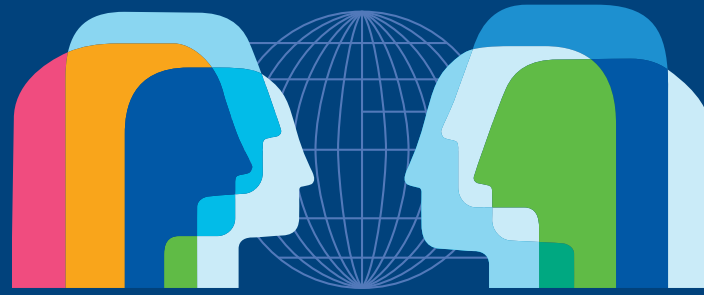


DRIVING CHANGE: DIVERSITY & INCLUSION IN INVESTMENT MANAGEMENT



RECOMMENDED ACTIONS LIST

1 Define diversity

Commit to a specific, useful definition of diversity that leads to common understanding and shared language. Discuss your firm's motivations for pursuing an inclusive culture, and be aware that individuals in your firm may have differing motivations around diversity.

2 Intersectionality

When creating an intentionally diverse group, do not oversimplify the demographic profile of individuals. Challenge assumptions based on a sample of one. Diversity should cover both visible and invisible dimensions.

3 Culture vs. policy

Track who talks about D&I to understand how infused it is in the culture: Are you missing those in middle management?

4 Biases

Employ creative training techniques that will help uncover biases and provide tools to identify them in the future. Simulations and role-playing formats allow people to test real situations to see their natural reactions.

5 Storytelling

Encourage the use of stories within and across organizations: (1) Personal stories help people understand how experiences have shaped their colleagues and thereby enable greater leveraging of diverse perspectives, and (2) stories are the basis of qualitative evidence about how D&I progress is made.

6 Data

Beyond tracking employee demographics, use such tools as the Global Diversity and Inclusion Benchmarks to identify gaps and strategic action items. Do a gender pay gap analysis. Ask about inclusion when conducting employee engagement surveys.

7 Communication

Have regular communications from senior leaders about diversity efforts. Provide talking points to help the broader management team initiate discussions, but with the caveat that "official" talking points are simply a resource for authentic conversations.

8 Candidate slates

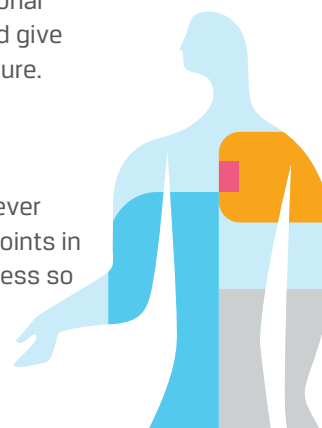
When engaging an executive search firm, explain your firm's definition of diversity and select search firms that have a track record of providing diverse candidate slates.

9 Know your candidate

During the hiring process, seek to learn broadly about the background and perspective of each candidate and consider how differences can be leveraged to improve your firm's effectiveness. Although every interviewer should be educated about the kinds of off-limit questions and topics that could offend or cause legal issues, being too hesitant to connect at a personal level also hinders the process and could give the impression of an intolerant firm culture.

10 Interviewers

Create diverse interview panels whenever possible, leveraging the diverse viewpoints in your firm. Structure the feedback process so that all voices are heard.



11 Returnship

Create a returnship program or other ways to "fill the pipeline from the middle." Encourage recruiters and interviewers to consider nontraditional career paths.

12 Mentors and sponsors

Encourage mentoring at your firm, and urge leaders who are well regarded and influential within the organization to become sponsors. Teach them what role each entails.

13 "Cultural taxation"

Create processes to ensure that employees engaged in D&I efforts are adequately compensated and recognized for their time and that such efforts are considered when making personnel decisions. Build in time for these activities instead of making them add-ons.

14 Internal networks

Create programs that facilitate exposure to people across the organization—for example, internships, cross-training, rotational programs, and "ride-alongs" (e.g., shadowing or attending meetings with senior leaders).

15 Retention

Conduct "stay interviews" with employees to understand why they choose to stay at the company and what might make them leave. Third-party interviewers will be most effective, and consider carefully who is asked to participate so people do not feel singled out.

16 "Always on" recruiting

Adapt your recruiting mindset to an "always on" approach, recognizing that opportunities may arise quickly, outside of typical recruiting schedules. Attend conferences and expand the network beyond familiar recruitment pools (i.e., the usual colleges and alumni networks).

17 Compensation

Tie leadership-level compensation to progress on culture and diversity metrics. When making promotion decisions, consider a person's ability to hire, develop, and lead a diverse team.

18 Outreach

Align corporate citizenship with efforts that build the pipeline by generating awareness of and interest in math and investment management.

19 Open dialogue

Encourage candid conversations about diversity topics and informal discussions about current events.

20 Business diversity

When selecting asset managers, ask consultants to propose diverse slates of firms consistent with your definition of diversity. Differentiate between emerging firms and firms with diverse ownership. Report results and metrics by firm category.

This list was reviewed by workshop participants and reflects their input along the way. We collected data through a series of workshops that were held from October 2017 to May 2018. These events were held under the Chatham House Rule and took place in Toronto, Boston, San Francisco, Chicago, Philadelphia, and New York City, with a total of 344 participants across 99 companies, representing approximately \$38 trillion in assets under management.

