CHANGE THE RACE RATIO

2025
Progress Report

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Foreword Sir Trevor Phillips

The one thing we can be certain of is this: Britain's future workforce will be more diverse in 2035 than it is today. That is not speculation; it is a reality in our country today.

But suppose we continue to look for tomorrow's leaders in the same places we have always looked. In that case, we will be limiting our potential and, in doing so, applying the handbrake to Britain's productivity and competitiveness.

This is why I liken **Change the Race Ratio** members with the great pioneers of history. Before Thomas Edison invented the light bulb, he tested more than 6,000 materials – from cotton thread to bamboo – before finding one that worked. His persistence lit the world.

Our members demonstrate a similar persistence and curiosity. They are experimenting, learning, and acting. Testing what works to attract and develop ethnic minority leadership talent and reshaping structures and systems that too often preserve the status quo. Their mission is easy to articulate yet incredibly knotty to execute - to create a workplace in which all talent can thrive.

This is at the heart of what we do: bringing business leaders together, enabling them to share what works, and helping each other to make tangible progress. As this report shows and as the **Parker Review** confirms, we are seeing real results. Yet there is still work to be done, especially in increasing Black representation at senior levels and in building truly inclusive workplaces.

Our campaign is, of course, dedicated to achieving a more diverse composition of leadership. We would never say that the metrics of representation are an end in themselves. But they are one of the best indicators that organisations are serving all their customers and drawing on the best talent available.

At a time when some voices, inside and outside business, are questioning the need for continued action on diversity, equity, and inclusion, we should ask ourselves a more relevant question:

Are our current and future leaders equipped to run the businesses of 2035, manage more complex workforces, and serve a society and customer base that will be more diverse than at any time in our history?

If the answer to that question is anything less than a confident "yes," then the work of Change the Race Ratio is not just valuable, it is essential.

Sir Trevor Phillips
Change the Race Ratio, Chair

Foreword Richard DeNetto

This year marks a landmark moment for Change the Race Ratio and for the wider direction of inclusion in business. Five years on from our founding in 2020, our members continue to demonstrate that inclusion is integral to their business strategy, long-term competitiveness, innovation, and trust.

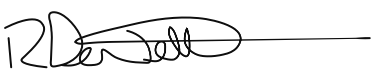
Across the UK economy, we are seeing the results of that conviction. Our steering committee and members are setting bold aspirations for representation, publishing their ethnicity pay gaps voluntarily, and building inclusive cultures that attract and retain the very best talent. The data in this year's report shows members have moved from intent to action. Ethnic minority board representation among our members now stands at 20%, senior management representation has risen by 75% in just five years, and data disclosure rates have never been higher.

This progress has not been achieved by chance, but through the commitment of leaders who understand that business performance and inclusion are deeply interconnected. The companies most likely to succeed in the next decade will be those whose leadership teams reflect the markets and communities they serve, and whose workplaces enable all talent to thrive.

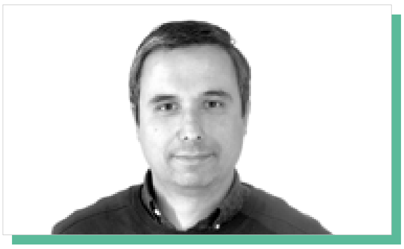
However, progress has not been uniformly felt by all. The task ahead remains significant, particularly when it comes to accelerating Black representation in senior management and supporting leaders to develop their race confidence and fluency. We must continue to act with transparency, to share best practice, and to hold ourselves accountable to the same standards we expect of others.

As we look to 2026 and beyond, Change the Race Ratio will deepen its support for our members to help them turn ambition into sustained action, ensuring that inclusive leadership remains a commercial and cultural imperative.

To every organisation that has contributed data, shared learning, and challenged itself to do more – thank you for your continued commitment. Together, we are not only changing the race ratio but also changing the face of business leadership in the UK.



Richard DeNetto
Change the Race Ratio, Chief Executive Officer



Introduction

Change the Race Ratio is the UK's leading campaigning membership organisation to support UK businesses to increase racial and ethnic diversity in business leadership.

We represent over 80 leading firms from across sectors and regions in the UK. Collectively, our members employ over 650,000 employees across their UK operations. We work in partnership with the Parker Review on ethnic diversity in senior leadership, providing insights from our work and convening leaders from across the FTSE 350.

Our steering committee, comprising 20 of our members, work with us to set and steer the direction and strategy of the organisation. The members represented on our steering committee are;

Change the Race Ratio has been supporting businesses to make real and lasting change since 2020. When members join, they start working towards our four commitments to change.

01	02	03	04
Set targets for racial and ethnic minority representation on boards	Set targets for racial and ethnic minority representation for ExCo and ExCo minus 1	Publish a race action plan and ethnicity pay gap within two years of joining	Develop an inclusive culture in which all talent can thrive

For many members, joining Change the Race Ratio is the initial catalyst they need to start driving change, whilst for some, joining has helped them to navigate the next stage of their inclusion journey and find new solutions to complex challenges.

Our members represent the leadership group of businesses driving change to increase the ethnic diversity of their leadership teams. We support our members by providing a platform to signal change, a space to share good practice, gain access to new insights and provide a strong collective voice to policymakers.

