



CAMRADATA



# Diversity, Equity and Inclusion Whitepaper

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## Welcome to CAMRADATA's Diversity, Equity & Inclusion Whitepaper

Diversity is, in some quarters, the new “sustainability”, with many sectors of financial services vocalising support for a wide range of personal differences within their workforces.

From International Women’s Day to Pride Week and Black History Month, some of the biggest names in asset management now spend thousands outwardly marketing how they understand the wide range of experiences brought into their offices each day.

But understanding is only one of the first steps towards the key element of inclusion, without which, support for diversity risks becoming merely a slogan.

Initiatives to not only recognise, but also attract, embed and support a wide range of candidates for roles across the seniority matrix of a company are needed for operational change to truly occur.

Additionally, outside the traditional diversity genres – gender, race, sexuality – there are plenty more groups to be highlighted as needing elevation and support.

Neuro-diversity, disability, age and a broad spectrum of socio-economic backgrounds are characteristics that are routinely – and potentially unwittingly – being excluded from careers in financial services.

And all this is happening at a time when the sector needs to look in new places for answers – and customers – with returns harder to come by and margins being squeezed.

There is also the additional pressure of client demand, from institutional investors, who know the power and potential of a diverse team. Rather than a “nice to have” or something to add to a brand identity, investors are increasingly demanding their financial services providers embrace both the challenge and the opportunity brought by truly diverse teams.

It is clear the DEI needle is moving – but it is moving quickly enough before it will be, once again, reset by investors?



# Diversity, Equity & Inclusion Roundtable

The CAMRADATA Diversity, Equity & Inclusion roundtable took place in London on 28th September 2022.



The 2022 CAMRADATA diversity, equity and inclusion (DE&I) roundtable kicked off by asking our participants, which included asset owners, managers, and consultants, to describe what DE&I means to them in their role and for the firms they work for.

Steve Butler, chief executive at consultancy Punter Southall Aspire, said it is important to him that his firm operates from a range of locations and that this lends itself to creating an inclusive culture. But he also highlighted that can be more challenging at a larger firm.

Lindsay Hudson, global head of inclusion and diversity at Aegon Asset Management, asked whether Butler thought the Covid-19 pandemic accelerated this “geographic democratisation”.

“Absolutely,” said Butler. “The adoption of video calling technology enabled us to create project groups with no geographical boundaries or any other kind of boundary.” He

explained that video calls also aid the firm in engaging with neurodiverse or introverted individuals during the pandemic.

Rima Sen, director at WTW, noted that many of the workplace evolutions that took place during lockdown have been quickly forgotten at larger asset managers, with some firms now requesting employees to go back to the office four days a week.

“A lot of employees now get one day working from home and that’s great, but it doesn’t allow mums to do the school run anymore, for instance,” she said. “It does feel like lessons are being forgotten quite quickly at some of the larger organisations.”

Jenny Fenton, member relationship manager at the Diversity Project, said flexibility in the workplace is key to inclusion: “I used to think it was about age and that young people wanted to be in the office and older people didn’t. Now I believe it is down to people’s

individual neuro makeup and what suits them best,” she said.

It’s important for individuals to return to the office because the workplace provides a sense of community, argued equity investment director at Capital Group, Julie Dickson: “That sense of community, belonging and inclusion is really important, especially for new people starting their careers and joining new organisations who are worried about how they might relate to their colleagues.”

Butler added that managers must understand the needs of their teams. “For me, CEOs should be spending money they’re saving on travel [and] on training their managers.”

## The Investor perspective

Turning to why investors are increasingly prioritising DE&I, Dickson explained that the rise of ESG has been a key driver, though

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social aspects are particularly hard for companies to measure.

“Investors want to be assured that the companies they are investing in are socially responsible and that is hard to measure. We have metrics like gender diversity, racial diversity, and age diversity and then the data kind of falls off a cliff,” she said.

Over the last few years, asset owners have been looking at how managers invest through an ESG lens, evaluating their services based on ESG metrics, and looking internally at their own credentials.

But data is still a real problem, Dickson explained: “The industry has a responsibility to push more metrics onto companies, whether that is listing requirements or investment requirements, to fill out the S part of ESG, because it is still woefully under measured.”

