



CREATING AN INCLUSIVE CULTURE
IN THE INVESTMENT PROFESSION



Diversity
Project
NORTH AMERICA



Holding up the mirror

Diversity data in the investment, wealth
management and savings industry

An LGBT Great study, supported by EY



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Introduction



Matt Cameron

Global Managing Director,
LGBT Great

Data and a culture of trust are the building blocks of creating a truly diverse and inclusive workforce. It is imperative that organisations make investments in data and insights to understand their workforce mix, the lived experiences of their employees, and the interconnections of different diversity dimensions. Diversity data needs to be tied to organisational purpose to create a culture of trust that ensures that diversity disclosure does not negatively impact opportunities.

The ability to invite and learn from different perspectives is fundamental to driving innovation, building strong relationships and serving customers and clients effectively. A diverse and inclusive culture helps drive business value and innovation by applying different perspectives to unlock better solutions, adapting to change and moving with agility, as well as finding and retaining the best talent. Leading inclusively helps others experience psychological safety and trust, which leads to a feeling of belonging. The more someone feels they belong, the more likely they will behave inclusively.



Katherine Savage

Partner, Financial Services
People Advisory Services, EY

The investment, wealth management and savings industry has made limited progress in collecting diversity data. What organisations fail to realise is the risk of not collecting or inappropriately collecting diversity data. The stakes are high and not just limited to talent. Organisations are at risk of losing business reputation and underperforming commercially with inadequate diversity data.

Diversity + Equity + Inclusiveness = Growth

is about
differences

is about treating
everyone equitably,
focusing on
individualistic
needs*

is about
leveraging the
differences

for businesses
and their
stakeholders

** Defining everyone equally maintains inequity.*

Asset owners and investment consultants are increasingly asking for more information about inclusion and diversity in requests for proposals (RFPs) amidst an evolving business landscape. Stakeholders are demanding increased transparency of environmental, social and governance (ESG) information. Firms will need to be equipped to respond. Diversity data collection and analysis to provide insights and input into action planning will be crucial and can help prepare firms for the increasing scrutiny and monitoring.

For an industry that is all about data, it is time that we ‘hold up the mirror’ and ask ourselves the tough questions. Getting ahead means getting underneath what the data is telling us, being bold, re-setting the button to initiate long-lasting change and building a culture of trust to support workforce disclosure.

In August 2020, LGBT Great, supported by EY, commissioned a survey of UK- and US-headquartered organisations in the investment, wealth management and savings industry to understand the current state of diversity data collection. We complemented our findings with the insights from a related survey of global HR leaders that the Diversity Project UK led in January 2021.

The combined studies conclude that the industry’s progress in collecting diversity data is slow, barriers limiting data collection are a plenty and not wholly understood, whilst the urgency for the need to make improvements is clear.

Summarising the findings of our study, we bring this report to you with five key objectives in mind:

1. To confront the current challenges in collecting diversity data and provide recommendations on what organisations can do to get ahead
2. To provide industry-specific good practice case studies to share practical learnings on progress initiatives
3. To provide a senior leadership checklist for successful diversity communications
4. To outline the case for change and commercial imperatives for all corners of the industry working together, from asset managers, asset owners and investment consultants to pension funds, actuaries, hedge funds, along with others
5. To highlight other relevant works and frameworks within this space

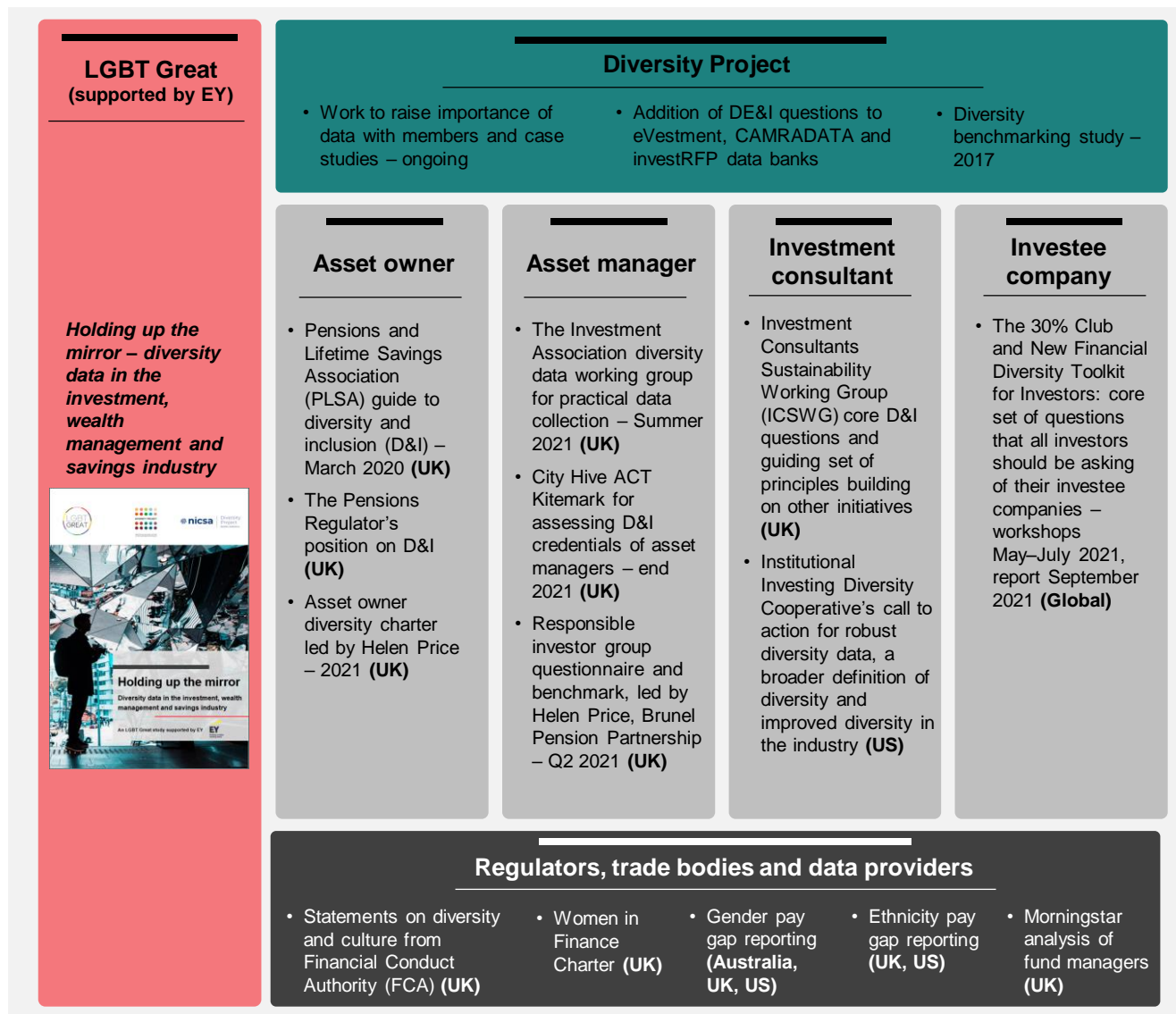
With COVID-19 changing the world of work overnight, we believe that advancing diversity, equity and inclusiveness (DE&I) will be the new normal. As organisations increasingly adopt flexible working and enhance their ESG initiatives, it is an opportune time for the industry to come together and collectively address the challenge of diversity data collection.

