

# The Mentoring Foundation

Suite 262, Temple Chambers  
3-7 Temple Avenue  
LONDON EC4Y 0DT  
[www.mentoringfoundation.co.uk](http://www.mentoringfoundation.co.uk)

Ms Catherine Horton  
Corporate Governance Policy Advisor  
Financial Reporting Council  
8<sup>th</sup> Floor  
125 London Wall  
London EC2Y 5AS

Sent by email: [codereview@frc.org.uk](mailto:codereview@frc.org.uk)  
19<sup>th</sup> February 2018

## **The Mentoring Foundation's Response to Financial Reporting Council's Proposed Revisions to the UK Corporate Governance Code**

I attended the recent roundtable held at Reed Smith, at which participants were invited to offer observations in relation to the FRC's proposed revisions to the UK Corporate Governance Code. At the end of the consultation session, with Mr David Styles, Director of Corporate Governance, and his colleague, Anne (whose surname I regret I cannot recall), attendees were offered the opportunity of making a written submission to the FRC, and I should like now to offer some observations.

In this submission, we first outline the role of The Mentoring Foundation as the basis for our observations – our “credentials”, if you like. We then identify the section of the proposed revisions upon which we focus, and go on to make a number of points.

### **Role of The Mentoring Foundation**

The Mentoring Foundation operates two mentoring programmes in the FTSE 100, both of which aim to provide female mentees, who are all senior women, with a network of opportunity, and help them break through to the board level of UK corporations. Each of the Programmes is described in turn.

The FTSE 100® Cross-Company Mentoring Executive Programme was established in 2003 to assist women just below board level, and 224 mentoring pairs have so far participated in it. At the heart of the Programme is the matching of a Mentee, who is a woman just below board level in her company, with a Mentor who is the Chairman or other leader of another major company. Mentees cannot self-refer; they must be nominated by the company HR Director, or the company Chairman or Chief Executive. A senior leader (typically the Chairman or Chief Executive) of the company enters the Programme as a Mentor.

Participating companies nominate both Mentors and Mentees simultaneously, and we believe the Programme is unique in the way it involves companies assisting each other to achieve wider business goals on a not-for-profit basis. It both draws the career challenges of senior women to the attention of Chairmen and Chief Executives, and helps the female Mentees, through the advice and guidance they receive from their Mentors, to progress towards attaining board positions or equivalent.

The FTSE 100 Next Generation Women Leaders Programme was launched in 2012, at the suggestion of the Chairman of Legal & General plc, to assist in the development of the UK pipeline of talented senior female executives, by offering highly individualised and effective mentoring relationships to high-potential women at the mid-stages of their career. Women at the junior end of senior management are paired with senior female Mentors, all of whom are alumnae of the Executive Programme and are themselves at or just below Executive Committee level.

We are delighted to have the opportunity to comment on the FRC's Proposed Revisions to the UK Corporate Governance Code. We do not propose to comment on every aspect of the document. As a niche market participant focused on helping very able women, nominated by their companies, to become credible candidates for corporate boards, we will focus our responses on **Section 3**, concerning board composition, succession and evaluation.

Briefly, The Mentoring Foundation:

- supports the FRC's proposed changes in Section 3 of the revised Code, and believes these will lead to more action to build diversity in the boardroom, in the executive pipeline, and in companies as a whole. However, in addition to identifying and considering a more diverse pool of candidates, we think it is absolutely critical that bespoke development programmes are deployed in support of those candidates in order sustainably to diversify appointments over time;
- welcomes proposals to encourage the reporting of actions taken to increase diversity and inclusion, and outcomes resulting from those actions, but cautions that identifying and counting is important but not sufficient. In particular, it is extremely important that senior corporate leadership does not take decisions on women's careers in isolation. We think it essential that middle management is involved and feels a sense of ownership in relation to the progress of high-potential women;
- agrees with extending the Hampton-Alexander recommendations beyond the FTSE 350, but would emphasise that progress towards increasing the number of women in the executive committees of the FTSE 100 has so far been slower than the achievements made at board level. Building diversity in the executive pipeline must absolutely remain a priority, and we welcome the broadening of the focus of the Code to encourage that for the first time.

