



Responsible Investment Association

# CANADIAN INVESTOR STATEMENT ON DIVERSITY & INCLUSION

First Year Status Report

October 2022

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## Introduction

As momentum around ESG and impact investing continues to grow, so does the expectation for organizations to integrate diversity, equity and inclusion (DEI) related policies and practices into their governance framework and operations, aiming to build a more inclusive culture. In 2020, in order to foster dialogue between investors and move the DEI agenda forward within the Canadian investment industry, the Responsible Investment Association (RIA) in collaboration with participating members released the Canadian Investor Statement on Diversity & Inclusion. This report is the outcome of the surveys and roundtables hosted by the RIA in 2021 for signatories of the Statement. The report is meant to provide insights into the current status of how diversity, equity and inclusion are incorporated in the investment processes and internal operations of the participants' organizations and act as a benchmark against which future progress on DEI initiatives can be made. The report also highlights actionable steps signatories and other investors can take to improve DEI outcomes in the investment management industry.

The report is structured into three sections, beginning with the context for and development of the Canadian Investor Statement on Diversity & Inclusion, a listing of the signatories, and definitions related to diversity, equity and inclusion. The second section captures the status of the DEI efforts of the signatories in 2021 through their participation in the RIA's surveys and roundtables, covering key insights and best practices within their firms and the broader industry in four thematic topics: proxy voting & engagement; investment process; disclosure & advocacy; and internal practices. Section three provides some key takeaways and practical applications that investors can use to improve DEI within their investment processes, their own operations, and the industry at large.

To complement this report, the RIA will release a supplemental reference document providing an overview of DEI activities such as voluntary initiatives, disclosure frameworks and key regulatory changes in Canada and around the world. Both this report and the reference document will be publicly available, as a resource to the Statement signatories and the broader industry.

## About the Responsible Investment Association

The Responsible Investment Association (RIA) is Canada's industry association dedicated to responsible investment (RI). The RIA aims to drive the growth and development of RI in Canada, with a vision to align capital with sustainable and inclusive development as codified in the Paris Agreement and the United Nations Sustainable Development Goals. RIA members include fund companies, financial institutions, asset management firms, asset owners, advisors, research firms, consultants and others who practice and support the incorporation of environmental, social and governance (ESG) factors into investment decisions. Our institutional members collectively manage over \$42 trillion in assets. Learn more at [www.riacanada.ca](http://www.riacanada.ca).

## Section 1 – The Context and Development of the Canadian Investor Statement on D&I

The widespread public outrage and historic protests in response to the tragic murder of George Floyd in May 2020 marked a tipping point for confronting racial injustice in North America and beyond. This reckoning occurred amid the COVID-19 pandemic, which not only brought about the threat of a collapse of our global healthcare systems but also surfaced the existence of systemic discrimination and its impacts on vulnerable identity groups, particularly those experienced by Black and Indigenous communities and People of Colour (BIPOC). On October 1, 2020, the Responsible Investment Association (RIA), with contributions from members and other key participants, released the Canadian Investor Statement on Diversity & Inclusion (Statement). The Statement acknowledges the existence of systemic racism and its impacts on BIPOC communities while further acknowledging the existence of inequities and discrimination based on other factors including, but not limited to, gender, sexual orientation, age, disability, religion, culture and socio-economic status.

Signatories to the Statement, as institutional investors, commit to contributing to address the persistent inequities in Canadian business and society by taking intentional steps to promote diversity and inclusion across their investment portfolios and within their organizations. The Statement is designed to approach Diversity, Equity, and Inclusion (DEI) with two core declarations:

- Signatories will take steps to integrate DEI into their investment processes, such as monitoring the DEI practices of Canadian public companies, reviewing and updating proxy voting guidelines and stewardship priorities and engaging with external managers regarding their strategies to promote diversity and inclusion.
- Signatories will take actionable steps to strengthen DEI practices within their own organization, for example, providing training to foster inclusive cultures, collect data to identify and address any barriers to the advancement of underrepresented groups, and seek out voices from these groups to inform DEI activities.

The other four declarations focus on the activities of engagement with Canadian investee companies to convey signatories' expectations on DEI issues, including enhancement of annual public disclosures of diversity data, adoption of policies, targets and timelines, and expansion and disclosure of organizational efforts to address barriers to diversity, equity, and inclusion.

Signatories of the Statement are encouraged to participate in the RIA's annual DEI surveys and roundtable discussions to advance the mission of building a diverse and inclusive culture in the public markets. Annual status reports will be prepared by the RIA to monitor and provide information on progress made on DEI efforts by the signatories.

The complete Statement is available online on the [RIA's website](#) and on the following page of this report. Institutional investors can become a signatory by completing this [online form](#). The initiative is currently supported by 56 institutional investors and 19 Supporting Organizations, representing over \$3 trillion in assets under management (AUM) as of December 31, 2021.

## Canadian Investor Statement on Diversity & Inclusion

We, the undersigned institutional investors, acknowledge the existence of systemic racism and its impacts on Black and Indigenous communities and People of Colour in Canada and globally.

We furthermore acknowledge the existence of inequities and discrimination with respect to factors including, but not limited to gender, sexual orientation, age, disability, religion, culture and socio-economic status.

