



Implementation Guidance

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

2024

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CFA INSTITUTE DIVERSITY, EQUITY, AND INCLUSION CODE (EUROPE)

IMPLEMENTATION GUIDANCE

INTRODUCTION

This document provides guidance for signatories to the Diversity, Equity, and Inclusion (DEI) Code and should be read in conjunction with the DEI Code and the Reporting Framework. We encourage users of this guide to familiarize themselves with EU directives, industry regulation, and national laws on non-discrimination and equality in employment. When in doubt, practitioners should consult with legal experts specialising in employment and other relevant laws to review recommended practices for compliance.

The practice cited here derives from tested processes and ideas shared by participants in the CFA Institute Experimental Partners Program, key advisers to the DEI Code, consultations with entities such as the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority, and the adaptation work supported by our local societies in Europe. It also leans on and links to many key EU DEI resources. As noted earlier, it is not legal advice, which should be obtained as necessary by the signatory.

This guidance is intended to meet the investment industry where it is in DEI terms and enable industry leaders to drive and accelerate change. It also summarises for each principle certain benefits that firms may realise from effective implementation of DEI strategies. These benefits include access to the best talent and a potential reduction in expenses from lower employee turnover costs.

The Implementation Guidance, a core component of the DEI Code, is not an exhaustive list of all the available actions. CFA Institute will revise and update it annually to reflect effective, tested DEI practice, including that of signatories. It is intended to provide a wide range of resources to match the needs that each signatory assesses it requires to make progress; some will be more appropriate for the short versus the long term. We do not envisage that signatories will cover every aspect at once; rather, we expect that a selection of actions will be chosen according to organisations' strategic priorities and capacity.

Where the Implementation Guidance indicates actions signatories "should" take, we believe that the outlined actions are achievable for all signatories to the Code. Where it suggests actions we "encourage" or "recommend" signatories to take, we recognise that the ability to take such actions depends on each organisation's specific circumstances and that the actions may not be achievable for all.

This guidance will be reviewed and updated regularly to reflect changing practice in the investment industry. Signatories may wish to comment on their progress toward each Principle in narrative form using the Reporting Frameworks to explain the ways in which the firm has adhered to each Principle under the DEI Code, even if this progress has been achieved in a way that differs from the Implementation Guidance. These tested ideas will then be incorporated into the next update.

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

Diverse Groups

This is an indicative list for consideration in building understanding and inclusion;¹ it designates not only legally protected groups but also a range of groups to which organisations may wish to give consideration,² subject to the legal and regulatory requirements in their jurisdiction. Not all of these groups will be appropriate in all markets. There may be additional groups that are relevant to signatories, which should also be included as needed to support their work accelerating DEI. For country-specific information, please see the relevant addendum. Further detailed, regionally differentiated, and market-specific information appears in the Reporting Frameworks.

- Gender³
- Gender expression/identity
- Sexual orientation⁴

¹See the European Union Agency for Fundamental Rights (FRA), “EU Charter of Fundamental Rights: Title III, Equality, Article 21, Non-Discrimination” (<https://fra.europa.eu/en/eu-charter/article/21-non-discrimination>), and European Commission, “Employment Equality Directive (2000/78/EC)” (<https://ec.europa.eu/social/main.jsp?catId=166&langId=en>), describing legislation against discrimination at work on grounds of religion or belief, disability, age, or sexual orientation. See also the FRA website for detailed information about permissible survey categories by dataset (<https://fra.europa.eu/en/publications-and-resources/data-and-maps/browse-by-dataset>).

²For a full list of potential categories, including both core and noncore topics for consideration, see T. Makkonen, European Handbook on Equality Data: 2016 Revision (Publications Office of the European Union, 2016). <https://data.europa.eu/doi/10.2838/397074>.

³See European Commission, “EU Charter of Fundamental Rights: Title III, Equality, Article 23, Equality between Women and Men.” <https://fra.europa.eu/en/eu-charter/article/23-equality-between-women-and-men#:~:text=Equality%20between%20women%20and%20men%20must%20be%20ensured%20in%20all,of%20the%20under%20represented%20sex>. See also European Institute for Gender Equality, “Gender Equality Index 2023” (2023). <https://eige.europa.eu/gender-equality-index/2023>. See also the Resources section for further details of EU directives on gender equality and non-discrimination.

⁴Katharina Eisele, “The 2020–2025 LGBTIQ Equality Strategy: Implementation Overview,” European Parliamentary Research Service (2023). [www.europarl.europa.eu/thinktank/en/document/EPRS_STU\(2023\)753174](http://www.europarl.europa.eu/thinktank/en/document/EPRS_STU(2023)753174).

- Race⁵
- Ethnicity⁶
- Generation or age (e.g., Gen Z, millennials, Gen X, seniors)
- Socioeconomic status
- Intersectionality of two or more groups
- Marital or relationship status
- Mental well-being⁷
- Disability (e.g., vision, hearing, speech, mobility, learning differences)⁸
- Religion
- Neurodiversity
- Language, including non-native-language speakers
- Country of birth for employee or their parents
- Other, such as migrant⁹ or citizenship status¹⁰

⁵See Articles 1, 2, and 3 in Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vhckn6df1zzc#:~:text=The%20purpose%20of%20this%20Directive,the%20principle%20of%20equal%20treatment). See also European Commission, "EU Anti-Racism Action Plan 2020-2025" (https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/combating-discrimination/racism-and-xenophobia/eu-anti-racism-action-plan-2020-2025_en).

⁶See Articles 1, 2, and 3 in Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vhckn6df1zzc#:~:text=The%20purpose%20of%20this%20Directive,the%20principle%20of%20equal%20treatment). See also European Commission, "EU Anti-Racism Action Plan 2020-2025" (https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/combating-discrimination/racism-and-xenophobia/eu-anti-racism-action-plan-2020-2025_en).

⁷European Parliament, "Minimum Health and Safety Requirements for the Protection of Mental Health in the Workplace" (May 2023). [www.europarl.europa.eu/RegData/etudes/ATAG/2023/740086/IPOL_ATA\(2023\)740086_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2023/740086/IPOL_ATA(2023)740086_EN.pdf).

⁸For practical information and support on disability inclusion, visit the European Disability Forum's website: www.edf-fehp.org/.

⁹This term is defined in the European Commission's online Glossary: [https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/immigrant_en#:~:text=Definition\(s\)&text=In%20the%20EU%20context%20%2C%20a,State%20or%20a%20third%20country](https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/immigrant_en#:~:text=Definition(s)&text=In%20the%20EU%20context%20%2C%20a,State%20or%20a%20third%20country). For statistical information for EU and EFTA countries (Iceland, Liechtenstein, Norway, and Switzerland), see Eurostat, "Foreign-Born People and Their Descendants" (August 2023). https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Foreign-born_people_and_their_descendants_-_main_characteristics.

¹⁰FRA, "EU Survey on Immigrants and Descendants of Immigrants" (2024). http://fra.europa.eu/sites/default/files/fra_uploads/fra-2024-immigrants-survey-technical-quality-report_en.pdf.

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. Equity¹¹ here is in addition to equality, which requires that each individual be treated without discrimination, including being given equal opportunities for advancement. Equality is the more standard term in Europe, where it is enshrined in law¹² and supported by dedicated EU agencies.¹³ Essentially the same support for everyone regardless of the starting point is equality, but that approach may not provide an equitable solution. Equity offers targeted support to those who need it in order to reach their full potential.

Definition of Inclusion

A dynamic state of operating in which any employee can be and feels 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 all markets. In part, this is because it is an industry with a high proportion of senior roles requiring extensive experience, 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 shifting, and the DEI Code is intended to enable and accelerate that change. Therefore, equity is included as a long-term goal for signatories.

¹¹Equity is the absence of unfair, avoidable, or remediable differences among groups of people, whether those groups are defined socially, economically, demographically, or geographically or by other dimensions of inequality (e.g., sex, gender, ethnicity, disability, or sexual orientation). https://www.who.int/health-topics/health-equity#tab=tab_1. In terms of a practical example, this definition of gender equity is helpful to European practitioners: <https://eige.europa.eu/publications-resources/thesaurus/terms/1263>.

¹²Charter of Fundamental Rights of the European Union, 2012/C 326/02, Title III: Equality.

¹³The EU has established agencies such as Equinet (European Network of Equality Bodies; equineteurope.org), the European Institute for Gender Equality (EIGE), and the Agency for Fundamental Rights (FRA) to support, analyse, and provide expertise on equality issues.

THE PRINCIPLES: DEFINITIONS AND PRACTICE GUIDANCE

This guidance is intended to provide a range of activities for signatories to consider before adopting those that best align to the specific DEI challenges and opportunities within their organisation. The Reporting Frameworks that accompany the Code provide more detail on what constitutes good practice. Implicit in this guidance is the need to ensure sufficient budget and communications resources are allocated to the recommended activities.

Principle 1: Pipeline

We commit to expanding the diverse talent pipeline through continued outreach to attract capable individuals from underrepresented groups.

1.1. Definition

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

1.2. Signatories' Commitment

1.2.1. 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 partners¹⁴ 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.

1.3. Practice Guidance

We have provided this guidance in two parts to separate activities that aim to raise visibility and awareness of the investment industry from those that more actively contribute to building a pipeline of prospective candidates.

¹⁴See the suggestions in the Resources section.

