Improving the Ethnic Diversity of UK Boards

An update report from the Parker Review

Sir John Parker
The Parker Review Committee

16 March 2022
Members of the Steering Committee

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**Co-Chair:** David Tyler
**Members:**
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- Helen Mahy CBE
- Sir Kenneth Olisa OBE
- Sir Trevor Phillips OBE
- Tom Shropshire
- Yvonne Thompson CBE
- Professor Susan Vinnicombe CBE
- Matthew Percival
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- Rachel Askew-Sammut
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Foreword by Sir John Parker

Backdrop

As a country we are dealing with the aftermath of our exit from the European Union and the economic ravages that COVID-19 has wrought. We are now facing too the unknown consequences of the tragic war in Ukraine. The resilience and competitive position of our businesses, especially those competing in international markets, has never been more vital. This Review, in setting out its targets five years ago, focused on the business case — the importance of Boards aligning with their customer base and the need to recognise the impact of changing demographics on this and its implications for the recruitment of talent. The valued by-product of this approach is business’ contribution to a more just and inclusive society. Such action also aligns companies with the evolving diversity requirements of investment communities on both sides of the Atlantic.

The longer I have served on corporate boards the more convinced I am of the value of bringing into our Boardrooms the best talent and, without a doubt, that includes talent reflecting gender and ethnic diversity. It is through such inherent talent, the quality of experience and the richness of diverse views, that we can establish modern and inclusive cultures and winning competitive strategies.

Boardroom evolution

In just over a decade, significant changes in the director composition of UK Boardrooms have taken place.

Lord Davies’ “Women on Boards Review”, set up in 2009, on which I was honoured to serve, ushered in a target published in 2010 to achieve 25% women on FTSE 100 Boards by 2015. Today that has grown to c38% and has been achieved by aspirational targets as opposed to quotas. It has brought about a real wave of change.

Given the experience a number of women have gained in serving a Non-Executive Director (NED) apprenticeship, they are now rightly competing for public company Chair roles. This review of the ethnic diversity of FTSE boards followed in 2015/2016 and set out its target in 2017 to appoint at least one director from a minority ethnic group on each FTSE 100 Board by 2021 and on each FTSE 250 Board by 2024. Achieving these targets will, I believe, underscore and demonstrate the depth of talent and experience within our ethnic communities.

“We have seen remarkable progress in achieving our targets.”
Progress in 2021

Despite the range of disruptive impacts that the COVID-19 pandemic has had on companies, including Boardroom recruitment, we have seen remarkable progress towards achieving our targets.

In the FTSE 100, some 89 companies achieved the target in the December 2021 voluntary census. An additional five companies have announced new ethnic director appointments in early 2022 and, given that a further three companies report that they are actively engaging in recruitment, we are almost there. Of the three companies which have not signalled their commitment, one is being acquired by a US Group and will de-list; another is a Russian steel and mining company; and the final one is a UK subsidiary of a US based Group.

The FTSE 250, with three years to go, has made good progress. Some 55% of companies have achieved the target. This gives us real hope of meeting the full FTSE 350 target in 2024.

The continued progressive and committed leadership in FTSE Boardrooms deserves our congratulations and fulsome praise for their positive response to a range of initiatives over the past decade including this Review. Their success places UK listed companies at the forefront of global governance, gender and ethnic diversity. This will be a winning combination in a competitive world with fast-changing demographics.

Steering Group

The Steering Committee we established in 2015/16, with its wide range of gender and ethnically diverse talent, has largely remained intact. All have contributed their services voluntarily and have received no expenses. Some degree of refreshment of the group after six years of service should take place in 2022 now that we have passed the date for our FTSE 100 target. I am indeed grateful to the contributions of everyone involved with the Steering Committee and especially to my co-Chair David Tyler for his untiring support over the past seven years. This is now an appropriate time for him to assume the lead Chair role for the remainder of the Review.

Acknowledgements

The Review has greatly appreciated the backing of the Ministers at the Department for Business, Energy & Industrial Strategy (BEIS) together with the detailed and strong support of their officials, including their preparation of the annual voluntary census of companies and their analysis of the progress of companies toward the targets.

We continue to benefit from the original and ongoing research at Cranfield University in collaboration with Delta Alpha Psi, led by Professor Susan Vinnicombe and Dr Doyin Antwiologun including the cross-linkage work with the Financial Reporting Council (FRC) and the Hampton-Alexander Review on the pipeline of talent below the board.

Without the continued and sustained commitment of EY providing talent to advise, administer, project manage and plan events, we could not function effectively. I want to record a particular thanks to Hywel Ball, EY UK Chair, for continuing this vital support and for his personal interest.

We remain grateful to Linklaters LLP for its provision of legal advice.

We have also valued the Confederation of British Industry’s (CBI) membership of our steering group and their support for the review targets. This has been further reinforced by their ‘Change the Race Ratio’ initiative.

We have appreciated too our close dialogue with a number of investors, the Investment Association, the Association of Investment Companies, the House of Lords Diversity Committee, the 30% Club, the Equality and Human Rights Commission, a number of executive search firms and many other interested bodies. We thank you all.

Sir John Parker GBE FREng.
Foreword by The Rt Hon Kwasi Kwarteng MP

Secretary of State for Business, Energy and Industrial Strategy (BEIS)

I would like to begin by expressing gratitude and congratulations to Sir John Parker, David Tyler as Co-Chair, and all the members of the Parker Review Committee. This fantastic report is a credit to their steadfast commitment to the critical agenda of lifting barriers to the rise of talent — irrespective of ethnicity — to the very top rungs of British business.

I am delighted to see that, even in the face of the extraordinary challenges brought by the global pandemic, the FTSE 100 has continued to lead from the front. By the time of our December 2021 voluntary census, 89 FTSE 100 companies had met the ambitious 2021 target of representation of at least one member from a minority ethnic background on their boards. Better yet, we’ve since — by the time of writing — received a number of further reports of success. At last count, a further five companies in the FTSE 100 companies reported having minority ethnic representation on their boards. We’re still three years out from the 2024 target date for FTSE 250 companies to reach this same level of representation, so it is pleasing to see that 55% of the FTSE 250 have already met the target and embraced this need for greater diversity.

Never has there been a more compelling evidence base for the value of building diversity into business, all the way up to the Boardroom. Never has it been more clear that British business is seizing the initiative, responsive to the fact that drawing in talent across the diversity of society drives increased value to companies and makes good business sense. Business and Government are united in our shared belief in equality of opportunity to deliver a business environment that rewards meritocratic achievement: discovering, developing, and rewarding talent — irrespective of background. Out of uniting around the common goal of excellence, I have every faith that British business and the UK economy will build back better out of this pandemic.

We must now continue to build this momentum. By maintaining our focus on building fully inclusive workplaces, diversity will maintain its rightful place as a key prong of our industrial strategy. In turn, UK business will be better able to meet the needs of diverse markets; to lead innovation and progress in global growth; and to advance the UK’s standing on the world stage.

“Never has there been a more compelling evidence base for the value of building diversity into business.”

Kwasi Kwarteng MP
EY is proud to support the Parker Review. We believe that it is important for companies to increase the ethnic diversity of their Boards so that they are more representative of society and can, as a result, make better decisions.

We believe that a business can only succeed in the long term if it can demonstrate the value which it creates for all its stakeholders. While this is a view which I have held for many years it has been strengthened by the experience of the pandemic. This, along with the demographic, economic and environmental challenges which the world faces, has highlighted the importance of listening and satisfying a wider range of stakeholders and has caused the social contract between business and society to evolve.

The interdependency between businesses and their customers, employees, suppliers and the communities in which they operate was also highlighted by the pandemic. We saw an unprecedented level of support for business from governments and we saw, more clearly than ever, which organisations truly live by their purpose and which do not. So society’s expectations have changed. Consumers’ expectations have changed. And the expectations of employees have changed. And where companies fail to live up to their promises, the judgement of their stakeholders can be swift and damaging.

This goes beyond the increased focus by investors on environmental, social and governance (ESG) reporting, extremely important though that is. Nowhere is it clearer whether companies are measuring up to their rhetoric than in terms of diversity, equality and inclusiveness. Every business needs to make sure it is bringing diverse talent through its ranks, creating opportunity and directly addressing the barriers to recruitment and progression which have historically led to inequitable outcomes. In the competition to innovate and develop, access to the talents of people from all backgrounds is crucial. And in the Boardroom, where the most important strategic judgements are made, a diverse range of opinions and experiences, from different backgrounds, is the best way to get better decisions, manage and mitigate risks, and ultimately create value for all stakeholders.

The Parker Review, with its continued focus on the ethnic diversity of boards has become a key annual benchmark of progress. It has facilitated a meaningful discussion of the benefits of diversity and showcased the steps which companies have taken to change the make-up of their boards. We have been able to see where change is happening, where it isn’t and where it must happen.

Every business needs to be ensuring that it is bringing diverse talent through its ranks.”

I would like to thank Sir John Parker for his continued leadership on this agenda, and David Tyler for Co-Chairing the review. I also thank the Parker Review Steering Committee and my colleagues at EY who have supported the Steering Committee’s work.

There is still much to do to ensure that the UK’s Boards are representative of the ethnic diversity of the nation as a whole, but this Report and the ongoing work of the Parker Review Steering Committee will, I am confident, continue to drive the progress we need.
We have now reached what back then seemed a distant point, the day of reckoning for one of our key targets: that each FTSE 100 Board should have at least one director from a minority ethnic group by the end of 2021.

When we issued our first Sir John Parker Review Report in November 2016, we focused on the competitiveness of leading businesses in the UK. At that point, with over 75% of sales of the FTSE 100 being earned from outside the UK, and with markets becoming more complex and interconnected than ever, we stressed that, going forward, different skills would be needed to manage them than was previously the case. We emphasised the importance of diversity, specifically ethnic diversity, in order to help tackle this issue.

We noted that there were inadequate numbers of people from minority ethnic groups on Boards at that time, meaning that valuable experiences and perspectives were largely absent from FTSE Boardrooms.

We believed then, as we do now, that there were two strong reasons for Boards to increase ethnic diversity:

1. It would enhance the long-term profitability and sustainability of businesses by bringing in new and different talent into the Boardroom. Companies that do not have the right insight and connection to their customers, their employees and the communities within which they operate are at a competitive disadvantage to those that do.

2. It was important to evidence the belief of our leading companies that there are equal opportunities to succeed and participate at the highest level within these companies — and that would also enhance the cohesion of our society and be a visible and beneficial step in the right direction towards creating a more equitable and fair business environment.

Over the last five years, there has been a sea change within listed companies with regards to inclusion and diversity. This has been affected by the success of the ‘Women on Boards’ initiatives and by the impact that the murder of George Floyd in 2020 had on the British business community, just as it did in the United States.

We believe that the targets we set five years ago for ethnic diversity in the Boardroom have also had an impact, especially as they have been widely supported since then by the investment community, as well as by the Government and the FRC, all of which has given added momentum to this endeavour.

The worldwide attention now being paid to racial equality has raised the bar for the corporate world. There is a demand for change and an expectation that change should be more than cosmetic. There is also an expectation that change should be shown to be taking place. This is why we regard the process of reporting regularly on diversity numbers as important.

This year’s Parker Review Report represents a significant landmark in our journey. It is five years since the publication of the first Report into the Ethnic Diversity of UK Boards in 2017 by Sir John Parker and the Parker Review Steering Committee.
Five years on: FTSE 100

We are pleased to announce that our December 2021 target of every FTSE 100 Company having at least one person from a minority ethnic group on its Board has nearly been met. We have largely reached our goal of “At Least One by ’21”.

