



## Implementation Guidance

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

2024



CFA Institute  
Research & Policy Center

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# INTRODUCTION

This guide provides support for signatories to the DEI Code and should be read in conjunction with the DEI Code and the Reporting Framework. We encourage users of this guide to familiarise themselves with industry regulation and Australian state and federal laws on nondiscrimination 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 and the key advisers to the DEI Code. It also leans on CFA Institute practice. 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.

This Implementation Guidance, a core component of the DEI Code, is not an exhaustive list of all the available actions. CFA Institute will revise and, if necessary, update it annually to reflect effective, tested DEI practice, including that of signatories. This guidance 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. Signatories can therefore focus on progress against their objectives over time.

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 Framework 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.

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

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

## Definition of Diversity

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

## Definition of Equity

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

Note that equity is distinct from equality, which requires that each individual

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

## Definition of Inclusion

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

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

# THE PRINCIPLES: 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 Framework that accompanies the Code provides 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 partners<sup>1</sup> 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.

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<sup>1</sup>See 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. Smaller organisations could consider collaborating with such organisations as Indigenous Business Australia (IBA). IBA collaborates with organisations on outreach on aspects of investment, consumer education, and asset management (see IBA's Indigenous Investment Principles).	Work should include regular outreach to a broad selection of institutions—including all levels of education, private and public schools, universities, colleges, and institutions of further education—as well as raising awareness of career opportunities and other pathways through information sessions, industry partnerships, and return-to-work programmes.
1.3.1.b	When conducting outreach in communities, signatories should consider what kind of employee education is needed in advance.	This endeavour may involve some skills-based training or briefing—for example, unconscious bias training, other mechanisms to negate unintended discrimination, and training on cultural competency, conflict resolution, human rights, and antiracism. An example is training from the Centre for Cultural Competence Australia, which is used by a number of Australian businesses and government departments.
1.3.1.c	Signatories should target outreach activity for young people 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 may be largely unknown to young people and those who do not have prior connections in the sector. Organisations could consider delivering outreach to public schools in their local communities. This outreach may be in the form of career fairs or similar presentations intended to help equip students with the knowledge, connections, and aspiration to enter the investment industry.</p> <p>Outreach should also target younger students because we have learned that decisions that influence the talent pipeline are made as early as primary school and in career sessions during Years 9 and 10. Since working with schools can be challenging for investment firms, consider partnerships with organisations that have a broad reach across the Australian community, including First Nations communities.</p>

Ref.	Guidance	Rationale/Additional Information
1.3.1.d	We encourage signatories to seek outreach opportunities jointly with other aligned organisations.	<p>Smaller organisations, in particular, may benefit from partnering with other organisations to deliver outreach, 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 universities, existing affinity organisations, and other organisations focused on diversity, equity, and inclusion, can magnify the impact of the available resources.</p> <p>See the Resources section for suggestions on potential partners.</p> <p>This approach will also maximise the impact and use of resources and support aligned partners.</p>
1.3.1.e	We encourage signatories to offer themselves as a source of information and inspiration.	<p>Organisations may choose to partner with universities, other investment sector entities, and aligned/targeted entities offering DEI support across the sector.</p> <p>Some examples include outreach visits by employees from underrepresented groups; informal meetings for sponsors, advocates, parents, and carers; research competitions; and mock interviews to help students, teachers, and parents/carers understand the investment industry. It is important that individuals with specific DEI-related characteristics, including minority and industry role models, participate when engaging with schools to help mitigate biases of students, parents/carers, and teachers.</p> <p>Organisations can also attend career fairs, provide virtual conference speakers, or set up mentoring programmes in conjunction with other entities. Business clubs, especially investment clubs, at higher-education institutions can be effective partners, offering scope for sponsorship and deeper engagement.</p>

## 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, utilising their professional knowledge but not necessarily 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.” The CFA Society Australia University and Candidate Council 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.	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. Care should be taken in asking employees to raise their profile, however, so as not to add to cultural load/burden or appear disingenuous about the reality of diversity data. Some useful information about this issue is provided by the Australian Public Service Commission in definition of cultural load: “Cultural Load, It’s a Real Thing!” <sup>a</sup> Moreover, authentic statements about the state of diversity at an individual firm is important to avoid the appearance of “diversity washing.” <sup>b</sup>
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 examples to support health, well-being, and career development.

Ref.	Guidance	Rationale/Additional Information
1.3.2.c	Signatories should demonstrate the alternative routes to a career in their firms, such as paid internships.	There is still a perception that the investment sector recruits from a single source—namely, university students studying a limited range of degree subjects, including math, economics, and finance. By advertising/promoting alternative routes and sharing career stories clearly on the Careers webpage of public websites, signatories will open new pathways into the sector.
1.3.2.d	Signatories should seek to use everyday language on their Careers webpages.	Limiting investment jargon and instead using more everyday language on the Careers webpage 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. Explaining specific terminology will also help candidates to apply for roles (see Principle 2).
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	We encourage signatories to run internship, work experience, and/or limited placement programmes.	<p>Many potential candidates from universities welcome an opportunity to get work experience over a 10- to 12-week period during their vacation. Some degree courses offer work experience placements. These 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>When signatories run internship and work experience programmes, they should clearly advertise the salary and assessment/recruitment process for them. Internships should be paid in line with minimum wage principles and have an open and transparent recruitment process available to any student so that the process is not, for example, biased in favour of selecting candidates who were introduced by a senior leader.</p>

\*Australian Public Service Commission, "Cultural Load: It's a Real Thing!" (8 August 2023). [www.apsc.gov.au/working-aps/diversity-and-inclusion/diversity-inclusion-news/cultural-load-its-real-thing](http://www.apsc.gov.au/working-aps/diversity-and-inclusion/diversity-inclusion-news/cultural-load-its-real-thing).

<sup>b</sup>Diversity washing, which is akin to greenwashing, occurs when an organisation takes part in performative marketing activities but does not effect real DEI change.