1.3.1. Raising Visibility and Awareness of the Investment Industry

Ref.	Guidance	Rationale/Additional Information
1.3.1.a	Signatories should identify outreach opportunities to raise visibility and awareness of the industry wherever possible. Larger organisations may create a clear programme of outreach.	Work should include regular outreach to a broad swath of institutions—including local authorities, educational institutions, non-profit organisations, and other stakeholders ¹⁵ —as well as raising awareness of apprenticeship and co-operative (co-op) education pathways through information sessions.
1.3.1.b	When conducting outreach in communities, signatories should consider what kind of employee education is needed in advance.	This endeavour will involve some skills-based training or briefing with key watch points in intercultural competency, conflict resolution, human rights, anti-racism, social protection, and inclusion. ¹⁶
1.3.1.c	Signatories should target outreach activity for young people, especially women, to those who are least familiar with and have the least exposure to the investment sector.	<p>We know that the investment sector is a niche area of the financial services industry and is largely unknown to young people and those who do not have prior connections in the sector.</p> <p>Organisations could consider delivering outreach to schools in their local communities. This outreach may take the form of career fairs or similar presentations intended to help equip students with the knowledge, connections, and aspiration to enter the investment industry. Signatories could also consider meeting young people in easily accessible, informal, online environments, such as TikTok, that reduce barriers to participation and outreach.¹⁷</p> <p>As part of the EU's "early activation approach,"¹⁸ outreach should also target younger students, as we have learned that decisions that influence the talent pipeline are made as early as school years 9 and 10—that is, early in secondary education.</p>

¹⁵Article 9 of Council Regulation (EC) No. 2021/1057 of 24 June 2021 establishing the European Social Fund Plus (ESF+) sets out the meaningful participation of social partners in the delivery of employment, education, and social inclusion policies supported by the ESF+.

¹⁶Article 3 of Council Regulation (EC) No. 2021/1057 of 24 June 2021 establishing the European Social Fund Plus (ESF+) sets out the general objectives of the ESF+ programme: to ensure equal opportunities, equal access to the labour market, fair and quality working conditions, social protection, and inclusion, in particular focusing on quality and inclusive education and training.

¹⁷Article 8 of Council Recommendation (2020/C 372/01) of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee sets the screening tools, improved profiling of and outreach to young people, including their preferences and motivation, skills and barriers, and factors related to their residence in rural, remote, and disadvantaged urban areas.

¹⁸Márton Csillag and Anna Adamecz-Völgyi, "Early Activation and Employment Promotion," European Commission (May 2018). <https://op.europa.eu/en/publication-detail/-/publication/01a2b7f1-8eeb-11e8-8bc1-01aa75ed71a1>.

Ref.	Guidance	Rationale/Additional Information
		<p>Given the concentration of investment firms in large urban centres/financial hubs, outreach to other areas should be considered, possibly by providing informational materials or creating mobile outreach units with drop-in sessions and scheduled appointments to cater to different needs and preferences.</p>
1.3.1.d	<p>We encourage signatories to seek outreach opportunities jointly with other aligned organisations.</p>	<p>Smaller organisations may benefit from partnering with other organisations to deliver outreach to school-age children and university students, whether that be with other firms or in partnership with external outreach and diversity organisations.</p> <p>Working with a wide range of groups, such as existing affinity and nongovernmental organisations, as well as other organisations focused on DEI, can magnify the impact of the available resources. See the Resources section for suggestions on potential partners.</p> <p>Partnerships are crucial for developing comprehensive community outreach programmes that can effectively create talent pipelines.¹⁹</p>
1.3.1.e	<p>We encourage smaller organisations (which may lack wide name recognition) to develop a clear employer brand to augment the impact of their outreach.</p>	<p>Working with national and regional organisations (see Resources section for ideas) to introduce students to the organisation may help lesser-known organisations reach a broader outreach audience.</p>
1.3.1.f	<p>We encourage signatories to offer themselves as a source of information and inspiration.</p>	<p>Examples include classroom visits by employees from underrepresented groups, informal meetings for parents/carers, research competitions, and mock interviews to help students, teachers, and parents/carers understand the investment industry. It is important that individuals from underrepresented groups, including minoritized and/or female role models, participate when engaging with schools to help mitigate biases of students, parents/carers, and teachers.²⁰</p> <p>Organisations can also attend career fairs, provide virtual conference speakers, visit youth centres, attend cultural or sporting events, or set up mentoring programmes in conjunction with other entities.</p>

¹⁹Article 9 of Council Regulation (EC) No. 2021/1057 of 24 June 2021 establishing the European Social Fund Plus (ESF+).

²⁰Renée B. Adams, Brad M. Barber, and Terrance Odean, "STEM Parents and Women in Finance," *Financial Analysts Journal* 74 (2018): 84–97. The paper documents the positive effect of role models on beliefs and attitudes.

Exhibit 1A. Clarity on the Nature of Outreach Activities

We advise signatories to appreciate the difference between general community outreach (or corporate social responsibility) and outreach to attract diverse talent and to explore synergies between them.

General community outreach (or corporate social responsibility) and outreach to attract diverse talent are different but can be complementary and should be coordinated to avoid conflicting messages and interests. Typically, industry organisations conducting community outreach might be sharing their professional expertise by offering financial literacy classes but not specifically marketing investment as a career. They may also be supporting community finance initiatives by serving on a board using their professional knowledge but not promoting potential roles at their firm.

In order to engage with a wider audience, changing the perception of the financial services industry can be emphasised more with an industry goal of “contributing to lasting, sustainable change.” CFA Institute University Relations team has found that this kind of intentional, service-based framing helps emphasise the bigger picture and the immense impact that early talent can have when entering the industry.

1.3.2. Building a Pipeline of Prospective Candidates

Ref.	Guidance	Rationale/Additional Information
1.3.2.a	Signatories should amplify the message of equity by celebrating role models from underrepresented groups.	<p>Showcasing a diverse group of employees as role models and “success stories” on public websites helps give potential candidates the message that the firm values those from historically underrepresented groups. Promoting internship and graduate opportunities alongside these success stories can reinforce that message, which should be given credibility by communicating a public DEI strategy.</p> <p>Smaller organisations could consider partnerships with leadership development organisations (such as Roots Inspire) to leverage role models and corporate leaders from underrepresented groups in other organisations.</p>

Ref.	Guidance	Rationale/Additional Information
		Care should be taken in asking employees to raise their profile, however, so as not to add to cultural burden or appear disingenuous about the reality of diversity within the organisation. In particular, openness about the diversity—or lack thereof—of the board and the senior leadership team is important to avoid the appearance of “social washing” or “diversity washing.” ²¹
1.3.2.b	Signatories should clearly articulate the benefits for potential candidates of working in the investment sector and in their organisation.	While promoting the employer brand helps attract potential candidates, the employer should showcase what it has to offer them in exchange for their skills and experience (the “employee value proposition,” or EVP), including such examples as flexible working arrangements, remote working options, parental leave, and health and wellness programmes. These benefits are highly valued and also demonstrate to potential candidates the organisation’s commitment to work-life balance. ²²
1.3.2.c	Signatories should demonstrate the alternative routes to a career in their firms, such as paid apprenticeships, internships, and co-op education programmes.	The perception remains that the investment sector is old-fashioned and recruits from a single source—namely, university students studying a limited range of degree subjects, including math, economics, and finance. Organisations can also advertise alternative routes clearly on the Careers page of public websites, including co-op education programmes that integrate education with practical work experience, and using opportunities within the Erasmus+ programme for supporting transnational partnerships between educational institutions and businesses that offer cross-border work experience within the EU. ²³
1.3.2.d	Signatories should seek to use everyday language, regional languages, and audio-visual aids on their Careers websites.	Limiting investment jargon, technical terms, and acronyms and instead using more everyday language on the Careers page of public websites helps make the investment industry more accessible to those who tend to see it as either not open to them or unlikely to give them the same opportunities to succeed as others.

²¹Social washing or diversity washing, which is akin to greenwashing, occurs when an organisation takes part in performative marketing activities but does not effect real DEI change.

²²Article 9 of the Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance and carers sets out the rights and responsibilities for flexible working arrangements, subject to reasonable limitation.

²³Resolution of the Council of the European Union and the Representatives of the Governments of the Member States meeting within the Council on a framework for European cooperation in the youth field: The European Union Youth Strategy 2019–2027 (2018/C 456/01) on the establishment and support for the Erasmus+ programme.

Ref.	Guidance	Rationale/Additional Information
		<p>Careers page content could be offered in multiple languages, especially in regions where multiple languages are spoken, to ensure accessibility for non-native language speakers.²⁴</p> <p>Organisations could complement text with visuals, infographics, and audio, where appropriate, ensuring that these aids are accessible, with alt text and closed captions for videos.²⁵</p> <p>Explaining specific terminology will also help candidates apply for roles (see Principle 2).</p>
1.3.2.e	Signatories should maintain channels to facilitate two-way feedback between the organisation and potential candidates.	Two-way feedback is a valuable resource in improving outreach. Organisations can survey internship candidates and outreach audiences to improve their understanding of the issues that deter candidates from underrepresented groups from applying to the industry. At the same time, organisations can offer feedback to all long-list, entry-level candidates so they have the opportunity to develop, even if their application was unsuccessful. If the resources to do so are unavailable, the organisation should manage applicants' expectations clearly at the outset.
1.3.2.f	Signatories should take steps to maintain sustained contact beyond a single outreach activity, subject to receiving the student's consent to do so.	<p>Sustained contact over time (for example, through newsletters or reunions) can reach more-engaged students and nurture them. Even if students do not pursue an investment career following the initial outreach, they will be more likely to see the industry positively and more likely to consider it later.</p> <p>Similarly, even if outreach recipients do not choose a career in investment, they may well become future clients and will have been equipped with some understanding of investment choices.</p> <p>Organisations could also collect feedback from students and universities on how to improve and expand outreach efforts. This effort would help ensure that outreach strategies remain effective and aligned with evolving DEI and recruitment goals.</p>

²⁴Article 21 (1) of the Charter of Fundamental Rights of the European Union (2012/C 326/02) prohibits any discrimination on the basis of sex, race, colour, ethnic or social origin, genetic features, language, religion or beliefs, political or other opinions, and so on.