At the end of 2021, 89 FTSE 100 companies had met that target. With an additional five appointments announced since then, we can expect that 94% of companies will be complying with the target by May 2022 — two months from now. In addition, three further companies have informed us that they are in recruitment processes at present which are expected to lead to an appointment of a director from a minority ethnic group.

These numbers compare starkly and very favourably with the position back in 2016, when only 47% of FTSE 100 companies had people from minority ethnic groups in their Boardrooms. The number of companies with minority ethnic directors has doubled.

We were concerned about how few UK citizens were represented within these numbers in 2016. Back then, only 1.5% of FTSE 100 directors were both British and from minority ethnic backgrounds. That number has grown significantly since then, reaching 6% in December 2021. This shows encouraging progress compared to 2016 but there is clearly more to do. It is also important that we do not see a reduction in minority ethnic directors of other nationalities if we continue to make progress.

Looking across the FTSE 100, 164 of the 1,056 director positions (i.e. 16% of them) are held by people from minority ethnic groups, with women comprising 49% of the minority ethnic directors. As expected, the great majority of these Board positions are as Non-Executive Directors. Only six CEOs and 12 other executive directors across the FTSE 100 come from a minority ethnic group. There are even fewer Chairs from a minority ethnic group background, with just three in the FTSE 100. We recommend that continued attention is focused on this issue and believe that this — together with the growing experience of many recently appointed minority ethnic NEDs — will help generate a growth in the number of directors from minority ethnic groups in the most influential roles around the Boardroom table. This is what has happened with women directors in recent years and we anticipate a similar trend with minority ethnic directors.

Five years on: FTSE 250

Turning to FTSE 250 companies, our target is for them to have a person from a minority ethnic group on their Boards by December 2024. With these companies, we have seen good progress, particularly in the last two years with 55% now meeting our target compared to a small percentage in 2016.

In fact, if we were to exclude the Investment Trust sector, which comprises 69 of the FTSE 250 companies, the level of compliance of the rest of the FTSE 250 reached 61% in December 2021. This number is relevant because the number of directors on typical Investment Trust Boards tends to be small, reducing their opportunity to make diverse appointments.

Looking across the FTSE 250 as a whole, 178 of the 1,849 director positions (i.e., almost 10% of them) are held by people from minority ethnic groups, and 4% of all positions were held by people who were both British and from ethnic minorities. Women comprise 44% of the FTSE 250 minority ethnic directors.

As with the FTSE 100, the large majority of directors from minority ethnic groups in the FTSE 250 are NEDs. However, there are 13 CEOs and five Chairs from minority ethnic groups.
Keeping up the pace

Overall, we are encouraged about the progress made in the last five years and we take this opportunity to congratulate the Boards of FTSE 350 companies.

We would stress to Boards, however, that they should not think of the Parker Review targets as ‘one and done’. We are pleased to see that so many FTSE 350 Boards now have directors from minority ethnic groups for the first time. It is an important step forward, which is likely to benefit companies as people from diverse backgrounds in the Boardroom tackle the opportunities and threats facing businesses. It is also a step which, by providing role models for employees at all levels, will improve motivation levels in organisations.

Beyond that, we hope companies will follow some of the most diverse of their peer group and expand the scale and depth of initiatives fostering inclusion and diversity right through organisations from bottom to top.

We are talking, for example, about the focus on diversity when recruiting at all levels, and how this is being carried on through talent management and succession planning processes, with the objective of creating sustainable pipelines of ethnically diverse talent. This focus is making a difference, especially when combined with programmes to bring down the barriers often felt by people from ethnic minorities and to counter prejudice, whether conscious or not.

The activities inside the Boardroom need to be complemented by programmes at all levels in the company to support the development of those from diverse backgrounds. It is this type of work that is key and which, we believe, will create a culture in our companies that will help to release the potential of everyone working there.

Although the Parker Review was set up to focus on the lack of ethnic diversity in the Boardroom, we recognise that the way to address this for the long term, and to address it sustainably, is to create happy and fair working conditions for everyone — from the bottom to top of the organisation — where everyone has a chance to achieve their potential, irrespective of their ethnic background or indeed of any other diverse characteristic. Companies who do so will also be able to enhance their own competitive position.

Success Profile: Lesley-Ann Nash

Non-Executive Director, St James’s Place

I have been lucky enough to enjoy three careers — over 20 years in investment banking, seven years in the Cabinet Office and the last couple of years as an independent Non-Executive Director (NED). I confess that the first two were accidental but the third was meticulously planned.

After seven years in the Cabinet Office the next natural move was a specialist delivery role in a government department. Faced with some interesting offers, I quickly realised that I wanted to stay at the strategic level where I could more easily influence the issues I care about. Speaking to my mentors I concluded that the obvious next route was to become a NED.

With this decision made, I told my boss that I would leave in a year as I figured it would take me that long to find my first NED role. I had already set my sights on FTSE 100. Fortunately he was very understanding and generous with his Rolodex and advice. I joined the Board of St James’s Place exactly a year after telling him.

During that year I worked with an advisor to translate my executive career into an easily digestible package which highlighted the unique qualities that I could bring to a Board. She helped me see that even during a 100% executive career I had plenty of non-executive experience so wasn’t completely starting from scratch.

Armed with a good picture of where I could best contribute, I shamelessly exploited my network of 30 years. I asked colleagues for introductions to Board Chairs and attended many Board networking events run by the ‘Big Four’ or search firms. I ate a lot of breakfasts and drank a lot of coffee!

I believe my experience demonstrates that there is no shortcut to thorough preparation. It is imperative to make it easy for Chairs and search consultants to see what you bring. To distil this effectively takes time, exploration and trial and error.

I have cultivated my network over 30 years and work hard to ensure it is two-way — give and take. My NED roles today are thanks in no small part to the patience and generosity of my professional colleagues.

I think it is imperative to choose carefully. When faced with a proposal, I evaluate the Board and executive diligently. There are some Boards which are seeking a ‘one and done’ solution. But fortunately, there are many who value the benefit of diversity in all its guises. Make sure you can tell the difference and pursue only the latter.

Finally, how enjoyable is a NED career? Surprisingly the interactions outside of the Boardroom are as enjoyable and rewarding as those inside. I am delighted to have the opportunity to develop relationships with extraordinary people at the very top of their professions, to learn about new markets and to support and mentor on a one-to-one basis.

Ultimately, it’s a privilege being in the Boardroom and filling such a valuable seat. I am learning from the best and developing my own style. I’m at the beginning of a long journey that will take me into retirement. What an exciting way to end my career. I feel very lucky.
It is important that employees from ethnic minorities at every level from the shop floor to the Executive Committee are given equal opportunities to succeed and to have enjoyable, fulfilling careers. Not only is this the fair thing for companies to do, it will also benefit companies because it will lead to better job satisfaction and enhanced productivity.

Within the context of FTSE Board representation, there are a range of issues worth examining. For example, we are not surprised to note that the great majority of minority ethnic group directors are in NED roles. There are only eight minority ethnic Chairs in the FTSE 350 (three in the FTSE 100 and five in the FTSE 250) and 22 minority ethnic CEOs (six in the FTSE 100 and 16 in the FTSE 250). We trust that, over time, initiatives to build diverse and inclusive organisations will lead to more people from minority ethnic groups reaching the very top roles in businesses.

We have already come within touching distance of our FTSE 100 target and are well on our way towards our FTSE 250 target with its December 2024 deadline. However, there can be no grounds for complacency.

Behind the headlines

Although we firmly believe that having at least one director from a minority ethnic group on the Board of major companies acts as a highly visible and powerful influence, we also acknowledge that it does not ‘solve’ the issue of diversity within those organisations or more broadly in the business world as a whole.
Changing the conversation

In our 2020 update Report, the Steering Committee noted that “race and ethnicity are the most difficult things to talk about in the United Kingdom... they are just too hard and too sensitive”. Reactions to the May 2020 murder of George Floyd in Minneapolis in the US went a long way to changing that. This tragic event created a watershed moment for racial equality, prompting action and deepening the understanding of everyday experiences of bias. In short, it started conversations that had long been left unspoken, prompting large organisations not only to talk about race and ethnicity in new ways, but also to take new forms of action.

The success of ‘Women on Boards’ initiatives has also helped to increase awareness of diversity in the Boardroom, and it is worth noting the impact of investors as well. Many ESG-focused investors in the last two years have been reviewing Boardroom diversity metrics when assessing companies, including racial diversity as well as gender diversity. That has influenced the Nomination Committees of many listed companies.

Meeting the challenges ahead

These factors illustrate how the role of the Parker Review is wider and more nuanced than the headline figures suggest and we aim fully to embrace that challenge in the years ahead.

Our objectives since we published our first Report over five years ago have been threefold and here we look at next steps in relation to each:

1. Increase the ethnic diversity of UK Boards

We have now passed our first target date for FTSE 100 companies. Following this, our objectives will remain much the same: assisting FTSE 100 companies to maintain at least their current level of Board-level ethnic diversity and assisting and encouraging FTSE 250 companies to reach the same level by having at least one director from a minority ethnic group by December 2024.

2. Develop candidates for the pipeline and plan for succession

Many companies have developed effective programmes to help employees from minority ethnic groups succeed and to assess their progress carefully using talent management and succession planning processes. Typically, they might be coaching or mentoring and adopting sponsorship and shadowing schemes to assist these employees to take the next step.

During the last two years in particular, we have been impressed by the added enthusiasm and effectiveness demonstrated by many search consultants to find the best talent within minority ethnic groups. We urge them to continue investing in this important endeavour which is assisting companies to create diverse and successful Boards and management teams.

We applaud these developments at companies and search consultants and see that we have a role in acting as a focal point for those looking for, or offering, support and guidance. To this end we have also included in this Report other material which we believe will be useful for companies seeking to widen talent pipelines and plan for succession:

- The initial research findings from a project carried out by Cranfield University in collaboration with Delta Alpha Psi for the FRC with our support, which is studying the barriers facing people from minority ethnic groups from reaching senior leadership roles in FTSE 100 companies and looking at best practice for supporting them in these roles.

- Interviews carried out with individuals from minority ethnic groups for this project who have become directors of FTSE 350 companies in recent years, giving insights on the barriers they faced and how they overcame them.

- A Directors’ Resource Toolkit developed by the UK National Equality Standard, using the input and experience of many businesses.

- An introduction to the Change the Race Ratio campaign initiated by the CBI, whose objective is to increase racial and minority ethnic representation in UK business. We have valued our close association with the CBI throughout the life of the Parker Review and believe this campaign deserves the attention of businesses.

3. Enhance transparency and disclosure

We believe that we have a continuing role as a Committee, with the assistance of our colleagues at BEIS, to be the authoritative voice on data in this area. We plan to continue to collect data from FTSE 350 companies annually and to present it in a clear, consistent way for the benefit of the business community and investors.

Talking of data, the challenge facing recruitment and executive search companies continues as they intensify their mission to recruit minority ethnic group directors to Boards. There are a number of challenges posed by data protection laws in the UK and globally. From the outset, we have engaged on these issues, including working with Government and the Information Commissioner’s Office (ICO) to address some of the legal and practical challenges. Further information is set out on page 34 of this Report.

While we are not in the business of creating demands for data on companies, we are aware that some businesses monitor regularly the percentage of minority ethnic employees within their Executive Committees, and at ‘Ex Co minus one’ and ‘Ex Co minus two’ levels.

We would encourage those companies to make this data available publicly in their reports. This would demonstrate that their director from a minority ethnic group is not a token appointment but that ethnic minorities are flourishing at senior management levels through the company. Signals such as these are likely to encourage talented people from ethnic minorities to apply for jobs in those organisations and to stay there once they join.

