



CFA Institute Diversity, Equity, and Inclusion Code (Australia)

2024

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CONTEXTUAL NOTE

A core aspect of the CFA Institute mission is to develop and administer codes, best practice guidelines, and standards that guide the investment industry and help ensure all investment professionals place client interests first. Our codes and standards typically are global. Diversity, equity, and inclusion (DEI), however, when integrated into human capital management in the investment industry, can involve different considerations in each geographical region. These varying considerations result not only from differences in employment laws but also from local variations in demographics, culture, and societal customs that cause the necessarily detailed advice in the supporting Implementation Guidance to not fit all regions equally well. The practical application of DEI involves careful attention to detail to create cultural change. A broad, strategic understanding of the concepts is important, but operationalising change takes many intersectional steps.

CFA Institute therefore decided that the DEI Code should be published region by region, with specifically designed Implementation Guidance for each region. The intention is to create a DEI Code that over time will build to form a regionally adapted, global DEI Code. In the longer term, we anticipate that developments in human capital management will move the interpretation and application of DEI in each region closer, such that a single global version will be practical. Until then, the DEI Code, the Implementation Guidance, and the Reporting Framework will be regionally differentiated.

In the meantime, CFA Institute will work with our members, local societies around the world, institutions, policymakers, and other industry stakeholders to continue our research into effective DEI practices and further develop the DEI Code, the Implementation Guidance, and the Reporting Framework. CFA Institute will also provide education opportunities with relevant stakeholders to collectively work toward supporting our goals under the DEI Code.

CFA Institute chose the United States and Canada as the starting point to launch the DEI Code in March 2022 since investment organisations in these markets demonstrated strong demand for a DEI Code to drive change, accelerated by the events of 2020—in particular, the antiracism protests following the murder of George Floyd and the increasing focus on the rights of Indigenous Peoples in Canada.

Late in 2023, a working group was convened in Australia to adapt the Code to ensure its relevance for this market. We hope signatories to the DEI Code (USA and Canada), the DEI Code (UK), and the DEI Code (Europe) with offices in Australia, as well as Australian-headquartered firms, will become signatories to the Australian version. The approach is complementary, sets out guidance specifically designed for Australia, and has an employee identity reporting requirement using local demographic terms. Feedback will also be specific to

signatories' DEI progress in the Australian market. For global organisations that are signatories in more than one market, CFA Institute will provide an overview in addition to market-specific feedback. As the signatory base grows, it will be possible to provide benchmarking between similar organisations by sector and geography. Meanwhile, we continue working with local partners to adapt the DEI Code for other markets.

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PREAMBLE

In March 2020, the CFA Institute Diversity, Equity, & Inclusion Steering Committee tasked the Diversity, Equity, and Inclusion (DEI) Code Working Group (now called the DEI Code Subcommittee) with developing a set of principles to drive greater diversity, equity, and inclusion within the investment industry. The resulting set of principles formed the basis for a DEI Code.

Given the reputation of CFA Institute for rigor and high standards, as well as its focus on comprehensive strategies for effecting change, the DEI Code Subcommittee (the subcommittee) took an immersive approach.

The subcommittee, itself a highly diverse team, consists of members of the CFA Institute DEI Steering Committee, DEI practitioners, and investment professionals. The subcommittee shared a common belief that progress required commitment from the senior leaders at investment organisations who would have to both lead by example and hold their organisations accountable. It takes everyone to make a difference with accountability, starting at the top.

The subcommittee settled on six core principles that would require the support of the leadership: Pipeline, Talent Acquisition, Promotion and Retention, Leadership, Influence, and Measurement. Each organisation must commit to working on these core principles while collaborating with others in the field, working purposefully toward the goals, and promoting the ideals throughout the industry.

The subcommittee is aware that the industry comprises a diverse set of institutions of different sizes, each with different starting points, resources, and tool kits. As a result, the subcommittee wanted to focus on principles that were appropriate for all signatories but accommodative of many different implementation strategies. Considerable time was invested in developing a variety of recommended implementation strategies for each Principle so that each signatory could choose the mix appropriate for their institution. These strategies appear in the Implementation Guidance, which supports the DEI Code. **The subcommittee understands that not all organisations have the same capacity or start from the same place, but the expectation is that all signatories to the DEI Code will commit to real change, to having stimulating conversations, and to making the necessary investment of resources. Moreover, all signatories will commit to continuous improvement through learning and adapting.**

Looking critically at your organisation and committing to making sustained change are never easy, and the investment industry has made attempts before without lasting impact. However, CFA Institute and those charged with designing the DEI Code know that this commitment will lead to greater inclusion of wider viewpoints from the best talent, which will result in better investment outcomes, help create better working environments, and generate a cycle of positive change for future generations.