²⁵Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 sets out some of the accessibility requirements for products and services.

Ref.	Guidance	Rationale/Additional Information
1.3.2.g	We encourage signatories to run or support summer internship and co-op education programmes.	<p>Many potential candidates from universities welcome an opportunity to gain work experience over a 10- to 12-week period during the long summer break. A number of degree courses also offer a one-year industrial placement in the third year. These opportunities provide students with valuable real-world experience in the sector. Organisations that offer these programmes must take steps to open up applications to students from a wide range of degree subjects.</p> <p>Similarly, co-op education programmes offer students an opportunity to alternate between semesters at university and paid employment with organisations to improve learning, cross-cultural communication, and technical skills.²⁶</p> <p>When signatories run internship and industrial programmes, they should clearly advertise the salary and assessment/recruitment process for internship programmes. Internships should offer an adequate wage²⁷ and have an open and transparent recruitment process available to any student to apply that is not, for example, biased in favour of selecting candidates who were introduced by a senior executive.</p>

Exhibit 1B. Building New Routes into the Investment Management Industry

Signatories may decide to offer scholarships to support students from less advantaged socioeconomic backgrounds to complete their higher education. Internships that offer scholarships designed to support the advancement of talent from different socioeconomic backgrounds by providing financial support, mentoring, and advice to help interns complete their degree courses are also a valuable resource.

²⁶Council Resolution on a strategic framework for European cooperation in education and training towards the European Education Area and beyond (2021–2030) 2021/C 66/01 describes how organisations can cooperate in education and training with the objective of improving quality, equity, inclusion, and success for all in education and training.

²⁷The EU Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) Disclosure Requirements S1-10 (Own workforce) defines “adequate wage” as “a wage that provides for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions.”

We encourage signatories to also consider the talent pipeline beyond the early career stages; for example, signatories could offer “return-to-work” support for employees returning to work after extended leave by gradually increasing their working hours and providing catch-up training to ensure they are up-to-date with new projects and assignments.²⁸ Talent pipeline expansion can also extend to older age groups beyond traditional student cohorts (e.g., entities dedicated to enabling women to return to the industry after having left for a career break or due to previous work-life balance challenges, and accessing the European Social Fund opportunities to develop and offer access to continuous learning and training opportunities tailored to older candidates).²⁹

Principle 2: Talent Acquisition

We commit to designing, implementing, and maintaining inclusive and equitable hiring and onboarding practices.

2.1. Definition

2.1.1. Talent Acquisition: Code signatories should ensure that all aspects of hiring practice are equitable and inclusive, from intern, apprenticeship, and graduate recruitment to experienced hires and senior roles, as this 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.

2.2. Signatories’ Commitment

2.2.1. We commit to creating, implementing, and regularly reviewing robust talent acquisition processes and policies, such as anti-bias, cultural competency, and other educational 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.

²⁸Article 9 of Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance and carers.

²⁹Article 4 of the Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) read in conjunction with Article 6(1)(a) of Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, specifically for women and older persons.

2.2.2. 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 functional area 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.

2.2.3. We also commit to identifying and driving 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 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 culture 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.

2.3. Practice Guidance

We have provided this guidance in two parts to separate activities that address talent acquisition activities from targeted outreach activities aiming to attract talent from underrepresented groups.

2.3.1. Talent Acquisition Processes and Policies

Some of the points in Principle 1 may also be useful here.

Ref.	Guidance	Rationale/Additional Information
2.3.1.a	Signatories should take steps to ensure the talent acquisition process and the recruiting environment are inclusive at each stage.	Inclusive thinking should be embedded at all stages of the talent acquisition process. Methodically reviewing each step against the criterion of inclusivity is a good start. Considering candidates in terms of cultural add rather than cultural fit is more likely to support diverse hiring and avoid building homogeneous teams. Aligning inclusive talent acquisition with strategic business imperatives to grow the organisation gives these DEI-focused changes credibility and increases their employee buy-in.

Ref.	Guidance	Rationale/Additional Information
		<p>Consider providing training for teams involved in drafting and publishing job advertisements to ensure they understand the importance of non-discrimination and are aware of inclusive language, unconscious bias, and criteria that must be avoided in job advertisements.³⁰</p> <p>To test the inclusivity of their recruitment processes, organisations could solicit feedback from candidates on their experience, focusing on aspects of perceived fairness and inclusivity.</p> <p>Where possible, organisations could also employ the services of consultants or recruitment advisers that specialise in DEI. They can provide valuable insights and recommendations for improving recruitment processes.</p>
2.3.1.b	Signatories should commit to creating and implementing a fair and consistent experience for candidates.	<p>Incorporating an objective, competency-based analysis—for instance, using a skills rubric or a standardised list of criteria for evaluating candidates given to those involved in the interview and hiring process or third-party testing—ensures that these criteria are directly related to the job’s duties and responsibilities, avoiding criteria that could indirectly discriminate against certain groups.</p> <p>Signatories should note that interviewing “standards” do not work for some candidates: Neurodiverse candidates may fail to interpret social cues and overlook nonverbal communication through a standardised interviewing procedure. Those involved with the recruitment process should clearly communicate the interview process in advance, including the format, duration, and types of questions. Offer flexibility in the interview format, including written interviews, extended time for responses, or allowing candidates to demonstrate their skills through practical tasks.³¹</p> <p>In order to interview candidates who self-identify as neurodiverse, advice from qualified consultants should be taken as to how to design and implement an inclusive selection process.</p> <p>See Exhibit 2A for further advice on ensuring fairness and consistency for candidates.</p>

³⁰Article 1 of Council Directive 2000/78/EC of 27 November 2000 lays down a general framework for combating discrimination on the grounds of religion or belief, disability, age, or sexual orientation as regards employment and occupation.

³¹Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services read in conjunction with Article 1 of Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation.

Ref.	Guidance	Rationale/Additional Information
2.3.1.c	Signatories should ensure job adverts and job descriptions are clear, concise, and written in plain language, taking care to include local and regional languages. They should also ensure that characteristics described as role requirements include only criteria that are essential for the role.	<p>The first experience a potential candidate has of an organisation's commitment to DEI is the job advert and job description. Signatories could include an equality statement or reference their DEI policy, specifically highlighting that the organisation welcomes applications from all sections of the community, including groups that are underrepresented in their workforce.³²</p> <p>Signatories should take care to explain any terminology in the advert, limit the use of technical jargon, and scrutinise whether minimum qualifications are critical for the role or a "nice-to-have." Job adverts should also clearly list any flexibility offered in the role.</p> <p>Signatories must ensure that the criteria for selection do not indirectly discriminate against any group. For instance, requiring unnecessary levels of language proficiency might exclude candidates based on their racial or ethnic background if those levels are not essential for the job.³³</p> <p>Signatories could make job advertisements more accessible to persons with disabilities by publishing them in various formats (e.g., large print and audio) or ensuring that online job postings are compatible with screen reading software, such as JAWS (Job Access with Speech) or NVDA (NonVisual Desktop Access).³⁴</p> <p>We recommend signatories seek to use gender-neutral language in job descriptions. Job adverts should be reviewed to remove any gendered language. Online tools such as Textio can be used to find alternative suggestions.</p>
2.3.1.d	We encourage signatories to commit to ensuring interview panels are diverse wherever possible.	Although research on the effect of demographically homogeneous panels on the rating of diverse candidates is mixed, using heterogeneous panels may decrease bias. Further, including members of employee resource groups or employee-led diversity networks on interview panels can help identify cultural add and inform candidates about organisational culture.

³²The EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-1 requires organisations to disclose all policies that address the management of their material impact on own workforce, as well as associated material risks and opportunities, and to provide a summary of the content of the policies and how they are communicated.

³³Article 1 of Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment and the prohibition of discrimination in employment and occupation.

³⁴Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services read in conjunction with Article 5 of Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation for persons with disabilities.

Exhibit 2A. Measures to Ensure Fairness and Consistency

We recommend that signatories invest in continuous training of internal recruiters to maintain anti-bias practices. Inclusive talent acquisition requires dedicated training specific to the task of recruitment. Such training helps recruiters and hiring managers improve their ability to recognise and appreciate diverse backgrounds, experiences, and skills with the goal of mitigating bias. Training should be held close to the hiring season for interns and new graduates, and refresher training should be available ahead of an experienced-hire process.

Training for all involved in recruitment should ideally include at least some of the following:

- Awareness of implicit biases, the costs of stereotyping, and the behavioural benefits of challenging our own assumptions
- Building an understanding of these Principles, the skills involved for managers, and the commitment to cultural change, including cultural competency
- Familiarity with EU Directives and national laws on non-discrimination and equality in employment
- Actions needed to change previous practice
- Identifying gaps in cultural intelligence, as well as in skills, on an existing team
- How to frame a broad search to produce a larger pool of candidates
- How to mitigate bias to create inclusive and effective job descriptions
- Interview practice for hiring managers, including communicating for understanding and listening skills.

In line with EU Pay Transparency Directive 2023/970, we recommend that signatories clearly disclose the salary range for the role prior to the interview and that they refrain from asking the candidate about their salary history. There is evidence that women are less likely to apply for jobs with employment contracts characterised by competition and uncertainty. Therefore, signatories could initially rely to a larger extent on annual total compensation³⁵ at the job advertising stage. Furthermore, we recommend avoiding such terms as “new graduate” and adding an equality statement that refers to an age-inclusive workplace or references their DEI policy.