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

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

We encourage signatories to also consider the talent pipeline beyond the early-career stages—for example, returnships for those who have taken an extended career break. 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).

## 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, junior, and graduate recruitment to experienced hires and senior roles, because 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 in meeting 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 and training for hiring managers, interviewers, and recruiters, as well as equitable process timelines, recognising that some candidates may take longer to apply to roles than others. We are looking to drive positive progress in the diversity of the industry's workforce and to create a safe, inclusive, and respectful workplace for all.

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

**2.2.3.** We also commit to identify and drive better DEI practices in external recruitment, including hiring for cultural add rather than cultural fit and modifying practices to consider a wider range of educational backgrounds, subjects of study, and vocational and extracurricular experience. We will be transparent in job descriptions on expected benefits, the possibility of flexibility within the role, the cultural environment we currently have, and the 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. Useful resources are available from Diversity Council Australia ( <a href="http://dca.org.au">dca.org.au</a> ) on inclusive recruitment for smaller organisations or organisations at the beginning of their DEI journey, including an inclusive interviewing and recruitment checklist.

Ref.	Guidance	Rationale/Additional Information
2.3.1.b	Signatories should commit to creating and implementing a fair and equitable experience for candidates.	<p>Incorporating an objective, competency-based analysis—for instance, using a skills matrix given to those involved in the interview and hiring process or third-party testing—can help focus interviewers on the matrix of skills required to perform a role, as opposed to relying on more subjective instincts about the candidate that may be predicated on a common background or common interests to the exclusion of others.</p> <p>Signatories should note that interviewing “standards” do not work for some candidates. For example, some neurodiverse candidates may fail to interpret social cues and overlook nonverbal communication through a standardised interviewing procedure. In order to interview candidates who self-identify as neurodiverse, advice from qualified consultants should be taken regarding how to design and implement an inclusive selection process. Diversity Council Australia has a number of resources on the guiding principles of recruiting neurodivergent talent (<a href="http://dca.org.au">dca.org.au</a>).</p> <p>See Exhibit 2A for further advice on ensuring fairness and consistency for candidates.</p>
2.3.1.c	Signatories should ensure job adverts and job descriptions are clear, concise, and written in plain language. 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 should take care to explain any terminology in the advert, limit the use of technical jargon to where appropriate, 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>We recommend signatories use gender-neutral language in job descriptions. Job adverts should be reviewed to remove any gendered language. Online tools 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.	Using heterogeneous panels may decrease bias. <sup>a</sup> In order to avoid “window dressing,” panelists appointed to enhance diversity need to be empowered and influential in the decision-making process.

<sup>a</sup>See Lynn A. McFarland, Ann Marie Ryan, Joshua M. Sacco, and S. David Kriska, “Examination of Structured Interview Ratings across Time: The Effects of Applicant Race, Rater Race, and Panel Composition,” *Journal of Management* 30 (August 2004): 435–52. The authors noted that individual biases will balance out across panel members given that members of different races will have different biases.

## Exhibit 2A. Measures to Ensure Fairness and Consistency

We recommend that signatories encourage recruiters to maintain inclusive practices. Inclusive talent acquisition requires dedicated training specific to the task of recruitment. Such training helps recruitment firms, talent acquisition specialists, and hiring managers improve their ability to recognise and appreciate diverse backgrounds, experiences, and skills with the goal of mitigating bias. Training and education should be held as close as possible to when the recruitment process is taking place, 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
- Actions needed to change previous practice
- Identifying opportunities for cultural add for existing teams
- How to frame a broad search to produce a larger pool of candidates
- How to mitigate bias to create inclusive and effective job descriptions (e.g., avoid such terms as “fresh graduate”; add a diversity statement that refers to an age-inclusive workplace)
- Interview practice for hiring managers, including communicating for understanding and listening skills
- Provision of adjustments necessary to meet specific individual candidate needs (e.g., neurodiversity)

In line with pay transparency recommendations, we recommend that signatories clearly disclose the total compensation range, including short- and long-term incentive structures for the role, and refrain from asking candidates about their remuneration history. Consideration should be given to the type of candidate and the candidate’s motivation when structuring compensation packages. 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 fixed-wage compensation at the job advertising stage.



Where possible, 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 the recruitment process clear to candidates—for example, whether there may be an assessment stage (often used for early-career recruitment) and the various interview stages. This should include an expected time frame for completion of 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. 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 processes do not result in diverse candidate pools or when the DEI mindset is not embedded within the culture.	<p>In the event the candidate pool is identified as lacking diversity, it is incumbent not only on senior leaders to follow through on broadening their recruiting pool; more importantly, managers also should 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>
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 support industry-based short-term projects supervised by a staff member.</p>

Ref.	Guidance	Rationale/Additional Information
2.3.2.c	We encourage signatories to offer more flexible working practices to create a more diverse range of potential employees.	Recent research shows that the perception of the financial industry's working conditions may be unattractive to women. <sup>a</sup> Introducing flexibility in working hours and practices will make posts in the investment industry more attractive to a greater range of people <sup>b</sup> —in particular, women and those with caring responsibilities and disabilities. For example, the Fair Work Ombudsman provides resources and guidelines to help employers and employees create mutually beneficial flexible working arrangements (e.g., the "Flexible Working Arrangements Best Practice Guide," available at <a href="http://www.fairwork.gov.au/sites/default/files/2023-09/flexible-working-arrangements-best-practice-guide-bpg.pdf">http://www.fairwork.gov.au/sites/default/files/2023-09/flexible-working-arrangements-best-practice-guide-bpg.pdf</a> ).
2.3.2.d	Where signatories offer internship programmes, we encourage signatories to expand their reach and promote them in universities. Signatories are also encouraged to tap a wider range of degree specialisations than the classic set of finance, business, and economics programmes. Promote programmes that enable talent to transition between different roles and functions.	Besides employing graduates from universities, other routes to recruit talent include companies using different programmes to give opportunities to potential candidates from underrepresented groups who would otherwise not consider a career in the investment profession. CareerTrackers is an internship programme that connects Indigenous university students and graduates with professional career opportunities (for more information, visit <a href="https://careertrackers.org.au/about-ct/">https://careertrackers.org.au/about-ct/</a> ).
2.3.2.e	We encourage signatories to revise their talent acquisition processes to acknowledge that educational and professional attainment should be viewed in the context and environment in which they were achieved.	Despite the fact that there are standardised approaches to university admissions, hiring organisations need to consider the context and environment of the individual student's educational journey, including impediments (such as having to work to support unwell family members) and additional advantageous support (such as tutoring programmes offered by elite private schools).

