



Progress Report: Change the Race Ratio

Championing racial and ethnic diversity in UK business

A snapshot of our progress so far

Welcome to our first Progress Report.

Change the Race Ratio campaigns for increased racial and ethnic diversity, inclusion and representation on the boards and in the leadership teams of UK business.

We ask businesses to sign up to the campaign and commit to the four commitments to change; to increase racial and ethnic diversity among board members, to increase racial and ethnic diversity in senior leadership, to be transparent on targets and actions and to create an inclusive culture where talent from all diversities can thrive.

Diversity and inclusion is a priority for organisations, regulators, investors, consumers and employees. And while we're making some progress, there is much work still to do.

This report was created from responses from some, but not all, of our campaign signatories. The data here was obtained through a survey completed by our signatories between late 2021 and Q1 of 2022.

Due to the differences in structure and scale of our signatories, selected respondents with smaller employee populations were partially excluded from the analysis in this report in order to ensure a statistically robust data set.

For the purpose of this survey, FTSE 350 and FTSE 250 listed signatories who responded to this survey are referred to as "Change the Race Ratio (CtRR) FTSE 350" or "Change the Race Ratio (CtRR) FTSE 250" as appropriate. This is to differentiate practice amongst this sample to practice across the FTSE 350 as a whole

Our intention is to use the findings of this survey to establish a baseline against which progress can be measured in future years. And given the pace of change, we recognise that this report simply provides a 'snapshot' of our signatories' current status and ambitions.

This report contains an analysis and report on data received from our signatories marking their progress and future plans. We've also included case studies from three of our signatories.



Lord Karan Bilimoria



We were immensely proud to launch the Change the Race Ratio initiative in October 2020.

Our ambition was simple – to champion increased ethnic representation across UK boardrooms.

Over recent years, business has undoubtedly taken a substantial step forward in improving diversity and inclusion at senior levels.

Six years ago, when Sir John Parker initiated his review of ethnic diversity in FTSE boardrooms (The Parker Review, now known as The Parker-Tyler Review), only 47% of FTSE 100 companies had one or more ethnic minority board members.

In 2022, the proportion of FTSE 100 companies with ethnically diverse board members has doubled to 94% of companies. However, the fact that only 55% of FTSE 250 companies have a board member from a minority ethnic background demonstrates that there is much work still to be done.

Earlier in 2022, we were delighted to reach the milestone of 100 organisations signed up to our campaign commitments. All senior leaders have a role to play in shifting the dial on diversity and inclusion in business and ensuring talent from all walks of life can thrive in the workplace.

The level of interest in our campaign gives me great hope that there is the drive and ambition to increase diversity and inclusion in senior leadership roles across UK business.

On launching the campaign, we were always fully aware that there were no easy fixes. Creating an environment of inclusion and inspiration where diversity can truly flourish takes time.

This snapshot survey recognises that many companies are still at the early stages of delivering change. However, the data also shows the scale of their ambition by outlining the targets they have set themselves. We accept that there is much work to be done, and our signatories should be commended for the ambition they have shown.

Our intention is to repeat this survey at regular intervals so that we can track progress and provide impetus for all organisations – irrespective of whether or not they are signatories to this campaign – to champion the cause for increasing minority ethnic representation across the workforce, and particularly at senior levels.

Key findings from survey

Board and senior management representation

Parker Target

Amongst CtRR FTSE 350 respondents to this survey, all except one company (94%) has at least one board director from a minority ethnic background. This includes a number of FTSE 250 companies who have met the target set by the Parker-Tyler Review *ahead* of the 2024 deadline.

Across all respondents (with the exception of FTSE 250 companies), over 70% have at least one board director from an ethnic minority background.

10%

Across the senior management population of survey respondents, the median level of representation from minority ethnic backgrounds was around 10%.

Ethnicity target setting

65%

Almost two-thirds of respondents have set a target for minority ethnic representation at senior management.

10 – 20%

Targets typically range from 10% - 20% of the senior management population.