We all have a responsibility to ensure that the persistent inequities in business and our society are eliminated. As institutional investors, we can contribute to addressing these inequities in Canada by taking intentional steps to promote diversity and inclusion across our portfolios and within our organizations.

Promoting diversity and inclusion is not only the right thing to do; it is good for business and our society. A growing body of research shows that higher levels of diversity and inclusion are associated with improved corporate financial performance, driving growth, and strengthening employee engagement.<sup>1,2,3</sup> Incorporating diversity and inclusion into business decisions can create opportunities for underrepresented groups while simultaneously contributing to leadership development, improved reputation, and a stronger governance and risk profile.

As such, the undersigned investors encourage Canadian public companies to lead in global efforts to address systemic inequities by advancing diversity and inclusion efforts and enhancing transparency and accountability. We furthermore challenge our own institutions to advance diversity and inclusion of underrepresented individuals within our organizations.

Our expectations of Canadian companies are that they endeavour to:

**Enhance annual public disclosures of diversity data**, with specific application to the representation of self-identified Black, Indigenous and People of Colour on boards, executive teams and across the wider organization;

**Adopt policies, targets and timelines** to improve diversity on boards and in senior management, specifically regarding the representation of underrepresented groups, with the ultimate aim of being aligned with the racial and ethnic demography of Canada;

**Expand and disclose organizational efforts to address barriers to diversity and inclusion** by adopting recruitment practices that consider a more diverse pool of candidates, and by actively seeking out underrepresented voices to inform diversity and inclusion activities and address challenges.

As investors, we will endeavour to:

**Engage with Canadian investee companies to convey our expectations** of improved disclosure and performance on diversity and inclusion practices, including the advancement of underrepresented groups on boards, executive teams, and across the wider organization;

**Integrate diversity and inclusion into our investment processes**, beginning with tracking and monitoring the diversity and inclusion performance of Canadian public companies, reviewing and updating our proxy voting guidelines and stewardship priorities as needed, and engaging with external managers regarding their strategies to promote diversity and inclusion;

**Improve diversity and inclusion practices within our own organizations.** We will collect and monitor diversity and inclusion data so that “what gets measured gets managed” to more effectively address barriers to inclusion and advancement of underrepresented groups. We will provide training and education so that we can foster respectful and inclusive organizational cultures, and we will seek out underrepresented voices to inform our diversity and inclusion activities and address challenges.

We will report on our efforts to promote diversity and inclusion, and we commit to reviewing and updating our approach as we learn from our experience.

We invite other investors to join us and share experiences and best practices to enhance our purposeful and collective efforts to bring about a more inclusive and anti-racist business and investment landscape in Canada.

[1] [McKinsey: Delivering Through Diversity \(2018\)](#)

[2] [CIGI: Diversity Dividend Canada’s Global Advantage \(2017\)](#)

[3] [Catalyst: Why Diversity and Inclusion Matter: Quick Take \(2020\)](#)

## Signatories

### Founding Signatories

Addenda Capital	Caisse de dépôt et placement du Québec (CDPQ)	NEI Investments
AGF Investments	Desjardins Group	OPSEU Pension Trust (OPTrust)
Alberta Investment Management Corporation (AIMCo)	Mackenzie Investments	University of Toronto Asset Management (UTAM)

### Institutional Investor Signatories

ACM Advisors Ltd.	Global Alpha Capital Management	OPSEU Pension Trust (OPTrust)
Addenda Capital	Holt Accelerator	Pacifica Partners Capital Management Inc.
AGF Investments	Honeytree Investment Management	PCJ Investment Counsel
Alberta Investment Management Corporation (AIMCo)	HSBC GAM	Pension Plan of The United Church of Canada
Beutel, Goodman & Company Ltd.	IG Wealth Management Investment Management Corporation of Ontario (IMCO)	Rally Assets Inc.
Bâtirente	Inspirit Foundation	RBC Global Asset Management Inc.
BMO Global Asset Management	Jarislowky Fraser Global Investment Management	Rhiza Capital
British Columbia Investment Management Corporation (BCI)	Laidlaw Foundation	Scheer, Rowlett & Associates Investment Management Ltd.
Caisse de dépôt et placement du Québec (CDPQ)	Le Régime de retraite d'Hydro-Québec	SEI Investments
Canada Post Corporation Pension Plan	Mackenzie Investments	Simon Fraser University
Capital Canada Limited	Marigold Capital	Simon Fraser University Pension Plan for Members of the Academic Staff
Central 1 Credit Union	MD Financial Management Inc.	TD Asset Management
Checkmate Capital Group LLC	Montrusco Bolton Investments Inc.	The United Church of Canada
CIBC Asset Management	National Bank Investments	University of Toronto Asset Management (UTAM)
Connor, Clark & Lunn Investment Management	NEI Investments	Vancity Investment Management
Deetken Impact	North Growth Management Ltd.	Vancouver Foundation
Desjardins Group	Northern Trust Asset Management - Canada	
ELFEC	Ontario Pension Board	
Gestion FÉRIQUE		

