

N U R O L E

Nurole's
Non-Executive
Compensation and
Diversity Report
2023 - Investment
Trusts

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2023 - Investment Trusts



Introduction

I founded Nurole because I believed that, by leveraging technology, headhunters could provide higher-quality, more diverse candidates, at lower cost. At the beginning of our journey, however, we got the balance between human and tech capacity wrong.

Now, having invested heavily in our people and processes, we offer a full headhunting service: we source and attract candidates; we produce long & shortlists; we manage interviews, and we handle acceptances and rejections.

Moreover, we combine this with the unprecedented reach, precision and efficiency of our tech-driven methodology.

Today, eight years after we set out, we are realising our ambitions, giving our members and clients the benefits of technology without compromising on the human quality of traditional search.

In 2022, we made c.800 placements, cementing our position as the market leader in board hiring: 46% of our placements were women, 165 came from ethnic minority backgrounds (up from 81 in 2021, and 21 in 2020), and 30% were under the age of 50.

If you want to find better, more diverse candidates, we're here to help.



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Data Notes & Key

Data notes & key

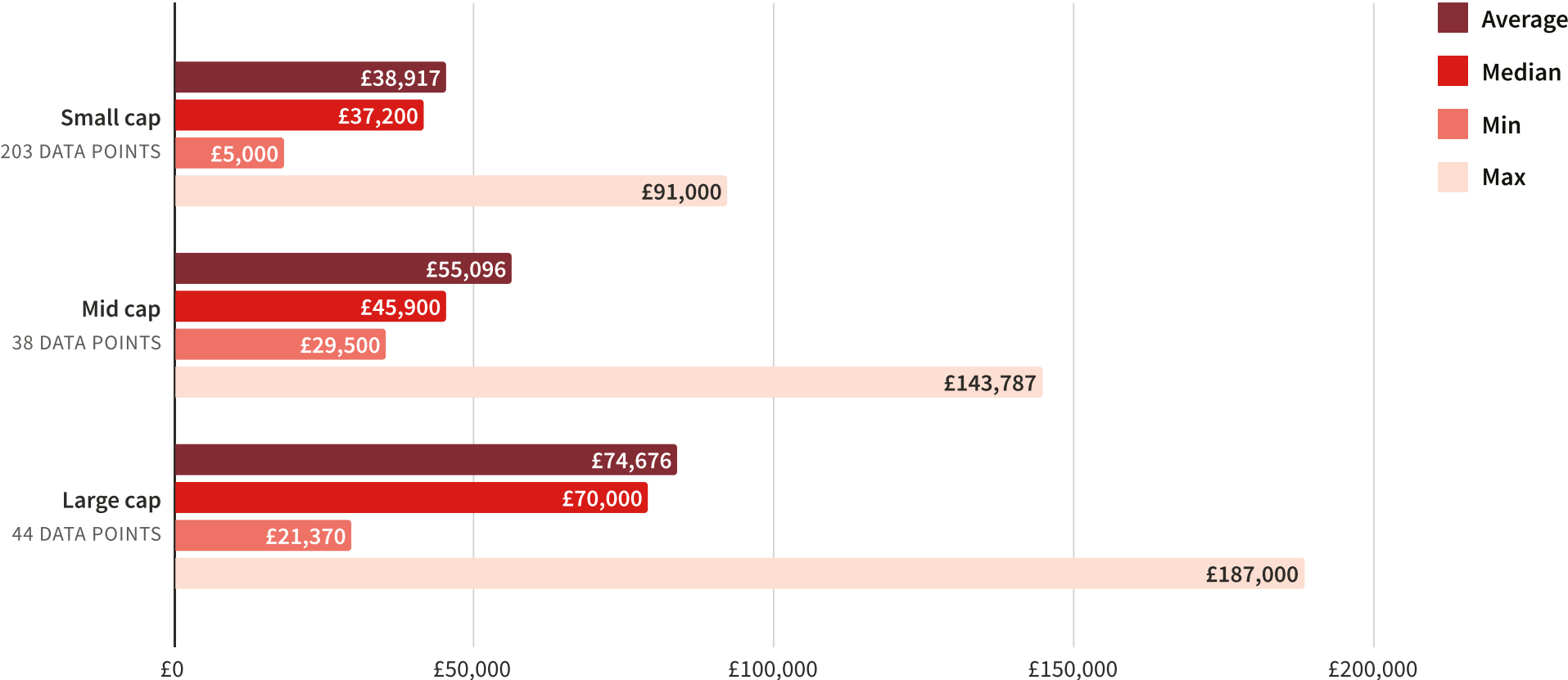
- Market capitalisation
 - Small cap = less than £500m
 - Mid cap = £500m - £1b
 - Large cap = more than £1b

