

# **THE STANDARD VOLUNTARY CODE OF CONDUCT FOR EXECUTIVE SEARCH FIRMS**

## **Introduction**

Recommendation 8 of the Davies Review in 2011 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.

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 Voluntary Code of Conduct for Executive Search Firms (The Code), outlined below, lays out steps for search firms to follow across the search process, from accepting a brief through to final induction. It has been refined and enhanced over time, reflecting learnings from search firms themselves as well as from the independent review of its effectiveness by Charlotte Sweeney (*Taking the Next Step*) in 2014.

## **Code of Conduct: Provisions**

1. **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.
2. **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.
3. **Defining Briefs:** In defining briefs, search firms should work to ensure that significant weight is given to relevant skills, underlying competencies and personal capabilities and not just proven career experience, in order to extend the pool of candidates beyond those with existing board roles or conventional corporate careers.
4. **Longlists/Shortlists:** When presenting their longlists, search firms should try to 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. Search firms should seek to ensure that the shortlist is appropriately reflective of the longlist, discussing with their clients each woman on the longlist

and aiming to have at least one woman whom they would ‘strongly recommend’ that the client should meet.

5. **Candidate Support:** 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.
6. **Supporting Candidate Selection:** As clients evaluate candidates, search firms should ensure that they continue to provide appropriate weight to intrinsic competencies and capabilities, supported by thorough referencing, rather than over-valuing certain kinds of experience. Search firms should, as necessary, advise their clients on how to run their interview process to demonstrate the required rigour and professionalism and share best practices on how to avoid unconscious gender bias.
7. **Induction:** Search firms should provide advice to clients on best practice in induction and ‘on boarding’ processes to help new board directors settle quickly into their roles.
8. **Embedding Best Practice:** Search firms should ensure that best practices in supporting clients on enhancing board gender diversity are well-documented and shared internally and that adherence to the Code is effectively monitored.
9. **Signalling Commitment:** Search firms should signal their commitment to supporting gender diversity on boards, and their adherence to the Code, through their websites, marketing literature and client discussions. They should share data on their track record on their website as appropriate and include case studies of their success.
10. **Broadening the Candidate Pool:** Search firms should seek to broaden their own databases of potential candidates, leveraging as appropriate external lists produced by organisations such as Cranfield. They are encouraged to invest time into developing relationships with the pipeline of future female candidates.

### **Embedding and developing the Code**

The Code has now been signed up to by over 70 search firms, who collectively account for the vast majority of the board work in the UK. All have committed to following the Code’s provisions in their board search processes, irrespective of sector, company and organisation and to ensuring that the 10 provisions of the Code are embedded in their day to day practices.

We will continue periodically to review the effectiveness of the Code and progress towards improving board diversity, with the Davies Review Steering Group and other key stakeholders, and recommend changes as appropriate.

## **Recognition for Search Firms leading the way**

To recognise those Firms that are at the forefront of leading efforts to bring more women onto the boards of FTSE 350 companies, the Davies Steering Group will award annually a separate FTSE 350 accreditation to search firms who (a) have supported the appointment of at least 4 women to FTSE 100/250 boards over the last year and (b) have achieved a proportion of at least 33% female appointments in their FTSE 100/250 board work and (c) are deemed fully to have delivered against all of the Enhanced Voluntary Code provisions.

A similar accreditation process is being developed to recognise search firms doing equally impactful work in broader boards, including small cap, private, mutual, international and subsidiary businesses and the not for profit/government sector,

For further information on this, please visit

<https://www.gov.uk/government/collections/women-on-boards-reports>

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