About this report

The investment, wealth management and savings industry has taken several initiatives to improve diversity data collection. These include thought leadership, workshops, events and diversity charters to increase awareness and to drive organisations to commit to successful data collection across all dimensions of diversity. The industry is also supported by regulators, government organisations, trade bodies and data providers in advocating the case for change and driving the right set of behaviours. Most of these initiatives and actions have made progress, albeit in silos. What has been lacking is a universal approach across the industry.

This report seeks to build a case for how we can achieve collective success by looking at the current state of diversity data collection in the industry. We also outline various initiatives planned by the industry, where this report fits in and how it sets the stage for initiatives that will focus on why and how data collection can be improved.

Figure 1. Diversity data initiatives across the investment, wealth management and savings industry



Foreword



Baroness Helena Morrissey DBE
Chair, Diversity Project UK

I have a confession. I've long been frustrated – embarrassed, even – by the lack of diversity data the investment industry collects about itself. It's not because we don't think it's important – as you'll read in the report, 80% of leaders believe it is. Our industry is built on data, and there's general agreement that 'what gets measured gets managed'. Leaders are committed to improving both diversity and inclusion in their firms. What's more, analysts and fund managers are now asking investee companies for data about their diversity dimensions and increasingly using shareholder votes to press for further action towards better gender and racial balance on boards and in management teams.

Yet just 20% of industry leaders say they are good at collecting their own diversity data.

What's going on? This report solves the riddle and aims to improve the investment industry's gathering of its diversity data. It sets out the challenges that firms have encountered, highlights success stories where those challenges have been overcome, and signposts the various initiatives that are underway to both accelerate progress and create a joined-up approach. Asset owners, pension fund consultants, asset and wealth management firms, regulators and data providers – all have a role to play.

It's vital that we do make progress now. The industry's reputation and ability to attract great talent are at stake. After all, as everyone knows, where there's a will, there's a way.

I'm very grateful to the many people listed in the 'acknowledgements' who decided to draw attention to the current situation, make the case for speedy resolution and show how progress can be made. It's a great example of the collaboration that defines the Diversity Project. I'm especially grateful of course to Matt Cameron and Katherine Savage, who have been the driving forces behind the report.

Nicsa's Diversity Project North America was launched in 2018 to leverage collaborative leadership and accelerate DE&I in the global asset management industry. As part of this mission, the Diversity Project supports the industry's efforts to increase the efficiency and efficacy of its DE&I programmes and policies.

Expanding and improving the collection and consumption of diversity metrics is one such effort.

Business leaders are quickly learning that in order to achieve DE&I goals, firms must identify appropriate metrics, share them with stakeholders and embrace accountability. Collecting relevant metrics will allow firms to set goals and timelines. Assessing diversity levels and identifying disparities will help to create concrete strategies that address them. Given the increasing complexity of data analytics and the DE&I landscape within the asset management industry, it is essential to explore the successes and challenges facing our constituents.

Nicsa is proud to partner with LGBT Great on *Holding up the mirror: diversity data in the investment, wealth management and savings industry*, an important piece of work intended to explore the power of data and its relevance within our industry. The findings highlight the gap between the belief that diversity data collection should be prioritised and the belief that the industry is successful in doing so. 2021 is an optimal time to overcome the barriers to successful diversity data collection. We are pleased to provide a platform for industry leaders to collaboratively work towards a shared ambition to improve our approach to evaluating diversity dimensions. We hope this report highlights the opportunities to put a framework around the actions critical to success.

Diversity Project North America member firms are committed to accelerating greater diversity, equity and inclusion within the global asset management industry. It is our hope that our collaborative efforts – along with those of industry thought leaders such as LGBT Great – will help position the asset management industry for the workforce of the future, diversified and transparent, with equitable opportunity for all.

Jim Fitzpatrick
President and CEO, Nicsa



Executive summary

Our study concludes that the investment, wealth management and savings industry's diversity data collection is currently falling short, and that now is the optimal time to overcome the barriers to a collective effort towards successful diversity data collection.

Where are we now?

Diversity data collection is limited in scope ...

100% of organisations prioritise gender as a diversity dimension, while 78% prioritise race and ethnicity.

26% of organisations collect pay data on preferences other than gender.

83% are not confident or are unsure if the data they collect would fulfil mandatory ethnicity pay gap reporting if introduced.

The focus on diversity dimensions is narrow ...

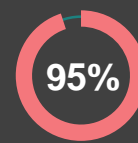


50% of organisations say it is too early in their DE&I journeys to comment on the efficacy of their strategy.

28% of organisations think focusing on one diversity dimension at a time is effective.

Less than 1/3 of organisations analyse their diversity data on intersectional identities.

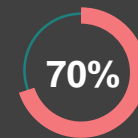
Collecting diversity data is not routine ...



95% of organisations collect diversity data at the time of recruitment.



50% of organisations collect data **only** at the time of recruitment.



70% of organisations agree that candidates do not disclose data at the time of recruitment.

What is stopping us?

80% of HR leaders surveyed believe that collecting diversity data should be a firm priority in 2021, yet only ...

20% believe that they are good at it.



Disjointed efforts in the industry



Legal and operational barriers



Lack of well-defined roles and accountabilities



Lack of understanding of the commercial case



Inadequate people systems and technology



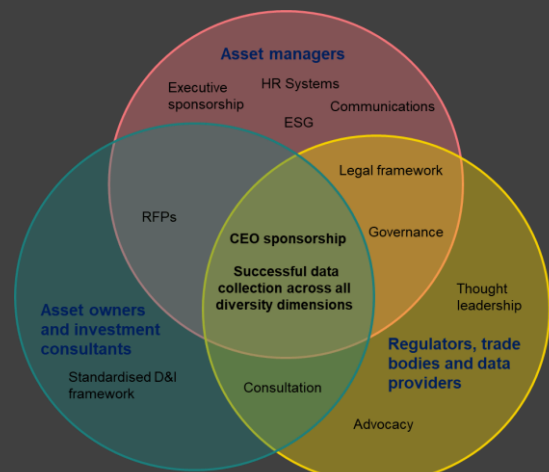
No connect with why this is important



Distrust and apathy

Where do we want to be?

The goal is to arrive at a stage where all corners of the industry are working together towards the shared ambition of **successful data collection across all dimensions of diversity**.



Diversity data – what is at stake?

The commercial imperative for having diverse and inclusive teams is clear: it boosts innovation and enables organisations to achieve better business outcomes. Research¹ indicates that organisations with a diverse and inclusive culture are eight times more likely to achieve better business outcomes, six times more likely to be innovative and agile, and three times more likely to be high-performing.

It is interesting to note that, despite a well-defined business case of the commercial benefits of diverse and inclusive teams, most organisations often fall short of realisation. In the investment, wealth management and savings industry, diversity has been proven to aid better decision-making in investment teams, yet the front office is where the least diversity exists, and we do not have the data to accurately reflect the workforce in the industry. This is a problem when it comes to clients and winning investment mandates.

The path to diversity begins today. For organisations looking to realise a desired future state on their DE&I journeys, it is therefore critical to understand where they stand today. And having a robust framework and process of capturing and reporting diversity data is imperative in assessing this current state. Various diversity pay gap reporting guidelines and legislations across the world have helped demonstrate this and enabled organisations to identify their existing diversity pay gaps so they can effectively strategise to mend these gaps and improve their 'inclusiveness quotients'.

