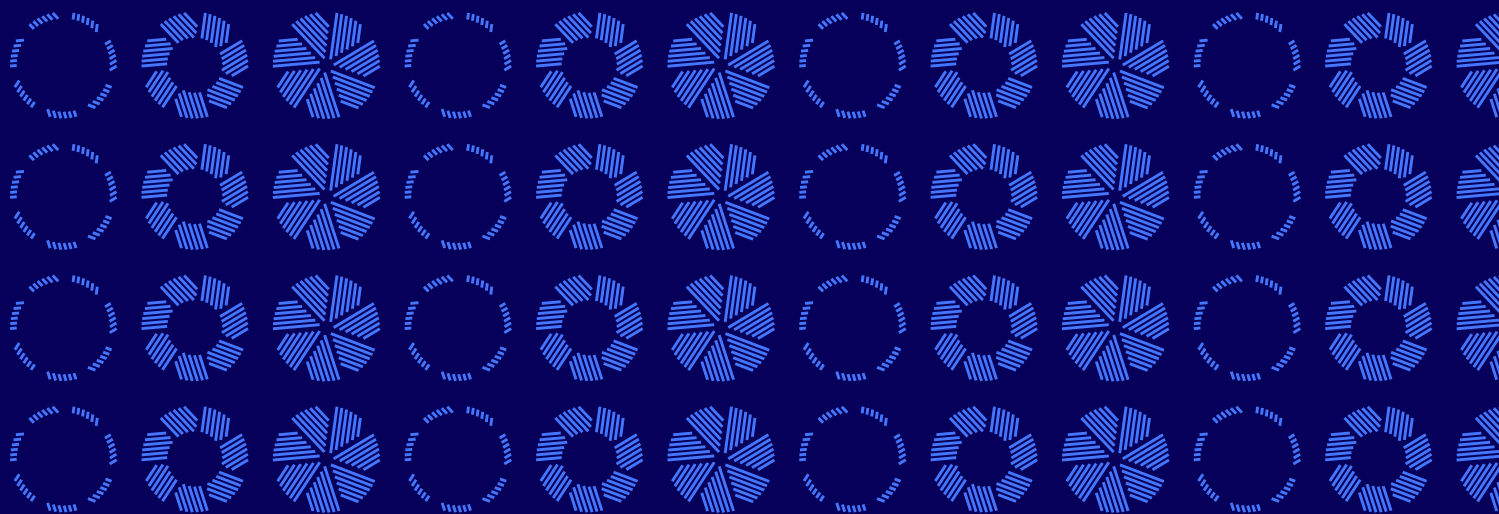


CFA INSTITUTE INCLUSION CODE (EUROPE)

2025



Disclaimer

The Inclusion Code aims to identify and share constructive talent management practices that are conducive to business success. It is informative guidance that is not and should not be interpreted as legal advice, legal opinion, or regulatory guidance. Organisations should seek independent legal counsel to ensure any reliance or use of the Code complies with any applicable laws and/or regulations.

This piece was retitled in September 2025 as the Inclusion Code to reflect the Code's purpose and its application to talent strategies.

CONTENTS

Global Contextual Note	1
Introduction	3
Executive Summary	5
How the Code Works	7
The Inclusion Code (Europe)	10
Principle 1: Pipeline	13
Principle 2: Talent Acquisition	13
Principle 3: Promotion and Retention	15
Principle 4: Leadership	16
Principle 5: Influence	16
Principle 6: Measurement	17



CFA Institute

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CFA INSTITUTE INCLUSION CODE (EUROPE)

GLOBAL CONTEXTUAL NOTE

A core aspect of the CFA Institute mission includes, in consultation with industry leaders, developing and administering **voluntary** codes—effectively, best practice guidelines—and standards, which tend to be more specific, that guide the investment industry and help ensure all investment professionals place client interests first. Our codes and standards are typically global. Diversity, equity, and inclusion (DEI), however, when integrated into human capital management in the investment industry, can involve different considerations in each geographical region. Not only do employment laws differ, but there are also local variations in demographics, culture, and societal customs. The Implementation Guidance thus will not fit all regions equally well, although the core six principles of the Inclusion Code are broadly universal. **Signatories should ensure that they take the requisite advice to support the application of the Implementation Guidance in their specific region.** The practical application of DEI, the underlying concepts of the Inclusion Code, involves careful attention to detail to create cultural change. A broad, strategic understanding of the concepts is important, but operationalising change takes many intersectional steps.