³⁵The EU CSRD and ESRS S1 (Own workforce) defines “annual total compensation” as follows: “Annual total compensation includes salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value, and nonqualified deferred compensation earnings provided over the course of a year.”

When scheduling interviews and assessments, we recommend that signatories provide as much information as possible to candidates on the entire recruitment process. Hiring managers should make it clear to candidates what the recruitment process is—for example, the various interview stages, including whether there is an assessment stage (often used for early-career recruitment). This overview should include an expected time frame for completing the recruitment process.

Team managers and recruiters at signatory organisations should consider accessibility requirements for candidates and new staff throughout the process. Team managers/recruiters may consider including a statement in any communication with candidates and new staff to encourage them to request any necessary arrangements. Recruiters could also offer unconventional means for candidates to contact the recruitment team, such as text or other mobile applications (e.g., Facebook, WhatsApp). Recruitment websites and other application platforms used during the process must be made compliant with EU web accessibility standards by making them more perceivable, operable, understandable, and robust.³⁶ Training for managers around interview techniques and management styles should include approaches that are more suitable for people with disabilities (including those with “invisible disabilities”) and neurodivergent candidates.

2.3.2. Targeted Outreach to Attract Talent from Underrepresented Groups

Ref.	Guidance	Rationale/Additional Information
2.3.2.a	Signatories should have accountability at both the mid- and senior levels when standard recruiting tools do not result in diverse candidate pools or when the DEI mindset is not embedded within the culture.	<p>It is incumbent not only upon senior leaders to follow through on broadening their recruiting pool; more importantly, managers should also follow up on the process and adapt to improve results.</p> <p>Accountability can take the form of a “comply or explain” approach. Many firms are introducing incentive-based compensation and/or management performance metrics that result in adjusted remuneration.</p> <p>Additional accountability measures could also include feedback mechanisms involving applicants or review processes involving fellow interview panellists to ensure that organizational diversity goals are met.</p>

³⁶Article 4 of Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016 on the accessibility of the websites and mobile applications of public sector bodies requires them to take the necessary measures to make their websites and mobile applications more accessible to persons with disabilities.

Ref.	Guidance	Rationale/Additional Information
2.3.2.b	We encourage signatories to work directly with universities by arranging visits by staff of diverse backgrounds to deliver invited guest lectures as part of undergraduate investment courses.	<p>Organisations may fail to attract talented students from diverse backgrounds because the lack of diversity and perceived culture can make the investment industry appear unattractive to underrepresented groups, creating a vicious circle.</p> <p>Larger organisations may consider guest lectures and curriculum development, incorporating real-world models and challenges, and the importance of DEI in solving those challenges. This will help students understand the value of diverse perspectives in the workplace.³⁷</p>
2.3.2.c	We encourage signatories to offer more flexible working practices to create a greater range of potential employees.	<p>Recent research shows that the perception of the financial industry’s working conditions may be unattractive to women.³⁸ Introducing flexibility in working hours and practices will make posts in the investment industry more attractive to a greater range of people, in particular women and others with caring responsibilities and those with disabilities. By increasing the size of the potential applicant pool, there may be an increase in ethnic minority applicants.</p> <p>Signatories could consider offering job-sharing schemes where two or more employees share the responsibilities of one full-time position. Such an arrangement can be beneficial for employees seeking flexible working arrangements while maintaining their career trajectory. It requires careful planning, coordination, and accountability.³⁹</p> <p>Remote working options could also be offered to potential employees to work from home or other locations that suit their personal care needs or reduce their commuting burden.⁴⁰</p>

³⁷Article 1 of the European Pillar of Social Rights (2017/C 428/09) enshrines the right to education, training, and lifelong learning to enable them to participate fully in society.

³⁸Spyridon Lagaras, Maria-Teresa Marchica, Elena Simintzi, and Margarita Tsoutsoura, “Women in the Financial Sector” (27 December 2022). Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4098229.

³⁹Article 10(1) of the Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers maintains the rights of workers before, during, and after time off from work—guaranteeing career trajectory.

⁴⁰Article 1 of the Directive 2003/88/EC of the European Parliament and the Council of the European Union of 4 November 2003 concerning certain aspects of the organisation of working time.

Ref.	Guidance	Rationale/Additional Information
2.3.2.d	Where signatories offer degree apprenticeships, we encourage signatories to expand their reach and promote them in schools and further education colleges in areas where there are historically lower numbers of university entrants.	Besides employing recent graduates from universities, other routes to recruit talent include companies using degree apprenticeship programmes. Organisations could deploy individualised approaches and youth programmes outside traditional settings to bring the outreach closer to young people, like mobile outreach and one-stop shops in communities. ⁴¹
2.3.2.e	We encourage signatories to revise their talent acquisition processes to accommodate the concept that educational and professional attainment should be reviewed in the context in which they were achieved.	<p>Although many universities use contextualised applications (for example, applying lower entrance grades for people of disadvantaged backgrounds) when offering admission to undergraduate programmes, candidates may still face adversity whilst studying.</p> <p>Signatories could recognise that achievements vary by context, including socioeconomic background, accessibility to resources, or educational opportunities. Talent acquisition processes could adjust evaluation criteria to consider these factors, valuing diverse experiences and paths to professional development.</p>

Exhibit 2B. The Role of Employee Resource Groups (ERGs) and Business Resource Groups (BRGs)

We encourage signatories to provide incentives and training for additional activities expected from employees from underrepresented groups. ERGs and BRGs can be helpful in discussing processes and policies, if they have the experience and capacity. If the organisation involves ERGs in recruitment, cultural taxation (the overreliance on underrepresented employees for the work of diversity) can be a real issue, so organisations should give thought to incentivising and training for this additional commitment. Active BRGs tend to have more capability to contribute to recruitment policy review because they are more closely aligned with business goals, understand the steps to achieve those goals, and receive training to that end.

⁴¹European Commission, "Practical Guide: Creating Pathways of Support for Vulnerable Young People to Enter Training and the Labour Market" (2021). https://european-social-fund-plus.ec.europa.eu/system/files/2021-08/practical_guide_-_creating_pathways_for_support_KE-05-21-133-EN-N_%281%29.pdf.

We also encourage signatories to continually grow diverse talent networks to cultivate broader pools of talent, even when a job vacancy is not immediately available. Leveraging ERG networks through an understanding that the organisation is “always-on recruiting” for mid-level and senior hires can also be a productive approach. Always-on recruiting means building relationships with potential hires even when the organisation has no open roles. ERGs are more likely to have diverse networks and so can be effective ambassadors for the organisation and make the organisation more attractive to potential hires by showcasing its commitment to diversity and inclusion. Using the always-on approach, quality hires might take place two to three years from inception. In the meantime, cultivating the relationship is key, as is a focus on quality rather than quantity of candidates. When involved in recruiting through their networks, employees need to be comfortable with articulating and living the organisation’s values and understand how to communicate them in a way that best presents the organisation’s culture. They may need some training along these lines, similar to that for an organisation’s Talent team and/or hiring managers. This training will also serve the purpose of building capabilities within the existing workforce. If BRGs have been involved in creating a cultural framework, they may be well placed to present it.

Exhibit 2C. Returners and Mid-Career Talent

We encourage signatories to provide support and training for workforce returners. Signatories could create structured “returnship” programmes aimed at professionals looking to re-enter the workforce, especially women. They will have industry experience but may need support updating their skill sets through training, mentorship, and the possibility of permanent employment upon successful completion, providing a bridge back to career paths in line with the EU’s agenda for skills and job growth.

We also encourage signatories to analyse the potential among existing mid-career diverse employees working in non-investment-related positions. An additional strategy can involve “in-reach” to mid-career professionals by taking a second look at the talent already present in the industry. Many companies have talented employees from underrepresented groups. These existing employees may not work in investment-related roles. Underrepresented people became underrepresented in the investment industry not because they lacked skills or education but because they were not given the opportunity to enter early in their careers. For example, female graduate hires are sometimes funnelled from potential investment roles into marketing and client service, and people of colour are sometimes directed into operations roles. Supporting employees in pursuing professional credentials can enable this transition and benefit both employer and employee.

Exhibit 2D. Extended Search Times and Broader Criteria

We recommend that signatories extend search times and broaden their criteria for roles that have very specific qualification requirements. In the case that only a few individuals have the very specific qualifications required—for example, the Certified Financial Planner (CFP) designation—particularly outside the main financial areas, greater flexibility may be needed. If a pool is too small, employers could broaden their criteria by looking out for nontraditional candidates or by reaching candidates outside the geographical area and offering relocation assistance. (See also 2.3.1.c.)

Exhibit 2E. The Role of Industry Workshops and Events

Industry conferences, workshops, and other events play a key role in extending awareness of careers in investment management among underrepresented groups. The increased prevalence of hybrid and virtual conferences since 2020 has also helped make these events more accessible to those who may be distant from major financial centres. We encourage signatories to consider maintaining a presence at such events to amplify their efforts to attract underrepresented talent.

Principle 3: Promotion and Retention

We commit to designing, implementing, and maintaining inclusive and equitable promotion and retention practices to reduce barriers that may adversely impact progression of underrepresented groups.