#### **Current patterns and the role of data**

There are three camps of DE&I investors globally, Sen explained. US clients appear to lead the charge, spurred on by social unrest and events like the Black Lives Matter protests in 2020.

The second group are those that require assurance that DE&I will make a positive difference to their investment returns. And lastly, there are investors which may require regulatory intervention before they act.

Sen said it was time for the regulator to step in to ensure investors are moving the needle: “We, as investors and asset owners, need to start pushing for metrics beyond gender and ethnicity,

and start talking about things like cognitive diversity.”

Sen pointed out that many investors are still working through their environmental regulations.

Butler took a different view on the data debate: “As a business leader, the diversity metrics of my business have no reflection whatsoever on how inclusive the culture is. There is a danger of going too far with metrics.”

Dickson disagreed, however, and argued that “there must be some accountability somewhere”.

“I’ve had LGBTQ+ colleagues of mine say ‘if we’re not counted, we don’t count.’ And that’s really impactful. If you have no way of measuring demographic data, how do you know that you’re sufficiently diverse or inclusive enough?” she asked.

Sophie Hulm, interim chief executive officer at financial services membership body Progress Together, agreed with Dickson, but added that until firms begin to measure how included people feel, progress will continue to be stifled.

“We can get a general sense of the culture,” she said. “But you need metrics to really know whether people feel included.”

“Proof points” were certainly required, agreed Sen, particularly to demonstrate a firm’s progress on DE&I over time.

Sarah Miller, vice president, manager research at Redington, said the data issue was indeed a contentious one: “We’re at a point where, on average, 80% of asset managers’ investment teams are men, and the average gender pay gap has stayed at 30% over the time we’ve been collecting diversity

data. So, it’s not clear any real progress has been made.”

According to Hulm, progression gap data has been valuable, and suggested those from higher socioeconomic backgrounds get to senior leadership 25% quicker than counterparts, in the absence of a link to performance.

“If there is no link to performance, the question is: why aren’t individuals from lower socioeconomic backgrounds getting there?” asked Hulm. “If that means they’re leaving because they’re not getting to the top and they are some of your best talent, then what does that mean for the productivity of your business and for the cost of wasted talent because you’re constantly having to recruit?”

#### **Investor expectations**

So, what expectations should investors have?

Dickson said the ability to show a progression path is vital and that Capital Group’s bi-annual internal demographic survey is designed to track progress qualitatively and quantitatively.

“The key thing is: what is the path of progress? At this point in time, it might not look that great. But what did it look like two or five years ago?”

“If you can demonstrate, through measurements, an evolution in progress in some way, on E, S or G, that is what our clients are looking for,” said Dickson. “They want to see we’re doing something meaningful. It’s about what you can demonstrate [to] show your commitment to particular aspects of DE&I or ESG.”



*“Investors have certainly become less tolerant of firms taking too long to make changes”*

Sen said that often, multiple timeframes are needed for clients, and for some it is important to highlight that change is generational and doesn't happen overnight across portfolios.

“That is sadly not the starting point in the industry,” she said. “While year on year, huge swings in the data do not occur, that is to be expected with a genuinely meritocratic approach to things like decision-making and appointments.”

Sen added that she would be “concerned” if there are massive pendulum swings on some of the metrics overnight as there is real risk of rushed box-ticking rather than long-lasting change. “What I want to see is the industry making sure we've got the right steps and policies in place.”

Butler said that fundamentally, qualitative data is what's important, not the hard data. “The worry with hard numbers is that they won't be used appropriately.”

Penny Cochrane, senior investment research consultant at

Hymans Robertson, agreed, adding that with demographic surveys, for instance, it comes down to culture and whether employees feel comfortable disclosing details of socioeconomic background, neurodiversity or sexual orientation.

“It is a bit of a double-edged sword. If they don't feel comfortable in that environment, those metrics and data will look worse.”

The role of communication is crucial here, argued Hulm. Historically, employees have been reluctant to disclose information about themselves and their background. “It is important to build trust with employees and assure them the information will be used in their best interest,” she said.