<sup>a</sup>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](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4098229).

<sup>b</sup>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>.

## Exhibit 2B. The Role of ERGs and BRGs

We encourage signatories to provide incentives and training for additional activities expected from employees from underrepresented groups. Employee resource groups (ERGs) and business resource groups (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 (for example, through employee benefits), recognising, 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.

Even when a job vacancy is not immediately available, there are many ways signatories can grow the diverse talent networks needed to cultivate broader pools of talent. Leveraging their ERG networks by introducing “always-on recruiting” for mid-level and senior hires can 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. Using the always-on approach, quality hires might take place two to three years from inception. The key is cultivating the relationships with 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 initiatives and training for workforce returners. Mid-career recruitment can include sourcing candidates through returners, especially women rejoining the workforce. They will have industry experience but may need support updating their skill sets before being able to accelerate their progress. Support initiatives can encompass the following:

- Offering support programmes for people returning from parental leave (6–12 months) to cover systems changes since they left, checking in on them, and supporting their readiness for work
- Offering part-time 0.6/0.8/0.9 full-time equivalent roles
- Offering flexible working arrangements and hybrid work
- Offering support programmes for people returning after a multiyear break from the industry (e.g., 3–5 years)
- Creating vacancies/job adverts specifically for candidates who have been out of the industry for several years
- Creating truly part-time roles, not just a full-time job carried out as a 0.8 full-time equivalent role.
- Creating internal talent rotations from other functions into investment teams for underrepresented groups

## 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 (for example, the Certified Financial Planner, or CFP, designation) required—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 geographic area and offering relocation assistance. (See also 2.3.1.c.)

Continuously evaluate and monitor the applicant pool for homogeneity. If all applicants are seemingly homogeneous, consider changing the qualification requirements.

## Exhibit 2E. Interview Questions and Selection Criteria

We recommend that signatories review the wording and structure of interview questions and selection criteria to see whether exclusionary language exists. For example, ask, "If you had \$10,000, where would you invest it?" rather than "What has been one of your stock picks?"

## Exhibit 2F. 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 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. Workshops and events in the Australian investment industry play a crucial role in promoting diverse talent and fostering inclusive practices. By participating in and maintaining a presence at these events, industry professionals can gain valuable insights, develop their skills, and contribute to a more inclusive and diverse investment industry.

The timing of in-person events should consider the needs of talented people with caring and other family commitments.

## Principle 3: Promotion and Retention

We commit to designing, implementing, and maintaining inclusive and equitable promotion and retention practices to reduce barriers to progress.

### 3.1. Definition

**3.1.1. Promotion:** Promotion involves elevating individuals within an organisation. It can involve

- promoting the individual to roles with higher levels of seniority in the organisation hierarchy and
- expanding current roles to take on greater responsibility.

Promotion typically involves an increase in responsibility and remuneration. Because the hierarchies in many investment teams are relatively flat, promotion is often achieved by increasing responsibilities as opposed to formal changes in job level or title. Advancement is typically based on achieving results, demonstrating required skills and behaviours to take on more responsibility, and rewarding employee contributions by offering opportunities for professional growth.

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

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

Promotion and Retention addresses diverse strategies for employee promotion and retention, incorporating formal and informal pathways for elevation, growth, and recognition. It aims to guide signatories in designing, implementing, and maintaining inclusive and equitable promotion and retention practices, with a focus on reducing barriers and bias that may impede the progression of underrepresented groups within the organisation.

## 3.2. Signatories' Commitment

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

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

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

## 3.3. Practice Guidance

### 3.3.1 Promotion

Ref.	Guidance	Rationale/Additional Information
3.3.1.a	Where necessary, organisations should undertake a cultural assessment.	<p>Conduct a regular cultural audit to assess whether individuals feel valued and empowered to excel, advance, and grow in their roles. Create a transparent action plan for the organisation. Smaller organisations can use external DEI consultants to undertake the cultural audit (e.g., Centre for Cultural Competence Australia, <a href="https://www.ccca.com.au/">https://www.ccca.com.au/</a>).</p> <p>Evaluate opportunities and perceived access across the entire employee life cycle, considering all diversity groups.</p> <p>Understand as deeply as possible the key reasons why employees may be exiting your organisation, and promptly address any concerns that emerge.</p> <p>At the senior level, it is important to ensure managers are supported and trained to do the following: model behaviour that promotes psychological safety, high trust, and high-performance environments, and facilitate discussions and reflections on the implications for the business and its leaders.</p> <p>Understand the nuances of privilege and the power dynamics within the organisational system and recognise that influence is not solely dictated by hierarchy.</p>

