

Response Form
for the
Exposure Draft of the
CFA Institute Diversity, Equity and Inclusion Code (USA and Canada)

Diversity, equity, and inclusion (DEI) is critical to the future of the investment industry. We recognize that a diversity of perspectives will lead to better investor outcomes; an inclusive investment industry will better serve our diverse society. Further, we recognize that an organization, with an inclusive culture, awareness and education, and effective working relationships, is a better place to work.

CFA Institute is developing a voluntary, DEI Code (the “Code”), to be launched firstly in the USA and Canada. The purpose of the Code is to drive greater diversity, equity, and inclusion within the investment industry. The Code has been designed for the investment industry, by members of the investment industry. It is intended to meet industry where it is, define the current state, and drive improvement from a realistic foundation. Organizations from across the investment industry are invited to become signatories, including investment managers, asset owners and consultants.

The Code is supported by Implementation Guidance which is based upon tested practice from our industry research. It will be regularly updated to reflect changing DEI practice in the investment industry and elsewhere. We have designed a Reporting Framework to guide signatories in the process of reporting on their progress, which is included [here](#) for information only. Individual signatory reports will be kept confidential by CFA Institute, which will in turn report on industry developments.

The goal for this Exposure Draft is to elicit feedback on the proposed principles and recommendations within the Code. Please refer to the “Providing Feedback” guidelines for submitting comments.

All comments must be received by 4 September 2021 in order to be considered.

Providing Feedback

Public commentary on the Exposure Draft will help shape the final version of the Code, which is expected to be issued in November 2021. Comments should be provided in this Response Form, found [here](#) on the CFA Institute website, and submitted to deicode@cfainstitute.org. Designated spaces for comments appear in the Response Form in the order in which the Principles appear in the Exposure Draft. Questions directed toward the Codes’ intended users are posed in the Response Form, followed by designated spaces for comments related to the Principles and Implementation Guidance. General or summary comments on the Exposure Draft may be provided in the designated section at the end of the Response Form.

When providing feedback on a specific principle, it may be helpful to consider whether the meaning of the principle is clearly stated and whether the principle will add value for users of the Code. You may provide as few or as many comments as you wish.

The deadline for providing feedback is 4 September 2021. **Comments received after 4 September 2021 will not be considered.** Unless otherwise requested, all comments will be posted on the CFA Institute website.

Guidelines for submission

Comments are most useful when they:

- directly address a specific issue or question,
- provide a rationale and support for the opinions expressed, and
- suggest alternative solutions in the event of disagreement.

Positive comments in support of a proposal are equally as helpful as those that provide constructive suggestions for improvement.

Requirements for submission

In order for comments to be considered, please adhere to the following requirements:

- **Insert responses in the designated areas of the response form.**
- **Assign a unique file name to your response form before submitting.**
- **Provide all comments in English.**
- **Submit the response form as a Microsoft Word document.**
- **Submit the response form to deicode@cfainstitute.org by 5:00 PM E.T. on 4 September 2021.**

General Information (required)

<p>Respondent:</p> <p><i>(Please enter your full name if you are submitting as an individual or the name of the organization if you are submitting on behalf of an organization.)</i></p>	<p>Click or tap here to enter text.</p>
<p>Stakeholder Group:</p> <p><i>(Please select the stakeholder group with which you most closely identify.)</i></p>	<p>Investment Professional</p>
<p>Region:</p> <p><i>(If you are submitting as an individual, please select the region in which you live. If you are submitting on behalf of an organization and the organization has a significant presence in multiple regions, please select "Global". Otherwise, please select the region in which the organization has its main office.)</i></p>	<p>North America</p>
<p>Country:</p> <p><i>(If you are submitting as an individual, please enter the country in which you live. If you are submitting on behalf of an organization, please enter the country in which the organization has its main office.)</i></p>	<p>United States</p>
<p>Confidentiality Preference:</p> <p><i>(Please select your preference for whether or not your response is published on the CFA Institute website.)</i></p>	<p>yes, my response may be published</p>

QUESTIONS FOR INTENDED USERS

Questions for Investment Managers, Asset Owners, Consultants, and Investors

1. Do you agree that the investment industry needs a DEI Code to drive change?

<QUESTION_01>

I think the investment industry needs to fully understand issues of diversity, inclusion, equity and belonging in order to drive change. The DEI is a good starting point.