44%

of organisations in our study say that they have made adjustments to their DE&I strategies based on gender pay reporting data.

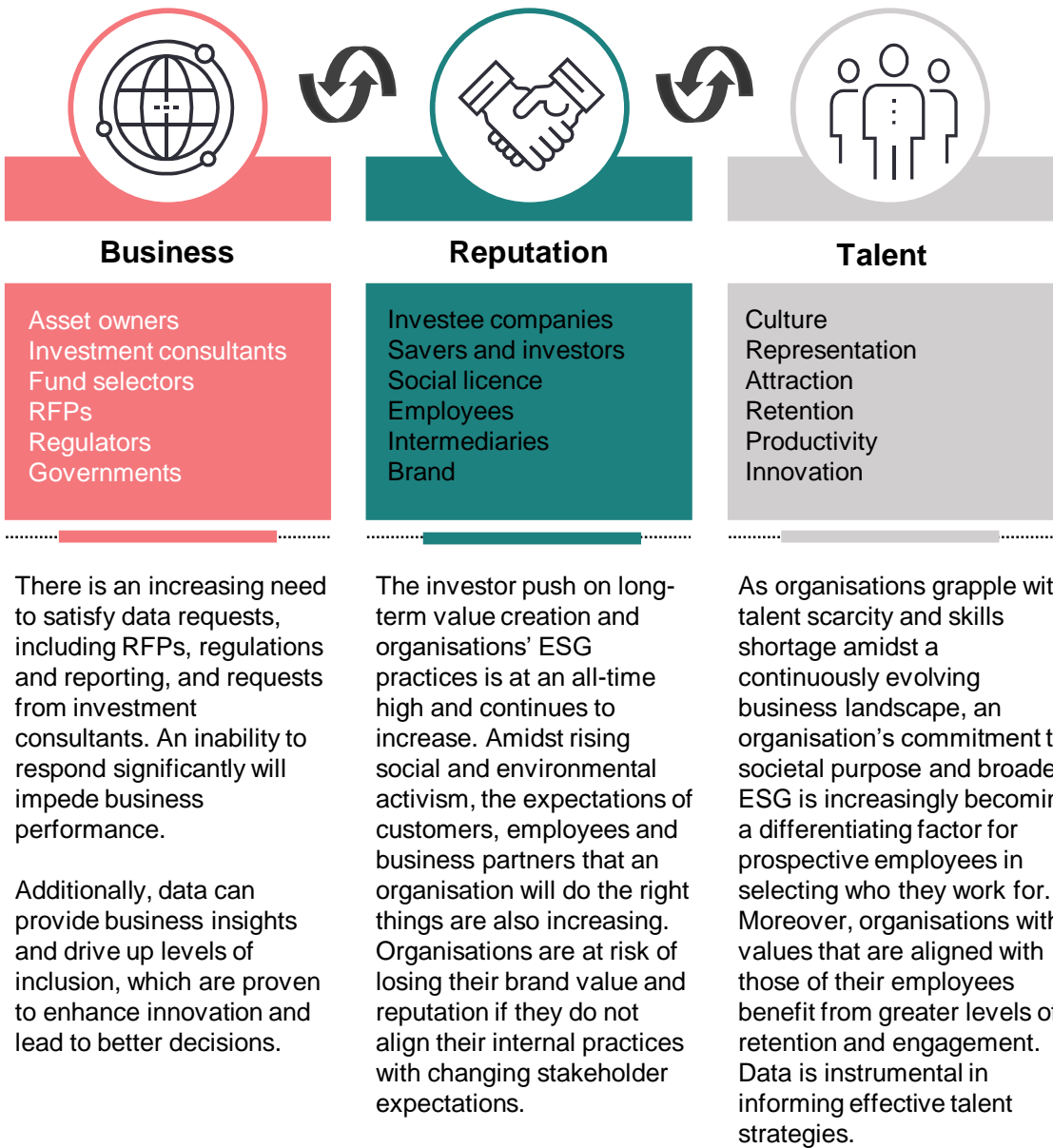
A common challenge that emerged from our study is the perception amongst many C-suite leaders that diversity data is the responsibility of the HR function and people leaders only. Many see it purely as a talent issue as opposed to an overall positive business enhancer. With the C-suite not advocating for diversity data effectively enough, we are missing a trick when it comes to doing better. While 68% of respondents in our study said that their DE&I agenda was fully supported by senior leadership, only 43% said that their diversity data collection was fully supported by senior leadership.

¹ Juliet Bourke, Which Two Heads Are Better Than One? How diverse teams create breakthrough ideas and make smarter decisions, Australian Institute of Company Directors, 2016; Sylvia Ann Hewlett, Melinda Marshall & Laura Sherbin with Tara Gonsalves, Innovation, diversity and market growth, Center for Talent Innovation, 2013

Although laws and regulations that entail collecting diversity data vary in maturity across different countries, collectively they are at a nascent stage when it comes to robust data collection, with some countries even prohibiting collection of personal data. Where these laws do exist, most organisations continue to follow a ‘tick box’ approach, and the actual underlying spirit of creating diverse and inclusive workforces gets defeated.

What organisations fail to realise is the risk of not collecting or inappropriately collecting diversity data. The stakes are high and not just limited to talent. Organisations are at risk of losing business reputation and underperforming commercially with inadequate diversity data.

Figure 2. Infographic: The three imperatives of collecting diversity data



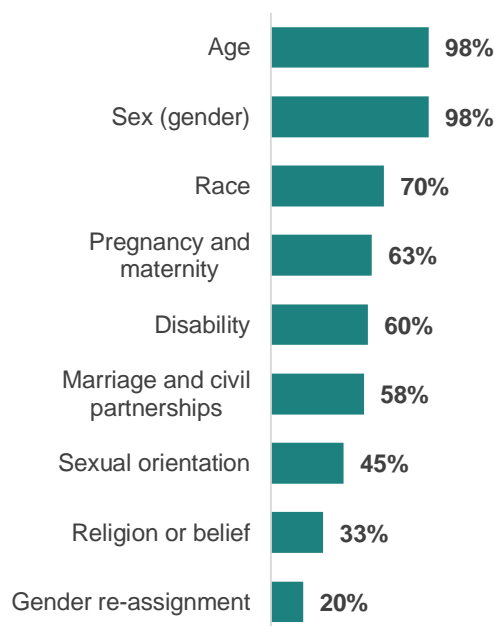
Where are we now?

It is encouraging to see that organisations in the investment, wealth management and savings industry have either embedded or are considering embedding DE&I in their talent and business strategies. However, most of these organisations are in nascent stages of their DE&I journeys and have a narrow focus on data capturing. Our study indicates that while the first step towards effective data capturing has been taken by many, the path is long, and a lot remains to be traversed.

Diversity data collection is often limited in scope

Most organisations focus on collecting data on gender and age only, followed by data on race, pregnancy and maternity, and disability. Characteristics such as gender re-assignment, religion or belief, and sexual orientation are the least explored. In terms of prioritising diversity dimensions, while 100% of the organisations in our study prioritise gender, only 30% prioritise gender identity and maternity. While this is not surprising, as gender data collection is well embedded into the systems of most countries, it does reveal that organisations view diversity data as a nice to have as opposed to a critical business enhancer.

Figure 3: Which of the following diversity dimensions does your organisation currently collect data on?