### Supporting Organizations

AGF Management Limited	Impact Wealth	la Responsabilité Sociale des Entreprises)
Æquo, Shareholder Engagement Services	LeRoy Wealth Management Group	SHARE (Shareholder Association for Research & Education)
Brian A Price and Associates / Realty and Investments, Windsor	Libro Credit Union	Société des Soeurs Auxiliatrices
Canadian ETF Association	MICA services financiers	Stephen Whipp Financial
Demeter Advisors Inc.	Millani	Trinity Centres Foundation
Edgewater Financial Products	NEO Exchange	Valeurs mobilières PEAK inc.
	RE Royalties Ltd.	
	RRSE (Regroupement pour	

## Definitions of Diversity, Equity, and Inclusion

Diversity, Equity and Inclusion (DEI) definitions tend to differ across regions and have different meanings to different individuals. There are variations of the acronym—for example, Diversity and Inclusion (D&I); Equity, Diversity, and Inclusion (EDI); Inclusion, Diversity, Equity and Accessibility (IDEA); Justice, Equity, Diversity, and Inclusion (JEDI)—where some organizations use the words in different orders for various reasons. We are seeing the term “belonging” being used more frequently while defining “intersectionality”, and the difference between “equity” and “equality” are becoming essential when discussing DEI.

A global perspective of Diversity, Equity and Inclusion is provided by the [Global Diversity, Equity & Inclusion Benchmarks \(GDEIB\)](#). Additionally, the [CFA Institute’s Diversity, Equity, and Inclusion Code \(CFA DEI Code\)](#) covers a perspective for both USA and Canada. A Canadian perspective is set out by the [Canadian Centre for Diversity and Inclusion \(CCDI\)](#), a not-for-profit that conducts education and research in DEI.

In this report, and in the RIA’s ongoing work, we will generally use the definitions of Diversity, Equity, Inclusion and other important terms below, adapted from the definitions in the [CCDI Glossary of Terms](#):

**Diversity** is about the individual. It is about the variety of unique dimensions, qualities, and characteristics we all possess and the mix that occurs in any group of people. Race, ethnicity, Indigenous groups, age, gender, sexual orientation, religious beliefs, economic status, physical and mental abilities, life experiences, socioeconomic status, and other perspectives can make up individual diversity. Diversity is a fact, and Inclusion is a choice.

**Equity** is where everyone is treated according to their diverse needs in a way that enables all people to participate, perform, and engage to the same extent. In contrast, equality is where everyone is treated the same regardless of individual diversity and needs.

**Inclusion** is creating a culture that embraces, respects, accepts, and values diversity. It is a mindful and equitable effort to meet individual needs, so everyone feels valued, respected, and able to contribute to their fullest potential. Where diversity occurs naturally, creating the mix in the organization, inclusion is the choice that helps the mix work well together.

**Intersectionality** is a term coined by Dr. Kimberlé Crenshaw to describe how social identities may overlap to create compounding barriers for individuals. It is described as a framework for approaching issues from multiple perspectives and understanding how multiple groups, or individuals with multiple identities, may be affected. For example, approaching feminism with an intersectional lens would involve acknowledging and addressing the unique barriers faced by women of colour, disabled women, or trans women.

**Equity-seeking groups/Equity-deserving groups** are groups of people who have been historically disadvantaged and underrepresented. These groups include but are not limited to the four designated groups in Canada: women, visible minorities; Indigenous peoples; and people with disabilities. It also includes people in the LGTBQ2+ community/people with diverse gender identities and sexual orientations. Equity-seeking groups identify barriers and unequal access and actively seek social justice and reparation.

This report will primarily use the acronym “DEI” to remain consistent with other initiatives within the global investment industry. Although the Statement refers to “Diversity & Inclusion” in its title, Equity is critical to the mission and is included in the signatories’ efforts.



## Section 2 – Status Report: 2021 DEI Surveys and Roundtable

### DEI Surveys

In 2021, the RIA conducted two surveys to gather information on each responding firm’s approach to addressing DEI aspects in their investment processes and internal practices. The responses were collected and aggregated to assess the overall status of the participating signatories’ DEI efforts. The following section provides key findings from the latest survey, conducted between August 20th and October 19th, 2021. Responses were received from 40 organizations, who self-reported their signatory type as:

- Asset manager - 23
- Asset owner – 10
- Not-for-profit - 4
- Financial institution - 2
- Service provider - 1

The survey questions can be found in the Appendix to this report.

### DEI in Investments

- All respondents are applying DEI in their investment process with the vast majority incorporating DEI through their engagement and proxy voting activities.
- Looking deeper into engagement and proxy voting, the majority have set specific targets for gender diversity, with a significantly smaller share of investors setting targets on other underrepresented groups.
- When asked to evaluate their progress made to date on applying DEI in the investment process, 68% of respondents were “somewhat satisfied”, while 20% were “satisfied”.

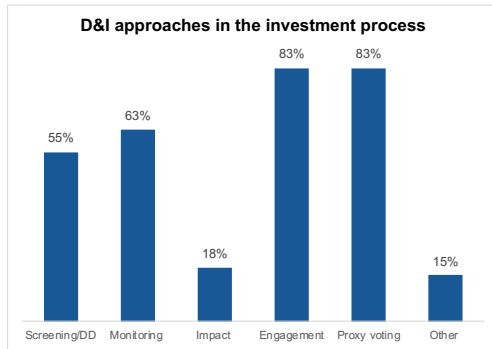
### Internal DEI Practices

- 90% of respondents have adopted at least two DEI practices, with two-thirds pursuing five or more actions.
- 50% have set internal targets for women, 40% for BIPOC, 17% for people with disabilities and 17% for the LGBTQ2+ community.
- Asset Owners have, on average, been more active in setting internal gender, BIPOC and people with disability targets than Asset Managers.
- When asked to evaluate their progress made to date on DEI in internal practices, 48% of respondents were “somewhat satisfied”, while 45% are “satisfied” or “very satisfied”.

