

FSC Guidance Note No. 38



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Improving Gender Balance within Investment Management Teams – Guidance Note

27 November 2020

Who does this Guidance Note apply to?	<i>Improving Gender Balance within Investment Management Teams – Guidance Note</i> is relevant to FSC Investment Management Members who have investment management functions within their Australian businesses.
Effective Date	27 November 2020
History (prior versions)	Second iteration. The first version commenced 1 October 2020.
Purpose	The main purpose of this Guidance Note is to assist Investment Management Members to improve the representation of women in investment management teams over time.

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Summary of Key Points

- This Guidance Note includes practical suggestions firms can consider implementing to improve gender diversity in investment management teams.
- When implementing an initiative, it is important for the business to clearly communicate the objective of the initiative and why it is important for the success of the business.
- It is helpful for organisations to provide visible support to and engage executives and senior management to implement the program/initiative.

1. Title

- 1.1 This Guidance Note may be cited as *FSC Guidance Note No. 38 Improving Gender Balance in Investment Management Teams – Guidance Note* (referred to as the **Guidance Note**).

2. Background

What is diversity?

- 2.1 Diversity is about creating an environment which enables everyone to perform and progress to their potential by respecting and appreciating what makes them different in terms of age, gender, ethnicity, religion, disability, sexual orientation, education, socio-economic background and national origin.

Why is diversity important?

- 2.2 There is extensive research which shows that a diverse and inclusive organisation will perform better and build long term value for its current and future customers, shareholders and employees by enabling diversity of thought¹, creativity, improved decision making, and better financial performance.
- 2.3 Global research shows that gender balance is lacking in senior management levels in financial services. Domestic surveys into funds management have also shown the lack of gender balance in investment teams. A Frontier Advisors 2017 survey² of Australian and global equity managers found that there was low female representation in investment teams of Australian equity managers, which at 14% was much lower than the 22% representation of women surveyed in global investment teams. The survey also found that the largest representation of women is in the entry level or junior finance roles – women only make up around 2% of Portfolio Managers and are not represented at the Founder, Chief Investment Officer or Head of Equity level.

¹ [Juliet Bourke \(2016\) Which Two Heads Are Better Than One? How Diverse Teams Create Breakthrough Ideas and Make Smarter Decisions - Australian Institute of Company Directors.](#)

² Frontier Line - The Power of Gender Diversity in the Workplace: The Investment Management Experience (Issue 138, 2018) by Frontier Advisors.

Diversity Working Group

- 2.4 The Diversity Working Group (**Diversity WG**) was formed under the purview of the former FSC Investment Board Committee, now the Fund Management Board Committee, which is responsible for developing strategies and policies in relation to funds management.
- 2.5 The Diversity WG has identified gender diversity in investment management as a specific area of focus, to begin with, which will assist with achieving clear outcomes. The Diversity WG is supportive of diversity in its broadest sense, where everyone can perform and progress irrespective of any difference and intends to broaden out its focus in due course.
- 2.6 In 2019 the Diversity WG developed a gender diversity resource library³ to provide individuals and firms with research reports and articles which explore issues related to gender diversity, as well as diversity more broadly, in financial services and funds management. The resources explore gender representation data in financial services and investment management, the benefits, challenges as well as how to improve representation outcomes.
- 2.7 This Guidance Note has been developed to provide individuals and firms with practical guidance to improve gender diversity in investment management teams. Whilst this Guidance Note has a specific focus, firms may also benefit from applying the suggestions more broadly within their business.
- 2.8 Organisations are at liberty of taking on board a few specific suggestions in a particular area such as recruitment and talent management or may wish to focus on implementing a range of initiatives across a range of issues. It is up to the organisation to decide which areas to focus on and determine which initiatives would best assist them with improving gender diversity in their investment management teams.

Setting up for success

- 2.9 When implementing a particular initiative to improve gender representation, whether it be in the area of mentorship and sponsorship or management training, it is important that the organisation:
- clearly communicates the objective of the initiative or program (which is to increase gender diversity) and why this is important for the success of the business; and
 - provides visible support to and engages executive and senior management to implement the program or initiative.
- 2.10 It is helpful also to engage senior executives and managers as part of the process in improving gender diversity outcomes. This includes identifying men, as well as women,

³ <https://www.fsc.org.au/policy/investment-management/gender-diversity>.

who are willing to act as allies, to further enhance inclusion and empowering them to act as promoters.