Commit	Collaborate	Co-Create
Signal your commitment to your key stakeholders	Learn and share best practice	Influence policy change and the public discourse on ED&I

We regularly convene members to support the sharing of good practice and our structured support programme includes:

- **Exco sponsor forum:** A forum designed for senior sponsors at ExCo level to hear directly from experts, exchange insight and share learnings.
- **Culture and inclusion leaders forum:** Designed for senior EDI professionals, this forum focuses on the practical challenges of building inclusive cultures and advancing ethnic minority leadership by sharing evidence-based approaches, tools and lived-experiences.
- **International special interest group:** This group brings together EDI practitioners from international organisations. It focuses on the complexities of operating across multiple markets, enabling members to share global best practices in different social, cultural and regulatory contexts.

Support and Resources

To support members, we provide a range of services to help them take the next step, support the development of underrepresented employees and stay ahead of policy change.

- **Best practice guides and toolkits** rooted in members' experiences and outcomes, providing practical resources that firms have proven to be effective
- **Mission Include mentoring programme** delivered in partnership with Moving Ahead supports the career development of people from all underrepresented groups
- **Influencing policy** by providing members with a collective voice to policymakers, regulators and other key stakeholders to influence change.

The commercial case for business action on inclusion

Business action on inclusion is not a nice-to-have, but a strategic commercial priority. By embracing and harnessing the benefits of a more inclusive workplace, businesses are better placed to attract and retain talent and create an environment where employees are highly productive. While the external environment – both at home and abroad – can shift narratives and perceptions of EDI, business action on inclusion should be driven by the economic opportunity it presents.

Underrepresentation in senior leadership is both an economic loss and a strategic risk, with UK plc leaving billions in potential growth on the table. The McGregor-Smith Race in the Workplace Review estimated that fully utilising ethnic minority talent could add £24 billion – or 1.3% of GDP – to the UK economy every year.[1]

Maintaining a business' ability to attract the best talent and remain global competitiveness

The UK's workforce is more diverse than ever before, with nearly one in five working-age adults (18%) from an ethnic minority background, and current data suggests this figure is set to grow.[2] The ethnic minority representation in England and Wales has risen from 13% in 2011 to 18.3% in 2021, with the fastest growth among younger age groups.[3] Indeed, more than two-thirds (63.4%) of people from Asian, Black or Mixed backgrounds are between the ages 0 – 39.[4] This trend signals that by 2051, the ethnically diverse working-age population is expected to grow to a third[5], meaning the future labour market will be far more diverse than today. For business, this makes leadership diversity a strategic necessity. Companies whose leadership teams reflect tomorrow's talent pools will be best positioned to attract, retain and develop the increasingly diverse talent needed to fill the rising demand in priority sectors, while also ensuring competitiveness and resilience in a tightening labour market.

The Parker Review has stressed that for FTSE 350 companies with international operations, diversity in UK leadership enhances credibility with overseas partners, strengthens cultural intelligence, and improves access to global markets. The Boston Consulting Group links diverse leadership to stronger innovation revenues in global markets. By embedding racial inclusion into leadership, UK firms position themselves to attract the best talent, secure contracts in emerging markets, and sustain competitive advantage. Furthermore, UK businesses are primed to benefit from an increasingly mobile pool of global talent. Skilled professionals from ethnic minority backgrounds have more choice than ever about where they work, and they will gravitate towards employers that value and promote inclusion. By building diverse and inclusive leadership, UK companies can strengthen their global appeal as an employer of choice in a competitive international market.

> *"At Adecco we understand the importance of diverse thinking & experience – we know it links to increased productivity and enhanced performance of teams. Our Purpose is Making the Future Work for Everyone & one of our values is Inclusion. We want to improve our ethnic representation across our business & create pathways for everyone to develop. This year we have launched Ethnic Representation in Management to create both opportunity & advocacy."*
>
> **Niki Turner-Harding, Senior VP and Country Head, Adecco UK & Ireland**

Powering innovative thinking and creativity

The Impact of Ethical Leadership on Black Employees' Workplace Experiences is a 2025 peer-reviewed study which found that ethical and inclusive leadership directly increases job satisfaction, organisational commitment, and engagement among racial minority employees.[6]

Leaders who actively demonstrate fairness, respect and inclusion foster a climate of psychological safety which acts as the foundation on which employees feel able to share ideas, take initiative, and collaborate effectively. Such climates are strongly correlated with higher creativity, better decision-making, and stronger team performance.

From a business perspective, the connection between employee engagement and productivity is clear: when individuals feel valued and connected to their work, they tend to invest more discretionary effort, show more resilience, and align themselves more with organisational values and objectives.

Investors and customers are backing EDI

The latest research by the Royal Academy of Engineering (RAEng) shows that 78% of global investors want companies to prioritise ESG improvements. This shows the growing emphasis on inclusion, with investors assessing corporate progress on representation data, leadership accountability and workplace culture as indicators of organisation health. Over half of private equity firms now collect or plan to collect EDI data from their portfolio companies, with the number of US venture capital firms requesting EDI information doubling between 2018 and 2022.[7] This is also supported by UK investors too, with ShareAction – a UK-based not-for-profit organisation that represents £5.1 trillion in assets and works to promote responsible investment – publishing a joint statement in June 2025 reaffirming their signatories' collective commitment to advancing EDI.[8]

"Ampa is a group built on purpose, we see inclusion as inseparable from our commercial success. It makes us stronger, more creative, more resilient and ultimately better positioned to deliver lasting impact for our people, our clients and society.

Diverse leadership, transparent governance and genuine inclusion aren't just for doing good – they are competitive advantages. They help us attract exceptional talent, deepen trust with clients, inspire innovation and build resilience for tomorrow's challenges."

