Response to FRC consultation on evolution of the Corporate Governance Code

From Sara Weller CBE

I am a non Executive Director of BT, and have, in the last two decades served on the FTSE100 Boards of J Sainsbury, Lloyds Banking Group and United Utilities. This response is, however, made in my personal capacity.

Good corporate governance requires businesses to take into account the full range of interests of their stakeholders.

Much progress has been made in Board representation of women and those from ethnic minority backgrounds since the Davies and Parker reviews and the introduction of mandatory reporting.

One huge inequality remains in the Boardrooms of UK plc: that of disability representation. With 20% of the UK working population being made up of individuals who self declare as disabled, I appear to be the only FTSE100 Director who has self- declared as Disabled (I have Progressive Multiple Sclerosis, diagnosed in 2009 and am a wheelchair user.)

The extraordinary extent to which the top boardrooms in the FTSE fail to reflect this aspect of the communities we serve would be a cause for uproar if it applied to other minority groups eg ethnicity or gender representation.

This lack of representation is often put down to the unwillingness of those with disabilities to self declare. It is argued that this lack of self declaration makes it impossible for an organisation to address the issue, the scale of which it cannot fully understand or measure.

This is, however, a totally inadequate response. There is much data available to an organisation to understand the extent of disability, diversity and inclusiveness within its workforce.

The true cause of the lack of action is that there is no requirement on a FTSE Board to address this deep-rooted and long-standing inequality.

I would strongly urge the FRC, in its upcoming refresh of its Code, to introduce guidance that shapes a company's obligations towards this issue.

There are many measures that can be applied, which do not require self-declaration, including the requirement to report on the number of people self declaring as disabled within the business, the presence of well supported employee resource groups to represent those with disabilities, or the use of mandatory training for managers to raise awareness of the needs of these groups.

Disability Inclusion a boardroom priority, has issued a set of five reporting criteria for all listed businesses to adopt by December 2025.

These measures have been carefully chosen to galvanise the right action. The FRC does not own separate research, but should adopt these criteria in its guidance to listed companies covered by its code.

Disability inclusion is an essential part of an organisation's commitment to sustainability as expressed through it ESG programme.

Companies who exceed these first level criteria for 2025 will be able to demonstrate to investors their enhanced ESG credentials as well as creating a culture in which the leadership more fairly represents the staff and customers in its stakeholder group, and so is better able to attract and retain talent, and to understand and meet the needs of large portions of currently undeserved customers.

This is entirely aligned with the corporate governance code's expectations of the company's board. However, whilst the expectation remains implied and not explicit, the progress toward this goal of economically, effective and socially fair representation, will continue to progress at a snail's pace, leaving the UK as a laggard in this important area.

Thank you for inviting submissions to comment on the next phase of the Code's evolution. I hope that the FRC does not continue, by its absence of guidance, to endorse this inequity, and miss this urgent opportunity to maintain the U.K.'s position as a leader in effective corporate governance.

The UK has an outstanding record of a progressive approach to disability inclusion in other fields, including sport, and the arts.

I am sure that 10 years from now, if we take no action in our business community, it will be a matter of regret and even shame, and it will seem extraordinary that we allowed leadership of our worldclass companies to underperform so drastically in this area.

The only question for UK plc is whether we will set standards for others to follow, or be dragged by other markets to do the right thing, both economically and socially.

Consultation response submitted by Sara Weller CBE