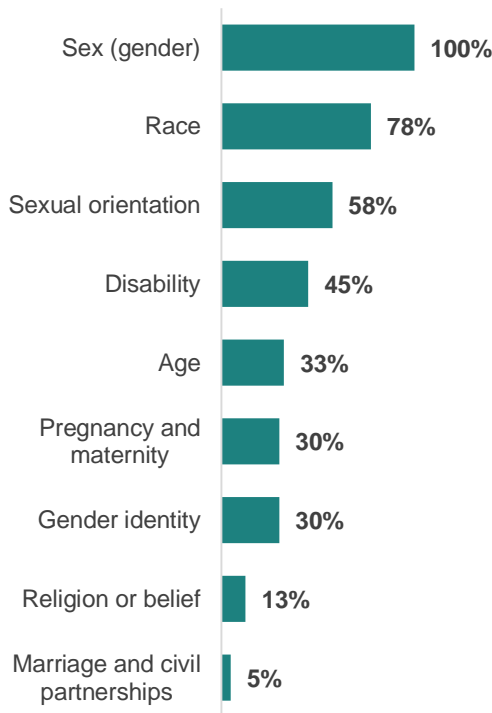
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By expanding our monitoring to encompass all aspects of diversity, including sexual orientation and gender identity, we will be able to take the right steps to make the firm a more inclusive and diverse place for everyone to work.

Stuart Welch, Global Head of PI and Advisory and LGBT+ Executive Sponsor, Fidelity International

Race is the second most prioritised diversity dimension by organisations, after gender (78% vs. 100%). This could in part be driven by an increased global acceptance of the existence of an ethnicity opportunity gap, and a rising number of government and voluntary initiatives to address the issue. Recent global movements advocating the inclusion of ethnic minorities have also led to increased awareness amongst organisations and heightened support for societal, racial and ethnic equality, which in turn is reflected in an organisation’s focus on their own ethnic workforce.

Figure 4: Which of the following diversity dimensions has your organisation prioritised?



Only 26% of organisations collect pay data on preferences other than gender, although we acknowledge that local data protection laws in some countries might not permit data collection at a granular level. While some of our survey respondents voluntarily report ethnicity pay gap data, there are many that don’t or are in the process of reviewing their approach. Nevertheless, it is evident that a majority of organisations would be unprepared if ethnicity pay gap legislations were to be strengthened in future. Eighty-three percent of organisations are either not confident or unsure if the data they currently collect would fulfil mandatory ethnicity pay gap reporting should governments introduce it.

The focus on diversity dimensions is narrow

Organisations that collect diversity data generally focus on only a few individual diversity dimensions. We asked survey respondents if focusing on only one diversity dimension at a time has worked for them, and 50% said that it is too early in their DE&I journey to comment. What is interesting to note is that the other half are divided in their opinion of the efficacy of focusing on one diversity dimension at a time – while 28% of organisations think this is effective and have adopted the strategy, 23% feel that this is not effective and did not work for them. Limiting data collection risks alienation and the potential discouragement of self-disclosure.

Looking at employee data by gender, race, age, ability, sexuality and other diversity dimensions can offer insights into 'intersectionality' trends to provide better understanding of the experience of people with different identities, which analysing data at a macro-level might not reveal. At the current pace of progress in the industry, however, a focus on intersectionality seems to be a distant dream. Our study reveals not only that diversity data collection in the industry is limited but also that most organisations consider diversity dimensions in silos.

Only 30%

of organisations analyse their diversity data on intersectional identities, i.e., taking account of people's overlapping identities.

Organisations also seem to be collecting data on ethnic minorities superficially – approximately 60% of organisations only ask if their employees are Black or White. A lesser proportion (27%–45%) delve deeper to understand their employees' origin and cultural backgrounds, which may determine their expectations in the workplace.

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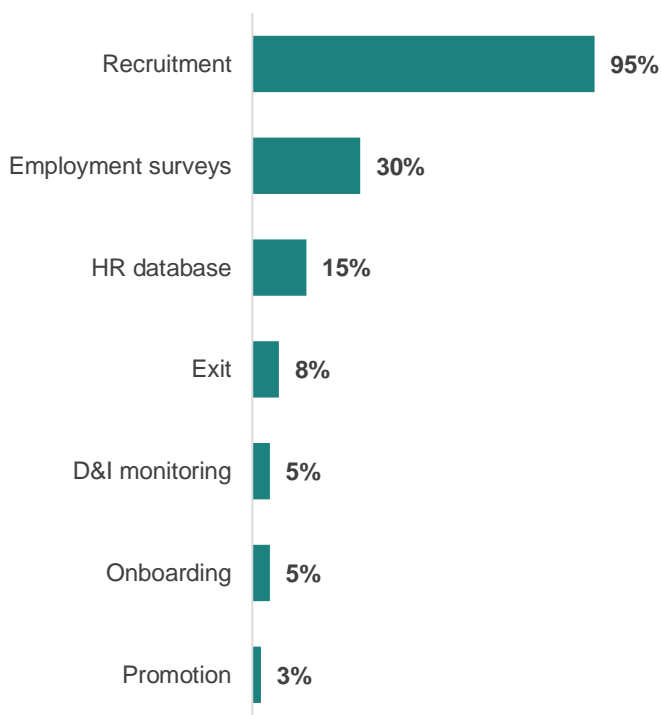
If an organisation is serious about creating a more diverse and inclusive workplace, then like every other business critical issue, data – its collection, analysis to provide insights and input into action planning – is the bedrock. Without comprehensive data, organisations are guessing what their issues are and where they should be focusing their efforts.

Jon Terry, Board Member and Strategic Advisor on People Issues, Diversity Project UK

Collecting diversity data is not routine

Despite 68% of organisations admitting that their CEOs visibly advocate and sponsor the collection of diversity data, it appears that in practice, data collection is left in the hands of the HR function. Our survey indicates that even the HR function fails to utilise key touchpoints across the employee life cycle to collect diversity data and keep it continuously updated. Recruitment is the most common stage to collect diversity data, with 95% of organisations collecting it at this time. Fifty percent of survey respondents collect diversity data **only** at the time of recruitment.

Figure 5: At what stages of the employee life cycle is this data requested?



“

The collection of diversity data is of importance to me, allowing us to shine a light on the diversities that exist within our business. We are continually working to understand our employee demographics and advance employee engagement and inclusivity. We are mindful of the sensitivities and regional variations in what data can be requested from our employees, and we have updated our people technology systems.

**Richard Weil,
Chief Executive Officer,
Janus Henderson Investors**

While recruitment is the most intuitive and easy stage to seek candidates' diversity data, it might not be the most accurate, as new candidates are often hesitant to share their details and have not yet built a relationship of trust with their potential employers. Seventy percent of our survey respondents say that candidates prefer to not disclose their diversity data at the time of recruitment.

What are the main barriers stopping us?

80%

of HR leaders surveyed believe that collecting diversity data should be a firm priority in 2021

yet only

20%

believe that they are good at it.

Organisations cite employees' lack of awareness of the importance of collecting diversity data as the most common barrier to disclosure, followed by lack of trust, data protection and confidentiality concerns. Some organisations also consider lack of appropriate technology and executive sponsorship to be common barriers.

We acknowledge that many organisations may not be able to collect this data across all their countries of operation due to regional legal constraints. Because of this, aiming to arrive at a one-size-fits-all data collection strategy for all entities will only slow down progress.