3. Statement of Purpose

- 3.1 The purpose of this Guidance Note is to provide investment management members with practical guidance to improve the gender balance within their investment management teams over time.
- 3.2 This document is intended to be informative and includes relevant background information and explanations related to various concepts.
- 3.3 The Guidance Note is a voluntary initiative and is aimed at giving organisations, with an internal investment management function, who have a desire and commitment to gender diversity, a framework within which to achieve greater gender balance and increase the representation of women in investment management teams.
- 3.4 The Guidance Note does this by suggesting the considerations, policies or processes that an organisation can take into account in the following areas:
 - 3.4.1 Recruitment and Talent management (see Section 7)
 - 3.4.2 Management Training and Leadership (see Section 8)
 - 3.4.3 Mentorship and Sponsorship (see Section 9)
 - 3.4.4 Policies Supporting Increased Gender Balance (see Section 10)
 - 3.4.5 Policies around Parental leave (see Section 11)
 - 3.4.6 Summary of Practical Steps (see Section 12)
 - 3.4.7 Women in Investment Management Charter (see Section 13)

4. Effective Date

- 4.1 This version of the Guidance Note is effective on and from 1 January 2021.

5. Application of the Guidance Note

- 5.1 This Guidance Note is voluntary and adoption, in part or in full, is encouraged. This document is intended to be a practical resource for those organisations which are aiming to achieve greater gender balance in their investment management teams.
- 5.2 This Guidance Note is intended to apply to Full Members of the FSC who are investment managers and have investment management functions internally within their Australian business. Some parts of the Guidance Note may also be relevant to investment managers who have outsourced investment capabilities provided by a third party or by a related firm. It is considered good practice for such investment managers to seek input from third party and/or related investment managers as to whether they support and adopt the Guidance Note.
- 5.3 When referring to “investment management” functions or capabilities the following is meant:

Staff who are actively involved in the investment function or have an investment execution role, such as Portfolio Managers, Investment Research or Quantitative Analysts, traders and other relevant staff who are involved in the investment management function as defined by the member organisation.

6. Review of Guidance Note

- 6.1 The Diversity Working Group will review the Guidance Note annually to review the document's relevance and suggest the making of appropriate amendments,
- 6.2 As part of the review, the FSC intends to survey investment management firms annually to see if firms are tracking gender representation in investment management teams internally and where sufficient data is made available, will report progress at an aggregated level.

7. Recruitment and Talent Management

Summary of Key Points

There are a number of initiatives which firms can consider implementing in relation to Recruitment and Talent Management, such as;

- Encouraging hiring managers and recruitment firms to identify a gender-balanced list of candidates with a focus on candidate attributes that demonstrate aptitude, capability and relevant or transferable skills to increase the size of the talent pool;
- Utilising structured interviews which allow for clearer comparison of responses between candidates and seek to reduce unconscious bias;
- Fostering firm wide participation and support through a variety of different talent and diversity and inclusion initiatives, ranging from rotating positions in Graduate programs which include time within investment teams, mentoring programs and building feeder teams to identify and develop talent across the business.

The following section includes relevant issues and considerations that firms may wish to consider in relation to recruitment and talent management.

External Relationships

- 7.1 The aim is to request recruiters provide a diverse slate of candidates being 50% male and female candidates to hiring managers where possible when filling roles. The objective is to achieve a gender balanced long list of candidates and, as practicable, to maintain gender balance through the process. Firms may also consider using agencies that specialise in job sharing, where appropriate, to capture a wider group of female candidates. Consideration could be given to deeper strategic partnerships with external organisations – especially in specialist women's networking groups to serve as constant exposure to strong female talent and move towards head hunting diverse talent rather than waiting for talent to apply for advertised roles. Examples include Future IM/Pact Ambassador and F3 Future Females in Finance (please refer to the [FSC Diversity Resource Library](#) for more information and a link to the relevant resources).

Recruitment Process

- 7.2 When recruiting for a position, it is beneficial for firms to ask recruiters specifically to think broadly and look for candidates with relevant or transferable skills, and not necessarily those who are already in the advised position.