Ref.	Guidance	Rationale/Additional Information
3.3.1.b	To ensure fair and unbiased talent management processes, signatories are encouraged to follow these steps.	<p>Assess the internal processes, systems, and tools used throughout the employee life cycle—including talent reviews, work allocations (key projects and clients), access to capital, recognition for contribution, leadership visibility, access to informal mentorship and/or relationships, and promotion processes—for barriers and bias.</p> <p>On a business-as-usual basis, those managing people and teams and allocating work should ensure fair and equitable practices, providing all employees with opportunities to develop their skills, including through stretch and high-profile projects.</p> <p>Challenge what is considered fair and equitable to ensure diverse perspectives are incorporated into projects and problem solving, aligning with the guidance for Principle 2. Call out bias when there are suspicions or concerns that it may be occurring.</p> <p>Identify and consult individuals with decision-making power regarding talent-based decisions.</p> <p>Conduct regular broad-based feedback processes—for example, a 360-degree review to support learning and growth. Note that feedback should be actionable and reflect observable behaviours, so that it supports the development process.</p> <p>Provide training for emerging or new people managers at an earlier stage.</p> <p>In cases where organisations lack in-house expertise, organisations can conduct an engagement survey to understand how employees are experiencing workplace practices.</p> <p>Organisations can seek a mentor from an organisation that is further along in its DEI journey, and lean into the mentor’s experience and advice on what can be considered for your organisation.</p> <p>Consider informed bias reviews through DEI training and/or consultant advice.</p> <p>Refer to the CFA Institute and CFA Society Australia websites for tools and resources.</p> <p>The relative independence provided by external consultants can support acceptance of and willingness to act on the results, reinforcing the relevance of the guidance for Principle 2.</p>



Ref.	Guidance	Rationale/Additional Information
3.3.1.c	To foster inclusive and equitable practices in internal promotions, signatories are encouraged to do the following:	<p>Consider a capability framework that details the observable behaviours and capabilities that are required for success at each level in the organisation. Refer to DEI competencies expected at each level.</p> <p>Provide transparency regarding available opportunities and promotion processes to attract a diverse range of candidates, referring to capability frameworks for consistent application.</p> <p>Open all promotions and opportunities to potential applicants, creating a broader talent pool.</p> <p>Acknowledge the existence of longer-term succession plans, especially for key roles.</p>
3.3.1.d	While we recognise limitations in succession planning due to low turnover at senior levels, it is still important to consider DEI in developing effective succession planning.	<p>Signatories are encouraged to identify potential leaders through a comprehensive succession planning programme, using transparent and objective criteria, and set clear ambitions for inclusive representation within the programme.</p> <p>Strategies for promoting diversity in leadership succession planning include the following:</p> <ul style="list-style-type: none"> <li>• Review opportunities to ensure diverse talent has access to primary roles, avoiding concentration in support roles or nonprimary functions.</li> <li>• Consider how transferable skill sets may be to other areas to enable transition to another area of the business.</li> <li>• Define ambitions for inclusive representation through DEI goals linked to the overall business strategy.</li> </ul> <p>Review succession roles and potential successors to identify whether there are DEI gaps in the future pipelines of talent.</p> <p>Consider rotational and/or shadowing programmes at different levels, including mid-levels, to broaden experience and support the development of a diverse pipeline across all areas of the business.</p> <p>Challenge assumptions about an employee's potential, using objective assessment tools that identify potential rather than relying on subjective views of individuals.</p>

Ref.	Guidance	Rationale/Additional Information
3.3.1.e	To address barriers to diverse employee progress, signatories are encouraged to do the following:	<p>Recognise the inherent advantage of the dominant archetype (e.g., gender, socioeconomic and educational background, personal interest, and caring responsibilities) within a system, emphasising potential disparities faced by those outside that archetype.</p> <p>Recognise the power of affinity bias and human preferences to work with people who are similar or like-minded at the cost of diversity of thought and style.</p> <p>Consider specific factors that typically do not present challenges for members of majority groups.</p> <p>Acknowledge that a one-size-fits-all approach is not conducive to fostering equal opportunities or bringing out the best in people.</p> <p>Address clients' and asset/research consultants' negative perceptions of turnover, which can otherwise result in asset managers' reluctance to make changes and create opportunities for the best talent.</p>

### 3.3.2. Retention

Ref.	Guidance	Rationale/Additional Information
3.3.2.a	Signatories should undertake effective promotion and retention strategies.	<p>Provide transparency around promotion processes and decisions.</p> <p>Address imbalances that commonly fast-track the dominant archetype, which are often unrelated to merit (e.g., promoting those who you have a relationship with because you see their potential more clearly than others' potential).</p> <p>Provide additional support, coaching, and tailored assistance to individuals facing barriers. Mentoring and sponsorship programmes can play a crucial role in accelerating visibility, confidence, and career advancement.</p> <p>Recognise that employees from certain socioeconomic groups, which may include multiple other intersections, may lack shared cultural and social experiences, impacting confidence, perceived gravitas, and the ability to fit in.</p> <p>Understand that individuals may lack networks of family and friends for informal guidance, support, and introductions.</p> <p>Address the need for employees to maintain cultural connections with their community throughout the year, accommodating traditional practices or community events.</p>

## Principle 4: Leadership

We commit to using our position, and voice in the sectors in which we operate 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, development, and promotion of top talent, thereby creating a competitive advantage and minimising costs of employee turnover, legal proceedings, and the suboptimal productivity that may occur where individuals do not feel able to fully contribute.

### 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 to drive better outcomes. 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.	DEI should be embedded in business as usual, including as part of executive-level governance. There should be a feedback loop whereby DEI-related items emanating from this governance are communicated "top down," whilst DEI-related items should also be fed "bottom up" from lower-level governance bodies within the organisation. Agenda items could include results of staff surveys or takeaways from focus groups, results of any work done to identify and remove systemic biases, progress on levels of representation, and recent diversity-related hiring statistics.

Ref.	Guidance	Rationale/Additional Information
4.3.1.b	Where possible, 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>Although DEI goals are everyone's responsibility, where possible, we recommend a leadership-level (C-suite or C-suite-1) position that is focused solely on these matters (for example, this might mean a DEI objective is set by the CEO at the organisational level). The person in this role should have enough responsibility and influence within the organisation to embed DEI in both strategy and practice.</p> <p>For example, an organisation-wide DEI objective, set by the CEO, could be established annually to be included in every senior leadership performance plan, which can then be measured at least annually ("if something gets measured it gets done").</p> <p>The person accountable should have DEI-related key performance indicators integrated into their remuneration.</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. Assessing and reviewing organisational systems, people processes, and decision making through this lens can help identify obstacles to DEI.
4.3.1.d	Senior leaders and HR teams 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.	Many firms in the CFA Institute Experimental Partners Program have explored and harnessed the power of storytelling in improving DEI. Doing so means understanding that multiple audiences exist within the same company. The language of DEI is heard differently by different people—which is to say, words matter. When discussing processes and procedures, recognise employees as people, not as numbers or cogs in a machine. Using personal anecdotes and experience can help employees accept ideas. 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.

