

**Become a signatory to**

**CHANGE THE**

**RACE!**

**RATIO**

## About us

We are a group of senior leaders committed to taking action to increase racial and ethnic participation in our businesses.

**Initiated by the CBI, Founder Business Partners include Aviva, Brunswick, Deloitte, EY, Linklaters, Microsoft UK, Russell Reynolds, Schroders, The Investment Association and Unilever. They are supported by Founder Civil Society Partners BITC, The 30% Club, City Mental Health Alliance and Cranfield Business School.**

We are campaigning to *Change the Race Ratio*, starting by setting targets for greater racial and ethnic diversity at the Board, ExCo and ExCo minus one. This must be accompanied by our commitment to publish those targets and our progress towards them, and the creation of a culture that enables diversity to thrive.



# Commitments to Change

As signatories to the *Change the Race Ratio*, we make the following four *Commitments to Change*:



## **Increase racial and ethnic diversity among Board members**

Take action to set targets, based on the Parker Review findings, to achieve:

- FTSE 100 – At least one racially diverse Board member by end 2021
- FTSE 250 – At least one racially diverse Board member by 2024

## **Increase racial and ethnic diversity in senior leadership**

Take action at ExCo and ExCo minus one to set clear and stretching targets and publish them within 12 months of making this commitment.

- In addition, aim to establish a separate target for black participation at both levels

## **Be transparent on targets and actions**

Publish a clear action plan alongside the targets and share progress in the Annual Report or on the company website.

- In addition, disclose ethnicity pay gaps by 2022, at the latest.

## **Create an inclusive culture in which talent from all diversities can thrive**

Focusing on recruitment and talent development processes to drive a more diverse pipeline; data collection and analysis; fostering safe, open and transparent dialogue, with mentoring, support and sponsorship; challenging conventional thinking; and working with a more diverse set of suppliers and partners, including minority owned businesses.

# Background



The Parker Review into ethnic diversity in UK Boards was published in 2016, however, little progress has been made by businesses on implementing its recommendations. At the beginning of 2020, an update to the Parker Review was published, which revealed “slow progress”: 37% of FTSE 100 companies surveyed (31 out of 83 companies) still do not have any ethnic minority representation on their boards. Additionally, 69% of the FTSE 250 companies analysed by the Parker Review (119 out of 173 companies) have no ethnic diversity on their boards.

Evidence shows that more diverse organisations and boards make better business choices, exhibit greater growth and innovation, and carry lower risk. Research from McKinsey highlights that the business case for Inclusion & Diversity remains robust and the relationship between diversity on

executive teams and the likelihood of financial outperformance has strengthened over time.

The Parker Review highlighted that 75% of FTSE 100 revenues are earned outside of the UK, in markets which will include the nine countries, that will generate half of the world’s population growth between now and 2050 – five of which are in Africa and three in Asia. Lack of diversity may inhibit a company’s ability to engage effectively with global markets.

For these reasons, large investors are increasingly highlighting the greater need for ethnic minority diversity. For example, LGIM will start voting against FTSE chairs in 2022 if their boards haven’t met the Parker ethnic diversity targets.

# Become a signatory of Change the Race Ratio



## Join a peer group and community committed to Changing the Race Ratio in UK Boardrooms and Leadership Teams

The Founders and Ambassadors of Change the Race Ratio are committed to supporting signatories to take action to improve the diversity of their boards. In time our peer group of signatories will also be a rich source of support and advice.

We are actively encouraging CEO's and Chairs of businesses, of all sizes, to become early signatories to Change the Race Ratio.

To become a Signatory, please return your completed [Confirmation of Support](#) Statement to [megan.kane@cbi.org.uk](mailto:megan.kane@cbi.org.uk)

If you would like to speak to a founder prior to joining, contact details of a number of founders are on [page 15](#), they would be delighted to arrange a call with you.

For more information please visit our website [www.changetheraceratio.com](http://www.changetheraceratio.com)

Follow the conversation on social [#changetheraceratio](#)

# As selection of our first 50 signatories include



# Questions & Answers



## Why now?

- The Parker Review into ethnic diversity in UK Boards was published in 2016 – but little progress has been made by businesses on implementing its recommendations.
- At the beginning of 2020, an update to the Parker Review was published which revealed “slow progress”: 37% of FTSE 100 companies surveyed\* (31 out of 83 companies) do not have any ethnic minority representation on their boards.
- We realise that real change won’t happen without a concerted campaign which is where *Change the Race Ratio* comes in – a campaign of businesses coming together to make a step change.
- The current business environment is challenging – not least, COVID-19, Brexit, and an uncertain economic outlook. However, the killing of George Floyd and the subsequent global Black Lives Matter protests have increased attention on questions of racial justice and have highlighted the significant need for real change and provided an opportunity to accelerate progress.

