

# Embracing diversity, equity, and inclusion: nurturing diverse talent for lasting business success



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In recent years, we have seen conversations about Diversity, Equity, and Inclusion (DE&I) take centre stage as part of a wider discussion about sustainability and meeting societal expectations about doing the right thing. In the current climate where the number of women in leadership roles remains 'a work in progress' and businesses adjust post-pandemic to hybrid working, it seems like now is a good time for businesses to re-evaluate their DE&I processes. Arrow Global approaches this from a very local perspective, whereby each one of our 19 asset management and servicing platforms elects to implement its own approach based on the preferences, priorities, and leadership within its respective region. This empowerment aligns with the company's ethos of managing its local platforms, allowing them the freedom to act as experts in their own markets and specialised asset classes, while benefiting from central governance and oversight.

One of the key ways a business can demonstrate its commitment to DE&I is by nurturing diverse talent, ensuring that its culture is mindful and supportive, and by developing inclusive leadership. When discussing how to nurture talent, it is necessary to consider the ways in which a company can support and retain it. Companies need to ensure that their people are trained against unconscious biases and verify that recruitment and promotion processes are clear and accessible. As a Disability Confident employer, Arrow Global provides training to its managers and creates an applicant tracking system to assess and evaluate the demographics of applicants. Initiatives such as the 10,000 Interns Foundation program encourage employers to appoint interns and transition them into permanent roles.

Employee retention and a strong talent pipeline are paramount to nurturing diverse talent. Companies that hope to hire from a successful and diverse candidate pool should set clear targets and track their applicants' demographics. One of the ways in which we source the best available candidates is by collaborating with headhunters to ensure that there is at least 50% female representation in both candidate longlists and shortlists. We have observed the positive impact of these targets on the quality and diversity of candidates we consider and ultimately appoint. To adjust our process to suit neurodiverse candidates, we conduct work evaluations rather than standard interviews, to help them put their

best foot forward in a way that they feel comfortable with. This approach has proved to be very successful, particularly in the Information Technology field.

Employers should help their employees build relationships through community groups and foster organic interaction. At Arrow, we have established four employee network groups focused on LGBTQIA+, race and religion, neurodiversity, and age and gender. These groups have dedicated budgets and executive sponsorship, allowing them to shape their agendas organically rather than having conversations driven solely by HR or the executive team. This sense of community can be furthered by implementing mentorship schemes. With these, team members from different offices and departments can learn from one another, support each other, and come together.

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Working with a multi-generational workforce, it is evident that different generations have varying preferences when it comes to working practices and communication methods. One of the initiatives we launched during the COVID pandemic is called 'Arrow Everywhere,' which focuses on supporting our colleagues with hybrid working practices. Although hybrid working has come under the spotlight recently, with politicians and formerly strong proponents of home working reversing their previous practices, we have made the decision to adopt hybrid working as an ongoing strategy. This decision was based on data-driven insights that assessed the varying work environment and specific role needs. The outcome was a well-defined strategy that allows individuals to work from both home and office, providing tangible benefits for our colleagues while still meeting the expectations of our investors, clients, and customers. Another obvious way to support the needs of a multi-generational workforce is to cater to their communication preferences. Today, we have Baby Boomers, Generation X, Millennials, and Generation Z who all consume information in different ways – even across social media. While Baby Boomers may prefer the written word, Generation Z most likely prefers video. At Arrow, our strategy is flexible - it involves regular in-person meetings, internal (and external) social media, as well as the much-berated, but still highly effective, email!

Although setting targets is a positive step, it is worth noting that certain metrics are more challenging to measure than others. Targets often focus on gender

– but DE&I has many more facets. It is important for businesses to continue to support DE&I, even if the data cannot be captured for all of them. Another challenge worth considering in conversations of DE&I targets is that businesses need to strike a balance between seeking the best individuals for roles and seeking to deliver against longer-term diversity targets. At Arrow, we are rapidly growing, so we want to make every effort to consider diverse candidates for senior leadership positions. Building a robust talent pipeline can be a process of trial and error, and it takes time. We want to develop talent internally to the best of our ability, but we also recognise that sometimes, the best choice might be an external hire who can add the necessary experience, knowledge, and capabilities.

Embracing DE&I is not only the socially responsible choice, but it also drives business success by generating stronger risk-adjusted returns for investors. By guiding investors and portfolio assets through a DE&I strategy, general managers can encourage them to commit to these same principles. Incorporating DE&I into the promoted characteristics and sustainability indicators of how funds can achieve SFDR accreditation for Article 8 and beyond, such as board-level gender representation or other diversity targets for portfolio companies, is one example of how it can be built into market disclosure regulations, achieving a good sector and social outcome. Building these types of characteristics into disclosure regulations is also helpful to avoid any potential fund article reclassification and future greenwashing allegations, which are becoming more widespread.

Regular and transparent reporting on DE&I progress is essential. It is key to understand that a business may not always be perfect, but that demonstrating continuous progress is a clear indication that you are moving in the right direction. As an asset manager, it is also important to recognise that not all investors have the same priorities. While many of our global investors have various different views around this subject matter, we have gradually seen consistent themes that resonate well with them, and no doubt expect that to continue and indeed evolve. Diversity of talent, inclusivity across gender, age, race, and neurodiversity, as well as ongoing attention to gender pay, will continue to command attention.

DE&I needs to be treated as more than a trend. Its principles must be woven into the DNA of the business, ensuring its employees can be as successful as possible while feeling supported. When employees are fully invested in their business, they thrive, making their efforts invaluable and helping set the business apart from others.