—The CFA Institute DEI Code Subcommittee

PREFACE

Diversity, equity, and inclusion are crucial elements in the future of the investment industry and the success of investment firms. CFA Institute recognises that when a diversity of perspectives is nurtured in an organisation with an inclusive culture, awareness and education, and effective working relationships, these will lead to better investor outcomes. An inclusive investment industry will better serve our diverse society.

The DEI Code aims to

- **meet the industry where it is**, accurately defining the current state of DEI in investment management;
- **define key principles for firms to implement**, to drive improvement from a realistic foundation; and
- **provide a metrics-based reporting framework**, to produce meaningful results and monitor progress over time.

We trust signatories will be able to demonstrate innovation in their approach to these Principles. The Principles are intended to be additive to existing commitments because they are specifically designed for the investment industry. They are all equally significant: Their position on the list does not indicate a hierarchy of importance. We understand, however, that signatories may have more work to do in one area than in another. Assessing their priorities is part of the work of integration over time. We understand that not all organisations have the same capacity, but the expectation is that all signatories to the DEI Code will commit to real change and to making the necessary investment of resources. Moreover, all signatories are expected to commit to continuous improvement through learning and adapting.

In adapting this voluntary Code for Australia, we consulted with a wide range of industry participants, and we considered existing pledges and frameworks with a view to collaboration wherever possible. We will share this work and other relevant resources with signatories as part of our support and guidance for them, and we will consult with the industry on any significant changes in our Reporting Framework in the future.

We ask at the outset that signatories commit to reporting on their DEI metrics and discussing their progress with us. We designed the Reporting Framework to guide signatories in this process, which can be used by any size of organisation. Data are collected, stored, and analysed by an internal team. Data management is not dependent on a data vendor or an external consultant. CFA Institute is an independent, professional membership organisation, neither a governmental or regulatory agency nor a trade body—hence our emphasis on the voluntary nature of this Code. **Our mission is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.**

Although this is a voluntary code, we are keen to ensure that signatories demonstrate accountability for their commitment. Following public commitment to the Principles, signatories will provide a confidential, annual progress report to the CFA Institute External DEI and Code and Standards teams using the Reporting Framework within the annual reporting window from January to June. In turn, CFA Institute will report on industry-level statistics once a critical mass of signatories has been reached and individual organisations cannot be identified. However, we also encourage signatories to report their DEI metrics publicly.

Individual consultations with signatories are part of the reporting process. In these meetings, each signatory will have an opportunity to explain what its DEI goals are and what its processes for and progress toward integrating DEI are. Overall, we will ask them to show how their culture is shifting. The Reporting Framework also contains qualitative sections for this information.

Individual company details will be kept confidential, although with their agreement, firms' progress may be showcased—with appropriate measures to protect employee confidentiality—on the Code's webpages, at our conferences and webinars, and in CFA Institute publications to keep the industry and partners knowledgeable and accountable. CFA Institute will take the lead in convening annual roundtables for signatories to share their practices; report positive business impact from their DEI initiatives, including their cycle of positive change; and explore new ideas, which may well be different from those in the Implementation Guidance. We will also work to integrate these lessons into our CFA Institute member resources. Therefore, accountability for impact is a critical factor for all entities involved.

The Principles are metrics based, not merely aspirational: their successful integration requires commitment to cultural change, not only a compliance-led approach. We recognise, however, that compliance is a helpful tool for level-setting in this work. For signatories that are unable to show any progress over a two-year period, we will offer extensive support and engagement, following which we will hold them accountable to enact urgent change or else have their signatory status lapse.

Foundational reporting requirements for completion by the end of the initial two-year period from becoming a signatory include the following:

- An established senior leader ownership and oversight governance process
- Formal, written, publicly available communications outlining the organisation's DEI strategy, policy, commitments, and high-level objectives
- An implementation plan to integrate DEI within the signatory organisation's people, processes, and policies

However, we emphasise that CFA Institute is recommending and the DEI Code is designed to enable accelerated change in investment organisations of

any size—hence the illustrative Commitment explaining possible actions for each Principle. In response to feedback from the industry, we have set out this version of the Code in a manner that takes account of the variety in size, structure, and resources of signatory organisations and seeks to be scalable and flexible, as well as rigorous. The Implementation Guidance, a core component of this Code, has ideas and strategies from foundational and simple to more complex for signatories with mature DEI practices, with flexibility for small firms. Therefore, while the Code constitutes a voluntary and aspirational set of baseline principles for firms to work toward, we look for more than a minimal mindset.

