

**THE ENHANCED VOLUNTARY CODE OF CONDUCT FOR
EXECUTIVE SEARCH FIRMS**

DAVIES REVIEW ACCREDITATION

September 2014

Introduction

In recognition of the progress since the publication of the Davies Review in 2011, an accreditation process is warranted to acknowledge those Executive Search firms who are at the forefront of helping boards to enhance their gender diversity – consistent with their overall objective of helping their clients to build great boards. The ‘*Taking the Next Step*’ review by Charlotte Sweeney in 2014 also recommended recognising those Executive Search firms achieving a higher level of women appointments on FTSE 350 boards.

FTSE 350 Accreditation

Accreditation under The Enhanced Code of Conduct for Executive Search firms (Enhanced Code) specifically acknowledges those firms with a strong track record in and promotion of gender diversity in the FTSE 350 companies, against the scope of the Davies Review. Executive Search firms accredited here have collectively, since 2011, fuelled the progress made against the 25% target set for women on FTSE 350 boards by 2015.

Beyond FTSE Accreditation

A separate accreditation category is set out in parallel under the Enhanced Code, to recognise efforts of those firms working with boards outside the FTSE 350. In support of the wider Women on Boards agenda, there are many firms doing enormously valuable work with small cap, private, mutual, international and subsidiary businesses and the not for profit/government sector. This work also helps to strengthen the pipeline of women available to fill FTSE 350 roles of the future.

The determining criteria for accreditation under the Enhanced Code are laid out below. The Davies Steering Group would have responsibility for determining which firms are deemed to have met them. This will be reassessed on an annual basis.

Criteria for FTSE 350 Accreditation (A and B)

- A. **Quantitative output measures:** FTSE 350 accredited firms are those with a demonstrated track record of playing a major role in improving gender diversity in FTSE 350 businesses. In the preceding 12 months (normally the calendar year), they will therefore:
1. Have supported the appointment of at least 4 women to the boards of FTSE 350 companies over the last year.

2. Have achieved a proportion of at least 33% female appointments in their FTSE 350 board work (across both Executive and Non-Executive Director roles).
 3. Have a proven record of helping women to achieve their first FTSE 350 board appointment.
- B. Qualitative active promotion of gender diversity:** Equally, accredited firms are those recognised as working most substantively to promote gender diversity. As a minimum, they will be:
1. Fully delivering against all the provisions in The Standard Voluntary Code of Conduct.
 2. Visibly signalling their commitment to supporting gender diversity clearly on their websites, in marketing literature and in discussions with clients and candidates.
 3. Launching, continuing or supporting initiatives to expand their databases of and contacts with potential new/future women board Directors, and/or programmes to support aspiring women candidates to their first FTSE board position.
 4. Ensuring detailed familiarity with and appropriate use of external lists produced by organisations such as Cranfield and others.
 5. Publishing relevant summary data on their track record and case studies on their website, as appropriate.
 6. Running internal training and awareness programmes to share and embed best practices within their firms and ensuring full adherence to the Code is effectively monitored.

Process for FTSE 350 Accreditation

Executive Search firms that believe that they meet the criteria for the FTSE 350 Accreditation category as above, are required to share detailed performance data annually on a confidential but agreed, consistent basis with the Davies Steering Group. The outputs required are:

- The total number of FTSE 100 and 250 board assignments completed in a 12 month period.
- Total number of women appointed to FTSE 100 and FTSE 250 boards.
- The % of women at longlist, shortlist and appointment stages.
- Names of women appointed and appointment date.
- Details of how many women were being appointed to their first FTSE 350 boards.
- Additional qualitative information in support of Section B above as required.

Criteria for Beyond FTSE Accreditation (C and D)

C. Quantitative output measures: Beyond FTSE accredited firms are those with a demonstrated track record of playing a major role in improving gender diversity in the broader UK business and organisational community. In the preceding 12 months (normally the calendar year), they will therefore:

1. Have supported the appointment of women to substantial boards of small cap, private, mutual, international and subsidiary businesses, including the not for profit/government sector over the last year. This includes pro bono assignments for entities with at least £10 million turnover annually and 20 employees.
2. Have achieved a proportion of at least 33% female appointments in their board work (across both Executive and Non-Executive Director roles).
3. Have a proven record of helping women to achieve their first substantial board appointment.

D. Qualitative active promotion of gender diversity: Equally, accredited firms are those recognised as working most substantively to promote gender diversity in this space. As a minimum, they will be:

1. Fully delivering against all the provisions in The Standard Voluntary Code of Conduct.
2. Visibly signalling their commitment to supporting gender diversity clearly on their websites, in marketing literature and in discussions with clients and candidates.
3. Launching, continuing or supporting initiatives to expand their databases of and contacts with potential new/future women board Directors, and/or programmes to support aspiring women candidates to their first FTSE board position.
4. Ensuring detailed familiarity with and appropriate use of external lists produced by organisations such as Cranfield and others.
5. Publishing relevant summary data on their track record and case studies on their website, as appropriate.
6. Running internal training and awareness programmes to share and embed best practices within their firms and ensuring full adherence to the Code is effectively monitored.

Process for Beyond FTSE Accreditation

Executive Search firms that believe that they meet the criteria for the accreditation under the Beyond FTSE Accreditation category, as above, are required to share detailed performance data annually on a confidential but agreed, consistent basis with the Davies Steering Group. The outputs required are:

- The total number of substantial board assignments completed in a 12 month period.
- Total number of women appointed to substantial boards, including the % of women at longlist, shortlist and appointment stages.
- Names of women appointed, appointment date and supporting evidence.
- Details of how many women were being appointed to their first substantial board position.
- Additional qualitative information in support of Section D above as required.

The award of accreditation will be based on the metrics above and at the sole discretion of the Davies Steering Group.

Firms wishing to be considered for accreditation under the Enhanced Code, should submit their data under either the FTSE 350 Accreditation category or the 'Beyond FTSE' Accreditation category, for a 12 month consecutive period covering 2013/2014. A template is available for completion on request from womenonboards.bis@gmail.com and firms wishing to be accredited under the initial autumn 2014 phase, should submit their data to womenonboards.bis@gmail.com by September 19th 2014.

The names of firms accredited under the Enhanced Code will be announced on 29th September 2014 and published on the Department of Business, Innovation and Skills website. The operation of the Enhanced Code will be monitored in the first 12 months, reviewed by key stakeholders at the end of 2015 and updated as appropriate.