Sarah Walker Smith, CEO, Ampa

The effects of the impact of firms' positioning on EDI can be seen through the lens of two U.S. retailers, Target and Costco. Earlier in 2025, Target rolled back its EDI commitments, ending its c. $2 billion REACH program and withdrawing from external diversity benchmarks. The move triggered consumer boycotts, reputational damage, legal challenges, and a 12% fall in share value, with shareholders alleging that the risks of reversal had been misrepresented.[9] The CEO of Target, Brian Cornell, stepped down after an ongoing boycott over the scale back of its EDI initiatives, with Black Americans specifically boycotting, leading to a 12% drop in net income for Q2 2025.[10]

"At D&G we are fully committed to our Inclusivity agenda and Inclusivity is the key to our strategy and D&G story. Recently we launched our 'Everyday Inclusivity Journey' which is designed to foster a deeper sense of belonging amongst our colleagues. This multi-level, multi-year culture initiative is dedicated to strengthening diversity awareness, challenging bias, and empowering individuals to confidently advocate for underrepresented groups."

Pavica Barr, HR Director, Domestic and General

By contrast, Costco faced a shareholder motion at the start of 2025 calling for a review of its diversity policies and responded by reaffirming them. Over 98% of shareholders voted against dismantling its EDI commitments, reinforcing investor confidence and demonstrating that inclusion strengthens governance and resilience.[11] This unwavering support from its board to continue its EDI agenda also positively impacted its customer base, with Costco's Q1 and Q2 2025 earnings increasing by 7.5% and 9.1% respectively.[12] [13]

The RAEng report also stipulates that inclusive products and services that consider a wide range of users can reach up to four times the number of customers than their original intended target group. Conversely, ignoring the needs of diverse users can be costly, with changes made after a product is released costing up to 10,000 times more than during the initial conceptual design phase – potentially breaking SMEs and start-ups who are more sensitive to spiralling costs.

Closer to home, the Black Pound Report that looks at the spending habits of Black, Asian and Minority-Ethnic consumers shows this group have around £375 million in disposable income every month, equating to £4.5 billion annually. In the beauty sector alone, Black female consumers spend on average 25% more compared to other groups, holding £230 million per month in disposable income, yet almost four in ten report difficulties finding suitable products.[14] Furthermore, 93% of respondents believe brands have a responsibility to be diverse and inclusive, 78% are likely to recommend brands that get it right, and 89% would consider boycotting brands that do not reflect their values. These figures highlight that lack of racial diversity in corporate leadership is not only a matter of fairness but of market competitiveness.

The data shows that inclusive leadership makes workplaces fairer, more innovative, more profitable and more resilient. Businesses are navigating an external environment shaped by frequent global shocks – by having diverse and inclusive leadership, they are more likely to respond to these challenges quicker and more effectively.

"Come on, it's the 21st century we're still asking whether inclusion is important. In our families and friendships, inclusion is instinctive — we want the people we care about to feel welcome and respected. The same principle applies in business. Respect for people is fundamental, and attracting, retaining, and developing the best possible talent, wherever it comes from, is simply good business. Inclusion isn't a 'nice-to-have' — it is a driver of performance, competitiveness, creativity and resilience."

Paul Drechsler CBE, Trustee The Felix Project

Methodology

Every year we ask members to complete a census, capturing information on representation, targets, data collection and employee turnover. This Progress Report provides a summary of the key findings from the latest census.

Change the Race Ratio issued a request to complete the census to all members in January 2025. We received responses from 44 organisations in total, representing over 600,000 employees. To ensure a statistically robust analysis we have excluded results from firms with fewer than 150 employees in some elements of the report.

To capture a more complete view of member compliance to our four commitments, Change the Race Ratio conducted desk-based research using data from annual reports, diversity reports and data publicly available from the Parker Review to better understand how all members with more than 250 employees are delivering against their campaign commitments.

Commitment One

Set targets and take action to increase racial and ethnic minority representation on boards, in line with the Parker Review where it applies

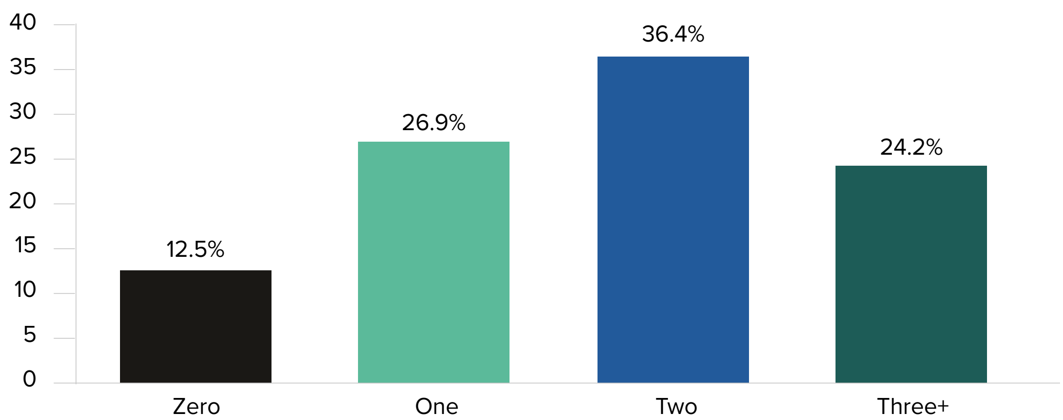
We ask members to set targets and take action to increase board representation, in line with the Parker Review targets.

The Parker Review, commissioned by BEIS 2015, asks FTSE 350 businesses and 50 large private businesses to have at least one ethnic minority board director. While the target date for the FTSE 350 has now vested, the review continues to collect this data and reports annually on the ethnic diversity of FTSE350 boards to monitor progress. Private businesses have until the end of 2027 to meet this target.