The next section provides the questions and detailed results of the survey.

## DEI in Investments

### 1. How do you currently incorporate DEI within your investment process?

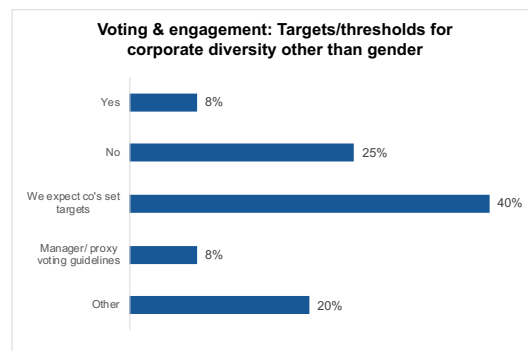
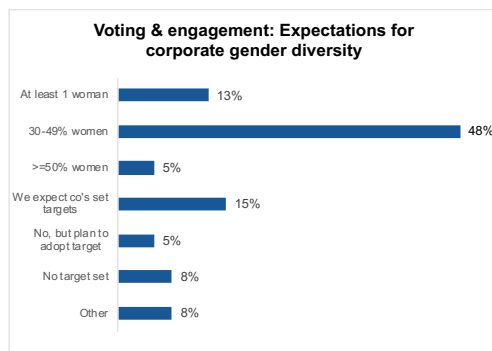


- The most common approach to integrating DEI into the investment process is through engagement (83% of respondents) and proxy voting (83% of respondents). These approaches were consistently ranked across asset managers and asset owners.
- Overall, 63% of respondents use monitoring as an approach while 55% of respondents incorporate DEI prior to making an investment, either through Due Diligence Questionnaires (DDQs) or other screening methods.
- Respondents could select more than one response.

The next two questions dealt specifically with voting and engagement practices.

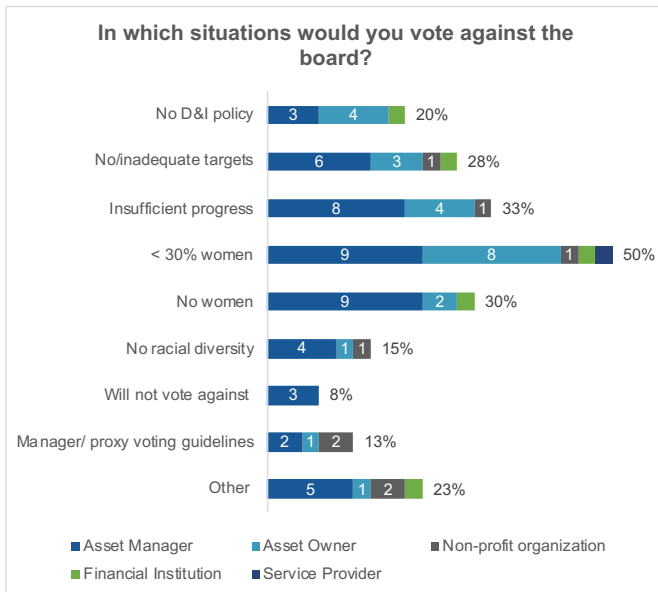
### 2. Have you established expectations for gender diversity for the board of directors and/or executives of Canadian public companies?

### 3. Have you established targets/minimum thresholds for underrepresented groups other than gender for the board and/or executives of Canadian public companies?



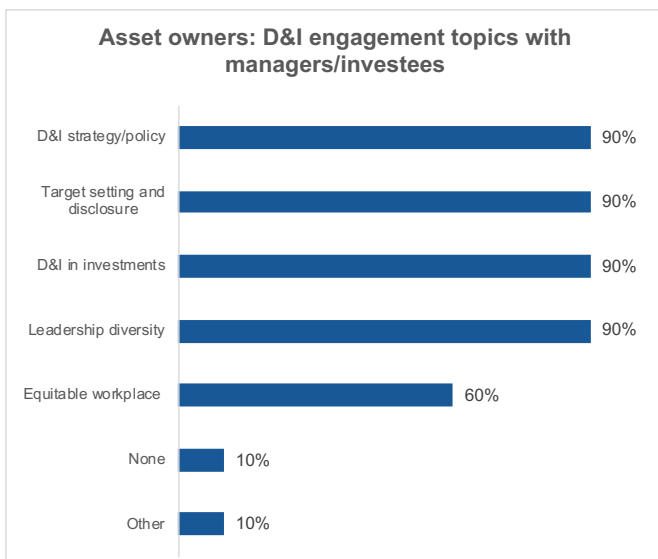
- 66% of signatories have specific targets for gender diversity while only 8% have targets for other underrepresented groups.
- A target of 30-49% women was the most common gender diversity target.
- 40% of respondents expect companies to set their own targets for diversity other than gender.

