



DEI Questionnaire Report

October 2022

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Executive summary

Sustainable Trading is developing ESG Best Practices and a measurement process for the financial markets trading industry. In order to develop the Best Practices, Sustainable Trading has collected 24 Diversity, Equity and Inclusion (DEI) questionnaires from various financial service firms. The data was interpreted through thematic analysis with respect to four key themes: DEI strategy, DEI reporting, DEI programmes, and DEI recruitment. The themes allow Sustainable Trading to understand the DEI standards across the trading industry, successes and gaps within DEI initiatives, and opportunities to improve DEI measures. It was found that many firms have similar DEI goals, but varying methods to produce results.

Most firms have successful DEI initiatives in place and most firms have similar DEI goals, yet use different tactics to collect and report information, provide resources to diverse employees, have programming for employees pertaining to DEI topics, and recruitment strategies. The key challenges firms highlighted are low turnover of employees that prevents them from hiring more diverse employees and some firms are having difficulty finding candidates with the right experience and skills. It was noteworthy that only half of firms have a specific approach to training, to support the development of those with diverse characteristics.

These results will now be used to help develop a set of DEI best practices for the trading industry. This approach is intended to extend the adoption of good practices to a broader set of firms, help address challenges being faced by many firms and seeks to improve the success of DEI strategies within the financial markets trading industry.



Introduction

Sustainable Trading is a non-profit membership network, dedicated to transforming environmental, social and governance (ESG) practices within the financial markets trading industry. The network is bringing firms together to devise practical solutions to industry specific ESG issues and determine a mechanism for self-assessment and benchmarking. In order to break down the subject into manageable areas of discussion, environmental, social, and governance workstreams were formed with a steering group responsible for the delivery of each workstream. Sustainable Trading's social steering group set out to sub-categorise social focuses based on main areas of impact within the trading industry. One identified area of social impact is Diversity, Equity and Inclusion (DEI). To help explore this subject area, a working group was created to analyse different themes within DEI initiatives in the trading industry, and how these themes might be made more socially inclusive. As an initial project, this DEI working group created a questionnaire with 44 questions, which was circulated to all the firms within the Sustainable Trading network. This questionnaire aimed to identify the current status of various DEI initiatives within individual firms. These initiatives were split into four themes: DEI strategy, DEI reporting, DEI programmes, and DEI recruitment. The analysis of answers hopes to reveal successes and challenges for the progression of DEI initiatives, which will then lead to opportunities to start exploring best practices.

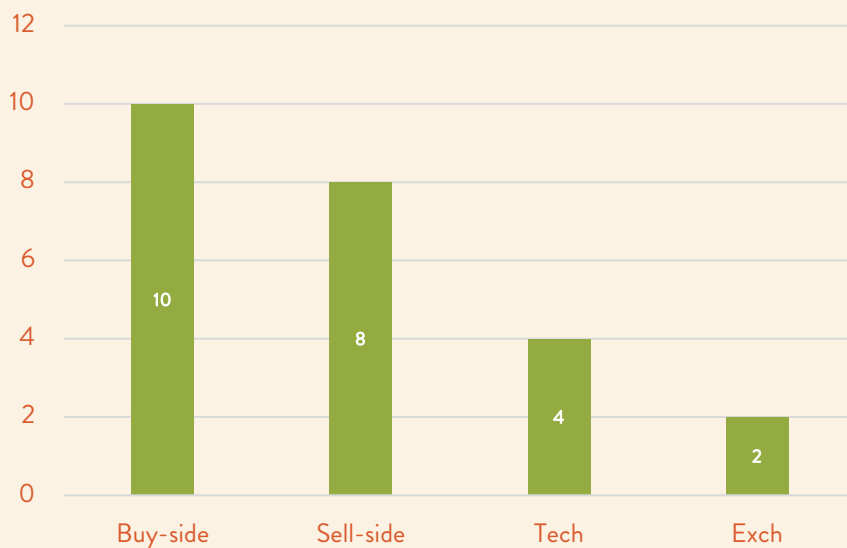
Methodology

This report involves a mix between qualitative and quantitative answer components. Quantitative results were used to determine general levels of commitment to different sustainability initiatives within DEI. For qualitative answers, a thematic analysis was conducted to determine successes, challenges, and opportunities based on repetition of responses or unique answers that provoked further thought.