Unlocking potential

More broadly, we will continue to encourage companies to make sure that every employee — from the bottom of the organisation to the top — has an equal chance to meet their potential, irrespective of their ethnic background. There are now many examples of good practice and we believe we have a role in conjunction with other groups in helping to spread those practices: from talent management to succession planning and in creating the inclusive working environments, training programmes and mentoring programmes which can bring down ethnic barriers and empower talent.

Given the rapid changes, major challenges and huge opportunities that we face as a nation and in business, there has never been a better time to unlock the full potential of all our people, and to work to eliminate unfairness and discrimination in our business community.
Current profile of FTSE 350 Boards (December 2021)

This iteration of the Parker Review was conducted through voluntary census research of all FTSE 350 companies. The data presented is therefore self-reported by companies and relates to their Board membership as of 31 December 2021. The data obtained through voluntary census responses has enabled us to determine whether 333 companies within the FTSE 350 have or have not met the Parker Review target of one director from a minority ethnic group on their Board.
Key findings

89 out of 100 companies (89%) met the target. Of these 89 companies, 42 companies have exceeded the target of the Review of one minority ethnic director on their Board, with these companies having between two to nine minority ethnic directors.

128 out of 233 companies (55%) currently meet the December 2024 target. Of these 128 companies, 25 companies have exceeded the target of the Review.

FTSE 100

There were 155 directors from minority ethnic groups holding 164 director positions. This represents 16% of all director positions. There are three minority ethnic directors who occupy positions of Chair, six who are CEOs, nine who occupy the position of a CFOs and four who are other executive directors. The remaining positions are NEDs.

There were 169 directors from minority ethnic groups holding 178 director positions. This represents 10% of all director positions. There are five directors from minority ethnic groups who occupy the positions of Chair, 16 of CEO, and 13 who occupy the position of a CFO. The remaining positions are NEDs.

FTSE 250

49% of directors from minority ethnic groups are women in the FTSE 100.

44% of directors from minority ethnic groups are women in the FTSE 250.

59 out of 155 minority ethnic directors are British citizens, representing 38% of the total minority ethnic director positions. This figure includes 15 who have multiple nationalities, including British.

76 out of 169 known directors from minority ethnic groups are British Citizens, representing 45% of the total minority ethnic directors. This figure includes 16 who have multiple nationalities, including British.

333 companies responded — all 100 of the FTSE 100 and 233 of the FTSE 250.
Progress in the FTSE 100

This year all FTSE 100 companies have submitted their data to the Parker Review. There are now 89 out of the 100 companies that have met the target of one director from a minority ethnic group on the Board by December 2021. This is an increase of 11 percentage points on the results from last year. The outcome demonstrates increases in both engagement with the Review and a high level of success against targets.

Response rates and overall findings

1. All 100 of the FTSE 100 companies (100%) responded to the voluntary census with every company providing sufficient data to be able to discern whether or not they have met the target. This demonstrates an excellent level of engagement from the FTSE 100.

2. Across the FTSE 100 responses, 89 of the 100 companies (89%) met the target while 11 of the 100 companies (11%) had not yet met the target.

3. The data collected was on the minority ethnic composition of FTSE 100 Boards, as of 31 December 2021.1

4. Considering only ‘known’ companies, when comparing 2021 and 2020, there has been an 11 percentage points increase, with 74 out of 95 companies (78%)2 meeting the target in 2020 and 89 out of 100 (89%) meeting the target in 2021.

5. It should be noted that since the data was collected, five companies that have been marked as ‘not met’ in this Report, have announced further appointments meaning that from May 2022 it is likely that there will be 94%3 of companies from the FTSE 100 meeting the target. Further to this, there are three companies in the advanced stages of recruitment, and if these proceed as planned this is likely to result in 97%4 of companies meeting the target.

Profile of directors, Chairs, CEOs and CFOs

6. In the FTSE 100, there are a total of 1,056 director positions, with 164 seats being held by a director from a minority ethnic group. This accounts for 16% of all positions and represents a 32% increase from 2020 director positions when there were 124 positions in the FTSE 100 held by a director from a minority ethnic group from the 95 companies which responded.

7. Of these 164 seats, there were three people from ethnic minorities who held the position of Chair; six who were CEOs; nine who were CFOs and there were four other executive directors. The other positions were NEDs.

8. This demonstrates that the ethnic diversity in the FTSE 100 director positions is increasing. It should be noted, however, that a few individuals hold seats on Boards in both the FTSE 100 and FTSE 250 and thus will have been counted in both the numbers for FTSE 100 and FTSE 250 directors.

9. Of the 100 companies in the FTSE 100 who met the target, 47 of these companies had one minority ethnic director; 26 had two minority ethnic directors and 16 had more than two minority ethnic directors. Across the FTSE 100, 42 companies have exceeded the target of having one director from a minority ethnic group on their Board.

Analysis by gender

10. Of all Board positions held by directors from a minority ethnic group across the FTSE 100, 76 are held by women, comprising 49% of minority ethnic directors. In 2020, across the FTSE 100, 54 directorships were held by women, comprising 46% of minority ethnic director positions in the FTSE 100.

UK citizens

11. 59 of the 155 minority ethnic directors in the FTSE 100 were recorded as a UK citizen (38%). British minority ethnic directors held 66 FTSE 100 director positions out of the 1,056 total director in the FTSE 100. This represents 5.6% of all positions in the FTSE 100.

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1Board compositions may have changed since the publication of this Report. The FTSE 100 list used is that following the 21 December 2021 rebalancing.
2We are only comparing the 2021 results with those from 2020 as for these years we used the Office for National Statistics (ONS) classification to collect data.
3Board composition of the 89 companies meeting the target may have changed since the publication of this Report.
FTSE 100 companies that have met the target plus number of directors from a minority ethnic group

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<tr>
<th>Company Name</th>
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<td>AABDIN PLC</td>
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<td>ADMIRAL GROUP PLC</td>
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Since the data was collected in December 2021 these companies have now announced an appointments of a minority ethnic director

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<td>DS SMITH PLC</td>
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<td>M&amp;BG PLC</td>
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These companies are in advanced stages of recruiting a new minority ethnic director, after previously having a minority ethnic director on their board

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<td>EVRAZ PLC</td>
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<td>MEGGIT PLC</td>
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Other companies which have provided no indication of progress

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<td>MONDI PLC</td>
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<td>VODAFONE GROUP PLC</td>
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Improving the Ethnic Diversity of UK Boards
Progress in the FTSE 250

The target for FTSE 250 companies is to have one minority ethnic director by December 2024. As of December 2021, 128 companies have achieved the target. There is no comparison with the 2020 figures as there was no data gathered due to the pandemic.

Response rates and overall findings

12. There was a good response rate in the FTSE 250 this year, with 233 out of 250 companies (93%) providing sufficient data to determine whether they have already met the 2024 target. Overall, 233 companies in the FTSE 250 128 (55%) have already met the target.

Investment Trusts

15. Within the FTSE 250, there are 69 Investment Trusts. Such trusts tend to have fewer overall numbers of directors than other companies and also tend to have fewer employees. Of these 69 Investment Trusts, 12 chose not to submit a response to the voluntary census, resulting in an 83% response rate — lower than the overall rate of 93%. Three trusts are new to the FTSE 250 following the FTSE 250 rebalance and were not contacted for the voluntary census.

16. For the 50 trusts with sufficient data (those that responded to the voluntary census and responses that are ‘known’), 23 met the target and 36 did not meet the target.

17. There is some argument, given their small scale, for showing additional analysis of the FTSE 250 without Investment Trusts. This is because of point 15 above, namely that the Boards tend to be small and often based outside mainland Great Britain. In addition, the results of the Investment Trust sector significantly influence the overall numbers of the FTSE 250 because they represent 28% of FTSE 250 companies. However, for reasons of completeness we have included all these companies in the analysis.

Profile of directors, Chairs, CEOs and CFOs

18. For the FTSE 250, there are a total of 1,849 director positions, with 178 (10%) held by a director from a minority ethnic group. Due to the pandemic this information was not available for the 2020 voluntary census as FTSE 250 companies were not included. Some directors hold seats on Boards in both the FTSE 100 and FTSE 250 and thus will have been counted in both these numbers.

19. Of these 178 seats, there were 5 people from a minority ethnic group who held the position of Chair, 16 who were CEOs and 13 who were CFOs. The other positions were NEDs.

20. Of the 128 companies in the FTSE 250 who have already met the target 103 of these companies had one minority ethnic director, 15 had two minority ethnic directors and 10 had more than two minority ethnic directors. Across the FTSE 250, 25 companies have more than one director from a minority ethnic group on their Board.

Analysis by gender

21. Of all Board positions held by minority ethnic directors, across the FTSE 250 73 (44%) are held by women.

UK Citizens

22. 76 of the 169 directors from a minority ethnic group in the FTSE 250 were recorded as being UK citizens (45%). British minority ethnic group directors held 82 FTSE 250 director positions out of the 1,849 total director positions available in the FTSE 250 (4%).
FTSE 250 companies that have already met the December 2024 target plus number of directors from a minority ethnic group

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Methodology

23. Data on companies’ directors was obtained through an online voluntary census of FTSE 350 firms. A letter was addressed to the Chair of each company and sent to the chair and other relevant contacts. Ongoing engagement with companies was undertaken to promote maximum response. Data was collected between October 2021 and February 2022 with companies asked to provide details on their Boards as of 31 December 2021.

24. Questions in the voluntary census covered a screening question to ensure directors had consented to their information being processed in line with a Privacy Notice, which set out how data would be used, company details, the total number of directors and the self-identified ethnicity of each; and, for directors identifying as ethnic minorities, questions to record their name, function, gender, nationality, and any other FTSE 350 Boards on which the director sits.

25. The ethnicity categories offered to respondents were based on the ONS classification and included: Asian, Black, Mixed/multiple ethnic groups, Other ethnic groups, White, and Prefer not to say. This is the same as the 2021 Report data, which also used ONS classifications.

26. Directors are defined as all non-executive and executive directors appointed to the Board. A director was defined as from a minority ethnic group if they identified as Asian, Black, Mixed or Other, with the option to describe the Other group. If a director was identified as White or PNS, they were not counted as a minority ethnic director.

27. Results are not fully comparable to previous years as the methodology differs from the one used to collect data for the 2017 Parker Review Report, and the 2018 press release, for which the methodology relied on the analysis of director names, photographs, biographical data from databases; and, where necessary, additional data obtained from open sources. This mode of obtaining data is no longer used due to GDPR restrictions. Due to the pandemic, data was not collected from the FTSE 250 on the ethnic diversity of their Board and is thus not available.
Introduction

The Gender, Leadership and Inclusion Research Centre (GLIC) at Cranfield University, working in conjunction with the specialist consultancy, Delta Alpha Psi, is undertaking research on behalf of the FRC on the barriers preventing individuals from minority ethnic groups achieving senior representation in FTSE 100 and FTSE 250 companies.

We report here on preliminary findings from the data gathered relating specifically to FTSE 100 companies only. The full research report, addressing all the questions above, will be published later this year by the FRC.

Summary of findings and recommendations based on the review of Annual Reports

1. As a first step, companies are putting in place the structures to make change:
   a. Data collection, introducing governance structures for diversity and inclusion initiatives and setting targets, are all examples of initiatives that companies are undertaking to meet the objective of increasing ethnic diversity in senior leadership positions.
   b. Initiatives, and reporting on initiatives, could be further improved by detailing the process by which first step initiatives are expected to lead to greater diversity (i.e., how companies expect the change to happen).
   c. The breadth of initiatives is promising, and companies should aim to prioritise reporting the outcomes of such initiatives alongside the actions themselves.

2. Where they are evidence-based, targeted programmes can demonstrate active, direct initiatives to increase the diversity of senior leadership:
   a. Programmes, and reporting on programmes, could be further improved by detailing the design and content of such initiatives to enable the evaluation of which features make them effective.
   b. The implementation of targeted programmes should be based on evidence, to ensure that company-specific challenges are being addressed.

