



# CHARTER FOR BLACK TALENT IN FINANCE AND THE PROFESSIONS

[www.blacktalentcharter.com](http://www.blacktalentcharter.com)

## INTRODUCTION

1. The Charter for Black Talent in Finance and the Professions is a game-changing initiative aimed at increasing the number of Black people in senior positions in the financial and professional services sectors in the UK. Unlike other such initiatives, the Charter is aimed at men and women of Black heritage in the target sectors, who are the most underrepresented ethnic group in these sectors and at senior levels.
2. The Charter is the brainchild of barrister [Harry Matovu QC](#), who has been working in partnership with Michael Eboda, CEO of Powerful Media Ltd. It is modelled on, but far from identical to, the Women in Finance Charter that was launched four years ago by the Treasury. The Charter goes far beyond the first step of offering internships, and demands, not simply aspirational statements (however sincere), but ambitious targets and measurable data for recruitment, career progression and promotion, with clear action plans devised and delivered by the senior leadership of each firm with full accountability and transparency.
3. The Charter has the support of some of the biggest names in the City and the professions, including:
  - The City of London Corporation
  - London First
  - The Institute of Chartered Accountants in England and Wales
  - The Inns of Court of the English Bar
  - Innovate Finance, the fintech trade association
  - Magic Circle law firms
  - Big Four accountancy giants



## OVERVIEW

4. The Charter is set out in detail at the end of this document. It aims to create a gear-shift, after many decades of inaction, for the delivery of meaningful and lasting change in the environment and opportunities for talented Black professionals to progress to the highest levels of the financial and the professions sectors.
5. The Charter requires signatory firms to make eight pledges:
  - (1) to appoint a member of the senior executive team to be accountable for Black representation and inclusion;
  - (2) to create a fair and inclusive environment for Black talent to develop careers and to compete without disadvantage for positions at the top of their UK business;
  - (3) to accept as a "core commitment" that any targets for progress must be challenging if they are to be effective; and to embrace without fear the inherent risk that such targets may not be achieved;
  - (4) to establish baseline data regarding Black employees in their UK business;
  - (5) to develop an action plan with challenging five-year targets to increase the number of Black employees in senior grades in their UK business, allowing flexibility for firms to set targets which, whilst ambitious, realistically reflect their particular size, status, maturity, business model and approach to career development and progression;
  - (6) to publish annual reports on their corporate website on the steps taken to achieve the Charter objectives and progress against the baseline data and action plan;
  - (7) to ensure that performance appraisals of the responsible senior executive specifically include an assessment of progress on delivery against targets; and
  - (8) to require external service providers to demonstrate their own commitment to promoting Black representation in their businesses.



## THE CASE FOR ACTION

### Discrimination and Institutional Inertia

6. The lack of progress on Black representation in finance and the professions has been widely recognised, and it is supported by clear data, notably in the Parker Review and Reports in 2017 and 2020,<sup>1</sup> and in reports from McKinsey & Company in 2015, 2018 and 2020.<sup>2</sup>
  
7. The data shows that *"while females are slowly taking their seats in the boardroom, people of colour remain super-glued to the corporate floor."*<sup>3</sup> In February 2020, the Parker Review Committee suggested that *"there may be longstanding talent bias, and ... little interest in or appreciation of the benefits that ethnic diversity can bring into the Boardroom"*, and it advised that *"Board Chairs need to drive this change, and push past the institutional inertia that can exist where there is a pre-existing talent bias."* It further noted that  
  
*"... there are too few people within corporate Britain prepared to seize the opportunity to drive the corporate change we sought to encourage and embrace a talent pool that is Board-ready and truly global."*
  
8. In an open letter to UK business in July 2020, 39 financial, professional and other firms also noted the lack of action on black under-representation in UK business. They did so in strong terms:

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<sup>1</sup> A Report into the Ethnic Diversity of UK Boards (October 2017) – [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_uk/news/2020/02/ey-parker-review-2017-report-final.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/news/2020/02/ey-parker-review-2017-report-final.pdf); Ethnic Diversity Enriching Business Leadership (February 2020) – [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_uk/news/2020/02/ey-parker-review-2020-report-final.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/news/2020/02/ey-parker-review-2020-report-final.pdf).