Responses

In total 24 firms of a possible 44 completed the DEI questionnaire. Most respondents completed all, or almost all questions. The breakdown of company type responding to the questionnaire is detailed in Figure 1 below.

Generally, firms did not report issues with sourcing information to respond to this questionnaire. Many firms passed the questionnaire to their HR departments and DEI leads to gather responses.



(Figure 1)

Challenges

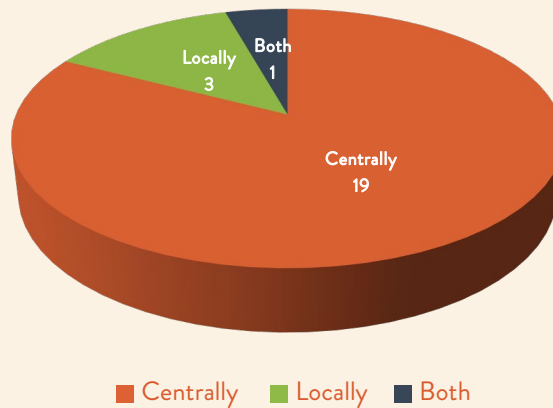
The DEI questionnaire highlighted multiple challenges that firms are facing regarding improving their DEI metrics. One firm found it difficult to improve diversity metrics because of low turnover, which reduces their opportunities to diversify staff. Other firms have found difficulties in finding candidates with the right experience and skills. Regarding if recruiters helped find diverse candidates, the consensus was split. 36% of firms said recruitment agents were effective at providing a diverse candidate pool, 22% of firms said they did not find recruitment agents effective at providing a diverse candidate pool, and 40% of firms were unsure if recruitment agents were effective at providing a diverse candidate pool.

DEI strategy

Firms have various strategies to increase diversity of new hires, to retain current employees, and have diverse representation at the leadership level. The strategies, in most cases, are specific to the firms' DEI goals. However, some firms are still struggling to implement DEI improvements for their firm with the most difficulty being in the recruitment process.

91% of firms reported that they have a strategy for DEI endorsed at board level. DEI initiatives are managed either centrally, locally, or both, as illustrated in Figure 2 below.

Are your DEI initiatives run centrally or are they distributed locally?



(Figure 2)

Employee retention

Firms have a wide range of initiatives intended to help retain diverse employees. Examples provided by firms included:

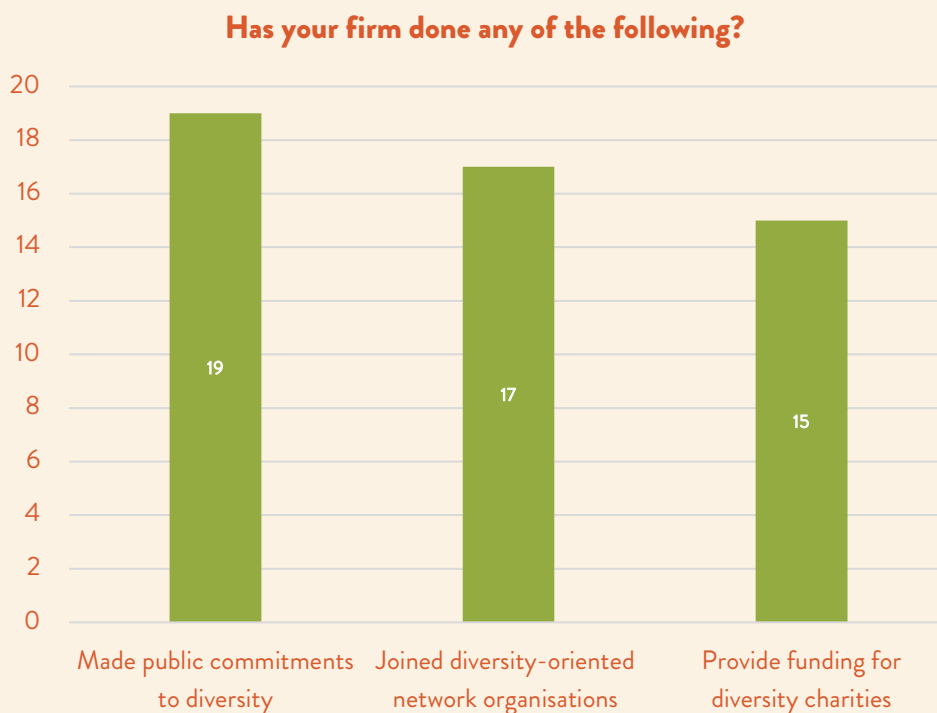
- Fellowship programmes.
- Mentorship programmes.
- Improving global work-life policies.
- Flexible working arrangements.
- Training on bias and inclusivity, including management training.
- DEI for executive leadership and reverse mentoring.
- Staff culture survey to develop company values.
- Employee resource groups.
- Cultural celebrations.
- Anti-harassment training.

One firm has 10 committees called 10 Actions Against Racism and Inequality. These committees have executive sponsors and volunteer participants that focus on supporting hiring Black and Latinx employees, furthering retention, and providing development and promotional opportunities.

Workplace culture

Examples of firms trying to change the culture of their firm and the retention of diverse employees:

- Analysing consumer experience and their relation to the company’s DEI mission.
- Providing weekly ESG updates.
- Integrating DEI objectives as part of performance reviews.
- Conducting internal and external evaluations for firms’ specific DEI needs.
- Including employees with diverse characteristics to speak at internal or industry events.



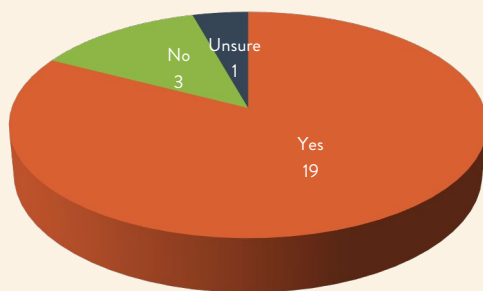
(Figure 3)

DEI reporting

Reporting DEI metrics allows firms to better gauge their diversity levels within their organisation and plan to improve the onboarding and retention of employees with diverse characteristics.

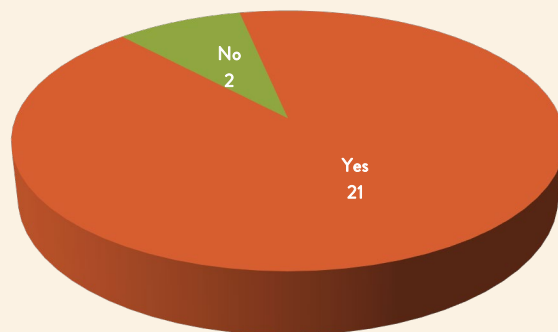
82% of firms measure and monitor the diversity of their employees, as seen in Figure 4 below. For firms that measure the diversity of their employees, between 60% - 100% of employees at these firms provide information on diverse attributes. Furthermore, 90% of firms report on diversity actions and metrics publicly and/or internally, as seen below in Figure 5. DEI teams work with each division and their leaders to review their diversity analytics and set objectives and strategies for that particular unit.

Do you measure and monitor the diversity of your employees?



(Figure 4)

Does your firm already report (publicly / internally) on diversity actions and metrics?