- Our 2022 data pool includes all Investment Trusts listed by the AIC.
- Our 2021 data pool is substantially similar to 2022, but it is not identical.
- We have only considered non-executive positions.
- NEDs include any non-executive director other than the Chair.
- We have excluded all compensation which is not basic salary (equity, LTIPs etc).
- Our NED fees are averages based on all disclosed NED fees and may be higher than a pure NED fee due to additional committee or SID fees, which haven't been disclosed separately.
- We have excluded fees beneath £1000 per year because we have judged these to be errors which would artificially lower the average.
- Where we have included a fee adjusted in line with inflation, we have used the ONS CPI, which suggests a 9.2% rise in the 12 months to December 2022.

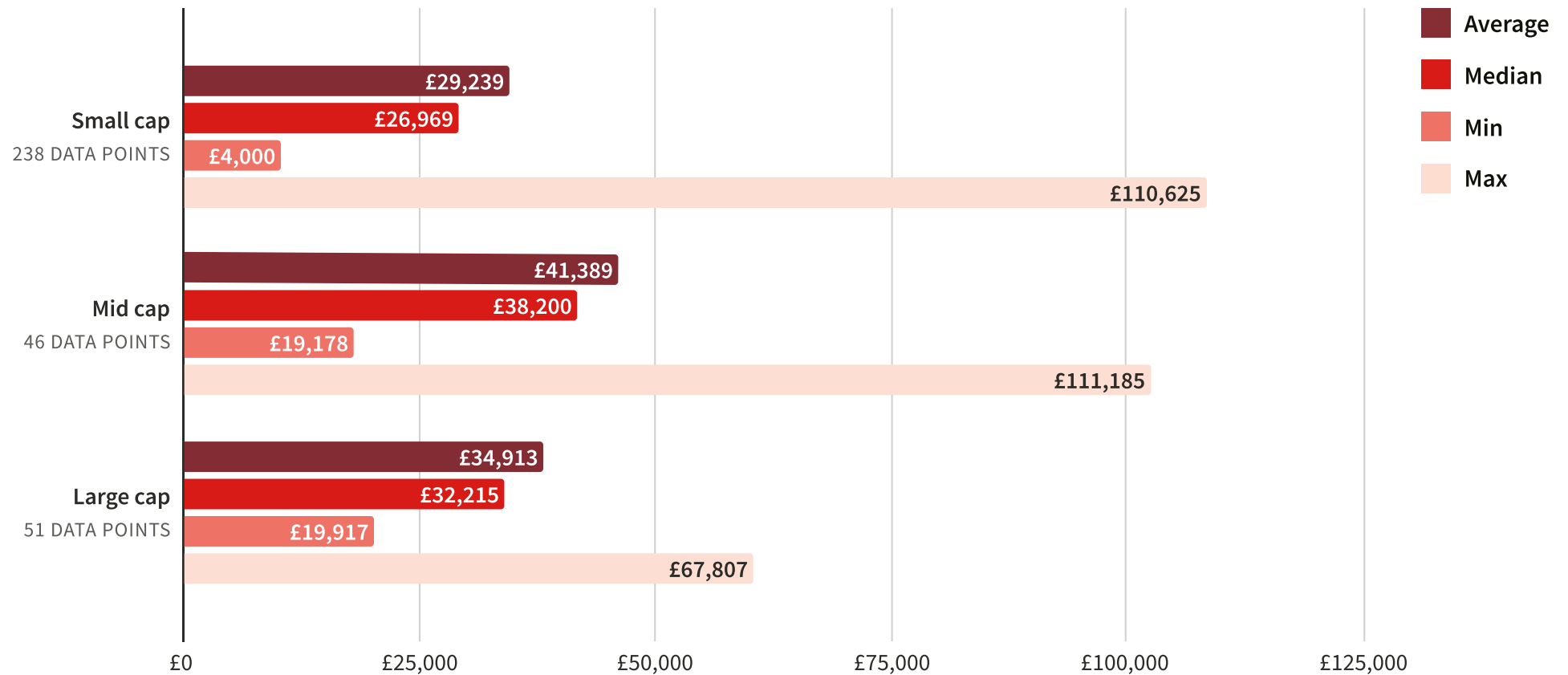
£

*Chair &
NED Fees*

Chair Fees 2022

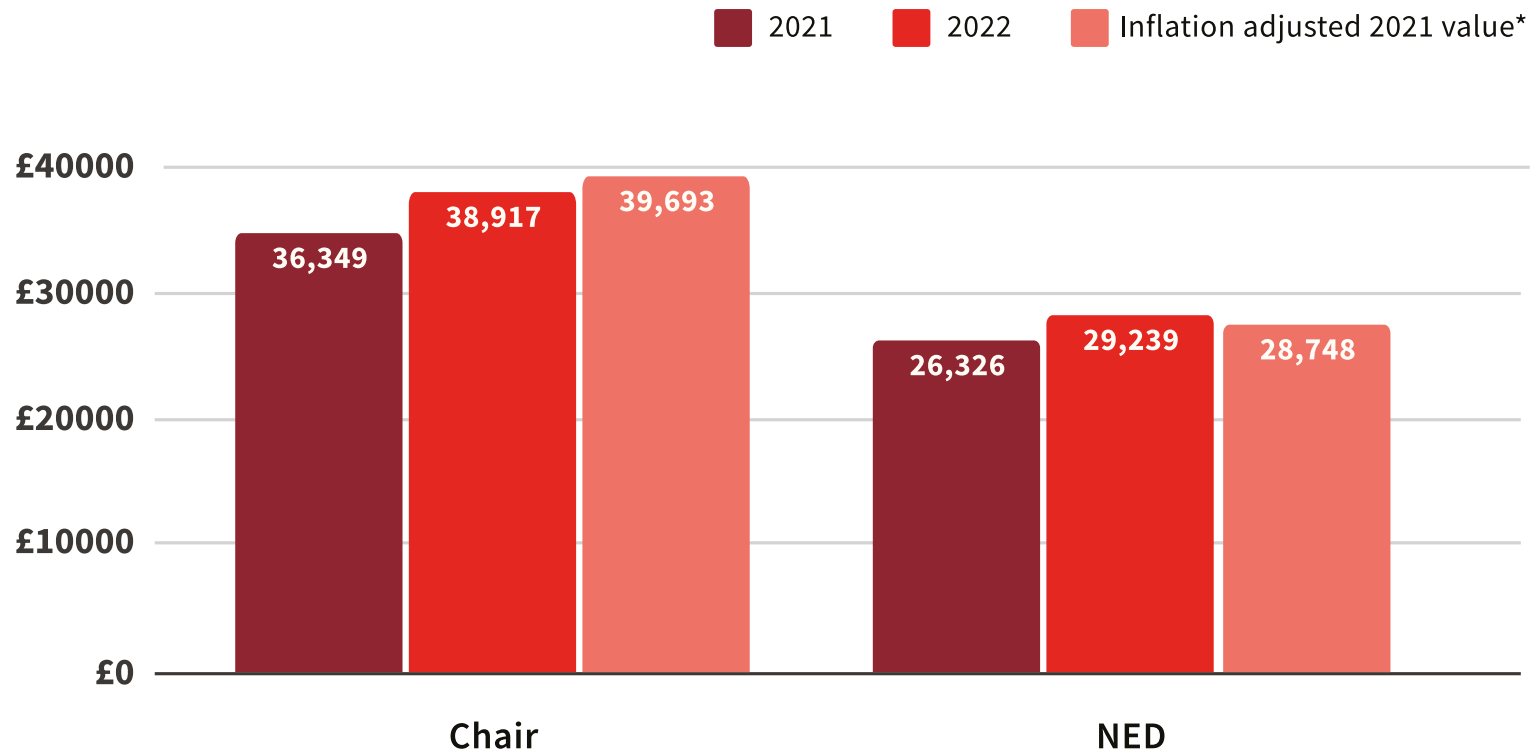


NED Fees* 2022



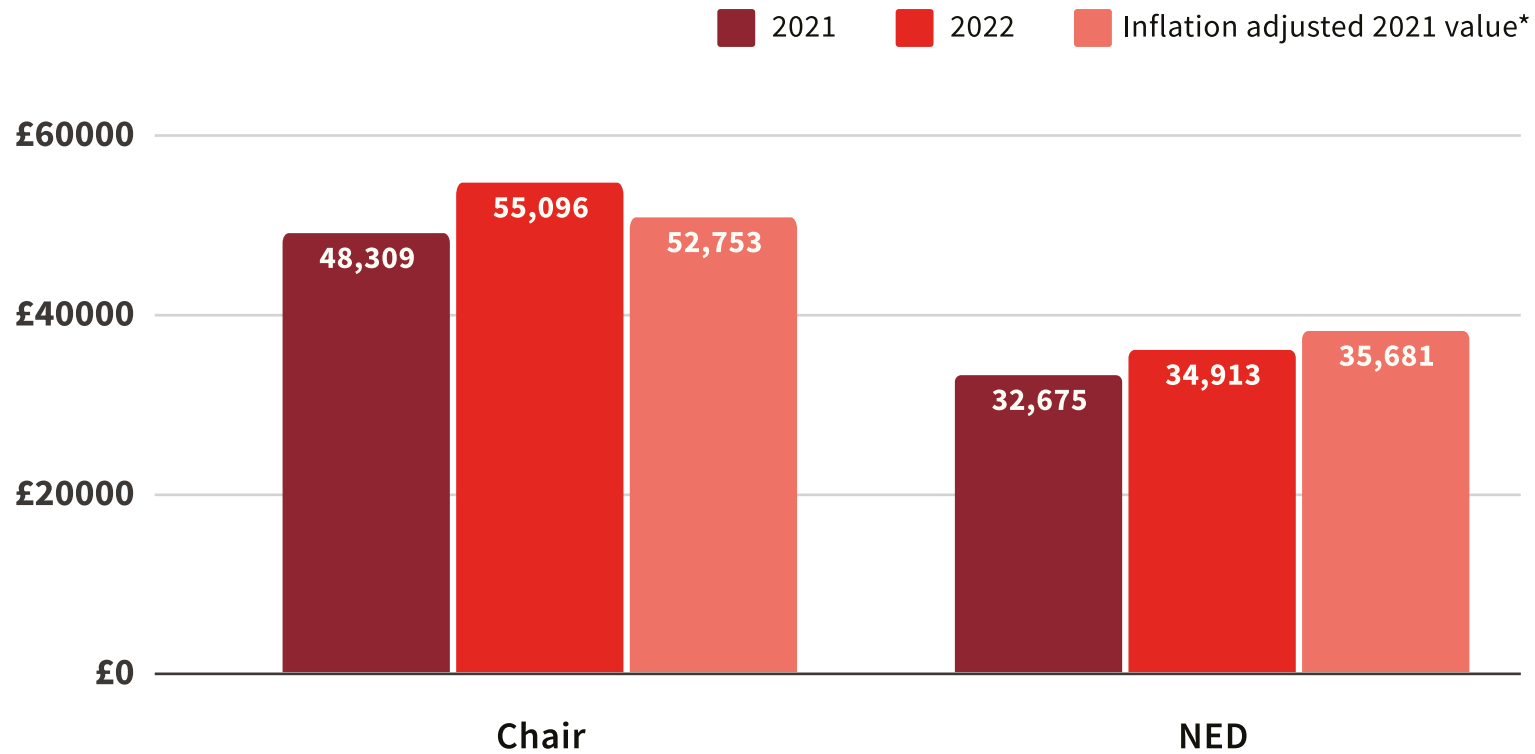
* Our NED fees are averages based on all disclosed NED fees and may be higher than a pure NED fee due to additional committee or SID fees, which haven't been disclosed separately.