<sup>2</sup> Diversity Matters (February 2015) - <https://assets.mckinsey.com/~media/857F440109AA4D13A54D9C496D86ED58.ashx>;  
Delivering Through Diversity (January 2018) – [https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Delivering%20through%20diversity/Delivering-through-diversity\\_full-report.pdf](https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Delivering%20through%20diversity/Delivering-through-diversity_full-report.pdf);  
Diversity Wins: How Inclusion Matters (May 2020) – <https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Diversity%20and%20Inclusion/Diversity-wins-How-inclusion-matters-vF.pdf>.

<sup>3</sup> Trevor Phillips, Chair of Green Park Ltd recruitment consultants, December 2019



*“What is hopefully clear to all of us is how little tangible action has been taken to reduce systemic discrimination in the workplace, but also how little honesty there has been about black inclusion and discrimination in particular.*

...

*We’ve posted on our corporate Instagram, Facebook, Twitter, LinkedIn, but now we must show what our organisations look like truthfully and what more we are doing to change it.”*

9. Various reasons can be suggested for this lack of commitment and progress. What is clear, however, from a number of studies is that Black professionals face greater disadvantages and inequities in this workplace through negative stereotyping and bias (whether conscious or unconscious) than other minority ethnic groups. Two examples demonstrate the starkness of the disparities:
  - (1) In a major review in 2016 into race inequality in Great Britain, the Equality and Human Rights Commission recorded that Black workers with degrees were on average found to earn 23.1% less than white workers with similar qualifications.
  - (2) Four years later, the 2020 Race At Work ‘Black Voices’ Report shows that Black senior managers in the private sector in the UK have a far greater number of degrees, masters or PhDs than their white counterparts;<sup>4</sup> and yet in the top management roles across UK private sector organisations, just 1.5% are held by Black executives.

## The Data

10. The statistics on the development and promotion of Black talent to senior grades are shameful:
  - (1) **FTSE 100 companies** – In its 2019 ‘Leadership 10,000’ Report, Green Park recorded that, while BAME employees comprised 10.7% of staff in FTSE 100 companies, the least represented group were Black staff at 1.4%.

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<sup>4</sup> 66% of the Black respondents had degrees, masters or PhDs. For the black African ethnic group alone, this stood at 91%. This contrasts with 87% for the Chinese ethnic group, 80% and 79% for the Indian and Pakistani ethnic groups respectively – and just 52% for the white ethnic group.



- (2) **Investment Banks** – An analysis of 11 leading investment banks and leading boutiques by Financial News in July 2020 revealed that, out of the 650 leading investment bankers in M&A, equity and debt capital markets, leveraged finance and financial sponsors in London, only 3 were Black.
  - (3) **Accountancy Firms** – A study by HLB International in 2020 recorded that there were only 17 Black partners out of 4,266 partners in the top 8 accountancy firms in the UK. Furthermore, the Financial Reporting Council's 2019 report on Key Facts and Trends in the Accountancy Profession (published in October 2020) recorded that "*glaringly*" no firms with under 200 employees had *any* BAME, let alone Black, managers.
  - (4) **Law Firms** – This followed on the heels of an earlier report in The Telegraph, which recorded that, out of 800 partners in Magic Circle law firms, only 6 were Black.
  - (5) **The Bar** – In October 2020, out of 593 barristers in the six sets described by The Lawyer magazine as the 'Magic Circle' sets at the UK Commercial Bar, there were only 5 Black barristers.
11. In fact, there is evidence that we are currently going *backwards*, despite all the many corporate declarations about a desire to effect change. Findings published in February 2021 from Green Park's Annual Business Leaders Index recorded that there are no Black Chairs, CEOs or CFOs at FTSE 100 companies, and that, unlike the situation with other ethnic groups, the prospects for Black talent had regressed.