Miller flagged that as little as 21% of asset managers currently report or internally examine socioeconomic factors.

“I don't know if discussing whether data is important is productive when we're so far

away as an industry from being genuinely inclusive or diverse,” she pointed out.

Investors have certainly become less tolerant of firms taking too long to make changes, noted Dickson: “People don't really care how far you've come. They want to see how fast you're moving. There's a real conflict between wanting to address the problem quickly, but wanting to do it right, which takes more time.”

“A lot of companies haven't got their heads around measuring socioeconomic background or even measuring, for instance, how accessible their offices are. These things need to be thought through but take more time, even though they shouldn't.”

**Allyship**

Jenny Fenton noted that it was important for firms to acknowledge that inclusion “was for everybody” and therefore it was a failing if a white male colleague felt they couldn't talk about DE&I.

Miller agreed, adding that “the majority” needed to speak out and understand that it's a problem affecting us all.

Butler noted that one of the reasons DE&I would take time was



because “we’re going through a societal shift”.

“A lot of white males are waiting to put their head above the parapet to see what happens and see where they should fall and where their opinion should sit,” he said.

### **Overlooked: neurodiversity**

Turning to commonly overlooked topics, panellists were asked about neurodiversity.

Fenton emphasised that it is often very difficult for neurodiverse individuals to enter the workforce.

“These people are brilliant and if you hire them, you’re accessing their superpowers,” she said.

Hudson said the fundamental issue is recruitment processes and how the industry currently approaches bringing neurodiverse people into their organisations. Another issue is that there are many neurodiverse individuals in their organisations who have never had a diagnosis.

She explained that the crux of the matter is talking openly. “Otherwise, the reality is people will leave and cover, and say they’re coping in meetings when they aren’t. There are all sorts of low hanging fruit here – we could make adjustments to the way we run meetings, for instance.”

Dickson said training and education is crucial: “The biggest excuse I see for not engaging with DE&I is that people don’t have time or they’re travelling, but actually you can make time if it is important enough for you.”

“If we made that part of performance reviews, all of a sudden people would show up.”

Hudson agreed, adding that it’s about “finding that hook for people” to relate to.

Miller pointed out that people should care about DE&I because it’s important to the business and the culture, not because they can relate to it personally.

### **Disability**

Panellists were asked how the industry can work to ensure disabled individuals don’t ‘cover’.

Butler said it was about normalising the conversation within a business: “It’s about knowing everyone in the business and ensuring everyone has a platform to share their story, then you can start changing things to accommodate them.”

Hudson said it was vital to be visible about commitments to disability inclusion: “If you’re a disability committed employer, put that on your website, making sure your putting job adverts in the right places like third-party organisations where you are deliberately tapping into that audience.”

“If you’re not making the adjustments you need to make your workplace inclusive, then it’s window dressing.”

Hulm agreed the conversation needs to be mainstreamed: “DE&I people could talk about this for hours, but it’s the people in the business that really matter. They’re the ones to focus on, the recruiting managers.”

Dickson highlighted that there are many aspects of DE&I and argued it must be normalised and become part of everyday conversations: “People need to stop worrying they are going to stand out or that they’re the exception.”

### **Socio-economic background**

Turning to socioeconomic diversity and how individuals might be encouraged to disclose information about their backgrounds, Miller said that a flawed area in financial services is the requirement by entry-level hiring managers for applicants to have a degree.

Hulm said: “In financial services, the class pay gap is five times higher than in tech, for instance, and we’re crying out for tech skills.”

“There’s also evidence to suggest that in the legal profession, state educated legal trainees are 75% more likely to be amongst the best performing cohort. It frustrates me because I think there’s an assumption that they’re not going to be as good, just because they went to a state school and because their dad isn’t an investment banker.”

Hudson flagged that the “academic elitism factor” has gotten worse over the years but added that firms can take deliberate steps to stop this.

Butler flagged that initiatives like the 10,000 black interns programme is really important in convincing wider demographics that the industry is open to everyone.

Miller said firms need to think harder about what they are hiring for and the skills they require.

Historically, HR professionals have been concerned about hiring the “wrong candidate”, according to Fenton.