Using data from publicly available sources, all members who employ more than 250 staff are acting on the commitment to have at least one ethnic minority board director. 87.5% of members have at least one ethnic minority board director. All members in the FTSE 350 have met and maintained their Change the Race Ratio and Parker Review commitment, with the remaining 12.5% who are yet to appoint an ethnic minority board director being outside the FTSE 350 at the time of writing.

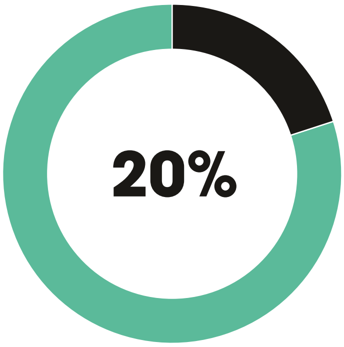
Further analysis of the board data supplied by census respondents shows an encouraging move away from a 'one and done' approach. Members are not just achieving the minimum target but are benefiting from making changes to their recruitment outreach strategies by expanding their talent pool for directors.

Number of ethnic minority directors on boards



More than half of the respondents now have boards that comprise two or more ethnic minority directors, an increase from 47% in 2024.

Board Representation



Our census data shows that median ethnic minority board representation has increased by around one third year-on-year, rising from 15.3% in 2024 to 20% in 2025. While non-FTSE 350 members remain slightly behind FTSE 350 members, with an average representation of 15%, overall they are making strong progress towards ensuring board representation is reflective of the UK population, which stands at 18.7%. The Parker Review also reported that average board representation within FTSE100 stood at 19%, FTSE250 15% and Private businesses 13%.[15]

Case Study 1:
Increasing the pipeline of board-ready talent

The Deloitte Academy 'Race in the Boardroom' programme, first established in 2017, in collaboration with the Black British Business Awards, welcomes a cohort of c.25 individuals annually. Over the course of 5 sessions, participants hear from current listed Board Directors (e.g. Chair, Committee Chairs, experienced Non-Executive Directors) and board stakeholders (e.g. investors, head-hunters).

150 senior leaders have participated in the Race in the Boardroom programme and almost 40% have gone on to take a Non-Executive Director role on a board after joining the programme. Others choose to remain solely in their Executive careers, using the understanding gained around the board landscape in their existing roles, or have alternatively opted to defer the search for non-executive roles until a later stage in their career.

Commitment Two

Set and publish targets for racial and ethnic minority representation at an executive level and minus-one (senior management)

Since our launch in 2020, Change the Race Ratio has asked members to set targets and take action to increase racial and ethnic minority representation in senior leadership positions. In 2023, the Parker Review also took the step to ask businesses under its remit to increase racial and ethnic minority representation in senior management and set a target to be achieved by December 2027.

Target setting

The average target set by members who responded to our census is 17%, to be achieved on average by the end of 2026. The targets set vary quite considerably across members, with notable regional and sectoral differences, as well between firms who are predominantly UK-based and those with international operations.

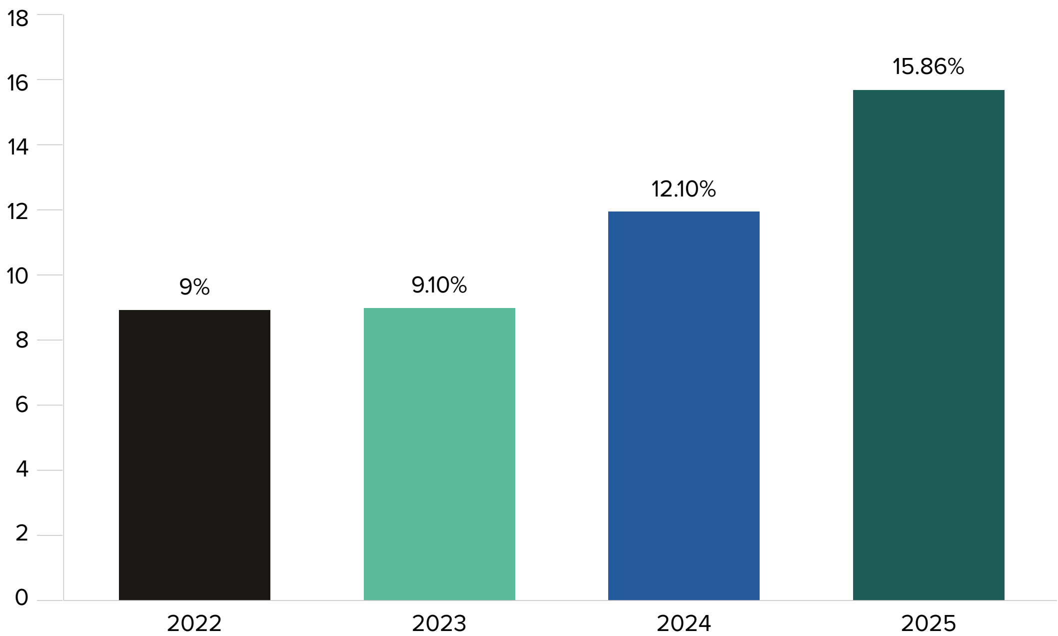
Overall adoption of target setting by member companies sits at just under 80%, which rises to 90% for members also under the remit of the Parker Review. When we compare our members' data and the data reported by the Parker Review, we see our members are leading the way in taking action to increase the diversity of their senior management teams. The data from the latest Parker Review showed that just 44% of firms had set a target.

Compliance among our membership to set targets is growing year-on-year. We are encouraged by the high levels of adoption and will work with members to better understand the rationale for not setting a target in future censuses. It is important to note that an absence of a target does not necessarily correlate with lower levels of representation.