*"While the numbers of most other minority ethnic groups in these top positions have increased by a small amount since its first report in 2014, the number of black leaders at FTSE 100 companies has stalled and then dropped to zero".*

In addition, the findings showed that numbers of Black professionals in the leadership pipeline have decreased over the past year from 1.4% to 0.9%.



## The Pipeline of Talent

12. The lack of current pipelines of Black talent has constantly been used as an excuse for doing little or nothing. This does not bear scrutiny. Just as it is absurd to assume that successful white leaders in finance and the professions are 'unicorns', it defies common sense to assume that there are only a tiny number of Black professionals with the talent to reach senior positions in their firms. The more realistic view is that there is a large pool of highly talented Black individuals out there with leadership potential, whom corporations or firms could recruit, retain and develop – if they are determined to look for them.

13. As the Parker Review Committee observed in its update report in February 2020:

*"The question for corporate Britain is not about whether the non-white talent is there or ready, the question is whether it is willing to appreciate it, attribute commercial and competitive value to it and change the historical constructs operating currently in the Boardroom and more broadly in our corporate institutions."*

14. Similarly, the General Counsel of Coca-Cola said in an open letter to its panel of external law firms in January 2021:

*"We know how to develop and implement clear timebound actionable plans that move organizations and industries to solve complex problems. In the grand scheme of things, the issue of the diversity of our profession is not a complex problem. If we approach this like any other business imperative, we would allocate capital and invest in aspects of our business that move us forward to achieve our goal and grow profitably."*

## Different Initiatives

15. A number of initiatives have recently been introduced to try to address the problem of ethnic disparities in the workplace. However, almost all of them address BAME under-representation in general, even though it is now recognised that this masks the particular and greater disadvantages experienced by Black professionals in the target sectors.

16. Furthermore, firms and organisations often assume that they have to choose between these different initiatives on the assumption that they are somehow in



competition with one another or that they are mutually exclusive. This is wholly misconceived, as the originators of each of these initiatives would confirm. Nor is it supported in practice. By way of example, the founding signatory law firms to the Charter for Black Talent (Allen & Overy, Freshfields and Herbert Smith) are also signatories to the Race Fairness Commitment. Similarly, in the accountancy sector, KPMG and PWC are founding signatories to the Charter for Black Talent and also signatories to the Race At Work Charter. The initiatives should be seen as complementary, and they can drive the agenda for change even more powerfully if adopted together.<sup>5</sup>

## THE CONCEPT

17. The need for an action on the lines of the pledges in the Charter has been recognised in the UK for some time. For example:

- (1) Back in 2017, the MacGregor-Smith Review said that "*Employers must publish their aspirational targets, be transparent about their progress and be accountable for delivering them.*"
- (2) Three years later, the Parker Review noted that "*[e]thnic diversity needs to be given the same level of board room focus that finally led to increasing female representation on boards, which has seen real progress in recent years.*"

18. The success of the Women in Finance Charter (**WIF Charter**) demonstrates what an initiative of this nature can achieve. As at June 2020, the WIF Charter had over 370 signatories covering 900,000 employees across the sector, and on 23 June 2020 42 more organisations became signatories to it. The third annual review of the WIF Charter (published in June 2020) reported (*inter alia*) that:<sup>6</sup>

- (1) four years since its launch, the WIF Charter was having "*a measurable impact on the financial services industry*";

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<sup>5</sup> For example, the #10000blackinterns initiative ([www.10000blackinterns.com](http://www.10000blackinterns.com)) addresses the very first stage in the career process: it provides young black people with internships in City and other firms for a short 6-week period, but it does not address the issues of the recruitment and progression of interns in the event that they choose a career in these professions. The Charter for Black Talent picks up from that point.

