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The below is a crib sheet giving a top-level summary of two reports:

**"The Time for Talking is Over. Now is the Time to Act." Race in the Workplace
– the McGregor-Smith Review**

A Report into the Ethnic Diversity of UK Boards by Sir John Parker October 2017

"The Time for Talking is Over. Now is the Time to Act." Race in the Workplace – the McGregor-Smith Review Report here (95 pages) Nb: this report is relevant to all employers. A useful "roadmap to success" is at page 5.	
Data	- In 2015, 1 in 8 of the working age population were from a BME background, yet BME individuals make up only 10% of the workforce and hold only 6% of top management positions; - The employment rate for ethnic minorities is only 62.8% compared with an employment rate for white workers of 75.6% – a gap of over 12 percentage points. This gap is even worse for some ethnic groups, for instance the employment rate for those from a Pakistani or Bangladeshi background is only 54.9%; - People with a BME background have an underemployment rate of 15.3% compared with 11.5% for white workers. These people would like to work more hours than they currently do; - All BME groups are more likely to be overqualified than white ethnic groups but white employees are more likely to be promoted than all other groups.
Key findings	Every person, regardless of their ethnicity or background, should be able to fulfil their potential at work. That is the business case as well as the moral case. Diverse organisations that attract and develop individuals from the widest pool of talent consistently perform better.
Specific findings	The review finds that there is no reason why every organisation in the UK should not have a workforce that proportionally reflects the diversity of the communities in which they operate, at every level. This is what the collective goal should be, and has guided the recommendations made in this report.

BME individuals in the UK are both less likely to participate in and then less likely to progress through the workplace, when compared with white individuals. Barriers exist, from entry through to board level, that prevent these individuals from reaching their full potential. This is not only unjust for them, but the 'lost' productivity and potential represents a huge missed opportunity for businesses and impacts the economy as a whole.

The potential benefit to the UK economy from full representation of BME individuals across the labour market, through improved participation and progression, is estimated to be £24 billion a year, which represents 1.3% of GDP.

In the UK, there is a structural, historical bias that favours certain individuals. This does not just stand in the way of ethnic minorities, but women, those with disabilities and others.

There is discrimination and bias at every stage of an individual's career, and even before it begins. From networks to recruitment and then in the workforce, it is there. BME people are faced with a distinct lack of role models, they are more likely to perceive the workplace as hostile, they are less likely to apply for and be given promotions and they are more likely to be disciplined or judged harshly.

Language is something that was consistently raised throughout the review as being hugely difficult. Most people today still find it really hard to talk about race and ethnicity, particularly in the workplace. Business leaders need to create inclusive cultures that enable employees to bring their whole selves to work and encourage people to talk openly – these things take time but this is a goal that every business should be working towards.

McKinsey identified in 2015, companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above their respective national industry medians.

From initial recruitment, to the support an individual gets and their progression opportunities, processes need to be transparent and fair. In many organisations, the well-established processes in place can act as a barrier to ethnic minorities and hinder their progress through an organisation.

Over the past 40 years, the makeup of the labour market in the UK has changed dramatically. The proportion of the working age population that come from a BME background is increasing. In 2016, 14% of the working age population are from a BME background. This is increasing, with the proportion expected to rise to 21% by 205.1

The review's call for evidence asked specifically what the obstacles to progression were for those from a BME background. Only a small proportion of individuals believed language skills or a lack of qualifications or formal skills were an issue. The main barrier many

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	individuals felt was standing in their way was the lack of connections to the 'right people'.
Recommendations	One of the key recommendations is for organisations to publish their data, as well as their long-term, aspirational diversity targets and report against their progress annually.
	Published, aspirational targets: listed companies and all businesses and public bodies with more than 50 employees should publish five-year aspirational targets and report against these annually.
	The Government should produce a comprehensive guide for business on how to talk about race in the workplace.
	Listed companies and all businesses with more than 50 employees should publish a breakdown of employees by race, ideally by pay band, on their website and in the annual report.
	All public bodies employing more than 50 people should publish a breakdown of employees by race, ideally by pay band, on Gov.uk and include it in departmental reports.
	Encourage employees to disclose: all employers should consider taking positive action to improve reporting rates amongst their workforce. This should include clearly explaining how supplying data will assist the company in increasing diversity overall.
	Government legislation: Government should legislate to ensure that all listed companies and businesses employing more than 50 people publish workforce data broken down by race and pay band.
	Free unconscious bias resource online: The Government should work with organisations such as the CBI, IOD, Recruitment and Employment Confederation and others to ensure that free, online unconscious bias training is available to everyone in the UK.
	Mandatory unconscious bias training: all employers should ensure that staff at all levels of the organisation undertake unconscious bias training to address lingering behaviours and attitudes that act as a barrier to a more inclusive workplace.
	Unconscious bias workshops for executives: senior management teams, executive boards and those with a role in the recruitment process should go further and undertake more detailed training workshops.
	Executive sponsorship: all businesses that employ more than 50 people should identify a board-level sponsor for all diversity issues, including race. This individual should be held to account for the overall delivery of aspirational targets. In order to ensure this happens, Chairs, CEOs and

CFOs should reference what steps they are taking to improve diversity in their statements in the annual report.