Ref.	Guidance	Rationale/Additional Information
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>Leaders should be able to demonstrate organisational culture and set expectations. One aspect is defining the organisation's nonnegotiables. For instance, the attitude toward risk can be seen as a key indicator of underlying culture by regulators.</p> <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. 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.</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 include small group conversations, informal virtual open-door video calls, and firmwide town hall meetings. Leading in challenging times can mean acknowledging uncertainty, even though projecting certainty often gains support. Inclusive communication entails active listening in addition to talking, so making the time to spend in these forums allows a safe space to listen.
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>Is decision making distributed or centred? Hierarchical or flat? How is authority effectively delegated? Understanding the answers to these questions can help in designing leadership that works best for the firm. The choice of to whom to delegate should be inclusive, and hence not always the same people should be chosen. Recognise your leaders' expertise; good leaders can give credibility to others.</p> <p>Leadership can also mean the ability to get things done without always having the ultimate authority to get those things done, so long as accountability for action is acknowledged.</p>

Ref.	Guidance	Rationale/Additional Information
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.	<p>Fostering innovation and creativity can require leaders to recognise junior colleagues' expertise and allow them the 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.</p> <p>If the firm's established management maxims do not necessarily tie to DEI or even contradict it, managers will need to review their use to create a consistent culture. For example, a focus on a star portfolio manager without acknowledging the importance of the manager's team can undermine DEI and create the risk of hubris.</p>
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.	The ability to adapt is seen as a key inclusive leadership skill and can be particularly challenging for new and inexperienced managers. Leadership may take many forms, depending on an individual's personal style, the present needs of the organisation, and current circumstances. Through their choice of language and behaviour, leaders can define the nature of the leadership that meets the business needs of their organisation at a given time. Supporting all employees in understanding positive leadership behaviours and expectations can help create a more inclusive and welcoming environment for all, supporting employee retention and development.
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.	<p>In addition to the training outlined in 4.3.1.a, 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.</p> <p>Programmes for, sponsorship of, and advocacy of diverse emerging leaders are encouraged.</p> <p>Consider "who is not in the room today—who isn't here and who should be here."</p>
4.3.1.k	Signatories should provide additional targeted DEI training, including coaching, to senior leadership and other relevant groups on a regular basis.	In addition to the training outlined in 4.3.1.a, additional targeted training should be provided to key personnel (C-suite, department heads) to support their understanding of evolving best practice with respect to DEI-enhancing behaviours, awareness of systemic bias, and knowledge on topical issues that may be impacting their 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 advocate both internally and externally across the investment management industry, including our employees, clients, the wider investment sector, and providers of industry services, to adopt the Principles of this Code and 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 people practices (e.g., remuneration review, promotions, learning and development opportunities), 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 against 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

The following table contains recommendations for DEI practices at an organisational level.

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 against 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). One way to find such vendors is through Supply Nation, which works to connect Indigenous businesses with corporate procurement opportunities (visit <a href="https://supplynation.org.au/">https://supplynation.org.au/</a> ).
5.3.1.g	Recognise organisations that demonstrate and exhibit leading DEI practices (e.g., advocacy campaigns, talent strategies, aligned partner activities).
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	Encourage investee companies to commit to engaging in meaningful consultation and building respectful relationships with stakeholders.
5.3.1.j	Promote regular feedback and communication with employees—collecting data and information respectfully. Make reasonable adjustments to the work environment to support employees.
5.3.1.k	Develop a DEI culture plan that celebrates DEI practices and includes robust DEI policies that the organisation upholds, so that employees can see the firm's commitment to upholding a strong antidiscrimination culture.
5.3.1.l	Deliver, encourage, and support learning experiences on DEI practices for all employees, including such topics as unconscious bias, allyship, and anything that promotes and celebrates inclusion and belonging.
5.3.1.m	Use investment stewardship activities to advance DEI issues.



### 5.3.2. Recommendations for Asset Owners and Allocators

The following table contains self-directed DEI practice recommendations for asset owners and allocators.

Ref.	Recommendation
5.3.2.a	Incorporate DEI goals in 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: <ul style="list-style-type: none"> <li>a. Ownership</li> <li>b. Organisational leadership</li> <li>c. Investment team composition</li> <li>d. Incorporation of a DEI lens in investment strategy</li> <li>e. CFA Institute DEI Code signatory—including completion of the Reporting Framework</li> </ul>
5.3.2.c	Publicise status as a signatory to the DEI Code or equivalent certification, and encourage other stakeholders to consider becoming signatories.
5.3.2.d	Foster diversity within governing groups, such as the board, investment committees, executive groups, or senior subcommittees with influence, that 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. See the Resources section for ideas.
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 (e.g., adopt the Panel Pledge, <a href="https://championsofchangecoalition.org/resource/the-panel-pledge/">https://championsofchangecoalition.org/resource/the-panel-pledge/</a> ).

## Principle 6: Measurement

Please note that there are varying (data protection) compliance requirements and frequently even prohibitions for collecting, processing, and storing certain data. We encourage you to seek guidance from your regulatory or employment counsel. In using this guidance, you agree to hold CFA Institute harmless for its use, as CFA Institute makes no claim or warranty about its lawful use in your region.

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

## 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. Given the importance of measurement, a systematic framework is essential, one that focuses on measurement and tracking for the first five DEI Code Principles, wherever appropriate. Data collection is also important, not only as a tool for greater understanding but also in introducing wider culture change. An essential part of the culture shift is building trust, which takes time, leadership, and stringent data-handling protocols. Therefore, data collection is not the only goal here, although it is essential to accountability.