Average Chair & NED Fee Comparison 2021-2022: Small Cap



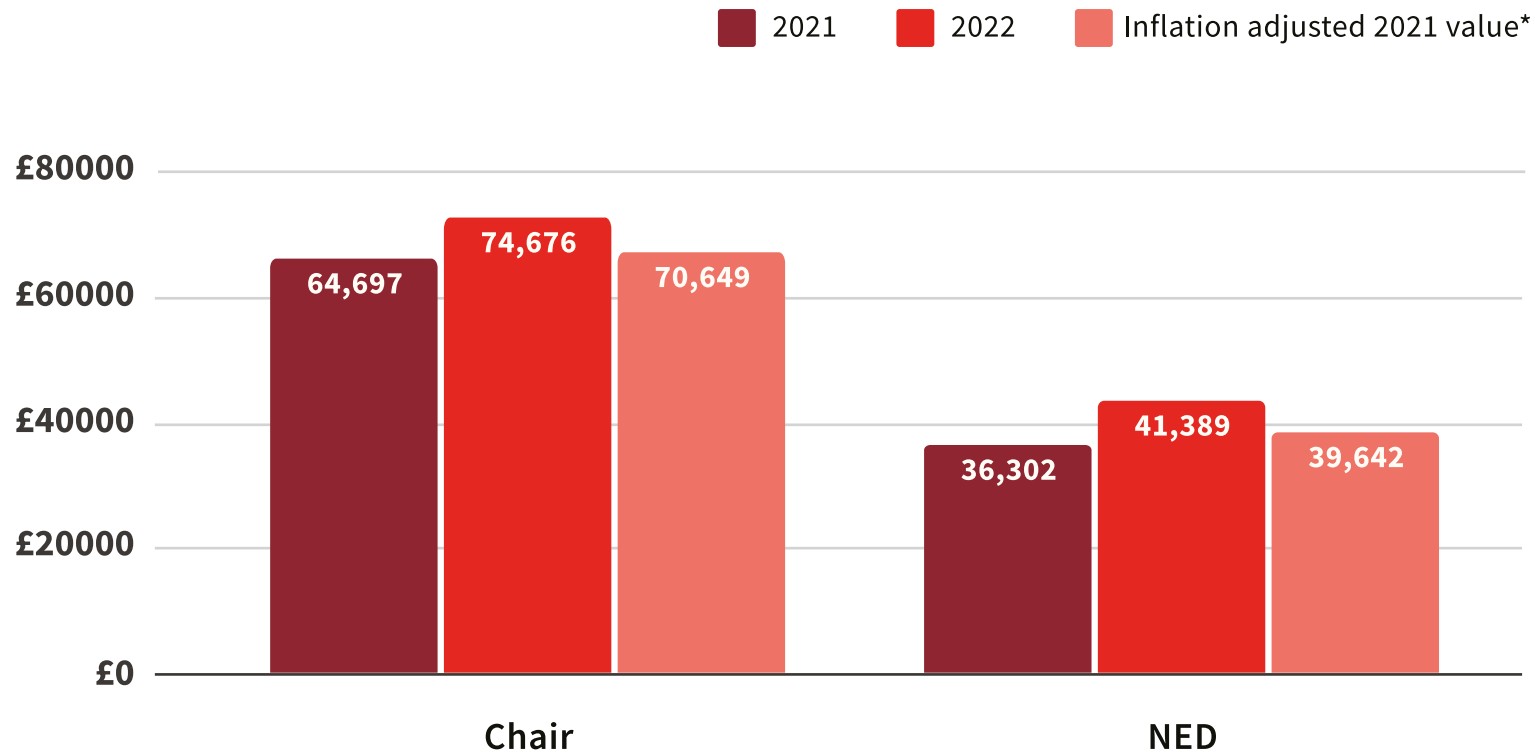
*based on ONS CPI figure of 9.2% (12 months to December 2022)

Average Chair & NED Fee Comparison 2021-2022: Mid Cap



*based on ONS CPI figure of 9.2% (12 months to December 2022)

Average Chair & NED Fee Comparison 2021-2022: Large Cap



*based on ONS CPI figure of 9.2% (12 months to December 2022)



*Investment
Trust Board
Diversity*



Investment Trust Board Diversity

FCA Diversity Regulation

The most recent FCA listing rules require listed companies to have 40% female members, with at least one woman in a senior leadership position (Chair, CEO, CFO, SID) and at least one board member from an ethnic minority background (any ethnic background other than White, as per the Office of National Statistics categories).

If a company fails to “comply” with these criteria, the FCA requires them to “explain” why they have failed to do so through a public statement (see below for an explanation about how you might explain satisfactorily by demonstrating a fair and transparent search process).

As the regulator knows, the traditional shareholder and public relations issues around a lack of diversity will be more acute

when benchmarked against other companies that have had to make the declaration demanded by the new rules (and even more so when benchmarked against those who have not had to because they have met the targets).

The diversity data below should give you a clear indication of where your board lies compared to other Investment Trusts, in terms of age and gender.