Ethnicity pay data

84%

Despite the lack of formal legislation in this area, the vast majority of respondents (84%) are opting to publish on a voluntary basis.

35% published ethnicity pay gap data last year, with a further 49% intending to publish in 2022.

Representation and disclosure

Over 70% of all respondents have at least one board director from a minority ethnic background.

Amongst CtRR FTSE 350 respondents, all except one FTSE 250 company (94%) have at least one board director from a minority ethnic background.

This includes many CtRR FTSE 250 companies who have met the Parker-Tyler Review target ahead of the 2024 deadline.

Representation

All FTSE 100 signatories have met the requirement of the Parker-Tyler Review, that they will have a least one board director from a minority ethnic background by the end of 2021.

For the FTSE 250, the Parker-Tyler Review set a target to have minority ethnic representation on the Board by the end of 2024. However, all of the CtRR FTSE 250 respondents have already met this target, with the exception of one company that is undergoing a leadership transition (n.b. this company was previously compliant with the Parker-Tyler target).

The Parker-Tyler Review was focused on the FTSE 350, and therefore it is not surprising that non-FTSE 350 signatories responding to this survey had lower minority ethnic representation at board level. In this group 59% had at least one board director from a minority ethnic background.

In senior management roles more generally, the median level of minority ethnic representation was 11%.

The level of minority ethnic representation in the wider workforce was typically 10% to 22%. The median level of representation was 15%.

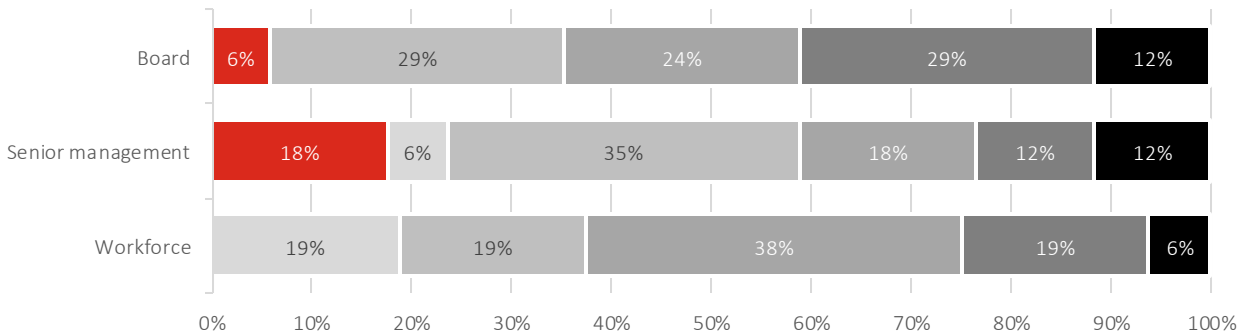
Ethnicity disclosure and self-identification

Overall, respondents appear to have good levels of ethnicity data for their employee population – 54% reported having data for >80% of the workforce. 29% of respondents have employee ethnicity disclosure of less than 70%.

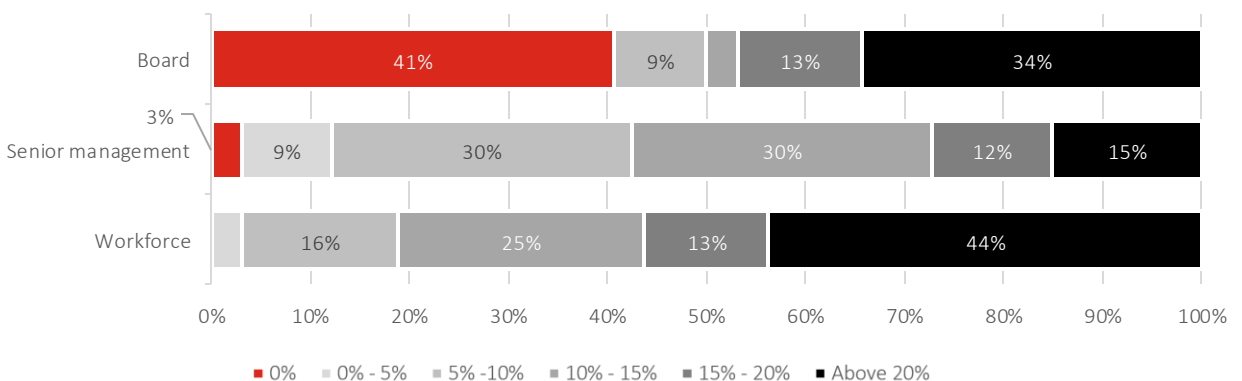
Interestingly, only one CtRR FTSE 350 respondent had an employee ethnicity disclosure rate over 90%, compared to 30% of CtRR non-FTSE 350 respondents.

