



## **TITLE: Diversity, Equity, and Inclusion: A Legal Imperative for Successful Businesses**

### **Diverse benefits**

Research indicates that diverse companies are more likely to outperform their peers financially and that, for example, gender-diverse businesses are 25% more likely to have higher profits.

Diversity, Equity, and Inclusion (DEI) strategies help embed a positive company culture, where employees feel valued and empowered, which can in turn improve retention, productivity, and employee satisfaction. Different perspectives can lead to better decision-making and more innovative solutions.

A lack of diversity, equity and inclusion alienates potential customers and stakeholders, as well as reduces recruitment options. Businesses failing to acknowledge the rights of women, disabled people, those from different racial, ethnic or religious backgrounds and the LGBTQ+ community, or only paying lip service, risk legal action if the right recruitment and employment processes are not in place.

### **The Trump effect**

The re-election of Donald Trump to the White House has seen several US organisations withdraw or reduce their 'DEI' initiatives. Given our different legal, social and political context it seems unlikely that businesses in Europe and the UK will follow suit. Investment banks such as BNP Paribas, Barclays, UBS and Deutsche Bank have publicly affirmed their dedication to diversity and inclusion, emphasizing that their strategies remain unaffected by events in the USA.

### **What a good DEI policy should have.**

Clearly outlined values and principles, best practices for interactions with stakeholders, methods to measure DEI policy effectiveness and procedures for addressing issues like harassment and discrimination. It is also important to outline strategies for promoting diversity in recruitment, promotion, and employee development. Also, the policy should reflect what actions the Company will take to implement reasonable adjustments and other supportive measures for disabled employees.



### **Any legal obligations to be aware of?**

The Equality Act 2010 protects people from workplace discrimination on grounds of protected characteristics including sex, race, disability, religion/belief and LGBTQ+ identity. In addition, since October 2024 employers are under a positive duty to eliminate sexual harassment in the workplace. Discrimination claims can be costly – for example the highest award of compensation for discrimination in 2023/2024 was £995,128 in a sex discrimination case.

### **The potential benefits to the business, and how these can be measured.**

The potential benefits of DEI include improved innovation, better decision-making, increased employee engagement and retention, enhanced customer satisfaction and attracting top talent. Research also indicates that diverse companies are more likely to outperform their peers financially and that, for example, gender-diverse businesses are 25% more likely to have higher profits.

These benefits can be measured through employee surveys, demographic data analysis, promotion rates, retention rates, customer feedback, and pay equity assessments across different demographics within an organization.

### **How the policy might be enforced and embraced by senior leadership.**

The key to a successful DEI initiative is to define clear goals – ask yourself what is your business looking to achieve? Ideally senior leadership will articulate why the DEI program is being created, what the desired outcomes are and how these support the Company's business objectives. Genuine buy-in from leadership is key in order to drive the initiative and to send a signal that DEI is an important priority for the Company.

However employees at all levels need to understand the Company's DEI goals, have access to training and resources in order to take action and feel supported.

Measuring the progress of DEI initiatives against defined goals is crucial. For example statistics relating to demographics, employee turnover and retention, and advancement and pay, can all help indicate how successful a Company's DEI initiatives have been.

### **Strive for balance with Bond Legal**

Businesses should strive for a balance where different groups are represented, mirroring the broader population and the community or market the organization serves. It's not about rigidly defined quotas but about fostering a team with a range of perspectives, experiences and ideas.