Change the Race Ratio recognises the significant underrepresentation of black colleagues in senior management roles, and since the campaign launch has asked members to consider setting black-specific targets to drive action that will reduce the deficit. **The number of respondents to set black-specific targets stands at 36% with the average target at 4% to be achieved by 2026.** This is in line with ONS data on black representation in the UK.

The proportion of members setting specific targets for Back representation remains relatively low. In the first year, only one sixth of members set a target, rising to one third in the second year and 36% by the fourth year. The primary reason given for not setting a target is that **respondents want to focus on overall ethnic minority representation.** As progress continues on overall representation, the campaign encourages members to take the next step by adopting disaggregated targets, with a particular focus on Black representation.

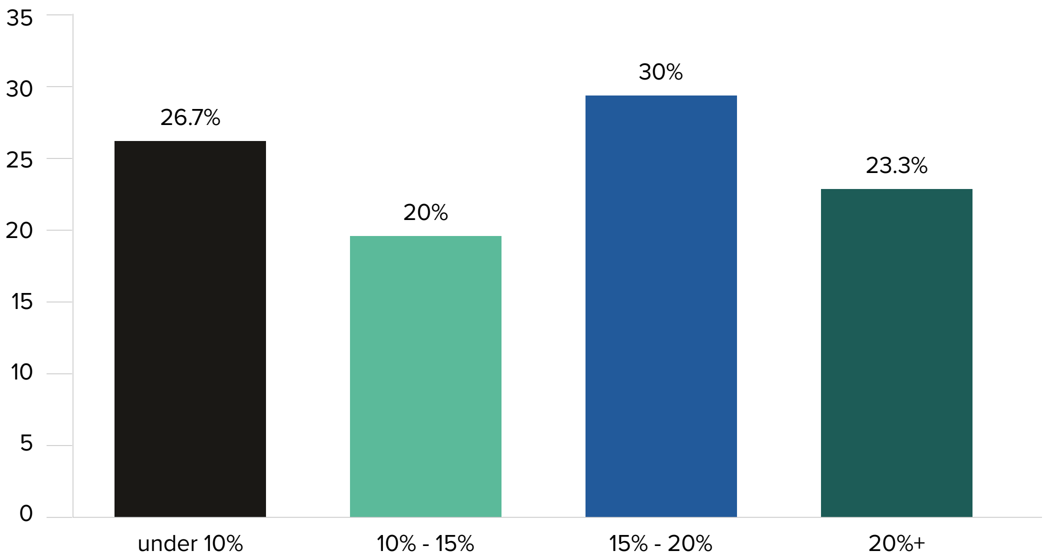
Progress on Senior Management Representation



Over the four years of collecting data, we can see that average representation across our membership has jumped by an impressive 75%. Progress has been made across both our non-FTSE 350 members and our FTSE 350 members, though it should be noted that FTSE 350 representation is higher at 16.25% compared to 14.9% for non-FTSE 350 businesses.

The Parker Review's March 2025 report showed that representation at Senior Management level across the FTSE 250 stood at 10.18% and 9% for the top 50 private businesses. Change the Race Ratio members have been sharing their representation statistics since 2020/21, whereas the Parker Review expanded its scope to include Senior Management data in 2023. This has had a material impact on the pipeline levels, with Change the Race Ratio members having around 50% greater representation than data reported in the Parker Review.

A breakdown of senior management representation



The number of respondents with ethnic minority representation levels below 10% has fallen from 38.2% reported in 2024 to 26.7% in 2025. For the first time, the number of respondents reporting ethnic minority representation levels above 15% is now more than half. This data suggests that progress is not reliant on a small number of businesses but rather, the majority of members are making progress, with a small tail of members lagging behind their peers.

Case Study 2:
Progressing Race Equity in Senior Leadership at AMS

AMS are a talent solutions and consulting business, made up of 8,000+ experts across 120+ countries. In January 2022 we established the Diversity, Equity, Inclusion & Belonging Centre of Excellence (DEIB COE) to ensure that DEIB and Social Impact remain central to us, both internally and externally.

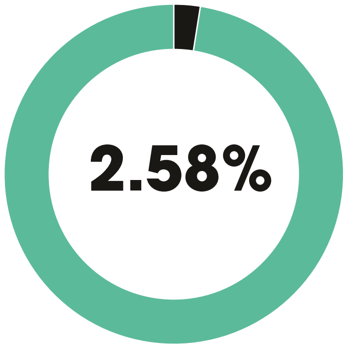
Transparency and accountability are central to our approach. We publish annual DEIB Impact Reports externally, sharing both our achievements and areas for improvement. We voluntarily report our ethnicity pay gap - now in its third year - alongside gender, class, and disability pay gaps.

To embed equity across our people processes, we have committed to bias-free and equitable approaches in hiring, performance management, promotion, and attrition. Our DEIB training suite has been refreshed to include mandatory modules on Conscious Inclusion, Allyship, and Managing Microaggressions. We have also introduced mentoring and reverse mentoring programmes to support the development and progression of underrepresented talent.

A flagship initiative is our ‘EmBue’ development programme (Empowering Black and Underrepresented Ethnicities), designed to accelerate the leadership and career growth of mid-management colleagues from minoritised ethnic backgrounds in the UK&I. Born from insights surfaced by our Ethnicity Board, EmBue aims to build a robust pipeline of ethnically diverse leaders and identify opportunities for their advancement within AMS. The programme launched in 2024, with the first cohort graduating in November and a second cohort commencing in May 2025.