- 7.3 The recruitment process begins with the job description. State the minimum requirements only (i.e. tertiary qualifications, experience and flexibility i.e. hours physically required in the office) in Job Descriptions. Also include relevant or transferable skills in the Job Description (to encourage a broader range of candidates to apply) and consider whether Job Descriptions contain 'gender neutral' language to appeal to all potential candidates. It may also be appropriate to consider including your firm's 'diversity statement/commitment' on all job descriptions.
- 7.4 Ensure the recruitment process includes diverse interviewers (at least one female interviewer as part of the hiring process) – candidates need to meet diverse staff throughout the recruitment process and avoid feeling like they would be the only staff member outside of a dominant demographic. This will also ensure that candidates are assessed fairly by individuals with different backgrounds to avoid bias. This should fall under the responsibility of the hiring manager.
- 7.5 Supplement your organisation's traditional recruitment campaign forums (LinkedIn, Corporate website posting, etc.) to include non-traditional or emerging forums which may have an explicit focus on attracting diverse candidates. For example, BEAM specialises in part-time professionals⁴, Puffling specialises in those seeking flexible work⁵ and industry specific email distribution lists.⁶
- 7.6 Encourage hiring managers to consider a broad range of candidates rather than just hiring the person with the most experience. Provide training for Managers on what to look for within a candidate's Curriculum Vitae focusing on attributes which demonstrate aptitude, capability and relevant or transferable skills (rather than purely focusing on years of direct experience) with the objective to look beyond the typical groups and traditional experience and instead, consider females with the necessary or transferrable skills to perform the employment function (i.e. accounting/science/maths backgrounds).

Example: when interviewing for an analyst role give an assignment to candidates i.e. running risk and performance analysis or ask them to present on an investment fund using a range of process documents (to demonstrate understanding); provide a problem and ask them to solve (demonstrate heuristic diversity).

Organisations also can consider Individuals who have transferable skill sets and great potential, for a role in investment management by supporting them with suitable training and development to succeed in investment management.

- 7.7 Consider structured interviews and panel interviews. Studies⁷ have shown that "unstructured" interviews are among the worst predictors of actual on-the-job performance. A structured interview process aims to reduce unconscious bias by standardising the interview process by posing the same set of questions to all candidates, allowing for clearer comparisons between their responses. Panel interviews

⁴ <https://www.beamaustralia.com.au/>.

⁵ <https://www.puffling.com.au>.

⁶ WomeninSuper sends an email to members of current vacancies.

⁷ Harvard Business Review, *How to Take the Bias Out of Interviews*, April 18, 2016.

allow multiple interviewers to interview a single candidate simultaneously. These panels bring a number of benefits to the process such as making the process more efficient and organised; reducing the impact of unconscious biases and increasing collaboration and alignment on the roles being filled.

Retention and Talent Management: Organisational Practices

- 7.8 For graduate programs consider having a permanent rotating position in the investment team so graduates can gain initial exposure or a 'foot in the door'. It is also worthwhile considering internships.
- 7.9 Commit to building diversity in 'feeder' teams or groups to foster and develop diverse talent which may include related functions (for example product or compliance and risk) or a 'Master program' which identifies talent across other business units or functions in staff with tertiary qualifications.
 - 7.9.1 Leaders of these teams need to share commitment to diversity objectives and similarly have policies in place to foster culture of inclusion to recruit, develop and retain diverse talent.
 - 7.9.2 Consider rotational leadership as another mechanism for introducing more female talent. The focus of rotational leadership is to create the opportunity for women to gain experience in leadership roles through secondments within the business, for example by undertaking secondments in different divisions within the organisation.
- 7.10 *Talent Development*
 - 7.10.1 It is recommended that there be firm-wide participation and support of initiatives⁸.
 - 7.10.2 CEO leadership team: Focus on awareness, talent, business operations and results.
 - 7.10.3 Diversity Committee: Provides guidance and support the direction of the firm's Diversity and Inclusion (**D&I**) strategy through business and talent-driven initiatives.
 - 7.10.4 Mentoring and Sponsorship: engage leaders across the firm in promoting the development and advancement of women through sponsorship⁹, advocacy and mentorship.¹⁰

⁸ For clarity, any reference to firm or firm wide participation refers to the Australian funds management business where an organisation is part of a global operation. Further, firm wide participation refers to embedding the culture that the whole organisation is responsible for implementing certain initiatives.

⁹ A sponsor is someone more senior than the sponsee who will help use their influence to advocate for someone, and make the more visible, in the business.

¹⁰ Section 9 of this Guidance Note for further information on mentoring and sponsorship.

- 7.10.5 People managers: Focus on mitigating bias to ensure hiring, development and retention of female talent while sustaining an inclusive environment.
- 7.10.6 Human Resources: build D&I capabilities cross-functionally including recruiting practices, development opportunities, training to build skills and coaching managers.
- 7.10.7 Business networks: Internal and cross-industry groups may help women build their network, share tips for success and build confidence and acumen.

