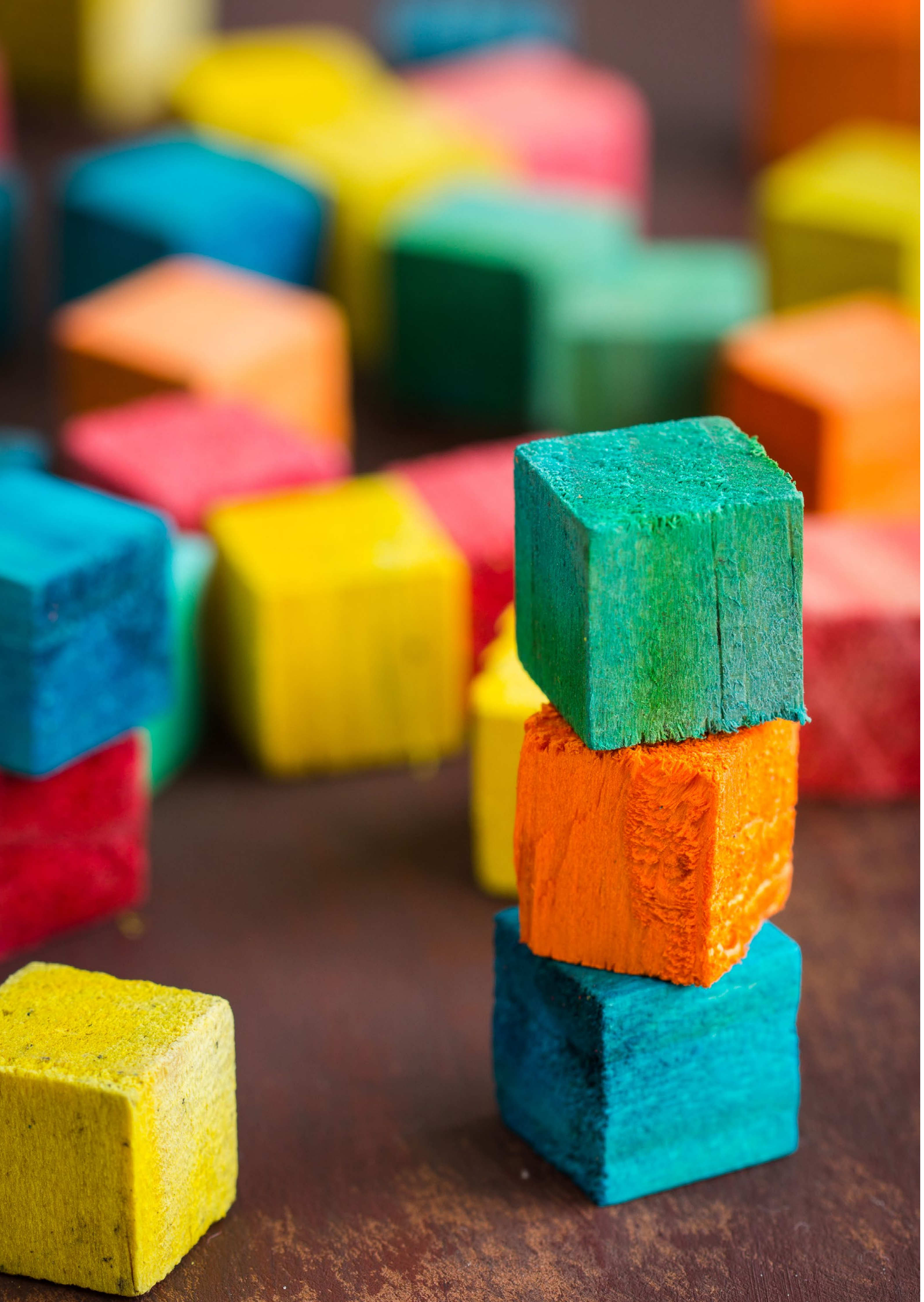
Embracing Diversity, Equity and Inclusion: Unlocking Success in European Asset Management

Sector maturity, regulatory landscape and how to move from strategic intent to tangible business practices

DIVERSITY PROJECT EUROPE

BUILDING INCLUSION IN INVESTMENTS & SAVINGS



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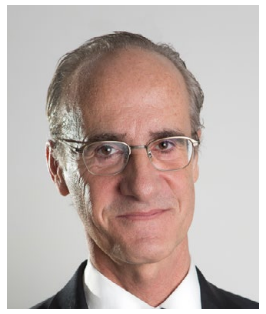

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In an era in which diversity, equity and inclusion (DE&I) are paramount to the success and sustainability of industries worldwide, the European asset management sector must not only keep pace, but also lead the charge. This report, 'Embracing Diversity, Equity and Inclusion: Unlocking Success in European Asset Management', is a testament to the collective effort of 30 asset managers who have come together to share their insights, challenges and visions for fostering inclusivity in the industry.

Diversity Project Europe (DPE)'s goal is to equip and enable the European asset management industry to navigate the complexities of an evolving landscape marked by technological advancements, the increasing prominence of ESG and CSR, and the individualisation of savings. By embracing and integrating various aspects of diversity and fostering equitable and inclusive cultures, we can drive meaningful change. This ensures that the industry continues to serve its stakeholders effectively.

This report reveals both the progress made and the significant work that remains. It highlights that while there is strategic intent and regulatory momentum behind DE&I, the operationalisation of these commitments often lags behind. Many firms struggle with resource allocation, accountability and creating genuinely inclusive environments. Gender diversity has been the focus of some interest. However, other critical areas such as social mobility need greater attention and action.

The findings and recommendations presented here are aligned with DPE's mission to lead this transformation. We advocate for robust research and benchmarking, the development of best practices, and the provision of educational resources. These efforts are aimed at integrating DE&I principles into daily operations.

As we look to the future, achieving true diversity, equity and inclusion is not only a regulatory or moral imperative, but also a business one. A diverse, equitable and inclusive workforce drives innovation, improves decision-making and enhances performance. For the European asset management industry to thrive, we must all be committed to these principles and work together to build an industry that is equitable and inclusive for all.

We acknowledge the invaluable contributions of the 30 asset management organisations that participated in our survey, as well as the interviewees and the dedicated team at PwC. Their insights and efforts made this report possible. We hope this document serves as a launching pad for advancing DE&I practices in the European asset management industry. By addressing the gaps identified and building on existing strengths, we can ensure that diversity, equity and inclusion become integral to our industry. Together, we can make a profound impact on how we conduct business and serve our communities.

Johannes Smits
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At PwC, we believe that a diverse workforce, enriched by varied talents and backgrounds, is essential to addressing today's complex challenges. An inclusive culture is crucial to unlocking this potential and thriving in an increasingly intricate and diverse world. Our research highlights the importance that employees attach to an equitable and fair workplace. However, realising true diversity, equity and inclusion, and harnessing its benefits, entails navigating a range of practical challenges.

Achieving diversity, equity and inclusion (DE&I) demands a fact-based approach. For the European asset management industry, understanding the current status of and trends in DE&I within the sector is a crucial step. This report aims to achieve that objective by providing a maturity assessment of DE&I policies and practices in European asset management and presenting the findings of the survey and interviews that we conducted in collaboration with Diversity Project Europe (DPE).

The findings show that there is a strategic commitment to DE&I in asset management firms in Europe, which is fairly embedded and rooted in a recognition of the business benefits that DE&I brings. However, they also reveal that much work must still be done in order to turn that strategic intent into reality.

As well as the imperative created by the business benefits of DE&I, emerging EU regulations such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Pay Transparency Directive create an additional driver by putting in place new reporting obligations for companies with respect to DE&I. It is important that organisations be aware of and prepared for these new requirements, and that they leverage them to mainstream DE&I across their business.

Companies in European asset management also face a range of other practical challenges to DE&I progress. This report draws on the experience of our diversity and inclusion consulting practice, working with clients of all sizes across a range of sectors, to provide actionable recommendations for companies to continue on their DE&I journeys.

We very much appreciate the collaboration with DPE on this report and the contributions of the survey respondents and interviewees. We hope that our analysis will help the asset management sector in Europe better to understand the challenges and opportunities involved in improving DE&I in the sector and spur companies to both individual and collective action.

Reflections from members of Diversity Project Europe's Advisory Council

"Social mobility is a concept we must embrace with vigour. Having returned to the Netherlands after 20 years in the US, I realized we need to broaden our focus beyond gender diversity. We have an opportunity to expand DEI initiatives to include the less privileged population here. Despite GDPR constraints, voluntary disclosure models, as seen in the US, can be a guiding light. It's time for us to define and prioritise social mobility, recognising the untapped potential of our diverse university graduates."

Bas NieuweWeme, Chief Executive Officer,
AEGON Asset Management

"Diversity, equity and inclusion should not be considered as problems to be solved, but rather as opportunities critical to the future attractiveness of the financial services industry. Developing an ecosystem rich in diversity will not only make organisations better places to work, but will also contribute to a more relevant and resilient business. On this journey, we must be informed by data and use it to implement sustainable strategies for DE&I. The report suggests that although there are positive intentions across the industry, further progress is needed."

Craig Blair, Country Head for Luxembourg,
Franklin Templeton

"At HSBC Asset Management, we believe that fostering a diverse, equitable and inclusive environment is fundamental to our success. Diversity of thought, gender, social mobility and inclusion are integral to creating a better and more effective workplace. Our DE&I initiatives span gender balance, ability, social mobility, mental health, and support for working parents. By promoting these values, we not only enhance our organisational performance, but also ensure that every colleague feels valued and empowered to contribute their best."

Isabelle Bourcier, Chief Executive Officer, France,
HSBC Asset Management

"Embracing cognitive diversity is essential for our investment strategies. By cultivating a culture where different life experiences and perspectives are valued, we enrich our decision-making process. This diversity extends beyond gender to socio-economic backgrounds and nationalities. Reporting on these dimensions enables us to cast a wider net for talent, ensuring that we leverage the full spectrum of human experience for better outcomes."

Kasper Elmgreen, Chief Investment Officer Fixed Income &
Equities, Nordea Asset Management

"Cultivating diverse, equitable, and inclusive cultures is more than merely the right thing to do. It helps us to attract, retain and develop our most important asset – our people. This in turn helps us to build high-performing, talented teams that generate better outcomes for our clients."

Raymond Sagayam, Co-CEO,
Pictet Asset Management and Group Managing Partner

"We have always been very clear that while DE&I is the right thing to do, it's also good for our business. It's a win-win. There is still a tendency for people to perceive DE&I as something extra that has nothing to do with the way we work with each other or how we achieve results. And that couldn't be farther from the truth. It's about enabling performance and ensuring well-being at work."

Nigel Cresswell, Chief Executive Officer,
Quoniam Asset Management

"At T. Rowe Price, our commitment to diversity, equity and inclusion is fundamental to our success. By fostering an inclusive culture and building a diverse workforce, we harness different perspectives, experiences and backgrounds to create value for our clients and ensure that every associate feels valued and empowered to contribute their best. We view our DE&I efforts as a continuous journey, essential for the growth and sustainability of our firm and the communities we serve."

Tim Koslowski, Country Head, Luxembourg,
Board Member and Managing Legal Counsel, T Rowe Price

Research approach

The work conducted for this report ran from January to June 2024 and included the following research:

DE&I regulatory analysis
Comprehensive desktop research was undertaken on regulation in the EU and in the European countries in scope. Additional research was conducted to compare the European regulatory framework with the UK, US and Asia-Pacific countries with significant asset management sectors[1]. This research leveraged Harvey, a regulatory AI tool.

Survey
To assess the state of DE&I in the asset management industry in Europe, we conducted a survey of heads of HR and senior DE&I executives in asset management companies. The survey design was based on PwC Switzerland's DE&I Maturity Model and covered five pillars (Strategy, Data Governance, HR Policies and Processes, Culture, and Business).

The survey received 30 responses, representing a significant cross-section of the industry in Europe:

- Respondents were from medium-sized and large asset management organisations operating across Europe and headquartered both within Europe and globally.
- Ten respondents were from companies with more than EUR 500 billion in assets under management (AuM) globally and a further eight from organisations with between EUR 100 billion and EUR 500 billion in AuM.
- In total, respondents represented organisations with more than EUR12.4 trillion in AuM globally.

The survey findings presented in the report is not weighted by size of organisation.

Interviews
We also conducted interviews with founding members of Diversity Project Europe to provide additional qualitative insights on key topics including DE&I strategy, challenges to DE&I in the industry, gender, social mobility and inclusive culture.

Diversity, equity and inclusion

Diversity encompasses a wide range of human differences within an organisation or society. Equity involves ensuring fairness and justice by addressing systemic barriers. Inclusion creates an environment in which everyone feels valued and empowered to contribute. Together, these elements promote respect, fairness and belonging for all individuals within an organisation, regardless of their backgrounds or identities.