## 6.2. Signatories' Commitment

**6.2.1.** We commit to an annual completion of the Reporting Framework and to the regular review of the returns by senior management, including updates for our board, to ensure our organisation is making progress on increasing representation and driving DEI at all levels. Measuring DEI is not an exact science; not all elements of DEI are obvious or are captured well in 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.

# METRICS

## Practice Guidance: General Guidelines

- i. For full information on investment role definitions used by CFA Institute, please see our Competency Framework: <https://interactive.cfainstitute.org/competency-framework>.
- ii. Each signatory should complete the Reporting Framework to measure progress on DEI. Establishing a baseline initially and then regularly checking progress can help drive changes in approaches to all aspects of people processes. Progress in DEI should be regularly re-assessed over time because results can fluctuate as expectations increase and practices evolve.
- iii. Clear communication about the scope and the strategic purpose of data collection is essential in building trust for each of the many interactions cited in this section. Data collection communication can be anchored in storytelling about employees' experience and should be embedded in the firm's overall business strategy.
- iv. Partnerships with HR should be a meaningful driver of DEI growth with all parts of the business. Such partnerships should provide data collection and analysis to inform the business strategy.
- v. There are multiple leadership approaches, from appointing a chief diversity officer at the executive level to creating DEI business councils within business units, recognising that even within organisational DEI, implementation can look very different depending upon the functions. Frequently established practice should be a formal, written DEI policy or initiative, as well as involve at least one member of the organisation's management committee or equivalent leading DEI initiatives. Our research in "Accelerating Change: Diversity, Equity, and Inclusion in Investment Management"<sup>2</sup> shows that organisations with established DEI governance in place tend to score more highly on a spectrum of DEI, which can be measured from mature to early stages. Therefore, we ask signatories for information about these indicators.
- vi. The Reporting Framework sets out what to measure in detail. The following section provides general guidance.

### Suggestions on What to Measure: Voluntary Reporting

*Personal identifiers are considered particular category data and should be handled with the utmost sensitivity and in line with local laws.*

- a. **Gender and gender identity.** A binary definition of gender (i.e., female and male only) is already captured in most cases for employees when joining the organisation. Extending this to include a supplementary question

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<sup>2</sup>See CFA Institute, "Accelerating Change: Diversity, Equity, and Inclusion in Investment Management" (2021). <https://rpc.cfainstitute.org/-/media/documents/article/industry-research/accelerating-change.pdf>.

on gender identity provides an opportunity for a wider spectrum of gender to be considered—for example, number and percentage of male, female, non-binary, and non-declaring (prefer not to say) Australian-based employees overall and within each function (as well as other internal breakdowns, such as job groups). This information can be broken down by category—for example, applicants, external hires, internal hires, managers, senior leaders, and departures. *This data collection can only be optional.* A further question can be asked to include transgender employees: “Is gender the same as assigned at birth?” *This data collection can only be voluntary and must offer a “prefer not to say” option response.*

- b. **Race and/or ethnicity.** Number and percentage of Australian employees overall (and broken down by groups) by race and/or ethnicity and also categorised by applicants, external hires, internal hires, managers, senior leaders, and departures. *This data collection can only be voluntary and must offer a “prefer not to say” option response.*
- c. **Disability.** Number and percentage of Australian employees who have identified as and/or have reported a disability (e.g., vision, hearing, speech, mobility, and learning differences). *This data collection can only be voluntary and must offer a “prefer not to say” option response.*
- d. **Neurodiversity.** Includes autism spectrum condition (ASC), attention deficit hyperactivity disorder (ADHD), dyslexia, dyspraxia, dyscalculia, and hyperlexia. *This data collection can only be voluntary and must offer a “prefer not to say” option response.*
- e. **Sexual orientation.** *This data collection can only be optional.* Number and percentage of Australian employees who have self-designated as follows:
  - i. Straight or heterosexual
  - ii. Gay or lesbian
  - iii. Bisexual
  - iv. Other sexual orientation
  - v. Prefer not to say
- f. **Socioeconomic background.** Number and percentage of Australian employees overall (and broken down by groups) by socioeconomic background and also categorised by applicants, external hires, internal hires, managers, senior leaders, and departures. *This data collection can only be voluntary and must offer a “prefer not to say” option response.*
- g. **Additional voluntary reporting measures.** As organisations become more sophisticated at requesting, analysing, and reporting on diversity data, firms may want to consider asking employees to share additional information. This information could include asking employees about their parenting and/or caring status, their religion, and so on.

Having clear, long-term goals is important but may be difficult depending on the maturity of each organisation’s DEI strategy. When a specific, numerical long-term

goal does not make sense, measuring interim, more practical goals is a suitable replacement. For DEI goals that will incrementally lead to the desired state, organisations could, for example, measure the diversity of applicant and interview pools during the year of signing the Code and endeavour to improve that statistic. They could then develop to recording and analysing job group changes and promotions. Next, they could review the number and percentage of employees moving from one job group to another, which can be categorised in multiple ways.

It is open to signatories to consider adding inclusion metrics (e.g., diversity and ethnicity pay gaps, parental leave policy and utilisation, disaggregated employee engagement results, evaluation of the effectiveness of procedures designed to address sexual harassment). This can assist signatories to look beyond analysing headcount to focus on cultural change and long-term organisational shifts that develop equity and inclusion.

For small firms, particularly those just starting DEI work, a few focused data points clearly linked to the firm's business goals tend to be more effective in improving performance than a swath of detailed numbers that cannot be readily absorbed and acted upon. Therefore, smaller firms, or firms at an early stage in this work, may initially be unable to complete the whole Reporting Framework.

Signatories should strongly explore tying management incentives to agreed-upon targets and goals to help ensure real, measured progress is achieved just as with any other business initiative. See contextual information under Principle 4: Leadership.

Signatories should consider signing additional DEI pledges where they would provide further resources, but with discretion—this should be about genuine change, not a performative exercise.

