary component of any evaluation of diversity.

Timing of proposed changes

In view of other developments taking place at BIS and EU level, we recognise that the FRC has a difficult line to tread in terms of determining the timing of any proposed changes. Fortunately, however, this is an issue that has received high profile and we are hopeful that many FTSE350 companies will choose to meet Lord Davies’ recommendations in their 2012 corporate governance statements. There is considerable merit in avoiding piece-meal changes to the code and we feel that it would



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be acceptable to consider changes as part of the next formal review while making it clear that these will include revisions relating to diversity and providing encouragement to companies to start reporting on diversity on a voluntary basis.

Please do not hesitate to contact me (gillian.lees@cimaglobal.com) if you have any further questions on our response.

Yours sincerely

A handwritten signature in black ink that reads 'Gillian Lees'.

GILLIAN LEES
Head of Corporate Governance