Diversity as a Key Performance Indicator: employers should ensure that all leaders have a clear diversity objective included in their annual appraisal to make sure that leaders throughout the organisation take positive action seriously.

Reverse mentoring: senior leaders and executive board members should seek out opportunities to undertake reverse mentoring opportunities with individuals from different ethnic backgrounds in more junior roles. This will help to ensure that they better understand the positive impact diversity can have on a company and the barriers to progression faced by these individuals.

Reject non-diverse lists: when recruiting through a third party or recruitment agency, employers in both the public and private sector should ensure proportional representation on lists. Long and short lists that are not reflective of the local working age population should be rejected.

Challenge school and university selection bias: all employers should critically examine entry requirements into their business, focusing on potential achievement and not simply which university or school the individual went to.

Use relevant and appropriate language in job specifications: employers should ensure that job specifications are drafted in plain English and provide an accurate reflection of essential and desirable skills to ensure applications from a wider set of individuals. They should also consider how their organisation is portrayed online and at recruitment fairs to attract a diverse pool of applicants.

Diverse interview panels: larger employers should ensure that the selection and interview process is undertaken by more than one person. Wherever possible, this panel should include individuals from different backgrounds to help eliminate any lingering unconscious bias.

Transparent and fair reward and recognition: employers should ensure that all elements of reward and recognition, from appraisals to bonuses should reflect the racial diversity of the organisation.

Diversity in supply chains: all organisations (public and private) should use contracts and supply chains to promote diversity, ensuring that contracts are awarded to bidders who show a real commitment to diversity and inclusion.

Diversity from work experience level: employers should seek out opportunities to provide work experience to a more diverse selection of individuals, looking beyond their standard social demographic. This includes stopping the practice of unpaid or unadvertised internships.

Transparency on career pathways: all employers should ensure that new entrants to the organisation receive a proper induction. Basic information should be available to all employees about how the career ladder works in the organisation, including pay and reward guidelines and clear information on how promotions work.

Explain how success has been achieved: senior managers should publish their job history internally (in a brief, LinkedIn style profile) so that junior members of the workforce can see what a successful career path looks like.

Establish inclusive networks: employers should support the establishment of networks and encourage individuals to participate, working with organisers to find a suitable way of incorporating their objectives into the mission of the company.

Provide mentoring and sponsorship: employers should establish mentoring and sponsorship schemes internally, which are available to anyone who wants them.

A guide to talking about race: Government should work with employer representatives and third sector organisations to develop a simple guide on how to discuss race in the workplace.

An online portal of best practice: Government should work with Business in the Community to establish an online portal for employers to source the information and resources they need to take effective positive action.

A list of the top 100 BME employers in the UK: business in the Community should establish a list of the top 100 BME employers, similar to the Stonewall approach for LGBT employers, to identify the best employers in terms of diversity.

Requests for diversity policies: Government to write to all institutional funds who have holdings in FTSE companies and ask them for their policies on diversity and inclusion and how they ensure as owners of companies that the representation of BME individuals is considered across the employee base of the companies where they hold investments.

One year on review: Government should assess the extent to which the recommendations in this review have been implemented, and take necessary action where required.

A Report into the Ethnic Diversity of UK Boards by Sir John Parker October 2017

Report here (39 pages)

Purpose	To examine the ethnic diversity of UK Boards and make the commercial case for having a diverse broad. To provide business friendly recommendations that are practical with aspirational and realistic objectives and timescales.
Data	An examination of the FTSE 100: - 1,050 director positions in total; - UK citizen directors of colour represent only about 2% of the total director population; - 85 individual directors of colour (four hold two Board positions); - Total directors of colour represent about 8% of the total (compared to 14% of the UK population); - 51 out of the FTSE 100 companies do not have any directors of colour; - Seven companies account for over 40% of the directors of colour; - Five out of the seven companies have headquarters historically located outside the UK Only six people of colour hold the position of Chair or CEO; - Today, approximately 14% of the total UK population is a "person of colour", or from a "non-white" ethnic group – up from just over 2% in 1971; - By 2030, it is expected that the proportion will be closer to 20% of the total UK population; - By 2051, it is expected that the proportion of people of colour in the UK will reach to over 30% of the total UK population; - Between 2015-2050, one-half of the world's population growth will be concentrated in nine countries, five of which are in Africa and three in Asia; - The FTSE 100 derives more than 75% of its sales from outside the UK, and for the FTSE 250 that proportion is over 50%.