“

We are better at talking about the challenges that different groups face, as well as recognising that we all have blind spots, so need to work to understand how unintended and unconscious bias can affect those groups. By doing all of these things, we can track our progress and have created an action plan that focuses our efforts where they are needed. That's how we are making, and will continue to make, a difference so that as time progresses, we will see the leadership of our industry reflect the true diversity of the communities in which we work.

**Anne Richards, Chief Executive Officer,
Fidelity International**

“

Ensuring we have good-quality diversity data is a fundamental part of our inclusion and diversity strategy. Without this information, we cannot be transparent about how we are doing or hold ourselves to account for achieving an improvement.

Paul Feeney, Chief Executive Officer,
Quilter

Figure 6: Most common barriers to diversity data collection that emerged in our study



Where do we want to be?

It is encouraging to see that a majority of the organisations we surveyed want to prioritise diversity data collection. Various initiatives that firms are taking as part of their wider ESG strategies are also positive. Regulators and trade bodies are doing their bit by encouraging firms to adopt the right set of behaviours and pressing the case for being more inclusive than ever before. It is clear that the industry has the right intent to create diverse, equitable and inclusive cultures; however, what is lacking is working together towards the shared ambition of embedding diversity data collection in the day-to-day activities of this industry.

As an increasing number of asset and investment managers ask the companies they invest in for their diversity data, it is imperative that they work together to set ambitious diversity data collection goals for themselves. C-suite leadership across asset managers, asset owners and investment consultants need to own and drive diversity

data collection and ensure that they create a culture of trust where their employees feel safe to share the required information. Progress and evidencing progress require data capture and interrogation of data to identify issues. HR systems need to be upgraded to collect diversity data across various employee life-cycle points. DE&I needs to be embedded across firm strategies, RFPs, ESG initiatives and client selection. Industry data providers also have a role to play in being able to request firms within the industry to share diversity-related information.

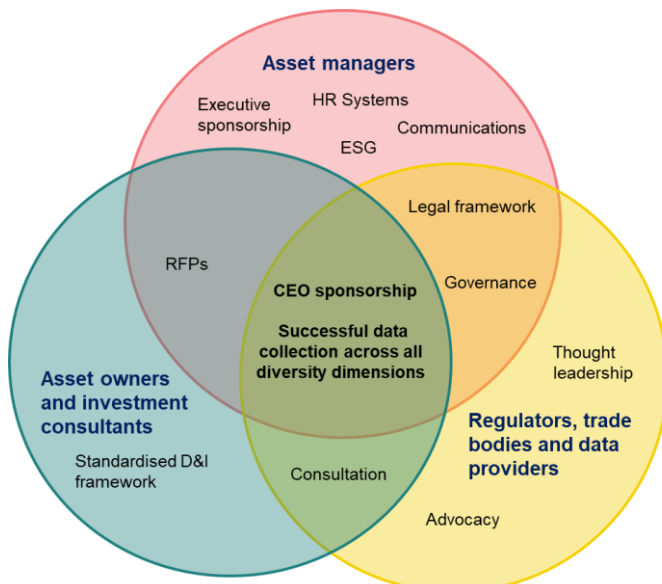
It is only with the collective efforts of all in the investment, wealth management and savings ecosystem that the industry will be able to shift the needle towards successful data collection across all dimensions of diversity.

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We believe DE&I is a key asset that empowers Vanguard to fulfil its mission, enable employee performance and deliver greater value to our clients. This data is an integral tool that can both inform and enrich our enterprise-wide aspiration.

**Sean Hagerty,
Managing Director, Europe,
Vanguard**

Figure 7: Our vision of where we want to be in future

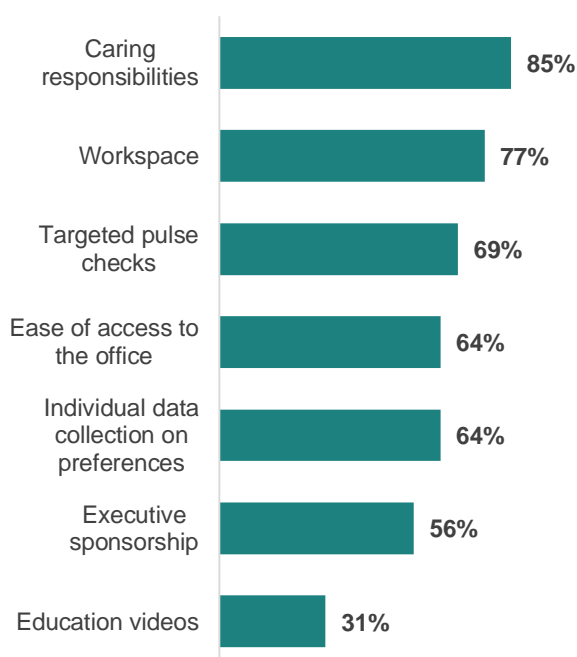


Why is now the right time?

COVID-19 has ushered in a new era, disrupting how organisations have traditionally shaped their people agenda. The scale of the impact on the workplace and the incredible pace of change have brought several long-anticipated changes to ways of working and presented a real opportunity to re-define ways of working.

Across organisations, much more flexible ways of working are expected to become the norm long past the phased return to on-site work. While this is paving the way for wider workforce transformation, it is also making questions about the workplace of the future more prominent and more complex. Seventy-eight percent of employers are planning moderate to extensive changes to remote work strategies with associated policy changes.²

Figure 8: What plans are in place to mitigate DE&I risks while phased return to work?



An immediate and pressing priority for business leaders to consider is the potential unintended consequences on DE&I in navigating these changes. Many organisations are re-imagining their workplace of the future on the back of the pandemic, investing in putting the right technologies, policies and infrastructure in place to embrace the new normal. Organisations are also aligning with employees' evolving expectations for greater levels of flexibility, sense of belonging and inclusive leadership. This provides a great opportunity to reflect on, re-frame and re-define diversity data collection and the overall DE&I agenda.

COVID-19 has intensified the approach towards inclusion

Our survey corroborates the fact that COVID-19 has intensified organisations' approach towards inclusion. Sixty-eight percent of organisations have considered the impacts of DE&I within phased return to work and are working towards mitigating DE&I risks as they consider returning their workforces to offices. Plans that organisations are considering mitigating DE&I risks include providing for caring responsibilities, defining workspace, targeted pulse checks on employee engagement, ease of access to office and individual data collection on preferences.

² EY Work Reimagined Survey, July 2020.

Stakeholders' ESG expectations have increased

Stakeholders are demanding increased transparency of ESG information:

- Thirty-seven percent of shareholder proposals submitted were related to environmental or social topics.³
- Regulators around the world are developing guidance on ESG disclosures.
- New standards, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the International Integrated Reporting Council (IIRC) and the Task Force on Climate-related Financial Disclosures (TCFD), are driving the need for transparent reporting.
- Communities across the world are requiring engagement and increased transparency on social issues, which is evidenced by the recent rise in social justice movements.

The financial services sector plays a critical role in the transition to a more sustainable future. In addition to managing their own corporate impact, financial institutions' influence as finance providers, wealth and asset managers and investment decision-makers means they can arguably do more than any other industry to integrate long-term ESG criteria into global business and investment.⁴ And investors are increasingly moving towards more rigorous ESG evaluation. According to EY's 2020 Climate Change and Sustainability Services (CCaSS) Institutional Investor survey, 98% of investors evaluate non-financial disclosures, either formally or informally, and 91% agree that non-financial performance played a pivotal role in investment decision-making.