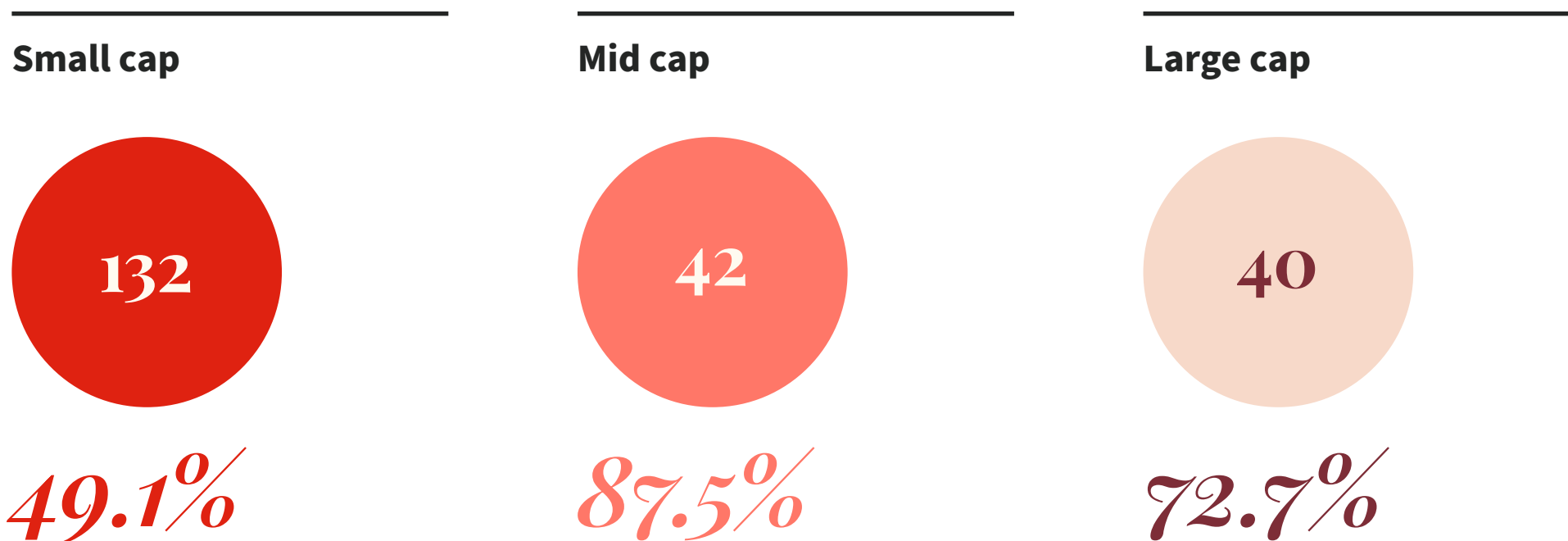
There are no age requirements under the FCA rules. We have included age because we believe that age diversity can bring strong commercial benefits.

We have not included ethnic diversity data because we cannot be certain of the validity of the publicly available information.

Gender



Number of Investment Trusts with at least 40% women on their Board, as per the FCA listing rules.





Age Diversity: Small, Mid and Large Cap

Small cap

Average Age	61
Minimum Age	33
Maximum Age	83

1119 DATA POINTS

Mid cap

Average Age	60
Minimum Age	38
Maximum Age	81

246 DATA POINTS

Large cap

Average Age	60
Minimum Age	37
Maximum Age	80

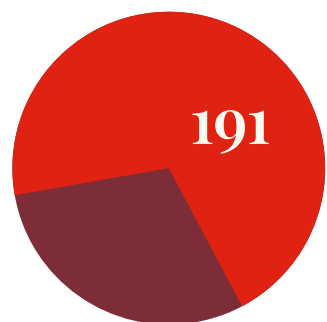
319 DATA POINTS



Boards **without** one member under the age of 50

Small cap

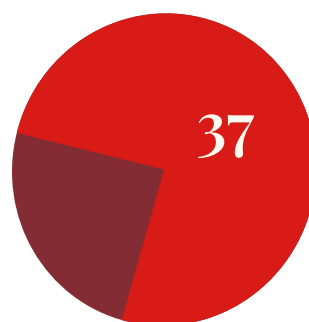
70.0%



273 DATA POINTS

Mid cap

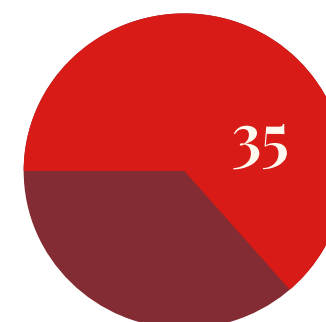
75.5%



49 DATA POINTS

Large cap

63.6%



55 DATA POINTS

Tenure



Small cap

Average Tenure	4.7
Median Tenure	4
Minimum Tenure	<1
Maximum Tenure	34
👤 1163 DATA POINTS	

Mid cap

Average Tenure	3.6
Median Tenure	3
Minimum Tenure	<1
Maximum Tenure	16
👤 257 DATA POINTS	

Large cap

Average Tenure	3.7
Median Tenure	3
Minimum Tenure	<1
Maximum Tenure	28
👤 331 DATA POINTS	

A Smarter, Fairer, Better Way to Hire

Nurole is the board search specialist and market leader, bringing science to the art of board hiring

Having made **800+** placements in the last year, our team of **60+** search experts have deep and current knowledge of UK and international board markets.