3.1. Definition

3.1.1. Promotion: Given its importance to supporting employee progression and readying individuals for promotion, Code signatories should ensure that all aspects of access to training and development—including mentorship and sponsorship, progression, new opportunities, and appraisal processes—are equitable and inclusive and seek to address inequities resulting from systemic forms of bias. Promotion covers mid-career-level step opportunities, such as the allocation of “stretch” assignments and high-profile projects, as well as individual recognition through moves into roles with broader scope and greater responsibility. Equitable promotion can be crucial in building employee visibility and experience, enabling

recruitment and retention of talent, and supporting the development of a strong pipeline that contributes to the long-term success of the organisation.

3.1.2. Retention: Code signatories should design and maintain inclusive retention and support systems, such as mentorship, sponsorship, and work-life accommodations. They should also make efforts to eliminate harassment, which can frequently be a principal cause of departure. To further advance equity, this work should identify barriers to historically underrepresented employees’ progress, as well as valuing their contribution. Inclusive retention and support systems can minimise employee turnover and other (e.g., legal) costs to organisations and enable all talent to fully contribute.

3.2. Signatories’ Commitment

3.2.1. We commit to creating and implementing robust promotion and retention processes that are subject to a cycle of regular review and improvement. This work will be supported by regular manager, senior leader, and wider organisational training, such as cultural competency, to embed inclusive and equitable practices.

3.3. Practice Guidance

We have provided this guidance in two parts to separate promotion-related activities from retention-related activities.

3.3.1. Promotion

Ref.	Guidance	Rationale/Additional Information
3.3.1.a	Signatories should assess talent review, work allocation, and promotion processes for bias, as applicable to the circumstances of their organisation.	<p>Where organisations do not have sufficient in-house expertise, it is often beneficial for bias reviews to be informed by DEI training and/or consultant advice. The relative independence provided by the latter can also be helpful in supporting acceptance of and willingness to act on results.</p> <p>On a business-as-usual basis, those managing teams and allocating work should be mindful that this is done in a fair and equitable manner, with all employees being given opportunities to enhance their skills and gain experience in stretch projects and roles. Provision of DEI training can assist managers in understanding and implementing equitable allocation of work.</p> <p>Where organisations use decision-making panels or committees for talent review and promotion, they should ensure that those panels and committees include diverse representation to bring varied perspectives and mitigate the risk of bias.</p> <p>The guidance for Principle 2 is also relevant here.</p>

Ref.	Guidance	Rationale/Additional Information
3.3.1.b	Signatories should provide transparency with respect to opportunities available and promotion processes to encourage all candidates to apply for internal opportunities.	<p>Talent review and promotion processes should be made transparent, providing employees with clear information on how decisions are made and the criteria used. This should be viewed in line with continuous professional growth and facilitate continued employability.⁴²</p> <p>Transparency mechanisms can also include feedback from employees on their perceptions and experiences of the talent review and promotion process.⁴³</p> <p>Where institutional capacity exists, organisations may conduct regular audits of talent review and promotion processes to ensure they are free from bias. These data can also be disaggregated by gender, age, race, disability, and other relevant characteristics to identify any trends or disparities that may indicate bias or barriers to equal opportunities.</p> <p>In addition, managers and leaders should allocate time to hold career conversations with their team members. Being aware of individual career aspirations (both near- and medium-term) will enable managers and leaders to actively encourage a broad range of their employees and colleagues to pursue opportunities and promotions that are relevant to them. They may also wish to provide additional support and coaching to those who are qualified but less confident.</p>
3.3.1.c	Signatories should identify potential leaders as part of a succession planning programme and set clear ambitions for inclusive representation in the programme.	Signatories should establish clear, objective, transparent, and inclusive criteria for identifying leadership potential. ⁴⁴ Reviews should be undertaken to understand whether there are as many opportunities as possible for diverse talent to obtain such roles or whether diverse groups are being concentrated in support roles/nonprimary functions.

⁴²Article 3 of Council Directive 2000/78/EC of 27 November 2000 prohibits discrimination in relation to employment, selection criteria, and recruitment conditions.

⁴³In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

⁴⁴Article 3 of Council Directive 2000/78/EC of 27 November 2000 prohibits discrimination in relation to employment, selection criteria, and recruitment conditions.

Ref.	Guidance	Rationale/Additional Information
		<p>Ambitions for inclusive representation may be in the form of DEI goals and targets linked to the overall business strategy.</p> <p>Recognise and nurture different leadership styles and qualities that reflect the diversity of the workforce. Such an approach would challenge traditional leadership stereotypes and support a broader definition of leadership potential.</p> <p>Organisations could rotate individuals among teams once they reach the level of managing director (or equivalent) in order to increase their exposure to different business functions, thereby broadening experience. They should also consider doing this at mid-levels of the organisation to support development of a robust diverse pipeline across all areas of the business, including profit and loss statement-generating roles.</p> <p>Smaller organisations could consider using a shadowing system to allow broader experience as part of succession planning for mid-level roles up, not just the most senior roles.</p> <p>Where possible, ERGs and BRGs can identify individuals with previously unnoticed leadership capacity.</p>
3.3.1.d	<p>In identifying barriers to diverse employee progress and valuing underrepresented employees' contributions, signatories should consider and understand specific factors that typically do not present challenges for members of majority groups.</p>	<p>Provide accessible leadership development programmes that prepare underrepresented employees for leadership roles. These development programmes could be open to all employees who meet the objective criteria for leadership potential.⁴⁵</p> <p>Mentoring and sponsorship programmes have an important role to play in career development for talent, especially for diverse talent. Reassessing the impacts of these programmes regularly (recommended annually) can help keep them on track and encourage leaders to make revisions where necessary.</p> <p>Organisations could implement mechanisms for collecting feedback from participants in development programmes, using that feedback to continuously improve the programme.⁴⁶</p>

⁴⁵Article 3 of Council Directive 2000/78/EC of 27 November 2000 prohibits discrimination in relation to employment, selection criteria, and recruitment conditions.

⁴⁶In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

Ref.	Guidance	Rationale/Additional Information
3.3.1.e	Where applicable, leaders at signatories should monitor how high-visibility opportunities and stretch assignments are awarded and adjust processes where necessary to be inclusive.	<p>Underrepresented groups are often not notified about temporary projects, business rotations, or other growth opportunities in the same (both formal and informal) way normative or majority groups are. Over time, repeated knowledge of and access to such opportunities can give a significant cumulative advantage in building experience and visibility to one group and not to another, likely underrepresented group.</p> <p>Organisations are encouraged to create clear and transparent criteria for selecting employees for stretch assignments and high-visibility projects. These criteria should be regularly communicated by senior leadership across the organisation.⁴⁷</p> <p>The proactive use of ERGs, BRGs, and HR to identify talented individuals from underrepresented groups may be helpful.⁴⁸</p> <p>Provision of DEI training can assist managers in understanding and implementing equitable allocation of work and mitigate against any biases.</p> <p>Organisations may consider establishing feedback channels for employees on the inclusivity of selection processes for assignments.</p>
3.3.1.f	Managers at signatories should recognise that perception and experience of risk can be very different for diverse groups and adjust their approach accordingly. Organisations can also benefit from the insights of colleagues with greater sensitivity to risk in a range of investment and business decisions.	<p>A culture that intentionally manages risk taking in relation to career progression can raise awareness that all constituents have the option of risk taking. However, managers should be aware that perception of, experience of, and preferences for risk can be very different for diverse groups.⁴⁹</p> <p>Individuals from underrepresented groups may need more support, such as sponsorship or coaching, to take on the challenge of the next level and be fully supported in an equitable manner relative to those in majority groups.</p> <p>Managers and team leaders could also involve team members in risk management processes, allowing them to contribute their unique insights and perspectives.</p>

⁴⁷Article 3 of Council Directive 2000/78/EC of 27 November 2000 prohibits discrimination in relation to employment, selection criteria, and recruitment conditions.

⁴⁸In line with the EU CSRD and ERS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

⁴⁹Maria De Paola, Michela Ponzio, and Vincenzo Scoppa, "Gender Differences in the Propensity to Apply for Promotion: Evidence from the Italian Scientific Qualification," *Oxford Economic Papers* 69 (October 2017): 986-1009. This paper explains gender differences in the propensity to apply for promotion with gender differences in risk aversion, self-confidence, and fear of discrimination.

Ref.	Guidance	Rationale/Additional Information
3.3.1.g	We encourage signatories, to the extent possible, to publicly report on demographic data at a senior level, in alignment with public commitments. This can help drive internal recognition for the importance of inclusive promotion.	<p>Given the increased scope of equality and non-discrimination within the EU, organisations will be required to publicly disclose certain aspects of their demographic data. For example, within the ambit of Article 7 of EU Directive 2022/2381 (on improving the gender balance among directors of listed companies and related measures), listed companies must provide information on the gender representation on their boards, distinguishing between executive and nonexecutive directors.</p> <p>Where organisations fall outside the scope of the aforementioned reporting requirement or where such reporting would be unduly onerous (e.g., because of firm size and resources available), firms can, at a minimum, implement self-identification programmes and actively encourage participation, with demographic breakdowns of promotion data subject to periodic review by senior management.</p>

Exhibit 3A. DEI and the Employee Value Proposition (EVP)

We encourage signatories to focus on ensuring that the EVP for high-potential employees from underrepresented groups is as relevant as that for those from majority groups. Enhancing the EVP is as relevant for employees readying for promotion as it is for external candidates. Further, because high-achieving individuals are more likely to be exploring external opportunities, organisations may benefit from reminding such talent why they should stay. Those firms that provide the most inclusive EVPs across employee groups will have a competitive advantage in the recruitment and retention of minority groups.

Exhibit 3B. Mentoring, Sponsorship, and Executive Coaching

We encourage signatories to prioritise mentoring, sponsorship, and executive coaching as core elements of their approach to DEI in promotion and retention.

