

The Missing Element of Private Equity: A Portfolio Company Board Diversity Disclosure Template



Includes numeric indicators drawn from existing disclosure frameworks (EPIC, GRI, ILPA, IR, PRI, SASB, eVestment) to provide a holistic view of diversity for investors and serve as a baseline for non-financial disclosures.

FCLTGlobal's business and investor communities recognize the need for the private sector to demonstrate long-term value creation along both financial and non-financial criteria, especially when it comes to reporting on metrics related to firm diversity. As private equity-backed companies comprise a significant and growing proportion of the economy, the diversity of private equity-backed portfolio company boards is receiving increased attention and provides an opportunity to promote diversity, equity, inclusion, in the pursuit of long-term value creation.

This template is meant to serve as a basis for sharing key aspects of diversity on portfolio company boards, including composition, roles of various board directors, and emerging characteristic of newly added directors. Extensive work has been done on non-traditional reporting by many organizations, including EPIC, GRI,

ILPA, IIRC, PRI, SASB, eVestment, and others. These metrics are not a replacement for these detailed frameworks, rather they were built on the strengths of various approaches with the goal of providing the information needed by GPs and LPs that will help inform the conversation and incentivize action.

We recognize that due to the quantitative focus of the template, there are metrics that may be interpreted differently as a result of geographic or industry context of the company and method for calculation. Organizations will need to be mindful of local laws, which can shape or constrain the way the standard cited here as a guideline is implemented. An additional field (other/information not available) has been provided at the end of each section to give GPs an opportunity to provide the level of information their local laws allow. The

expectation is for each director to self-identify based on the following criteria using an annual disclosure and release form.

Finally, it is important to note that numbers only tell part of the story when it comes to diversity, equity, and inclusion at any organization, but they can be an important place to start. We hope the view provided by this type of disclosure can help lay the foundation for a more fully informed conversation that contributes to real change and more sustainable long-term value creation.

Please refer to the instructions on the following page.

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METRICS

Current Directors

1. Total **number of voting portfolio company board directors** by category
2. Total **number of non-voting directors/observers** by category
3. Total **number of board chairs** by category

Director Turnover

4. Total **number of new** (voting) **directors** (most recent year)
5. Total **number of director terminations and retirements** excluding company exit (most recent year)

GUIDANCE

The metrics that follow may be collected at the fund level or at the GP firm level and include only the companies for which the GP has majority control. To collect the most accurate data we suggest each director be asked to self-identify and annually consent to anonymous use of the information. For each section, please share the following information by:

Columns

Gender: Male, Female, Non-binary/Other

Type of Director: GP Employee, Portfolio Company Employee, Independent, Other/Co-investor(s)

Rows

Diversity Status: Asian, Black, Hispanic/Latinx, Indigenous/Tribal People (domicile-specific), Middle Eastern or North African, White, Two or More Races or Ethnicities, Other/Information Not Available

INSTRUCTIONS

1. Fill out the **four disclosure questions** before beginning.
2. When defining the **disclosable universe (majority control only)**, relevant items for consideration might include country(ies) of domicile, number of portfolio companies included in the information that follows, age and vintage of the funds, or average holding period of the companies in the universe, among other things.
3. When disclosing the number of **portfolio companies with no diverse directors**, consider companies that have no directors along the various dimensions of diversity covered in this template—including gender, race, ethnicity, creed, sexual orientation, disability status, veteran status, or other relevant dimension of diversity (based on operating context).
4. Include the **total number of portfolio companies (in the majority control universe)**, including ones not disclosed (i.e., majority-controlled portfolio companies that are unable to disclose director information).
5. Insert the number of **voting board director seats held** by gender and type for the eight diversity categories.
6. Insert the number of **non-voting directors/observers** by gender for the eight diversity categories.
7. Insert the number of **board chairs** by gender for the eight diversity categories.
8. Insert the number of **new voting directors** added in the most recent year by gender and type for the eight diversity categories.

9. Insert the number of **director terminations and retirement** (excluding for reasons related to company exit) in the most recent year by gender and type for the eight diversity categories.
10. For all fields, if data is not available, then select *other/information not available*.