It is recognised that obtaining data in larger, international companies can be complex.

CtRR FTSE 350 – minority ethnic representation



CtRR non-FTSE 350 – minority ethnic representation



Ethnicity target setting

65% of respondents have set a target for minority ethnic representation at senior management (CtRR FTSE 350: 53%, non-FTSE 350: 71%).

Ethnicity targets are typically in the region of 10% - 20% of the senior management.

A separate survey of 53 organisations (44% were signatories) run in 2021 indicated that the focus of ethnicity targets in many cases has been directed at board and senior management level rather than less senior demographics.

In some cases, companies have used explicit targets for senior level representation as the impetus for better dialogue and engagement on the topic across all levels in the organisation.

Of signatories who have set targets for ethnic diversity at senior management level, the median target amongst CtRR FTSE 350 and CtRR non-FTSE 350 signatories was 13% and 20% respectively.

In some cases, the higher targets amongst non-FTSE signatories reflects the smaller size and geographic spread of the employee base, therefore allowing a more rapid achievement of targets for ethnic minority representation.

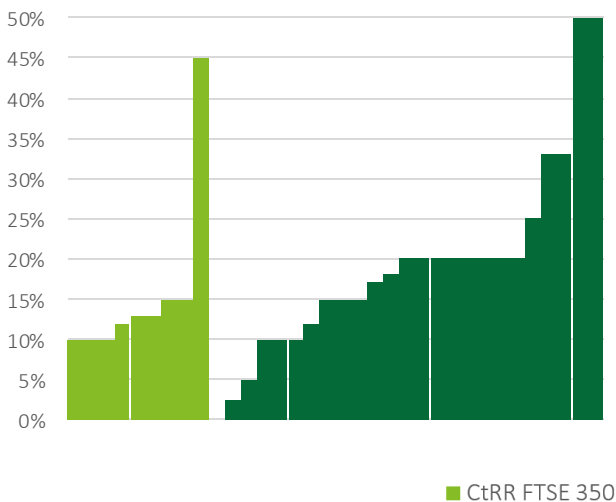
Around 30% of respondents had set targets for minority ethnic representation at workforce level. Where targets have been set, these are typically set between 15% - 20% of employees.

The majority of respondents who have set targets aim to achieve these by either 2024 or 2025, although a number of companies have set more short-term targets.

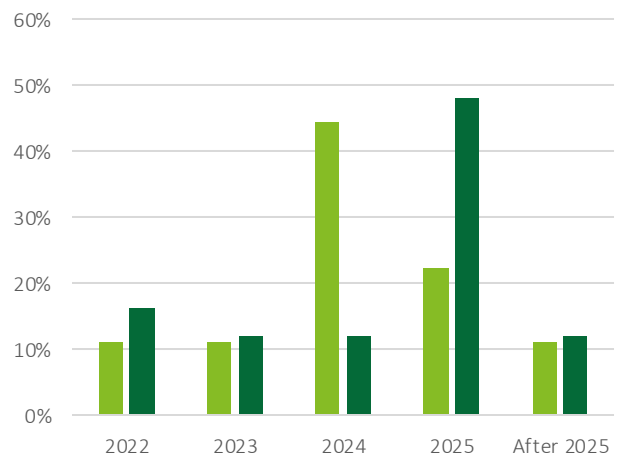
Black representation targets

Around one-in-six respondents have a specific target for Black representation at senior management level – this ranges between 3% - 12% of senior management.