3. At Board level, intentional recruitment, based on both merit and diversity, is being used by some companies as an effective way to increase representation of minority ethnic groups:
   a. Where companies are taking positive action to increase representation, intentional recruitment is identifying suitable appointees who increase the diversity of the Board.
   b. Working with executive search consultants who are signatories of the Voluntary Code of Conduct is a positive first step for Boards, which could be enhanced by additional initiatives such as requiring diverse shortlists.
Summary of findings from interview data

Three main themes emerged from the interviews with all of the participants.

1. The first was the impact of the Black Lives Matter movement, committed on by all of the participants. This seems to have significantly shifted the quality of the conversations such that actions and initiatives are being reviewed with increased scrutiny.

2. Secondly, participants also spoke at length, although from different perspectives, about networking. This is acknowledged as being an essential factor in progressing to senior leadership positions. Increasing access to networks will enable diverse candidates to begin building relationships with senior people, and for Chairs and other senior Board members, and search consultants, to connect with individuals before they are Board ready.

3. This links to the third point regarding the need for openness to different career paths. At all levels, interviewees talked about candidates having gained skills and expertise which equip them to undertake Board positions, but maybe not through the more established routes.

The shift towards greater embedding of inclusive practices needs to continue with an increasing emphasis on race education, dialogue on race and race fluency. Participants from minority ethnic groups have shared their experiences of hyper surveillance (excessive scrutiny of their performance in comparison to others) and hypervisibility (being known for their ethnic background). There are strong indications that organisations are recognising that change needs to come from those who are in the majority, rather than those from diverse backgrounds, and only then will the culture change happen.

Methods

As a means of assessing the breadth and depth of initiatives in place to diversify senior leadership, Annual Reports from 25 FTSE 100 companies (as at 13 December 2021) were selected and reviewed. Companies were selected based on previous FRC/Cranfield University analysis for the 2020 Parker Review that identified companies considered to be using ‘best practice’ in reporting on Board-level diversity.

Each company’s latest full Annual Report available publicly in January 2022 was reviewed. Stage one of the analysis identified all stated initiatives to increase diversity across the business. Stage two examined whether the identified initiatives were focused on a) ethnic diversity, another diversity strand, or broader diversity (i.e., multiple protected characteristics) and b) diversifying senior leadership or other levels within the organisation. Because the analysis was limited to Annual Reports, the initiatives discussed may not fully represent the range of initiatives that the selected companies are undertaking, as such initiatives may be published elsewhere.

Additionally, and responding to the FRC’s request to bring forward the lived experiences of those from ethnic minorities and their career journeys, we are targeting three groups of participants:

1. Firstly, we are interviewing people at mid to senior level positions in a number of FTSE 100 organisations from a range of different minority ethnic groups across gender. In seeking participants, we are also applying ‘intersectional sensibilities’ and gathering data relating to other identities including nationality, and geographical locations. The interviews have explored individuals’ career experiences, including preparatory questions about their career timeline, the challenges faced and organisational initiatives that have worked for them.

2. Secondly, and to investigate established best practice and specific approaches to increasing ethnic diversity at senior levels, we have conducted semi-structured interviews with Chairs, and HR/D&I directors. These interviews have explored organisational approaches to talent management and succession planning, monitoring of the diversity of ethnic representation, inclusion practices and changes implemented or planned as a result of participation in external initiatives (for example, Race at Work Charter, Change the Race Ratio).

3. Lastly, we have also interviewed specialist search consultants to explore the approaches taken towards putting forward a diverse pool of candidates.

Review of selected Annual Reports

Targeted programmes

Targeted programmes to address barriers to diversity were reported by 15 out of the 25 FTSE 100 companies. Such initiatives included targeted talent, leadership, mentorship, sponsorship and reverse mentoring programmes. Of these, eight companies reported race-specific programmes, and only four companies reported leadership programmes to racially diversify the company’s leadership.

The quote below demonstrates a link between the company’s diversity objective (to develop Black leadership talent) and their diversity initiative to help them meet this objective (a bespoke programme):

“We know we need to do more to support, nurture and strengthen our diverse and inclusive culture. During 2020, we made a number of commitments such as doubling ethnic minority representation in leadership, particularly to support our Black employees and communities in the Americas. … In the Americas, as part of the commitments we announced in 2020, we are launching a bespoke programme to develop Black leadership talent and build partnerships with organisations dedicated to supporting Black employees.”

Intercontinental Hotels Group PLC

Furthermore, very limited reporting on the design and content of targeted programmes was available.

Limited reporting on the rationale for, or design of, targeted programmes, prevents meaningful evaluation of how such initiatives can help to diversify senior leadership and to what extent these are effective. Only two companies reported outcomes from their targeted programmes; in both cases the programme was evaluated as ‘successful.’

In order to further enhance reporting on diversity initiatives, we recommend introducing and reporting on evaluation against the initiative’s objectives. We also encourage companies to be more explicit in explaining how targeted programmes will be impactful in driving change.

D&I governance

Sixteen of the 25 companies reported introducing governance structures as part of the implementation of their diversity and inclusion strategies. Governance initiatives include the recruitment of an individual to lead on diversity and inclusion for the business, the introduction of committees or taskforces to oversee diversity initiatives, and for oversight of Board diversity under the Governance/Nominations Committee at Board level. Five companies reported recruiting individuals to lead diversity and inclusion for the business, including a Chief Diversity Officer, a Diversity and Inclusion Director, and a Global Diversity and Inclusion Lead.

Of the companies who reported the introduction of a diversity and inclusion taskforce or committee, which was 12 out of 25, some were introduced in response to the recent greater prominence of the Black Lives Matter movement. Additionally, other companies reported that governance of the diversity strategy continues to be provided by a previously established taskforce, suggesting that D&I governance is already well-established in these companies.
We have developed our first D&I strategy. We recognise we still have more to do in this area, but we are committed to being an inclusive employer. ... To oversee and keep us focused on this strategy, we’ve created a steering group.” Land Securities Group PLC

Additional information on the structure, composition and specific function of diversity and inclusion-focused committees and taskforces will provide the data required to understand their effectiveness in diversifying senior leadership and the best design and approach to achieve this.

Governance of the employee-level or leadership-level D&I strategy was attributed to the Board for three companies. Governance of D&I at Board level was almost exclusively attributed to the Nominations Committee, and 15 of the 25 companies reported this. In addition to oversight of diversity at Board level, some companies reported the Nominations Committee’s role in overseeing the diversity strategy across all levels of the business.

Most examples of governance initiatives were linked to oversight, advisory, facilitation, and/or support. Reporting could be further enhanced through accountability, such as reporting on the link between appointments/governance structures and meeting specific diversity objectives.

Race action plan

Of the 25 companies, six reported an action plan over and above its D&I strategy. Four of these six companies reported an action plan for race specifically with the quality of reporting on action plans varying. The following example demonstrates enhanced reporting:

In October, Barclays implemented a 12-point Race at Work action plan focused on opening up opportunities to attract, develop and add to our Black talent. The plan comprises a thorough set of actions, using data to set goals and measure success, and will be expanded in 2021 to include other ethnically diverse colleagues, as well as customers, clients and communities.” Barclays PLC

To further enhance what is already being reported, the specific objectives and initiatives that comprise the race action plan could also be reported.

Public objectives and reporting

Of the 25 company reports which were reviewed, 17 reported diversity targets. Of those, 11 were race and/or ethnicity based and ten were based on ethnicity at senior levels. The focus on race targets at senior levels is reported as being largely driven by the Parker Review target of ‘One by 21’.

Our policy on Board gender diversity, which is available on our website, is aligned to the recommendations of both Lord Davies in his report ‘Women on Boards’ and the Hampton-Alexander Review (‘Review’), which encourages at least 33% representation of women on FTSE 350 boards by the end of 2020 and with the Parker Review ‘Beyond One by 21’, which recommends that FTSE 100 company boards should have at least one ethnically diverse Director by 2021.” Intertek Group PLC

To recognise the importance of getting our approach right in these areas, for 2021 we are proposing to focus 10% of the LTIP (long term, investment plan) on an ESG agenda. This will be split across three metrics: % reduction in CO2 intensity of shareholders’ assets, % of women in senior leadership roles in UK, Ireland and Canada, % of ethnic minority employees in senior leadership roles in the UK.” Aveva PLC

As discussed, of the ten companies reporting senior-level ethnicity targets, nine of these were focused on Board level. Companies’ reference to the Parker Review suggests that a clearly defined voluntary target is an effective initiative for diversifying senior leadership. One downside of the voluntary target is the potential for companies to focus on meeting the target as opposed to building a sustainable pipeline. The example below demonstrates how a company can report their intention to meet the Parker Review target while also not being restricted by it:

Only one of the 25 companies reported diversity as a non-financial performance metric.

Reporting of targets and objectives could be enhanced if the initiatives that would help the company meet those targets and objectives were reported alongside.

Board level initiatives

All 25 companies reported Board-level diversity initiatives. However, the quality and therefore apparent commitment shown by such initiatives varied across companies. Initiatives indicating the lowest level of commitment referenced a consideration for diversity in their recruitment process, succession planning or talent mapping.

Recruitment initiatives were reported by 19 of the 25 companies. Of these companies, seven reported making intentional appointments based on both merit and diversity to directly address underrepresentation. Only two of these companies mentioned race specifically, however, all seven reported increased diversification of their Boards due to this initiative.

Of the 25 companies, nine reported that they only engaged external search consultants who were signed up to the voluntary code of conduct. The Code, which was initially developed for Board gender diversity, has been amended and enhanced to reflect the Parker Review.

We continue to work towards meeting and subsequently exceeding the targets set by both the Hampton-Alexander and the Parker Reviews.” Aveva Group PLC
In the UK, we signed the UK Race at Work charter with the BITC (Business in the Community) in July 2020. We are committed to using the key focus areas outlined in the charter to further drive our race and ethnicity diversity and inclusion actions.”

Intercontinental Hotels Group PLC

Charters, external validation and benchmarking

Of the 25 companies, ten reported the company or senior leaders’ membership of, or commitment to, an external organisation, charter, or corporate benchmark. Two frequently reported charters/initiatives were the Race at Work Charter and the Change the Race Ratio.

Our ‘This is Me’ campaign asks all colleagues to voluntarily share their diversity data. This will help us better understand the diversity of our workforce, make more informed and inclusive decisions and put plans in place where they are needed most.”

Twente PLC

Other initiatives

Companies’ tendency to group diversity initiatives in their Annual Report means that initiatives are often not clearly linked to specific diversity objectives. As such, further initiatives that were not clearly conducive to diversifying senior leadership were reported alongside those that are. The quality of reporting on such initiatives would be enhanced by describing the process by which the initiative can support the company to meet its diversity objectives. For example, 13 of the 25 companies reported training for managers and leaders. The most common training reported was inclusive leadership training, followed by unconscious bias training. Race education, dialogue on race, and race fluency training were also reported.

Early analysis of interview data

For reasons of confidentiality, we report early findings in three sections: Chairs and HR/D&I Directors; search consultants; and NEDs and Executive Directors. The latter group are individuals from minority ethnic groups.

Chairs, HR/D&I Directors

A number of key themes emerged from the interviews with this group of participants. They described an approach towards facilitating the greater progression of people from ethnically diverse backgrounds to senior leadership positions, which involved stepping back from the specific question about Board composition,
Instead, they discussed a more holistic way of considering what they were trying to achieve, and how. As one person commented:

“This was as much about changing the mindset as it was about the numbers.”