CFA Institute therefore decided that the voluntary Inclusion Code should be published region by region, with specifically designed Codes, Implementation Guidance, and Reporting Frameworks for each region. The intention is to create an Inclusion Code that over time will build to form a locally adapted, regionally differentiated, global framework, united by an understanding of the importance of human capital management for clients, employees, and shareholders.

In the meantime, CFA Institute will work with our members, local societies, institutions, policymakers, and other industry stakeholders to continue our research into effective DEI practices, further develop the Implementation Guidance, and provide education and community building opportunities to support its goals.

In Europe, where there are considerable legislative differences between countries—including those within the European Union (EU) and those outside it—each market will have a separate and specific addendum to summarise local practice and regulation. In the Inclusion Code, we refer extensively to EU legislation, guidance, and initiatives

for two reasons: The EU covers the majority of Europe where investment organisations operate, and many of the EU resources available offer well-thought-out and well-researched ideas for employers to use. We also observe that many EU resources are not much deployed by firms; we believe they deserve attention and wish to avoid repeating work already well done.

CFA Institute worked with our local societies in Europe, working groups of investment professionals, and regional and national DEI advisers to create the Inclusion Code (Europe). We also consulted with EU-related entities to obtain feedback on early drafts. These materials were reviewed for compatibility with the General Data Protection Regulation (GDPR), an EU regulation on information privacy in the European Union and the European Economic Area. GDPR is often cited as a reason not to apply DEI to workplaces in Europe; however, we aimed to surface what the EU has shown may be done by organisations.

In many cases, demand for advances in DEI in Europe was associated with the rise in demand for sustainable investment. Building DEI in the investment workplace can help develop practitioner skills in analysing social factors and in impact investing, and it is critical to good product governance.

We also carefully considered how the public discourse around DEI has evolved since we started this work in early 2020. Our approach is business centric. We focus on improving people management for all in the investment industry, including a very wide cross-section of talent, to enhance client outcomes and better serve the increasingly diverse societies emerging in all markets.

We hope signatories to the Inclusion Code in other markets with offices in Europe, as well as European-headquartered firms, will become signatories to the European version. The impact will be cumulative. We also hope that for asset owners and consultants allocating capital globally, this Code will help them to understand and assess the culture of managers, as well as to do this work themselves. This is an Inclusion Code for the whole industry.

INTRODUCTION

In March 2020, the then CFA Institute Diversity, Equity, and Inclusion Steering Committee tasked the Diversity, Equity, and Inclusion (Inclusion) Code Working Group (now called the Inclusion Code Sub-committee) with developing a set of principles to drive greater diversity, equity, and inclusion within the investment industry. The resulting set of principles formed the basis for the Inclusion Code. The European version is the next stage in its global development, advised by another specially constituted working group of investment professionals and DEI experts.

Given the reputation of CFA Institute for rigor and high standards, as well as its focus on comprehensive strategies for effecting change, the Inclusion Code authors took an immersive approach. We shared a common belief that progress requires commitment from senior leaders at investment organisations, who would have to both lead by example and hold their organisations accountable. It takes everyone to make a difference with accountability, starting at the top.

We settled on six core principles that would require the support of the leadership: Pipeline, Talent Acquisition, Promotion and Retention, Leadership, Influence, and Measurement. Each organisation must commit to working on these core principles while collaborating with others in the field, working purposefully toward the goals, and promoting these ideas throughout the industry.