Targets for minority ethnic representation at senior management level



Year targeted to achieve representation goals



Ethnicity pay data

The vast majority of CtRR respondents either currently publish ethnicity pay data (35%) or plan to publish in 2022 (49%).

In the absence of formal legislation, respondents are opting to track and disclose data on ethnicity pay gaps on a voluntary basis.

Around 35% of CtRR respondents currently report their overall ethnicity pay gap, with a further 49% intending to publish from 2022.

Pay gap

The mean ethnicity pay gap amongst respondents typically ranges between 8% - 24% (median: 12%), with the median pay gap typically between 2% - 16% (median: 10%).

As a point of comparison, the latter is slightly below the UK's median gender pay gap which was 15.4% for 2021, according to the Office of National Statistics.

Bonus gap

Bonus ethnicity gap data is more wide ranging, with the mean bonus gap typically ranging between 20% - 50% (median: 36%) and the

median bonus gap typically between 2% - 29% (median: 16%).

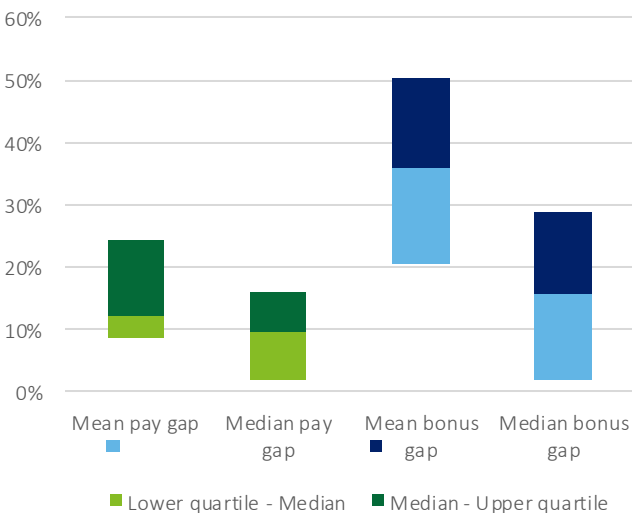
This likely reflects the lower minority ethnic representation levels (see below) in more senior positions within organisations where variable pay is typically greater.

Representation by pay quartile

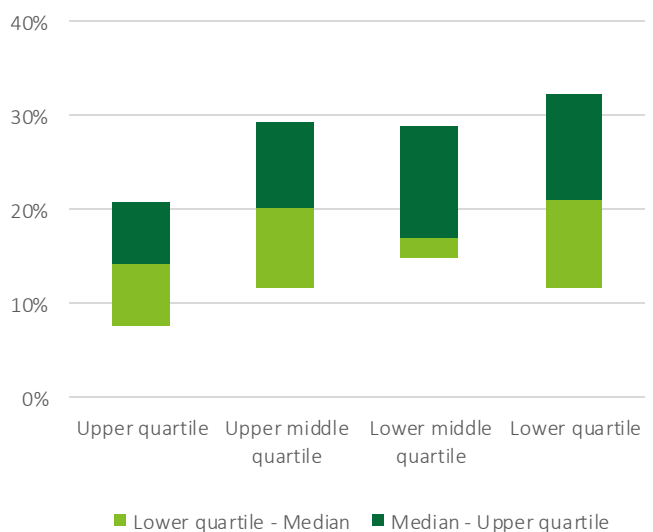
Minority ethnic representation across the respondents was broadly consistent in the bottom three pay quartiles (based on total pay).

However, representation is noticeably lower amongst the highest paid employee populations (the upper quartile), reflecting lower representation levels at senior management level.

Pay and bonus gap data - all respondents



Representation by pay quartile - all respondents



Case study.

#ThisIsMe; a data-driven approach

High quality diversity data gives Aviva the confidence to take action for all colleagues and communities.

While Aviva had the ability to collate data on colleagues since 2017, it was not until January 2020 that we really actively encouraged colleagues to submit their data.