Recommendations	**Increase the Ethnic Diversity of UK Boards:**
	Each FTSE 100 Board should have at least one director of colour by 2021; and each FTSE 250 Board should have at least one director of colour by 2024.
	Nomination committees of all FTSE 100 and FTSE 250 companies should require their internal human resources teams or search firms (as applicable) to identify and present qualified people of colour to be considered for Board appointment when vacancies occur.
	Given the impact of the "Standard Voluntary Code of Conduct" for executive search firms in the context of gender-based recruitment, we recommend that the relevant principles of that code be extended on a similar basis to apply to the recruitment of minority ethnic candidates as Board directors of FTSE 100 and FTSE 250 companies. We recognise that qualified and credible candidates can come from a variety of backgrounds, genders and nationalities. This Review does not seek to mandate where candidates are drawn from, as this will need to be considered carefully by each company given its strategic needs and ambitions. However, we believe it is important to highlight that only about 2% of all FTSE 100 Board directors are UK citizen people of colour. This compares with people of colour comprising approximately 14% of the overall population in the UK.
	Looking at all people of colour on the Boards of FTSE 100 companies (regardless of nationality), at the end of the first half of 2017, there were only 85 individual directors who are people of colour (comprising approximately 8% of the total available positions) – over 40% of which are drawn from seven individual companies, five of which have been historically headquartered outside of the UK. Fifty-one companies within the FTSE 100 had no directors of colour, and from a seniority perspective, only six individuals who held the position of Chair or Chief Executive Officer are people of colour.
	We note, with appreciation, the changes made to the Standard Voluntary Code of Conduct in response to our recommendations in the Consultation Version. We look forward to seeing these being implemented.
	We also believe that such companies should carefully consider and apply the remainder of the recommendations, including asking themselves "Questions for Directors" set out in Appendix A to this Report.
	Develop candidates for the pipeline & plan for succession:
	Members of the FTSE 100 and FTSE 250 should develop mechanisms to identify, develop and promote people of colour within their organisations in order to ensure over time that there is a pipeline of

Board capable candidates and their managerial and executive ranks appropriately reflect the importance of diversity to their organisation.

Led by Board Chairs, existing Board directors of the FTSE 100 and FTSE 250 should mentor and / or sponsor people of colour within their own companies to ensure their readiness to assume senior managerial or executive positions internally, or nonexecutive Board positions externally.

Companies should encourage and support candidates drawn from diverse backgrounds, including people of colour, to take on Board roles internally (eg, subsidiaries) where appropriate, as well as Board and trustee roles with external organisations (eg, educational trusts, charities and other not-for-profit roles). These opportunities will give experience and develop oversight, leadership and stewardship skills. We recognise that organisational change must begin at the top. Stewardship, mentoring and sponsorship are essential components in professional development and progression. Without the appropriate commitments from existing Chairs, Boards and executives, UK companies will not attract, develop and retain the best talent, whatever their background and wherever they may be located. We encourage companies to establish objectives for the development of their respective pipelines and to record and track progress against those objectives, and report these matters to their Boards on a regular basis.

Enhance transparency & disclosure:

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.

Companies that do not meet Board composition recommendations by the relevant date should disclose in their annual report why they have not been able to achieve compliance.

We believe that the support of Government and regulatory bodies is essential to achieving progress in all aspects of diversity and social mobility, including increasing the representation of people of colour in decision-making and leadership roles in corporate Britain.

In order to help UK companies enhance the ethnic diversity of their Boards, we have developed the "Questions for Directors" set out in Appendix A and "The Directors' Resource Toolkit" set out in Appendix B to help existing Boards deliver on the recommendations of this Report.

Useful "Red Flag" section of the report	Board directors should be cognisant of "red flags" that may exist or may develop in their organisation. For example, Boards should be cognisant of the following potential "red flags":

	The Board does not currently have any directors of colour.
	The Board and senior management lack the resources and mechanisms to collect sufficient data to analyse the diversity profile of their organisation and the business case for change.
	Board self-evaluations may not include an assessment of its effectiveness with respect to inclusion and diversity, including an analysis of whether the Board has considered the strategic importance to the organisation
	Members of senior management do not carry out regular assessments to analyse the data collected and to monitor progress on the Diversity agenda.
	An ethnically diverse range of board candidates has not been previously considered.
	Vague terms like "fit" or not being the right "type" are used to describe why a potential candidate may not be appropriate, without sufficient objective and detailed supporting evidence being given and tested.
	The Board consists solely of people with similar professional backgrounds/ qualifications, particularly if the relevant business has global reach.
	Diversity programmes have been implemented in the past but not delivered results.
	The human resources teams or executive recruitment firms indicate that there are not any qualified minority ethnic candidates available to fill a vacancy.
	The profile of executive officers or members of senior management is not ethnically diverse.
	Members of the executive management team do not sponsor or mentor any people of colour within the organisation.
	The pipeline of "high potential" candidates is predominately of one race, gender, nationality or religion.
	There is a "clustering" of particular ethnicities within specific jobs or seniorities.
	Internal engagement surveys indicate that actual or perceived bias is affecting career progression for non-majority ethnic employees.
	There is a high level of "opting-out" or nonreporting of personal information regarding an individual's ethnicity within the organisation (as

	this suggests a degree of concern regarding an employee's own ethnicity).
	Of course, we do not suggest that the existence of any of these conditions to mean definitively that there is a problem to be rectified within the relevant organisation. However, we do suggest that the presence of any or all of these "red flags" should indicate that further investigation by the Board is warranted.
	Then see the toolkit from page 28 that is intended to guide boards in addressing the above red flags.