Inclusive culture

An inclusive workplace culture fosters support and respect for every employee, regardless of their background or identity. Such organisations embrace and celebrate diversity in backgrounds, experiences and ways of thinking.

Gender equality

Gender equality means ensuring that people of all genders receive equal rights, opportunities and treatment, regardless of their identity or expression.

Social mobility

Social mobility is defined as the extent to which employees can progress and thrive, irrespective of their socio-economic background, ethnicity or immigration history.

1 Global asset management market by region, Precedence Research (2022)

Executive summary

This report provides an overview of the state of diversity, equity and inclusion (DE&I) in the European asset management industry, based on a survey of 30 senior DE&I and HR leaders in asset management organisations covering a significant cross-section of the industry, interviews with founding members of Diversity Project Europe, and a review of relevant regulations.

There is strategic intent and a regulatory imperative on DE&I …

European asset management companies recognise that diversity is good for business and have a strategic commitment to DE&I. Over two-thirds of respondents to our survey feel strongly or very strongly that DE&I is well integrated into their organisational strategy, based mainly on a recognition of the business benefits.

The business benefits of DE&I are widely recognised within **4 in 5** organisations.

Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024),

Moreover, an EU regulatory framework for DE&I is emerging and will help to anchor progress. EU legislation, including the Women on Board directive, EU Pay Transparency Directive (EU PTD) and Corporate Sustainability Reporting Directive (CSRD), is introducing new obligations for employers. Although they will require a significant reporting effort, firms can get ahead of regulatory requirements in order to drive positive change within their organisations – helping to turn their strategic DE&I aspirations into reality.

… but this has not been fully translated into action

However, operationalisation of DE&I by European asset management companies is lagging behind the strategic intent and regulatory imperative across key aspects of DE&I:

Resourcing and accountability. Many organisations face challenges in resourcing, measuring, and mainstreaming their DE&I efforts. For instance, only one in three respondents to our survey strongly feel that they have sufficient staff to work towards their DE&I objectives, and even fewer say that leaders and people managers are held accountable for DE&I objectives in the same way as other business objectives.

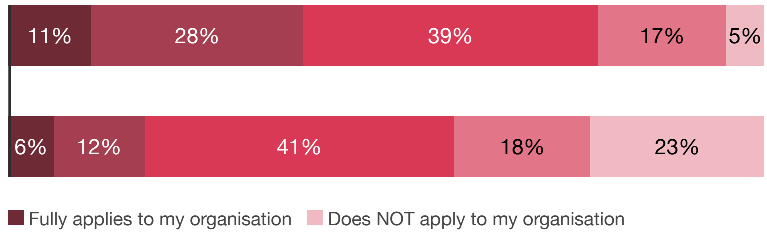
Only 14 %

of leaders and people managers are held accountable for DE&I objectives, and their rewards are tied to achieving those objectives.

Source: Survey, PwC and DPE, 2024

Inclusive culture. European asset management companies' efforts to embed their strategic commitment to DE&I will require building an inclusive work environment. At present, many organisations are falling short. Leaders must role model inclusive behaviours, but the survey suggests that many are failing to do so – which may be connected to a lack of inclusive leadership training. Only one in five survey respondents indicated that incentives are in place to reward and encourage inclusive behaviours.

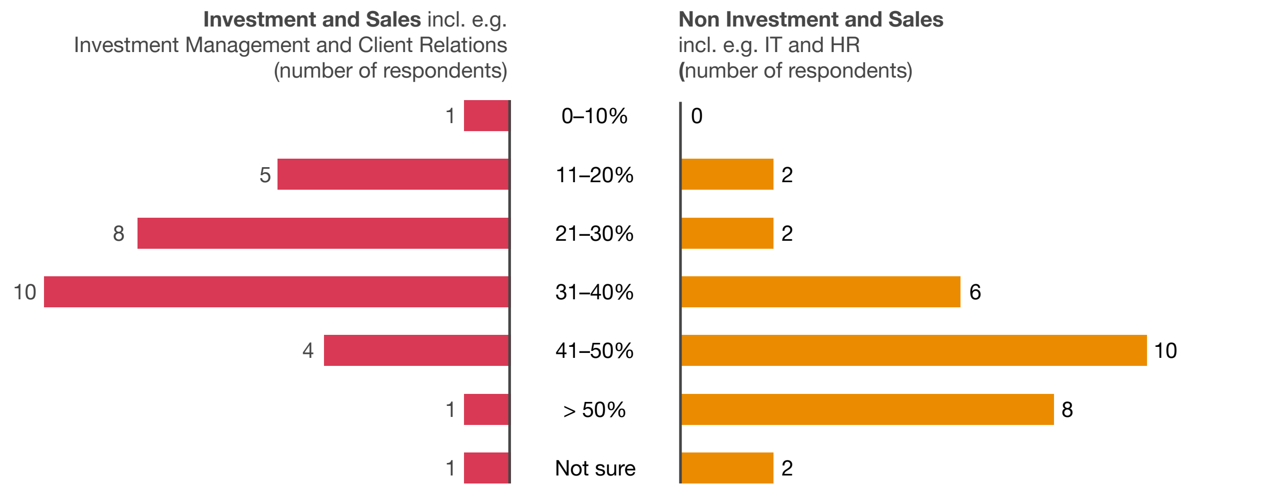
Figure 1. Inclusive leadership
"To what extent are these statements applicable to your organisation?"[1]



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Gender equality. Progress by European asset management companies in operationalising their strategic intent on DE&I has so far focused primarily on gender diversity. However, female representation falls with seniority, and there is a major gap between core business areas and support functions. Measures to reduce the gap are increasingly in place – in the form of measurable gender-specific goals, for instance. However, there is still work to do. Only a minority of companies strategically attract women in underrepresented roles, offer targeted mentorship programmes or embed incentives for inclusive behaviours.

Figure 2. Representation of women by business function
"What is the current representation of women by business function in your organisation?"

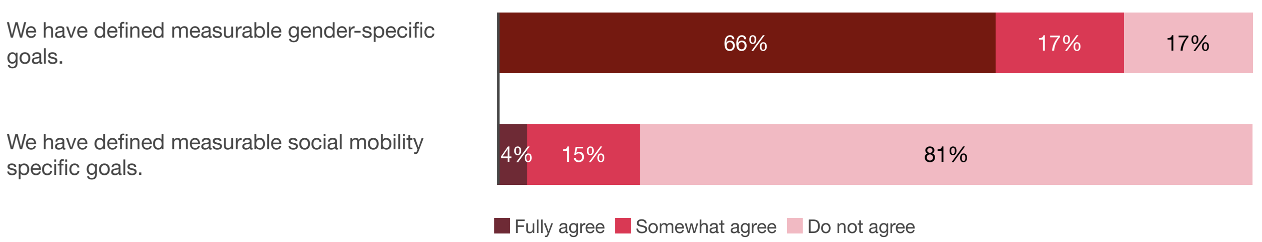


Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

1 Question phrased as follows: 'To what extent is this statement applicable to your organisation? 1 = Does NOT apply at all to my organisation. 5 = Fully applies to my organisation.' Response options 1-5 and 'not sure'

Social mobility. Social mobility is another important aspect of diversity for European asset management companies to address, as it opens up the conversation to a broader understanding of many other aspects of identity. Nevertheless, social mobility has received less attention in European asset management than gender, due to the complexity of the topic and the varying interpretations and issues across countries. For instance, only one in five organisations collects data on social mobility. This is partly due to GDPR concerns, although these are not insurmountable, and this lack of data is also reflected in their approach to goal-setting.

Figure 3. Goal-setting
"To what extent are these statements applicable to your organisation?"

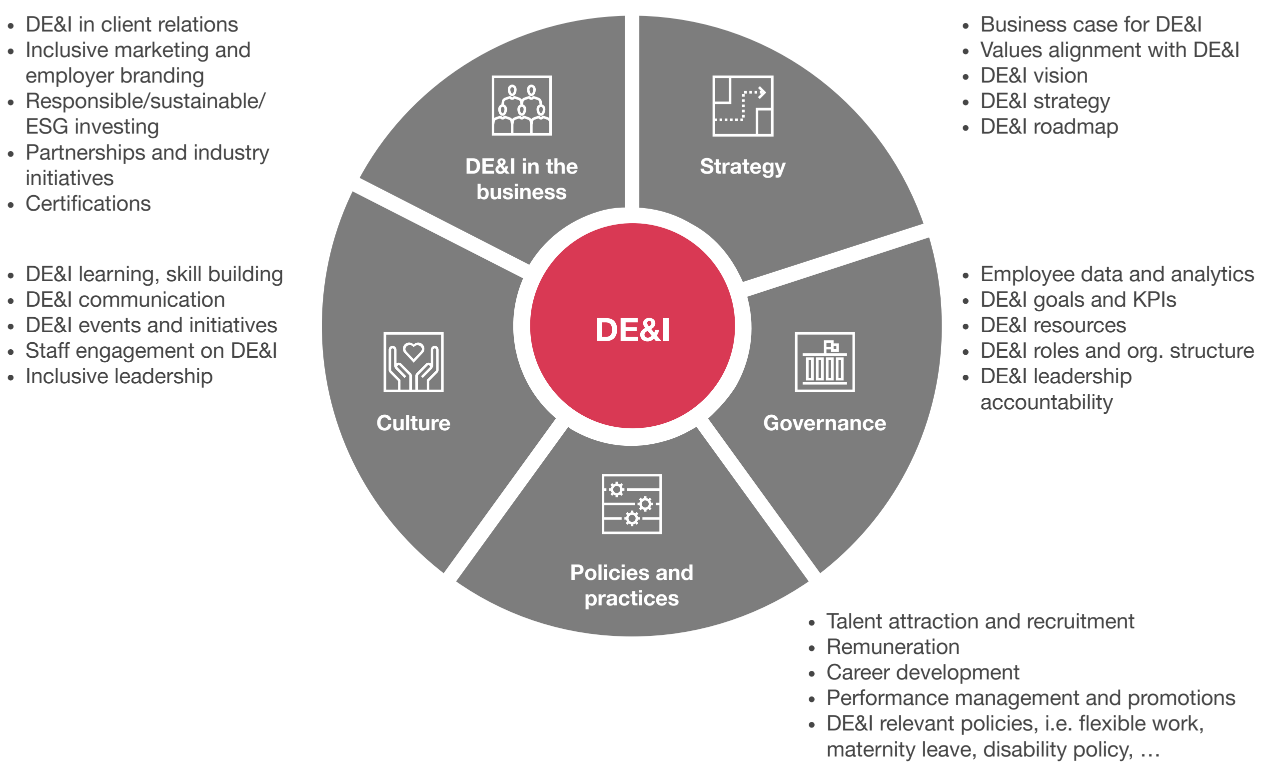


Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Maturity assessment

The picture that emerges from responses to the survey is supported by the maturity assessment of DE&I in the sector. The survey was based on PwC's DE&I Maturity Model, which is based on five pillars: Strategy, Governance, HR Policies and Processes, Culture, and DE&I in the Business. Organisations are assessed on five levels of DE&I maturity.

Figure 4. PwC's DE&I Maturity Model



Source: PwC Switzerland

Figure 5. Levels of DE&I maturity

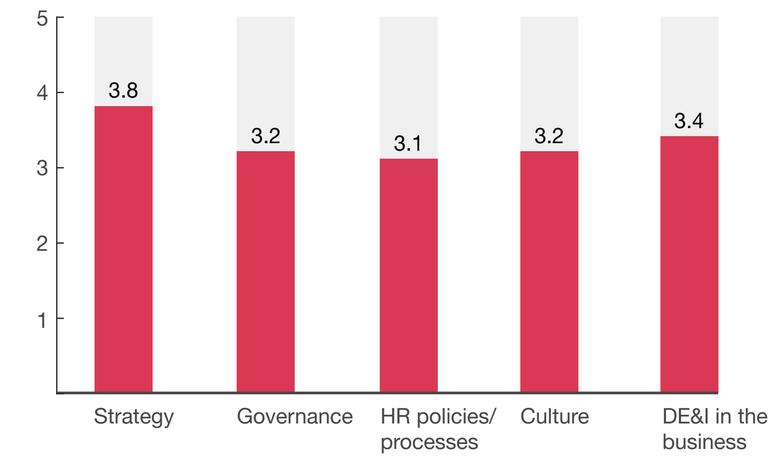
High-level description	Maturity score
The organisation is taking its first steps towards DE&I at the workplace. Efforts are informal and ad hoc, or in response to external stakeholder demand.	1 Emerging
There is awareness of the importance of DE&I at the workplace and the organisation has put first measures in place to promote and communicate about it.	2 Developing
DE&I is part of the organisation's people strategy and embedded in policies and practices. Analyses of representation and the outcomes of key HR processes are performed.	3 Established
The organisation has a clear view regarding the future state of DE&I that includes ambitious objectives and a detailed roadmap. Roles and responsibilities are defined and employees engaged through grass-root initiatives.	4 Differentiated
DE&I is integral to the organisation's purpose. Principles of diversity and inclusion are applied beyond the workforce in all operations and partnerships. Objectives are actively monitored, managers are accountable and employees are engaged.	5 Distinctive

European asset management companies have an overall average ranking of 3.3, or **at the lower end of established maturity.** While there has been some progress on addressing DE&I, the sector is still a long way from the best practice represented by a maturity score of 5. There are important variations between the pillars:

- **The strongest pillar is Strategy** (average score of 3.8). This reflects the strategic intent with regard to DE&I, based on awareness of the business benefits that it can bring.
- In line with this, the area that has seen the strongest operationalisation of the strategic commitment to DE&I is DE&I in the Business (3.4).
- Scores are lower for Governance (3.2), Culture (3.2), and HR Policies and Processes (3.1), suggesting that the strategic intent with regard to DE&I and its **prioritisation in externally facing aspects of the business are not fully reflected in internal reality**.

