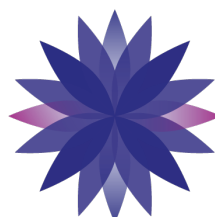

Gender diversity in AIM company boards

Progress update March 2024



ADDIDAT
ADDITIVE DATA



indigo
independent
governance

Gender diversity on AIM company boards; progress is limited and slow

In celebration of International Women's Day 2024, Addidat and Indigo: Independent Governance are delighted to collaborate for a second year to provide insights into gender diversity on the boards of AIM quoted companies.

It is important to recognise that enhanced diversity, whilst delivering greater fairness as a benefit, is actually rooted in sound commercial sense. There is plenty of evidence of the advantages of increasing diversity in the boardroom, so we are pleased to report that Addidat's proprietary data shows there has been progress in gender diversity across the AIM community year-on-year. The pace of change, however, remains disappointingly slow.

Last year we reported that around 1 in 7 AIM directors were women. Over the last year, this has improved to an average of nearly 1 in 6 board positions across all AIM companies being held by a woman.

37% of AIM firms still have no women on their boards and only 26% have more than one woman. Where female directors are appointed, 36% of them hold a senior position - CEO, CFO, Chair or Senior Independent Director (SID).

In the most recent update to the QCA Corporate Governance Code, boards are now urged to consider characteristics beyond gender, such as socio-economic backgrounds, nationality, educational attainment and age. This broadening of the issue is to be welcomed but gender diversity still remains a good barometer of a board's commitment to ensuring that its directors collectively possess the best mix of skills, knowledge and experience to drive its strategy forward.

As has been shown in the FTSE 350, faster progress can be made with the right focus, particularly when driven by clear medium-term targets and reporting expectations.

Measuring and publishing diversity data are key elements of bringing energy and urgency to the equality and inclusion agenda and we hope that this report will do this for AIM market participants.

We would like to thank the women directors who shared their experiences with us. Their insights, some of which are included in this report, add valuable context to the numerical data.

Nina Spencer

Founder & CEO
Addidat



Bernadette Young

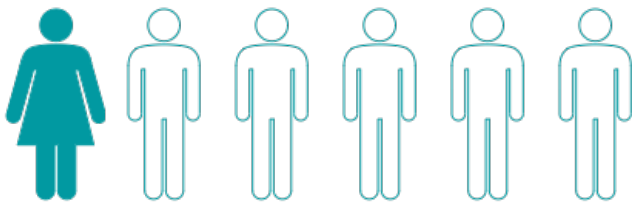
Co-founder & Director
Indigo: Independent Governance



1 Board gender diversity performance, a year of little change

Last year we reported that 13.7% of AIM board positions, equating to just under 1 in 7, were filled by women. The average percentage of women on boards has since increased slightly to 15.6%, nearly 1 in 6 positions.

Under 1 in 6 AIM board positions are held by a woman



Source: Addidat Ltd

"When a Board behaves with inclusivity it sets a tone for the wider Company and eco-system which ultimately leads to increased success. Non diverse Boards should review their practices because the availability of diverse talent is not a constraint."

Issy Urquhart | Executive Director at Craneware plc and Non-Executive Director at Concurrent Technologies plc

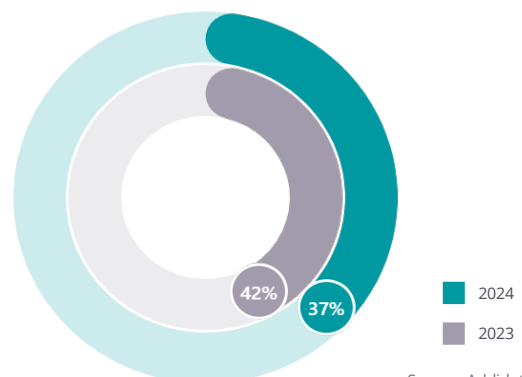
To illustrate what the picture could have looked like with the right will and commitment, if there had been gender parity in all new AIM company board appointments made over the last year and assuming an average board tenure of 5 years, we estimate that we would today be reporting that 26%, or more than 1 in 4 of all AIM board positions, would be held by a woman. In fact, and partly due to the significant contraction in the AIM market by around 100 issuers year-on-year, there was a net increase of only 13 female board members across all AIM companies.

The percentage of AIM companies with no female directors has fallen from 42% to 37%, with an additional 34 AIM firms reporting at least one board position filled by a female.

"A real enemy to the successful Boardroom is 'Group Think'. It is subtle but powerful. It can thwart early recognition of emerging risks and create strategic false turns. I've seen greater diversity really help to address this."

