Diversifying the boardroom

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Diversifying the boardroom

On 12 March 2021, the Parker Review Committee published its update report setting out its survey results of FTSE 100 companies on the ethnic diversity of their boards. In this article, BDBF Associate, Theo Nicou, reflects on the progress that has been made over the last three years and what work is left to do.

What is the Parker Review Committee?

The Parker Review Committee, led by Sir John Parker, the former lead non-executive director for the Cabinet Office and renowned business leader, is a body that considers how to improve the ethnic and cultural diversity of UK boards to better reflect their employee base and the communities they serve.

When was it formed and what did it recommend?

Commissioned by the Department for Business, Energy and Industrial Strategy (**BEIS**) in 2015, the Parker Review Committee launched its 'Report into the Ethnic Diversity of UK Boards' in 2017.

The Committee found that only 8% of the total director population were directors of colour compared to UK society which is comprised 14% from a "non-white" ethnic group.

The report made three broad recommendations:

- Increase the ethnic diversity of UK boards.
- Develop candidates for the pipeline and plan for succession.
- Enhance transparency and disclosure.

What specific targets did it set?

FTSE 100 firms were given until the end of 2021 to appoint at least one non-white board-level director – known as "one by 2021".

FTSE 250 companies will be surveyed by the end of 2021 and were given until 2024 to appoint at least one minority ethnic director to their boards.

What are the survey results?

All FTSE 100 companies were surveyed on 2 November 2020, with the following results:

- 74 companies reported they have a director from a minority ethnic group on their board. This is up from 52 in January 2020, an increase of 22.
- 21 companies reported that they did not have any directors from a minority ethnic group on their board.
- Two companies reported that their current board composition was unknown at the time of the survey.
- Three companies did not respond to the request to submit their data.

By March 2021, a further seven FTSE 100 companies had appointed directors from a minority ethnic group.

Sir John Parker has said that, in future, FTSE 100 and FTSE 250 companies will be asked to report specifically on the proportion of black representation on their boards.

What progress has been made and what more is there to do?

With 81 FTSE 100 firms now meeting the voluntary target for "one by 2021", progress is no doubt being made and should be celebrated. However, almost 20% of the UK's largest listed firms are still led by all-white boardrooms and there's only nine months left to meet the target. Further, only five ethnic minority directors occupy a CEO position, all of whom are men, demonstrating that there is still more work to do on both the ethnicity and gender fronts.

Closing thoughts

It has been demonstrated that boards benefit greatly when they include the best range of talent, skill sets and relevant experience available, and society benefits when they broadly reflect the employees, shareholders and customers they serve.

While steps are being made in the right direction, it is vital that the targets set are achieved and that they are just the

start of sustained positive change.

If you would like to know more, or your business needs advice, please contact Theo Nicou (theonicou@bdbf.co.uk), Amanda Steadman (amandasteadman@bdbf.co.uk) or your usual BDBF contact.

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