Dickson pointed out that often people require time to prove themselves.

### **Age**

Turning to Ageism, Butler highlighted that its intersection with other aspects of diversity and inclusion means it is often not considered a standalone issue.

“We’re being presented with this massive demographic change that’s going on in society and as organisations, we haven’t addressed that yet,” he said.

“We’ve spent the last 20 years focused on making the workplace a cosy place for millennials, but now we have a smaller cohort coming in, and an older cohort that need to stay in work because they no longer have defined benefit pension schemes and they’re going to live longer.”

Older people feel discriminated against because they don’t have the promotion or training opportunities available to young people, and businesses tend to focus on graduates coming into the business.

Hudson said firms need to be more flexible, with opportunities such as job-sharing and condensed hours being more readily available.

“As an industry, we haven’t made enough inroads around thinking about ways in which we could help people stay in the workforce at different life stages. And we need to be thinking about it in that way,” she said.



### Progress?

Miller pointed out that just 34% of investment strategies currently have Net Zero targets, meaning financial services still has a way to go on E issues alone.

“I don’t think we can say we’ve made massive progress in terms of actual diversity,” she said. “Where we have made progress is on disclosures: getting people to start talking about it and start thinking about things they can track and things they can change.”

Dickson disagreed, and highlighted, for instance, that in some countries it was impossible to ask for details of a person’s sexual orientation.

“In some countries you can get the information voluntarily, but you’re not allowed to keep it or disclose it,” she said. “I think disclosures generally are pretty prehistoric. The only metrics we measure at the moment are gender, ethnicity and age.”

Sen and Dickson highlighted that the presence of multiple definitions (i.e., for gender) was a key barrier to better DE&I outcomes, and that regulation was needed in this area to achieve a more coherent approach.

*“Where we have made progress is on disclosures: getting people to start talking about it and start thinking about things they can track and things they can change”*







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# Roundtable Participants



**Lindsay Hudson**

*Global Head of Diversity, Equity & Inclusion*

Lindsay leads Aegon Asset Management's commitment to diversity, equity and inclusion globally.

She joined in 2021 from Invesco, where she held a similar role for the EMEA region. Lindsay previously worked in operational roles in asset management with Invesco and in wealth management with Courtiers.

She has a degree in Law and 27 years' industry experience. Lindsay was nominated for Diversity and Inclusion Champion of the Year at the Women in Investment Awards 2022.



**Julie Dickson**

*Investment Director*

Julie Dickson is an investment director at Capital Group. She has 28 years of investment industry experience and has been with Capital Group for six years.

Prior to joining Capital, Julie worked as the head of client portfolio management at Ashmore Group. Before that, she was the head of client portfolio management at Aviva Investors. She also held various positions at Axa Rosenberg, Mellon Global Investments, Barclays Global Investors and Merrill Lynch.

She holds a bachelor's degree in business management with concentration in finance from Cornell University. She also holds both the Investment Management Certificate and the Chartered Financial Analyst® designation. Julie is based in London.



## Jenny Fenton

### *Member Relationship Manager*

I am white British, brought up in Somerset by my parents who were dairy farmers. In 1998, I co-founded Altius Associates, a private markets advisory and separate account management firm.

By 2016, when we sold the company, I was co-CEO and it had grown from a staff of three to 45, based in the UK, US and Singapore, with close to \$30 billion under advice and management. I subsequently worked for the acquiring company, Pavilion Financial Corporation and was a key member in helping with the sale, and integration, of Pavilion to Mercer in 2018.

In 2020 I completed a Diploma in professional coach-mentoring and now run a coaching and advisory business with my husband. I am delighted to have taken on the role of Member Relationship Manager with The Diversity Project as it sets itself ambitious new targets for the next five years.



## Penny Cochrane

### *Senior Investment Research Consultant*

Penny leads our asset class and manager research across private debt products. She has over 15 years' experience with a focus on private markets. She also has significant experience and interest in responsible investing.

Penny started her career in wealth management in the US before transitioning to strategy and research at Friends Life in 2014. At Friends Life and then Aviva (who acquired Friends Life), Penny focussed on private debt research, strategy and origination primarily for assets backing the annuity business. In 2018, Penny joined JLT to initiate and lead efforts in its alternatives research, covering private markets both on the debt and equity side. Penny moved to Hymans Robertson in the summer of 2020 as part of the investment research team.