7.11 *Hiring & Onboarding*

- 7.11.1 Cast a wide net – become a talent scout and encourage all employees to use their networks to find talent.
- 7.11.2 Insist on a diverse candidate pool and diverse interview team.
- 7.11.3 Be aware of biases in the interview process.
- 7.11.4 Ensure you focus interviews on competencies, using behavioural interviewing questions.
- 7.11.5 Consider how candidates will complement the existing team.
- 7.11.6 Have an onboarding or orientation program for the new hire to help them familiarise themselves with the business and its strategy, their team and listing any compliance and regulatory requirements. Consider setting up introduction meetings in the first few weeks with relevant staff members so the new hire can quickly meet key people within the business.
- 7.11.7 Help new employees “learn the ropes” while leveraging their strengths.
- 7.11.8 Have a formal onboarding plan for new employees with specific objectives using milestones to measure progress for at least the first six months.
- 7.11.9 Ask about and listen to the needs of new employees.
- 7.11.10 Assign a buddy mentor to help out with unwritten rules, navigate the firm, and build relationships.

8. Management Training and Leadership

Summary of Key Points

- Consider providing training and development for management for how they can foster diversity and female development within their own teams as well as within management behaviour and practices
- Female development can be fostered in a range of ways including focusing on individual talent, establishing an employee network that supports diversity and also fostering a culture which seeks different views and perspectives within teams and organisation.

Policy Recommendations:

- 8.1 Firms should endorse inclusive leadership practices which support treating individuals fairly, appreciating their uniqueness and accepting persons as members of the team or the group.¹¹
 - 8.2 Providing optional unconscious bias training for managers (offered by firms such as the 'NeuroLeadership Institute'). The training should be offered on an optional basis and not mandatory, with research suggesting that mandatory training can be counterproductive and further entrench particular views. This is explained in further detail in the research by Frank Dobbin and Alexandra Kalev (2016) Why Diversity Programs Fail which was featured in the Harvard Business Review.¹²
 - 8.3 Executive presence training for senior females and development programs for high potential, less tenured females – provide opportunity for females to participate in People Leadership programs.
 - 8.4 Consider training on 'intergenerational change' to allow managers to adapt and gain comfort with Gen Z and different interviewing formats e.g. video interviews.
 - 8.5 The following section outlines how managers can support diversity and female development in teams.
 - 8.5.1 Organise & Assign Work:
 - Get to know each person on your team and what they can and want to do
 - Seek to leverage strengths of each individual in creative ways
 - Build development plans that enhance individual strengths aligned with business goal
 - Monitor how you distribute stretch assignments and work opportunities
 - Share important information equally among all team members
 - 8.5.2 Manager behaviour:
-

¹¹ See Deloitte's paper on 6 signature traits of inclusive leadership for more information available [here](#).

¹² <https://hbr.org/2016/07/why-diversity-programs-fail>.

- Seek to operate through an "understanding lens" vs. a "judgmental lens" before making decisions
- Ensure those who are directing work or mentoring informally are not showing favouritism and creating micro-inequities within the function
- Reward and recognise efforts and accomplishments of everyone
- Actively seek differing views and perspectives
- Be mindful of in-group vs. outgroup team patterns (i.e. who do you spend time with outside of work?)
- Build authentic relationships with people from different backgrounds than your own

8.5.3 Develop & Motivate:

- Take a sincere interest in each person's development
- Discover how each person is motivated and manage to that to get the best out of everyone
- Recognise and reinforce the importance of a growth mindset in the development and motivation of new employees
- Provide the same level and quality of feedback to all employees
- Empathise with others by listening and trying to "walk a mile in their shoes"
- Consider rotational leadership as another mechanism for introducing more female talent.

8.5.4 Manage & Reward Performance:

- Ensure performance is evaluated objectively to job requirements
- Consider how cultural and personal backgrounds impact perceptions of role, title, promotions
- Seek objective and specific feedback to ensure evaluation is fair
- Listen for a balanced view in performance evaluations to avoid "halo or horn"¹³ effect
- Be mindful that you are not unconsciously growing talent that mirrors you or your style

8.5.5 Create structured sponsorship programs (see following section for further details around sponsorship program).

8.5.6 Establish employee networks that promote and support diversity in the workplace. These groups help employees come together around a common goal, share their unique perspectives and increase their visibility across the company. They also create opportunities for networking and professional development. Participation in employee networks should be completely voluntary. Examples include but are not limited to: professional women's, pride (supporting LGBTI employees), CFA (or other professionals), working parents, Toastmasters.