For an industry that is focused on maximising long-term returns for its clients, and is likely to increasingly embrace ESG metrics for asset evaluation, it is imperative to look within and set exemplary diversity data collection standards for others to follow.



75%

of HR leaders we spoke to said that DE&I is not monitored via internal risk registers or within their risk assessment models.

³ EY Center for Board Matters proprietary corporate governance database, which covers more than 3,000 companies listed in the US, June 2020.

⁴ Gill Lofts, "How far along the journey to sustainability is the banking sector," ey.com, https://www.ey.com/en_in/sustainability-financial-services/how-far-along-the-journey-to-sustainability-is-the-banking-sector, accessed 1 April 2021.

How can we shift the dial?

69%

of organisations in our study think that the current level of disclosure does not accurately represent their workforce.

“

Trust is the cornerstone of any diversity data campaign.

Dana Grey, Director of Legal, Compliance and Ethics and Chair of D&I, Pension Protection Fund

While organisations are taking action to address the potential barriers to diversity data collection, there is more ground to be covered. We believe that the following five steps will be crucial for organisations looking to enhance their diversity data collection agenda:

- 1** Dedicate time to education and fostering an environment of sharing real-life stories of discrimination, better understanding of privilege and how diversity data will be used
- 2** Adopt global and organisation-wide principles and commitments where possible, but support and tailor local initiatives, as regional and country legislation may differ
- 3** Create board and senior leadership buy-in to the case for change, building allies and a culture of trust to support employee disclosure
- 4** Invest in the technology infrastructure and data analytics capabilities to track progress, take all opportunities to capture data through the employee life cycle and stages of hiring, and understand who doesn't join you and why
- 5** Bring outside-in thinking, and learn from other sectors and organisations that are making progress

C-suite checklist for success

Ten key questions to ask about your company-wide diversity communications

When you ask your employees to share personal data they might not have shared before at work, you are inviting them to take their relationship with your company to a new level. This new relationship will be built, ultimately, on **trust**.

In this section, we look at the 10 key questions your employees will have around your wider diversity agenda – and around the specifics of gathering diversity data.

Looking across the breadth of an internal diversity campaign, we consider first communications principles – establishing the why and engaging the most effective C-suite voices – before going on to look at core implementation issues and maintaining long-term momentum.

“Are you giving me the why?”

01

06

“Are you using truly inclusive language?”

“Are you inspiring me with C-suite voices?”

02

07

“Are you talking to me via the appropriate platform?”

“Can I trust you with my data?”

03

08

“Are you in tune with my national and local culture?”

“Are you using the data constructively?”

04

09

“Are you linking to the diversity calendar?”

“How are you engaging diversity champions and allies?”

05

10

“Are we on a journey together?”

01 “Are you giving me the why?”

You may be asking your employees to share personal information for the first time – asking them to offer data they have not shared before – or to engage with a re-energised diversity journey. In each of these scenarios, your employees will be motivated by communications that give them compelling answers to these simple, but fundamental, questions:

- “How will sharing my personal information help our company to achieve its core purpose?”
- “What’s in it for me?”

02 “Are you inspiring me with C-suite voices?”

As with any communication, choosing the right spokesperson is critical to the impact of the message. In the case of diversity, the choice of spokesperson will be influenced by both their level of seniority and by their perceived ‘fit’ with your company’s diversity agenda. To truly engage your employees, the spokesperson will need a wealth of ‘personal stories’ to sustain the campaign, spotlighting their personal commitment to diversity in the workplace. Of the available spokespeople in your company, you will need to evaluate:

- Who in your C-suite has the most compelling personal stories to lead your employees on this diversity journey?
- Do you have additional C-suite diversity sponsors who can support the messaging?

03 “Can I trust you with my data?”

As they read the detail of your diversity data survey, your employees will ask themselves key questions about the security of the process. To build trust, you will need to provide clear, simple answers to:

- “Is this survey genuinely anonymous?”
- “Is all the personal data that I’m sharing 100% appropriate for the task?”
- “Will my personal data be stored, protected and managed to best-practice standards?”
- “Who will have access to the data – and are they the right employees?”

04 “Are you using the data constructively?”

Even if the request appears to be as simple as completing a brief online survey, your employees will want to be sure that sharing their personal information will make a genuine difference to the business. Specifically, they may want to know:

- “Which concrete outcomes is diversity data helping us to deliver – and how?” (for example, how does diversity data help our company to drive better results, retain and attract top talent, and to enhance our reputation?)
- “Which specific milestones is our company targeting in the short and medium term?”
- “How are we measuring success, and how will you keep me informed?”

05 “How are you engaging diversity champions and allies?”

As with any corporate activity, building an effective diversity agenda means creating clear roles and accountabilities. Depending on how your company is structured, much of the formal project design and planning will be owned by HR leadership.

At the same time, informal structures are key to the lasting success of a diversity campaign. As part of your wider diversity initiatives, you may be partnering with an informal network of champions and allies to deepen dialogue with diverse communities in your company. Your champions and allies can play a critical role in the success of your diversity survey and supporting communications:

- Co-creating all communications assets
- Supporting company-wide communications by re-sharing them with their community
- Advising on all points in this list

06 “Are you using truly inclusive language?”

Experience shows that the detailed language in your diversity communications (and the survey itself) will have a deep impact on how your employees engage. champions and allies can use their experience and insights to help draft truly inclusive language across all assets:

- Launch campaign
- Introduction to survey and content
- ‘Drumbeat’ communications (ongoing stories from across the company showing the impact of enhanced diversity data)

07 “Are you talking to me via the appropriate platform?”

Some companies are migrating HR processes to integrated, third-party platforms. If your company uses a third-party HR platform, it may offer powerful survey and analytics tools that could support your diversity data journey. At the same time, it is important to establish that:

- Champions and allies feel that communities are comfortable for personal data to be hosted on a third-party platform (primarily used for corporate data)
- Data fields in the third-party platform align 100% with the diversity data that you want to gather (the platform may have pre-set data fields that are different to the ones you want to use to record diversity in your business)
- Depending on answers to the above, a stand-alone survey tool may or may not be the preferred route

08 “Are you in tune with my national and local culture?”

Diversity is understood and expressed differently in different countries and cultures. Your diversity data communications will need to take this into account, and embrace national and cultural nuances. Depending on the geographies in which your company operates, you may need to take advice on:

- Legislation
- Regulation
- Company precedent

09 “Are you linking to the diversity calendar?”

The calendar of World Days, and other important annual events, gives you the opportunity to anchor your diversity communications to a truly relevant, significant event. Ask your champions and allies:

- Which World Day/ annual event carries the most resonance for your company?
- How can other company activity around this date support the diversity data communications?

10 “Are we on a journey together?”

Gathering robust, comprehensive diversity data is a multi-year journey. No matter how efficiently you execute the various stages of your diversity data campaign, the first set of data will be a starting point. Looking to the longer term, your employees will look to you for evidence that you and your C-suite colleagues are:

- Deepening trust with them
- Showcasing the tangible impact that diversity data is having on the company
- Demonstrating a permanent commitment to creating a truly diverse and inclusive environment

Methodology

The findings in this report are based on two independent surveys conducted by LGBT Great and the Diversity Project UK and North America between August 2020 and January 2021.

