



TAKING STEPS TO ADVANCE DIVERSITY & INCLUSION IN THE SUSTAINABLE AND RESPONSIBLE INVESTMENT INDUSTRY

BACKGROUND

US SIF and its members have had a long-standing commitment to encourage diversity and inclusion, such as through the integration of diversity criteria into investment process, shareholder advocacy, public policy, as well as through the recruitment and retention programs at their own firms and organizations.

US SIF's *Diversity and Inclusion Initiative* employs a variety of tools and strategies to advance diversity in the sustainable and responsible investment industry. These efforts include, among others:

- Keynotes and panel discussions at Member Days and Annual Conferences with a sharp focus on diversity and inclusion,
- The Peter DeSimone Student Scholarship Program that enables students interested in a career in sustainable investment to receive scholarships to cover the registration costs for the Annual Conference, and
- Webinars on diversity and inclusion that offer concrete, practical steps which firms can utilize in both recruiting a diverse candidate pool and creating an inclusive culture.

To enhance these efforts further, we hope that the tools and strategies provided below for US SIF members promote and advance diversity & inclusion in the sustainable and responsible investment industry.

Please be in touch with Alya Kayal at akayal@ussif.org if you have any questions about this document or about how to move diversity ahead within your organization and in the industry. We have tried to make this document user-friendly with tips that can be easily incorporated into your work, regardless of the size of your organization.

CURRENT SITUATION

There is clear evidence that a diverse workforce and an inclusive culture are critically important to all facets of the U.S. capital markets, including firms and organizations involved in sustainable investing. While there is currently no comprehensive data on diversity in the sustainable and responsible investment industry, there are a number of key studies and reports on diversity in the financial industry more generally.

While there have been some positive changes, the financial services industry overall is still viewed as severely lacking and imbalanced when it comes to diversity as noted in various industry reports and surveys.¹

- The United States Government Accountability Office (GAO) 2006 report, *Financial Services Industry: Overall Trends in Management-Level Diversity and Diversity Initiatives, 1993-2004* (GAO Report), found that overall between 1993 and 2004, diversity at the management level in the financial services industry did not change substantially. The report found that while many firms have initiated programs to increase diversity, including diversity in management level positions, these efforts face challenges in recruiting

¹ See U.S. Institute, Special Report: Workplace Diversity in Asset Management (Fall 2006); Securities Industry and Financial Markets Association (SIFMA), Report on U.S. Workforce Diversity and Organizational Practices (2007). H. Cisneros, Presentation: Opportunities, Challenges and Best Practices in Promoting Diversity, Presented at CalPERS Workshop Expanding Investment Opportunities Through Diversity (November 2005).

and retaining minority candidates, and gaining the "buy-in" of key employees such as the middle managers who are often responsible for implementing such programs.

- EEO-1 data for 1993 through 2006 generally do not show substantial changes in representation by minorities and women at the **management level** in the financial services industry, but some racial/ethnic minority groups experienced more change in representation than others. The data shows that overall management-level representation by minorities increased from 11.1 percent to 15.5 percent from 1993 through 2004. Specifically, African-Americans increased their representation from 5.6 percent to 6.6 percent, Asians from 2.5 percent to 4.5 percent, Hispanics from 2.8 percent to 4.0 percent, and American Indians from 0.2 to 0.3 percent. Management-level representation by white women was largely unchanged at slightly more than one-third during the period, while representation by white men declined from 52.2 percent to 47.2 percent.²
- The U.S. Institute's Diversity Report found that the asset management industry has been particularly slow to respond to the trend witnessed in American industry broadly of fostering diversity in its workforce.
- A 2007 diversity report by the Securities Industry and Financial Markets Association (SIFMA) with data capturing 41% of the U.S. workforce of SIFMA member firms found that the current workforce diversity remains generally unchanged from 2005 (when the last survey and report was issued).³ Representation of white men has decreased only slightly from **46% to 45%**; whereas, men of color have increased slightly from **10% to 11%**, and women of color have stayed level at **11%**. Women generally have decreased only slightly or stayed at level as compared to 2005. Representation of minority and women professionals decreases at a fairly steady rate at each higher level across the investment firms (associate to manager and to executive). Interestingly, the report found that women are being hired at rates below their current representation in society *at almost every job level*.

In summary, various diversity studies and reports on the investment industry demonstrate disappointing results on diversity in the US financial services industry – one of the key sectors in the global economy. The following simple steps may help to accelerate diversity and inclusion in the field of sustainable and responsible investment.

STRATEGIES: SIX SIMPLE STEPS

1. **Educate yourself and your firm on diversity** – There are many dimensions and facets of diversity and inclusion. One of the major stumbling blocks in discussions surrounding diversity is its very definition and misconceptions about which persons or groups are included. Diversity includes the entire spectrum of primary dimensions of an individual, including race, ethnicity, gender, age, religion, disability and sexual orientation, but also includes communication style, work style, organizational role/level, political

² Note: The GAO stated that the EEO-1 data may actually overstate representation levels for minorities and white women in the most senior-level positions, such as Chief Executive Officers of large investment firms or commercial banks, because the category that captures these positions—"officials and managers"—covers all management positions. Thus, this category includes lower-level positions (e.g., Assistant Manager of a small bank branch) that may have a higher representation of minorities and women. Recognizing this limitation, starting in 2007, EEOC revised its data collection form for employers to divide the "officials and managers" category into two subcategories: "executive/senior-level officers and managers" and "first/midlevel officials." The GAO hopes that the increased level of detail will provide a more accurate picture of diversity among senior managers in the financial services industry over time.

