

Insights

UPDATE FROM PARKER REVIEW 2023

Mar 16, 2023

SUMMARY

An update report from the Parker Review on Ethnic Diversity highlights that 96% of FTSE 100 companies have met the target of at least one minority ethnic director on their boards. FTSE 250 companies are making progress towards meeting this target by 2024.

The report also sets out new targets for each FTSE 350 company to set a target percentage for senior management positions that will be occupied by ethnic minority executives and for 50 of the UK's largest private companies to have at least one ethnic minority director on the board.

KEY FINDINGS OF THE LATEST REPORT FROM THE PARKER REVIEW

The Parker Review recommended that there should be (i) one director from a minority ethnic group on each FTSE 100 board by 2021; and (ii) one on each FTSE 250 board by 2024. This update report found, as of December 2022:

- FTSE 100 – 96 companies met the target (89% in 2021). 47% of ethnic minority directors are women.
- FTSE 250 – 149 companies out of 224 (67%) who submitted data met this target (55% in 2021), equivalent to 60% of all FTSE 250 boards. 48% of ethnic minority directors are women.

NEW OBJECTIVES

To ensure that diverse talent within an organisation, including those from a minority ethnic background, are given equal opportunities for success, new targets are being set for executives below the board:

- By December 2023, FTSE 350 companies will need to set their own target for the percentage of senior management who self-identify as being in an ethnic minority and they will need to meet this target by December 2027. Companies are encouraged to describe in the report the

management development plans to encourage and support achieving a diverse and inclusive pipeline.

- 50 of the UK’s largest private companies by reference to turnover and the number of employees (the full list is set out in the [FTSE Women Leaders Review 2022](#)) are being asked to set a target to have at least one ethnic minority director on its board by December 2027, and to provide targets for the percentage of ethnic minority individuals within senior management.

	FTSE 100	FTSE 250	Private companies
Board			
Date to set target	N/A	N/A	N/A
Date to meet target	December 2021	December 2024	December 2027
Senior management			
Date to set target	December 2023	December 2023	December 2024
Date to meet target	December 2027	December 2027	December 2027
Other information	Expect companies to report this target in their Annual Reports published in 2024	Expect companies to report this target in their Annual Reports published in 2024	The review will start to collect this data in their 2024 survey

LISTING RULES AND INSTITUTIONAL INVESTOR GUIDANCE

To promote disclosure of diversity on listed company boards and executive committees, the Listing Rules were recently amended to require standard and premium listed companies to publish a ‘comply or explain’ statement in their annual reports on whether they have achieved the following targets:

- at least 40% of the board are women;
- at least one of the senior board positions is a woman; and
- at least one member of the board is from an ethnic minority background excluding white ethnic groups.

Although the rules apply for financial years beginning on or after 1 April 2022, meaning that most companies will not report on these until 2024 or Q2 2023 at the earliest, companies should consider these requirements now. The [Glass Lewis 2023 Policy Guidelines](#) will monitor progress towards best practice prevalent in the market for 2023 but expect in subsequent years recommendations against the nomination committee chair if the board has made insufficient progress against these

targets without providing a cogent explanation for the makeup of the board or a plan to address the issue.

The Investment Association have published its [shareholder priorities and IVIS approach for 2023](#) which support the Parker Review targets. IVIS will red top FTSE 100 companies that have not met the Parker Review target and amber top FTSE 250 companies that do not disclose either the ethnic diversity of their board or a credible action plan to achieve the Parker Review targets by 2024.

Source: [Parker Review Update Report](#)

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