We considered but decided against setting the minimum action required to adhere to each Principle since each organisation will be at a different stage with its own strategic priorities and set of available resources. Overall, we expect signatories to focus on the most impactful initiatives for their own circumstances, which they can determine by conducting a DEI self-assessment and aligning it to their strategic plan.

The Implementation Guidance is not an exhaustive list of all the available actions. It will be revised and updated annually by CFA Institute to reflect effective, tested DEI practices, including that of signatories. The guidance is intended to provide a wide range of resources to match the needs each signatory assesses it requires to make progress; some will be more appropriate for the short versus the long term. It is not envisaged that every aspect be covered at once; rather, organisations choose a selection of actions according to their strategic priorities and capacity.

While the DEI Code is designed for organisations, the learnings and ideas it contains can also be practiced by individual managers and used as an educational resource by CFA Institute members.

—CFA Institute DEI Code (Australia) Working Group

EXECUTIVE SUMMARY

Our Purpose

We recognise that a diversity of perspectives will lead to better investor outcomes; an inclusive and equitable investment industry will better serve our diverse society. Further, we recognise that an organisation with an inclusive culture, awareness and education, and effective working relationships is a better place to work. We also understand the importance of improving equity while acknowledging the magnitude of the task. Therefore, our scope is within the workplace, where we have direct agency and where we have influence as investors. Our commitment to this Code is a long-term commitment to cultural change at all levels in our organisation.

An Introduction to the Six Principles

Principle 1: Pipeline—We commit to expanding the diverse talent pipeline.

Principle 2: Talent Acquisition—We commit to designing, implementing, and maintaining inclusive and equitable hiring and onboarding practices.

Principle 3: Promotion and Retention—We commit to designing, implementing, and maintaining inclusive and equitable promotion and retention practices to reduce barriers to progress.

Principle 4: Leadership—We commit to using our position and voice to promote DEI and improve DEI outcomes in the investment industry. We will hold ourselves responsible for our firm's progress.

Principle 5: Influence—We commit to using our role, position, and voice to promote and increase measurable DEI results in the investment industry.

Principle 6: Measurement—We commit to measuring and reporting on our progress in driving better DEI results within our firm. We will provide regular reporting on our firm's DEI metrics to our senior management, our board, and CFA Institute.

Our Commitment

In addition to the Principles, we undertake to accelerate and amplify their impact by making the economic, business, and moral case for DEI as follows:

- COLLABORATE with other firms to publicise careers in the investment industry and provide informational materials, combined with concerted outreach to extend economic opportunities.

- SHARE tried and tested DEI practices with other signatories, working and learning together to develop new, aspirational strategies and to build awareness that integrating DEI can improve investment outcomes and enhance business success.
- PROMOTE acceptance and implementation of the Principles within the investment industry by speaking about our progress and socialising the DEI Code and the Principles with our global workforce and colleagues to improve understanding of the wider society we serve.

THE DIVERSITY, EQUITY, AND INCLUSION CODE (AUSTRALIA)

We first define key terms in the Code, and then we provide the definition and commitment to each Principle.

Diverse Groups

This is an indicative list for consideration; it designates not only legally protected groups but also a range of groups to which organisations may wish to give consideration. However, additional groups may be relevant to signatories, and they should also be included as needed to support their work accelerating DEI. Further detailed and regionally differentiated information appears in the Reporting Framework.

- Gender
- Gender expression/identity
- Sexual orientation
- Race
- Indigenous/First Nations groups
- Ethnicity
- Generation or age (e.g., Gen Z, millennials, Gen X, seniors)
- Socioeconomic status
- Mental well-being
- Different ability or disability (e.g., vision, hearing, speech, mobility, learning differences)
- Religion
- Neurodiversity
- Other, such as citizenship status and non-native-language speakers
- Intersectionality of two or more groups

Definition of Diversity

The full spectrum of human attributes, perspectives, identities, and backgrounds.

Definition of Equity

Fairness of access, opportunity, and advancement for all within an organisation, which requires eliminating barriers and root causes that have prevented underrepresented groups from full participation within the workplace.

Note that equity is distinct from equality, which requires that each individual be treated without discrimination, including being given equal opportunities for advancement. Essentially, the same support for everyone regardless of the starting point is equality, but that may not provide an equitable solution. Equity offers those who need it targeted support to reach their full potential.