This underscores the importance of transforming awareness of the business importance of DE&I into tangible practices in order to enhance the industry's overall maturity and effectiveness.

Figure 6. Average maturity scores for European asset management companies



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Conclusion – a call to action

Overall, although there has been important progress, European asset management organisations still have a long way to go to achieve their stated DE&I ambitions – particularly since progress so far has been very focused on gender, and considerably less on other aspects of diversity. There are a range of actions outlined in this report that organisations can take to embed DE&I throughout their operations, learning from best practice within the sector and beyond.

By implementing these recommendations, companies in the European asset management sector can meet the demands of their increasingly diverse investors, comply with the emerging EU regulatory framework for DE&I, access more diverse talent and gain a competitive edge. For the sector to thrive in the future, it must embrace and leverage the power of DE&I.

The business case for DE&I

Attracting more candidates and retaining employees

DE&I initiatives can help to attract and retain top talent. In today's competitive job market, many employees prioritise working for organisations that demonstrate a commitment to diversity, equity and inclusion, with 83% indicating they are more likely to work for a company that stands for the social aspects of sustainability, including DE&I. A strong DE&I[1] programme can help financial firms to attract a diverse pool of candidates and foster a more inclusive workplace culture, leading to higher employee satisfaction and retention rates.

Improving brand and market visibility

Clients are increasingly conscious of the social values and practices of the companies they engage with, and regulatory bodies are increasingly emphasising DE&I within financial institutions. Financial institutions that prioritise DE&I are likely to enhance their brand reputation and attract loyal customers who appreciate their commitment to social responsibility. Conversely, companies that fail to embrace DE&I will be exposed to regulatory and reputational risk. DE&I is no longer a 'nice to have' but a crucial part for the success in the sector. To further illustrate this point, research suggests that sexual harassment scandals can result in an immediate shareholder value loss of 1.5% of market cap[2].

Better meeting client needs

Investors are seeking more personalised investment solutions tailored to their unique financial goals, risk tolerance and values, and the asset management industry is serving an increasingly diverse market and client base. Analysis indicates that having a diverse workforce can enable organisations better to understand different segments of the population, anticipate their needs and deliver to them.[3] In a PwC survey, 76% of consumers indicated that they would discontinue their relationship with companies that treat the environment, employees or the community in which they operate poorly.[4]

Increased performance and productivity

Diversity, equity and inclusion lead to higher productivity and improved performance, outperforming peers by 39%.[5] Broader perspectives lead to better decision-making and more thorough risk assessments, uncovering blind spots that a homogenous team might overlook. With competition in the asset management sector on the rise, better performance is crucial to staying relevant.

More innovation and value creation

With technology driving a revolution in the industry by empowering asset managers, the capabilities of data analytics, artificial intelligence and automation innovation is crucial. Research shows that workforce diversity increases the likelihood of innovation and creativity, leading to revenue increases of up to 19%[6] derived from new products and services compared to teams with lower diversity. Diverse teams bring a variety of perspectives, experiences and ideas to the table, enabling them better to meet client needs and outperform competitors.

1 PwC, 2021
2 Journal of Corporate Finance, 2021
3 Forbes, 2024
4 PwC, 2021
5 McKinsey, 2023
6 BCG, 2024

Assessing the regulatory landscape

An EU regulatory framework for DE&I is emerging

The challenges to pursuing DE&I in a European context partly reflect the fact that Europe is a complex and diverse region with different languages, cultures and national laws. However, the EU is increasingly providing a framework for DE&I standards – recognising that strengthening DE&I makes for better, more sustainable business – which will help to anchor progress on embedding DE&I in European asset management.

In the coming years, EU member states will enact EU directives that entail significant new obligations in terms of DE&I for employers across all sectors. Notably, these include:

- The Corporate Sustainability Reporting Directive
- The Pay Transparency Directive
- The Women on Board Directive

Figure 7. Cross-sectoral EU regulations related to DE&I

	EU Pay Transparency Directive	Corporate Sustainability Reporting Directive (CSRD)	Women on Board Directive
What is it and who is in scope?	A directive that sets out new pay transparency measures for companies within the EU **Scope:** All employers in the EU with more than 100 employees	A directive that extensively expands the sustainability-related information that companies must report on **Scope:** Mainly large/listed companies, with over 250 employees, EUR 40 million net turnover or EUR 20 million total assets	A directive that aims to improve gender diversity on corporate boards **Scope:** Primarily targets companies listed on stock exchanges in the European Union.
Goal	The two key areas in which employers need to take action **by 2026** are **Pay Transparency and Pay Equity**.	It aims to enhance transparency and accountability in how companies address various sustainability issues, including social factors such as DE&I.	Target for publicly listed companies in the EU to have at least 40% of non-executive director positions held by women or 33% of all director positions (executive and non-executive) by a specified deadline
Frequency and deadline	**>250 workers** • Every year • 4 years after entry into force (2026) **150–249 workers** • Every three years • 4 years after entry into force **100–149 workers** • Every three years • 8 years after entry into force	**Companies already subject to the Non-Financial Reporting Directive:** 1/1/2024 **Large listed and non-listed EU companies:** 1/1/2025 **Listed SMEs, small/non-complex credit institutions:** 1/1/2026 **Third-country companies:** 1/1/2028 Frequency of reporting is **annual.**	**Implementation deadline** **2024:** Member states are required to transpose the directive into national law by this year. **2026:** Companies must achieve the specified gender targets on their boards by this year. Frequency of reporting can vary based on each member state's implementation guidelines. However, the directive requires **annual** reporting as a baseline.
Require-ments	**Pay transparency** • Pay transparency during **recruitment** • Employees have the right to receive information on their individual and average pay levels, broken down by gender and worker categories • Companies will have to **report** on different data points and pay rises after (maternity) leave **Pay equity** • **Reporting** on pay gaps adjusted for gender-neutral criteria such as experience and performance • **> 5% unjustified difference:** Correct pay inequity within six months or conduct a joint pay assessment with workers' representatives • **Burden of proof** on pay discrimination is with the employer	• **Mandatory sustainability reporting:** Companies must disclose information on their environmental and social impact, governance, and sustainability risks. • **Double materiality principle:** Reporting should cover how sustainability issues affect the company and how the company impacts society and the environment. • **Audit requirement:** Sustainability reports must be audited for reliability. • **Data detail and comparability:** Reports should provide detailed data that is comparable year-on-year and across companies. • **Alignment with EU standards:** Reporting must align with European sustainability reporting standards.	The directive targets companies listed on stock exchanges within EU member states. Requirements include: **1. Quotas** **2. Selection procedures** **3. Reporting** **4. Sanctions**

However, regulation in Europe still varies considerably by country in terms of legislation relating specifically to DE&I. Organisations face a challenge to ensure compliance in this diverse and evolving landscape.

See the appendix A5 for details of variations in national-level regulation.

There are also EU DE&I regulations specific to the financial sector

In addition to the emerging cross-sectoral EU DE&I framework and patchwork of national-level regulations, a number of regulations for the financial sector in the EU include a DE&I component. This reflects the increasing consensus among financial-sector regulators in the EU and beyond that DE&I brings benefits for financial sector stability by increasing the diversity of perspectives, reducing the risk of 'groupthink', and encouraging a more open, transparent and accountable organisational culture.

Figure 8. EU regulations relating to DE&I in the financial sector

	Sustainable Finance Disclosure Regulation (SFDR)	EU Capital Requirements Directive IV (CRD IV)	EBA's guidelines under the Capital Requirements Directive (CRD) and Investment Firms Directive (IFD)
What is it and who is in scope?	Transparency framework outlining how the financial industry must disclose sustainability information **Scope:** All financial market participants/advisors in the EU	A directive introducing stronger requirements with regard to corporate governance and risk management **Scope:** All credit institutions/ investment firms in the EU	Guidelines issued by the European Banking Authority (EBA) on benchmarking of diversity practices, including diversity policies and gender pay gap **Scope:** All investment firms in the EU
Goal	**Prevent greenwashing** and provide **sustainability** guidelines, including DE&I. For example, invest in activities that address inequality, foster social cohesion, social integration and labour relations, or invest in human capital or economically and socially disadvantaged communities.	**Strengthen resilience** in the banking sector after the global financial crisis. The legislation recognises that the **insufficient oversight** of management decisions by management bodies can be attributed in part to **'groupthink'**, which arises, in part, due to a lack of diversity within these management bodies.	Ensure **harmonised benchmarking** of diversity practices. This will enable firms to **track** diversity trends over time as well as to identify common practices.
Frequency and deadline	Only one **annual report** is required for financial market participants. From January 1 2024, firms must include detailed sustainability disclosures in their periodic reports	Since 1 January 2014, firms have had to make disclosures on **an annual basis** by member state and by third country in which they have an establishment. Reporting deadlines are typically within three to four months after the fiscal year-end for annual reports.	**No explicit frequency requirements** for disclosures. Can depend on the nature of the information being disclosed and the requirements set by the relevant authorities.
Require-ments	Provide pre-contractual and periodic disclosures to investors on the **sustainability** characteristics or objectives of their products, the methodologies used to assess sustainability, and the alignment of the investment decisions with sustainable objectives. A report should be published on the organisation's website that addresses the following aspects: • Sustainability risks are incorporated into their investment decision-making processes • Any adverse impacts of investment decisions on sustainability factors	• Take into account diversity management body composition (age, gender, geographical origin, educational and professional backgrounds) • Take **corrective measures** if there is an under- representation of gender below a set threshold • Nomination committee or management body should **set a target** for the representation of the under-represented gender and prepare a policy on how to increase it • Address diversity in **recruitment** policies for management bodies, including diverse shortlists	Include the composition of the **management body**, diversity policies and the gender pay gap at the level of the management body of institutions and investment firms. The benchmarking is based on a representative sample of institutions and investment firms, and templates for data collection are included, addressing the need for **detailed information** about how to calculate the gender pay gap and benchmark their DE&I practices against organisations in the same sector. **Remark:** Not yet applicable. Publication of the official guidelines is still pending.

Regulation will anchor progress on DE&I

Overall, although the range of regulatory initiatives within Europe will require a significant effort in terms of reporting for companies, firms can take the initiative to work towards better practice before regulation comes into effect. Organisations are not currently linking sustainability regulations to DE&I practices to a sufficient extent. There is an opportunity to leverage regulatory requirements to drive positive change within organisations and thus gain a competitive advantage – helping to turn strategic DE&I aspirations into reality.

"You can see a range of EU regulation coming, some of which we addressed early and others for which we have now set up working groups in order to try to get ahead of where we think the regulation might go."

Craig Blair, Franklin Templeton

European regulation in comparison

EU regulations on DE&I are generally more comprehensive and stringent than those in other regions with a significant asset management sector.

The situation in the United States is more decentralised, with DE&I initiatives often motivated by state laws and federal guidelines rather than binding regulations. The US Securities and Exchange Commission (SEC) has encouraged transparency through disclosure requirements on board diversity. However, these requirements are less prescriptive than the EU's approach. The US also has a strong focus on equal employment opportunity, with various federal laws prohibiting discrimination.

The United Kingdom, post-Brexit, retains many of the EU's principles, but has the flexibility to diverge and create its own regulations. The UK has introduced measures such as the gender pay gap reporting requirement for large employers, which promotes transparency and encourages voluntary action to improve DE&I. The government now intends to introduce mandatory ethnicity and disability pay reporting.

In the Asia-Pacific region, DE&I regulations are highly varied due to the diverse nature of the countries involved. Australia has relatively advanced regulations, including the Workplace Gender Equality Act, which mandates gender equality reporting for certain organisations. In other countries, DE&I initiatives are often motivated by societal pressure and corporate governance codes rather than legislation.

Overall, while the EU tends to have more directive and binding regulations on DE&I, the US and Asia-Pacific regions lean towards a combination of voluntary guidelines and disclosure requirements, with the UK straddling EU principles and its own evolving regulatory landscape.