One person pointed out that they considered there are different challenges relating to diversity and inclusion for ‘High Street retailers’ in comparison to businesses with a presence in tens of different countries. Global operations were described as representing their local communities, so the phrases ‘majority’ or ‘minority’ groups are used within the organisational discourse on diversity and inclusion with caution and awareness.

The interviewees explained their perception of the impact of the Black Lives Matter movement as being a catalyst to think about the issue in a different way. It provided a strong impetus for acknowledging the existing diversity in their own organisations and strengthening inclusivity through development opportunities and other initiatives to support individuals moving through the pipeline. One person specifically talked of the need to challenge personal assumptions and to develop a greater awareness and understanding of bias. They recognised the impact of bias on systemic and structural barriers which may be contributing to the lower proportion of individuals from minority ethnic group backgrounds progressing to senior leadership positions. Education at all levels throughout the organisation, starting with the Board and the Executive Committee, was prioritised.

The first thing you really have to do is to collect the data and you can only do that on a voluntary basis. So, I think, probably in the last year, it is the first time that we’ve done a survey of how people feel about their own ethnicity and how they categorise themselves. And we now have numbers of what that looks like, although still some people are not wanting to talk about it or to categorise themselves.”

Accepting that data analytics is an essential tool in developing an inclusive company culture, they described efforts to build trust and increase self-identification. Increasing diversity, and then creating an environment which people perceive as inclusive, is seen as being an essential step before examining the pipeline to senior leader roles.

Another point discussed here was the concern about hypervisibility, wanting ethnically diverse Board members to be confident that they were valued for the skills and expertise that they contributed. Chairs were cautious about calling on their colleagues in a way that heightened their ethnicity (even such as recommending them for participation in this research), given the prominence in the wider discourse about increasing ethnic diversity on Boards.

People are not moving through the pipeline because they are not even getting into the pipeline in the first place and then, if you don’t have a measurement by which, how are they going to move through the pipeline? . . . It’s not just a case of ‘Oh, we’ll put some development programmes in place and start moving people up’. First of all, do you even know where they are? Do you know who they are?”

Aligned with the emphasis on greater trust amongst employees and recognising the need for a different approach because of the Black Lives Matter movement, participants spoke about viewing ethnic diversity through a new lens of psychological safety.

This is an opportunity for Hampton-Alexander and the Parker Review to hold hands and say ‘this is not one or the other’.”

You don’t win as a business if you don’t recognise that everyone should have a safe space in which to operate. Of course, in the industry safety is a big thing, so this was a different lens for us to look at ethnic diversity. It was about having a psychologically safe space to be who you were, and not face prejudice. We had to go out of our way as leaders to inconvenience ourselves to understand what was important to our employees from different minority ethnic backgrounds. So, and it wasn’t just about racism, it was about recruitment and progression and performance of those people. That’s where the mindset change came from.”

Not just because of the Parker Review, but because of Black Lives Matter and having a societal focus has really made us think about it in a different way. So, from the Board down, I mean, the leadership is important at the Board and the Exec level and then that has to be combined with some strong embedding of practices across the businesses, and a different mindset about it, as much as the targets.”

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You come to it from the perspective that, you know, if you’ve grown up in an environment that seemed quite open, and you think you’re not racist, then you think that your values are enough. You think, ‘that’s what I believe and therefore that’s enough’. And so, the workshops opened our eyes to, it doesn’t really matter what you believe, it’s what you do about it, and you actually have to call it out where you see it. You have to keep talking about it, and from a leadership perspective, it is your responsibility to do something about this.”

Chairs and HR directors/D&I directors also highlighted the importance of building trust amongst employees in order to gather accurate data and encourage the vast majority of the workforce to self-identify in terms of ethnicity (and other diversity dimensions). They recognised the resistance of some people who may feel that in the past such data had been used against them.

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Improving the Ethnic Diversity of UK Boards

International experience opportunities organisations will benefit from diverse inclusion as a business imperative as their Global companies must embrace using good executive search consultants. So, it all comes down to networking and three NED roles through head-hunters. I have secured all my experiences with the relevant companies helped to match my values and a head-hunter with a relevant database during my executive career. In addition, I can ascribe my success to the depth and breadth of networks that I developed helped to match my values and experiences with the relevant companies in search of NEDs. I have secured all my three NED roles through head-hunters. So, it all comes down to networking and using good executive search consultants.

Global companies must embrace inclusion as a business imperative as their organisations will benefit from diverse thinking. Also, corporates should facilitate international experience opportunities for Black and minority ethnic employees.

Additionally, Boards have a duty to oversee the nurturing of internal diversity candidates via talent management and succession programmes specifically. White Board members also need to demonstrate leadership in diversity matters and not leave it to their Black and minority ethnic colleague.

Having mentors, executive coaches, and flagbearers in your economic sector of choice who can give you independent advice is important. I would also advocate exposure to industry associations where there are other global leaders that one can model oneself on and from which networks can be built.

I think reputation and integrity is critical and possibly many times more important when you are a Black role model. There is a perception that if you fail, it means the whole Black race is not good enough. Get the right support, be it from therapists or from executive coaches — I would say that you’ve got to do that even though it is daunting at times.

In response to questions specifically about Board representation, interviewees talked about reconsidering their approach to seeking candidates for new appointments. This included reviewing their relationship with search consultants they already worked with and engaging with new firms in order to make a judgement on how successful they might be in attracting candidates from more diverse backgrounds. One person explained the need for an understanding of the talent pool at such senior levels, particularly when seeking minority candidates for roles that may arise in the future.

**Success Profile:**

**Ben Magara**

Non-Executive Director, Weir Group PLC

I grew up in rural Zimbabwe as one of nine siblings, moving to South Africa to join Anglo America South Africa as a graduate trainee. After ten years of working through the ranks and having held various technical positions, in 2006 I was appointed to the position of CEO Anglo Coal South Africa. During that time, I was also Chairman of Richards Bay Coal Terminal. In 2013 I left Anglo American PLC to become CEO of Lonmin PLC, a FTSE 250 company. I currently sit on three Boards.

I can ascribe my success to the depth and breadth of networks that I developed during my executive career. In addition, a head-hunter with a relevant database helped to match my values and experiences with the relevant companies in search of NEDs. I have secured all my three NED roles through head-hunters. So, it all comes down to networking and using good executive search consultants.

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**Search consultants**

The interviews with search consultants also highlighted the enormous impact of the increased awareness of the Black Lives Matter movement, in causing a significant change in the emphasis placed on companies reviewing the composition of Boards and Executive Committees.

“There is now a huge focus on attracting racially diverse candidates, which we have never seen before and without a doubt, that is a direct impact from the Black Lives Matter protest of 2020. We have never before seen such a purposeful and proactive approach from Chairs to really tackle this issue.”

These participants talked at length of their engagement with potential candidates from ethnically diverse backgrounds. Effort is required to ensure that the candidate briefs are more attractive to a diverse range of individuals, so candidates will see the positions as relevant to them, and something for which they can apply and be successful. The search consultants in particular talked of their having less ‘traditional’ career paths, and as a consequence, being perceived as having to demonstrate higher levels of skills.

“What I find most frustrating is where diverse candidates have to jump through more hoops to prove themselves. It’s really frustrating because you maybe do not see that with a non-diverse candidate.”

In relation to this, interviewees talked about the importance of a robust and inclusive process in terms of interview and assessment of skills. As search consultants, they then need to insist on

Interviewees also talked of the need to be insistent with the search firms about their requirements when long lists were presented with an absence of minority ethnic group candidates. Specific industry sector experience was not seen as being essential for all Board roles; instead greater flexibility could increase diversity in the pool of candidates to be longlisted.
Sometimes the Chair can have very fixed ideas of what they are looking for in the profile. So we’re trying to make sure that we are making that brief as malleable as possible to include more candidates and checking if they are willing to look at candidates who are first time NEDs.”

One of the Boards gave feedback about an unsuccessful candidate using the word ‘fit’, and I just will not allow them to do it or get away with it. I think the word is overused and wrong because if you are going to get diversity, it will not ‘fit’, it will feel uncomfortable.”

Another interviewee related this sort of behaviour on the part of Chairs and Nomination Committee members to unconscious bias. Therefore, an important part of the interaction between search firms and Chairs was described as ensuring that Chairs are prioritising the skills needed when seeking Board candidates, including thinking about future needs and succession planning.

The search consultants also talked about working with candidates and guiding them in terms of the preparation needed, as they do with every candidate, regardless of demographics. For example, they offer support for CV writing to showcase skills tailored to a non-executive role, and especially encourage candidates to think about the questions they would be proactive in asking in an interview, again to demonstrate their skills. Interestingly, the search consultants also talked about helping the candidates to position their ethnicity as part of their application, given the current demand for increasing ethnic diversity on Boards.

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“Improving the Ethnic Diversity of UK Boards

We have made racially diverse appointments but not as many Black appointments; we do appoint Black candidates, but the majority are still of Asian background. So, there is still something there around encouraging the Black communities and Black candidates to put themselves forward and believe that they can do these roles in both exec and non-exec seats, and we are constantly thinking about what we can do to change that position and encourage and drive that forward.”

Several specific initiatives were discussed, such as talent programmes targeted at individuals from minority ethnic group backgrounds.

NEDs and Exec Directors from minority ethnic group backgrounds

Increased awareness about the Black Lives Matter movement was again referred to as significant in shifting the quality of the discussion. The race and ethnicity gap was described as previously being the burden of the minority and under-represented groups, but now the majority have gained awareness of the need to discuss and explore this issue with an increased imperative to take actions leading to change.

The interviewees were asked to share their career journeys and these highly successful people talked briefly about their schooling and university experiences before moving on to their work experience. Some of those who had grown up in the UK, commented on recognising their experience of privilege, having attended private schools and either Oxbridge or Russell Group universities, explaining how they felt that they did not stand out as different because of their ethnicity. One British national pointed out:

“If you looked at my CV, and you blanked out my name, I don’t think you’d know that I was from a minority ethnic background.”
However, others talked about coming from a working-class background combined with an ethnic culture where education was highly valued. At school, it was described as safer to ‘blend in’ and not be noticed as ‘different’. The following comment illustrates the complexity of the paradox of sameness and difference throughout life and career:

“You go from not being noticed (at school), to being the same as everyone else (at university) by hiding your differences, and then in the workplace, to proactively identify what are the ways in which I’m just like you and am warranting membership to your club. And you kind of learn that throughout the whole of your Executive career, and it’s not even a conscious learning, you just know if you’re going to have any success that you kind of have to navigate that way of being.”

Aligned with the unconscious nature of ‘navigating that way of being’, some participants talked about not being aware of their ethnicity (or gender) in the workplace for most of their career and being very clear that they were offered promotions and new jobs because of their skills and expertise. They were aware of being noticed by significant senior colleagues who may have sponsored them as they progressed:

“They were just interested in whether I was going to be good for business and it was very tangible when that happened.”

These participants in either non-executive or executive roles talked about conscious career planning, thinking about how a particular role would be useful in enabling them to move on to the next stage of their career.

“I think it is really important that you have to own your career. You can’t just sit there waiting for somebody to do it for you, you have to kind of be proactive.”

Networking was referred to as an essential element in building a successful career, with social and professional networks tending to overlap as senior levels are reached. This can be particularly challenging for minority ethnic individuals, who may not have that overlap, if they are first generation professional, and the first member in their extended family to attend a British university.

“I am the first person in my very wide and extended family to have gone to a British university and I carried that with me. I have nieces and nephews and cousins, and cousins have children. … I have cousins coming to me asking for advice and that’s where a significant amount of my discretionary time gets used up — and so, therefore, the social, professional networks are really, really important up at the senior end.”

