



Integrating Diversity, Equity and Inclusion (DEI) into corporate cultures

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December 2022

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Agenda



1. DEI Data

2. DEI Progress

- Why are asset managers important?
- Common challenges
- Strategy and next steps

1. DEI Data

Why are asset managers important for DEI data?



Asset managers are key influencers for...



Expectations of portfolio companies

From data requests through to specific DEI-focused mandates



Applying emerging standards and regulations to portfolio companies

Setting new ESG rules and expectations



Educate portfolio companies

Help companies understand how to recruit, retain and motivate best talent from all backgrounds



Incentivize change in portfolio companies

Linking DEI outcomes to access and cost of capital

And in the future...

Will DEI matter **more or less** to asset managers?

What are some common challenges with DEI data?

Lack of context

Regulatory reporting requirements
Statistics presented in research



Low disclosure

Self-reporting
Distrust & disclosure
Senior buy-in



Common challenges with DEI data: lack of context



Regulations, standards, investor requests, and research often focus on quantitative diversity data over inclusion practices

To progress from **quantitative diversity reporting** towards creating an **inclusive workplace culture**, diversity characteristics cannot be considered in isolation

UK Gender Pay Gap Reporting

- % of men and women in each pay quartile
- Average and median gender pay gap of hourly pay
- % of men and women receiving bonus pay
- Average and median gender pay gap of bonus pay

Gender alone doesn't provide enough context for useful action

- White women: 29% at entry level to 21% at C-suite
- Women of colour: 19% representation at entry level to 5% at C-suite



Common challenges with DEI data: lack of disclosure



Good quality data contributes to an inclusive culture...



...yet an **inclusive culture** leads to greater disclosure and good quality data

DEI progress requires constant re-evaluation

- Top-down commitment to DEI progress
- Visibly inclusive leadership

71% of companies say their executives are involved in DEI-endorsing decisions; **but only 9%** claim they are proactive and visible in those activities



- Executive involvement
- Proactive and visible executive involvement

2. DEI Progress

What type of strategy will get results? How can asset managers help?



Data: don't just collect, ask questions – the 'why'

Before jumping in head-first, ask why DEI data is important for each company, for eg:

- To improve diversity among employees based on current representation statistics?
- To benefit society by sponsoring or donating to DEI initiatives in the community?

Planning: needs to be long-term

- For improvements to have positive, meaningful impact on individuals and companies they need to be built to last
- DEI planning is as important as long-term financial planning and goals for business development – employees are a key driver for any business

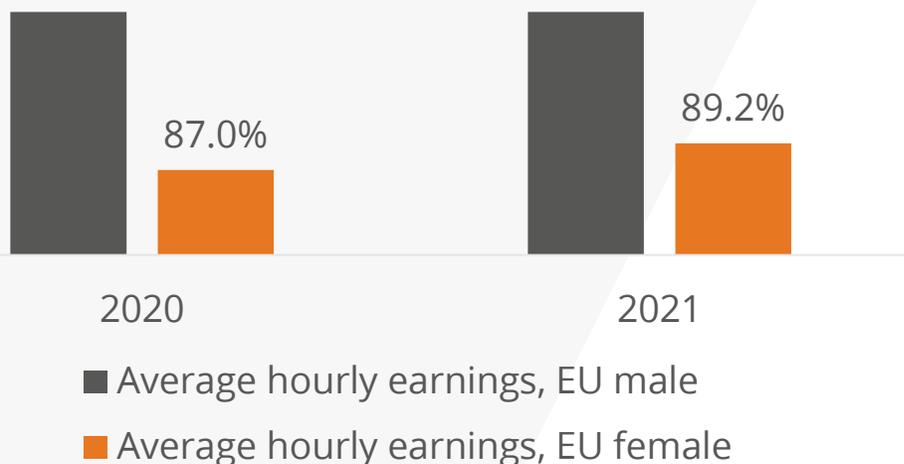
Resources: budget for consistent action

- 89% of companies have a formal DEI strategy but... 57% have no dedicated DEI resources or budget
- Use the information collected to identify potential resources and budgets required to achieve long-term plans

What Does Progress Look Like?

Better gender data across market reveals emerging progress

- **13% average annual revenue** growth at private companies with at least 1 woman on the board, versus 9% at companies with none, 2019 – 2021
- **EU gender pay gap - 24%** of the pay gap is related to **overrepresentation of women in lower-paying sectors** (care, health and education)



But long-term progress relies on more queries and investigation of the data

- Beyond the board, what is the breakdown of diversity characteristics across different company levels?
- What actions are taken by the board and management and how do they compare to the previous time period?
- How is representation translated into inclusion?
- Breakdown of the gender pay gap when factoring in other diversity characteristics? Gender never exists in isolation – race, ethnicity, disability, age, etc.
- What is the breakdown of the gender pay gap across different company levels?

Thank you for listening – any questions?



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