The Inclusion Code Sub-committee is aware that the industry comprises a diverse set of institutions of different sizes, each with different starting points and tool kits. As a result, the Sub-committee wanted to focus on principles that were appropriate for all signatories but accommodative of many different implementation strategies. Considerable time was invested in developing a variety of recommended implementation strategies for each principle so that every signatory could choose the mix appropriate for its institution. These strategies appear in the Implementation Guidance, which supports the Inclusion Code. **The Sub-committee understands that not all organisations have the same capacity or start from the same place: They do not have to do everything but can focus on initiatives that make most impact. The expectation, however, is that all signatories to the Inclusion Code will commit to long-term, real change, to having stimulating conversations, and to making the necessary investment of resources. Moreover, all signatories will commit to continuous improvement through learning and adapting.**

Central to this work has always been the concept of **Inclusion**, which we have now made explicit by renaming the Code. Inclusion refers to the intentional efforts and practices an organisation undertakes to ensure that all employees feel valued, respected, supported,

and fully able to participate in the workplace, regardless of their human attributes, perspectives, identities, and backgrounds. The notion that a variety of viewpoints are worth listening to is particularly important in the investment industry, where portfolio diversification is central to managing risk. A lack of divergent views in the investment decision-making process can lead to “group think” and result in unconscious, unintentional, or uncompensated investment risks.

Looking critically at your organisation and committing to making sustained change are never easy, and the investment industry has made attempts before without lasting impact. However, CFA Institute and those charged with designing the Inclusion Code know that this commitment will lead to greater inclusion of wider viewpoints from the best talent, which will result in better investment outcomes, help create better working environments, and generate a cycle of positive change for future generations.

—CFA Institute Inclusion Code Sub-committee

EXECUTIVE SUMMARY

Our Purpose

We recognise that a diversity of perspectives will lead to better investor outcomes; an inclusive and equitable investment industry will better serve our diverse society. Further, we recognise that an organisation with an inclusive culture, awareness and education, and effective working relationships is a better place to work. We also understand the importance of improving equity while acknowledging the magnitude of the task. Therefore, our scope is within the workplace where we have direct agency and where we have influence as investors. Our commitment to this Code is a long-term commitment to cultural change at all levels in our organisation.

An Introduction to the Six Principles

Principle 1: Pipeline—We commit to expanding the inclusive talent pipeline.

Principle 2: Talent Acquisition—We commit to designing, implementing, and maintaining inclusive and equitable hiring and onboarding practices.

Principle 3: Promotion and Retention—We commit to designing, implementing, and maintaining inclusive and equitable promotion and retention practices to reduce barriers to progress.

Principle 4: Leadership—We commit to using our position and voice to promote inclusion and improve inclusive outcomes in the investment industry. We will hold ourselves responsible for our firm's progress.

Principle 5: Influence—We commit to using our role, position, and voice to promote and increase measurable inclusive results in the investment industry.

Principle 6: Measurement—We commit to measuring and reporting on our progress in driving better diversity, equity, and inclusion results within our firm. We will provide regular reporting on our firm's related metrics to our senior management, our board, and CFA Institute.

Our Commitment

In addition to the Principles, we undertake to accelerate and amplify their impact by making the economic, business, and ethical¹ case for DEI as follows:

- COLLABORATE with other firms to publicise careers in the investment industry and provide informational materials, combined with concerted outreach to extend economic opportunities.
- SHARE tried and tested DEI practices with other signatories, working and learning together to develop new, aspirational strategies and to build awareness that integrating DEI can improve investment outcomes and enhance business success.
- PROMOTE acceptance and implementation of the Principles within the investment industry by speaking about our progress and socialising the Inclusion Code and the Principles with our global workforce and colleagues to improve understanding of the wider society we serve.

¹“Ethical” may also be understood as a social license to operate or as a social compact, critical in building and retaining trust.

HOW THE CODE WORKS

Diversity, equity, and inclusion are crucial elements in the future of the investment industry and the success of investment firms. An inclusive investment industry will better serve our diverse society. The Inclusion Code aims to

- **meet the industry where it is**, accurately defining the current state of DEI in investment management;
- **define key principles for firms to implement**, to drive improvement from a realistic foundation; and
- **provide a metrics-based reporting framework**, to produce meaningful results and monitor progress over time.

