



# THE ROLE OF INVESTMENT MANAGERS IN PROMOTING DIVERSITY AND INCLUSION

## ABOUT THE INVESTMENT ASSOCIATION

The Investment Association (IA) represents over 250 UK-based investment management firms who collectively manage assets totalling €9.9trn, of which €2.5 trillion is for continental European clients. The UK investment management industry is the largest in Europe, and the second-largest globally. By allocating capital to businesses and projects in need of finance, our members help millions of individuals work towards their long-term financial goals and allow them to enjoy a more prosperous retirement.

## ADVANCING DIVERSITY AND INCLUSION IN INVESTMENT MANAGEMENT

The IA believes Diversity and Inclusion create a healthy culture in which staff can thrive and bring their whole selves to work. Members are increasingly seeking more diverse voices, opinions and experiences to help reduce the risk of 'group think', to better connect with clients, and ensure better decision making at all levels. Investment managers also have a responsibility not only to promote policies and initiatives that support this in their own business, but to use their stewardship role to encourage it in those they invest in too.

The IA's members continue to work to cultivate an inclusive culture, as well as attract, develop, retain and promote a high-quality diverse workforce. The focus

has been on gender equality, LGBT+ inclusion, ethnic diversity, and social mobility, but the IA continues to seek opportunities to support the industry more widely in this space too. Predominantly, this has been through a suite of practical guides for developing and maintaining an inclusive working culture and a diverse workforce. Relevant webinars, events, and research have also been produced to supplement these.

The IA supports the Commission's commitment to further promote diversity and inclusion in the workplace, demonstrated by the level of ambition shown in the EU Gender Equality Strategy, the EU LGBTIQ Equality Strategy, as well as the EU Anti-Racism action plan to encourage firms to build an inclusive culture and attract a more diverse workforce.

*The Investment Association (IA) supports UK investment management, serving savers, investors and businesses in the UK and around the world. Our 250 members manage £9.9 trillion in the UK, providing the UK with an important economic contribution in the form of export earnings, tax paid, and jobs created.*

## RECENT INDUSTRY WORK

The industry is taking forward a number of proactive initiatives to further advance diversity and inclusion in all its forms:

### Promoting Gender Equality

Gender equality and closing the gender pay gap is high on investment managers' priorities. As part of a wider diversity and inclusion strategy, the IA has led a number of industry initiatives to understand and tackle the root causes of the gender pay gap in the asset management industry specifically, and to increase gender balance across financial services:

#### Tackling Gender Pay Gap with practical industry-led solutions

The IA published two reports - '[Closing the Gap](#)' (2019) and '[Addressing the Gender Pay Gap](#)' - exploring the factors that may contribute to the gender pay gap, how it impacts the asset management industry, and how asset managers can help to reduce it. The report aims at sharing best practices by showcasing how member firms are proactively addressing this issues through the implementation and development of internal programmes and policies, as well as joining and supporting external initiatives. The reports also put forward practical industry solutions to help firms attract, retain and promote from a diverse, inclusive and gender-balanced perspective. These include:



- Improving understanding of where the industry currently is in terms of its gender pay gap through the capturing of diversity data, and setting clear targets for the representation of women at senior levels and the percentage of women coming through as entry-level hired.
- Introducing policies and programmes that act as incentive for women to stay within a company – such as parental leave policies that encourage more paternity and shared parental leave update, and returner programmes providing placements which integrate mentoring and training for people retuning from career break
- Implementing diversity policies for the recruitment process and ensuring the industry is known and understood by the public

### Increasing gender diversity on board through corporate governance

In addition to the **Diversity on Boards campaign**, the IA has set up its **Institutional Voting Information Service (IVIS)** to highlight to shareholders the companies that are not on course to meeting the Hampton-Alexander Review target of 33% of women on Boards and senior leadership teams. The IA also actively engages with companies with one or fewer women on their boards, asking them to outline what actions they are taking to improve the gender balance in their companies.

### Building LGBT+ inclusive workplace and environment

The IA has done extensive work to push businesses and companies to take into account LGBTIQ issues in their diversity strategy and help employers to recruit and retain LGBT+ talents. In 2018, the IA invited a group of LGBT+ people and allies from across its members to take part in a discussion about what it has been like to come out and be out while working in the asset management industry. Based on their feedback, the IA published two reports – '[Bringing our whole selves to work](#)' (2018) and '[Do you remember the first time?](#)' (2019) - containing advice from LGBT+ people working in the industry to their employer as well as a number of recommendations that firms can implement to create more inclusive workplace.



### Promoting ethnic diversity

In 2019, just under 1% of the 650 investment managers who took part in an IA survey identified as black. To address the under-representation of black people in the industry, the IA hosted a series of roundtable meetings with black professionals working in our sector to identify practical solutions. The IA published the report '[Black Voices: Building black representation in investment management](#)' putting forward guidance for firms to improve the ethnic diversity of their workforce, such as implementing ethnicity pay gap reporting.