4. Generally speaking, in which situations would you **vote against (or withhold support for)** one or more board members of a Canadian public company?



- 50% of respondents would vote against/ withhold support if there are less than 30% women on the board.
- Other common circumstances for voting against/withholding support were: insufficient progress over time (33%), and no women on the Board (30%), no or inadequate targets set (28%) or no D&I policy (20%).
- Respondents could select more than one response.

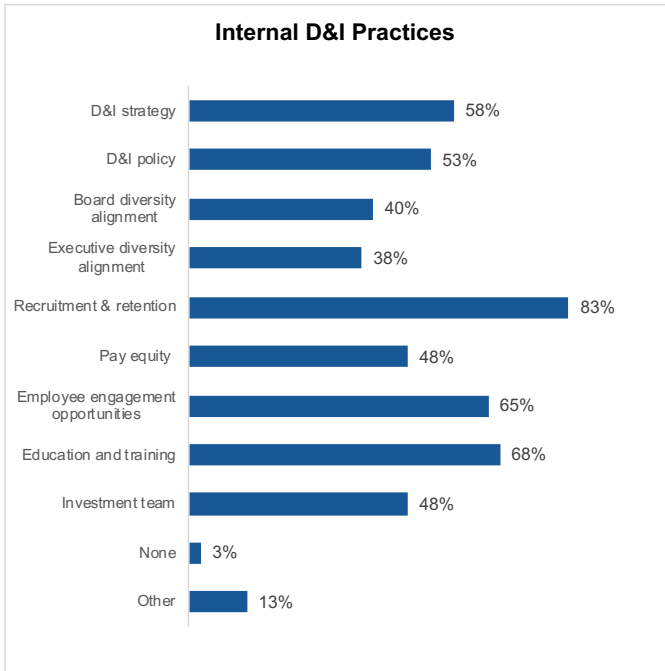
5. For asset owners: Which DEI engagement topics do you engage asset managers and/or portfolio companies on?



- 90% of respondents that are asset owners engage asset managers and/or portfolio companies on: DEI Strategy/DEI policy; Target setting and disclosure; DEI in investment strategies and processes; and Board/executive leadership diversity.
- 60% of asset owner respondents engage on equitable workplace practices.
- Respondents could select more than one response.

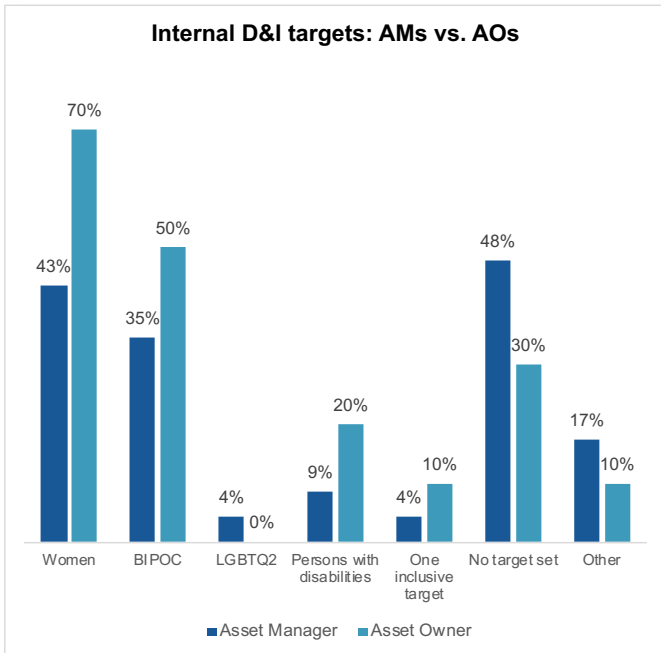
## Internal DEI Practices

### 6. Which DEI practices does your organization feature to align with DEI objectives internally?



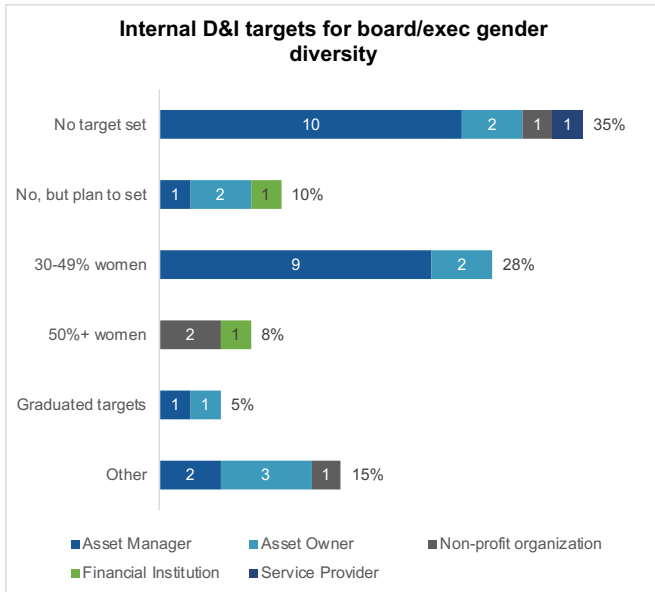
- 83% consider DEI in internal recruitment and retention practices.
- More than 50% of respondents use the following DEI practices: Education & training, Employee engagement opportunities, D&I strategy, and D&I policy.
- Respondents could select more than one response.

