Investor Statement in Support of Diversity, Equity, and Inclusion

As signatories and supporters of ShareAction's Good Work investor coalition—currently representing £7.2 trillion in assets under management—we reaffirm our collective commitment to advancing diversity, equity, and inclusion (DEI) across the companies in which we invest. Amid recent political and legal challenges to DEI initiatives, particularly in the US, we believe it is important to restate why these principles matter.

First, a brief explanation of what each of these terms mean.

- **Diversity** involves seeking talent from a broad range of backgrounds to bring varied perspectives to the table and recognise potential wherever it exists.
- **Equity** is about ensuring fairness and equal access to opportunities across all workplace systems and providing resources tailored to individual needs to succeed.
- **Inclusion** means creating an environment where people from all walks of life feel valued, respected, and a genuine sense of belonging.

There is a compelling and growing business case for DEI. Some studies[1] indicate a positive correlation between diverse and inclusive workplaces and improved business outcomes, including increased innovation and revenue growth, especially when it comes to targeted initiatives that enhance the perception of DEI among workers. Many companies also stress this themselves. Today's workforce—particularly younger generations—expects employers to reflect these values. Companies demonstrating strong DEI practices are better positioned to attract the best talent and remain connected to their customers and communities. Conversely, failure to prioritise DEI can lead to reputational damage, operational inefficiencies and long-term risks to shareholder value.

There are also legal risks: in the UK, the Employment Lawyers Association has warned that dismantling DEI initiatives may increase exposure to discrimination claims.

Effective DEI strategies go beyond recruitment. Initiatives focused on retention—such as flexible working arrangements, inclusive parental leave policies, wheelchair-accessible workplaces, and cultivating a genuine culture of belonging —enhance employee engagement, reduce turnover, and improve company performance.

Belonging is not a luxury—it's a biological and psychological imperative. When individuals feel they belong, they are more likely to thrive and contribute fully.

Importantly, DEI benefits everyone. Removing barriers for underrepresented groups leads to better workplace environments and outcomes for all. This is not about quotas or affirmative action—it is entirely consistent with the principles of meritocracy. In fact, DEI strengthens

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[1] Examples: 1. Harvard Business Review, "A Seat at the Table Is Not Enough" August 2022 and Harvard Business Review, "Getting Serious about Diversity", December 2020. 2. Boston Consulting Group, How Diverse Leadership Teams Boost Innovation, January 2018; 3. Department for Business and Trade, "Race in the Workplace: McGregor-Smith Review", February 2017; 4.McKinsey & Company, "The economic impact of closing the racial wealth gap", Aug 2019

meritocracy by ensuring that talent is recognised and rewarded regardless of background. This is why many companies continue to embrace and uphold their DEI policies, even in the face of external pressures.

Companies that embrace DEI align with rising societal expectations and position themselves as responsible, future-ready businesses. This matters—to employees, to consumers, and to investors.

As investors, we expect the companies we engage with to continue evolving their DEI efforts—not just because it's the right thing to do, but because it can lead to better decision making, a more engaged workforce, and ultimately, more resilient and successful businesses.

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