Sophie Tomkins | Non-Executive Director of Virgin Wines UK plc and System1 Group plc

The number of boards with no female representation has dropped from 42% to 37% year-on-year

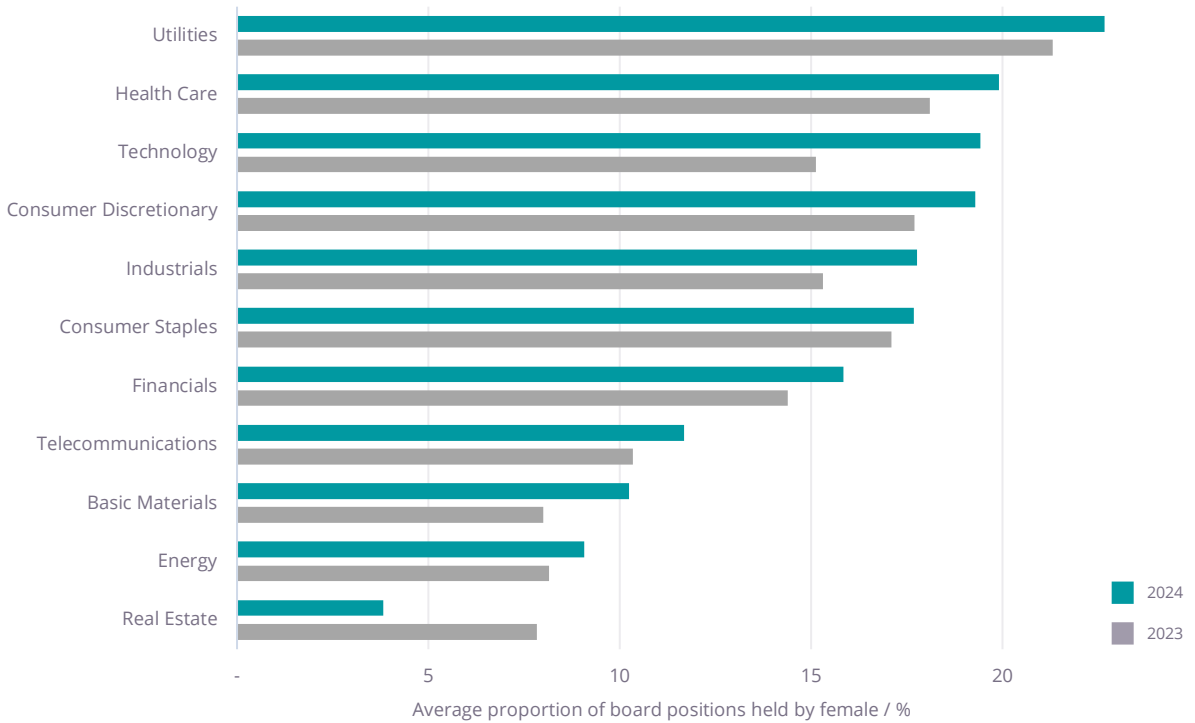


Source: Addidat Ltd

2 Board diversity profiles differ considerably between sectors and market capitalisation

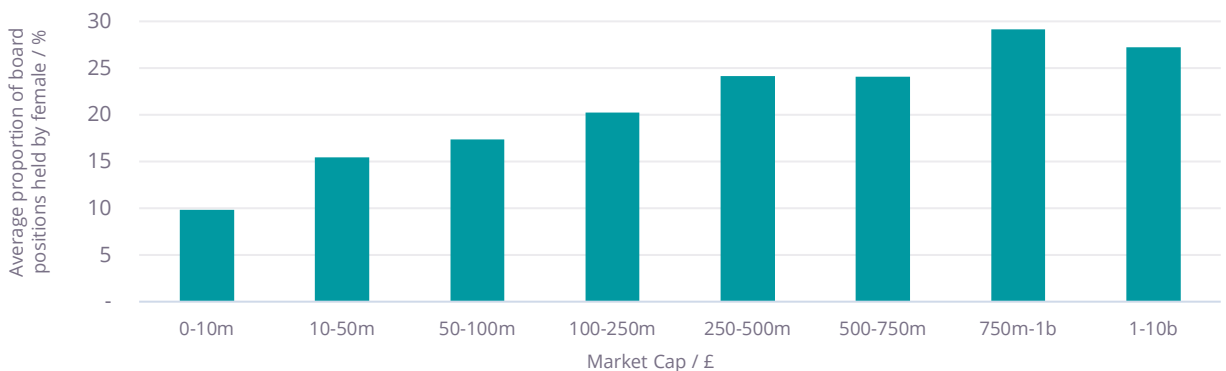
The Real Estate sector has actually gone backwards this year with the average proportion of females on boards dropping to 4% from the already woefully low position of 8% last year.

The Utilities sector has the highest average of board positions held by a female, at 23%



The gender diversity position is also particularly poor in smaller AIM companies, with the average proportion of women on AIM boards decreasing with market capitalisation. The percentage of all-male boards among the smallest companies remains very high.