We trust signatories will be able to demonstrate innovation in their approach to these principles. The Principles are intended to be additive to existing commitments because they are specifically designed for the investment industry. They are all equally significant: Their position on the list does not indicate a hierarchy of importance. We understand, however, that signatories may have more work to do in one area than in another. Assessing their priorities is part of the work of integration over time.

In creating this voluntary Code for Europe, we consulted extensively with a wide range of stakeholders, including members of the European Parliament, EU expert groups, industry trade bodies, other stakeholders, and regulators. We also reviewed existing pledges and broad frameworks² with a view to collaboration or amplification wherever possible. We will consult with the industry on any significant changes in our Reporting Framework in the future.

We ask at the outset that signatories commit to reporting on their DEI metrics and discussing their progress with us. We designed the Reporting Framework to guide signatories in this process, which can be used by any size of organisation. Data are collected, stored, and analysed by an internal team. Data management is not dependent on a data vendor or an external consultant. CFA Institute is an independent, professional membership organisation, neither a governmental or regulatory agency nor a trade body—hence our emphasis on the voluntary nature of this Code. **Our mission is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.**

²For wide social context, see European Commission, “European Pillar of Social Rights: Building a Fairer and More Inclusive European Union”: <https://ec.europa.eu/social/main.jsp?catId=1226&langId=en>. For an overview version, visit <https://ec.europa.eu/social/main.jsp?catId=1567&langId=en>.

Although this is a voluntary code, we are keen to ensure that signatories demonstrate accountability for their commitment. Following their commitment to the Principles, signatories will provide a confidential, annual progress report to the CFA Institute Inclusion and Code & Standards teams using the Reporting Framework within the annual reporting window from January to June. In turn, CFA Institute will report on industry-level statistics once *a critical mass of signatories has been reached and individual organisations cannot be identified*. However, we also encourage signatories to report their DEI metrics publicly where possible.

Individual consultations with signatories are part of the reporting process. In these meetings, each signatory will have an opportunity to explain what its DEI goals are, what its processes are, and what its progress toward integrating DEI is. Overall, we will ask them to show how their culture is shifting. The Reporting Framework also contains qualitative sections to record this information.

Individual company details will be kept confidential, although with their agreement, firms' progress may be showcased—with appropriate measures to protect employee confidentiality—on the Code's webpages, at our conferences and webinars, and in CFA Institute publications to keep the industry and partners knowledgeable and accountable. CFA Institute will take the lead in convening annual roundtables for signatories to share their practices; report positive business impact from their DEI initiatives, including their cycle of positive change; and explore new ideas, which may well differ from those in the Implementation Guidance. We will also work to integrate these lessons into our resources for our members. Therefore, accountability for impact is a critical factor for all entities involved.

The Principles are metrics based, not merely aspirational: Their successful integration requires commitment to cultural change, not merely a compliance-led approach. We recognise, however, that compliance is a helpful tool for level-setting in this work. For signatories that are unable to show any progress over a two-year period, we will offer extensive support and engagement, following which we will hold them accountable to enact urgent change or else have their signatory status lapse.

Foundational reporting requirements for completion by the end of the initial two-year period from becoming a signatory include the following:

- An established senior leader ownership and oversight governance process
- Formal, written, preferably readily available communications outlining the organisation's DEI strategy, policy, commitments, and high-level objectives
- An implementation plan to integrate DEI within the signatory organisation's people, processes, and policies

However, we emphasise that CFA Institute is recommending and the Inclusion Code is designed to enable accelerated change in investment organisations of any

size—hence the illustrative Commitment explaining possible actions for each Principle. In response to feedback from the industry, we have set out this version of the Code in a manner that takes account of the variety in size, structure, and resources of signatory organisations and seeks to be scalable and flexible, as well as rigorous. The Implementation Guidance, a core component of this Code, has ideas and strategies from foundational and simple to more complex for signatories with mature DEI practice, with flexibility for small firms. Therefore, although the Code constitutes a voluntary and aspirational set of baseline principles for firms to work toward, we look for more than a minimal mindset.