Mentoring: Mentoring is the sharing of knowledge, skills, and experience with another person or group of people to help them progress. Mentoring programmes can be varied (see below) but should be clearly linked to the organisation's business goals. Participants may be informal volunteers or

may be invited by leaders and HR according to objective yet inclusive criteria. Mentoring programmes can last a year or more, or they may follow a speed mentoring model, all depending on the needs and capacity of both the organisation and the targeted employees, both of which should be assessed and communicated at the outset. Reverse mentorship programmes can refresh senior leaders' management skills and build their knowledge of junior talent entering the pipeline and senior leaders' understanding of their colleagues' lived experiences.

Organisations can consider formal programmes to ensure that at the start of employment (and at the point of a material change in role within the company), every employee is offered a mentor—or more informally, a buddy—to avoid unintentionally leaving valuable support to chance. Typically, organisations need a formal matching programme for this approach to work.

Sponsorship: A programme for potential leaders, with clear linkage to long-term organisational strategy and succession planning, can help accelerate improvement in DEI. Sponsorship is the active and considered use of personal influence, professional standing, connections, and networks to enhance career opportunities and help clear pathways for others—in particular, more-junior colleagues.

It is essential, however, that the selection criteria and recruitment process for sponsorship programme candidates are created in an objective manner, with care to mitigate bias. Sponsorship programmes can be based on the sponsor and the sponsored employee being in the same line of business, with the sponsor having visibility into the sponsored employee's work. That way, sponsors can offer stretch projects and rotations to increase sponsored individuals' experience and visibility and advocate for them when they are unable to speak for themselves, such as when senior management considers candidates for promotion.

However, an approach with sponsors and sponsored individuals in different business segments can also be highly effective. This approach may be the most practical in small and medium-sized organisations.

Executive coaching: Executive coaching should also be added as an important factor in increasing the opportunity for successful mid-level diverse management to become high-level senior management and C-suite executives. Because complexity increases as the level of management increases, an executive coach can be an important resource in navigating the nuance.

It is important that leadership skills, management, and functional training be open to a wider, more diverse pool of employees, which is often already present but overlooked because this pool presents differently from the normative. An objective and equitable assessment, such as an organizational learning needs consultation, to identify individuals' training gaps is critical to ensure that systemic biases in the selection process can be addressed and that all participants are appropriately equipped to succeed.

3.3.2. Retention

Ref.	Guidance	Rationale/Additional Information
3.3.2.a	Signatories should develop and deploy DEI training programmes for all employees.	<p>This raises awareness of and addresses mindsets, habits, and behaviours that undermine an inclusive culture and reduce retention.</p> <p>DEI training should also cover other topics, including unconscious bias, cultural competency, inclusive leadership, and allyship.</p>
3.3.2.b	Signatories should develop and maintain a DEI communications roadmap to explain the purpose of the organisation's DEI efforts at each career stage.	<p>Tested practices include sharing organisational and leadership perspectives on the importance of DEI for business success, the organisation's respect for the values of equality and non-discrimination,⁵⁰ and identifying periodic focus topics to engage all employees.</p> <p>Organisations could celebrate underrepresented employees' successes or share testimonials from employees who have benefitted from organisational DEI initiatives, showcase them as role models, and offer them opportunities to represent the organisation by speaking at external events, writing case studies, and sharing personal stories.</p> <p>Bring in speakers from outside the organisation to showcase diverse talent success stories if internal examples are limited.</p> <p>Organisations should consider establishing a mechanism through which employees can provide feedback and suggestions on DEI initiatives and communications.⁵¹</p>
3.3.2.c	Signatories should ensure that HR policies and practices include robust complaint procedures, creating safe spaces to escalate issues around harassment or disrespectful behaviour, and that leaders and HR are trained to effectively address such concerns.	<p>Signatories should develop clear and accessible (both in language and format) procedures for filing complaints, making sure to include a variety of options, including direct reporting to managers, through an anonymous hotline or an online portal.</p> <p>Confidential third-party software solutions can be deployed to help employees anonymously report harassment and bias and also offer resources and action plans. Organisations could also consider providing an option to report complaints to an external body, especially on sensitive issues (e.g., national equality bodies).</p>

⁵⁰Article 14 of the European Convention on Human Rights of 1950 sets out the prohibition against discrimination on any ground, such as sex, race, colour, language, religion, and so on.

⁵¹In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

Ref.	Guidance	Rationale/Additional Information
		<p>Organisations should take care to regularly review complaint procedures to assess their effectiveness and compliance with national law and evolving EU directives.⁵²</p> <p>Training in addressing actions that are called “micro-aggressions,” or subtle acts of exclusion, is foundational to this work and can enable employees to call out or support colleagues appropriately or confront and change their own behaviour.</p>
3.3.2.d	<p>Signatories should implement policies that support flexible work options and leaves of absence (e.g., parental or other family dependent carer leave, dual-career support, wellness, remote working options, and reduced work-hour weeks), making flexible working the norm for all, even where employees are required to work a certain number of days in office. Leaders should practice what they preach and also show their own flexible work habits.</p>	<p>Signatories should develop and implement policies that allow for flexible working arrangements and leaves of absence. Any policies or arrangements should be extended to all employees who are parents or have caring responsibilities. Where feasible, signatories may also consider extending the eligibility criteria beyond carers and parents to all employees, to promote an inclusive approach to flexible working.⁵³</p> <p>Consider a variety of flexible working options in the policy, such as remote working, flextime, reduced hours, job sharing, and compressed work weeks, to accommodate different needs of employees. Not all of these will be appropriate for senior investment team members given their responsibilities.</p> <p>Firms should ensure they enable career development and equal access to opportunities for those who need to work flexibly (part-time, remotely, and so on).</p> <p>Firms should carefully consider their approach to part-time working separately from their approach to other types of flexible or hybrid working to ensure they are able to accommodate the needs of those employees who request to work reduced hours.</p>

⁵²The EU CSRD and ERS S1 (Own workforce) Disclosure Requirement S1-18 requires organisations to disclose all incidences of work-related discrimination, including sexual and nonsexual harassment, the corrective actions that the organisation has taken, and any material fines or sanctions.

⁵³The EU CSRD and ERS S1 (Own workforce) Disclosure Requirement S1-15 (Work-life balance indicators) requires organisations to provide an understanding of the entitlement and actual practices amongst the employees to take family-related leave in a gender-equitable manner, as it is one of the dimensions of work-life balance.

Ref.	Guidance	Rationale/Additional Information
3.3.2.e	Signatories should award remuneration using an established assessment process, on an equitable basis, that is subject to senior leadership review.	<p>We encourage organisations to make a commitment to equitable remuneration using a salary equity analysis⁵⁴ or similar study that allows assessment by demography. This approach should address improved transparency when communicating adjustments to compensation or lack thereof with employees. Pension contributions should be included in this review.</p> <p>Organisations should develop and implement clear and objective criteria for setting pay levels⁵⁵ to ensure that employees have a clear and explicit understanding of what is being rewarded or what work the employee should do in order to meet the next milestone when a remuneration adjustment would be accessible. This approach can ensure clarity, transparency, and a level playing field for all employees with respect to compensation and the path toward promotion.</p> <p>Where feasible, consider establishing clear and confidential mechanisms for employees to raise concerns or complaints about remuneration.⁵⁶</p> <p>Organisations should also consider other forms of recognition beyond remuneration to improve retention.</p> <p>See the Reporting Framework for options to monitor and report.</p>
3.3.2.f	Signatories should incorporate DEI considerations when conducting organisational downsizing but only where these considerations comply with local dismissal laws.	DEI may also be relevant in downsizing/layoff procedures. These policies are less likely to adversely affect workforce diversity if they use previous performance ratings rather than last-hired/first-fired or job-category rules (e.g., everyone in particular support roles).

⁵⁴See EU Directive 2023/970, "Rules on Pay Transparency" (<https://eur-lex.europa.eu/legal-content/EN/AUTO/?uri=celex:32023L0970>). See also European Council, "Pay Transparency in the EU" (www.consilium.europa.eu/en/policies/pay-transparency).

⁵⁵Article 3 of Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, read together with chapter 1 of Council Directive 2006/54/EC of the European Parliament and the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation and Directive (EU) 2023/970 of the European Parliament and the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work and work of equal value between men and women through pay transparency and enforcement mechanisms.

⁵⁶In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

Ref.	Guidance	Rationale/Additional Information
		<p>Objective criteria should be used when conducting organisational downsizing, ensuring that the process does not discriminate unfairly against employees based on race, gender, age, disability, or other protected characteristics. Where feasible, conduct an impact assessment to understand how downsizing processes affect underrepresented groups.⁵⁷</p> <p>ERGs, BRGs, and other employee representative groups should be engaged to mitigate the impacts of organisational downsizing.⁵⁸</p> <p>In line with the recommendations for hiring, managers making these assessments should also have completed the DEI training suggested in the guidance for Principle 2.</p>
3.3.2.g	<p>We encourage signatories to implement cultural competency training to help build inclusion within the organisation as employees develop their understanding of their colleagues' communities, lived experience, and heritage.</p>	<p>Such training can be particularly useful for those who are motivated to learn but worried about saying the wrong thing. This group sometimes needs the language and the tools to feel more confident about DEI.</p> <p>People can be encouraged to educate themselves; many resources are available. The goal is better understanding, more effective communication, and improved collegiality.</p> <p>Some organisations (e.g., Stonewall and Roots Inspire) offer certification for managers completing DEI training and education programmes that incentivise participation.</p>
3.3.2.h	<p>We encourage signatories to use tools, such as employee-wide engagement surveys, academic research, focus groups, and personal catch-up conversations, to guide management in taking actions that will help keep their talent engaged and committed to the organisation.</p>	<p>Consult employees with leadership potential—and all employees, if possible—about their aspirations, but manage expectations by encouraging employees to frame those aspirations with close reference to organisational strategic business goals.</p> <p>Note that the process of identifying high-potential talent should also be reviewed to mitigate bias; such concepts as leadership potential and high potential can be very subjective, so an intentional approach can establish robust, inclusive definitions that contribute to business resilience and future success.</p> <p>Coaching and support to enable apparently underperforming individuals to improve can be even more additive to overall organisational performance than solely focusing on the obvious high performers.</p>

⁵⁷Article 3 of Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment occupation.

