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## The Directors' Resource Toolkit



As assistance for companies looking for examples of best practice, we recommend the toolkit below developed by the UK National Equality Standard (NES) based on their work with many businesses.

### Tools for change

While businesses increasingly understand the need to reflect the society they serve, many underestimate the changes required to build an ethnically balanced, sustainable talent pipeline.

Typically, businesses will need to go beyond the term 'minority ethnic' as a homogenous group to understand the experiences of individual races and ethnicities within their workforce. While short-term targets are a useful way to propel change, they may need to be accompanied by initiatives that focus on creating the inclusive culture and flexible talent pathways that will enable people from minority ethnic groups, at all levels within the business, to thrive.

In response to these challenges, businesses must develop frameworks that not only improve the representation of minority ethnic groups at Board level but are sustained and supported by broader changes to culture and governance.

### National Equity Standard Toolkit

Through our work with the NES, EY has insight from 400+ organisations' D&I strategies, action plans and initiatives. Based on those findings, we have designed this toolkit, which we share here to help Boards and their businesses better support diverse talent.

The NES, which was developed by businesses for businesses, sets out clear equality, diversity and inclusion (D&I) criteria, against which companies are independently assessed.

This toolkit sets out a series of challenging questions, tools and techniques that business leaders can use to enact sustainable change.

Further information is available from Arun Batra OBE, EY Partner and Chief Executive Officer of the NES.



## Considering Minority Ethnic Group Employees Across The Whole Employee Lifecycle:

### Key questions

Many organisations have been successful in improving board level minority ethnic group representation in the near-term.

Their challenge now is to ensure that this improvement is both sustainable and experienced by all minority ethnic groups alike.

Below, we have outlined some examples of the key questions that companies should consider as a guide for responding to this challenge.

These questions take a broad approach, covering the interventions that will be required to create an inclusive culture, whilst also considering the organisational architectures that will enable diverse talent to succeed.



## Introduction to The Directors' Resource Toolkit

The tragic killing of George Floyd in May 2020 was a watershed moment in the movement for racial equality. The emotional reaction to this appalling event gave impetus and urgency to global anti-racism efforts. We must all, including business, seize this opportunity to do better.

We want our businesses to reflect the society they serve at all levels. To achieve this, business will need to be granular and go beyond the term 'minority ethnic' as a homogenous group to understand the experiences of individual races and ethnicities within their workforce.

Only with this understanding will come a response sufficiently tailored to ensure an ethnically balanced pipeline of talent for years to come.

Moving out of the COVID-19 crisis we have an unprecedented opportunity to redefine our working practices and, with that, our approach to supporting diverse talent. This toolkit sets out a series of challenging questions, tools and techniques that you, as business leaders, can use to enact sustainable change.

### Short term targets and long-term gain

We know that short term targets are impactful for propelling change in the immediate term. However, we advise that these targets are accompanied by broader initiatives that focus on creating the inclusive culture and flexible talent pathways that will enable ethnic minorities, at all levels within the business, to thrive.

We are pleased to see the ever increasing focus that is being given to D&I by investors and regulators alike. Our National Equality Standard, commended by the FRC in their 2021 Review of Corporate Reporting provides a mechanism for businesses to respond to their D&I challenges, in both the short and long-term, within a highly structured way.

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## Leadership and culture

### Strategy and business case

- Do you have a D&I strategy in place? And does this strategy set out how you will deliver on / continue to deliver on the Parker recommendations?
- Have you articulated an organisation specific business case for a diverse Board (and workforce)?
- Are you regularly reinforcing this organisation specific business case within communications and learnings?

### Culture

- How do you hold your leaders to account for creating an inclusive working environment?
- What mechanisms have you made available to employees to 'speak up' if they experience poor behaviours at work?
- Do you capture data to assess whether these 'speak up' measures and metrics are effective?

### Governance

- Do you have an executive level sponsor for D&I?
- Is there sufficient expertise in the organisation to steer effective D&I initiatives?
- Is there clear lines of accountability for delivering on actions within your D&I strategy?

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## Talent processes

### Talent attraction

- Have you considered how your employee value proposition will be viewed by ethnic minorities?
- Is the requirement to provide a diverse shortlist a condition of contract with your recruitment partners?
- Have you sought to engage with high-potential minority ethnic talent within the market?

### Recruitment and selection

- Has your recruitment data been analysed for minority ethnic group drop offs?
- Has the eligibility criteria for Board level roles been challenged to consider what is really required to be 'Board ready'?
- Do nomination committees / interview panels have the necessary support and training to mitigate bias and apply a contextual recruitment approach?
- Is the candidates' experience consistent with how you have marketed yourself as an employer within your talent value proposition?
- Can you stay in touch with ethnically diverse candidates that performed well at interview but were not offered the role?