# Questions & Answers



## Ultimately, what does success look like?

The optimum outcome is that all FTSE 100 and eventually all FTSE 250 companies sign up to *Change the Race Ratio* – and fulfil their commitments. If this happens, then:

- All Boards of FTSE 100 companies will have at least one racially and/or ethnically diverse Board member by end 2021.
- All Boards of FTSE 250 companies will have at least one racially and/or ethnically diverse Board member by 2024.
- Racial and ethnic participation at ExCo and ExCo minus one will have substantially increased in FTSE 350 companies by 2024.
- Many companies will have set specific targets for Black participation, which will have increased significantly.
- All FTSE 100 and FTSE 250 companies will be regularly publishing targets, plans and progress.
- All FTSE 100 and FTSE 250 companies will have created a culture in which diverse talent can thrive and widen the pool of suppliers and partners who they work with.
- All FTSE 100 and FTSE 250 companies are regularly publishing ethnicity pay gap data.

## Questions & Answers



### Why are you focusing on FTSE 350 companies? Why not all companies?

- Our ultimate ambition is to accelerate ethnic and racial diversity across the entire business community.
- To achieve this, we begin by focusing on FTSE 100 and FTSE 250 companies.
- Because of the scale, profile and influence of these companies, we believe that if they can *Change the Race Ratio* then this will catalyse and accelerate much broader scale change across the business community.

### What methods/practical support will the campaign be supplying to companies who sign up/are taking action?

- We will work with signatories to establish what peer-support would help them to *Change the Race Ratio*, so that companies can learn from each other in order to accelerate progress.
- We expect to provide companies with guidance on best practice, on developing targets and plans, and on reporting. We will undertake promotional activities to support the importance of their work, and to encourage others.

# Questions & Answers



## How do the representation targets work if we're an international business?

### For UK Listed / Head Quartered Companies

- the strong preference would be for this target to apply across this group irrespective of where individuals are based.
- In practice, this group is relatively small, and therefore in most cases it should be possible to collect such data on ethnicity on an informal basis.

### For non-UK Listed / Headquartered Companies

- For example, a UK-subsubsidiary of a US-listed parent company may opt to join, and set targets in respect of the UK subsidiary rather than the global firm.
- Similarly where firms are structured so that they operate a clear UK-focussed executive team, then organisations may opt to set targets in respect of the UK-based management team where this is more practical.

Consistency and transparency is key to setting targets and reporting.

We ask that Organisations should clearly disclose the approach adopted, and report progress on a consistent basis to ensure a like-for-like comparison

# Questions & Answers



## How would the requirement for BAME pay gap reporting apply for global companies

- For the campaign we would expect companies to disclose this data for UK-based employees. Companies may opt to expand this to cover additional jurisdictions / the whole group on a voluntary basis.
- It is accepted that there are multiple jurisdictions where collating ethnicity data is challenging / not possible, and therefore companies will not be able to provide this data for such countries.

# Questions & Answers



**There seem to be other initiatives on this subject. How is this different from...**

...The Parker Review?

- This independent review considered how to improve the ethnic and cultural diversity of UK Boards and set out recommendations to encourage greater diversity. *Change the Race Ratio* is a campaign to encourage businesses to act on these recommendations – and not just for Boards but for Exco and Exco minus one.

...BITC's Race at Work Charter?

- This Charter encourages workplaces in the public and private sectors to sign up to the following five "calls to action":
  - Appoint an Executive Sponsor for race
  - Capture ethnicity data and publicise progress
  - Commit at board level to zero tolerance of harassment and bullying
  - Make clear that supporting equality in the workplace is the responsibility of all leaders and managers
  - Take action that supports ethnic minority career progression

*Change the Race Ratio* has focused on targets for racial and/or ethnic diversity in business – particularly, the Boards, Exco and Exco minus one of businesses. These initiatives are complementary and BITC has supported the launch of *Change the Race Ratio*.

# Questions & Answers



## Who initiated this? Who's driving it?

- *Change the Race Ratio* is a campaign of senior business leaders who want to accelerate racial and ethnic diversity in business.
- In summer 2020, the Lord Bilimoria, the first ethnically diverse President of the CBI, gathered a number of leaders and companies who are passionate about this issue, and together they conceived *Change the Race Ratio*.
- The campaign has been made possible by the early support of Brunswick Group, City Mental Health Alliance and Deloitte, working together with the CBI.
- Today, there are a number of Founder Partners, including the CBI, Aviva, Brunswick, Deloitte, EY, Linklaters, Microsoft UK, Russell Reynolds, Schroders, The Investment Association and Unilever.
- It is supported by civil society organisations including BITC, The 30% Club, City Mental Health Alliance and Cranfield Business School.

# Questions & Answers



## Is this a registered charity? How is it run?

- *Change the Race Ratio* isn't an organisation, it's a campaign.
- We aren't incorporated into a charitable entity, or any other legal structure. This is something we may consider down the line, but our priority is to get this campaign up and running.
- CBI is providing a secretariat and administrative services for the campaign, with the support of the Founder Partners, who are also providing expertise and time.

## How is it funded? Do companies pay to get involved?

- *Change the Race Ratio* is made possible through the time and resources provided free of charge by our Founder Partners.
- This isn't a membership organisation, and no fees are charged to companies that sign *the Commitments to Change* – just a requirement to act, publish their plans and measure them.

# Media coverage of Change the Race Ratio's soft launch





## To find out more about Change the Race Ratio please contact one of our founding members

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