¹³ The 'halo' or 'horn' effect is a cognitive bias that causes you to allow one trait, either good (halo) or bad (horns), to overshadow other traits, behaviours, actions, or beliefs.

9. Mentorship and Sponsorship

Summary of Key Points

- research has found sponsors programs, which promotes an individual and makes them visible within the organisation, may be more important than having a mentor to help female career progression
- Consider establishing a formal sponsorship program, with clear outcomes

9.1 Whilst both mentoring and sponsorship programs can help women develop, research suggests sponsorship could be more important to help females progress in their careers.¹⁴ In this context, it is important to highlight the difference between a mentor and a sponsor. A mentor provides guidance and advice to support and develop the mentee; while a sponsor is someone more senior than the sponsee who will help use their influence to advocate for someone in the business. The sponsor will help to promote an individual and make that person more visible in the organisation.

9.2 Formal sponsorship programs with senior male sponsors can be particularly effective in having a tangible impact, since women have fewer informal opportunities for gaining access to senior leaders.

¹⁴ [Why Men Still Get More Promotions than Women.](#)

9.3 Sponsorship Programs

Case Study of a Sponsorship Program

A fund manager has implemented a sponsorship program within their business to build and support a pipeline of leaders for the organisation and help bridge the male/female achievement gap.

The Sponsorship Program pairs one Global Executive (EVP level) with one women’s network member (VP+) to achieve one of the following goals, as agreed upon by the sponsor and the sponsored member:

- 1) Transition into a strategic role
- 2) Address development goal
- 3) Attain a promotion

The sponsored member will state their goal and desired outcome on their application. They will be matched with a sponsor to provide guidance on and opportunities to support achievement of stated goal.

The length of the program is anticipated to be 12-18 months, depending on goals and results mutually agreed by sponsor and sponsored member.

	Sponsor	Sponsored
Role	Use strong influence to help sponsored member gain high visibility, build requested skill, and obtain stated goal. Communicate and agree with sponsored member and her manager on goals and actionable outcomes.	Manage and drive relationship with sponsor by outlining career development needs and highlighting areas where sponsor can assist. Seek active advice both from sponsor, manager and peers to work towards the common goal.
Expectations	Understand sponsored member’s goals and recommend a course of action. Take appropriate actions to provide opportunities for sponsored member. Evaluate sponsored member’s career development with manager. Observe sponsored member in work settings and introduce/advocate for her with global decision makers.	Drive sponsor / sponsee relationship and provide an evaluation of her progress to goal periodically. Work with manager to identify areas of development and stretch assignment(s). Pay it Forward to another network member.

9.4 Start at the top and have a concrete outcome in mind.

- 9.4.1 Make sponsorship an integrated part of your talent and succession program.
- 9.4.2 Hold sponsors accountable for their sponsee’s progress.
- 9.4.3 Celebrate success.
- 9.4.4 Recognise the two-way benefits of the relationship.

- 9.5 Consider partnering with external mentoring programs (Chief Executive Women/Finsia/Women in Banking Finance) to assist with sourcing mentors in investment roles (as may be limited internally).

10. Policies Supporting Increased Gender Balance

Summary of Key Points

- flexible work arrangements can assist with staff retention and has a range of benefits including higher engagement, less stress and reduced turnover
- There are many types of flexible work arrangements which firms can consider including altering start/finish times, compressed schedules, reduced schedules or flexible workplaces where employees can work from different offices
- Making flexible arrangements available to all staff and senior leadership adopting flexible options and leading by example can assist in firm take up of such arrangements and embedding a culture which normalises and supports flexible work arrangements.

Flexible Work Arrangements

- 10.1 Organisations are encouraged to consider the benefits of flexible work arrangements and the various options available to assist in retention of female (and male) staff:

10.1.1 Work-life integration is a recognition that technology has blurred the lines between when we are working and when we are not. Work-life integration is about how to get the best work productivity and satisfaction as well as the best family/personal happiness when these domains are no longer clearly separated by a commute to the office¹⁵.

10.1.2 Flexible working, or agile working, has been found to have many benefits: one study found that employees with access to flexibility showed “[55% higher engagement, 55% less stress and 45% lower turnover intention than employees who do not](#)”.¹⁶

- 10.2 The benefits of flexible working:

- Encourages employees to go the ‘extra mile’ for their employers
- Leads to higher levels of job satisfaction and employee engagement
- Boosts motivation: nine out of ten employees feel it is a more important motivator than financial incentives and 81% felt it made them more productive¹⁷
- Reduces absence rates and stress (especially for those with caring responsibilities)
- Helps organisations be more responsive to customer demand and more agile.