(Figure 5)

Respondents provided a wide variety of examples of how diversity data is used:

- Compare the minority and majority of employees' characteristics.
- Asses hiring rates, both on interviews and offers made.
- Work towards closing pay gaps.
- Report diversity targets.
- Retain and promote diverse employees.
- Annually publish gender pay gap stats.
- Evaluate the equity of policies and procedures, such as those related to promotions, professional development, mentorship, benefits, compensation, hiring, and performance management.

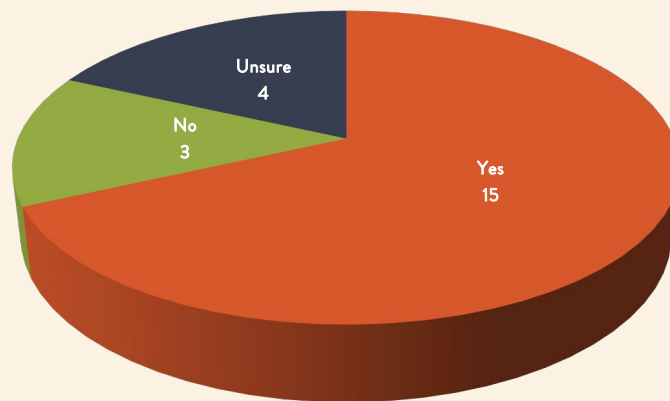
Equality of compensation

68% of firms have made commitments to the equality of compensation, as shown in Figure 6 below.

Examples of firms' commitments to equality of compensation:

- Firm-wide pay equity review.
- Global pay equity study from a third party.
- Annual compensation resource review groups.
- Performance cycle reviews to adjust pay.
- Publishing CSP reports to be transparent with employees and clients.
- Self-ID diversity reporting.

Has your company made commitments to equality of compensation?



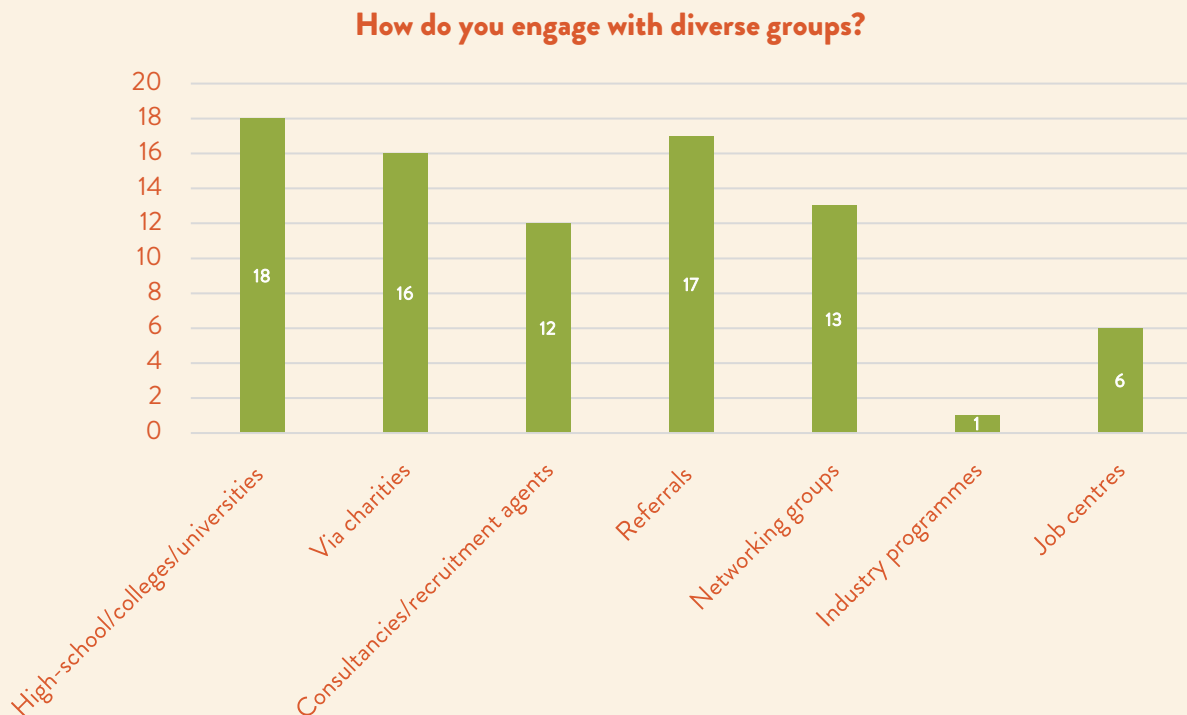
(Figure 6)