### 7. For which underrepresented groups do you have/expect to set targets within your organization?



- Overall, targets for women and BIPOC are most prevalent at 53% and 45% respectively while 35% of respondents had no internal targets set.
- Asset Owners have been more active in setting internal D&I targets than Asset Managers.
- Respondents could select more than one response.

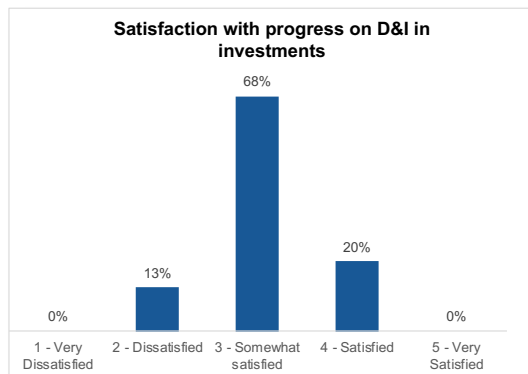
8. Does your organization have targets for gender diversity for the board of directors and/or executive leadership team within your organization?



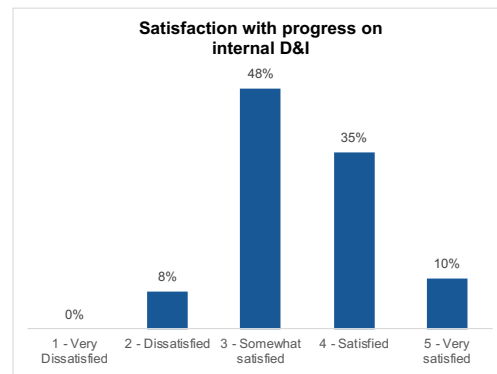
- 41% of respondents had targets for gender diversity for the board of directors and/or executive leadership team while 10% have plans to set them.
- 35% had no target set.
- Other category responses included respondents that have diverse leadership teams, but don't necessarily have an active target in place.

## Both DEI in Investments and Internal DEI Practices

9. On a scale of 1-5, to what extent are you satisfied with progress on DEI in your investments?



10. On a scale of 1-5, to what extent are you satisfied with progress on DEI within your own organization?



- Two-thirds (68%) of respondents reported they are “somewhat satisfied” with progress on DEI in Investments, while only 13% are “dissatisfied”, with no asset managers included in the latter group.
- One-half (48%) of respondents are “somewhat satisfied” and 45% “satisfied” or “very satisfied” with progress on Internal DEI Practices.
- The results indicate there is greater satisfaction around progress within their own organizations compared to progress made on integrating DEI in the investment process.

## DEI Roundtable – Summary of Discussions

The objective of the 2021 DEI Roundtable was to foster discussion among the signatories on progress made within their organizations and investment processes with regards to DEI, to share best practices, and to discuss results of the DEI survey. Asset owners and asset managers participated in four thematic breakout sessions: Proxy Voting & Engagement, Investment Process, Disclosure & Advocacy and Internal Practices. Summaries of key discussion points raised in the breakout sessions are as follows:

### Proxy Voting & Engagement

According to a recent EY report on board matters, investors showed record support for environmental and social shareholder proposals in 2021 including a substantial increase in the volume and support of proposals on DEI matters<sup>i</sup>. Proposals are asking for more quantitative data on representation as well as qualitative information on the progress of DEI efforts being made by corporations. In Canada, diversity disclosure has improved on gender related data, however, women continue to be underrepresented at the executive officer and board member levels. Participants noted that they had seen a shift in market sentiment as shareholder proposals increasingly focused on diversity beyond gender to include representation from other underrepresented groups, such as Indigenous peoples. Viewing diversity through an intersectionality lens should be a focus moving forward (e.g., to increase the representation of black, brown, and Indigenous women at the board level). In the US, investors are increasingly requesting racial audits and other reports that assess to what extent policies and unwritten norms reinforce systemic racism<sup>ii</sup>. Two other trends participants identified were around tying DEI goals to short and long-term compensation plans, and an increase in requests for pay equity data.

Participants discussed the merits of implementing rules in proxy voting guidelines that address a lack of gender or racial diversity. One commonly used guideline is to vote against the Chair of the Nominating Committee if the issuer doesn't meet the investor's threshold for board-level diversity. When deciding whether to vote for or against DEI-related proposals, shareholders should view them on a case-by-case basis to assess the justification for the proposal in conjunction with reviewing the company's current practices and investigating potential DEI controversies. Through engagement, investors can encourage companies to set diversity targets, implement DEI policies and strategy and improve DEI-related disclosures. A participant suggested a market initiative like Climate Action 100 could be launched, the DEI 100.

### Investment Process

All the participants were embedding DEI into their investment processes with engagement and proxy voting as the primary methods.

For Asset Owners, DEI is relatively early in its application in the manager selection process. Asset Owners may benefit from integrating DEI into their RFP questions and manager reviews. That could drive investment teams to integrate DEI into their investment process. DEI as an investment risk is gaining more attention. If ignored, investors may be exposing themselves to reputational, legal and controversy risks. Understanding a corporate culture is also important as it affects morale, retention, innovation and more.