⁵⁸In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

Ref.	Guidance	Rationale/Additional Information
		<p>Ensure that any tools deployed are accessible to all employees, including those for persons with disabilities. Engagement tools should also comply with all applicable data privacy laws, including the General Data Protection Regulation (GDPR).</p>
3.3.2.i	<p>We encourage signatories to conduct <i>stay interviews</i> with as many employees as possible to understand why employees stay with the organisation. Screen the results of all meetings through an employee demographic database, paying special attention to members of underrepresented groups.</p>	<p>For this purpose, demographic data can include all employee life-cycle data needed to understand similarities and differences in experience and treatment, such as engagement surveys, salary, bonus, portion of carried interest, and level of potential.</p> <p>For employees who might leave, the organisation may need to re-evaluate what it can provide to meet their needs and help them achieve their goals. For example, offer to provide one-on-one mentoring—through ERGs or BRGs, if they have the capability, or through senior staff members. Take care to offer diverse employees the choice of a mentor from their demographic or from majority groups, rather than assuming their preference.</p> <p>To be effective, retention practices need to be sustained through both downturns and growth periods, build a strong employee value proposition, and communicate a shared mission and vision consistently. Otherwise, as external job opportunities proliferate, highly skilled employees will leave, with a potentially damaging impact on both the organisation's reputation and its profitability.</p>
3.3.2.j	<p>We encourage signatories to conduct exit interviews to understand why employees leave.</p>	<p>Exit interview data can be helpful in bringing issues to light and providing insights. Ideally, the turnover rate for members of underrepresented groups is in parity with that of the majority group. If a significant difference arises, this information can operate as a prompt to investigate the causes.</p>
3.3.2.k	<p>We encourage signatories to develop a clear strategy for addressing employee mental health and well-being to support retention.</p>	<p>Possible practices can involve supporting managers to help their teams thrive and to manage such issues as workplace stress and presenteeism.</p> <p>Organisations could conduct regular assessments to identify psychosocial risks in the workplace, such as excessive workloads and poor work-life balance. Such assessments can take the form of surveys, interviews, and focus groups to gather insights from employees.⁵⁹</p>

⁵⁹Provision 6 of the Cross-Industry Social Partners EU Framework Agreement on work-related stress of 2004 on the provision of information to and consultation with workers and/or their representatives in accordance with EU and national legislation, collective agreements, and practices.

Ref.	Guidance	Rationale/Additional Information
		<p>Create a comprehensive mental health strategy or policy that addresses identified risks, promotes mental health awareness, and provides support for employees.</p> <p>Engage ERGs, BRGs, and employee representatives to ensure that the support provided is relevant to the workforce.⁶⁰</p> <p>Some employers have boosted retention rates by offering enhanced wellness packages, including virtual yoga, mindfulness, and Pilates classes.</p> <p>For example, one firm's CEO⁶¹ recently shared his experience of depression and the support he needed to recover. Note, however, that this work also requires a high degree of preparation to develop capabilities for managing when an employee is unwell, such as knowing when to seek professional referrals and the appropriate use of sensitive personal information within HR processes.</p>

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.

4.1. Definition

4.1.1. Leadership: 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, penalties and fines, reputational damage, and the suboptimal productivity that may occur where individuals feel unable to fully contribute.

⁶⁰In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

⁶¹In 2020, Lloyds Banking Group's CEO António Horta-Osório spoke about his experiences.

4.2. Signatories' Commitment

4.2.1. 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.

4.3. Practice Guidance

4.3.1. Embedding DEI in Leadership Activities and Objectives

Ref.	Guidance	Rationale/Additional Information
4.3.1.a	Signatories should ensure that DEI-related topics are captured and covered as standing agenda items in regular executive-level meetings.	<p>DEI should be embedded in business as usual, including as part of executive-level governance.</p> <p>Actively engage with employees, ERGs, BRGs, and employee representative groups seeking feedback on how DEI issues could be included in governance discussions and decision making.⁶²</p> <p>Agenda items could include results of staff surveys or takeaways from focus groups, results of any work done to identify and remove systemic biases, and progress on levels of representation.</p>
4.3.1.b	Signatories are encouraged to establish a leadership-level position focused solely on DEI integration, implementation, and measurement. Where this is not possible, firms should at a minimum allocate responsibility to a C-suite-level leader of a key business function.	<p>We recommend, where possible, the establishment of a DEI governance structure or a leadership-level position (C-suite or C-suite-1) that is focused solely on these matters.</p> <p>This structure or person should oversee the development, implementation, and monitoring of DEI strategies and policies. This governance structure or person should also have the authority and resources needed to make impactful decisions and drive DEI goals forward.</p>
4.3.1.c	Senior leaders at signatory organisations should establish an approach to identify and address systemic biases and other obstacles to DEI.	Systems can be designed to create change or perpetuate and support the status quo. Interrogating and reviewing organisational systems, people processes, and decision making through this lens can help identify obstacles to DEI.

⁶²In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

Ref.	Guidance	Rationale/Additional Information
		Consider embedding DEI objectives into the overall corporate strategy, highlighting that DEI is not a standalone initiative but a core component of the organisation's mission and operational goals. ⁶³
4.3.1.d	Senior leaders and HR at signatory organisations should focus on ensuring an inclusive definition of leadership and a communication strategy that supports understanding of this definition throughout the organisation.	<p>Many firms in the CFA Institute Experimental Partners Program have explored and harnessed the power of storytelling in improving DEI.</p> <p>Organisations should seek to actively engage with employees on their DEI initiatives,⁶⁴ using personal anecdotes and experience to help employees accept ideas and provide feedback on leadership and communication. Broadening the language an organisation uses to describe its leaders can allow many different people to envisage themselves as leaders. Leaders are often described in ways that fit only normative conventions, so broadening the language can make leadership more relatable for employees.</p>
4.3.1.e	Senior leaders at signatory organisations should be held accountable for progress on DEI and model the behaviours expected across the organisation.	<p>Clearly articulated goals and objectives should be established for all C-suite executives and, where appropriate for the size of the organisation, for those in the corporate hierarchy immediately below the C-suite level.</p> <p>Establishing objective performance measures with a link to compensation helps embed accountability for delivering on those objectives. Achievement of these objectives should be considered in the broader context of an executive's overall performance and development. The CEO needs to take ownership of the results of employee data to achieve change. Conversely, organisations could also consider measures for failing to meet DEI responsibilities, reflecting the seriousness with which the organisation views its commitments.</p>
4.3.1.f	Leaders at signatory organisations should focus on inclusive communication, including listening to diverse groups and ensuring visibility of a diverse range of employees.	Leaders should devote time to activities that promote DEI. Examples can include small group conversations, informal virtual <i>open door</i> video calls, and firmwide town hall meetings.

⁶³CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-1 will require organisations to disclose all policies that address the management of their material impacts on own workforce, as well as associated material risks and opportunities, and provide a summary of the content of the policies and how they are communicated.

⁶⁴In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

Ref.	Guidance	Rationale/Additional Information
		Organisations could schedule regular listening sessions where the leadership actively listens to employees' experiences and concerns regarding workplace diversity, equity, and inclusion. These sessions should be structured and include employee representative groups to ensure constructive dialogue and mutual respect. Leaders could be trained in active listening techniques to engage and respond to concerns from diverse groups. ⁶⁵
4.3.1.g	Leaders at signatory organisations should ensure that decision-making processes are clear, well documented, and effectively communicated within the organisation.	<p>Develop and document clear decision-making frameworks that outline the steps, criteria, and responsibilities involved in making organisational decisions, making sure the frameworks are designed to prevent discrimination and promote equality.⁶⁶</p> <p>These frameworks should also include a communication plan to ensure that decisions, especially those affecting employees directly, are communicated promptly and transparently.⁶⁷</p> <p>Organisations could also provide feedback mechanisms in the form of surveys or feedback sessions.</p>
4.3.1.h	Leaders at signatory organisations should ensure the tone from the top promotes an inclusive culture that allows all employees to fully realise their talents and creativity.	Fostering innovation and creativity can require leaders to recognise junior colleagues' expertise and allow them scope to exercise it. Leaders need to be ready to manage the divergent claims of internal competition and collaboration so that the whole organisation can benefit. For example, different teams can compete to achieve performance targets but still be encouraged to work together on broad-based projects, such as a pitch for new business.
4.3.1.i	Signatories should embed DEI training within general leadership training and provide it to employees at all levels of the organisation on a regular basis.	Signatories should consider embedding DEI training as a mandatory component of all leadership development programmes, including executive teams, new managers, and emerging talent.
4.3.1.j	Signatories should provide counselling, support, training, external coaching, professional opportunities, and development for promising diverse leaders and the next tier of potential leaders.	Firms should provide high-visibility additional opportunities and support to high-performing diverse leaders and high-potential diverse future leaders. This additional support can help counteract any systemic barriers they may face.