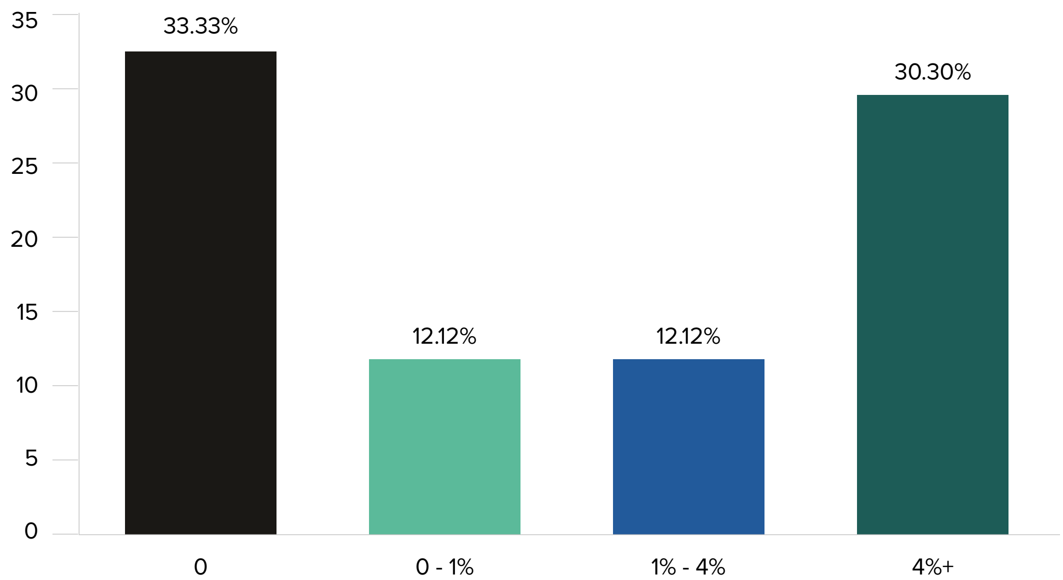
AMS has increased ethnic minority representation in global leadership from 4% in 2020 to 17% by the end of 2024, with a current figure of 18.5% and a target to improve further by 2026. 14 ethnically diverse leaders have graduated from the EmBue programme, with zero voluntary attrition and two participants promoted to Senior Management roles.

Black representation in senior management



This is the second year of collecting data on Black representation in senior management. Black representation in the UK according to the ONS is around 4%. Data collected from census respondents shows that representation is now 2.58% - up from 1.75% last year. This is a significant increase in 12 months and when analysing the data, we see that black representation in senior management varies hugely from firm to firm with 33% reporting zero representation and around 45% report representation below 1%. Unlike overall ethnic minority results, the progress and average data reported is skewed by the leading third of respondents who report representation above 4%. It is also important to say that the definition of ethnic group, black, as set out by the ONS ethnic groups, is also very diverse and large variations in representation will exist within this group.

A breakdown of black representation in senior management positions



To ensure real and lasting change, more action is needed across the membership to focus on increasing black representation. Change the Race Ratio will work with members leading the way on accelerating black representation to understand the actions they have taken and support all members to accelerate progress.

Case Study 3:
The Model Black is an important resource for leaders to continue to educate themselves on race

Written by **Barbara Banda,** the book introduces the concept of the **"Model Black"**, a theory based on a series of executive interviews where successful Black leaders often feel pressure to adopt white characteristics to be accepted. This includes modifying language, behaviour, appearance, and ambitions to fit into predominantly white workplace cultural norms.

For leaders committed to building inclusive organisations, the book offers a powerful challenge: to see, understand and dismantle the invisible structures Black colleagues are navigating every day.

Through her work, Barbara finds that Black leaders are held to a higher standard to their white counterparts and must outperform their peers to progress at a slower pace.

Barbara also describes a double standard faced by black leaders who can be perceived as too assertive or aggressive when displaying the same behaviours that are welcomed and encouraged by their white counterparts. The model black feel compelled to modify their behaviour to avoid these labels, which present risks of being called too quiet and not contributing to discussions.

The book is an important resource for leaders to educate themselves on the experience of black colleagues in the workplace. We encourage leaders to read this book and explore other resources rather than relying on black colleagues to educate them in mentoring and sponsoring situations.

Commitment Three

Reporting ethnicity pay gap and race action plan within two years of joining

Change the Race Ratio believes meaningful progress requires businesses to be transparent about the actions and progress they are making. Publishing ethnicity pay gaps and a race action plan is essential for providing stakeholders with clear accountability.