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i [What boards should know about ESG developments in the 2021 proxy season](#)

ii [Racial Equity Audits: The New ESG Frontier](#)

It's up to the investor to decide if they want to exclude a company based on these issues or to engage with the companies.

DEI performance metrics are evolving and will help investors evaluate how well companies are progressing in their DEI pursuits. For example, mandatory gender and ethnicity pay gap reporting in the UK is helping to close the gap and putting pay equity higher on the agenda. Some participants expressed support for Canada following suit.

The industry is still learning how diversity within the investment team can affect outcomes. More research should be conducted in this area.

## **Disclosure & Advocacy**

While moving the DEI agenda forward centers around DEI-related disclosure, many corporations are hesitant to reveal this data. The discussion focused on practices and challenges within the data disclosure landscape and other initiatives that align with or support advocacy work in diversity disclosure.

Global disclosure standards are challenging when groups in various countries are classified differently; a country-specific approach is reasonable. The Statement is asking companies to align with the racial demography of Canada and not outside of Canada, where the demography could be different. While challenging, context is important and signatories that operate in other locations should try and include representation from those areas.

It is essential to understand that the barriers companies face in disclosing diversity data could be due to perceived legal risks or other perceptions (especially around identities with disabilities and sexual orientation) and not due to lack of data. At the same time, employees not feeling comfortable disclosing identity information could be a red flag about the organization's culture or the culture more broadly in the region it operates. Could it be a human rights issue to ask for disclosures from members of vulnerable communities? Human Capital Management tools such as WorkDay or external consultants can be used to gain internal demographics which are aggregated and anonymized. This may address the sensitivities around self-disclosure.

Standardization of diversity data can be challenging as the point of diversity embodies differences. Therefore, the approach to DEI reporting requires participants to have an open mind on how it is done and to consider reporting from an end-user perspective. The focus should be on goals and outcomes rather than on organizing the data to mirror how financial data is organized. Organizations should not let the lack of standardization be a barrier to disclosure. Companies should start by telling their own diversity story; disclosures on targets and goals and progress against those are considered best practice. Disclosure that also facilitates analysis on year-over-year trends and other tracking helps investors in their decision making and improves accountability.

There are other initiatives that align with or support advocacy work related to diversity disclosure. The 30% Club, another investor initiative primarily focussed on gender diversity, has started to expand its mission to set expectations on diversity beyond gender. Engaging with specific industries through industry bodies or trade associations about DEI would be an effective strategy in advocating for improved representation of underrepresented groups instead of or in addition to one-to-one engagement.

## Internal practices

While setting targets for representation is a common initial practice, work should first be done in developing interest internally around DEI and building trust within the organization. Part of a comprehensive DEI strategy should include raising awareness, providing education to employees, and engaging in dialogue.

When setting internal targets, it is common to start with the board and executive team. By starting with leadership, it may validate the collection of self-disclosed identification data. Setting targets at each stage of the employment cycle could help measure progress on diverse representation throughout the pipeline. There is increased pressure from shareholders, employees, and the public to have diversity targets as a type of accountability to measure progress. Targets must be thoughtful and reasonable to get buy-in from within the organization.

Employee surveys not only provide diversity data but can also provide important qualitative insights to the corporate culture and understanding of the lived experience of employees. If employee participation in providing the data is low, working with third-party consultants to create different strategies to increase the participation rate can be effective. Increasing the participation rate to a statistically significant level avoids collecting “biased” data on people more likely to participate in the survey. Communication is necessary when encouraging employees around the reasons for collecting this information, including advancing representation in certain groups within the organization. Employees from vulnerable communities may need reassurance that their individual identities are protected.

Training on unconscious bias can be beneficial as it provides a common ground where everyone can acknowledge that having bias is a part of human nature and that people need to be aware of their biases and disrupt them if they are hindering DEI progress. Mitigating unconscious bias can reduce stereotyping, change attitudes and create more inclusive workplaces. Voluntary focus groups created based on data collected in employee surveys can also be used to engage underrepresented groups and better understand lived experiences.

Participants highlighted that building trust with employees is crucial early in the DEI journey. Encouraging individuals to come forward and report DEI issues can also provide a measure of Inclusion because the willingness to report indicates psychological safety. Personality assessments that identify aspects of an individual’s personality and how best to communicate with them can be an insightful tool for Inclusion. Other impactful measures for building an inclusive culture include providing flexibility in the post-Covid working environment that considers individual circumstances. Flexible parental leave policies are also integral to an inclusive workplace culture.

And finally, legal frameworks vary significantly in collecting diversity data from one jurisdiction to another. It is a challenge for global investors who require information from regions where it is not permitted. Some investors are focused on designing their internal surveys in areas where they can collect information. In Canada, participants expressed hope that the designated groups will expand to include LGTBQ2+ and other dimensions which can provide greater insights into how to support their employees.



## Section 3 – Key Takeaways and Practical Applications

Signatories of the Canadian Investor Statement on Diversity & Inclusion are advancing DEI efforts by integrating DEI into their investment processes, setting expectations with investee companies, adopting internal DEI practices, and participating in RIA's surveys and roundtables to report on progress and share best practices. It was widely acknowledged, however, that while progress is being made there is still work to do. The following four themes and associated practical applications emerged from the survey findings and roundtable discussions.

