

PRESS NOTICE

Executive Search Firms Launch Voluntary Code of Conduct in response to the Davies Review of Women on Boards

July 22nd 2011

FOR IMMEDIATE RELEASE

London: Leading Executive Search Firms today announced a new voluntary Code of Conduct covering boardroom appointments in response to the Davies Review of Women on Boards, which was published in February this year.

As part of a package of recommendations to improve the gender balance on FTSE 350 boards in the UK, the Davies Review recommended that Executive Search Firms should draw up a voluntary code of conduct addressing gender diversity and best practice across the relevant search criteria and processes relating to board level appointments.

The Code (see attachment) was drawn up by Executive Search Firms representing 20 leading companies in the sector, all of which have committed to signing up to the Code for future boardroom appointments.

It is a voluntary code which sets out seven key principles of best practice to follow, ranging from action when accepting a boardroom brief through to induction. The Code also covers succession planning over the medium term, the setting of diversity goals, defining the client brief to balance experience with relevant skills, the value of diverse long lists and support during the selection process.

The participating firms believe the Code reflects their commitment to helping clients to improve board effectiveness, and builds on and aims to share best practice across the industry. It also acknowledges the important role Executive Search Firms play in supporting their clients as they take steps to increase the proportion of women on their boards.

Lord Davies said:

"I am pleased to see that the Executive Search community has come together to launch their code of conduct today. This code is a positive step forward and I hope to see all Executive Search Firms signing up to its recommendations. By implementing these principles and working with FTSE 350 Chairs and boards, the headhunter community will help to bring more talented women to the top table, improving board effectiveness in the UK."

Business Minister Edward Davey said:

"It is great that so many areas of business have got behind the campaign to improve gender diversity in British boardrooms. The head-hunters' Code launched today is a very welcome move, but there is still much more to be done. In February Lord Davies set a target for businesses to set out their aspirational targets by September this year. All chairs need to be thinking about this now - not just because it is the right thing to do, but because it makes good business sense."

Home Secretary Theresa May said:

"I welcome the launch of the Executive Search Companies' code of conduct today and I am pleased they have responded so well to the challenge set by Lord Davies. I would encourage companies to sign up to the code and also encourage any company using recruitment services to ask if they have done so. It is essential that our boards draw on the talents of everyone, this is not just good for women, but good for our economy."

We would like to thank the Core Drafting Group and those who participated on the Code Advisory Group (see below) for their professional input and guidance in helping us reach today's important milestone event.

Voluntary Code of Conduct for Executive Search Firms

- attached overleaf

To see the **Davies Review of Women on Boards** visit

<http://www.bis.gov.uk/news/topstories/2011/Feb/women-on-boards#women>

List of initial signatories to the Executive Search Firms Voluntary Code of Conduct:

Code Participants

Associated Executive Search Consultants

Augmentum Consulting

Boyden global executive search

GWF Search & Mentoring

Egon Zehnder International

JCA Group

Heidrick & Struggles

Korn/Ferry Whitehead Mann

Lygon Group

The Miles Partnership LLP

MWM Consulting

Odgers Berndtson

Ridgeway Partners

Robinson Hambro

Rowley Williams Limited

Russell Reynolds Associates

Sciteb

Sapphire Partners

Spencer Stuart

The Zygos Partnership

Code Drafting Group members:

Michael Reyner - MWM Consulting

Julia Budd - Zygos

Jan Hall - JCA Group

Luke Meynell - Russell Reynolds

Andrew Roscoe - Egon Zehnder

Denise Wilson - Davies Steering Group

Code Advisory Group members:

Christophe de Callatay

Kate Grussing

Patricia Tehan

Clio Wood

Christine Beale

Kit Bingham

Katushka Giltsoff

Lynne Nixon

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VOLUNTARY CODE OF CONDUCT FOR EXECUTIVE SEARCH FIRMS

Introduction

Recommendation 8 of the Davies Report proposed that the executive search community should draw up a voluntary code of conduct to address gender diversity on corporate boards and best practice for the related search processes.

The Report proposes challenging targets for improving the representation of women on the boards of FTSE 350 companies. Search firms are committed to help their clients increase the effectiveness of their boards and acknowledge the value that diversity can bring; they readily acknowledge the important role their profession needs to play in supporting chairmen and nominations committees as they take steps to increase the proportion of women on their boards, in both executive and non-executive roles. The code, outlined below, lays out steps for search firms to follow across the search process, from accepting a brief through to final induction.

Code of Conduct: Provisions

- **Succession Planning:** Search firms should support chairmen and their nomination committees in developing medium-term succession plans that identify the balance of experience and skills that they will need to recruit for over the next two to three years to maximise board effectiveness. This time frame will allow a broader view to be established by looking at the whole board, not individual hires; this should facilitate increased flexibility in candidate specifications.
- **Diversity Goals:** When taking a specific brief, search firms should look at overall board composition and, in the context of the board's agreed aspirational goals on gender balance and diversity more broadly, explore with the chairman if recruiting women directors is a priority on this occasion.
- **Defining Briefs:** In defining briefs, search firms should work to ensure that significant weight is given to relevant skills and intrinsic personal qualities and not just proven career experience, in order to extend the pool of candidates beyond those with existing board roles or conventional corporate careers.
- **Long lists:** When presenting their long lists, search firms should ensure that at least 30% of the candidates are women – and, if not, should explicitly justify to the client why they are convinced that there are no other qualified female options, through demonstrating the scope and rigour of their research.
- **Supporting Selection:** During the selection process, search firms should provide appropriate support, in particular to first-time candidates, to prepare them for interviews and guide them through the process.
- **Emphasising Intrinsic:** As clients evaluate candidates, search firms should ensure that they continue to provide appropriate weight to intrinsic, supported by thorough referencing, rather than over-valuing certain kinds of experience.
- **Induction:** Search firms should provide advice to clients on best practice in induction and 'onboarding' processes to help new board directors settle quickly into their roles.

Embedding the Code

Our intention is that this voluntary code of conduct should be aligned with the output from the Financial Reporting Council's consultation exercise on the Davies Report, and potentially attached as an appendix to the next revision of the Combined Code or the accompanying guidance on board effectiveness. Meanwhile, we will periodically review the effectiveness of this code and progress towards improving board diversity, initially on a six-monthly basis both with the Davies Report steering group and a small group of company chairmen, and recommend changes as appropriate.