Figure 9: Regulations in Europe compared to other regions

UK
Women in leadership: no gender quota

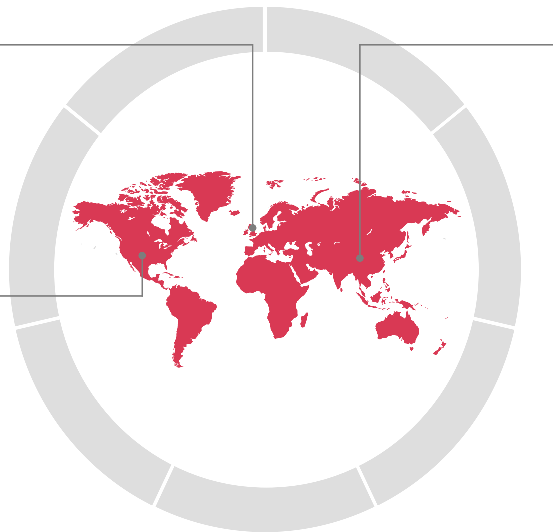
Pay transparency reporting: every year for companies with more than 250 employees

Paternity and maternity leave: 39 weeks of paid maternity leave and 2 weeks of paid paternity leave

USA
Women in leadership: no gender quotas at federal level, but quotas at state level in California

Pay transparency reporting: no national reporting requirements

Paternity and maternity leave: no guarantee of paid maternity or paternity leave



Asia-Pacific
Women in leadership:
- India and South Korea: at least one woman
- Taiwan: 1/3 quota

Pay transparency
- Japan: companies with more than 300 employees
- Australia: companies with more than 500 employees

Paternity and maternity leave: maternity leave for a period ranging from 12 to 16 weeks and paternity leave from 2 weeks (Australia) up to one year (Japan).

For a more extensive regulatory comparison, see the appendix A6.

Recommendations

- **Design a continuous process to identify what's in scope.** Establish a continuous process for identifying and assessing relevant laws, standards and best practices at both EU and national level, and map out how they apply to your operations and geographical locations. Engage with stakeholders, monitor industry trends and conduct regular risk assessments.
- **Establish a baseline framework across your global operations**. Setting a standard that all global entities must adhere to will ensure consistent and equitable application of DE&I principles. Include uniform benchmarks, promoting fair practices and accountability while fostering a more inclusive and diverse environment across the organisation.

Embedding DE&I in strategy

Key findings

The sector sees the business value of DE&I …

European asset management companies generally recognise that diversity is good for business and have a strategic commitment to diversity, equity and inclusion (DE&I). This is demonstrated by the survey finding that business benefits are the main driver for DE&I.

Key drivers cited by respondents for their firms' DE&I strategies:

4 in 5 business benefits

2 in 5 reputational gain

1 in 5 regulatory compliance

Source: Survey, PwC and DPE, 2024

Firms' recognition of the importance of DE&I to the business is reflected in their integration into strategy – the strongest-scoring pillar in the maturity model (3.8 out of 5). More than two-thirds of respondents felt strongly or very strongly that DE&I is well integrated into their organisational strategy and aligned with their vision, mission and core values. This will be important in ensuring that organisations stay the course on DE&I, even if the political winds shift in some European countries towards the kind of push back against DE&I that can be seen in the US.

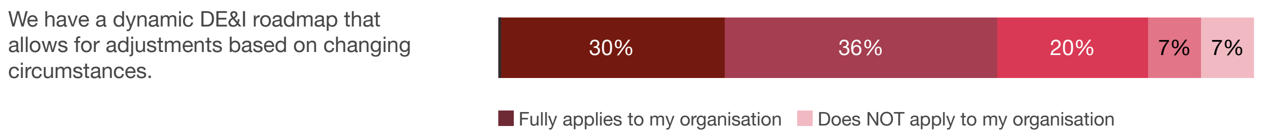
> "You will always experience push back in a time of change, so you need to keep going back to why you have DE&I in your strategy.,"
>
> Nancy Rowe, Franklin Templeton

… but operationalisation and accountability are lagging behind strategic intent

However, progress on operationalising companies' strategic commitment to DE&I is mixed. There have been some positive developments. Two-thirds of organisations surveyed have formalised and published DE&I aspirations, while three in five say that they have a dynamic DE&I roadmap. Moreover, organisations are actively working to expand their training initiatives on DE&I (four in five respondents), recognising the importance of reaching all employees and tailoring programmes to meet diverse learning needs.

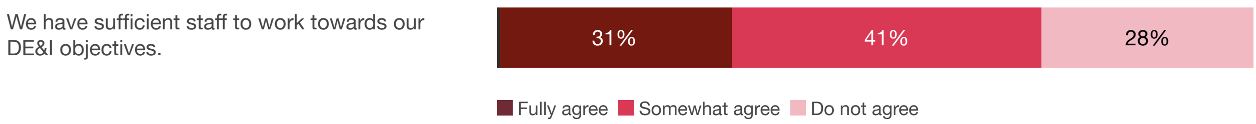
Yet there is also some evidence that operationalisation is lagging behind strategic intent. For instance, only one in three respondents feel strongly that they have sufficient staff to work towards their DE&I objectives.

Figure 10. DE&I road maps
"To what extent are these statements applicable to your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

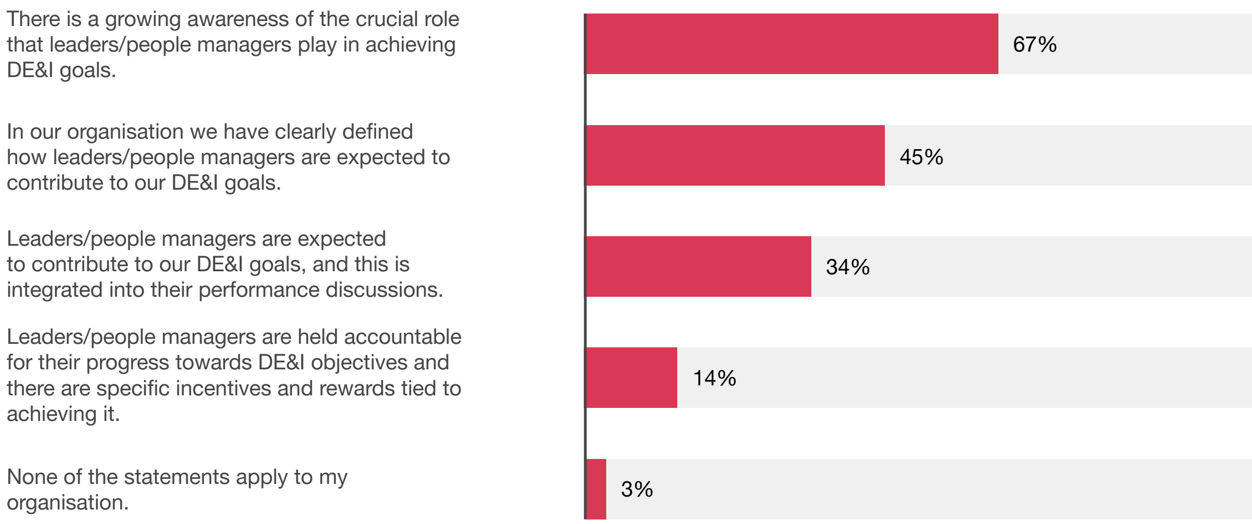
Figure 11. DE&I staffing
"To what extent does the following statement apply to your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Moreover, leadership accountability still seems to be lacking. On the one hand, 62% of respondents to our survey selected the statement, "There is a growing awareness of the crucial role that leaders/people managers play in achieving DE&I goals." On the other, just 14% say that leaders and people managers are held accountable for DE&I objectives and have their rewards tied to achieving those objectives.

Figure 12. Leadership and accountability
"Please select the statement(s) that apply to our organisation's approach to DE&I and leadership accountability (multiple choices are possible)"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Who does your DE&I lead report to?

One-third each …

… to the CEO
… to the head of HR
… to another C-level executive/ other

Source: Survey, PwC and DPE, 2024

The reporting line for DE&I is also important when considering how to promote leadership accountability. Having the DE&I lead report directly to the CEO helps to ensure accountability and attention at the top level of the organisation, that DE&I is approached with an enterprise-wide mindset, and that it is not seen as 'just' an HR topic. But only a minority of organisations in our survey have this set-up.

DE&I in practice

Quoniam Asset Management has aimed to drive DE&I in part by linking progress in this field to management compensation. However, the company has no pre-defined specific targets, KPIs or measures for leaders to implement in their teams. Instead, they provide guidance and inspiration on possible measures to take, and then empower leaders to adapt and create DE&I goals and initiatives themselves based on their teams' individual and specific needs. This way, significant and impactful DE&I progress that genuinely reflects the needs of employees has been implemented. There is a regular meeting for leaders to report on progress and actions. The approach has been successful and seen a positive response and outcomes for both leadership and employees, helping to drive progress DE&I progress throughout the organisation.

Associations, certifications and charters

The strategic commitment and increasing operationalisation of diversity, equity and inclusion (DE&I) in the European asset management sector is reflected by such companies' participation in programmes and associations aimed at increasing diversity within organisations and fostering a culture of inclusivity.

Numerous associations, frequently operating as non-profit entities, have emerged in recent years, with a focus on enhancing various facets of diversity, equity and inclusion within Europe. While only a handful focus explicitly on the asset management sector, a significant number concentrate on the financial industry.

Such associations offer numerous benefits to their members, including:

- the opportunity to exchange ideas and best practices;
- workshops, seminars and training sessions;
- increased visibility for companies' DE&I efforts and hence enhanced reputation; and
- the chance to participate in DE&I-related advocacy.

Charters and codes also play a significant role in fostering DE&I. They provide a clear framework and standards, help companies to establish a common language and understanding around DE&I and promote accountability. Examples include the CFA Institute's Diversity, Equity and Inclusion Code, and Women in Finance charters in Luxembourg and Norway.

Certifications for key aspects of DE&I – such as DE&I strategy and pay equity – are important in setting standards. They help organisations to drive and anchor progress, provide valuable insights into opportunities for improvement, and demonstrate commitment on these issues to external stakeholders.

See appendices A1–A4 for the full list of associations, certifications and charters.

Two-thirds

of survey respondents are signatories to one or multiple DE&I charters and codes.

Almost half

of organisations in our survey indicated that they had DE&I certification.

Source: Survey, PwC and DPE, 2024

Recommendations

- → **Align DE&I objectives with your business growth strategy.** Communicate them clearly to all stakeholders. This will help them to leverage the benefits of diversity for innovation, performance and reputation, as well as avoiding potential risks of non-compliance or reputational damage.
- → **Establish a robust DE&I governance structure.** This should involve senior leadership, assign clear roles and responsibilities, and allocate sufficient resources and time to implement and monitor DE&I initiatives. This will ensure that DE&I is not treated as a separate topic or a box-ticking exercise, but as a core part of organisational culture and decision-making.
- → **Set measurable and realistic DE&I targets.** Track progress regularly using data and feedback. This will enable your organisation to identify gaps, challenges, and opportunities for improvement, as well as to hold leaders and managers accountable for achieving DE&I outcomes.

Fostering a culture of inclusion and belonging

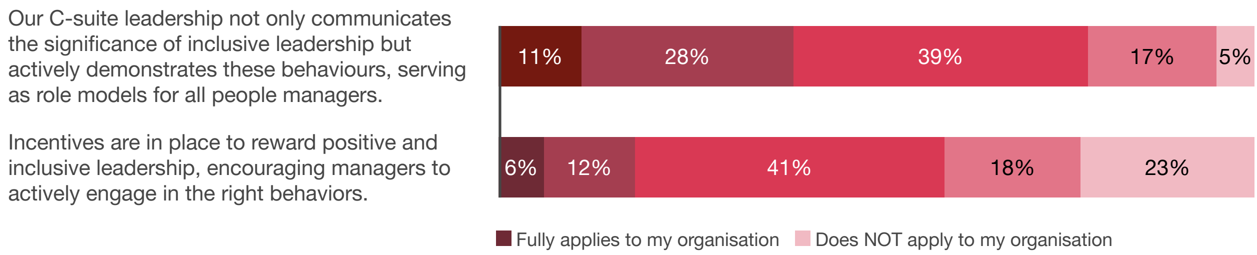
European asset management companies' efforts to embed their strategic commitment to DE&I will require building an inclusive work environment. Effective DE&I training, clear communication and proactive awareness-raising are key components. At present, many organisations in the sector are falling short in important aspects, as highlighted by the sector's relatively poor maturity-model score for Culture (3.2 out of 5).

Key findings

Leaders are not incentivised to model the right behaviours …

One specific way that companies strive to transform their culture is to implement incentives to encourage desired behaviours. However, in European asset management, only one in five respondents indicated that incentives are in place to reward and encourage inclusive behaviours. And only two in five agreed that their C-suite leaders actively demonstrate inclusive leadership.