Measuring DEI may seem challenging but can begin with anonymous HR surveys, such as the annual employee engagement survey. This approach ensures a safe space for employees to provide survey responses and feedback, with active support and promotion from the leadership level. Diversity without inclusion is fleeting. Both are necessary, with equity, to effect change.

Signatories are encouraged to triangulate their employee data to identify departments or teams where results suggest that inclusive practices are not embedded and where support and training may be needed. Note that as communication on DEI increases in the early stages of adoption, expectations may rise leading to more questions, some early disappointment if the pace of change is slow, or more complaints as employees feel empowered to disclose any experiences that fall short of the new vision.

Signatories should report information about their DEI efforts to their board of directors and/or other governing bodies and key stakeholders. Signatories should also consider communicating this information on external and internal websites. DEI functions may work closely with CSR, sustainability, and ESG reporting to understand wider reporting trends.

Hitting specific targets is not the endgame; DEI is a continuous improvement exercise. The desired outcome is not hitting arbitrary numbers—it involves real, measurable, and long-term behavioural and organisational shifts. Setting goals is helpful in making those shifts. Evidence of change can include diversity data, DEI metrics, survey returns to track cultural change, and a comparison of qualitative versus quantitative data.

## RESOURCES

The following affinity organisations and 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. Further regional foundations and potential partners will be added as the Principles are built out with introductions and suggestions from signatories.

**30% Club Australia Chapter:** Its aim is to support the achievement of a minimum of 30% gender balance at all senior decision-making tables across Australia, including boards and C-suite. <https://30percentclub.org/chapters/australia/>

**40:40 Vision:** This initiative, led by HESTA, is intended to drive gender equality into boards and executive teams. <https://www.hesta.com.au/4040vision>

**Action Plans (RAPS)** for Australian businesses. <https://www.reconciliation.org.au/>

**Amaze:** Amaze builds autism understanding in the community, influences policy change for Autistic people and their families/supporters, and provides independent, credible information and resources to individuals, families, professionals, government, and the wider community. <https://www.amaze.org.au/understand-autism/>

**Australian Disability Network:** This national organisation supports business to engage persons with disabilities as employees. <https://australiandisabilitynetwork.org.au/>

**Australian Gender Equality Council (AGEC):** This organisation supports a group of organisations working specifically on gender equality outcomes and representing the views of Australian women. It also offers sector-specific research, including for financial services (membership across many sectors, not just financial services). <https://www.agec.org.au/>

**Australian Human Rights Commission (AHRC):** The AHRC protects and promotes human rights in Australia and internationally. It is an independent statutory organisation, established by an act of Federal Parliament. <https://humanrights.gov.au/>

**Australian Indigenous Governance Institute (AIGI):** AIGI focuses on strengthening Indigenous governance and leadership. AIGI provides resources, training, and support to Indigenous organisations and leaders and helps build the capacity of Indigenous communities to participate in and influence economic activities, including investment management. <https://aigi.org.au/>

**Australians Investing in Women (AIW):** AIW advocates for gender-wise philanthropy, encouraging investment in women and girls. It collaborates

with various sectors to promote gender equality in investments and provide resources for strategic focus on women-led initiatives. <https://www.aiiw.org.au/>

**Australian Investment Council (AIC):** The AIC hosts a Diversity and Inclusion Conference, bringing together industry leaders to discuss strategies for promoting diversity in the investment sector. The conference includes sessions on best practices, case studies, and workshops designed to drive change. The AIC also hosts the Female Funders gathering, which is an opportunity for all members to come together to learn from some of the industry's best female leaders, forge valuable connections, and celebrate the remarkable achievements of women shaping the Australian investment industry. <https://investmentcouncil.com.au/AIC/AIC/Home.aspx>

**CareerTrackers:** This internship programme connects Indigenous university students and graduates with professional career opportunities. <https://careertrackers.org.au/>

**Centre for Cultural Competence Australia (CCCA):** CCCA aims to enhance cultural competence across various sectors by providing training and resources that promote understanding, respect, and effective engagement with Aboriginal and Torres Strait Islander peoples. Its vision is to create a culturally competent Australia where Indigenous cultures are respected and valued. <https://www.ccca.com.au/>

**Chief Executive Women (CEW):** Through its extensive network of accomplished women leaders, CEW is committed to nurturing an environment that promotes knowledge sharing, networking, and leadership development. It provides a platform for women leaders to connect with, collaborate with, and inspire each other, enhancing their impact and influence through advocacy and thought leadership. <https://cew.org.au/>

**Diversity Council Australia (DCA):** DCA is an independent not-for-profit organisation leading diversity and inclusion in the workplace. It provides unique research, inspiring events and programmes, curated resources (for members and nonmembers), and expert advice across all diversity dimensions to a community of member organisations. DCA also publishes the Inclusion@Work Index. DCA offers various events and workshops focused on building inclusive leadership skills. These programmes are designed to help leaders in the investment industry foster inclusive workplaces that support diverse talent. <https://www.dca.org.au/>

**Financial Services Council (FSC):** FSC represents Australian retail and wholesale fund management businesses, superannuation funds, life insurers, financial advisory networks, and trustee companies. It provides a number of diversity resources in the Australian investment industry, including the FSC Women in Investment Management Charter, which introduces accountability and transparency mechanisms to enable organisations to achieve their desired,



self-nominated, gender diversity target for their investment management teams. <https://fsc.org.au/>

**FINSIA:** the Financial Services Institute of Australasia—offers a range of programmes and events focused on promoting diversity and inclusion in the financial services industry. These include webinars, seminars, and networking events aimed at enhancing understanding and implementation of inclusive practices. <https://www.finsia.com/>

**F3 (Future Females in Finance):** Established in 2017, F3 is a programme specifically designed to encourage young women to embark on a career in financial services. <https://www.fthree.com.au/>

**First Australians Capital (FAC):** FAC is an Indigenous-led organisation that provides financial and advisory support to Indigenous businesses. It aims to create a strong Indigenous business sector by offering investment readiness programmes, mentorship, and access to capital. <https://firstaustralianscapital.org/>