Participants talked of their experiences of networking, and of connecting with other people from a minority ethnic group, developing their own understanding of intersectionality and the breadth of backgrounds and the variety of experiences that people may have. This supports the importance of moving away from the Black, Asian and Minority Ethnic (BAME) acronym.

“It’s extraordinary what a difference it makes and how much you learn — simple things like not all Black is Black, not all Asian is Asian; what do you mean by Black and Asian — you’ve got the African experience which can be very different from the West Indian experience, which is actually a bit different from having an African or West Indian heritage and being in South London — they’re different things.”

In contrast to some of the positive experiences where individuals felt that their skills and expertise were highly valued, one senior woman talked about being constantly observed, sensing that others were monitoring her ability to contribute and to deliver at the expected levels. She interpreted this as being specifically due to her gender and ethnicity. She felt that she was not part of the ‘in-group’ and had to prove herself beyond what was needed for others from majority backgrounds, who were more likely to be given ‘the benefit of the doubt’:

“When it comes to ethnicity, there is some similarity with the gender experience there in the sense that we know there are in-groups and out-groups, and the benefit of the doubt that you give to in-groups, and the way in which you notice the differences and regard them more negatively and that all still plays out. With ethnicity it’s that thing of where you’re not well known in the professional network and so there will be double the scrutiny about ‘are they capable?’”

Participants talked of their experiences of networking, and of connecting with other people from a minority ethnic group, developing their own understanding of intersectionality and the breadth of backgrounds and the variety of experiences that people may have. This supports the importance of moving away from the Black, Asian and Minority Ethnic (BAME) acronym.
She also talked about the emotional labour involved in not responding adversely to the constant checks on her abilities: having to listen without showing frustration or anger, and yet not wanting to appear subservient, weak, or compliant.

The executive pipeline was discussed by these participants, highlighting the need to focus on maintaining the progression of ethnically diverse individuals throughout all hierarchical levels, ensuring that the proportion does not fall away as seniority increases. Greater understanding of Board processes and the roles of Board members could be provided to inspire and inform ambitious employees. This might occur, for example, through individuals being given the opportunity to present work undertaken rather than it being reported by a director.

"At the executive level, we’re just not getting enough people through, and there is a certain amount of experience that you have to have had to be an effective NED. Not everybody can be a NED because you need to be able to bring specific things to it. There has to be a fat enough pipeline to be able to choose the most appropriate people from it and the pipeline isn’t fat enough, it just isn’t strong enough either."

Overall, this group of interviewees talked about their successful careers in positive terms, sharing their determination, drive and ambition to maintain progression from the early stages through to their current roles.

Authors’ biographies

The research for this report was conducted by the following people:

- Dr Doyin Atewologun
- Professor Susan Vinnicombe CBE
- Dr Deirdre Anderson
- Dr Diane Chilangwa Farmer
- Dr Manjari Prashar
- Dr Fatima Tresh

Below are the biographies for Dr Deirdre Anderson, Dr Diane Chilangwa Farmer, Dr Manjari Prashar and Dr Fatima Tresh.

**Dr Deirdre Anderson**

Deirdre is Director of the Gender, Leadership and Inclusion Centre (GLIC) at Cranfield University, School of Management. Her research interests include inclusive leadership, gendered working practices, flexible and hybrid working and work and family issues in varying cultures. Deirdre teaches in these areas at postgraduate level, and in executive education, working with clients to challenge, review and develop their approaches to more inclusive cultures through individual actions and organisational practices.

Prior to academia, Deirdre worked for 20 years as a business psychology consultant in the private sector. She is a Chartered Occupational Psychologist, Co-Chair of the EmBring Network at Cranfield and a member of the EDI Committee to the Chartered Association of Business Schools.

**Dr Diane Chilangwa Farmer**

Diane works for Delta Alpha Psi as a Consultant and Facilitator and is a Visiting Fellow at the GLIC at Cranfield University, School of Management. Drawing on feminist and organisational theory, Diane’s work and research interests focus on addressing the challenges and benefits of living and working in a diverse society. In particular, she works with organisations to explore meaningful perspectives on how best to achieve equality, diversity, inclusion and belonging in their workplace culture. She holds a PhD in Gender from the London School of Economics, an MSc in NGO Management from Bayes Business School, City University and an MSc in Gender, Culture and Politics from Birkbeck, University of London.

In 2020, Diane assisted on a project commissioned by the CBI: ‘Beyond the Business Case: Ethnicity on UK Boards’. She is a Trustee for Concern Worldwide (UK) and is a fundraising committee board member for the cancer charity Maggie’s Centres. Diane previously worked in the media industry as a journalist and public relations practitioner in Jordan, Zambia, and South Africa.
Dr Manjari Prashar

Manjari is a facilitator and executive coach who brings an intersectional and cross-cultural lens to her work. She has been an executive coach on corporate leadership programmes for women and minority ethnic talent for over 20 years. She has expertise in facilitating group discussions with senior leaders to help them develop intentional and inclusive leadership practices.

Manjari is a visiting fellow at the GLIC Cranfield University, School of Management. She has contributed to research for the Parker Review of ethnicity on boards and lectures on inclusive leadership and race equality. She has an MBA from McGill University in Montreal and a PhD from Cranfield School of Management and has lived and worked in India, Canada, United States, France and the UK.

Dr Fatima Tresh

Fatima is an organisational psychologist and diversity and inclusion practitioner who works to improve diversity in talent pipelines and leadership teams through inclusive behavioural and culture change. She is a Visiting Fellow of Cranfield University’s School of Management’s GLIC, and a consultant at the Delta Alpha Psi diversity and inclusion consultancy. Fatima completed her PhD in Psychology at the Centre for the Study of Group Processes, University of Kent. As an expert in groups and leadership, she uses her work to support minority ethnic professionals in reaching their potential and business leaders to lead diverse teams effectively. Fatima is co-author of a review of the effectiveness of unconscious bias training for the Equality and Human Rights Commission and is an advisor to the Black British Business Awards.

Success Profile:
Tom Ilube CBE
Non-Executive Director, WPP PLC

Tom Ilube CBE, Founder and CEO of London Stock Exchange AIM-listed Crossword Cybersecurity Plc, Chair of the Rugby Football Union (RFU) and a Non-Executive Director of the global FTSE 100 advertising company, WPP PLC.

I previously served on the BBC Board and on the Technology Advisory Board of NatWest Bank. I have a strong, long-standing charitable interest in education, including roles as Founding Chair of Governors of Hammersmith Academy and Chair of the African Science Academy.

I knew that through my 50s and 60s I would want to continue to be involved in business life and that would mean, for me, moving beyond a purely executive role. I also wanted to test myself by gaining a seat around the table alongside some of the most successful and influential business people in the UK and globally.

A critical moment in my journey to being an NED was an early conversation with a senior Executive Director of a financial institution. He shared key advice which he had been given as he pivoted from Executive to Non-Executive, which was to treat his Non-Executive journey as a career and not as a position.

In terms of offering advice, I would say see this as a career journey rather than an end goal; build your reputation and credibility in pipeline roles e.g., in smaller boards, the third sector; cut your teeth on important sub committees (Audit, Nominations, Compliance, Remuneration, ESG etc). And get to know the individual NED head-hunters in the exec search firms recruiting in your area of expertise.

Chairs and CEOs should continue to put pressure on search consultants — indicate their serious intent to employ an individual from a Black and minority ethnic background (rather than just ‘longlist’ them as a tick box exercise). Exec search firms should listen out for bias and the idea of ‘risky hires’. Challenge the assumption that a traditional, mainstream career profile is the only path suitable for a serious NED position. Many suitable minority ethnic group (especially Black) professionals have had non-linear, zig zag paths (e.g., first corporate, then entrepreneurial/charitable) and can offer value-add to business from those experiences.

In Improving the Ethnic Diversity of UK Boards
In that context, members of the Steering Committee and its legal advisors, Linklaters LLP, worked productively with the Information Commissioner’s Office (ICO) and representatives of the Government to introduce language clarifying that such data could be collected, used and held by companies and their executive search firms under the Data Protection Act 2018 (the Act).

However, while the relevant legislation was amended in 2018, there remained questions about the application and interpretation of the Act, particularly by members of the executive search community. In some cases, those questions related to how such organisations could collect, retain and use relevant race and ethnicity data on a global basis given the myriad of data protection rules that could apply. In fact, these concerns have been expressed consistently to the Steering Committee and BEIS as an impediment to progress in increasing racial and ethnic diversity on Boards, amongst senior executive ranks and within corporate pipelines.

Of course, neither this Committee nor the ICO is able to provide guidance on the application of global rules and standards. That said, the Committee has (with the assistance of Linklaters LLP) been engaged in discussions with the ICO to produce formal interpretive guidance to assist companies and executive search organisations in the context of the Act.

At this time, draft formal guidance has been prepared and we are pleased that the ICO has engaged with us again on this issue and is now taking this forward with the Steering Committee and Linklaters in an attempt to finalise the guidance.

As a Committee, we are optimistic that interpretive guidance will be forthcoming from the ICO, and we will continue to focus on the importance of this to unblock barriers for key stakeholders in the effort to create more inclusive and diverse workforces and Boardrooms in the UK.
In summary the 2017 Parker Review Recommendations included:

1. Each FTSE 100 Board should have at least one director from a minority ethnic group by 2021; and each FTSE 250 Board should have at least one director from a minority ethnic group by 2024;

2. Nomination Committees of all FTSE 100 and FTSE 250 companies should require their internal human resources teams or search firms to identify and present qualified people from minority ethnic groups to be considered for Board appointment;

3. The relevant principles of the “Standard Voluntary Code of Conduct” for executive search firms be extended to apply to the recruitment of minority ethnic candidates as Board directors;

4. CEO’s should develop mechanisms to identify, develop and promote people from minority ethnic groups within their organisations in order to ensure over time that there is a pipeline of Board capable candidates and their managerial and executive ranks which appropriately reflect the importance of diversity to their organisation;

5. Board directors of the FTSE 100 and FTSE 250 should mentor and/or sponsor people from minority ethnic groups within their own companies;

6. Companies should encourage and support candidates drawn from diverse backgrounds, including people from minority ethnic groups, to take on executive roles internally, as well as Board and trustee roles with external organisations (e.g., educational trusts, charities and other not-for-profit roles);

7. A description of the Board’s policy on diversity should be set out in a company’s annual report, and this should include a description of the company’s efforts to increase, amongst other things, ethnic diversity within its organisation, including at Board level.

The recommendations set out in our first report in 2017 remain the key targets and actions to be implemented, and are shown below.
In light of the responses to our 2017 survey and in consideration of the latest research on company diversity reporting, the Steering Committee has further recommendations in relation to measuring Board level diversity and to building a pipeline for ethnically diverse Board candidates:

**Measurement and Transparency**

1. At the early stages of the Hampton-Alexander Review, there were challenges in overcoming resistance to measuring gender representation at Board level. Similarly for this Review, it should be deemed unacceptable that FTSE 350 companies should not engage constructively with reporting the ethnic diversity of their Boards. As this report shows, unfortunately, a small number of companies did not respond to our survey.

2. We urge companies to report fully on their ethnic diversity policies and activities as part of their Section 172 reporting requirements and in complying with principles J and L of the UK Corporate Governance Code, and ideally with reference to supporting the recommendations of the Parker Review. This should cover the Board appointment processes and the work of the Nomination Committee.

**Building a Pipeline**

3. In applying their voluntary code of conduct, Executive Recruiters should be much more proactive in marketing highly talented minority ethnic candidates, as has been successfully done in support of the Hampton-Alexander Review.

4. There should be a developed pool of high potential minority ethnic leaders and senior managers as part of a cross-sector sponsorship/mentoring programme to be sponsored by CEOs across the FTSE 350 through a well-structured and facilitated scheme.