We considered but decided against setting the minimum action required to adhere to each Principle because each organisation will be at a different stage with its own strategic priorities and set of available resources. Overall, we expect signatories to focus on the most impactful initiatives for their own circumstances, which they can determine by conducting a DEI self-assessment and aligning it to their strategic plan.

The Implementation Guidance is not an exhaustive list of all the available actions. CFA Institute will revise and update this guidance annually to reflect effective, tested DEI practices, including that of signatories. The guidance is intended to provide a wide range of optional resources to meet the needs each signatory assesses it requires to make progress; some will be more appropriate for the short versus the long term. It is not envisaged that every aspect be covered at once; rather, organisations choose a selection of actions according to their strategic priorities and capacity.

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

—CFA Institute Inclusion Code Sub-committee

THE INCLUSION CODE (EUROPE)

We first define key terms in the Code, and then we provide the definition and commitment for each Principle. The footnotes provide some information regarding the legislative framework supporting definitions used, but all signatories are responsible for seeking their own legal advice in relation to the collection and processing of any data relating thereto.

Diverse Groups

The Inclusion Code does not contain legal advice. Signatories should seek independent legal advice before adopting DEI policies. This is an indicative list for consideration in building understanding and inclusion;³ it designates not only legally protected groups but also a range of groups to which organisations may wish to give consideration,⁴ subject to the legal and regulatory requirements in their jurisdiction. Not all of these groups will be appropriate in all markets. There may be additional groups that are relevant to signatories, which should also be included as needed to support their work accelerating DEI. For fuller but non-exhaustive information, please see the relevant country addendum. Further detailed, regionally differentiated, and market-specific information appears in the Reporting Frameworks.

- Gender⁵
- Gender expression/identity
- Sexual orientation⁶
- Indigenous groups

³See the European Union Agency for Fundamental Rights (FRA), "EU Charter of Fundamental Rights: Title III, Equality, Article 21, Non-Discrimination" (<https://fra.europa.eu/en/eu-charter/article/21-non-discrimination>), and European Commission, "Employment Equality Directive (2000/78/EC)" (<https://ec.europa.eu/social/main.jsp?catId=166&langId=en>), describing legislation against discrimination at work on grounds of religion or belief, disability, age, or sexual orientation. See also the FRA website for detailed information about permissible survey categories by dataset (<https://fra.europa.eu/en/publications-and-resources/data-and-maps/browse-by-dataset>).

⁴For a full list of potential categories, including both core and noncore topics for consideration, see T. Makkonen, *European Handbook on Equality Data: 2016 Revision* (Publications Office of the European Union, 2016). <https://data.europa.eu/doi/10.2838/397074>.

⁵See European Commission, "EU Charter of Fundamental Rights, Title III: Equality, Article 23: Equality between Women and Men." <https://fra.europa.eu/en/eu-charter/article/23-equality-between-women-and-men#:~:text=Equality%20between%20women%20and%20men%20must%20be%20ensured%20in%20all,of%20the%20under%20represented%20sex>. See also European Institute for Gender Equality, "Gender Equality Index 2023" (2023). <https://eige.europa.eu/gender-equality-index/2023>. See also the Resources section of the Implementation Guidance for further details of EU directives on gender equality and non-discrimination.

⁶Katharina Eisele, "The 2020–2025 LGBTIQ Equality Strategy: Implementation Overview," European Parliamentary Research Service (2023). [https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU\(2023\)753174](https://www.europarl.europa.eu/thinktank/en/document/EPRS_STU(2023)753174).

- Race⁷
- Ethnicity⁸
- Generation or age (e.g., Gen Z, millennials, Gen X, seniors)
- Socioeconomic status
- Intersectionality of two or more groups
- Marital or relationship status
- Mental well-being⁹
- Disability (e.g., vision, hearing, speech, mobility, learning differences)¹⁰
- Religion
- Neurodiversity
- Language, including non-native-language speakers
- Country of birth for employee or their parents
- Other, such as immigrant¹¹ or citizenship status¹²

Definition of Diversity

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

⁷ See Articles 1, 2, and 3 in Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin ([www.eumonitor.eu/9353000/1/j9vvik7m1c3gyxp/vhckn6df1zzc#:~:text=The%20purpose%20of%20this%20Directive,the%20principle%20of%20equal%20treatment](https://eur-lex.europa.eu/9353000/1/j9vvik7m1c3gyxp/vhckn6df1zzc#:~:text=The%20purpose%20of%20this%20Directive,the%20principle%20of%20equal%20treatment)). See also European Commission, “EU Anti-Racism Action Plan 2020–2025” (https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/combating-discrimination/racism-and-xenophobia/eu-anti-racism-action-plan-2020-2025_en).

