

CFA Society to put together code on diversity, inclusion and equity for Singapore investment firms

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THE CFA Society in Singapore is working to put together a code on diversity, equity and inclusion (DEI) which it hopes will help investment management firms here build resilient businesses.

North America was the first to adopt the CFA's DEI Code in 2022, and the UK Code was launched last year. To date, the US and Canada have garnered around 180 investment organisations as signatories, representing over US\$18 trillion in assets.

The Business Times understands a working group of around 18 volunteers from 17 entities is tasked with the adaptation, development and adoption of the DEI Code in the Republic. The Singapore initiative is the first in the Asia-Pacific, with a target launch in the second half of 2024.

Margaret Franklin, president and chief executive of CFA Institute (CFI), said diversity in an organisation is key to staying ahead of the rapid pace of change. She is CFI's first female president.

"The changes to business and the industry are consequential and accelerating. That creates a landscape where you must have diverse perspectives, whether it's how you operate, hire people, or how you run your business and portfolios... It's getting to the heart of the organisation to say what needs to change to be able to attract different types of talent, and then to capitalise on that talent actually to rise up to leadership, because that's really where you change things."

There are over 190,000 CFA charterholders worldwide in more than 160 markets. In the US, 17 per cent of charterholders and 28 per cent of CFA programme candidates are women. In Singapore, women



The CFA Institute has decided that the DEI Code will be published by region, with specific implementation guidance for each region. Over time, it expects to create a "regionally adapted global DEI Code". PHOTO: BT FILE

comprise 29 per cent of membership and 42 per cent of candidates.

In terms of DEI, McKinsey says diversity refers to representation in the workforce, including gender, age, ethnicity and even neurodiversity. Equity refers to fair treatment for all so that one's identity is not predictive of opportunities. Inclusion refers to the degree to which organisations embrace all employees and enable them to make meaningful contributions.

Regardless of geography, CFA's DEI Code has six principles. These include expanding a diverse talent pipeline, designing and imple-

menting inclusive and equitable hiring and onboarding practices, and practices to reduce barriers to progress within the company. Members also undertake to use their position and voice to improve and promote DEI in the industry.

Measurement and regular reporting of DEI progress is another principle. Signatories have to submit a progress report to CFI, which will report industry-wide statistics once a critical mass is achieved.

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guidance for each region. Over time, it expects to create a "regionally adapted global DEI Code".

For the UK, for instance, specific references to US-centric cultural norms such as universities and colleges set up during racial segregation were removed.

For Singapore, the working group is discussing what is meant by diversity in the local context, "as we consider multi-generational workers (age diversity), physically challenged individuals and foreigners", said Cindy Tan, chair of DEI Code working group in Singapore.

Franklin said the effort to put together a DEI Code started with modest expectations of 40 signatories in the US and Canada around 2020.

"Two years into it, we are at almost 200 signatories. And we cover over 25 per cent of the world's global assets under management. It shows you the demand from the industry, and that's really the nub of the issue. The investment industry is there to deliver risk-adjusted returns for clients. So, 93 per cent of participants do this for business reasons.

"A healthy ecosystem has diver-

sity. Portfolio management is based on diversification that applies to teams and systems. So, for business reasons, we want a better system and more diverse perspectives. We want our workforce to look and feel and bring the perspectives of those who serve. It shouldn't be a small cabal."

She added: "How do you make people work together in a cohesive and productive way? You need inclusive practices, and policies and procedures to manage your business. The resilience of the business will be better than if you have a monolithic system, which is generally much more fragile and vulnerable."

Ultimately, one of the goals is to attract and retain top talent, a perennial challenge in resource-scarce Singapore.

Franklin said: "We aim to attract the very best to the business, and they expected a diverse system. As you start to apply the DEI principles, it will surface and reveal a lot about your own system. Culture is almost at the heart of this. You may hire lots of people, but if your turnover is very high, it costs you a lot to onboard them. You got nothing out of them if you're off-boarding too. This gets to your inclusion component, which is retention."

She said the Covid-enforced experience of global meetings via Zoom was an "amazing petri dish experiment" on inclusion.

"What happens when one culture doesn't talk over others? Americans in particular, just jump right in... How do you make sure that people in Asia-Pacific don't get overlooked for promotion?"

"How do we make sure that we're building out our talent in a way that we really capitalise on the diverse talent that we have? This is much more about having a better ecosystem for better returns and a better employee experience."