

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>	Washington State Investment Board
<p>Stakeholder Group:</p> <p><i>(Please select the stakeholder group with which you most closely identify.)</i></p>	Investor / Asset Owner
<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>	North America
<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>	United States
<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>	yes, my response may be published

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>

Change may be possible without a Code, but WSIB believes that the investment industry would benefit from a DEI Code that helps drive positive change.

<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>

No, we do not see any major areas that are missing.

<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>

The code is a good start, however, without specific minimum commitments there is risk that organizations could sign on to the Code without making meaningful cultural changes. There is also risk that a lean organization with limited resources may review the Implementation Guidance and find it so onerous to meet every element that they decide not to sign the Code at all. Our recommendation would be to specify the minimum action required to adhere to each Principle, beyond the requirement to complete the survey and diversity template annually. This is similar to the approach that Institutional Limited Partners Association (ILPA) is taking with its Diversity in Action initiative, where the minimum requirements are very clear. If CFA Institute takes this approach, any minimum requirement listed should account for an organization's size.

Smaller organizations will have significantly fewer resources to dedicate to these efforts than larger organizations.

<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>

The Implementation Guidance is specific enough to enable change that will positively impact DEI. However, as stated earlier, it is unclear to us how much of that Implementation Guidance is required to become a signatory, or what rate of improvement might be required over time to maintain signatory status. We see risk that organizations will sign on to this Code without committing to change.

<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>

The WSIB does not use RFPs to identify investment partners. Where possible, we prefer to use DDQs that are created by respected industry bodies, rather than create our own DDQs and surveys that could potentially increase the workload of our investment partners. We will use bespoke questionnaires on specific topics such as proxy voting or IT security when we think it will be additive to our process. Seeing that a partner has signed onto the Code would be helpful in that it may frame the questions we need to ask and would give us the option of requesting the potential manager's responses to the Code.

<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>

We are not in a position to comment on all local laws and regulations, but we can see the effort that CFA Institute made to align with ILPA's Diversity Template and some of its diversity related

DDQ questions. We recommend continued work with organizations like ILPA and Principles for Responsible Investment (PRI) to align questions and templates where possible.

<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>

Yes, seeing that an investment organization is a signatory to the Code would help provide reassurance about the investment organization's culture, but it would not be considered proof of anything on its own. Once finalized, the WSIB has discussed asking its partners to become DEI Code signatories, like the approach we take with the CFA Institute Asset Manager Code of Conduct. We believe that these Codes signal to the investment community that an organization is serious about its culture and how it impacts multiple stakeholders, including employees, the community, and the investment industry as a whole.

<QUESTION_08>

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

<QUESTION_09>

DEI best practices are changing rapidly, so annual reviews make sense in the current environment. However, a review should not automatically lead to updates if it is determined that they are not required. As the DEI environment matures, it would make sense to see the frequency of updates decline. If updates are made too frequently, it could cause confusion and/or may be a deterrent for managers to sign on.

<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>

Yes

<QUESTION_10>

DEI CODE AND IMPLEMENTATION GUIDANCE FOR INVESTMENT ORGANIZATIONS

General comments section

11. General comments on the Code and Implementation Guidance:

The WSIB applauds CFA Institute's creation of the draft DEI Code and Implementation Guidance. It appears to be well thought out and based on current best practice in the industry. We believe that CFA Institute, with its global reach and prior experience creating the Asset Manager Code of Conduct, is an ideal party to develop the DEI Code.

However, we do have some specific comments. We wonder whether CFA Institute is the appropriate organization to be collecting sensitive, nonpublic data for organizations globally, or if that should be outsourced to another organization with more experience in this arena. The data privacy concern does not apply to the WSIB specifically since we are subject to public disclosure rules, however we have many partners, particularly in the private asset classes, that are very protective of sensitive information. We recommend that CFA Institute provide specific details on the governance of this potentially material, nonpublic data and the data security surrounding it. This includes ownership of the data, how is it stored, and what assurances organizations have if there is a data breach and non-public data is released to the public.

The Reporting Framework itself appears to be based largely on ILPA's diversity template, which is in the process of being updated. We recommend that CFA Institute works to align with ILPA's updated template, which is global in nature rather than country specific, and has different diversity categories. The ILPA template is open for comment until September 24, 2021 and additional detail can be found here: <https://ilpa.org/due-diligence-questionnaire/>.

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

<COMMENT_12>

Due to time constraints, the WSIB has provided general feedback but not made specific comments on each Principle and its Implementation Guidance.

<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>