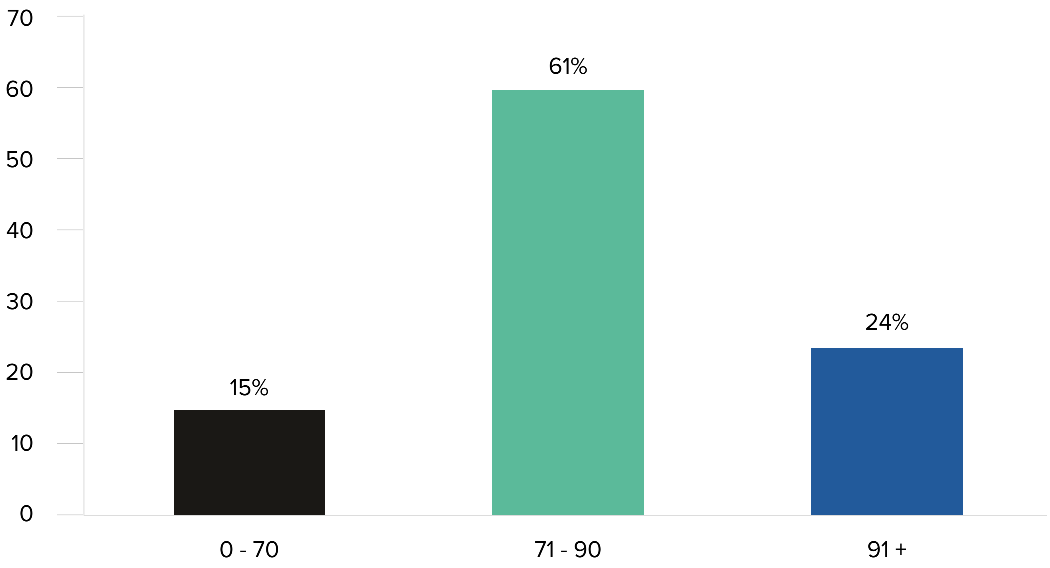
Ethnicity pay gap reporting (EPG) is currently voluntary in the UK, although in the Kings' Speech in July 2024, the government announced plans to introduce a draft Equality (Race and Disability) Bill. The draft bill would begin the legislative process to make it mandatory for businesses with more than 250 staff to report on their ethnicity pay gap.

To report an ethnicity pay gap, a business must collect the ethnicity data of its workforce. The UK, like many other countries, operates on a principle of self-identification. Employers can collect employee data provided it is stored in line with GDPR regulations, and staff can choose whether to share their ethnicity with their employer. .

Ethnicity data disclosure

Average data disclosure across census respondents is 85% - up from 79% in 2024. Just one respondent reported that they have not begun collecting data and/or are calculating disclosure rates.

Ethnicity data disclosure rates



Most respondents (85%) have successfully achieved data disclosure rates of above 70% and encouragingly, nearly a quarter (25%) have more than 90%. The difficulties surrounding data collection are often cited as a barrier to ethnicity pay gap reporting. We have worked with members over the past four years to share good practice on data collection and are encouraged to see the impact of this convening.

Four key steps to increasing data disclosure

Developing trust and transparency
Clear communication to colleagues about why the data is collected, how the data is used and who has access is imperative. Provide education about the meaning of the ethnicity pay gap.

Building a communication strategy
Having ongoing engagement with employees about how robust data can build a fairer workplace can help achieve a higher disclosure rate. Data collection isn't a one-off exercise, it should be treated as a long-term employee engagement campaign.

Leadership engagement
Leaders play a vital role to build trust with employees. By highlighting the business importance of sharingdata and commitment to addressing barriers to progression, visible engagement from leaders can encourage more employees to share their data.

Make data sharing easy and accessible to all
The process of sharing data must be simple, and be inclusive for employees, including employees who do not work at a computer with easy access to company HR systems.

Ethnicity pay gap reporting

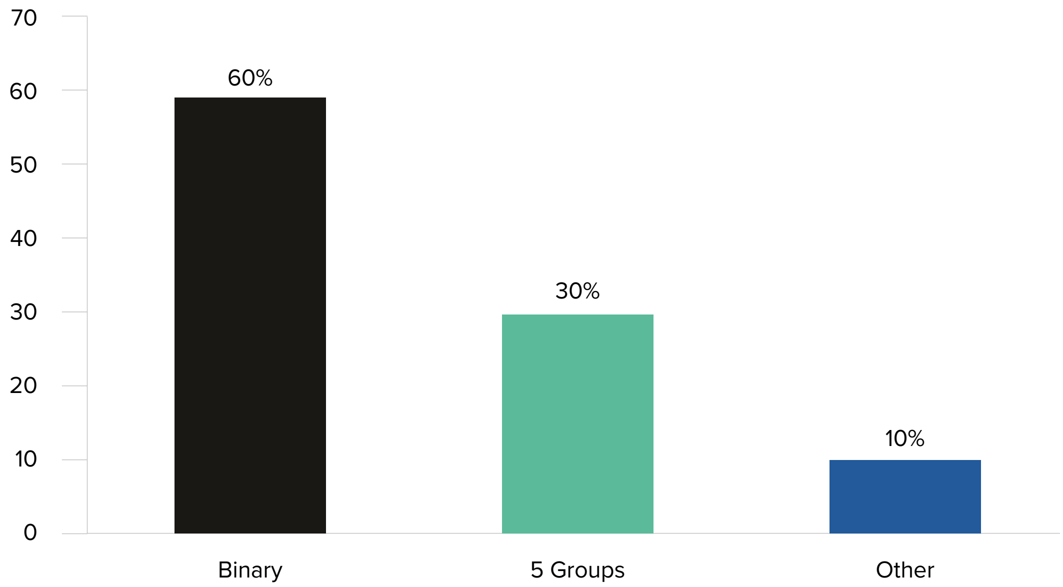
In previous years, Change the Race Ratio has reported ethnicity pay gap reporting data based on data submitted by members in the annual census. As this data is in the public domain for this year and future reports, we will report data on all members with more than 250 employees.

This data largely mirrors previously reported data from the census, and it's encouraging to see that most members are reporting their pay gaps. The main reason given for not reporting is that **disclosure rates are too low**. As mentioned in this report, we continue to see disclosure rates increasing, and we look forward to supporting all members with more than 250 staff to report their pay gaps in future years.

Publicly available data on the number of businesses reporting their pay gap data is not readily available. The Business In the Community's Race at Work Survey 2023[16] asked its 1000+ signatories if their organisation reports pay gap data. Of the 228 respondents, nearly half (44%) said they were publishing pay gap data, which lags behind Change the Race Ratio members.