- The first was a survey of 40 organisations in the investment, wealth management and savings industry headquartered in the UK and US. It was fielded by LGBT Great (with support from EY) to understand their current diversity data collection strategies and preparedness for the future if new legislations around enhancing diversity data collection were to be introduced. The survey measured responses across four areas:
 - Data collection and reporting
 - Impact of COVID-19
 - Employee disclosures
 - DE&I strategy and approach

The second was a survey of 20 global HR leaders in the investment, wealth management and savings industry, fielded by the Diversity Project UK in January 2021.



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About us

LGBT Great (report author)

LGBT Great is a corporate membership organisation that specialises in developing diversity and inclusion within the global financial services industry. Our vision is for our industry to become the most trusted sector of choice for LGBT+ talent, clients and investors with every firm advocating visibly.

We believe in a data driven approach to diversity and inclusion. Our iBT metrics are designed to provide an industry-specific framework to measure, role model and recognise success. Project 1000 is our five-year drive to recruit one-thousand LGBT+ and ally role models within the industry and has attracted support from over one-hundred firms globally.

LGBT Great works by supporting members to better understand LGBT+ specific and intersectional diversity and inclusion issues, like diversity data, through our innovative insights, visibility and outreach programmes.

EY (supported by)

EY | Building a better working world

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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Diversity Project UK (contributor)

The Diversity Project is a cross-company initiative championing a more inclusive culture within the Savings and Investment profession.

We believe that we have an extraordinary opportunity to press the re-set button in our industry: to recruit, nurture and retain the first truly diverse generation of Savings and Investment professionals.

That generation will themselves perpetuate diversity in our industry; we are looking to break one cycle and create another. If we are successful, in the next four years:

1. Our businesses will better reflect both society at large, and the individuals who trust us with their money.
2. Our people will create better financial outcomes to benefit our diverse savers and investors.
3. We will attract more interest in the industry, with a pipeline of diverse talent.

Diversity is not only our social obligation, it's a business imperative.

Nicsa — Diversity Project North America (contributor)

Nicsa is a not-for-profit trade association striving to connect all facets of the global asset management industry in order to develop, share, implement, and advance leading practices.

Nicsa's Diversity Project North America promotes a diverse and inclusive asset management industry with the right talent to deliver the best possible results for our clients, reflect the society we serve, and ensure long-term business sustainability. We aim to achieve diversity across all dimensions through collaborative leadership from executive business leaders pooling resources from industry participants around challenges we all face.

The Project spans the entire range of the profession: asset managers, fund complexes, asset servicers, broker dealers, asset owners and professional service firms that support the industry.

We seek to share best practices, identify gaps in our industry and initiate action to help solve or improve those inadequacies.

Case study



Fidelity International

Diversity focus	Fidelity International has a well-defined firm-wide D&I strategy, and regularly collects diversity data from employees on a confidential and voluntary basis through the HR system. The firm then uses this information in an anonymised, aggregated format to ensure fair treatment, understand workforce mix, track diversity metrics progress, hold leaders accountable for achieving D&I progress, tailor D&I focus areas and respond to requests from stakeholders.
Identified barriers	<p>Fidelity International focused on the following areas and challenges while rolling out its diversity monitoring policy:</p> <ul style="list-style-type: none">• Building the willingness and confidence of employees to share sensitive personal information• Increasing understanding of diversity monitoring in locations where this practice is not customary• Ensuring diversity data is used to inform decision-making• Technical capabilities of the HR system to provide a user-friendly experience• Conducting sufficient legal and compliance checks to ensure questions are only asked where legally permissible and in a compliant way
Actions taken	<ul style="list-style-type: none">• Developed a Count Yourself In campaign to explain the purpose of diversity monitoring and how data privacy would be respected• Encouraged local campaigns to emphasise the benefits of diversity monitoring, especially in areas with lower disclosure rates• Trained HR and senior leaders about the Count Yourself In campaign and how sensitive personal data would be protected• Produced weekly reports of disclosure rates by location and business function to target communications effectively• Encouraged its HR systems provider to make improvements to the diversity monitoring fields available• Provided a step-by-step WalkMe process to help employees understand how to complete their diversity profile
Key outcomes	As a result, Fidelity International was able to expand its diversity monitoring process to include ethnicity, sexual orientation, gender identity, religion or belief, and disability. Previously, it only captured data on age and gender. The firm reached a 48% disclosure rate and has set a global target to reach 70% by December 2023.

Case study



Janus Henderson Investors (JHI)

Diversity focus JHI wanted to collect more diversity data to better understand the various dimensions of diversity at play and to better assess the progress or areas of opportunity. By asking specific questions around diversity data, the firm wanted to highlight that it values all types of diversity, not just race and gender, resulting in an environment where people can be authentic and feel a sense of belonging.

Identified barriers The firm identified the following barriers to data collection:

- Getting legal approval in all countries of operation
- Having appropriate systems in place to collect regional demographic information and obtaining proper consent from employees to disclose or remove information from the systems
- Being transparent about how the information would be used and who within the organisation would have access to this information
- Getting leadership support for data collection
- Aligning data collection with the firm's D&I strategy

Actions taken

- JHI worked hard to get senior leadership support and identified a few executives who would sponsor this work. The firm explained to its leadership how diversity data impacts the business when responding to RFPs and requests for information, and also aligned diversity data with its D&I strategy.
- The firm modified its employee records system to ensure that it captures proper diversity information for each region.
- JHI discussed the various ways to report diversity data both with employees and externally.
- The firm partnered with its employee resource groups to ensure it was being culturally sensitive regarding demographic categories.

Key outcomes As a result, **76%** of JHI's global employee population disclosed their demographic data.

Prior to this initiative, JHI only had global data regarding gender and other data elements in specific countries. The firm now has data on gender and gender identity, race and ethnicity, sexual orientation, employees with a disability, and employees with prior military experience.

Case study



Pension Protection Fund (PPF)

Diversity focus	PPF regularly collects diversity data to understand the organisational workforce mix, benchmark current state, complete diversity data reports, identify any gaps and plan its future D&I strategy.
Identified barriers	<p>The firm identified three barriers to data collection:</p> <ul style="list-style-type: none">• Suspicion amongst employees on the reasons for collecting data – this was mainly driven by employees' experiences from previous employment, where they had suffered negative repercussions from disclosing sensitive information, and by lack of clarity and knowledge regarding owners and use of the information.• Apathy – employees didn't see completing their diversity data as priority, so didn't take the time to log on to the system and do it.• HR systems – the systems required employees to remember their login details in addition to the pathway to designated fields to input the data; this was impractical, unclear and therefore off-putting to some.
Actions taken	<p>PPF created a diversity data campaign making it mandatory for all employees to update their sensitive data on the HR system. The firm ensured that everyone still had the option to select 'prefer not to say', and worked with their communications team to help share the message via:</p> <ul style="list-style-type: none">• An intranet story from Chair of the D&I Sponsorship Group to emphasise not only why the firm needed this data and what they would use it for but also how it would be protected from a data protection point of view.• A short video featuring senior managers, including the CEO, as well as employees from across the organisation – leads from networks and trusted employees – to share why they need this information and what they'll be using it for. This video is also used as part of the new starter onboarding process.• Word of mouth via D&I leads and champions to start the conversation. This enabled them to explain the reasons for collecting this type of data, as well as clearly explaining how the information will be used.• A reminder of the deadline on TV screens within the offices.
Key outcomes	<p>PPF saw an increase in the diversity data response rate from 50% to 82%. The firm's campaign led to a better understanding of employees who selected 'prefer not to say', providing an indication of where the future efforts should be targeted and how the communications should be positioned.</p>

Case study



Quilter

Diversity focus

Quilter considers D&I a commercial imperative, and collects and leverages diversity data just like other business data to inform its D&I strategy, to understand what the barriers are, and to measure if the intervention and strategic activities put in place are effective.