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**Success Profile: Moni Mannings**

Non-Executive Director, EasyJet PLC

I was a lawyer in private practice for 30 years. I made the transition for a range of reasons. It was definitely a career change for me. I wanted to be closer to business, to see through decisions and their consequences without the responsibility of front-line delivery. There was also a push dimension to my decision to be a NED; I had been in private practice for 30 years by then and I wanted a new dimension to my career.

My first NED role was with Polypipe. They were a small cap company about to list and their Chair, Alan Thompson, needed to put together a Board. We were introduced to each other at a Professional Boards Forum session. He put me onto his long list and from there I went through the formal process of appointment with the search consultants. Interestingly, they had never shown any interest in me previously because I was a lawyer.

None of the NEDs knew each other on the Polypipe Board so it was down to Alan to build us into a cohesive Board. He was key to that happening so well. Having said that, I didn’t feel comfortable to raise diversity as a topic on the Board for three years. My 30 years in private practice had taught me that it was not career enhancing for me as a woman of Pakistani heritage to bring my whole self to work.

There are multiple barriers facing Black, Asian and minority ethnic individuals from getting appointed to NED roles and the solutions are not all within the gift of Chairs, CEOs and search consultants. The issues are essentially systemic. However, what they can all do is make a real effort to extend their networks — both personal and professional. Being a NED is quite different from being an Executive Director — the capabilities required are subtle such as influencing, managing ambiguity and complexity, working in different cultures — these are all experiences that people from minority ethnic groups face in their executive careers so are potentially very relevant for NED roles. CEOs and Chairs should identify potential NEDs within their own pipelines and enable them, with time, support and encouragement to take on a NED role elsewhere, if not in a major company then in a charity/not for profit. Search consultants need to work harder at finding a good match between candidate and company — e.g. if a Black person is sought, whether someone with an African or West Indian heritage would be more useful to the business, and if so why.

What I most enjoy about being a NED is being part of a team, the variety and the perspective. It is so satisfying to feel you are making a difference at the most influential levels in a business and I feel a close connection to the purpose of each of my companies.

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The Directors’ Resource Toolkit

As assistance for companies looking for examples of best practice, we recommend the toolkit below developed by the UK National Equality Standard (NES) based on their work with many businesses.

Tools for change

While businesses increasingly understand the need to reflect the society they serve, many underestimate the changes required to build an ethnically balanced, sustainable talent pipeline.

Typically, businesses will need to go beyond the term ‘minority ethnic’ as a homogenous group to understand the experiences of individual races and ethnicities within their workforce. While short-term targets are a useful way to propel change, they may need to be accompanied by initiatives that focus on creating the inclusive culture and flexible talent pathways that will enable people from minority ethnic groups, at all levels within the business, to thrive.

In response to these challenges, businesses must develop frameworks that not only improve the representation of minority ethnic groups at Board level but are sustained and supported by broader changes to culture and governance.

National Equity Standard Toolkit

Through our work with the NES, EY has insight from 400+ organisations’ D&I strategies, action plans and initiatives. Based on those findings, we have designed this toolkit, which we share here to help Boards and their businesses better support diverse talent.

The NES, which was developed by businesses for businesses, sets out clear equality, diversity and inclusion (D&I) criteria, against which companies are independently assessed.

This toolkit sets out a series of challenging questions, tools and techniques that business leaders can use to enact sustainable change.

Further information is available from Arun Batra OBE, EY Partner and Chief Executive Officer of the NES.
Introduction to The Directors’ Resource Toolkit

The tragic killing of George Floyd in May 2020 was a watershed moment in the movement for racial equality. The emotional reaction to this appalling event gave impetus and urgency to global anti-racism efforts. We must all, including business, seize this opportunity to do better.

We want our businesses to reflect the society they serve at all levels. To achieve this, business will need to be granular and go beyond the term ‘minority ethnic’ as a homogenous group to understand the experiences of individual races and ethnicities within their workforce.

Only with this understanding will come a response sufficiently tailored to ensure an ethnically balanced pipeline of talent for years to come.

Moving out of the COVID-19 crisis we have an unprecedented opportunity to redefine our working practices and, with that, our approach to supporting diverse talent. This toolkit sets out a series of challenging questions, tools and techniques that you, as business leaders, can use to enact sustainable change.

Short term targets and long-term gain

We know that short term targets are impactful for propelling change in the immediate term. However, we advise that these targets are accompanied by broader initiatives that focus on creating the inclusive culture and flexible talent pathways that will enable ethnic minorities, at all levels within the business, to thrive.

We are pleased to see the ever increasing focus that is being given to D&I by investors and regulators alike. Our National Equality Standard, commended by the FRC in their 2021 Review of Corporate Reporting provides a mechanism for businesses to respond to their D&I challenges, in both the short and long-term, within a highly structured way.

Arun Batra OBE
EY Partner
Chief Executive Officer, NES
nationalequalitystandard.com

Considering Minority Ethnic Group Employees Across The Whole Employee Lifecycle:

Key questions

Many organisations have been successful in improving board level minority ethnic group representation in the near-term.

Their challenge now is to ensure that this improvement is both sustainable and experienced by all minority ethnic groups alike.

Below, we have outlined some examples of the key questions that companies should consider as a guide for responding to this challenge.

These questions take a broad approach, covering the interventions that will be required to create an inclusive culture, whilst also considering the organisational architectures that will enable diverse talent to succeed.

Leadership and culture

Strategy and business case

• Do you have a D&I strategy in place? And does this strategy set out how you will deliver on / continue to deliver on the Parker recommendations?
• Have you articulated an organisation specific business case for a diverse Board (and workforce)?
• Are you regularly reinforcing this organisation specific business case within communications and learnings?

Culture

• How do you hold your leaders to account for creating an inclusive working environment?
• What mechanisms have you made available to employees to ‘speak up’ if they experience poor behaviours at work?
• Do you capture data to assess whether these ‘speak up’ measures and metrics are effective?

Governance

• Do you have an executive level sponsor for D&I?
• Is there sufficient expertise in the organisation to steer effective D&I initiatives?
• Is there clear lines of accountability for delivering on actions within your D&I strategy?
Talent processes

Talent attraction
• Have you considered how your employee value proposition will be viewed by ethnic minorities?
• Is the requirement to provide a diverse shortlist a condition of contract with your recruitment partners?
• Have you sought to engage with high-potential minority ethnic talent within the market?

Recruitment and selection
• Has your recruitment data been analysed for minority ethnic group drop offs?
• Has the eligibility criteria for Board level roles been challenged to consider what is really required to be “Board ready”?
• Do nomination committees / interview panels have the necessary support and training to mitigate bias and apply a contextual recruitment approach?
• Is the candidates’ experience consistent with how you have marketed yourself as an employer within your talent value proposition?
• Can you stay in touch with ethnically diverse candidates that performed well at interview but were not offered the role?

Onboarding
• Is the package of support /sponsorship available to employees sufficiently flexible to support individual needs e.g. outside caring responsibilities, family or community commitments?
• Are employee resource groups helping to develop the onboarding process?
• Do onboarding communications portray an inclusive culture which appreciate the diverse background of its employees?

Development
• Has the ethnic diversity of the talent pipeline been reviewed at the levels leading up to the Board, e.g. Exco, Exco+1?
• What opportunities do you have to use positive action to support ethnic minorities?
• Is high-potential minority ethnic group talent being consistently given the critical experiences required to progress?
• Does the performance management system include sufficient check and challenge to mitigate the potential for bias?
• What third party partnerships can you put in place to facilitate access to broader professional development experiences for minority ethnic group employees?

Retention
• Are network groups in place to ensure that employees have access to peer support?
• Has employee engagement data been analysed to understand differentials in experience of minority ethnic group employees?
• Has an independent equal pay gap audit been commissioned? And has the minority ethnic group pay gap been analysed and explained?

Exit
• Are exit interviews conducted and analysed to understand any disparity in experience for minority ethnic group employees?
• When making redundancies, are equality impact assessments used to understand whether ethnic minorities are disproportionately impacted?
Improving the Ethnic Diversity of UK Boards

The tools and techniques that drive change

In order to drive genuine impact across all parts of an organisation, companies should apply a holistic approach. The NES framework is outlined on the following page as a guide on the key areas which should be developed to enable a diverse group of employees to progress towards leadership roles e.g. extroverts and introverts, those with caring responsibilities.

The examples have been highlighted on the following page from a selection of some of the most impactful initiatives. These have been selected based on our consultations with business leaders and best practice insight.

As part of a holistic approach to improving ethnic representation, we have outlined what we believe to be some examples of the most impactful initiatives. These have been selected based on our consultations with business leaders and best practice insight.

The 35 competency model has been developed by industry and government to drive change and increase representation.

Data tracking and reporting

Data capture and analysis
- Are key talent outcomes (e.g. recruitment, promotions, performance management ratings) analysed to understand if there are disproportionate outcomes for ethnic minorities?
- Where data permits, does this analysis extend beyond considering ethnic minorities as a homogenous group?

Reporting / regulations
- Does the language and imagery that you use across your entire annual report reflect a diverse and inclusive employee?
- What checks and balances, relating to your D&I work, can you bring into your business as usual? For example, through your Internal Audit function.
- How can you proactively engage with third-parties, e.g., your supply-chain or your investors, around board room diversity?

Use a cultural assessment to obtain hard evidence of the values and behaviours that are experienced by minority ethnic group employees and how these differ from other demographics. Based on the cultural assessment findings, develop targeted interventions to improve inclusion and increase retention and progression.

Consider the strengths, behaviours and professional experiences that will be required from your future leaders. Challenge whether the metrics and measures that you currently use to appraise your people are sufficiently broad to enable a diverse group of employees to progress towards leadership roles e.g. extroverts and introverts, those with caring responsibilities.

Encourage your employees to disclose their diversity data by emphasising its importance to the future success of your D&I programme. Once obtained this data should be used as the basis for understanding whether minority ethnic groups are experiencing disproportionate outcomes in key talent processes.

Be authentic in how you communicate around D&I. Consider whether your words and action match your intent, whether you are taking a stand on events which matter to your people and how you represent yourself in interactions with external parties.

Look at the current level of diversity within your talent pipeline. Consider the opportunities that you have to expand the career pathways that lead to your boardroom.

Identify a suite of performance indicators that you can use to measure the return on investment obtained from your D&I initiatives. Consider traditional HR metrics (e.g. attrition rates), alongside broader financial and customer satisfaction measures.

For more information visit nationalequalitystandard.com

National Equality Standard Framework

![National Equality Standard Framework](image-url)
Change the Race Ratio is a business-led campaign to increase racial and minority ethnic representation in UK business. The campaign is co-founded by the CBI with the support of 13 founding organisations, which are Aviva, BITC, Brunswick, Deloitte, City Mental Health Alliance, Cranfield Business School, EY, Microsoft UK, Russell Reynolds, Schroders, the 30% Club, the Investment Association and Unilever.

The campaign calls on business leaders to publicly make four commitments:

1. To set and publish targets for racial and minority ethnic participation on boards, in line with the Parker Review recommendations.
2. To set and publish targets for racial and minority ethnic participation at an executive level and minus one pipeline within 12 months of joining.
3. To publish a race action plan and commit to publishing their ethnicity pay gap within two years of joining the campaign.
4. To create an inclusive culture that allows talent to thrive.

Change the Race Ratio gives organisations a peer community, enabling signatories to share good practice, work together to solve common challenges and support each other to make progress. The campaign has developed an events schedule that is designed to support progress against our four commitments and provide a safe space for discussion and knowledge exchange. We also support Boards and Executive Committees on a 1:1 basis through our ambassador network of experts and business leaders.