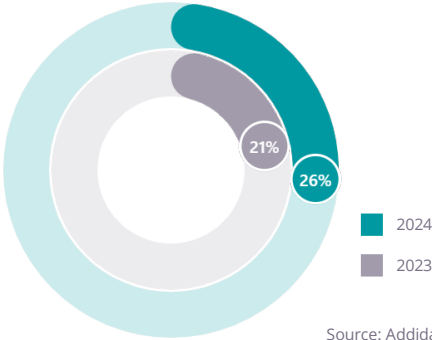
The average proportion of women on boards is highest, 29%, for companies with a market cap between £750m and £1bn



3 To access the value, companies need to look beyond a sole female non-executive director

There is evidence that having a single female on a board does not result in significant boardroom change and that actually two or more are required to enable them to really influence and enhance board culture, improve group dynamics and alter debate outcomes. Greater benefits are seen when there are at least two women at the board table and so we are therefore pleased to report that there has been a 5% increase over the year in the number of AIM firms reporting at least two women in board positions.

26% of AIM boards have at least two female directors, a 5% increase year-on-year

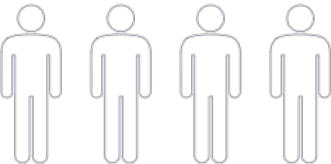


"I'll try to never be the only female in the room again. No matter how considerate your male colleagues are, it always seemed to me to be an odd construct and I was never completely comfortable. Best to be surrounded by superb people of all genders, races, backgrounds - much more fun - and much more effective."

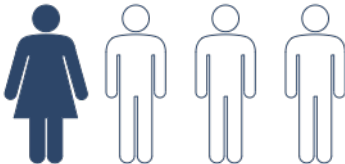
Dale Murray | Non-Executive Director for LendInvest

Whilst in the unitary board model directors share collective responsibility, not all positions are created equal. The remits of those who hold the senior board positions – being chair, chief executive officer, chief financial officer, and senior independent director – provide opportunities for individuals in those roles to exert greater influence than other directors. The focus on women holding these key positions, not just being appointed as non-executive directors, is an important measure of meaningful progress.

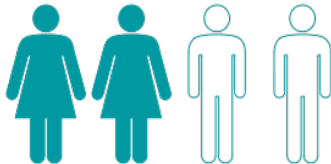
73% of AIM boards have no women in at least one of these senior positions, 22% have one senior position held by a woman and the remaining 5% have two or three women in senior roles.



73% of AIM firms have **no females** in a senior board role



22% of AIM firms have **1 female** in a senior board role



5% of AIM firms have **2 - 3 females** in senior board roles

Source: Addidat Ltd

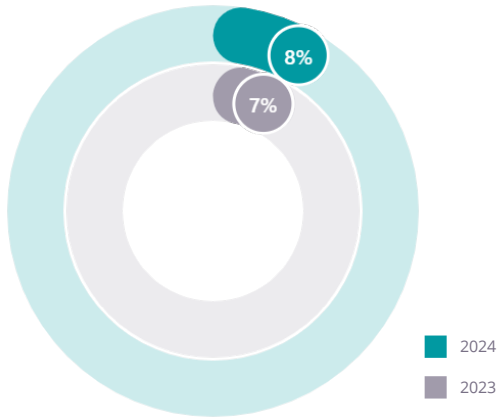
4 Conclusion

Indigo: Independent Governance and Addidat welcome that progress continues to be made by AIM companies in their gender diversity, as analysed in this report, but the current lethargic pace of change remains disappointing.

The AIM market is intended for growth companies but it appears likely that the potential for such companies to optimise their success is being compromised by their failure to embrace the commercial advantages that greater boardroom diversity offers.

The diversity picture across the AIM market compares particularly unfavourably to the position within the FTSE 350, where 42.1% of board roles are now filled by women. As reported in the FTSE Women Leaders Review: Achieving Gender Balance published in February 2024, the FTSE 350 (although not all individual companies within it) have met the 40% gender diversity target two years ahead of the 2025 deadline.

Only 8% of AIM firms meet the FTSE 350 40% female diversity target today, a mere 1% improvement in the last year



Source: Addidat Ltd

The advances that have been made within these larger listed companies demonstrate what can be achieved when meaningful expectations are set for progress on gender equality within boards. It may be that a more formal system of targets, similar to those championed by FTSE Women Leaders, is now needed to give greater impetus and drive faster progress such as is now being seen in larger listed businesses.

Even in the absence of formal targets, boards of individual AIM quoted companies remain responsible for actively considering their own composition and for developing director succession plans that will deliver the proven advantages for their investors and other stakeholders, that are available from greater diversity.

Addidat are the leading ESG consulting and data provider to the AIM and UK small-cap communities. Our suite of products and services are underpinned by our proprietary dataset, providing the most comprehensive view of ESG performance in UK small-cap and AIM markets. This means we help companies to succeed with their ESG and sustainability strategies, avoiding over and under investment, and provide unparalleled insights on ESG performance to investors and intermediaries. Our team of high-caliber consultants provide Management Consulting, Senior Advisory, Outsourced ESG Management, and Data Services to our clients.



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