<sup>6</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/894197/HM\\_Treasury\\_Women\\_in\\_Finance\\_Charter\\_-\\_Annual\\_Review\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/894197/HM_Treasury_Women_in_Finance_Charter_-_Annual_Review_2019.pdf)



- (2) a third (33%) of the 187 signatories analysed in the review had met or exceeded their targets for female representation in senior management, and a further 48% who had targets with future deadlines reported that they were on track to meet them;
- (3) female representation in senior management at signatory firms was rising. Three out of four (76%) signatories had either increased or maintained the proportion of women in senior management during the reporting period (to the end of 2019);
- (4) there had been a notable shift in how signatories were using data to embed diversity into the business, to drive accountability and to quantify the impact of actions;
- (5) a third of signatories believed that the link between pay and diversity targets had been effective; and
- (6) signatories reported an increased emphasis on identifying and developing existing female talent for progression into senior management positions.

The concept clearly works as a driver of real and significant change.



## **CHARTER FOR BLACK TALENT IN FINANCE AND THE PROFESSIONS**

**A pledge to improve Black representation, career progression and opportunities across financial and professional services in the United Kingdom**

**My organisation pledges to promote Black representation in finance and the professions in the United Kingdom by:**

- (1) having one member of our senior executive team who is responsible and accountable for Black representation and inclusion, recruitment, career progression and opportunity for promotion in our UK business;**
- (2) creating and maintaining in our UK business an environment where Black talent can be identified, developed and promoted for the benefit of individuals and the organisation;**
- (3) committing to work in good faith to enhance Black representation and inclusion in our UK business by the steps set out below, recognising that (a) the fundamental objective is to demonstrate and report a measurably enhanced culture of inclusion and progress against clear targets, even if the targets themselves are not yet achieved, and (b) targets must be challenging if they are to be effective (the “Core Commitment”);**
- (4) requiring external financial and professional service providers engaged by us to demonstrate their commitment to promoting Black representation among their recruits and in management positions;**
- (5) within six months of Charter signature, establishing baseline data for Black<sup>7</sup> representation in the UK business (on the basis of self-identification by employees and subject to applicable data protection legislation), including data showing the percentage of Black employees among new recruits and in management positions in the UK business at the date of Charter signature; and maintaining a record of Black employees and new recruits each year (on the basis of self-identification as such and subject to applicable data protection legislation);**
- (6) having regard to the Core Commitment above:**

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<sup>7</sup> As defined by the Office for National Statistics, ‘Black’ means African, Caribbean, Black British, white and Black Caribbean and white and Black African heritage.



- (i) developing an action plan for improving Black representation and inclusion, recruitment and career progression in the UK business, which identifies the progress the firm aims to achieve across the business;**
- (ii) setting internal targets to be achieved within five years for Black representation amongst our recruits and in and management positions against our baseline data,**  
**in particular, setting internal targets to achieve a significant increase in the number of Black professionals in the most senior grades in the UK business, recognising that**
  - (a) a reasonable general presumption for ambitious but fair targets to achieve that significant increase is (i) for corporations, a net increase of 3 percentage points within 5 years, and (ii) for partnerships, a net increase of 5 equity partners within 5 years; but**
  - (b) if we wish to set different targets based on a bespoke business model and programme of our firm for career progression and promotion, we shall set those targets in such a way as to demonstrate, by reference to the general presumption and our bespoke business model or programme, our commitment to achieve a significant increase in the number of Black professionals in the most senior grades;**
- (7) publishing annually in reports on our website (a) the steps taken to create and maintain an environment for the identification, development and promotion of Black talent; and (b) progress against our baseline data and action plan for the recruitment of Black talent and for Black representation across departments in management positions; and**
- (8) ensuring that performance appraisals of the responsible senior executive(s) specifically include an assessment of progress on delivery against these internal targets.**