⁸ See Articles 1, 2, and 3 in Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin (<https://eur-lex.europa.eu/EN/legal-content/summary/equal-treatment-irrespective-of-racial-or-ethnic-origin.html>). See also European Commission, “EU Anti-Racism Action Plan 2020–2025” (https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/combating-discrimination/racism-and-xenophobia/eu-anti-racism-action-plan-2020-2025_en).

⁹ European Parliament, “Minimum Health and Safety Requirements for the Protection of Mental Health in the Workplace” (May 2023). [www.europarl.europa.eu/RegData/etudes/ATAG/2023/740086/IPOL_ATA\(2023\)740086_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2023/740086/IPOL_ATA(2023)740086_EN.pdf).

¹⁰ For practical information and support on disability inclusion, visit the European Disability Forum’s website: www.edf-feph.org/.

¹¹ This term is defined in the European Commission’s online Glossary: [https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/immigrant_en#:~:text=Definition\(s\)&text=In%20the%20EU%20context%20%2C%20a,State%20or%20a%20third%20country](https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/immigrant_en#:~:text=Definition(s)&text=In%20the%20EU%20context%20%2C%20a,State%20or%20a%20third%20country). For statistical information for EU and EFTA countries (Iceland, Norway, and Switzerland), see Eurostat, “Foreign-Born People and Their Descendants” (August 2023). https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Foreign-born_people_and_their_descendants_-_main_characteristics.

¹² FRA, “EU Survey on Immigrants and Descendants of Immigrants” (2024). http://fra.europa.eu/sites/default/files/fra_uploads/fra-2024-immigrants-survey-technical-quality-report_en.pdf.

Definition of 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. Equity¹³ here is in addition to equality, which requires that each individual be treated without discrimination, including being given equal opportunities for advancement. Equality is the more standard term in Europe, where it is enshrined in law¹⁴ and supported by dedicated EU agencies.¹⁵ Essentially the same support for everyone regardless of the starting point is equality, but that approach may not provide an equitable solution. Equity offers those who need it personalised support to reach their full potential.

Definition of Inclusion

A dynamic state of operating in which any employee can be and feels respected, valued, safe, and fully engaged.¹⁶

Diversity, equity, and inclusion are referred to together in this document as **DEI**.

In general, we focus on inclusion, that benefits all employees. We note, however, that equity is at a very early stage of development in the investment industry in all markets. In part, this is because it is an industry with a high proportion of senior roles requiring extensive experience, so it is more difficult to make these strides in equity areas. Investment management has also historically attracted and recruited from a relatively narrow, homogeneous population, despite talent being equally distributed across all populations. Over successive generations, the industry has lacked the knowledge, experience, or motivation to change. That situation is now shifting, and this Code is intended to address each of those gaps. Therefore, equity is included as a long-term, aspirational goal for those signatories who chose to pursue it.

¹³ Equity in EU law does not have the same force as in common law jurisdictions, where judges may make decisions based on fairness or moral reasoning outside of written law. The principles of equality are seen as integral to ensuring justice, fairness, and equal treatment within the EU legal system.

¹⁴ Charter of Fundamental Rights of the European Union, 2012/C 326/02, Section III: Equality.

¹⁵ The EU has established agencies such as Equinet (European Network of Equality Bodies; <https://equineteurope.org/>) to support, analyse, and provide expertise on country-specific best practice for equality issues.

¹⁶ See European Commission, "European Pillar of Social Rights." Although not strictly a legal instrument, it sets out 20 key principles and rights to support fair and well-functioning labour markets and welfare systems, including principles related to equality and non-discrimination.