<QUESTION_01>

2. Do you consider the Principles cover the key areas for change?

<QUESTION_02>

Yes

<QUESTION_02>

3. Is there a DEI area that you would like to see covered by the Code that is not in the draft Code?

<QUESTION_03>

[ENTER RESPONSE HERE]

<QUESTION_03>

4. Will the draft Code help establish the changes in processes and practices that investment industry organizations need to drive up DEI internally?

<QUESTION_04>

I think it is a good starting point. Making meaningful changes is going to require people who make up organizations to think differently about issues of diversity and sincerely buy into the need for change vs. check the boxes because DEI is a topic which is getting a lot of focus.

<QUESTION_04>

5. Will the draft Implementation Guidance help enable the changes in process and practice that investment industry organizations need to drive up DEI internally?

<QUESTION_05>

Again, it is a good starting point.

<QUESTION_05>

6. To what extent would an investment firm becoming a signatory to the Code help provide the DEI-related information that is typically provided or asked for in Requests for Proposals (RFPs), Due Diligence Questionnaires (DDQs), other types of questionnaires and in client DEI-related discussions?

<QUESTION_06>

Not sure if becoming a signatory can help with this.

<QUESTION_06>

7. To what extent are the draft Principles supportive of and complementary with local laws and regulations and other DEI codes and standards?

<QUESTION_07>

I think the Principles give more specific and actionable focus areas which can help organizations meet existing laws and regulations. And because the Principles provide guidance, signatories may find meeting existing requirements easier and more sustainable.

<QUESTION_07>

8. Would an investment organization becoming a signatory to the Code help provide investor reassurance about the investment organization's culture?

<QUESTION_08>

I think this depends on the results. Many organizations say DEI is important but their culture and practices don't promote DEI.

<QUESTION_08>

9. Would it be helpful if the Implementation Guidance to the Code is reviewed and updated annually or less frequently?

<QUESTION_09>

It would be helpful if the implementation guidance is reviewed periodically. On a positive note, becoming more diverse, equitable and inclusive is a journey. Right now the implementation guidance focuses on the initial challenges. As organizations go down the path, the guidance will need to be updated to include the next generation of challenges. On a less than positive note, history has shown that discrimination and bias evolve over time. The implementation guidance

will most likely need to be updated to deal with the next generation of biases and to address the practices of organizations who are less than sincere about being diverse.

<QUESTION_09>

10. Would your firm be prepared to contribute examples of tested DEI practice to update the Implementation Guidance to the Code?

<QUESTION_10>

N/A

<QUESTION_10>

DEI CODE AND IMPLEMENTATION GUIDANCE FOR INVESTMENT ORGANIZATIONS

General comments section

11. General comments on the Code and Implementation Guidance:

<COMMENT_11>

ENTER RESPONSE HERE

<COMMENT_11>

12. Comments on Principle #1 and associated Implementation Guidance:

<COMMENT_12>

A lot of attention for the principle Pipeline is focused on outreach—focusing students and campus recruiting. I agree that there is a need to ensure that the next generation of investment professionals is diverse; however, I feel the Code falls short in two areas.

The first is I feel the Code glosses over the fact that a major part of the pipeline problem is the perceived lack of underrepresented candidates who meet the traditional criteria. It is a common perception that because there is shortage of traditionally qualified underrepresented candidates, hiring in from underrepresented groups means you need to lower your criteria. This is a fallacy. As an African-American woman this misperception is a great source of frustration for me. I think the Code and Implementation Guide inadvertently perpetuates this fallacy by going in depth on alternative sources of talent without equal emphasis on how to source candidates from underrepresented groups who meet the traditional criteria. Organizations need guidance on how to look inward and see where their actions are contributing to the problem.