We reached out to other companies who were ahead in data collection and asked them for advice – that was invaluable. Organisations such as Nationwide, Channel 4 and the BBC shared their experiences which shaped our plan.

Absolutely key was making sure we had the right questions and options. Inclusion is broad and therefore the data gathered needs to reflect that. On top of ethnicity, gender identity & sexual orientation, we added faith, socioeconomic background, caring responsibilities and disability.

Colleagues give their sex and age when they join as part of pension requirements. We followed the Office for National Statistics criteria, allowing us to make comparisons with UK data. While we continue to include a “prefer not to disclose” (PND) option, colleagues have to choose one option (even if that is PND).

Our communication strategy has three clear purposes:

- 1) Trust, need and security – we developed a “10 reasons why” document, which drew on best practice from other organisations.
- 2) Ease – we used screenshots and videos to show how to complete the data on your HR system. Given the scale of data being collected, it spread across two tabs on our system.

- 3) Stories - everyone must complete it, so we made sure the stories (video, intranet, yammer, social channels, contact centre huddles, leaders townhalls) reflect everyone across the organisation. The most read was a colleague who identifies as non-binary and wanted to tell their story. Other stories were about caring, people with disabilities, faith, different generations in the workplace and ethnic backgrounds.

Once we got over 70%, we sent out automated prompts to colleagues asking them to complete their data (including an option to actively not disclose). If they did not complete, they were prompted again. Key to a successful campaign is to minimise the proportion opting to not disclose, so the prompts were the final call to action.

#ThisIsMe

10 reasons why you need to let us know who you are by completing your personal information on Workday

1 We've got the questions, you've got the answers...

Wherever you go everyone wants to know about you... information like your age, gender, sexuality, race, religion and whether your disabled. Why? Because it all matters and makes you, you. And we want to get to know our people better.

5 Data = change.

With data comes big responsibilities and huge possibilities. We'll treat your information with respect and only use it for gaining insight into how we can provide support and care for all of our people.

8 You might learn something new

Once we start seeing completion rates increase we'll be able to share some interesting insights from the data we've gathered. It'll help us all to learn more about the people around us and help us to celebrate diversity across the business.

2 We'll keep it under lock and key

The data you give us will be held in Workday on your own individual record. It's stored securely alongside your existing personal information and only a small number of HR data bods will have access to it - your leader won't even be able to view your information.

6 What if I don't want to share?

That's okay, it's completely your choice and we understand. But please go onto Workday and click the 'Prefer not to say' option in each of the fields you've got left to complete.

9 We're here to listen

We've given a lot of thought to the questions we're asking but we acknowledge that we might not have covered everyone's scenario. If you don't feel represented in any of the questions please reach out to us on inclusion@aviva.com to let us know.

3 It's about everyone

Once you've answered the questions on Workday it becomes more about the Aviva collective. Once we've seen higher completion rates we can gain insight into how diverse our organisation really is.

7 It's simple. It's quick. It's easy!

All you need to do is [log into Workday](#), click on 'Your Profile' and then navigate to the 'Personal information' section. Update your details. There are also a couple of questions we'd like you to complete. [Here's](#) a guide on how to complete your data.

10 What next?

Head over to Workday [here](#), complete your data and encourage your team to do the same. We'll be sharing updates over the next few months on what we're learning about our people as a collective. We'd love for you to be part of our journey.



The Black Lives Matter movement provided Deloitte with an opportunity for reflection, listening and learning. As a result, we launched our Black Action Plan – with actions to improve every aspect of employee experience, as well as how the firm works with clients and wider society.

Black Action Plan

The Black Action Plan provides the framework for how our inclusion agenda is articulated:

1. Providing equal opportunities

Deloitte is reviewing all its employee life cycle processes – from how it attracts talent, through to promotion and pay processes to ensure Black and ethnic minority colleagues are treated fairly. One of the focus areas has been reviewing recruitment processes to ensure that the talent pool is as diverse as possible.

2. Developing people to succeed and thrive

To ensure that we develop and retain our existing Black and ethnic minority colleagues, Deloitte is focusing on creating an environment where all colleagues can succeed and thrive. To create a more diverse leadership pipeline Deloitte have introduced a firmwide leadership and development programme.