NOTES

- Diversity status categories are based on eVestment categories. Some categories may be more relevant than others, depending on operating context/region/jurisdiction. See back for definitions.
- “Other/Co-Investor(s)” are directors occupying board seats which the disclosing GP has no control or influence over.
- Information additional to race, ethnicity, and gender you wish to add may include ancestry, creed, citizenship, disability status, veteran status, age, sexual orientation, or other.
- Examples of additional indicators of diversity included are not uniform for every organization. An organization identifies relevant indicators based on its operating context.

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DISCLOSURE QUESTIONS

1. Please define the universe disclosed in the following information. If a portion of your portfolio companies have been excluded please explain why:

AS OF DATE

2. **Number** of Portfolio Companies included in the disclosable **universe**.

3. **Number** of Portfolio Companies included in the universe with **zero diverse directors**.

4. **Total Number** of Portfolio Companies (including non-disclosed companies).

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CURRENT DIRECTORS

1. Total number of voting portfolio company board director seats by category

Male Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
Female Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
Non-Binary/ Other Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
Total Number of Voting Board Seats									

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2. Total number of non-voting directors/observers by category

	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
Male Directors									
Female Directors									
Non-Binary/Other Directors									
TOTAL									

3. Total number of board chairs by category

	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
Male Directors									
Female Directors									
Non-Binary/Other Directors									
TOTAL									

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DIRECTOR TURNOVER

4. Total number of new (voting) directors (most recent year)

Male Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
Female Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
Non-Binary/ Other Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
TOTAL									

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5. Total number of director terminations and retirements—excluding company exit (most recent year)

Male Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
Female Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
Non-Binary/ Other Directors	Asian	Black	Hispanic/Latinx	Indigenous/ Tribal People (domicile-specific)	Middle Eastern or North African	White	Two or more races or ethnicities	Other/ Information Not Available	Total
GP Employee									
Company Employee									
Independent									
Other/Co-Investor(s)									
TOTAL									

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ADDITIONAL INFORMATION

If you wish, add additional information about the board of directors. This may include veteran or disability status, creed, sexual orientation, citizenship, or other dimensions of diversity not captured above:

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DEFINITIONS OF RACE, ETHNICITY AND GENDER BY eVESTMENT

Asian	May include individuals with origins in Northern Asia/Far East, Southeast Asia, and the Indian subcontinent. Specific examples may include Chinese, Filipino, Indian, Indonesian, Japanese, Korean, Malaysian, Taiwanese, Thai, etc.
Black	May include individuals with origins in Sub-Saharan Africa. Specific examples may include African American, Barbadian, Ethiopian, Haitian, Ghanaian, Jamaican, Kenyan, Liberian, Nigerian, Somali, etc.
Hispanic/Latinx	May include individuals of Cuban, Mexican, Puerto Rican, South or Central American, or other Hispanic culture or origin.
Indigenous/Tribal People (domicile-specific)	Users should populate and evaluate this category based on where board is domiciled. For example: a board domiciled in Japan might include Ainu. A board in Australia might include Aboriginal and Torres Strait Islanders. A board in the United States might include Native Americans, Native Hawaiians, and Alaska Natives. A board domiciled in Norway might include Sami.
Middle Eastern or North African	May include individuals with Southwest Asia, the Middle East, or North Africa. Specific examples may include Arab, Bahraini, Egyptian, Iranian, Iraqi, Israeli, Jordanian, Kuwaiti, Lebanese, Moroccan, Palestinian, Qatari, Syrian, Tunisian, etc.
White	May include individuals with origins in Europe. Specific examples may include Danish, English, French, German, Greek, Hungarian, Irish, Italian, Norwegian, Polish, Scottish, Slovakian, Swedish, Swiss, etc.
Two or More Races or Ethnicities	May include individuals who prefer to identify as a combination of races or ethnicities across multiple categories.
Female	An individual self-identifying as a woman.
Male	An individual self-identifying as a man.
Non-Binary/Other	An individual self-identifying as two (or more) genders, non-gendered, gender fluid, or otherwise non-cisgender. Any individuals who prefer not to self-identify in any given category may identify as Other.