This industry is lacking in diversity due hiring practices that have been shaped by both implicit and systemic bias. Talented underrepresented candidates are effectively hidden in plain sight at the same institutions as white male candidates. Organizations fail to attract underrepresented students because 1) they aren't looking—no one makes an effort to find something they don't think exists—and 2) the lack of diversity makes the investment industry unattractive to underrepresented groups. More attention and guidance need to be given to combat the misperception that finding underrepresented candidates means you immediately have to lower your criteria and look for 'alternative talent'. Also, organizations need more advice on how to more effectively demonstrate that they are proactively working on DEI to prospective candidates. From experience nothing is more unattractive than an organization that is unaware of the extent of their diversity problem and/or shows no meaningful action towards changing their culture other than bringing in a handful of diverse candidates to 'check the boxes.'

The second area I think the Code should focus on is “seeding the middle” of the pipeline. In other words, how to increase the number of diverse experienced professionals in the industry. The Code is focused on outreach to students; however, part of the solution to the diversity problem is ‘inreach’ to mid-career professionals by taking a second look at the talent already present in the industry. Many companies have plenty of talented employees from underrepresented groups. These existing employees just don’t work in investment related roles.

How underrepresented people became underrepresented in the investment industry is not because they lacked the skills or education. It’s because they weren’t given the opportunity to enter early in their careers. I’ve heard countless stories of women being funneled from investment roles to marketing and client service. Similarly, I’ve seen many people of color being funneled into operations roles. As a Woman of Color, I’ve seen the impact in my career.

I feel the DEI Code needs to explicitly promote creating on ramps for experienced professionals to enter or in some cases reenter investment management roles. There is a lot of resistance to transition to investment roles from other lines of business. And there is even more resistance in supporting any transitions for those who are mid-career. Creating on ramps for experienced professionals to enter investment roles would help organizations demonstrate their commitment to DEI. It would show an effort to reverse some of the wrongs of the past. This helps with employee morale and retention as well as attracting new talent. Also, I believe boosting the number of underrepresented mid-career professionals will help with retaining new diverse talent.

The current lack of diversity makes recruiting and retaining diverse candidates all-the-more challenging. Qualified underrepresented candidates may be deterred from entering the industry by the lack of diversity. Simply put, they may not choose the investment industry because they don’t see a path of success for themselves because there is no one like them in the middle and upper ranks. To be clear, this is NOT an issue of ‘having to see it to be it’; it is an issue of ‘because I don’t see it, I don’t think I will be given the opportunity to be it’. And once hired, underrepresented candidates are in an environment which doesn’t understand the challenges of being an underrepresented person and there is no one with which you have commonality to turn to for advice or allyship. This can lead to high attrition among diverse talent which is counterproductive.

These two main areas, 1) recognizing that there are underrepresented candidates who meet the traditional criteria and 2) focusing on the middle of the pipeline not just the beginning, are areas which can have a positive effect on diversity efforts. By addressing these issues in the Code and the Implementation Guide, the CFA Institute has an opportunity to take the lead and accelerate the process of making the investment industry more diverse, equitable and inclusive.

<COMMENT_12>

13. Comments on Principle #2 and associated Implementation Guidance:

<COMMENT_13>

ENTER RESPONSE HERE

<COMMENT_13>

14. Comments on Principle #3 and associated Implementation Guidance:

<COMMENT_14>

ENTER RESPONSE HERE

<COMMENT_14>

15. Comments on Principle #4 and associated Implementation Guidance:

<COMMENT_15>

ENTER RESPONSE HERE

<COMMENT_15>

16. Comments on Principle #5 and associated Implementation Guidance:

<COMMENT_16>

ENTER RESPONSE HERE

<COMMENT_16>

17. Comments on Principle #6 and associated Implementation Guidance:

<COMMENT_17>

ENTER RESPONSE HERE

<COMMENT_17>