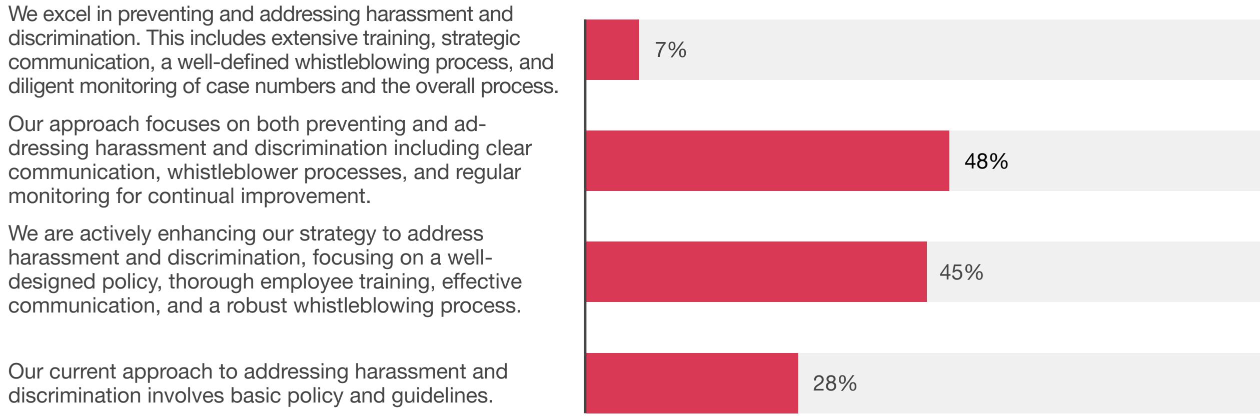
Figure 13. Inclusive leadership
"To what extent are these statements applicable to your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

When leaders or people managers demonstrate or tolerate inappropriate behaviours such as harassment and discrimination, they raise doubts about the company's overall commitment to DE&I. Incorrect behaviours must therefore be prevented and appropriately handled in parallel to embedding inclusive behaviours in the organisation. Yet 28% of respondents to our survey stated that their companies have only basic policies and guidelines in place to address such behaviours.

Figure 14. Approaches to harassment and discrimination
"The statement(s) that best applies/apply to my organisation are (multiple choices are possible):"

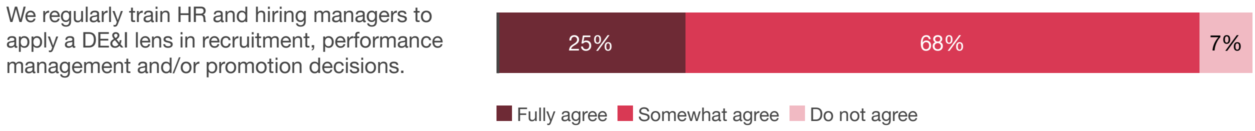


Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

… inclusive leadership training is too infrequent …

In order for leaders, managers, and employees to embed DE&I in their daily work, they must be equipped with the appropriate knowledge, skills and mindset. Critical enablers are training and accessible resources (e.g. tool kits, guidelines and FAQs). Yet only one in four companies in our survey indicated that they regularly train HR and hiring managers to apply a DE&I lens in recruitment, performance management and promotion.

Figure 15. DE&I training for HR and hiring managers
"To what extent is the following statement applicable to your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

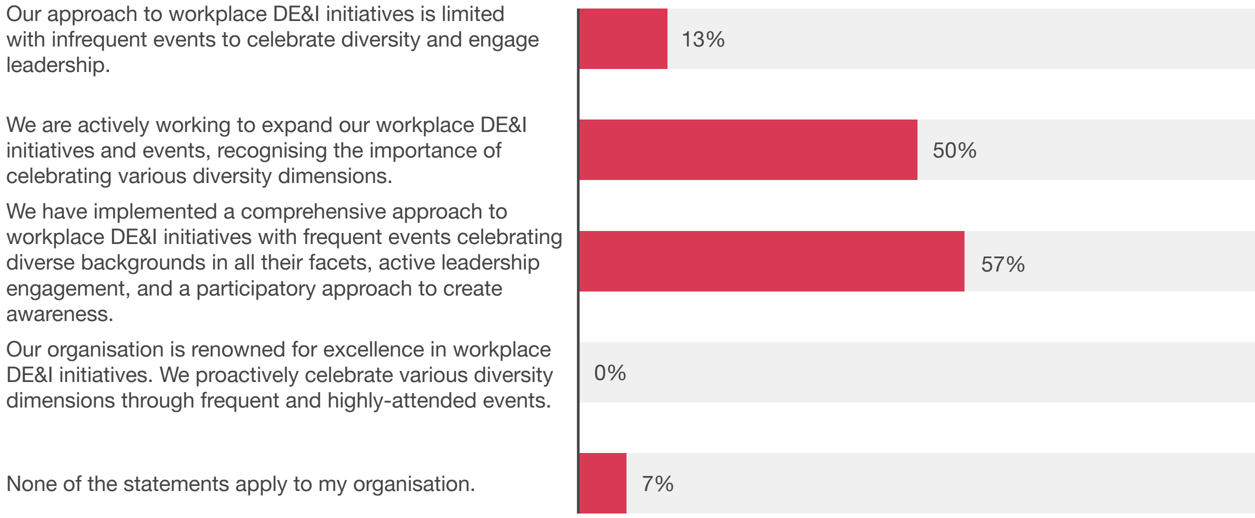
> Effective training allows people to build their own personal connection to the topic and develops the capability to broaden one's mindset and take more conscious ownership of their actions."

Camilla Udd, Quoniam Asset Management

… and many organisations are not communicating enough about DE&I

Leading companies clearly convey that everyone has a part to play in ensuring that DE&I becomes a reality. **More than half** of organisations (55%) in our survey communicate frequently about DE&I progress and initiatives. Similarly, **roughly half** of respondents (48%) have implemented a comprehensive approach to workplace DE&I initiatives, with frequent events, active leadership engagement and a participatory approach. Many companies have some catching up to do.

Figure 16. Approaches to DE&I initiatives
"The statement(s) that best applies/apply to my organisation are (multiple choices are possible):"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

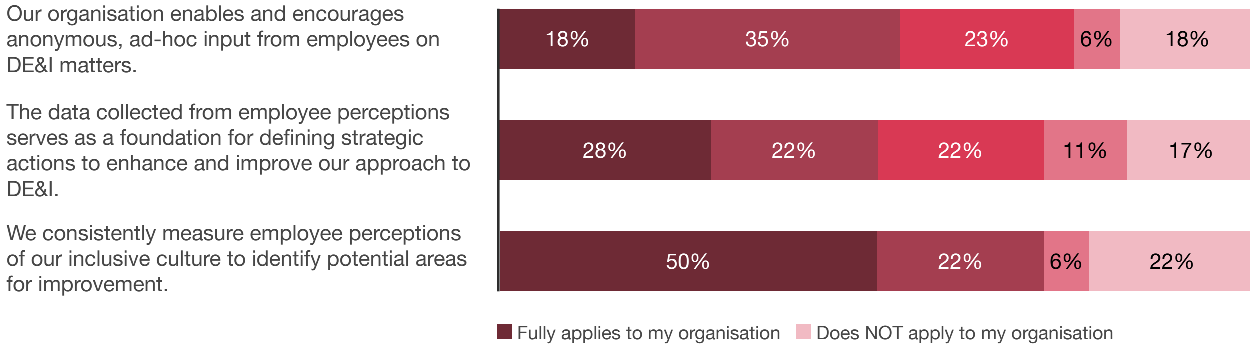
One perspective that is often missing is that communication on DE&I should be two-way. A best practice is to make available channels that encourage 'bottom-up' communication, where employees can voice concerns or provide unsolicited feedback. Ideally, this should then be leveraged as input to DE&I-related decisions. For example, Nordea implement a two-way approach using DE&I Ambassadors and a DE&I Forum consisting of a diverse range of employees who work together with leadership.

> Our DE&I agenda is run by the business, for the business."

Astrid Moeller, Nordea Asset Management

However, our survey results indicated that only 53% of organisations enable and encourage anonymous, ad hoc input from employees on DE&I matters. And only half used employee perceptions as a foundation for defining strategic actions to improve their approach to DE&I.

Figure 17. Enabling and using employee input
"To what extent do the following statements apply to your organisation?"



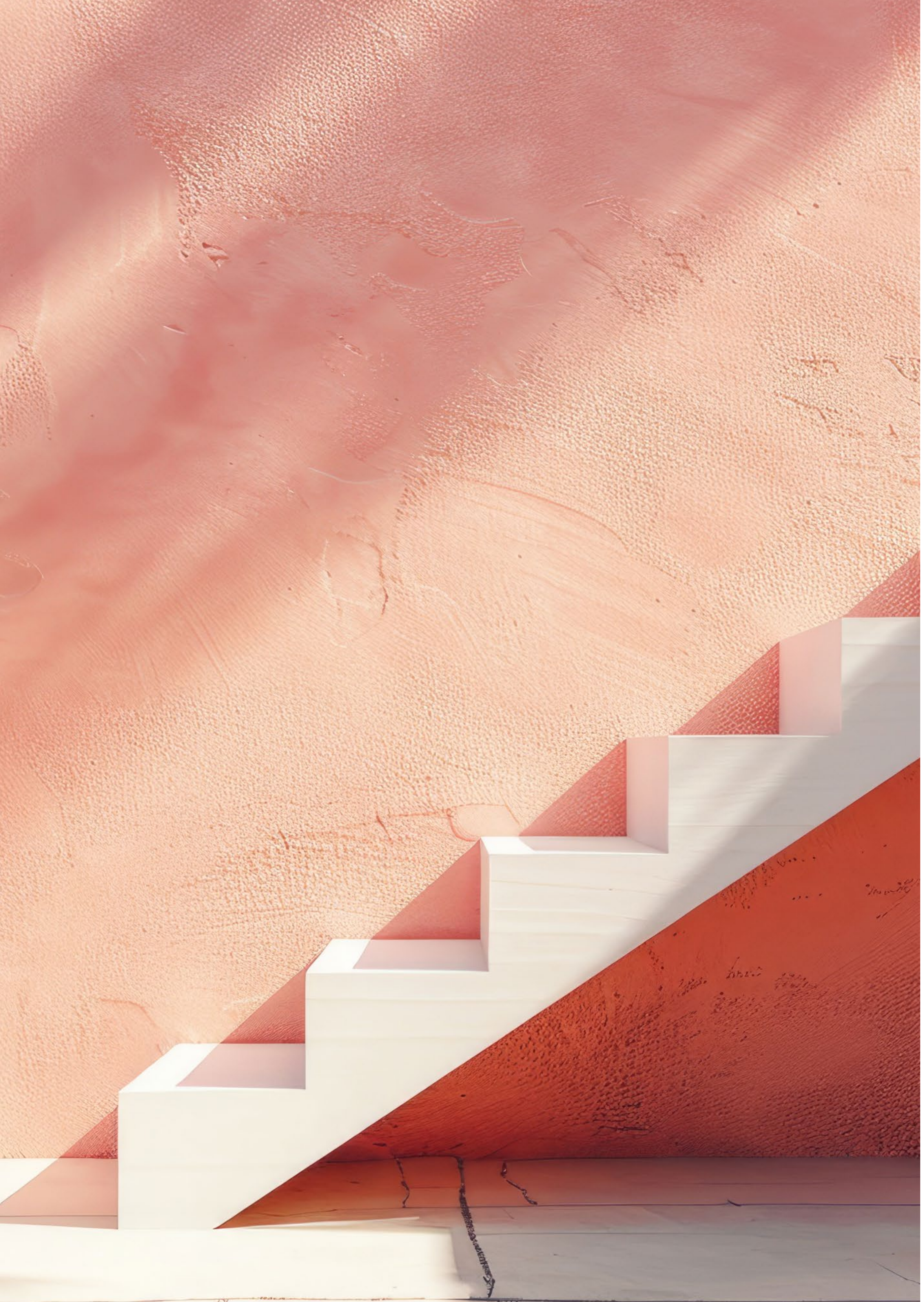
Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

DE&I in practice

Aegon Asset Management works with a three-pillar approach: workplace, workforce and marketplace. In its workplace pillar, the focus is on embedding an inclusive culture for all employees. This is achieved through dedicated initiatives at all levels that focus on strengthening psychological safety (e.g. through leadership and management sessions). DE&I is a recurring element of all people communications, aiming at making it part of the regular conversation and spotlighting role models. Aegon's employee resource groups (communities) work on employee-driven initiatives to raise awareness and celebrate diversity in specific areas, such as Black History Month and World Mental Health day.