¹⁵ www.blog.flexcareers.com.au.

¹⁶ Page 5 (2018) Diversity Council Australia, *Myth Busting Flexibility: Using Evidence to Debunk Common Myths and Assumptions*, Sydney, Diversity Council Australia.
https://www.dca.org.au/sites/default/files/busting_flexibility_myths_online_report.pdf

¹⁷ CIPD (2018) ‘Flexible Working: The business case’. Available [here](#).

10.3 There are many types of flexible working arrangements – there should not be a ‘one size fits all’ approach. Employers and employees should work together to identify appropriate flexible work arrangements for the employee and the requirements of the role. This may include incorporating some of the following flexible arrangements:

10.3.1 Time: Altering the start and/or finish times of a working day but maintaining the same number of regularly scheduled hours.

10.3.2 Compressed Schedule: Altering the start and finish times of a workday to compress the employee's scheduled hours into fewer than 5 days.

10.3.3 Reduced Schedule: Working fewer than the regular scheduled hours for the employee's business or location.

10.3.4 Flex Place: Routinely working away from the employee's assigned office. This may include working from home, a remote location or a satellite location.

10.3.5 Job Share: More than one employee sharing a position on an ongoing basis.

How to ensure success in flexible work arrangements

10.4 Flexible working options should be available to all employees.

10.5 Flexibility may be new to many of your workers and managers. Start everyone off on the same page by providing thorough training on your flex policy [see risemart.com] and how it will be implemented.

10.6 Communication is key to a successful flexible work arrangement. It is important for managers and employees to be upfront about their expectations and be fluid if things come up or circumstances change. Continual health checks of the working arrangement will help foster a culture of transparency, trust, and collaboration. This will ensure that the right people will be available to work together at the right times, even if they're in different time zones.

10.7 Provide ongoing training sessions on your workplace's flexibility policy. Make sure managers know how to handle remote workers and maintain highly productive, collaborative teams, even when they don't have constant face time with all employees. Training sessions could include case studies from across the business and what is working well for other team members or employees.

10.8 Senior leaders should lead by example and adopt flexible work options themselves. Make sure they champion flexible working themselves in order to act as role models and destigmatise the practice.

Case Study

Commenting on the success of the flexible work arrangements policy in their funds management firm, the turning point for this particular firm was when men within the business started utilising flexible work arrangements. This helped to destigmatise the initiative and encouraged greater take up of employees using flexible work arrangements.

10.9 It is important to have the necessary IT infrastructure in place to enable employees to work effectively when outside of the office. Working remotely means working in a flexible way – whether employees work at client sites, in transit (including hotels and airports) or at home.

- 10.10 Use collaborative tools such as OneNote, Google Docs, Dropbox and WorkForce so employees can share work in real time from remote locations. Use Zoom, FaceTime, Skype, webinars and other tools to promote integration when working remotely.
- 10.11 Measure outputs not face time. Shift to a results-based system [huffingtonpost.com], where a worker's actual output of completed tasks is the criteria used to judge success.
- 10.12 It is important for managers and employees to be upfront about their expectations and be fluid if things come up or circumstances change. Continual health checks of the working arrangement will help foster a culture of transparency, trust, and collaboration. This will ensure that the right people will be available to work together at the right times, regardless of location.
- 10.13 Specify flexible working in recruitment ads – few roles are advertised as flexible, which is a huge mismatch given the number of people who want to work flexibly. By advertising a role as flexible you can attract top talent that otherwise may be out of reach.

11. Policies around Parental Leave:

Summary of Key Points

- Providing support to staff before, during and after parental leave can assist with employee retention rates
- This includes promoting a culture where
 - men also feel able to take full advantage of parental leave
 - it is seen as a brief interlude not a major disruption to a career
- Seeking feedback during exit interviews as a useful means of identifying whether there are any cultural issues or women are feeling sufficiently supported in managing career and family responsibilities.

- 11.1 Best practice employers provide comprehensive support to expecting / new parents in the period before, during and after parental leave. Best practices may include:
- 11.1.1 Ensure parental leave policies are non-discriminatory and accessible and equitable for all soon-to-be-parents.
- 11.1.2 Parental benefits for working parents should apply to both mothers and fathers, recognising that companies have an obligation to equally support all family models. Moreover, balanced family commitments have an important impact on achieving gender equality in businesses.
- 11.1.3 Managers should be given training on company policies and tips for how to best support employees taking parental leave.
- 11.1.4 Employee communications and coaching to ensure they are aware of support available to them.
- 11.1.5 Consider enhanced parental leave for secondary care givers.