The Principles

We as signatories of the CFA Institute Inclusion Code voluntarily commit to the following principles:

Principle 1: Pipeline—We commit to expanding the inclusive talent pipeline.

Definition:

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

Commitment:

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 partners¹⁷ that attract early career stage 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.

Principle 2: Talent Acquisition—We commit to designing, implementing, and maintaining inclusive and equitable hiring and onboarding practices.

¹⁷ See the suggestions in the Resources section of the Implementation Guidance.

Definition:

Code signatories should ensure that all aspects of hiring practice are equitable and inclusive, from intern, apprenticeship, and graduate recruitment to experienced hires and senior roles, as this is critical to improving diversity. Such activity will benefit signatory firms by ensuring they continue to attract and recruit the best talent. It will also support firms to meet their fiduciary responsibilities to clients by ensuring the best and brightest individuals of all identities and backgrounds are informing their investment decision making.

Commitment:

We commit to creating, implementing, and regularly reviewing robust talent acquisition processes and policies, such as antidiscrimination,¹⁸ cultural competency, and other educational training for hiring managers, interviewers, and recruiters, as well as equitable process timelines, recognising that some candidates may take longer to apply to roles than others. We are looking to drive positive progress in the diversity of the industry's workforce.

We commit to systematic outreach, in line with GDPR and national law, to attract talented but often overlooked individuals from underrepresented groups into our organisation, especially into core investment functions (as outlined in Principle 1) and to offer existing employees opportunities to move functional area within our organisation. Some firms perceive difficulty in finding diverse pools of candidates via traditional routes, so in addition to exploring other sources, we will reduce the systemic and institutional barriers for talented, qualified underrepresented individuals from these traditional sources.

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 wide range of educational backgrounds, subjects of study, and experience. We will be transparent in job descriptions on expected salary and benefits, the possibility of flexibility within the role, the cultural environment we currently have, and the culture we are striving toward. We will also be transparent about the selection process and criteria. We will proactively ask whether people need adjustments, either physical or within the

¹⁸See the aforementioned EU Anti-Racism Action Plan and European Commission, "Supporting the Development, Implementation and Monitoring of National Action Plans against Racism" (https://commission.europa.eu/document/download/b42f71e7-07aa-4456-a6f3-7a558bb78845_en?filename=NAPAR%20Monitoring%20Checklist%20and%20Reporting%20Tool_PUBLICATION.pdf). Both documents contain important national framing for employer-led inclusion work and practical information, such as a glossary of legal terms.

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.

Principle 3: Promotion and Retention—We commit to designing, implementing, and maintaining inclusive and equitable promotion and retention practices to reduce barriers to progress.

Definition:

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

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

Commitment:

We commit to creating and implementing robust promotion and retention processes that are subject to a cycle of regular review and improvement. This work will be supported by regular manager, senior leader, and wider organisational training, such as cultural competency training, to embed inclusive and equitable practices. We will improve the transparency of promotion criteria. We commit to measuring the effectiveness of formal programs, such as mentorships and sponsorships.

Principle 4: Leadership—We commit to using our position and voice to promote inclusion and improve inclusive outcomes in the investment industry. We will hold ourselves responsible for our firm's progress.

Definition:

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 strive to be diverse, inclusive, accountable to stakeholders, and trained to manage and lead diverse teams. Establishing a strong tone from the top underpins all other DEI-related efforts and, where done successfully, supports recruitment, retention, and promotion of top talent. These efforts can create a competitive advantage and minimise costs of employee turnover, legal proceedings, and the suboptimal productivity that may occur where individuals feel unable to fully contribute.

Commitment:

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 integrating systematic processes to change behaviour around DEI within the workforce for the better. They are implemented on an ongoing, sustainable basis and are subject to regular review by our senior leaders.

Principle 5: Influence—We commit to using our role, position, and voice to promote and increase measurable inclusive results in the investment industry.

Definition:

As organisations, members, and clients of the investment industry, we can lead by example and motivate others, both internally and externally. We can encourage 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.