External

### Retention

- Are network groups in place to ensure that employees have access to peer support?
- Has employee engagement data been analysed to understand differentials in experience of minority ethnic group employees?
- Has an independent equal pay gap audit been commissioned? And has the minority ethnic group pay gap been analysed and explained?

### Exit

- Are exit interviews conducted and analysed to understand any disparity in experience for minority ethnic group employees?
- When making redundancies, are equality impact assessments used to understand whether ethnic minorities are disproportionately impacted?

Internal

### Onboarding

- Is the package of support / sponsorship available to employees sufficiently flexible to support individual needs e.g. outside caring responsibilities, family or community commitments?
- Are employee resource groups helping to develop the onboarding process?
- Do onboarding communications portray an inclusive culture which appreciate the diverse background of its employees?

### Development

- Has the ethnic diversity of the talent pipeline been reviewed at the levels leading up to the Board, e.g. Exco, Exco+1
- What opportunities do you have to use positive action to support ethnic minorities?
- Is high-potential minority ethnic group talent being consistently given the critical experiences required to progress?
- Does the performance management system include sufficient check and challenge to mitigate the potential for bias?
- What third party partnerships can you put in place to facilitate access to broader professional development experiences for minority ethnic group employees?

Internal



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## Data tracking and reporting

### Data capture and analysis

- Are key talent outcomes (e.g. recruitment, promotions, performance management ratings) analysed to understand if there are disproportionate outcomes for ethnic minorities?
- Where data permits, does this analysis extend beyond considering ethnic minorities as a homogenous group?

### Reporting / regulations

- Does the language and imagery that you use across your entire annual report reflect a diverse and inclusive employer?
- What checks and balances, relating to your D&I work, can you bring into your business as usual? For example, through your Internal Audit function.
- How can you proactively engage with third-parties, e.g., your supply-chain or your investors, around board room diversity?

## The tools and techniques that drive change

In order to drive genuine impact across all parts of an organisation, companies should apply a holistic approach.

The NES framework is outlined on the following page as a guide on the key areas which should be incorporated into a structured and methodological approach to developing minority ethnic talent.

The 35 competency model has been developed by industry and government to drive change and increase representation.

As part of a holistic approach to improving ethnic representation, we have outlined what we believe to be some examples of the most impactful initiatives. These have been selected based on our consultations with business leaders and best practice insight

The examples have been highlighted on the following page from a selection of some of the 35 competencies within the NES framework.

## National Equality Standard Framework



Use a cultural assessment to obtain hard evidence of the values and behaviours that are experienced by minority ethnic group employees and how these differ from other demographics. Based on the cultural assessment findings, develop targeted interventions to improve inclusion and increase retention and progression.

Consider the strengths, behaviours and professional experiences that will be required from your future leaders. Challenge whether the metrics and measures that you currently use to appraise your people are sufficiently broad to enable a diverse group of employees to progress towards leadership roles e.g. extroverts and introverts, those with caring responsibilities

Encourage your employees to disclose their diversity data by emphasising its importance to the future success of your D&I programme. Once obtained this data should be used as the basis for understanding whether minority ethnic groups are experiencing proportionate outcomes in key talent processes.

1 Core Components of D&I	2 Your Talent	3 Your Business	4 Your People	5 Your Leadership	6 Your Relationships	7 Review & Measurement
1.1 Culture	2.1 Talent attraction	3.1 Strategy	4.1 Feedback mechanism	5.1 Commitment & accountability	6.1 External relationships & CSR	7.1 Pay gap
1.2 Policies & practices	2.2 Recruitment and on boarding	3.2 Bias	4.2 Mental health & wellbeing	5.2 Visibility & messaging	6.2 Supplier relationships	7.2 Data analysis
1.3 Engagement survey	2.3 Appraisal & performance monitoring	3.3 Business case	4.3 Flexible working	5.3 Inclusive leadership	6.3 Customer insight	7.3 Action planning and implementation
1.4 Targeted training	2.4 Career progression	3.4 Governance	4.4 Adjustments & accessibility	5.4 Senior level scrutiny	6.4 Industry insight & regulations	7.4 Review
1.5 Communications	2.5 Learning & development	3.5 Setting priorities	4.5 Caring responsibilities	5.5 Middle management	6.5 Human rights & modern slavery	7.5 Measurement

Be authentic in how you communicate around D&I. Consider whether your words and action match your intent, whether you are taking a stand on events which matter to your people and how you represent yourself in interactions with external parties

Look at the current level of diversity within your talent pipeline. Consider the opportunities that you have to expand the career pathways that lead to your boardroom.

Identify a suite of performance indicators that you can use to measure the return on investment obtained from your D&I initiatives. Consider traditional HR metrics (e.g. attrition rates) alongside broader financial and customer satisfaction measures.