- 11.1.6 Promote a culture where men feel able to take full advantage of parental leave. Managers should proactively ask expectant fathers if they are planning to take paternal leave and discuss how work can be re-assigned to cover the leave period.
- 11.1.7 Support an organisational culture that positions parental leave as a brief interlude, not a major disruption. Healthy organisational cultures also focus on outputs over face time.

11.2 *Pre-Parental Leave*

- 11.2.1 Having clear parental policies in place that are equitable to everyone may help to alleviate employee concerns.
- 11.2.2 Support services and advice for expecting parents.
- 11.2.3 Open dialogue to ensure employees are made aware of their choices (e.g. length of leave if applicable, frequency of contact during leave, timing of return to work etc.).

11.3 *Support during leave*

- 11.3.1 Ongoing communication is key to ensure employees don't feel alienated after a long period of absence.
- 11.3.2 Keep employees on leave informed of important events or changes in the business and industry.
- 11.3.3 Consider paying an employee's superannuation guarantee contributions during unpaid portions of maternity leave to reduce the impact of time taken off work.
- 11.3.4 Offer "check-in days" (which are paid days) during leave ahead of a gradual return to work. This provides the opportunity for employees to come back to the workplace and spend time with the team.

11.4 *Returning to work*

- 11.4.1 Returning to work programs should include all types of parents.
- 11.4.2 Firms should not assume that returning women want an easier staff job and therefore a less profitable career track (PwC have reported that although 76% per cent of professional women want to return to work, three in five highly skilled women ended up in lower-skilled and lower-paid jobs).
- 11.4.3 Offering reduced hours or a phased re-entry to work may make readjustment smoother. Have this as a formal policy available to all new parents to reduce stigma.
- 11.4.4 Mentoring programs for returning employees, where high performers who are more experienced caregivers are matched with high performers who are new parents.

- 11.4.5 Ensure employees who are breastfeeding have suitable facilities available such as a private room for breastfeeding, somewhere employees can store a breast pump and a fridge to store milk.
- 11.4.6 Managers should ensure employees return to meaningful assignments and promotional opportunities and maintain their career path.
- 11.4.7 For employees that have fully left the workforce for a number of years and are looking to re-enter the workforce, employers might consider internship programs or supported onboarding programs that lead to permanent roles.
- 11.4.8 The program should build in flexible working (decide in advance the range of options including where people work, when and how much – building in flexibility for individual circumstances).
- 11.4.9 UBS have a successful career comeback program¹⁸ where they aim for director and senior-level roles and have found a ‘huge wealth of talent that were operating at that level before taking a break, but who are being overlooked by standard recruiting methods.
- 11.4.10 Line managers and recruiters may need training and support to help them look past the career break and at the skills, competencies and life experience the candidate brings.

11.5 Ongoing support

- 11.5.1 Subsidised childcare or an onsite crèche.
- 11.5.2 Employees required to travel for work may be provided extra childcare support.
- 11.5.3 Being mindful of family commitments e.g. meetings scheduled early in the morning or late in the afternoon may not be practical for parents who have to take their children to daycare / school.
- 11.5.4 Offer access to third party support programs and counselling services to help all employees navigate work/life management during their career.

11.6 Other

- 11.6.1 Exit interviews – can be a useful means for identifying whether there are cultural issues or to find out whether women are not feeling sufficiently supported, for example in being able to also meet/juggle family or carer responsibility, resulting in females leaving the organisation.

¹⁸ <https://www.ubs.com/global/en/careers/career-comeback/apply-now.html>.

12. Summary of Practical Steps

The following section outlines a number of practical steps which organisations may wish to implement. Organisations may choose to add some of these but are not expected to incorporate all of these. Businesses may find it useful to focus on a few specific initiatives in order to implement them well and are not expected to incorporate all of these.