Our reasons, and further comments, are set out below.

### **The role of bespoke development programmes**

We support the FRC's proposed changes in Section 3 of the revised Code, and believe these will lead to more action to build diversity in the boardroom, in the executive pipeline, and in companies as a whole.

However, in addition to identifying and considering a more diverse pool of candidates, we think it is absolutely critical that bespoke development programmes are deployed in support of those candidates in order sustainably to diversify appointments over time. There is a very real danger of companies appointing women to their boards who are ill-prepared for, or ill-suited to, those roles, if too much focus is placed on the statistics. Indeed, there is already some evidence of this, both in the UK and elsewhere.

To ensure, instead, that we build a sustainable pool of senior female executives and transform corporate boards for the long term, attention must be paid to bespoke development programmes that support and prepare candidates for board membership. At a time when the roles of directors and officers of public companies are becoming ever-more complex, and when they face heightened scrutiny and personal liabilities, it would be foolhardy to assume that a pool of appropriately talented and prepared individuals necessarily exists.

The FTSE 100® Cross-Company Mentoring Executive Programme is just one example of an initiative designed to share “knowhow” between companies and individuals working at the very top level of UK quoted companies. Similarly, the FTSE 100® Next Generation Women Leaders Programme performs the same important role with a focus on the executive pipeline, ensuring that women at the junior end of senior management are furnished with the tools necessary to achieve their full potential.

One element in thinking about the success of the FTSE 100® Cross-Company Mentoring Executive Programme is the number and range of achievements of our Mentees and Alumnae, which we have tracked since we launched the Programme in 2003. While we do not, of course, attribute a direct causal link between participation in our Programme and career outcomes, the following summary outlines the achievements of our Mentees:

Category	Appointments/Promotions	Number
1.	Executive directors and Executive Committees of FTSE 100 companies	28
2.	Non-executive directors of FTSE 100 companies	14
3.	Executive directors and Executive Committees of FTSE 101-350 companies	9
4.	Non-executive directors of FTSE 101-350 companies	41
5.	Directors of listed foreign companies	9
6.	Non-executive director of foreign non-listed company	1
7.	Executive directors of non-FTSE companies, not-for-profits and LLPs	22
8.	Non-executive directors of charities, building societies, and not-for-profits	26
9.	Trustees of charities or not-for-profits	4
10.	Trustee of top four bank pension fund	1
11.	Promotions in own organisation or to another organisation	91
12.	Non-executive directors of public sector organisations (e.g. NHS trusts, government departments)	14
13.	Appointment to other government roles (e.g. United Nations committees, regulators)	23

*As of 11 January 2018*

We currently have 69 Chairmen, CEO, Permanent Secretary and Senior Partner Mentors on our Executive Programme, and 51 senior women (at Exco -1 or Exco -2 level) are currently being mentored. On our Next Generation Women Leaders Programme, we currently have a pool of 36 Mentors, all of whom are Alumnae of the Executive Programme, and 57 women have been nominated as Mentees by their companies since the programme's inception in 2012.

We are pleased to see a growing number of companies focusing their attentions on both their executive pipelines and their more senior women, and investing in individuals from an early stage. Two of the companies that we work with – Royal Bank of Scotland Group plc and Severn Trent plc – have recently supported women through the NGWL Programme, given those women a year to consolidate their experiences, and then sponsored those same women through the Executive Programme, and we believe that this trend will continue. In this way, our programmes – and others like them – can play a significant role in taking high-potential women from middle-management into the boardroom.

### **Securing middle management buy-in**

We welcome proposals to encourage the better reporting of actions taken to increase diversity and inclusion, and the outcomes resulting from those actions, but would caution that identifying and counting is important but not sufficient.