Recommendations

- **Define inclusion and build openness.** Communicate clearly and consistently what inclusion means for your organisation and why it matters for your business performance and culture. Engage your employees in the conversation and solicit their feedback and ideas. Provide a vision and rationale for an open, inclusive culture.
- **Monitor inclusive culture; collect data and act on it.** Establish metrics and indicators to measure the level of inclusion and belonging in your organisation, such as employee engagement, retention, and satisfaction surveys. Use data to identify gaps, challenges and opportunities for improvement. Implement action plans and track progress over time. In particular, processes such as recruitment, performance assessments and promotions should use inclusive language and criteria.
- **Train and incentivise leaders and managers.** Equip your leaders and managers with the knowledge, skills and mindset to foster an inclusive work environment. Provide regular and mandatory training on topics such as unconscious bias, inclusive leadership and diversity awareness. Hold them accountable for DE&I objectives in the same way as other business objectives. Reward and recognise those who demonstrate or promote inclusive behaviours and practices.



Advancing gender equality

Promoting a more balanced gender representation

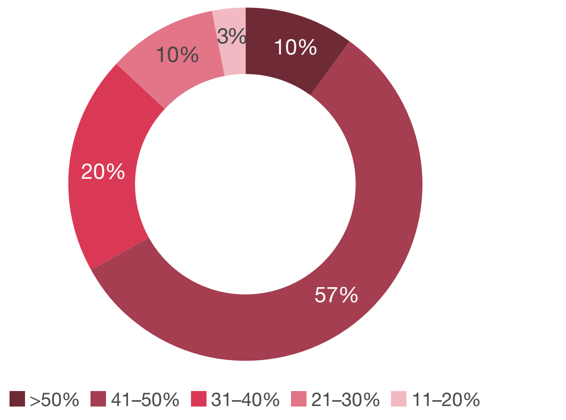
Key findings

Female representation is lower in leadership roles and the core business …

Progress by European asset management companies in operationalising their strategic commitment to DE&I has so far focused primarily on gender diversity. In terms of the overall representation of female employees, the industry performs fairly well: our survey found that women represent more than 40% of the workforce in two-thirds of European asset management organisations.

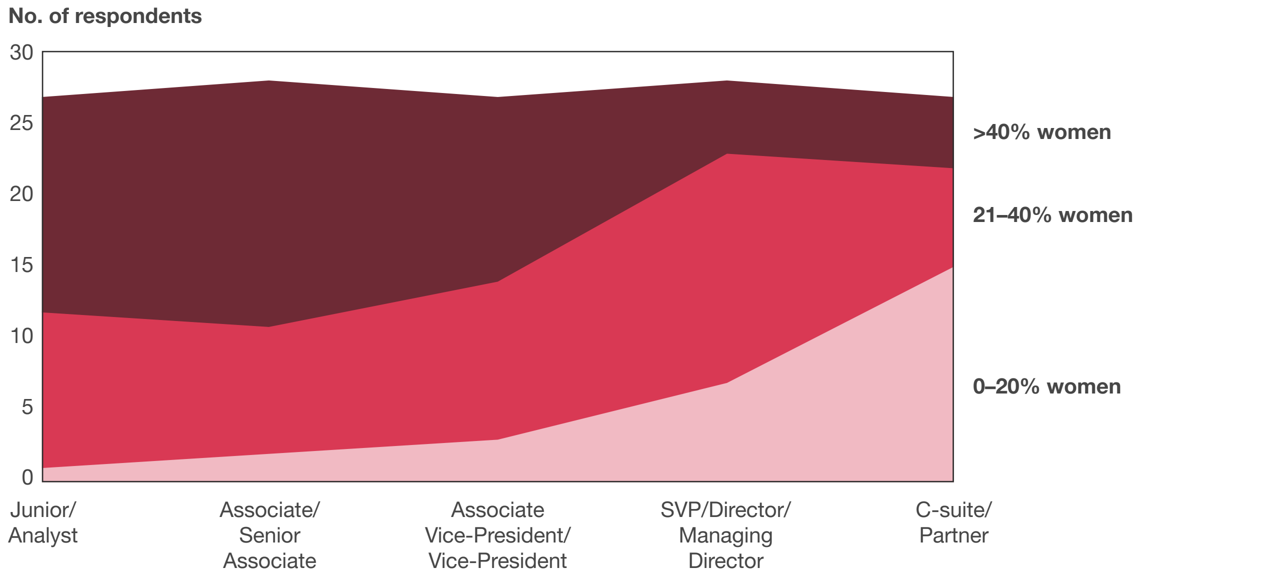
However, representation declines with seniority. While women make up more than 40% of junior-level roles in the majority of respondent firms, approximately half of participating organisations indicated that there is less than 20% representation of women at 'C-suite/partner' level.

Figure 18. Overall representation of women
"What is the current overall representation of women in your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

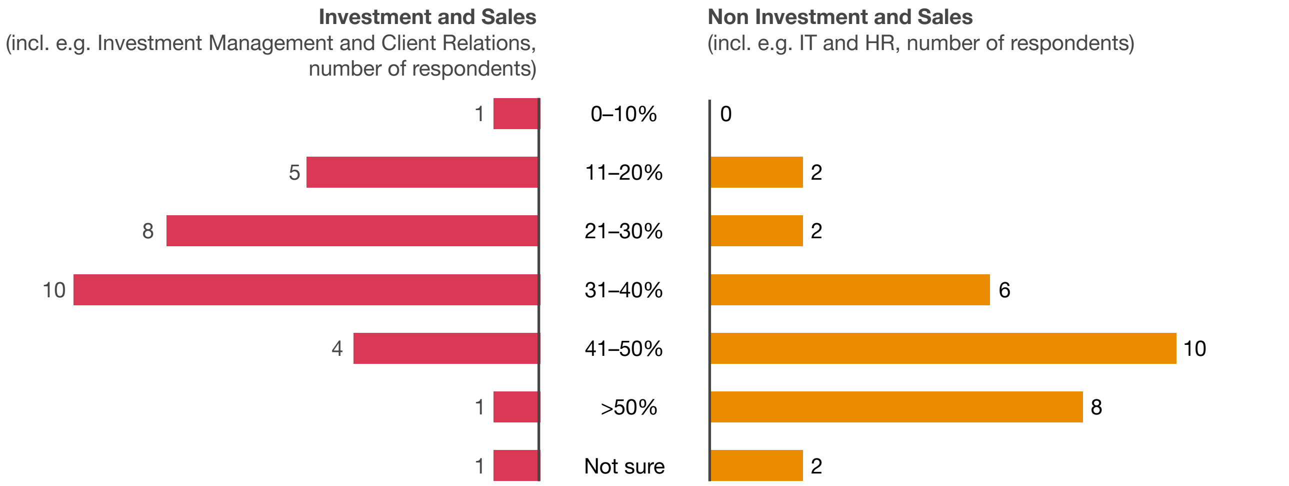
Figure 19. Representation of women by seniority
"What is the current representation of women across levels in your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

In addition, there is a significant gap in female representation between business areas. Three in five respondents (59%) to our survey indicated that female employees make up more than 40% of their 'Non-Investment and Sales' functions (e.g. IT and HR). This drops to one in five for 'Investment and Sales' functions.

Figure 20. Representation of women by business function
"What is the current representation of women by business function in your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

… but measures to improve the situation are increasingly being adopted

What efforts are being made by European asset management companies to address this situation? Our survey showed that defining measurable gender-specific goals is increasingly becoming standard practice across the industry.

> **Two-thirds**
>
> of European asset management organisations have defined measurable gender-specific goals.
>
> Source: Survey, PwC and DPE, 2024

However, there is more to do. Only 38% of organisations in European asset management strategically attract women in underrepresented roles through targeted job platforms and relevant partnerships. Companies could be more creative in attracting female talent, considering, for example, that more women than men in the EU now complete tertiary education.[1]

Mentoring and sponsorship can be powerful and practical levers for strengthening the female talent pipeline. Yet only 52% of respondents fully agreed that they offer targeted mentorship programmes for female talent.

While female representation seems to be a key priority in most organisations' DE&I efforts, there is still a need for sustained focus on the topic in order to achieve a better gender balance.

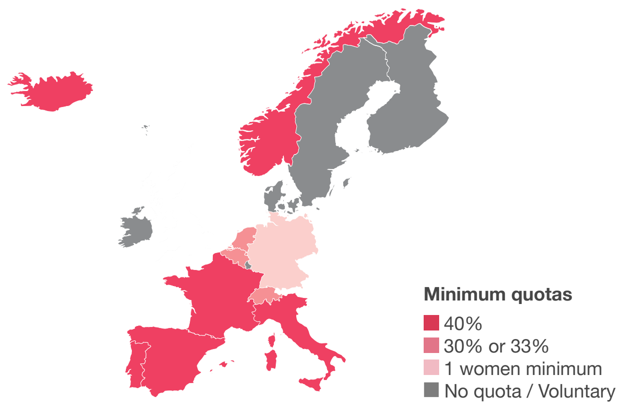
1 https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20230530-3

Regulation focuses on board composition

Regulation will also be important in driving gender parity at senior level. Several European countries have implemented quotas on board composition. Important locations for asset management, including Ireland, Luxembourg and Sweden operate without such quotas. However, the EU Women on Board Directive (see figure 7) will make it mandatory for all countries to prioritise gender diversity on boards.

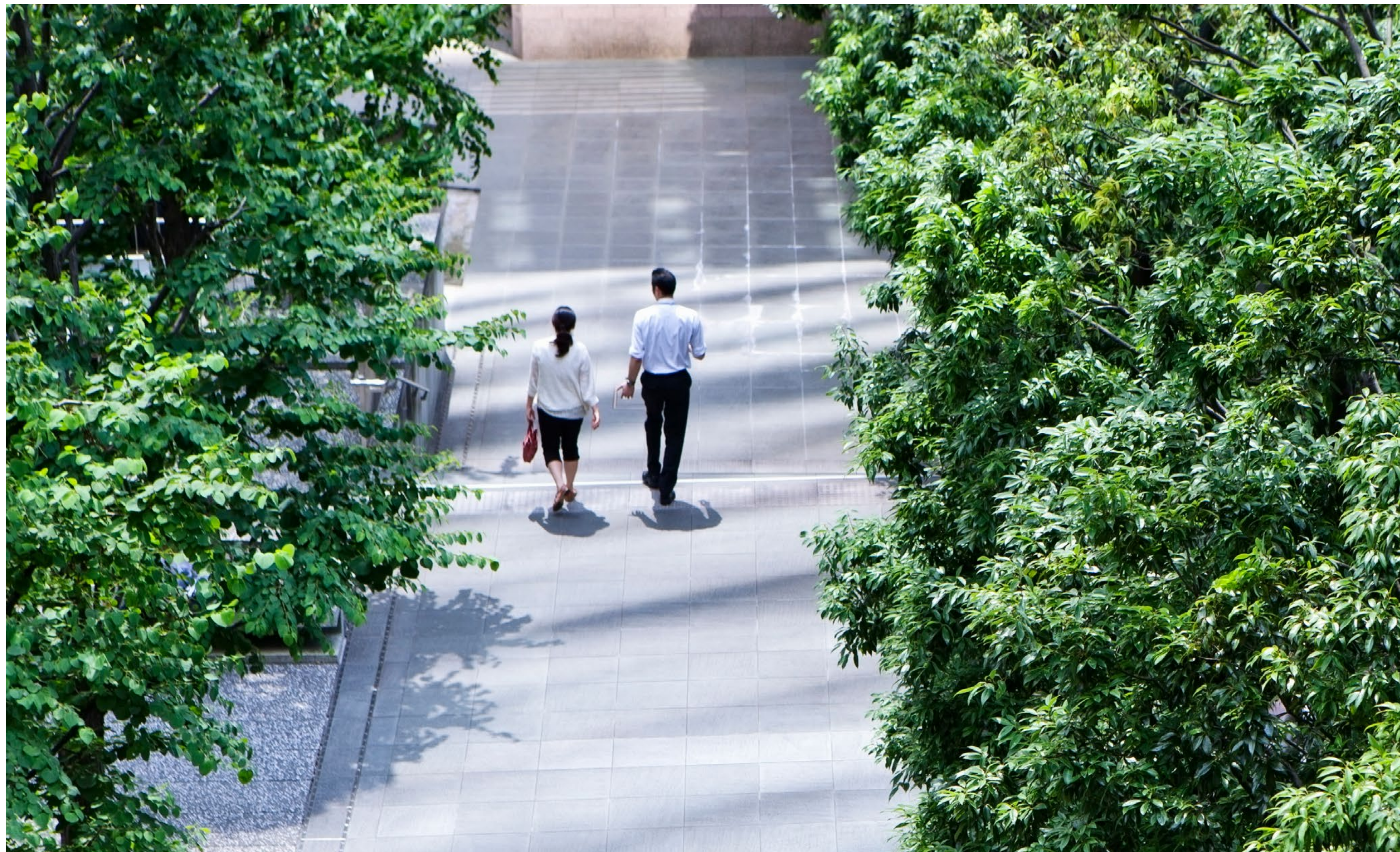
Figure 21. National-level gender quotas for boards of listed companies

9 out of 14 countries in scope impose mandatory gender quotas on board of directors



Recommendations

- **Define what 'good' looks like in your context:** Set specific, relevant and realistic DE&I objectives tailored to your organisation's current situation. Attaining or maintaining a certain representation target in senior leadership is one example.
- **Break objectives down into departments/ teams:** Cascade goals to different business units, departments and grade levels to engage everyone in the effort to build a robust talent pipeline by nurturing female talent at all levels.
- **Secure a healthy, diverse pipeline:** Invest in programmes that support women, such as mentoring, coaching, and fostering an inclusive culture within your organisation. While hiring externally is one solution, this is especially important in ensuring that female talent grows organically within your company.