**First Nations Foundation:** This Australian organisation aims to build financial literacy and economic independence for Aboriginal and Torres Strait Islander people. Its vision is to create a future where Indigenous Australians have the skills, knowledge, and resources to achieve financial security and prosperity. <https://firstnationsfoundation.org.au/>

**Future IM/Pact:** Commencing as an industry initiative, Future IM/Pact seeks to unite the investment management industry in its efforts to attract and retain diverse talent, with a focus on women in front-office investing. It offers a range of programmes to university students, early-career participants, secure interns, and those in graduate- and analyst-level roles, while partnering with some of the largest employers in Australia in the sector to deliver coaching, development, and other programmes designed to ensure that diverse talent can thrive and progress. <https://future-impact.com.au/>

**Girls Who Invest:** Girls Who Invest aims to transform the investment management industry by increasing the representation of women. The organisation is committed to having 30% of the world's investable capital managed by women by 2030. <https://www.girlswhoinvest.org/>

**Grace Papers:** This organisation advocates for gender equality and human rights and provides practical support for some of the world's smartest employers and their people through its coaching, education, and digital platforms. <https://gracepapers.com.au/>

**Indigenous Business Australia (IBA)** was established in 1990 and is a statutory authority that provides a range of programmes and services aimed at fostering economic development and self-sufficiency among Indigenous Australians. IBA operates under the mandate of the Australian Government to support

Aboriginal and Torres Strait Islander peoples in creating wealth and economic independence. <https://iba.gov.au/>

**Murray-Darling Basin Authority (MDBA)** Indigenous Investment Principles: The MDBA has developed the Indigenous Investment Principles to guide sustainable and culturally appropriate investments in the Murray-Darling Basin. These principles aim to ensure that investments benefit Indigenous communities and respect their cultural values. This initiative highlights the importance of integrating Indigenous perspectives into investment decisions, promoting greater diversity and inclusion. <https://www.mdba.gov.au/about-us/who-we-work/partnerships-and-engagement/working-first-nations>

**Neurodiversity Hub:** supported by a number of Australian academic and financial institutions, contains a variety of resources on recruitment, promotion, and retention of neurodiverse persons. <https://www.neurodiversityhub.org/>

**Ombpoint:** is a unique partner to employees and employers in navigating workplace issues. Its experts effectively resolve and manage workplace issues. <https://www.ombpoint.com/>

**Parents at Work:** This leading social impact advisory and learning provider is dedicated to advancing workplace inclusion, gender equality, and well-being outcomes for businesses and families. It advises, educates, and certifies workplaces to be family-friendly employers. <https://parentsatwork.com.au/>

**Pride in Diversity:** Pride in Diversity is a not-for-profit employer support programme for LGBTIQ+ workplace inclusion programmes. It conducts workshops and training sessions aimed at improving LGBTIQ+ inclusion in the finance and investment sectors. These events provide education on creating supportive environments for LGBTIQ+ employees and addressing specific challenges they may face. Pride in Diversity also publishes the Australian Workplace Equality Index (AWEI), an Australia national benchmarking instrument for LGBTIQ+ workplace inclusion. <https://www.prideinclusionprograms.com.au/about-pid/>

**Reconciliation Australia (RA):** RA is an independent not-for-profit organisation and is the lead body for reconciliation in Australia. RA promotes and facilitates reconciliation by building relationships, respect, and trust between the wider Australian community and Aboriginal and Torres Strait Islander peoples. RA manages and certifies RAPS for Australian businesses. <https://www.reconciliation.org.au/#:~:text=We%20are%20an%20independent%20not-for%20profit%20organisation,%20the%20lead%20body>

**Responsible Investment Association Australasia (RIAA):** This organisation, based in the Asia-Pacific region, is dedicated to promoting and supporting responsible investment. <https://responsibleinvestment.org/>

**Supply Nation:** Supply Nation works to connect Indigenous businesses with corporate and government procurement opportunities. By fostering partnerships between Indigenous businesses and companies, Supply Nation helps integrate Indigenous enterprises into larger economic ecosystems, including the investment management industry. <https://supplynation.org.au/>

**Women in Banking and Finance:** WiBF organises an annual summit and a series of workshops throughout the year focused on advancing women's careers in the banking and finance sectors. These events feature keynote speakers, panel discussions, and networking opportunities aimed at empowering women and addressing gender disparities in the industry. <https://wibf.org.au/>

**Women in Investments:** This membership-based organisation focuses on building a like-minded community of women in fund management to inspire and empower each other. It is committed to bringing women together to invest and to advancing members both professionally and personally. It also runs an industry mentor programme. <https://www.womenininvestments.com/>

**Women in Super (WIS):** Established in 1995, Women in Super (a membership-based organisation) is a national advocacy and networking group for women employed in the superannuation and other financial services industries. With over 2,500 members across Australia, WIS provides development, networking, and career progression opportunities to assist members in gaining opportunities to develop. <https://www.womeninsuper.com.au/>

**Workplace Gender Equality Agency (WGEA):** WGEA provides tools on gender pay gap reporting and workplace discrimination reporting for all Australian public and private companies with over 100 people, including the Commonwealth government. <https://www.wgea.gov.au/>

## FURTHER READING

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

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

*In the interests of including a range of views, the following reports could be used for discussion groups:*

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Georgeac, Oriane, and Aneeta Rattan. 2023. "The Business Case for Diversity Backfires: Detrimental Effects of Organizations' Instrumental Diversity Rhetoric for Underrepresented Group Members' Sense of Belonging." *Journal of Personality and Social Psychology* 124 (1): 69–108. <https://doi.org/10.1037/pspi0000394>.

Green, Jeremiah, and John Hand. 2024. "McKinsey's Diversity Matters/Delivers/Wins Results Revisited?" *Econ Journal Watch* 21 (1): 5–34. <https://econjwatch.org/articles/mckinsey-s-diversity-matters-delivers-wins-results-revisited>.