- 12.1 Review the firm's recruitment and talent management processes and systems. Firms may want to encourage a broad range of candidates with transferable skills to be considered, requesting recruitment firms provide a balanced split of male and female candidates where possible and consider introducing feeder or pipeline programs which bring new talent into the organisation or upskill existing talent to move into investment management teams.
- 12.2 Focus on management training and leadership, including encouraging firm-wide participation to support diversity and female development. This can include looking at the way work is organised and assigned to build capacity, encourage different views and perspectives to be shared, create structured development programs to develop staff.
- 12.3 Implement mentorship and sponsorship programs, with a particular focus on sponsorship programs which can be more beneficial (than mentorship) in assisting female career progression within the organisation.
- 12.4 Focus on implementing policies which increase gender balance and facilitate staff retention such as flexible work arrangements and creating a culture where this is accepted and utilised by staff within the business.
- 12.5 Consider implementing policies around parental leave that focus on promoting a culture which supports parental leave, promotes policies that are equitable and also encourage males to take parental leave, and positions it as a brief interlude not a major career disruption.

13. Women in Investment Management Charter

Summary Key Points

- To help improve gender balance in investment management teams, fund management organisations can consider adopting a gender diversity target by signing up to the FSC Women in Investment Management Charter which entails introducing accountability and transparency mechanisms to enable organisations to achieve their desired, self-nominated, gender diversity target.
- By adopting the FSC Women in Investment Management Charter the fund manager agrees to:
 - appoint a senior executive from the investment management team who is responsible and accountable for gender diversity within the investment management team
 - set internal targets for gender diversity in investment management division
 - monitor and report annually on progress against targets
 - demonstrate an intention to link the pay of staff to delivery against the gender diversity target.

Background to the FSC Women in Investment Management Charter

13.1 The framework for the FSC Women in Investment Management Charter is based on HM Treasury Women in Finance Charter (“**HMT WIF Charter**”) which is a pledge aimed at improving the gender balance across financial services in the United Kingdom. The HMT WIF Charter has been in operation since 2018 and has been widely adopted by financial services firms with significant operations in the UK.

Purpose of the FSC Women in Investment Management Charter

13.2 To encourage and support organisations as they move to improve the representation of females within their Investment Management teams.

13.3 When referring to “investment management” functions or capabilities the following is meant:

Staff who are actively involved in the investment function or have an investment execution role, such as portfolio managers, investment/research or quantitative analysts, traders and other relevant staff who are involved in the investment management function as defined by the member organisation.

13.4 Provide support for meeting targets by offering suggested approaches to attracting and retaining female talent as outlined in this guidance note.

13.5 Introducing accountability and transparency mechanisms, to enable an organisation to achieve their desired, and self-nominated, gender diversity target.

- 13.6 In adopting the FSC Women in Investment Charter the fund manager agrees to:¹⁹
- 13.6.1 Appoint one senior executive²⁰ from the investment management team who is responsible and accountable for gender diversity within the organisation's investment management divisions. There is no obligation to publish the name of nominated person however the organisation is welcome to do so if they choose.
 - 13.6.2 Set internal targets for gender diversity in investment management divisions (noting that staff in investment management functions should capture those roles defined in 13.3 of this document).
 - 13.6.3 Monitor and report annually (internally and to the FSC²¹), how the organisation is tracking against their targets. In monitoring progress, fund managers should consider the activity taking place within the organisation to attract and retain female talent and improve female representation in teams.
 - 13.6.4 The FSC also intends to survey members annually to identify how fund managers who have adopted the Women in Investment Management Charter are tracking in relation to gender diversity in order to collect aggregated anonymised data.
 - 13.6.5 Have the intention of linking the pay of relevant staff to delivery against the gender diversity target set by the organisation.

Case Study - HM Treasury Women in Finance Charter Annual Review 2018
(released March 2019)

Signatories to the HM Treasury Women in Finance Charter have reported;

- They are moving in the right direction 86% have either increased or maintained the proportion of women in senior management during the reporting period
- The majority of signatories have set ambitious targets with over two thirds setting targets of 33% or more and a quarter have a goal of parity
- Key actions which firms are undertaking include having female candidates in the short/long list, providing unconscious bias training and providing flexible work arrangements
- Accountability is being placed at the top of the organisation and 96% report that the accountable executive sits on executive committees
- A third of signatories believe the link to pay has been helpful and half say it is too early to tell.

¹⁹ The principles in the Women in Investment Management Charter (WIM Charter) are based on the same or similar principles set out in the HMT WIF Charter, albeit with a more targeted focus aimed at increasing the gender balance in investment management teams.

²⁰ In appointing a senior executive who is responsible and accountable for gender diversity within the organisation's investment management function, where the business is part of a global funds management organisation, the intent is that this section and the Charter only applies to the Australian funds management business. There is no intention for the Charter to seek to create any obligations for global operations.

²¹ Note – fund management firms who have adopted the WIM Charter can also report their progress externally if desired.