⁶⁵In line with the EU CSRD and ESRS S1 (Own workforce) Disclosure Requirement S1-3—Channels for own workers and workers' representatives to raise concerns.

⁶⁶Article 3 (a) and (d) of the Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, which provides for the prohibition of discrimination in all aspects of recruitment and selection criteria and for effective communication with employees.

⁶⁷Article 3 (d) of the Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, which provides for effective communication with employees and/or their representatives.

Ref.	Guidance	Rationale/Additional Information
		Signatories should ensure that promising diverse leaders have equal access to all forms of training and professional development opportunities and could consider offering scholarships or sponsorships for external programmes that may otherwise be financially prohibitive to those employees.
4.3.1.k	Signatories should provide additional targeted DEI training, including coaching, to senior leadership and other relevant groups on a regular basis.	Additional targeted training should be provided to key personnel (e.g., C-suite, department heads) to support their understanding of evolving best practice with respect to DEI-enhancing behaviours, awareness of the principles of equality and non-discrimination, and knowledge on topical issues that may be affecting employees.

Principle 5: Influence

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

5.1. Definition

5.1.1. Influence: As organisations, members, and clients of the investment industry, we can lead by example and encourage and motivate 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 adopt activities that promote DEI best practice within the investment industry for the ultimate benefit of society.

5.2. Signatories' Commitment

5.2.1. To our employees: We commit to being open and transparent about our DEI practices, taking proactive steps to show and communicate inclusion and recognising our commitment at all levels.

5.2.2. 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 using the success measures available, and finding out where we align with their own DEI expectations.

5.2.3. 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 participate in initiatives that support DEI.

5.2.4. 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.

5.3. Practice Guidance

We have provided this guidance in two parts to separate activities for all signatory firms from those specifically for asset owners and allocators.

5.3.1. Recommendations for All Signatory Firms

Table 1 contains recommendations for DEI practices at an organisational level.

Table 1. DEI Practice Recommendations for All Organisations

Ref.	Recommendation
5.3.1.a	Encourage your firm to become a signatory to the DEI Code.
5.3.1.b	Encourage diverse talent acquisition.
5.3.1.c	Encourage and promote diverse talent retention, growth, and promotion with stakeholders and the wider industry.
5.3.1.d	Survey appropriate representatives throughout the business annually on progress on DEI metrics, including hiring, training, mentoring, and retention.
5.3.1.e	Demonstrate progress in relation to DEI success measures, identify areas where progress on DEI metrics is not being made, formulate action plans, and follow up on the results.
5.3.1.f	Encourage the use of diverse vendors in the supply chain (broker/dealers, software, audit, and other functions).
5.3.1.g	Encourage the review of companies that raise DEI concerns in their impact investing/environmental, social, and governance strategies, and analyse DEI impacts for all relevant investments.
5.3.1.h	Collaborate with other investors to advance DEI in all sectors of finance and investing. Use investment stewardship activities to advance DEI issues.
5.3.1.i	Ask investee companies to commit to engaging in meaningful consultation and building respectful relationships with everyone.
5.3.1.j	Encourage regular feedback and communication with employees—collecting data and information respectfully whilst being aware of a multigenerational workforce.
5.3.1.k	Develop robust DEI policies (and enforce them when necessary) so that employees can see the firm's commitment to upholding a strong antidiscrimination culture.
5.3.1.l	Deliver internal education on DEI practices for all employees, including such topics as unconscious bias.
5.3.1.m	Use investment stewardship activities to advance DEI issues.
5.3.1.n	Sign a national EU Diversity Charter and commit to promote diversity and equal opportunities in the workplace. ⁶⁸

⁶⁸The EU Platform for Diversity Charters provides national-level Diversity Charters with a platform to share experiences and good practice. Funded by the European Commission, Diversity Charters encourage organisations to develop and implement DEI policies.

5.3.2. Recommendations for Asset Owners and Allocators

Table 2 contains self-directed DEI practice recommendations for asset owners and allocators.

Table 2. DEI Practice Recommendations for Asset Owners and Allocators

Ref.	Recommendation
5.3.2.a	Incorporate DEI goals into the investment policy statement (IPS). If the firm does not have an IPS, investment staff can make a distinct effort for DEI outside of an IPS.
5.3.2.b	Embed DEI information requests in the manager research process, including the following: <ol style="list-style-type: none"> Ownership Organisational leadership Investment team composition Incorporation of a DEI lens in investment strategy CFA Institute DEI Code signatory—including completion of the Reporting Framework
5.3.2.c	Publicise status as a signatory to the DEI Code, and encourage other stakeholders to consider becoming signatories.
5.3.2.d	Add diverse investment committee members who can further idea generation and familiarity with more-inclusive investment processes.
5.3.2.e	Target an increase in diverse talent on asset owner and capital allocator teams to expand the funnel of potential investment ideas.
5.3.2.f	Look to connect appropriate managers with relevant diversity networks to help demonstrate support and awareness.
5.3.2.g	Actively engage diverse networks through conferences to increase visibility of the capital allocator role, to publicise DEI goals to attract and retain diverse talent, and to show investment managers that DEI is a priority.

Principle 6: Measurement

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

6.1. Definition

6.1.1. Measurement: Measurement is key to success in improving DEI: What gets measured gets evaluated and managed, particularly in such a data-driven industry as investment, within the limitations of the local jurisdiction. 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 cultural 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.

6.2. Signatories' Commitment

6.2.1. We commit to an annual completion of the Reporting Framework and to the regular review of the results 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 HR systems or through reporting. We also commit to collaborating 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.

6.3. Practice Guidance

6.3.1. Guidelines and goals or targets may differ by firm. As a general tenet, however, those groups that face the greatest inequities and least inclusion should be prioritised. The following section provides guidance for assigning metrics that incorporate all six Principles. The guidelines provided are not exhaustive, and DEI should be thought of as a long-term business strategy with a notably positive return on investment. By providing detailed and comparative DEI data,⁶⁹ organisations will aid investors in making informed decisions that consider social sustainability and DEI dimensions in their investment decision making. Smaller organisations may wish to use the EU Diversity Self-Assessment Tool to gather data on internal DEI progress.⁷⁰ This section should be considered alongside.

⁶⁹See also the European Banking Authority final report titled “Guidelines on the Benchmarking of Diversity Practices Including Diversity Policies and Gender Pay Gap.” <https://www.eba.europa.eu/activities/single-rulebook/regulatory-activities/internal-governance/guidelines-benchmarking-diversity-practices-including-diversity-policies-and-gender-pay-gap>.

⁷⁰European Commission, “EU Diversity Self-Assessment Tool,” available at <https://eudiversity2024.eu/eu-diversity-self-assessment-tool/>. This handbook takes GDPR into account; see paragraph 1.4.3 in the handbook.

METRICS

Guidance on metrics and data collection is provided in the country-specific addenda.

RESOURCES

The following **affinity organisations and racial and ethnic inclusion foundations** are suggested resources for potential support and collaboration in the work of implementing the DEI Code. They represent only a small selection of the rich range of resources available. Other regional foundations and potential partners will be added as the Principles are built out with introductions and suggestions from signatories. Our inclusion of organizations in this list does not represent an endorsement of any service offered.

Investment Foundations® Certificate, an educational resource from CFA Institute with introductions to DEI concepts embedded: <https://store.cfainstitute.org/investment-foundations-certificate/>

Catalyst: www.catalyst.org/

30% Club: <https://30percentclub.org/>

100 Women in Finance: <https://100women.org/>

10,000 Interns Foundation: <https://10000internsfoundation.com/>

Diversity Project Europe: www.diversityprojecteurope.com/about

European Commission Directorate-General for Employment, Social Affairs & Inclusion: <https://ec.europa.eu/social/home.jsp>

European Parliament Committee on Culture and Education: www.europarl.europa.eu/committees/en/cult/home/highlights

European Parliament Committee on Employment and Social Affairs: www.europarl.europa.eu/committees/en/empl/home/highlights

European Parliament Committee on Women's Rights and Gender Equality: www.europarl.europa.eu/committees/en/femm/home/highlights

European Securities and Markets Authority: www.esma.europa.eu/

European Union Agencies Network: https://agencies-network.europa.eu/about-network/our-role-governance-and-strategy_en

European Union Platform of Diversity Charters: https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/combating-discrimination/tackling-discrimination/diversity-and-inclusion-initiatives/eu-platform-diversity-charters_en

European Network of Equality Bodies (Equinet): <https://equineteurope.org/>

European Pride Business Network: <https://epbn.eu/>

European Women on Boards: <https://europeanwomenonboards.eu/>

Mozaik RH: <https://mozaikrh.com/>

myAbility: www.myability.org/en/we/about-us

Roots Inspire: <https://rootsinspire.com/>

STEM Women: www.stemwomen.com/

Stonewall Diversity Champion Certification: www.stonewall.org.uk/diversity-champions-programme

FURTHER READING

Maria Boutchkova and Angelica Gonzalez, "Understanding the Lack of Ethnic and Gender Diversity in the UK Investment Sector" (23 June 2023). Available at <https://dx.doi.org/10.2139/ssrn.4503424>.

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Chiara Cavaglia, Sandra McNally, and Guglielmo Ventura, "The Recent Evolution of Apprenticeships: Participation and Pathways," CVER Research Discussion Paper 039 (December 2022). <https://cver.lse.ac.uk/textonly/cver/pubs/cverdp039.pdf>.

Spyridon Lagaras, Maria-Teresa Marchica, Elena Simintzi, and Margarita Tsoutsoura, "Women in the Financial Sector" (27 December 2022). Available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4098229.