Definition of Inclusion

A dynamic state of operating in which any employee can be and feel respected, valued, safe, and fully engaged.

Diversity, equity, and inclusion are referred to together in this document as **DEI**. We note, however, that equity is at a very early stage of development in the investment industry. In part, this is because it is a top-heavy industry, so it is more difficult to make these strides in equity areas. Investment management has also historically attracted and recruited from a relatively narrow, homogeneous population, despite talent being equally distributed across all populations. Over successive generations, the industry has lacked the knowledge, experience, or motivation to change. That situation is now changing, and the DEI Code is intended to address and support progress to close each of those gaps. Therefore, equity is included as a long-term goal for signatories.

The Principles

We as signatories of the CFA Institute DEI Code commit to the following principles:

Principle 1: Pipeline—We commit to expanding the diverse talent pipeline.

Definition:

Expanding a diverse talent pipeline of prospective employees is critical to the investment industry's long-term success.

Commitment:

We recognise the difficulty in sourcing diverse talent, driven at times by a lack of visibility and awareness of the opportunities in the investment management industry. Therefore, we commit to continued outreach to attract capable but often overlooked individuals from groups that remain underrepresented in the investment industry. We will raise awareness across all groups of prospective employees, students of all ages, and those considering a change of career. We will look to tackle stereotypes and perceptions that certain qualifications are needed and make prospective employees aware that there is a diverse range of careers available within our industry for everyone. We also commit to collaborative outreach with other organisations, such as external diversity partners¹ that attract early talent, because we recognise that only through sustained, systematic effort to build capacity, industry understanding, and awareness across populations can the lack of diversity in our industry be addressed.

Principle 2: Talent Acquisition—We commit to designing, implementing, and maintaining inclusive and equitable hiring and onboarding practices.

Definition:

Ensuring that all aspects of hiring practice are inclusive and equitable, from intern, junior, and graduate recruitment to experienced hires and senior roles, is critical to improving diversity. Such activity will benefit signatory firms by ensuring they continue to attract and recruit the best talent. It will also support firms to meet their fiduciary responsibilities to clients by ensuring the best and brightest of all identities and backgrounds are informing their investment decision making.

Commitment:

We commit to creating, implementing, and regularly reviewing robust talent acquisition processes and policies and training for hiring managers, interviewers, and recruiters, as well as equitable process timelines, recognising that some candidates may take longer to apply to roles than others. We are looking to drive positive progress in the diversity of the industry's workforce and to create a safe, inclusive, and respectful workplace for all.

We commit to systematic outreach to attract talented but often overlooked individuals from underrepresented groups into our organisation (as outlined in Principle 1) and to offer existing employees opportunities to move between

¹See the suggestions in the Resources section of the Implementation Guidance.

functional areas within our organisation. Some firms perceive difficulty in finding diverse pools of candidates via traditional routes, so in addition to exploring other sources, we will reduce the systemic and institutional barriers for talented, qualified underrepresented individuals from these traditional sources by, for example, sourcing graduate talent from outside the top-tier universities and opening applications from outside the often-preferred disciplines of business, economics, accounting, and finance.

We also commit to identify and drive better DEI practices in external recruitment, including hiring for cultural add rather than cultural fit and modifying practices to consider a wider range of educational backgrounds, subjects of study, and vocational and extracurricular experience. We will be transparent in job descriptions on expected benefits, the possibility of flexibility within the role, the cultural environment we currently have, and the cultural environment we are striving toward. We will proactively ask whether people need adjustments, either physical or within the process, to encourage a diverse group of applicants. We also commit to ensuring that our onboarding policies feel inclusive and equitable to all reasonable parties.

Principle 3: Promotion and Retention—We commit to designing, implementing, and maintaining inclusive and equitable promotion and retention practices to reduce barriers to progress.

Definition:

Promotion. Promotion involves elevating individuals within an organisation. It can involve promoting the individual to roles with higher levels of seniority in the organisation hierarchy and expanding current roles to take on greater responsibility. Promotion typically involves an increase in responsibility and remuneration. Because the hierarchies in many investment teams are relatively flat, promotion is often achieved by increasing responsibilities as opposed to formal changes in job level or title. Advancement is typically based on achieving results, demonstrating required skills and behaviours to take on more responsibility, and rewarding employee contributions by offering opportunities for professional growth.

Most organisations have formal and/or informal pathways to promotion. Formal pathways include formal submissions made against set criteria and evaluated by senior leaders. Informal pathways include exposure to senior decision makers, involvement in significant projects or learning experiences, and access to capital. It is important to recognise that significant barriers and biases often manifest in these informal, often opaque channels, impacting opportunities for advancement and elevation within an organisation.