### **Inclusion Only Comes When There Is Trust**

One major takeaway from the roundtable was that more work needs to be done around inclusion. While targets may help increase the diversity within an organization, care must be taken to create an environment where everyone feels valued and heard, and has the ability to reach their fullest potential. The work is unique to each organization and efforts need to be made to create psychologically safe spaces to explore the lived experience of underrepresented groups.

- Provide unconscious bias training to help mitigate stereotyping and reduce the likelihood that bias will negatively impact decisions.
- Administer employee DEI surveys to not only collect diversity data, but also obtain qualitative feedback on lived experiences from underrepresented groups. Use tools such as WorkDay or external consultants if employees need reassurance that their identities will be protected. Voluntary focus groups can also provide safe spaces for underrepresented groups to share their experiences and offer suggestions for improvements.
- Encourage reporting of DEI-related workplace discrimination or other incidents. Offer anonymous options such as a whistleblower hotline in case employees don't feel comfortable raising an issue with their manager or HR.
- Flexible parental leave policies and other policies that consider people's unique circumstances help forge trust and create an inclusive workplace culture.

### **Disclosures Need to Expand Past Gender**

New disclosure requirements in Canada have been expanded to include other members of “designated groups”; which include women, Aboriginal peoples, persons with disabilities and members of visible minorities<sup>iii</sup>. While this represents progress, investors can continue to advocate for stronger requirements, such as moving beyond the “comply or explain” approach and engaging with companies directly to expand their diversity disclosures.

- In Canada, investors can monitor the outcome from the EEA Task Force for updated designated groups and work alongside voluntary initiatives that already promote Equity-seeking/Equity-deserving groups, which factor in other dimensions of diversity. In the USA, encourage companies that are filing EEO-1 data to disclose the data publicly.
- Investors should encourage companies to tell their DEI story while also providing meaningful data to monitor progress. Quantitative and qualitative disclosures on targets and progress on goals are considered best practices.

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iii [Diversity disclosure guidelines](#)

## Asset Owners Are Leading the Way

The 2021 survey revealed that Asset Owners had higher rates of integrating DEI in their investment process and have been more active in setting internal DEI targets.

- Asset owners can incorporate questions on their due diligence questionnaire (DDQ) to assess how investment managers are approaching diversity, equity and inclusion in their investment process and in their own organizations. The PRI has a DDQ specifically on DEI available to asset owners on their website <sup>iv</sup>. These questions can be used in the manager selection and review processes.
- Databases such as eVestment collect and standardize DEI-related data from asset managers and can be used by asset owners to aid in their manager selection decisions. In addition, databases like eVestment's will encourage disclosure by asset managers because they may fall out of a search if their data is not available.

## Collaborative Engagement – Working Better, Together

The survey results showed that engagement, along with proxy voting, was the most common way to integrate DEI into the investment process with 83% of respondents using this approach. While one-to-one engagements have a role to play, joining investor-led initiatives and advocating at industry trade associations on DEI issues can be an efficient and effective strategy.

- Sign on to initiatives such as the Canadian Investor Statement on D&I, participate in DEI surveys and share best practices through the annual DEI Roundtable. Consider a commitment to the six principles under the CFA DEI Code, which also provides guidelines intended to operationalize culture change. It includes the commitments to inclusive and equitable practices such as talent acquisition, promotion and retention, and the obligation to measure and report on progress in driving better DEI outcomes.
- Encourage investee companies to work with third parties or initiatives, such as [“Call to Action #92”](#), [“BlackNorth Initiative”](#), and [“50-30 Challenge”](#), to raise awareness and guide diversity policies, understand the rights of Indigenous peoples and members of visible minorities, and apply a DEI lens to governance, leadership, and strategy.
- Create an investor initiative similar to Climate Action 100+ to engage with the world's largest corporate employers who are failing to meet key DEI performance metrics.

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iv [PRI launches diversity, equity and inclusion DDQ for institutional investors](#)

# Acknowledgments

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## Survey Methodology and Questions

The online survey was shared with all signatories and was open between August 20th and October 19th, 2021. Responses were received from 40 organizations. All information was self-reported by the respondents.

### Survey Questions

1. How do you **currently** incorporate D&I within your **investment process**?
2. Regarding voting and engagement: Have you established expectations for **gender diversity** for the board of directors and/or executives of **Canadian public companies**?
3. Regarding voting and engagement: Have you established targets/minimum thresholds for **underrepresented groups other than gender** for the board and/or executives of **Canadian public companies**?
4. Generally speaking, in which situations would you vote **against** (or withhold support for) one or more board members of a **Canadian public company**?
5. For asset owners: Which D&I engagement topics do you engage asset managers and/or portfolio companies on? Select all that apply
6. Which D&I practices or attributes does your organization feature to align with D&I objectives **internally**?
7. For which **underrepresented groups** do you have/expect to set targets within **your organization**?
8. Does your organization have targets for **gender diversity** for the board of directors and/or executive leadership team within **your organization**?
9. On a scale of 1-5, to what extent are you satisfied with **progress** on D&I in your **investments**?
10. On a scale of 1-5, to what extent are you satisfied with **progress** on D&I within **your own organization**?