³ Securities Industry and Financial Markets Association (SIFMA), Report on U.S. Workforce Diversity and Organizational Practices (2007).

views, economic status and geographic origin.⁴ Proper education about diversity and inclusion would prepares individuals for an increasingly diverse and global workplace, establish the importance of diversity and inclusion, create expectations and responsibilities around inclusion efforts and build a foundation towards increasing diversity in the SRI industry.

There are a number of organizations that offer comprehensive diversity training, which includes leadership and management training; career planning; succession planning and development; professional development skills and business skills training. For example, training for the firm's recruiters and hiring managers would include proper interviewing techniques to reduce bias, such as ensuring that all candidates are asked the same questions during interviews and that hiring managers provide reasons for non-selection.

2. **Support internship, scholarship or fellowship programs for students or recent graduates in demographic areas currently underrepresented in SRI** – A number of US SIF members have developed internship or fellowship programs that target a diverse group of college students whose education and experience align with the needs of their firm. The program can be designed to introduce participants to your sustainable and responsible investment business as a way to heighten their interest in the firm, and should include training, mentoring, networking and interactions with company executives. You can also provide support for entrepreneurs. For example the [Social Venture Networks' Bridge Initiative](#) is an initiative to identify, support and promote many of the world's brightest and most innovative entrepreneurs from under-represented groups such as people of color, women and young people, as well as from under-represented geographic areas. US SIF's conference fellowship program is a great way to support diversity by funding the registration fees for students interested in sustainable and responsible investment.
3. **Include diversity in your recruitment efforts at schools, colleges and job fairs and establish a presence on campuses of Historically Black Colleges and Universities (HBCUs) and Women's Colleges** - The search for talent should cast the widest possible net and include both traditional and non-traditional sourcing strategies. You may explore recruitment efforts with [Historically Black Colleges and Universities \(HBCUs\)](#), [Hispanic Association of Colleges and Universities](#), the [Women's College Coalition](#), [The American Association for Women in Community Colleges](#) and others. The US Department of Education's Office of Civil Rights also [lists](#) post-secondary institutions enrolling significant percentages of students in American Indian Tribally controlled colleges and universities, Native Americans, Asian Americans and others. Some employers find it useful to participate in local high school events such as career fairs, classroom presentations and role model/career day educational seminars. While it may be difficult to measure immediate results, the exposure to your firm may make these students interested in sustainable and responsible investment.

You may also explore local job fairs, such as those sponsored by the [NAACP](#), the local [Hispanic Chamber of Commerce](#), the local [Black MBA Association](#) or other targeted providers, to promote employment at your company to an expansive and diverse audience. To recruit for more senior positions, such as directors, you may review the database of prospective directors, known as the [Diverse Director DataSource](#) which was commissioned by CalSTRS and CalPERS and is owned, operated and maintained by [GMI Ratings](#), an independent, third-party vendor. The Diverse Director DataSource is designed to be

⁴ Best Practices in Achieving Workforce Diversity, U.S. DEPARTMENT OF COMMERCE AND VICE PRESIDENT AL GORE'S NATIONAL PARTNERSHIP FOR REINVENTING GOVERNMENT BENCHMARKING STUDY.

a clearinghouse for potential corporate director candidates with a special emphasis on a more diverse range of backgrounds, perspectives, skills and experience.

4. **Seek partnerships and collaborations with organizations that support women, minorities and other under-represented groups in SRI** - Actively seeking partnerships and collaborations with organizations focused on diversity serves both as an outreach and recruitment tool to generate a diverse applicant pool and helps increase awareness of sustainable and responsible investment. These organizations include, but are not limited to, [National Association of Securities Professionals \(NASP\)](#), [TOIGO Foundation](#), [INROADS](#), [Sponsors for Educational Opportunity](#), [The Committee of 200](#), [The Thirty Percent Coalition](#), [Catalyst](#), [National Council of La Raza](#) and others.

When appropriate, post your job openings with special interest groups or associations that have a minority membership, such as [The American Association of University Women](#), [National Association of Women MBAs](#), [National Black MBA Association](#), [National Association of Hispanic MBAs](#), [The National Association of University Women](#) and [National Association of Black Accountants](#). For those members interested in how to advance the mission of racial equality through philanthropic institutions, you may look at [Philanthropic Initiative for Racial Equity](#) (PRE), a project of the Tides Center that is a multiyear initiative intended to increase the amount and effectiveness of resources aimed at combating institutional and structural racism in communities through capacity building, education and convening of grantmakers and grantseekers.

5. **Post jobs on a diversity website with an EEO statement for all postings** – Recruiting the right candidate is an important part in adopting diversity in the workplace. One of the most reliable, effective and sought after recruitment methods is via diversity recruitment websites. Online recruitments are gaining popularity and offer a wide and diverse pool of candidates. They include sites like [The Society for Human Resources Management](#) (SHRM), [Career Builder](#), [imdiversity.com](#), [diversityworking.com](#) and [Hispanic Jobs](#). A complete list of diversity websites can be found in the US SIF member center.
6. **Use pictures of a diverse breadth of individuals in company and client materials and on the company website in a positive way** – Your website, including company materials, should look welcoming to people with representing a diversity of backgrounds. Including photos and images of women, people of color, younger and older individuals, etc. on your firm’s website, annual reports, brochures, client communications and other materials demonstrates support for diversity and inclusion and makes prospective employees feel a sense of belonging and acceptance. However, increasing diversity and inclusion in this field is going to take far more than a handful of glossy photos and images. If the images don’t line up with reality, the use of such photos and images can backfire, generating an effect exactly opposite of the one intended.

If you have already incorporated these steps and still want more information, let us know. We can provide you with more ideas. Good luck!