Identified barriers

The firm identified three barriers to data collection:

- **Scepticism and apathy** – having not focused enough on D&I in the past, employees were sceptical about why they should share data when the organisation had not really used similar data in the past.
- **Clunky HR systems** – employees often forgot passwords or pathways to finding the right page.
- **Lack of trust** – employees did not feel safe in sharing their diversity data and were concerned about whether the data would be used in the right way, kept confidential or somehow used against them.

Actions taken

Quilter was transparent about these barriers with its employees and called out all three in its internal communications and initiatives:

- The firm acknowledged that in the past, it hadn't done enough with diversity data, but flagged that it wanted to improve. Senior leadership communicated the objective of long-term change and explained that this could only be done collaboratively with employees, promising transparency and honesty in return.
- The firm created a challenge amongst executive committee members and asked each to improve diversity data completion rates on HR systems within their business units.
- Employee Networks were leveraged to build an environment and culture where employees felt safe to share data and express their authentic selves without fear of reprisal.

Key outcomes

Quilter was able to improve its response rates significantly, with an ethnicity and race response rate of **85%**, a sexual orientation response rate of **55%**, and a disability response rate of **77%**. The firm plans to implement a new HR system that will collect diversity data across various stages of the employee life cycle and prompt employees to input their data periodically.

Case study



River and Mercantile (R&M)

Diversity focus	<p>In recent years, R&M's board, leadership, employees and clients expressed a need to sharpen focus on D&I within the firm. The firm wanted to enhance employee engagement, recruitment and retention and, ultimately, client experience through an employee value proposition that was based on improving D&I. To do this, R&M had to understand the characteristics of its existing employee population and candidate pool, but the firm did not have any data (apart from gender) to measure.</p>
Identified barriers	<ul style="list-style-type: none">• Adding diversity dimensions and more complex intersectionality features to the existing HR system was a challenge.
Actions taken	<ul style="list-style-type: none">• R&M set five priorities for its D&I action plan, with data collection as one of the two key priorities.• The firm engaged with IT security, risk, legal and compliance to ensure that it was covered from a legal, data security, General Data Protection Regulation (GDPR) and risk perspective, and:<ul style="list-style-type: none">• Updated the HR system from a GDPR perspective• Documented the diversity strategy and how the data will be used to determine priorities in following this strategy• Made the provision and updating of diversity-related information mandatory but allowed individuals to specify that they "preferred not to say" in response to all questions• R&M invited employees to enter diversity-related information using a self-service module, explaining why it was collecting the data and the benefits it hoped employees would see. The firm also stressed that any reports generated from the information would be completely anonymous and used solely for diversity and equal opportunity planning and monitoring purposes.• R&M also undertook a parallel project that asked and embedded the same questions in its candidate management system on a voluntary basis for candidates applying for roles directly or through agencies.
Key outcomes	<ul style="list-style-type: none">• 75%–80% of employees chose to share diversity characteristics with the firm.• The project allowed R&M to identify the key areas it needed to address. The project also revealed that, while R&M's workforce was representative of its candidate pool and there was no evidence of discrimination in recruitment, there was evidence that the firm was not receiving applications from, or approaching, a diverse candidate pool.

Case study



Vanguard

Diversity focus	<p>Vanguard aspires to create an inclusive and equitable working environment that reflects a diverse community of talent, and DE&I is key to the firm fulfilling its mission, enabling employee performance and delivering greater value to clients. The firm wanted to collect more diversity data to both inform and enrich the enterprise-wide aspiration, measure current state and pave the path for future progress. Vanguard's employees had also requested some changes to accurately reflect their individual gender identity and to ensure they are appropriately addressed.</p>
Identified barriers	<p>The firm encountered the following challenges:</p> <ul style="list-style-type: none">• Ethnicity categories in each country or region were not clearly defined.• Legal considerations and data privacy laws differed between each country or region.• Employees in certain countries were not comfortable with sharing their personal information.• Adding diversity fields to the existing HR systems required significant internal resources and appropriate reconfiguration.
Actions taken	<ul style="list-style-type: none">• Vanguard used the ethnicity categories recommended by the UK Government and expanded this list to include ethnicities appropriate for the firm's business and international footprint.• The firm worked with external counsel to address legal barriers. This included getting answers to questions around what data is legally required to be collected in a jurisdiction, what is not permissible, what needs to be reported, whether it is applicable to employees only or also to job applicants, and what methods are permissible to collect, store and share data.• Vanguard created a global project team with HR representatives, data governance employees, and technology specialists to implement the process of enhanced diversity data collection.• The firm also communicated the enhancements made to its HR system to its employees, highlighting the 'why' behind data collection whilst keeping it voluntary.
Key outcomes	<ul style="list-style-type: none">• Where legally permissible, Vanguard's employees can now choose to report on their race and ethnicity, gender identity, personal pronouns and sexual orientation, in addition to gender and birth date, which are mandatory. The firm also asked external applicants to enter their gender and ethnicity information voluntarily during the job application process, where legally permissible.

Case study



Willis Towers Watson (WTW)

Diversity focus

The Global Investments (GI) business at WTW wanted to create a culture where employees feel confident that the data held about them is protected and used for the right reasons. The firm strongly believes in collecting diversity data to achieve better outcomes for clients and create a better working environment for employees. All senior leaders at WTW have objectives related to enhancing the firm's inclusive culture and improving diversity, and the GI division wanted to equip its leaders with high-quality data to drive informed decision-making.

Identified barriers

The firm encountered the following challenges:

- Upgrading HR systems to support enhanced diversity data collection, as well as collecting data related to intersectionality
- Aligning systems so that data is consistent for job applicants and employees

Actions taken

- The firm started by collecting diversity data on an anonymous basis as part of its all-employee engagement surveys, then extended the process to include employees as well as job applicants.
- In the UK, WTW launched a voluntary self-identification programme asking employees to input their race and ethnicity information.
- The firm introduced a new diversity dashboard for the HR function, giving it access to gender diversity data to be able to easily leverage insights and share data with senior leaders. WTW also trained all employees who have access to sensitive employee data on how to draw insights from the data and share it with business leaders.
- The firm continues to expand data collection to include other diversity dimensions, such as sexual orientation and gender identity, as well as building in functionality to capture data on intersectionality.
- WTW also continues to increase 'levels of trust' where employees and applicants feel comfortable sharing this data through targeted communications and role modelling of behaviours at the leadership level.
- The firm collects demographic diversity data (gender and ethnicity) from the asset managers it evaluates and aggregates this data at a portfolio level to derive insights. WTW also runs a diversity survey on its research team to understand its diversity dimensions better.

Key outcomes

- WTW has seen an increased participation rate from employees in terms of submitting diversity data. Employees continue to make suggestions regarding diversity data collection through the 'free-text' comments section in the diversity survey.

Disclaimer

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

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