Change the Race Ratio gives organisations the platform, support and confidence to take a public stance on race in their workplace. Ethnic representation at the top of business is important, as it Board and executive accountability for equality, diversity and inclusion (E&I). Underrepresented groups want their voices to be heard at a senior level and to have role models that they can aspire to. Representation at a senior level has a positive impact on minority ethnic talent at all levels. ‘If you can see it, you can be it’.

Since its launch in 2020, the campaign has attracted over 100 signatories and now includes many businesses in the FTSE 100 and FTSE 250. If you want a peer group that helps your business to put your D&I plan into action, join us and sign up to Change the Race Ratio.

To further support progress on Boards and at Exco, Change the Race Ratio have joined forces with the 30% Club to commission the Leaders for Race Equity development programme. It is a nine-month cross-company programme for CEOs and minority ethnic group leaders who are in the Exco talent pipeline to share and learn from each other’s experiences and shape strategic action. To find out more please contact our delivery partners Moving Ahead race.equity@movingahead.org
Biographies

Sir John Parker GBE, FREng

Sir John studied Naval Architecture and Engineering at the College of Technology and Queens University Belfast and joined the ship design team at Harland and Wolff in 1964. He subsequently had a series of CEO Industrial leadership roles, serving on over 20 quoted company Boards, including NED roles in Australia, USA, the Middle East, Europe and the UK.

He has chaired six FTSE 100 PLC Boards including: Lattice Group, National Grid, RMC Group, P&O, Pennon Group and Anglo American. He currently Chairs Laing O’Rourke Group and is an NED at Carnival PLC.

He has Chaired the Court of the Bank of England, was Chancellor of the University of Southampton and President of the Royal Academy of Engineering.

He voluntarily led the UK’s ‘Young Offenders into Work’ programme and served on the Davies Committee ‘Women on Boards’ prior to accepting the position of Chair of this Review.

David Tyler

David is currently Chairman of three companies: Domestic and General Group, The White Company, and Imagr. Previously, he has chaired Sainsbury’s, Hammerson, Logica and 3i Quoted Private Equity and has been a Non-Executive Director at Experian, Burberry and Reckitt Benckiser.

David’s executive career was spent in financial and general management in Unilever, NatWest, Christie’s and GUS. He has an MA in Economics from Cambridge University and is a Fellow of the Chartered Institute of Management Accountants and a Member of the Association of Corporate Treasurers. He was chosen by Empower in 2018 as their number one advocate of minority ethnic talent.
Dr Doyin Atewologun

Doyin is a psychologist, scholar practitioner, a regular media contributor and a multi-award winner in recognition of her innovative methodologies and pioneering work in promoting inclusion and excellence in organisations. She is Dean of the Rhodes Scholarships at Oxford University and concurrently a Director of Delta Alpha Psi, a niche leadership and inclusion consultancy.

Doyin is the Lead Academic Advisor for the Parker Review and has published widely in academic peer-reviewed and trade journals on leadership and diversity. Doyin is a past Deputy Chair of the British Psychology Society’s Diversity & Inclusion at Work Group, a voluntary professional group of academic and practitioner members committed to implementing evidence-based approaches to maximise positive outcomes in diverse workspaces. She is also an Honorary Fellow at Trinity College, Oxford University and has held visiting faculty positions at Queen Mary, University of London, Lagos Business School, Nigeria, and the University of Pretoria, South Africa.

Helen Mahy CBE

Helen is Chair of the Renewables Infrastructure Group and is a Non-Executive Director of the law firm Gowling WLG (UK) LLP and is also a Non-Executive Director of SSE PLC. Helen is an Equality and Human Rights Commissioner and Co-chair of the Employers Social Mobility Alliance. She was, between 2003 and 2013, Company Secretary and General Counsel of National Grid PLC, where she was also executive sponsor of inclusion and diversity, about which she is passionate. She is a former supervisory Board member of Opportunity Now.

Helen has also been a Non-Executive Director of Aga Rangemaster Group PLC, Stagecoach Group PLC and SVG Capital PLC, Primary Health Properties and Bonheur ASA as well as being a former Chair of the GC 100 Group. She was born and brought up in Guernsey and qualified as a barrister and was also an associate of the Chartered Insurance Institute. Prior to joining National Grid, she was General Counsel and Company Secretary of Babcock International Group PLC.

Sir Kenneth Olisa OBE

Sir Kenneth is founder and Chairman of boutique technology merchant bank, Restoration Partners. Ken’s technology career spans over 40 years, commencing with IBM and then as a senior executive at Wang Laboratories working in the UK, Belgium and the USA.

He has considerable public company Board-level experience on both sides of the Atlantic. He was the first British-born Black man to be appointed as a Director of a FTSE 100 company (Reuters) and has also served on the Boards of Open Text, Thomson Reuters, Eurasian Natural Resources Corporation and several AIM-listed businesses. Today he chairs a portfolio of high potential technology businesses, including Nigeria’s leading payments company Interswitch.

Ken is equally committed to public service and has been an NHS Trust Director, an inaugural member of regulators, the Postal Service Commission and IPSA (Independent Parliamentary Standards Authority) and is a Governor of the Peabody Trust. He is the founder of the Aleto Foundation, President of Thames Reach (for which he received an OBE in 2010); Chairman of Shaw Trust; and President of London Youth. In 2011 he and his wife endowed the Olisa Library at his alma mater — Fitzwilliam College, Cambridge and in 2015 Her Majesty the Queen appointed him as her Lord-Lieutenant of Greater London. He was knighted in 2018 for services to business and philanthropy and in 2021 he was appointed High Bailiff and Searcher of the Sanctuary at Westminster Abbey and a Trustee of the Prince of Wales’s Charitable Fund.

Matthew Percival

Matthew is director of the Changing Workforce Programme at the CBI. He is responsible for government-facing campaigns and B2B problem solving on the interactions between employers and their workforce on behalf of the 190,000 businesses that the CBI represents. This work aims to ensure that the UK is a great place to create jobs and invest in people. It includes campaigns on education and skills, inclusion and employment.

Sir Trevor Phillips OBE

Sir Trevor is a writer and businessman. He is the co-founder of the data analytics consultancy Webber Phillips, and Chairman of Green Park Interim and Executive Search.

He is a Times columnist; the Chairman of the global freedom of expression campaign charity Index on Censorship; a Senior Fellow at the Policy Exchange think tank; and a Vice-President of the Royal Television Society.

He was the President of the John Lewis Partnership Council until 2018 and founding Chair of the Equality and Human Rights Commission.

Tom Shropshire

Tom is the General Counsel and Company Secretary of Diageo PLC and a member of its Executive Committee. Diageo is a global leader in beverage alcohol with brands across spirits and beer, operating in over 180 countries and has an outstanding collection of over 200 brands. Tom is also a former partner of Linklaters LLP, where he was Global Head of the US practice and co-head of the Risk & Resilience practice. Tom is a recognised leader in inclusion and diversity, having been identified as a leading minority ethnic executive in the US and UK over a number of years, and in 2021 Tom was identified as a top 10 ‘Executive Role Model’ by Empower. Tom was also the author of the United Nations Global Compact’s ‘Guide for General Counsel on Corporate Sustainability’. 
Dr Yvonne Thompson CBE DLGL

A dynamic leader with substantial experience in the communications industry, Dr Thompson is a renowned and respected champion of diversity and inclusion in the UK.

Relying on her personal experience and other women, she published an Amazon bestseller leadership book ‘7 Traits of Highly Successful Women on Boards’, promoting greater gender and race diversity in company boardrooms.

Celebrating the 25th anniversary of the WinTrade Global Women In Business Network Convention and Awards which she founded, Dr Thompson orchestrates a powerful network, whilst supporting the United Nations Sustainable Development Goals (UNSDGs) for greater gender and race equality.

Having worked with the Department for Digital, Culture, Media & Sport (DCMS) and Ofcom on equality and diversity within the broadcast space, her most recent Chair appointments include OfRE.org, a charity researching the effects that the entertainment and gaming industries have on mental health, which is part of the Welcombe Trust. She also Chairs the Black Cultural Archives, the custodian of Black history in the UK, facilitating substantial knowledge to the Parker Review.

In 2022, Dr Thompson was appointed as a Deputy Lieutenant in Greater London.

Professor Susan Vinnicombe CBE

Susan’s research interests focus on the lack of women in leadership and specifically on Corporate Boards, women’s leadership behaviours and the issues involved in women developing their executive careers. She is the founder and lead author of Cranfield University’s annual Female FTSE Board Report, which was launched in 1999 and is regarded as the premier research resource on women directors in the UK and is renowned globally. Susan was named as one of HR Magazine’s Most Influential Thinkers in 2016, 2017, 2018, 2019 and 2021 and was inducted into the Thinkers50 Management Hall of Fame in 2023. She was a member of The Lord Davies Steering Committee and a member of the Advisory Board of the Sir Philip Hampton/ Dame Helen Alexander Review on Women Leaders in FTSE 350 companies.

Latika Shah

Latika is a Senior Director and Head of Special Projects at Edelman Smithfield, the financial PR and strategic communications team within Edelman’s Corporate Affairs business. Latika is an experienced Board advisor, providing strategic corporate and financial communications counsel to management teams and communications leaders of FTSE 350 and private companies. Latika works across a range of sectors including Financial Services, private equity and Consumer industries. She also has significant experience in crisis communications, corporate positioning and M&A communications.

She has supported the Parker Review Steering Committee since 2017 and provides communications advice to help raise its profile. In addition, Latika is a Trustee of Bow Foodbank, an independent food bank in the London Borough of Tower Hamlets.

Arun Batra OBE

Arun is a Partner at EY, the CEO and founder of the National and Global Equality Standards and the global diversity markets leader. He has over 25 years of senior D&I experience.

He is very much seen as a leading voice on diversity in business across the UK. He is EY’s Partner sponsor for Sir John Parker’s Review into the ethnic diversity of UK Boards, a Board member of No 10’s Race Disparity Board and is simultaneously working closely with BEIS on related initiatives.

He was previously responsible for leading D&I for former Mayors of London Boris Johnson and Ken Livingstone. He has also been an advisor to the former Attorney General Baroness Scotland and led diversity in the Criminal Justice Group within the Home Office. In 2019, he was awarded an OBE for diversity and inclusiveness and previously won the prestigious MCA consultant of the year award for his work in D&I.

At EY he has overseen more than 300 engagements across multiple sectors, providing advice on complex people challenges.

Kirstie Wright

Kirstie is a Senior Manager at EY, working with a range of companies within the oil and gas sector to provide advice on performance improvement within Finance. Previously, Kirstie was an Audit Manager with EY within the Energy practice. Kirstie is a member of the Institute of Chartered Accountants in England and Wales.

Kirstie completed EY’s Edge Programme in collaboration with the London Business School (LBS), which is focused on the progression of diverse, high-performing leadership talent within the firm. She has led a number of initiatives within EY to improve belonging and inclusiveness, as well as promoting the work of the review within EY.

Kirstie has continued to support and drive EY’s contribution to the Parker Review activities since 2019, working closely with Sir John Parker, BEIS and other members of the Steering Committee.

Bilal Raja

Bilal is a Director at EY where he provides assurance services to several top-end FTSE companies across various industry sectors. He has lived and worked in four countries and has been based in London since 2010. He is also a Fellow Member of the Association of Chartered Certified Accountants.

Bilal completed EY’s two-year Accelerated Leadership Programme and was also part of the firm’s Future Leaders Programme, which focused on the development of EY’s high-performing Black and minority ethnic group talent.

He has driven EY’s contribution to the Parker Review activities, working closely with Sir John Parker, BEIS and other members of the Steering Committee.
Improving the Ethnic Diversity of UK Boards

An update report from the Parker Review

Sir John Parker
The Parker Review Committee
16 March 2022