In particular, we see from our experience that it is extremely important that senior corporate leadership does not take decisions on women's careers in isolation, and rather that middle management is involved and feels a sense of ownership in the progress of high-potential women.

We do, of course, acknowledge the extreme pressure that middle management is under to run the business on a day-to-day basis, but we also see that the women who gain the most from their time on our programmes are those who feel supported by their line managers. Where those women are sponsored by HR Directors or senior board members alone, there can be resistance from line managers to them stepping out of the business to focus on their own personal development, and so it is vital that decisions are not taken in isolation.

We also believe strongly in the role of HR Directors working in this field, and suggest that they should be empowered to take greater involvement in addressing these challenges. In April 2016, together with Ms Elisabeth Hunka, Director of HR at The Royal Household, The Mentoring Foundation established **The Queen's Gallery Group** to enable HR Directors and those responsible for diversity and inclusion within some of the UK's leading companies to meet in a confidential context, share their experiences and develop new thinking. With a focus on the field of gender balance, and a brief to stimulate fresh insights through collaboration, the Group now comprises 36 members, all of whom are responsible within their organisations for achieving diversity and delivering broader cultural change.

In November 2017, the Group assembled for its third meeting, again kindly hosted for us at Buckingham Palace by Vice Admiral Tony Johnstone-Burt CB, OBE, DL, Master of the Royal Household. We were delighted that Sir Philip Hampton, Chairman of the Hampton-Alexander Review, was able to attend this gathering, and that as a community, the Group has been able to feed into his work over the past two years.

We would encourage the FRC, therefore, to consider making greater use of the HR community, which is often not represented or heard at board level, and to remind companies of the need to actively involve middle-management in all the steps being taken to achieve greater female representation in the boardroom and senior management.

## Focusing upon the Executive Pipeline

We broadly agree with extending the Hampton-Alexander recommendations beyond the FTSE 350, but would emphasise that progress towards increasing the number of women in the executive committees of the FTSE 100 has so far been slower than the achievements made at board level. Building diversity in the executive pipeline of the FTSE 100 and the FTSE 350 must absolutely remain a priority, and we welcome the broadening of the focus of the Code to encourage that for the first time.

We were heartened to hear at the event at Reed Smith on Monday 15 January about some excellent initiatives going on which focus on the executive pipeline, and would like to see these given as much support and encouragement as possible. We are mindful, in particular, of:

- the Board Apprentice programme, which places appropriate individuals as board apprentices for a year to gain first-hand experience, through observation, of the workings and dynamics of boards;
- the Youth Board set up by a major plc, bringing together young people aged 25-30 to advise the business, and attended by the Chairman; and,
- the Future Boards Scheme, which gives senior women board-level development opportunities on the boards, or subsidiary boards, of other businesses.

As the FRC has noted, considerable progress has been made in increasing the diversity of UK boards, but progress in the executive committees has been slower. The Hampton-Alexander Review has rightly focused on this, and we welcome the FRC's plans to broaden the remit of the nomination committee in order to provide oversight of the development of a diverse pipeline.

As part of our work on this subject we have looked at ways in which it might be necessary to change the cultures at the top of UK organisations so that board roles are as attractive to young women as they are to young men. In our most recent research paper on the subject, produced by the Queen's Gallery Group, (*Hinge Moments: How critical interventions shape women's careers*), we highlighted the need for board members to act as role models for women further down the organisation; for effective communication showcasing the organisational culture; and for the encouragement of an agile workforce.

The challenge at the moment is the lack of supply of women who are either willing or able to progress through to board level, and so organisations need to address both that willingness issue, by making the boardroom more attractive, and the capability issue, by supporting initiatives such as our own and those set out above.

We hope the above is useful, and thank you again for the opportunity to contribute. We would, of course, be happy to further discuss any of these points with you.



Peninah Thomson, OBE  
Chief Executive