Closing the gender pay gap

Key findings

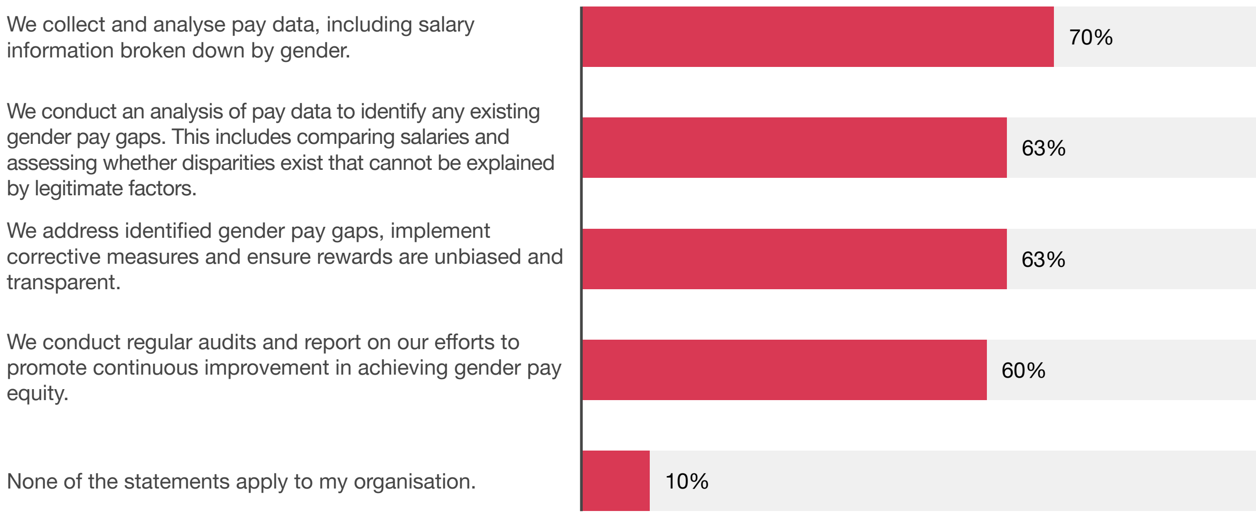
Organisations are collecting data – but not yet disclosing it

A persistent challenge to gender equality in the European asset management sector and beyond is the gender pay gap.

Asset management organisations are analysing gender pay gaps and making internal changes based on these results. Only two organisations out of 30 responded that none of the statements relating to the analysis and correction of gender pay gaps applied.

However, the industry still has some way to go on publicly reporting these figures and providing pay transparency. Very few companies externally disclose information on their gender pay gap in annual reports.

Figure 22. Approaches to equal pay
"The statement(s) that best applies/apply to my organisation are (multiple choices are possible):"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Regulatory overview

EU regulation introduces new obligations for employers

The current lack of external disclosure is set to change as EU legislation including the EU Pay Transparency Directive (EU PTD) and Corporate Sustainability Reporting Directive (CSRD) introduces new obligations for employers to address this issue and report on their situation:

Figure 23: EU pay reporting requirements

1. Providing pay transparency under the EU PTD	2. Reporting on gender pay gaps
During recruitment • Provide applicants with initial pay or pay range based on objective, gender-neutral criteria; • Do no request candidates' pay history; • Ensure gender-neutral job vacancy notices and titles; and implement non-discriminatory recruitment processes.	**As part of EU sustainability reporting (CSRD)** Companies must disclose the gender pay gap expressed as a percentage of the average pay level of male employees and the annual total remuneration ratio of the highest paid individual to the median annual total remuneration of all employees.
During employment • **Use objective, gender-neutral criteria for setting pay.** • On request, provide employees with information on pay levels and gender pay gaps. In cases of pay discrimination brought to court, the burden of proof shifts from the employee to the employer, requiring the latter to demonstrate non-discrimination.	**As part of pay transparency reporting (EU PTD)** Companies must analyse and report on: • the (average) gender pay gap; • the median gender pay gap; • the proportion of female and male workers in each quartile pay band; and • the gender pay gap between workers by categories of workers broken down by ordinary basic wage.

See figures 7/8 for details on EU pay reporting requirements.

While navigating the new requirements may initially seem complex, they present an opportunity for organisations to establish internal pay equity practices systematically, and to position themselves as employers who prioritise equity and employee well-being, and help to embed gender parity as a key pillar of their strategic commitment to DE&I.

Recommendations

- → **Monitor regulatory developments:** Remain vigilant about how EU member states incorporate EU legislation into their national laws. The directive allows for some discretion in how specific obligations are interpreted and implemented, and the laws may be enacted at different times.
- → **Take a holistic approach:** Achieving pay equity goes beyond simply meeting regulatory requirements. By involving different functions such as HR, Reward, L&D and DE&I, you can create a culture where line managers feel comfortable discussing pay decisions, employees perceive transparency as the norm rather than a taboo, and HR and reward teams are confident in the fairness and solidity of pay structures.
- → **Invest in the right tools and technology:** To effectively address pay equity and ensure transparency, you need to invest in appropriate tools, methods, and technology. This includes systems that can provide employees with individualised information about their pay positioning and facilitate reporting on pay-related data. By leveraging the right tools, you can streamline their processes and make informed decisions regarding pay equity.

Parental leave: a means of reducing the gender pay gap

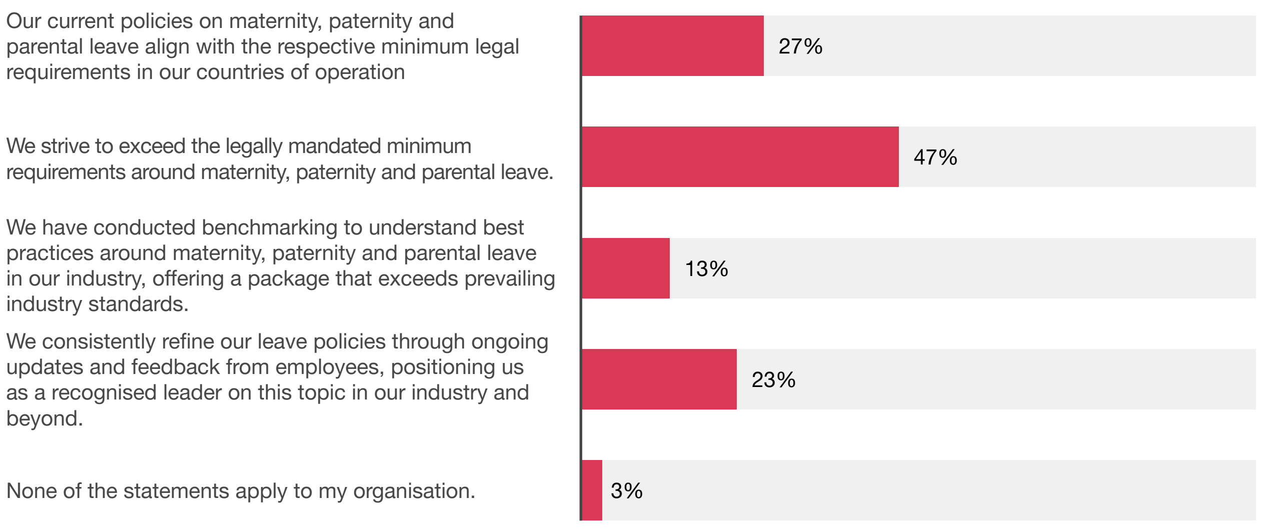
A key driver of the gender pay gap is gender inequalities in unpaid childcare, which perpetuate the so-called 'motherhood penalty' – in other words, the loss in lifetime earnings experienced by women raising children. This accounts for 75% of the gender pay gap in western European countries.[1] European asset management companies need to consider policies and practices governing parental leave (for all types of parents – e.g. biological, adoptive, surrogacy and foster parents) as they seek to improve gender representation.

Key findings

Most companies are falling short of best practice

In terms of policies on maternity, paternity and parental leave, approximately one-quarter of respondents to our survey recognised their organisations as industry-leading compared to their peers, but the majority are either in line with minimum legal requirements or simply trying to exceed these.

Figure 24. Approaches to parental leave
"The statement(s) that best applies/apply to my organisation are (multiple choices are possible):"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Regulatory overview

Many countries provide for more than EU minimums

While the EU has mandated minimum durations of leaves, maternity, paternity and parental leave are more generous than the EU minimums in many European countries.

	EU Minimum parental leave duration
Maternity leave	14 weeks
Paternity leave	10 days
Parental leave	4 months (2 non transferable)

In most countries in Europe, paternity leave is significantly shorter than maternity leave – the only exceptions being the Nordic countries and Spain. Those countries excluded, maternity leave ranges from 14 to 42 weeks, compared with two to six weeks for paternity leave. During paternity and maternity leave, parents usually receive between 80% and 100% of their normal remuneration.

See appendix A5.2 for a detailed comparison of maternity and paternity leave in selected European countries.

Compared to maternity and paternity leave, parental leave can be taken by both parents. This leave can be taken between when the child is two years old (Finland) until 12 years old (Sweden, Italy and Belgium). Compensation varies greatly, from unpaid leave (Spain, Iceland) to full salary (Luxembourg).

See appendix A5.3 for a detailed comparison of parental leave in selected European countries.

Recommendations

- **Stay on top of the parental leave rules in the countries where you operate.** In order to remain compliant across territories and to avoid being caught out by changing legislation, it is crucial to stay on top of what is expected of you as an employer.
- **Understand best practices and go beyond the regulatory minimum.** Get to know the best-practice parental leave models from around the world, and you may be inspired to apply a best-in-class global approach to managing parental leave. This will establish you as a market leader and garner recognition from your employees.
- **Ensure a supportive culture.** Create a culture in which all parents feel supported to take their full parental leave allowance, and monitor uptake to ensure that there are no obstacles.

1 https://www.pwc.co.uk/services/economics/insights/women-in-work-index.html, p. 15.

Promoting social mobility

European asset management companies must address social mobility in order to operationalise their strategic commitment to diversity, equity, and inclusion, as it opens up the conversation to a broader understanding of many other aspects of identity. Despite its importance, social mobility has tended to receive less attention in DE&I discussions in Europe than gender, due to the complexity of the topic and the varying interpretations and issues in different countries.

However, the complex nature of the topic is precisely what makes it important – organisations can tackle issues including socio-economic background, ethnicity and immigration history through the prism of social mobility, making it potentially an effective way to address a large section of DE&I issues simultaneously.

> “The time has come to extend the data insights available beyond gender diversity data. Both our external and our internal stakeholders are asking this of us. Without this data, we cannot set measurable objectives and introduce targeted initiatives.”
>
> Lisanne Molina, Aegon Asset Management

Collecting social mobility data

Key findings

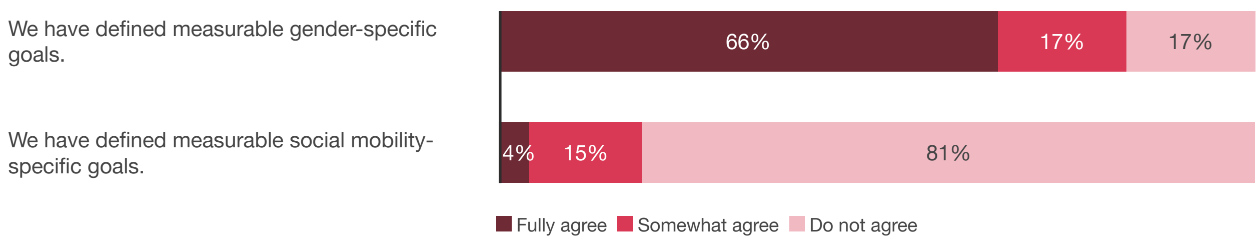
Measurable goals for social mobility are far less prevalent than for gender

Organisations in European asset management are generally displaying a growing interest in mapping their diversity. However, only **one in five** organisations in our survey collect data on social mobility. GDPR, strict regulations and cultural sensitivity were the most cited barriers.

Without data, it becomes difficult for organisations to set measurable goals and monitor progress relative to DE&I targets. In contrast to the **66%** of organisations responding to our survey that they have measurable gender-specific goals in place, only **4%** can say the same about social-mobility-specific goals.