3. Driving and evolving our culture and behaviours

Achieving real and meaningful change requires everyone to think and act differently. Deloitte started with a focus on education and understanding. This included rolling out a mandatory training programme on ethnicity and race, launching a Black Network and Ethnic Minority Allies Community, as well as race fluency training for all Partners and Directors.

4. Leveraging the Deloitte brand and platform

Deloitte will continue to use its network to help bring about social change – working with clients, industry peers, charity partners and suppliers. This includes its relationship with Blueprint For All (formerly known as The Stephen Lawrence Charitable Trust) leading to the development of a bursary programme for students, becoming a founding member of Change the Race Ratio and some of its Black colleagues founding the Black Professional Services Collective.

5. Measuring and reporting on our targets and outcomes

Deloitte are committed to 12 per cent of Ethnic Minority and 3 per cent of Black Partners by 2025 and have also agreed targets across other grades to create the future pipeline. Deloitte will be communicating its progress against targets to its colleagues and utilising the data to identify areas where further interventions are required.

Case study –

the importance of Change the Race Ratio

Auto Trader is an automotive advertising business and is a constituent of the FTSE 100. Christos Tsaprounis, People & Culture Leader at Auto Trader, shares here why they have signed up to the campaign, why it's important to them as a business, and his advice to anyone who's thinking about becoming a signatory in the future.

Joining the Change the Ratio Campaign

As a company we've been on a journey for the past six years to create an environment that welcomes ethnically diverse people and helps them to develop their careers.

And a lot of the elements of the campaign were very important to us, especially when it comes to increasing representation.

We signed up because we felt that it's important to support the campaign and what it's trying to achieve.

We feel that here at Auto Trader, ethnic representation is so important. We believe that if you can see it, you can be it.

Changes that Auto Trader have made

Since signing up, we've been putting a lot more emphasis on the work we've been doing around creating an environment where ethnically diverse people are welcome, and where they can progress.

We're going to welcome a new board member from an ethnically diverse background, which is great news. They will be a fantastic addition to our board.

We're also introducing a diversity talent accelerator program to create opportunities for ethnically diverse colleagues to progress. We're aiming to double the number of leaders that we have from ethnically diverse backgrounds from 5% to 10% of our leadership team.

In order to do that, we've introduced the inclusive leadership program, a program for all our leaders. More than 200 people have participated in it, and it's helped us to explore all the behaviours that make an inclusive leader.

What makes the campaign important to Auto Trader?

Companies like Auto Trader need to make a public commitment about their dedication to changing the race ratio. Making a public commitment sends a strong message internally and externally about what you're trying to achieve.

It also opens opportunities for collaboration with other businesses such as community organisations and charities.

Thinking about becoming a Signatory to the campaign?

If you're thinking about joining Change the Race Ratio - seriously consider it.

Don't be discouraged by the targets that are required, because the targets that you set should be right for your business. Plus you'll have time and support from the campaign and other participating companies in order to set those targets.

Engage with your colleagues. If you don't have a specific employee network, see this as an opportunity for you to start an employee network that could help fulfill the requirements of a Change the Race Ratio campaign.

And when it comes to the commitments that you make, make sure that they're aspirational, as well as sustainable and long-term.

It's not an issue that's going to be resolved overnight, but it's a very important issue that we all need to get behind. We all need to make sustainable progress. And we need to start acting now.



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We hope that you've enjoyed reading our first progress report and we welcome any comments, suggestions and questions.

We also hope that reading it will encourage any organisations who are not already signed up to Change the Race Ratio to consider it and take that step.

Diversity, equity and inclusion is a priority for all of us, and also for our regulators, investors, consumers and employees. Now is the time for us to pick up the pace of progress and turn our intentions into action and change.

We welcome all organisations to our campaign, whatever their size, sector and whatever stage they're at in their diversity and inclusion journey. For more information on the campaign, and to download a signatory pack, please visit our website at changetheraceratio.com.