# Roundtable Participants



**Sophie Hulm**

*CEO*

Sophie leads Progress Together, a new membership body chaired by the Lord Mayor, Alderman Vincent Keaveny. Progress Together aims to level the playing field for employees from all socio-economic backgrounds.

Prior to joining Progress Together, Sophie was Assistant Director of External Affairs and Head of Skills Policy at the City of London Corporation. During this time, she designed and led an initiative to increase the supply of skills to decarbonise Central London's built environment, which includes a focus on increasing workforce diversity.

Sophie currently sits on the SteerCo for the 30% Club. Previously, Sophie was a diversity and inclusion working group member for the Financial Services Skills Commission and a charity trustee for Governors for Schools.

Sophie has a Masters in Corporate Responsibility and worked in this field for several years. Sophie started out at 'Heart of the City', a charity advising employers on Corporate Responsibility. Sophie then headed up the City Corporation's Corporate Responsibility team.



**Steve Butler**

*CEO*

Steve Butler is CEO at Punter Southall Aspire, a national retirement savings business.

Steve takes an active leadership role as a diversity and inclusion champion in the investment and savings industry and within Punter Southall Aspire. By blending academic research, writing books on diversity issues, publishing articles and blogs, and delivering podcasts and lectures to university students on diversity and inclusion subjects, Steve is leading best practice in the financial services and investment industry.

He has created new diversity programmes and networks in Punter Southall Aspire which are enabling a more inclusive culture and helping attract and recruit more diverse talent. To help drive change, Steve is involved in several initiatives including The Diversity Project, a cross-company initiative championing inclusion within the Savings and Investment profession.





## Sarah Miller

### *Vice President*

Sarah works as a Vice President in the Manager Research Team where she has a primary focus on private market strategies and specialises in impact investing. Sarah leads on Inclusion and Diversity within fund research and also chairs Redington's Inclusion & Diversity Committee. Sarah joined Redington in July 2019 having previously worked at BMO Global Asset Management and Janus Henderson.

She is a CFA charterholder and holds a BSc (Hons) in Mathematics with Psychology from the University of Birmingham.



## Madhurima Sen

### *Director*

Rima is a Director within Manager Research in the Investments team. She works across traditional and alternative credit and leads on Emerging Market Debt research. Rima also leads the Inclusion & Diversity working group in Manager Research and sits on the Investment Committee for the Towers Watson Alternative Credit Fund.

Rima previously worked at KPMG Investment Advisory (now Isio), splitting her time between client consulting and research. Prior to this, she was a Policy Analyst at HM Treasury and an Investment Strategist at Barclays Wealth and Investment Management. Rima studied Government and Economics at the London School of Economics and is a Chartered Financial Analyst (CFA) charterholder.