Commitment:

To our employees. We commit to being open and transparent about our DEI practices, taking proactive steps to show and communicate inclusion, and promoting an environment that does not discriminate on the basis of gender, race, colour, ethnic or social origin, genetic features, religion or belief, membership of a national minority, property, birth, disability, age, or sexual orientation.¹⁹

To our clients. We commit to managing client expectations for the advancement of DEI within the industry, providing clear evidence, communicating proactively, demonstrating our progress using the success measures available, and finding out where we align with clients' own DEI expectations.

To the investment management sector. We commit to working through collaboration and external partnerships by being visible and accountable—for example, by using our senior leaders' profiles to raise DEI issues and actively participating in initiatives that support DEI.

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.

Principle 6: Measurement²⁰—We commit to measuring and reporting on our progress in driving better diversity, equity, and inclusion results within our firm. We will provide annual reporting on our firm's related metrics to our senior management, our board, and CFA Institute.

Definition:

Measurement is key to success in improving DEI: What gets measured gets evaluated and managed, particularly in such a data-driven industry as investment, within the

¹⁹ Joint ESMA and EBA Guidelines from 2 July 2021, paragraph 12 with regard to diversity policy objectives, ESMA35-36-2319 EBA/GL/2021/06.

²⁰ This document does not constitute legal advice and is intended for guidance only. It can therefore provide neither legal advice on issues of national law nor an authoritative interpretation of EU law, which remains within the sole remit of the Court of Justice of the EU.

limitations of the local jurisdiction. Given the importance of measurement, a systematic framework is essential—one that focuses on measurement and tracking for the first five Inclusion 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.

Commitment:

We commit to an annual completion of the Reporting Framework and to the regular review of the results by senior management, including updates for our board, to ensure our organisation is making progress on increasing representation and driving DEI at all levels. Measuring DEI is not an exact science; not all elements of DEI are obvious or are captured well in human resources (HR) systems or through reporting. We also commit to collaborate 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.

Note on Our Approach to Data Collection Metrics

Modern European history has profoundly and understandably sensitised populations and governments to the collection of personal data disaggregated by protected characteristics, particularly racial or ethnic origin. The EU founding principles enshrine equality. Antidiscrimination legislation from the Office of the United Nations High Commissioner for Human Rights forbids the use of any such data to the disadvantage of the groups they refer to. Protections for sensitive personal data are well established constitutional norms, including the applicable EU and national data protection law and the Charter of Fundamental Rights. All these factors are widely understood by employers and frequently cited as a prohibition against employee demographic data collection beyond gender and age. This situation results in imbalances in equality data collection, particularly for racial or ethnic origin, religion or belief, sexual orientation, and gender identity, with unintended consequences for inclusion and accountability. We note the European Banking Authority has issued a report titled “Guidelines on the Benchmarking of Diversity Practices Including Diversity

Policies and Gender Pay Gap” to help improve transparency and stakeholder awareness in these areas.²¹

What is equally established, however, if much less widely discussed, is that if *collected and processed in full respect of the legal framework and the safeguards* it sets out, equality data²² include diversity monitoring by employers working with external service providers.

Employers can use third-party providers to collect anonymised and aggregated diversity data to monitor the impact of their policies and improve inclusion within their organisation over time. Equality data can be used to assess compliance with human rights obligations and to design evidence-based measures to address discrimination, inequalities, and exclusion. Therefore, we included wide equality categories in the Inclusion Code with the goal of accelerating understanding and inclusion in the European investment industry.

²¹ European Banking Authority, “Guidelines on the Benchmarking of Diversity Practices Including Diversity Policies and Gender Pay Gap” (2024). <https://www.eba.europa.eu/activities/single-rulebook/regulatory-activities/internal-governance/guidelines-benchmarking-diversity-practices-including-diversity-policies-and-gender-pay-gap>.

²² T. Makkonen, *European Handbook on Equality Data: 2016 Revision* (Publications Office of the European Union, 2016): p. 15. <https://op.europa.eu/en/publication-detail/-/publication/cd5d60a3-094d-11e7-8a35-01aa75ed71a1>. This handbook takes GDPR into account; see paragraph 1.4.3 in the handbook.