DEI programmes

Most firms provide a variety of DEI programmes to recruit new hires with diverse characteristics, ensure that current employees feel included, and provide resources through networking groups. 86% of firms have a DEI programme within their company. 80% of firms reported that their DEI programmes are well connected with the business groups in their organisation. All firms have practices oriented to acquisition entry-level and experienced hires.

Engagement programmes

Internships and graduate programmes are the most common engagement programmes reported, providing mostly mentoring and education, as seen below in Figure 7.



(Figure 7)

Networking/resource groups

86% of firms run networking/resource groups for employees. Many firms have a combination of internal groups designed to support employees' diversity characteristics and partner with external groups and charities. Firms have a wide range of networking and resource groups that supports various aspects of diverse characteristics including:

- Ethnic minority groups
- Groups to support women
- LGBTQ+ groups
- Military groups

- Disability groups
- Working family groups
- Faith and non-faith groups
- Young professional groups

In some cases, these groups are reserved for those who identify with that specific characteristic and in other cases the groups are open to allies.

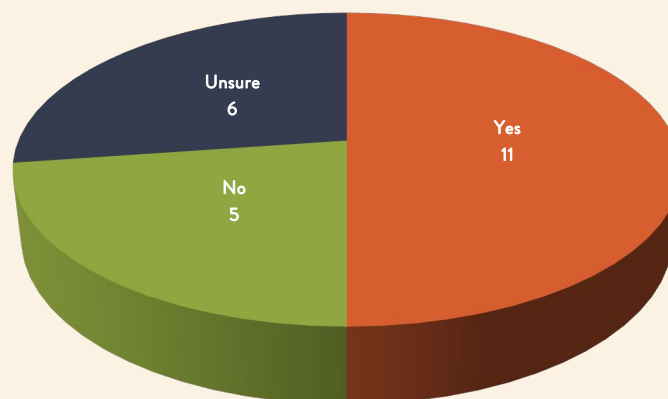
Training and development

50% of firms have a specific approach to training to support the development of those from diverse backgrounds, as shown in Figure 8 below. This percentage is quite low compared to the number of firms that have DEI strategies. Training and developing the skills of employees with diverse backgrounds will both help with employee retention and give employees the skills to fill positions that currently do not have enough employees with diverse characteristics.

Examples of firms' training and development for diverse employees:

- Leadership development programmes.
- Internal career exploration and skills development programmes.
- Partnering with outside organisations for developing and training underrepresented minorities.
- Internal resources/training on anti-racism, allyship, equity, etc. with internal and external voices representative of diverse populations and reflect underrepresented groups.
- Focus on VP and DIR level female and BAME employees - pairing them with a senior management representative to assist with development, network build out, and promotions.

Do you have a specific approach to training to support the development of those from diverse backgrounds?



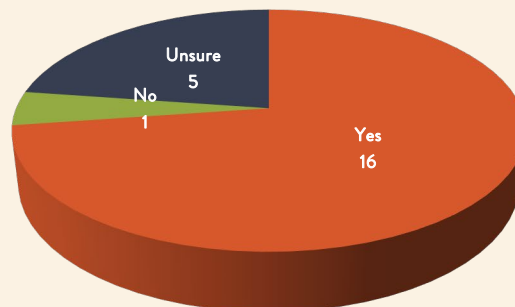
(Figure 8)

DEI recruitment

Recruiting new employees can help to develop a diverse workforce and DEI recruitment initiatives have proven useful for some firms in finding the right hires. 72% of firms have assessed their recruitment process to increase the success of diverse candidates, as shown below in Figure 9. These improvements consist of a variety of initiatives that focus on assessing current hiring practices and adjusting them to attract a more diverse candidate pool with a more inclusive hiring process.