In 2023, Investment Trusts face unique hiring challenges. Quality remains the primary criterion. However, a combination of regulatory and shareholder pressure and shifting customer expectations have made diversity - in terms of gender, ethnicity and age - equally important.

We can satisfy both criteria - quality and diversity - because we approach 10x more candidates than traditional headhunters. Because our talent pool is larger, it will naturally be more diverse. Moreover, by approaching more applicants, we promote competition, which leads to higher quality.

Many Investment Trusts also face unprecedented pressure to subdue costs. Nurole is economical because our search experts are equipped with cutting-edge technology, which does appropriate, low-level tasks more efficiently than human researchers.

We provide a full headhunting service

-  **We understand your brief**
-  **We source, attract and assess candidates,** directly approaching relevant individuals who aren't yet Nurole members.
-  **We undertake additional assessments on the strongest candidates**
-  **We deliver a shortlist of 8-10** and help you choose 3-5 to shortlist and interview.

And then we go further ...



In addition to making direct approaches, we also:

- Use **algorithms to search our 60,000+ members** and source the most relevant candidates by experience, interest and skill.
- **Empower candidates** to put themselves forward, ensuring their passion and capacity.

As a result of this open and transparent process, we help you:

1

Access diverse talent from beyond traditional networks:

we source diversity through the breadth of our network and the strength of our partnerships. Last year, 46% of our placements were women, 27% were from ethnic minority backgrounds, and 30% were under the age of 50 (with 74% under 60).

2

Attract passionate and engaged candidates:

on average, c.20 candidates actively apply from our network for each role, rather than being cajoled to do so by our search professionals. This results in engaged candidates, without conflict and with genuine time and interest, who ultimately add more value.

3

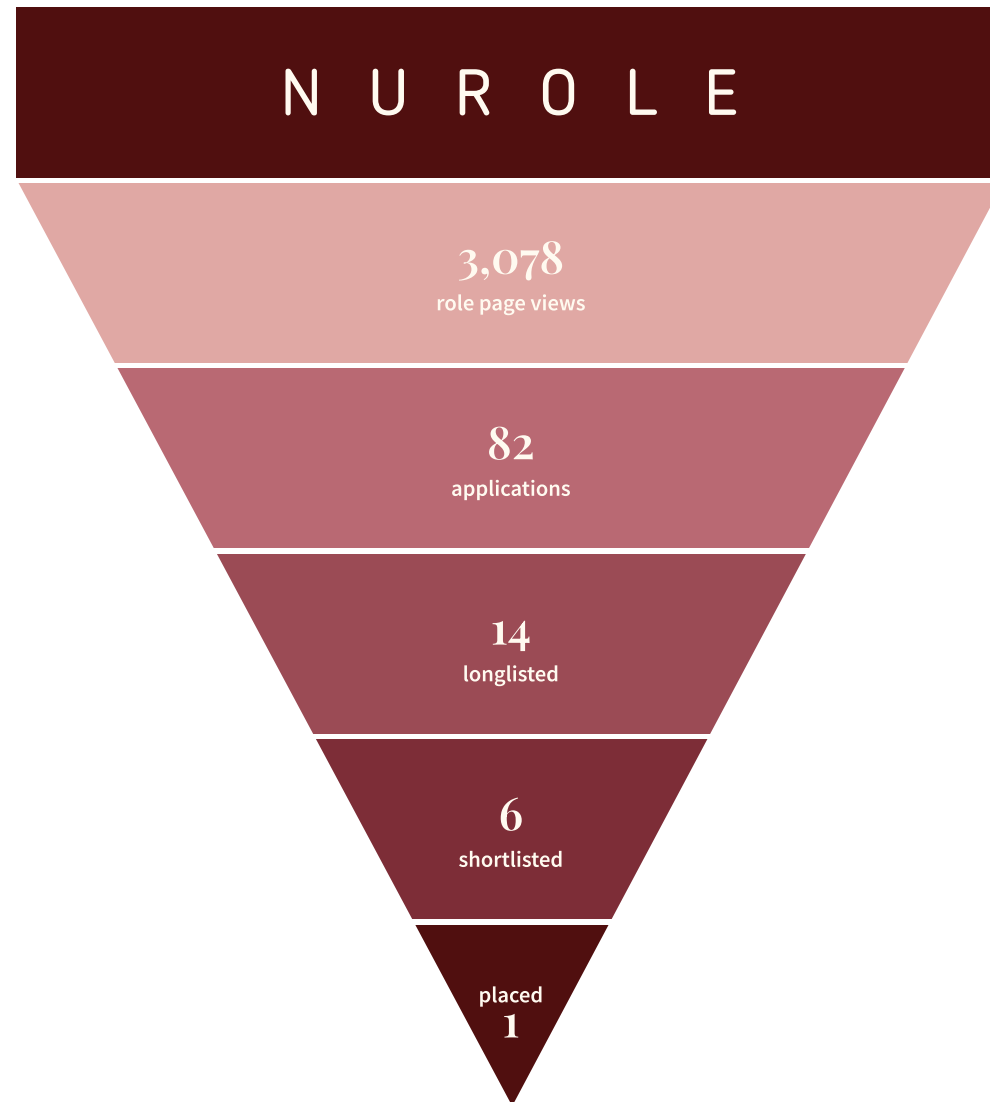
Satisfy regulatory requirements:

as well as helping you satisfy the FCA diversity requirements, our open and transparent process can also help you explain if and why you have failed to do so. By showing stakeholders and regulators a report such as the one below, you can clearly establish that you have given yourself the best chance of finding diverse board members.

Nurole process checklist

- ✓ **Board succession planning review**
Plan in place to identify skills and experience the board should recruit in the next two to three years to maximise its effectiveness.
- ✓ **Diversity goals considered**
Open diversity dialogue with a documented process and measurable objectives.
- ✓ **Defined brief**
Significant weight given to relevant skills, competencies and capabilities to extend the search beyond those with current board roles and conventional corporate careers.
- ✓ **Broad candidate pool**
Open advertising in relevant forum to avoid framing and confirmation bias.
- ✓ **Candidate-led applications**
Candidates in control of their application, providing written evidence of their key relevant competencies and Reason for Application.
- ✓ **Structured candidate selection**
Data-led assessment process where all candidates scored by experienced search professionals against defined skills; references all taken for holistic profiling.

Your search in numbers



Applications

 **50%**
women

 **50%**
ethnically diverse

 **50%**
45 or under

Longlist

 **50%**
women

 **50%**
ethnically diverse

 **50%**
45 or under

Shortlist

 **50%**
women

 **50%**
ethnically diverse

 **50%**
45 or under

How we provide quality candidates



In-house board search

expertise: in the last year alone, our team placed c.800 candidates, building on their 250+ years of combined search experience. That gives them unparalleled, up-to-date knowledge of board talent markets.



Access to talent: our network and partnerships mean we have access to more candidates than traditional searches: for instance, 70% of FTSE 350 directors are members of our network. By increasing access, we promote competition, which leads to higher quality candidates.



Use of technology: our technology doesn't just allow us to approach more candidates. It also allows us to gather large amounts of data on their experiences and interests. This means we can match candidates to roles with a high degree of accuracy, mitigating unconscious bias and providing access to candidates traditional searches would have overlooked.

How we provide diverse candidates

- 1 A thorough and open process**, which reaches 10x more candidates than traditional searches, naturally produces more diverse applicants. This is partly about numbers: by approaching more candidates, we approach more diverse candidates. And it is partly about perception: our open hiring process is more welcoming for candidates who have been overlooked by traditional searches.
- 2 Strategic partnerships** provide greater access to diverse candidates. Again, this is about numbers and perception. Our partnerships allow us to approach more diverse candidates, and they also mean that we can make those approaches with greater credibility, which is important when it comes to attracting candidates who have been let down by traditional headhunters.

Diversity partnerships



Nurole in numbers

Our unparalleled ability to provide high-quality, experienced and diverse candidates at lower prices through a fair process has made us the UK market leader in board hiring.

60,000+
pre-vetted board
candidates in our
network

100+
countries represented

60+
Nurole team members

30%
of our placements
are under the age of 50

2,000+
placements

46%
of our placements
are women

27%
of our placements
are from ethnic
minority backgrounds