Ethnicity pay gap reporting methodology

Reporting a binary, white vs non-white pay gap, is often the first step for reporting. However, the insights gained are often minimal, this is because big variances often exist between different ethnic groups, which are then masked in an aggregated approach. To understand the maturity of our members' pay gap reports, we have conducted further research on the level of reporting.



Most members are reporting a binary pay gap. We can see that a significant proportion are reporting more detailed pay gap data, with reporting to 5 ONS groups being the preferred pathway to disaggregation. 10% of members are disaggregating data in a different way, the most popular option being a binary gap and a separate black pay gap.

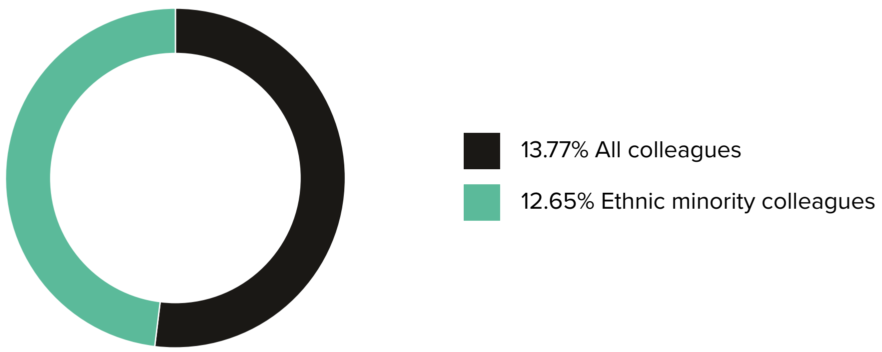
Commitment Four

Create an inclusive culture that allows all talent to thrive

Real and sustainable change can only happen when businesses take steps towards creating a more inclusive culture. While focusing on attracting diverse talent will result in short-term increases in representation, businesses will fail to realise the benefits of diversity of thought in the long term.

Building an inclusive culture can spark business growth and innovation, encourage harmony, creativity, and business success. The importance of an inclusive culture is not just about improved job performance but also speaks to the workplace experience itself. Data on employee experiences shows how important it is to foster a supportive culture that values difference, helps all employees to thrive, and protects them from harm.

Attrition



Data from census respondents shows that ethnic minority attrition is slightly lower than overall attrition. This finding suggests members are not only taking action to increase representation but are working towards building a more inclusive workplace culture overall.

We recognise that having a single metric to measure inclusion is far from robust, and many factors can influence attrition rates. To help members to better understand the steps and actions they need to take to create a more inclusive culture, we undertook a Race Inclusion Gap[17] study in partnership with member Green Park Recruitment and fellow campaigners Race Equality Matters. The aim of the study was to better understand and examine the difference in perceptions of workplace culture and inclusion between leadership colleagues and ethnic minority colleagues in non-leadership roles.

Case Study 4:
Green Park Race Inclusion Gap summary findings

The study findings indicated that in some areas, both employees and leaders were aligned on the state of inclusion. Importantly, the study reveals that on some critical issues of race inclusion, leaders' views of their own and their teams' capability and understanding of race were overstated compared to the views of ethnic minority colleagues.

There are five key areas where leaders need to develop their capability on issues of race and action to address barriers in the workplace

1. **Leading by example:** 97.8% of leaders felt they led by example in creating an open and inclusive workplace, while only 44% of ethnic minority colleagues felt their leaders led by example.
2. **Race fluency:** 95.6% of leaders said they felt confident talking about race, while only 37% of ethnic minority colleagues thought their leaders were confident talking about race.
3. **Zero Tolerance:** 100% of leaders felt they take a zero-tolerance approach to racism, compared to 53.3% of ethnic minority colleagues who felt that leadership teams take a zero-tolerance approach.
4. **Allyship:** 98% of leaders felt they are an active ally, compared to 63% of ethnic minority colleagues who felt that there were active allies in the business.
5. **Equality of opportunity:** 77.8% of leaders believe everyone has the same opportunity to progress, whereas only 34% of ethnic minority colleagues felt the same.

The Race Inclusion Gap findings highlight a clear disconnect between leadership perception and employee experience when it comes to race inclusion. While most leaders believe they are creating equitable, open and inclusive environments, the lived experience of ethnic minority colleagues tells a different story. This perception gap underscores the importance of building racial fluency, strengthening accountability, and embedding inclusive leadership behaviours at every level of an organisation.

Summary and recommendations

Our members remain steadfast in their commitment to create more inclusive businesses and more representative leadership teams. The results from the census show that for the fourth year in a row, members are making progress on their commitments to change and are on track to achieve their stated targets and ambitions. They understand the commercial benefit of inclusion and believe in the power of diverse thinking to solve complex problems, innovate faster and attract the best talent.

Businesses that have successfully navigated the external challenges on EDI have baked inclusive practices into their business strategies, creating a clearer purpose and mission. If you're concerned that your EDI activities might be slowed down by external challenges, here are 5 points to consider.

1. Are your leaders able to speak confidently and consistently about the business' EDI strategy with key external stakeholders, e.g. media, investors?
2. Can you clearly articulate and defend the business benefits of your EDI strategy?
3. Can you justify action on inclusion with clear evidence using both quantitative and qualitative data, especially as it relates to any positive action measures?
4. Do you have a comprehensive understanding of all your EDI activities, including Employee Resource Groups, and are measures in place to track their effectiveness and impact?
5. How aligned are your internal and external communications on EDI with your business' strategy and purpose?

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