

THE CHANGING FACE OF THE BOARDROOM
FIDELIO OVERTURE



DIMENSIONS OF DIVERSITY

ETHNICITY, DIVERSITY & INCLUSION

Fidelio has a clear focus on the quality of Board judgement and decision-making. Diversity of experience, thinking and perspective is an essential attribute of Board effectiveness. In a multi-cultural society ethnic diversity, including in the Boardroom, is good business and the right thing to do.

Reflecting this imperative, from 2021 25% of Fidelio’s Board and executive Search appointments are from an ethnic minority background. Fidelio also regularly supports Boards internationally to provide leadership in building and developing companies that are diverse and inclusive, including with regard to ethnicity.

In a UK context the March 2024 publication of the [Parker Review](#) reflects the progress, opportunities, as well as some of the obstacles in achieving greater ethnic diversity within business.

‘The business community is making progress in creating more inclusive places of work for all and we believe that more will be achieved in the coming years.’

David Tyler, Chair of the Parker Review

Fidelio endorses the important work behind the Review and its recommendations. The overall findings of the Review are consistent with our experience of working with Boards who understand the importance of diversity for the business and its stakeholders; they also resonate with what works to move the dial. The principles behind the anti-bias ‘Search 2.0’

initiative are embedded in Fidelio's approach to Search and we also lay particular emphasis on opening up pathways for talented individuals. We are proud to be regularly introducing new candidates into Search processes and not relying on a narrow universe.

In this Overture we take a closer look at making progress towards greater ethnic minority representation in our leading organisations, as well as some of the key findings of the Parker Review. The value of granular work in monitoring and understanding progress towards diversity should not be underestimated; nor should the importance of effective leadership.

LOOKING BEYOND THE DATA

PROGRESS AND PROPORTIONALITY

Across the world, organisations benefit from reflecting – at leadership and employee level - the ethnic and cultural mix of the communities they serve. Diversity is an important factor in building trust and increasing effectiveness.

The UK is a multicultural society with an estimated 17% of the population reported to be of ethnic minority backgrounds. At times the UK has been seen to be making [significant progress](#) towards diverse representation in key leadership roles; on other occasions [less so](#).

When the Parker Review first reported on ethnic minority representation in the FTSE in 2016, it was clear much work needed to be done with **over 50% of FTSE 100 Boards** having no ethnic minority Directors in the Boardroom.

With the 2024 publication of the Review, significant progress has been made:

- **96 of FTSE 100** companies now meet the target of at least one ethnic minority Director on their Board.
- The number of ethnic minority Directors holding the position of Chair or CEO in the FTSE 100 has risen from **9 in 2016 to 19 at the end of 2023**.
- **12 of these were CEOs**. While this still has a way to go, it should be noted that there were only **11 female CEOs within the FTSE 100** according to the recent FTSE Women Leaders Review .

Fidelio is committed to seeing [progress in gender](#) and ethnic diversity at executive level and in particular among CEOs.

The Parker Review also highlighted where further work needed to be done:

- Participation in the Review by FTSE 250 and leading private companies was not universal. Unlike the FTSE 100 of which all submitted data, **21% of FTSE 250 companies** and **28% of the 50 largest private UK businesses** did not participate. This non-participation sends a signal.

- Also progress is uneven. The Parker Review Reports that *‘the percentage of directorships occupied by **Asian individuals is roughly proportionate** to their representation in the UK population’* whereas *‘the **Black community is not proportionately represented’***. A nuanced reading of headline numbers is clearly required.

POWER OF TARGETS

Fidelio certainly sees Boards increasingly focusing on good data when considering the people agenda and in particular diversity and inclusion. Companies also routinely work through objectives and targets.

Target setting has also proved an important part of the Parker Review initiative. Each year scope has expanded as thresholds are met. For example:

- 2023 marks the first year that **senior executive positions** were measured and that the UK’s largest **private companies** were included in the Review.
- For the first time, the Review also invited companies to **set their own objectives** for the end of 2027 around the proportion of ethnic minority executives in their senior management teams. **44 of the FTSE 100** have now submitted targets.

Targets represent a means of encouraging and tracking progress and it is important to see this being extended to executives as well as Boards and beyond the listed sector.

Companies are encouraged to set targets that reflect the footprint of the business – domestic and international reach, as well as the cultural mix of the communities and stakeholders that they serve.

Fidelio, along with other corporate voices, supports this pragmatic approach. It is worth noting that while company targets differ, the average target for reporting FTSE 100 companies was 17% ethnic minority representation at senior management; this reflects the national demographic.

LOOKING AHEAD

THE PATHWAY TO DIVERSE OUTCOMES

Fidelio has demonstrated that diverse outcomes are possible:

- **On average 55% of our Board and executive placements have been women each year since 2021.**
- **In the last three years, 25% of our Board and executive placements have been from an ethnic minority background.**

This has been achieved through a [structured approach to Search](#), as well as constantly developing our network in the UK and internationally. The benefits for clients include access to a much richer talent pool.

The value of strong and rigorous process is reflected in the Parker Review, which also makes recommendations to search firms and corporates regarding the appointments process. Key takeaways include:

- **‘Search 2.0’** - a structured Search process that is anti-bias and focused on inclusivity.
- **Becoming ‘Race Fluent’** – practical advice on how to approach discussions of race and ethnicity, including in the Boardroom, and useful guidance on terminology.
- **‘Change the Race Ratio’** – a campaign advocating for inclusive leadership, accountability, transparency and the ethical use of AI to ensure a fair ‘Race Ratio’ at leadership level.

Fidelio embraces these initiatives. We also stress the importance of opening up pathways and talent pools to avoid drawing upon too limited a selection of candidates. This has been a traditional criticism of the Search industry and needs to be addressed.

We continue to support our clients in building highly effective Boards and leadership teams which are diverse and reflective of the communities they serve. A structured approach to diversity sits comfortably with business objectives. It also opens the door to a substantially larger and richer talent pool than many organisations are addressing today.

Thank you to the Parker Review for its contribution over the years. It’s so important to keep up momentum. Fidelio remains committed to playing our part.

ABOUT FIDELIO

[Fidelio Partners](#) advises Chairs and has a clear focus on Board effectiveness and building judgement capability. We have an international track record in building better Boards through Search, Board Review and Development. To learn more about how we advise and support Chairs, including with regard to Diversity and Inclusion, please contact gkarrancumberlege@fideliopartners.com.

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