# Moderator



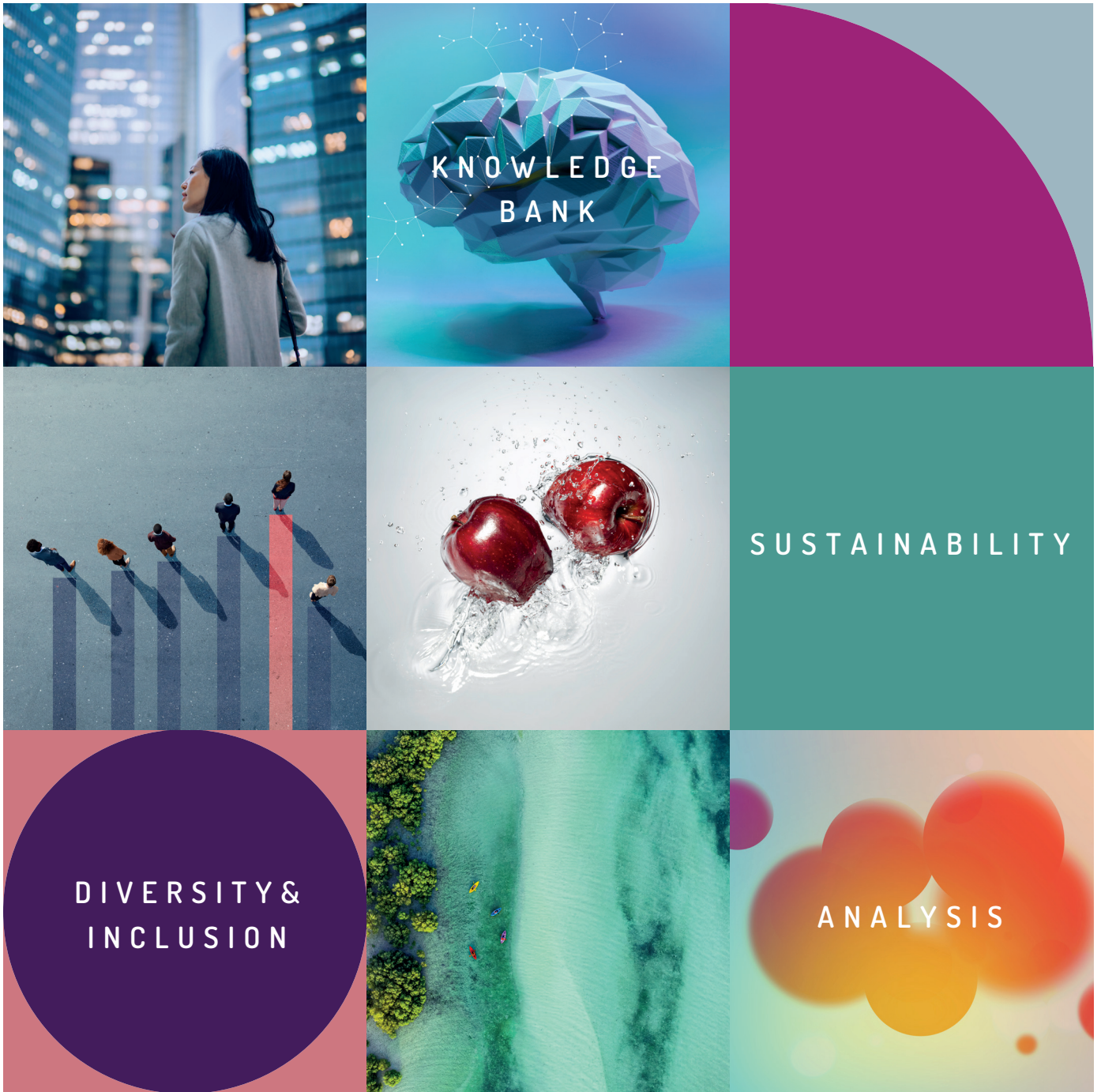
## Elizabeth Pfeuti

### *Chief Client Officer*

Former Dow Jones staffer Elizabeth Pfeuti is Rhotic's Chief Client Officer and a member of the Rhotic Media executive leadership team. A highly-decorated journalist, Elizabeth has been in financial journalism for around 15 years. At Dow Jones, she covered the asset management, investment banking and investor services beats for Financial News, where she also wrote on a wide range of regulatory themes.

She was previously the European Editor for CIO Magazine and boasts an exceptional contact book of buy-side and in-house institutional CIOs and asset management executives. More recently she has worked on corporate briefs for pension consultants, investment banks and asset management groups.





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# Diversity for asset managers is at a critical tipping point.

**CAMRADATA** now hosts the Asset Owner Diversity Charter within CAMRADATA Live, making it free to access for both asset owners and asset managers alike.

The Asset Owner Diversity Charter was formed with an objective to formalise a set of actions that asset owners can commit to improve diversity, in all forms, across the investment industry. It seeks for signatories to collaborate and build an investment industry which embodies a more balanced representation of diverse societies.

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# Meet the Team!



**Sean Thompson**

*Managing Director*



**Natasha Silva**

*Managing Director,  
Client Relations*



**Amy Richardson**

*Managing Director,  
Business Development*



**Sam Buttress**

*Associate, Business Development*



**Sarah Northwood**

*Marketing and Events  
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