Retention. Retention relates to the range of factors that encourage employees to stay with their employer. Many people choose to continue working at an organisation when they feel they are doing interesting and meaningful work, they are working for a purposeful organisation, they are supported by colleagues who they enjoy working with, and they can learn and grow in their career. Managing a balance between their personal and professional commitments is another key retention factor.

Commitment:

We commit to the principles and intent of the promotion and retention definitions, led and embodied by leaders, and supported by processes, policies, and programmes.

We commit to continually and proactively cultivating a culture that supports all people to reach their full potential, including surfacing and addressing invisible barriers that get in the way of people doing their best work. These barriers might include internal politics, personal agendas, and unconscious bias. We recognise this pursuit cannot be achieved with policies and programmes alone. It involves leaders being accountable for investing in the mindset and behaviours that lead to enhanced psychological safety, high trust, and high-performance cultures.

Regularly testing culture and reviewing the impact of policies and practices is key to tracking success and impact.

Principle 4: Leadership—We commit to using our position and voice to promote DEI and improve DEI outcomes in the investment industry. We will hold ourselves responsible for our firm's progress.

Definition:

Leaders set the standards and expectations for inclusive behaviour, model the behaviour, and help define their organisations' culture by example, both internally and externally. To drive progress, leadership at all levels of signatory organisations should be diverse, inclusive, accountable to stakeholders, and trained to manage and lead diverse teams. Establishing a strong tone from the top underpins all other DEI-related efforts and, where done successfully, supports recruitment, retention, and promotion of top talent, thereby creating a competitive advantage and minimising costs of employee turnover, legal proceedings, and the suboptimal productivity that may occur where individuals do not feel able to fully contribute.

Commitment:

We commit to empowering our leaders, both executive and nonexecutive, to create robust leadership development processes. These processes will focus specifically on building understanding, increasing awareness of the root causes of inequities, improving general people management skills, and changing behaviour around DEI within the workforce for the better. They are implemented on an ongoing, sustainable basis and are subject to regular review by our senior leaders.

Principle 5: Influence—We commit to using our role, position, and voice to promote and increase measurable DEI results in the investment industry.

Definition:

As organisations, members, and clients of the investment industry, we can lead by example and encourage and advocate both internally and externally across the investment management industry, including our employees, clients, the wider investment sector, and providers of industry services, to adopt the Principles of this Code and undertake activities that promote DEI best practice within the investment industry for the ultimate benefit of society.

Commitment:

To our employees. We commit to being open and transparent about our people practices (e.g., remuneration review, promotions, and learning and development opportunities), taking proactive steps to show and communicate inclusion and recognising our commitment at all levels.

To our clients. We commit to managing client expectations for the advancement of DEI within the industry, providing clear evidence, communicating proactively, demonstrating our progress against the success measures available, and finding out where we align with their own DEI expectations.

To the investment management sector. We commit to working through collaboration and external partnerships by being visible and accountable—using our senior leaders' profiles to raise DEI issues and actively participating in initiatives that support DEI.

To our supply chain providers. We commit to the creation of robust, regular review processes for service providers, subadvisers, and vendors with respect to DEI practices proportionate to our firm's size, and we commit to actively advocating for these internally and externally.

Principle 6: Measurement—We commit to measuring and reporting on our progress in driving better DEI results within our firm. We will provide regular reporting on our firm’s DEI metrics to our senior management, our board, and CFA Institute.

Definition:

Measurement is key to success in improving DEI: What gets measured gets evaluated and managed, particularly in such a data-driven industry as investment. Given the importance of measurement, a systematic framework is essential—one that focuses on measurement and tracking for the first five DEI Code Principles, wherever appropriate. Data collection is also important, not only as a tool for greater understanding but also in introducing wider culture change. An essential part of the culture shift is building trust, which takes time, leadership, and stringent data-handling protocols. Therefore, data collection is not the only goal here, although it is essential to accountability.

Commitment:

We commit to an annual completion of the Reporting Framework and to the regular review of the returns by senior management, including updates for our board, to ensure our organisation is making progress on increasing representation and driving DEI at all levels. Measuring DEI is not an exact science; not all elements of DEI are obvious or are captured well in human resources (HR) systems or through reporting. We also commit to collaborate with other organisations to bring about and drive better measurement practices. There is no finish line but, rather, an iterative, continuous improvement process that requires commitment from every individual.