85% of firms have adjusted job postings to utilize inclusive language, such as using pronouns, having Equal Opportunity Statements, and using gender neutral job titles. Examples of non-inclusive language that have been removed from job role advertising included requiring a maximum number of years for applicants to apply. Using masculine language was found to deter female candidates. This, as well as using terms like “Required” instead of “Preferred,” determined the application rate of women. Lastly, 90% of firms reported having diverse interview panels.

Have you assessed your recruitment process to identify improvements to increase the success of diverse candidates?



(Figure 9)

Hiring practices

72% of firms assist hiring managers talk about company actions on DEI.

Examples of improving hiring managers’ practices include:

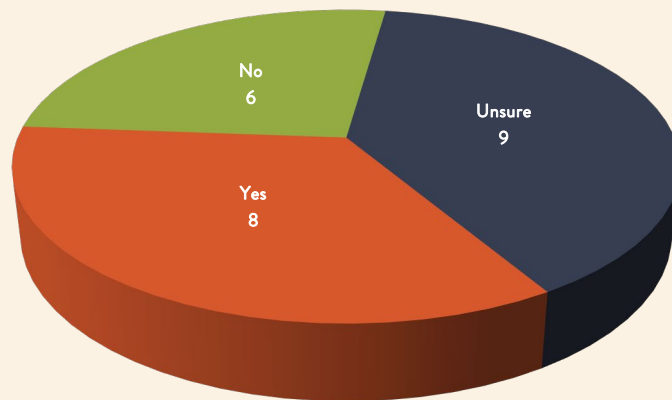
- Addressing implicit bias.
- Where and how roles are advertised.
- Employee referrals.
- Diversifying interview panels.
- Giving education tools and training to recruiters and hiring managers from DEI teams.
- Refraining from soliciting compensation history from candidates, ensuring that compensation decisions are based on qualifications.
- Hiring managers taking a pledge to uphold 10 actions against racism and inequality.

Firms provided many examples of how they have worked to improve the diversity of candidates:

- Using augmented writing tools to write job descriptions and test their success rate.
- Working with external reviewers to evaluate the firm’s recruitment process to recognise internal bias, adjust language, restructure interview boards, and the overall hiring process.
- Research talent demographics at universities and in the labour market.
- Ensuring hiring managers meet a minimum percentage of short-listed candidates to represent women and racial/ethnic minorities.
- Working with students.
- Employee referrals to hire diverse applicants.
- Mandate female interviewers for all candidates.

Firms reported recruitment challenges, such as low turnover, which reduces the opportunity to diversify staff, and difficulties finding candidates with the right experience and skills. Lastly, the consensus was split on if recruiters helped find diverse candidates, as seen in Figure 10 below.

Have you found recruitment agents effective at providing a diverse set of candidates?



(Figure 10)

Summarised findings

Most firms have successful DEI initiatives in place and most firms have similar DEI goals, yet use different tactics to collect and report information, provide resources to diverse employees, have programming for employees pertaining to DEI topics, and recruitment strategies. The key challenges firms highlighted are low turnover of employees that prevents them from hiring more diverse employees and some firms having difficulty finding candidates with the right experience and skills. It was noteworthy that only half of firms have a specific approach to training, to support the development of those with diverse characteristics.

These results will now be used to help develop a set of DEI best practices for the trading industry. This approach is intended to extend the adoption of good practices to a broader set of firms, help address challenges being faced by many firms and seeks to improve the success of DEI strategies within the financial markets trading industry.