> “Social mobility actually helps to address a lot of other difficult topics.”
>
> Amit Singh, AXA Investment Managers

Figure 25. Goal setting on gender and social mobility
“To what extent are these statements applicable to your organisation?”



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

DE&I in practice

Franklin Templeton sees data as the cornerstone of its DE&I strategy. With good data, the company is able to measure progress on the goals and initiatives it puts in place, identify areas for further development and assess what kind of initiatives to launch to fill any gaps. Franklin Templeton has worked closely with its global Data Protection office to create a framework that is in keeping with local legislation and cultural norms – two significant hurdles that can make data collection daunting for employers. Since launching the data framework, the company has seen a positive response from employees.

Regulatory overview

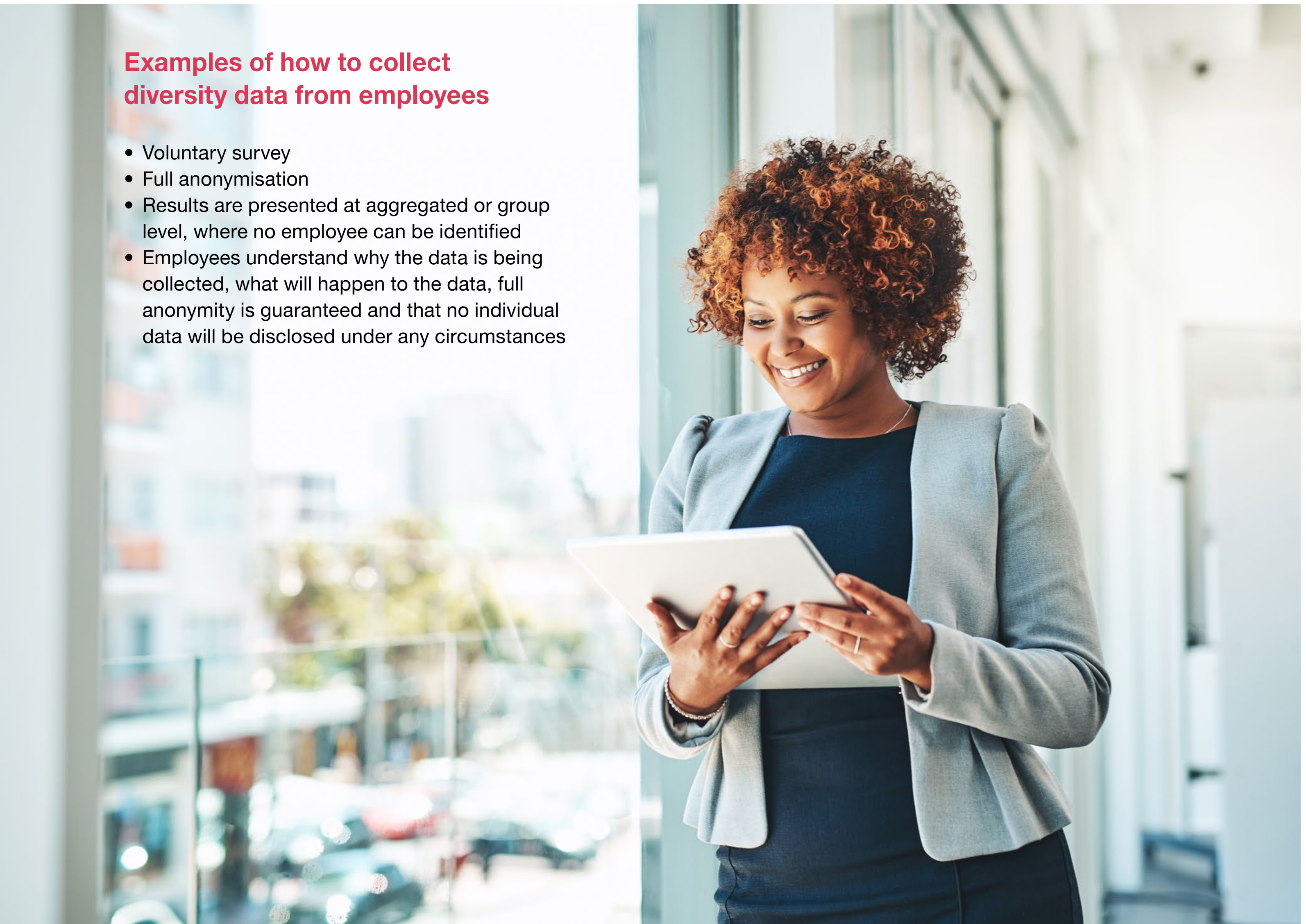
Regulatory challenges to data collection are not insurmountable

Certain categories of diversity data, such as racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetics and biometrics, health, and sex life or sexual orientation are deemed sensitive under the EU General Data Protection Regulation (GDPR, 2018).

Despite this, collecting such data is permissible under specific conditions, such as explicit consent from employees or if individuals have made the information public. Anonymous data can be collected and used without constraints imposed by data protection principles.

Recommendations

- **Go beyond surface-level statistics** and create more granularity in your DE&I data. Collect both quantitative (e.g. by analysing HR data) and qualitative (e.g. through focus groups, employee surveys, etc.). Analyse diversity metrics through different stages of the employee lifecycle, from hiring to exit interviews, to pinpoint potential barriers and areas for improvement.
- **Conduct thorough audits to identify any unexplained differences in compensation,** extending beyond gender to include socioeconomic status, ethnicity and other factors.
- **Track the career progression of employees from underrepresented groups,** analysing promotion rates, internal transfers and opportunities for advancement in order to address issues at an individual level and improve overall social mobility statistics within the company.



Examples of how to collect diversity data from employees

- Voluntary survey
- Full anonymisation
- Results are presented at aggregated or group level, where no employee can be identified
- Employees understand why the data is being collected, what will happen to the data, full anonymity is guaranteed and that no individual data will be disclosed under any circumstances

Organisational efforts to foster social mobility

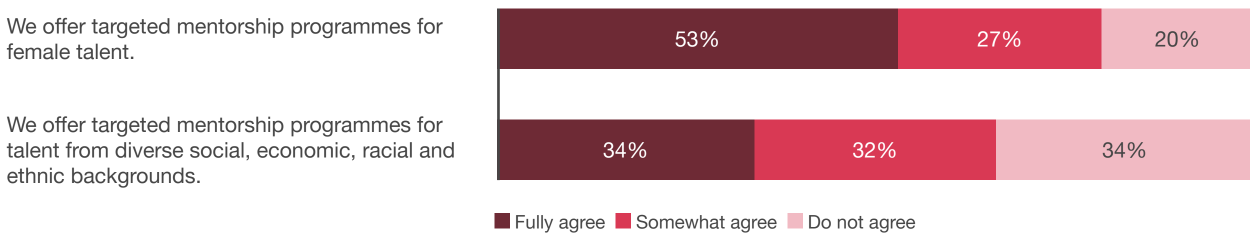
Key findings

Social mobility is not yet a priority for the sector

The lack of data collection regarding social mobility reflects a broader challenge in terms of prioritising the topic in the industry in Europe. In order to promote DE&I topics, buy-in from both leadership and workforce is crucial. However, almost **three in five** respondents to our survey (57%) said that their organisations demonstrated either neutral, limited or uncertain support.

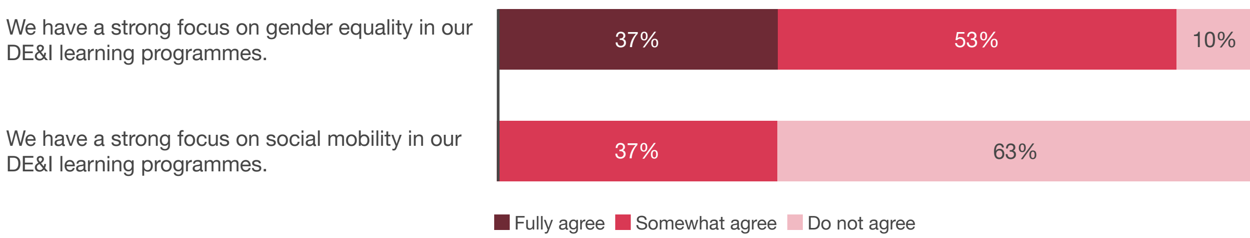
Organisations' laggardness with regard to social mobility compared with their efforts concerning gender can be seen in multiple aspects: mentorship programmes, performance management and promotion processes, and DE&I learning programmes.

Figure 26. Targeted mentorship programmes
"To what extent are these statements applicable to your organisation?"



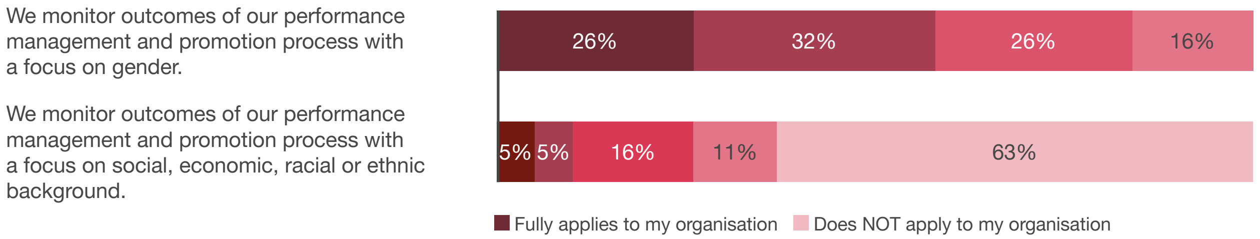
Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Figure 27. Gender and social mobility in DE&I learning programmes
"To what extent are these statements applicable to your organisation?"



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024

Figure 28. Monitoring of performance and promotion processes for DE&I
"To what extent are these statements applicable to your organisation?



Source: Survey of DE&I in European asset management companies, PwC and DPE, March–April 2024 Recommendations

DE&I in practice

Social mobility programmes within global organisations have proven to be successful and effective in specific countries – such as the US and the UK. Pictet Asset Management successfully participated in the asset management industry's '100 black interns' programme in the UK in partnership with what is now known as the 10,000 Interns Foundation (10kIF). The initiative started as a call to 100 asset managers to hire one black intern each. In just one year, the target number of interns expanded to 10,000 and the programme branched out into other industries. 10kIF now also runs the 10,000 Able Interns programme across the UK, with a focus on disability inclusion. Pictet Asset Management also participates in this programme, as well as having a long-standing partnership with Sponsors for Educational Opportunity (SEO), both in the UK and US, which focus on students from lower socio-economic backgrounds.

This shows the power of partnerships in helping to drive social mobility and is an example of the kind of programme that could be replicated in European asset management, building on experience already gained in the UK and the US, and adapting to the European context.

Recommendations

→ **Invest in fostering a safe and trusting workplace culture**
Employees need to feel secure to openly express their views on sensitive social mobility topics. This will in turn foster inclusion and encourage them to share relevant data voluntarily.

→ **Collect social mobility data effectively**
Despite regulatory challenges, trailblazer organisations have shown that this is achievable. Collaborate with your GDPR office to develop compliant data collection methods. Set goals, communicate them, and use the data to track progress.

→ **Embed social mobility in organisations' key practices** This includes learning and mentorship programmes, performance management and promotion processes. This will foster the perception of social mobility as being a core pillar in an organisation, which will in turn feed into a safe workplace culture.

Conclusion: a call to action

This report has revealed that there is a strategic commitment to DE&I in the European asset management sector, driven mainly by recognition of the business benefits that DE&I brings. However, it has also shown that much work still needs to be done to turn that strategic intent into reality. Companies in the sector face a range of practical challenges to progress on DE&I, such as resourcing, accountability, data collection and creating genuinely inclusive environments. Moreover, the focus on gender diversity needs to be complemented by action on other critical aspects of diversity, such as social mobility.

To address these gaps and build on existing strengths, this report has provided actionable recommendations for companies to continue on their DE&I journeys. These include:

- embedding DE&I in business growth strategy and aligning it with vision, mission, and values;
- defining and communicating clear and measurable DE&I objectives and holding leaders and managers accountable for them;
- investing in robust reporting mechanisms and disclosing DE&I performance transparently;
- ensuring pay equity and pay transparency across the organisation;
- attracting, retaining and developing diverse talent, especially in underrepresented roles and functions;
- offering targeted mentorship and sponsorship programmes for employees from underrepresented groups;
- fostering a safe and trusting workplace culture where employees can voice their concerns and provide feedback on DE&I matters; and
- identifying and addressing the inclusion of 'hotspots' in the employee journey.

Achieving and maintaining DE&I is a long-term commitment and will require ongoing resourcing as well as active support from organisations' senior leadership. Interviewees stressed that the goal should ultimately be in effect to make their roles redundant by ensuring that DE&I is not merely integrated into strategy, but fully mainstreamed throughout the business.

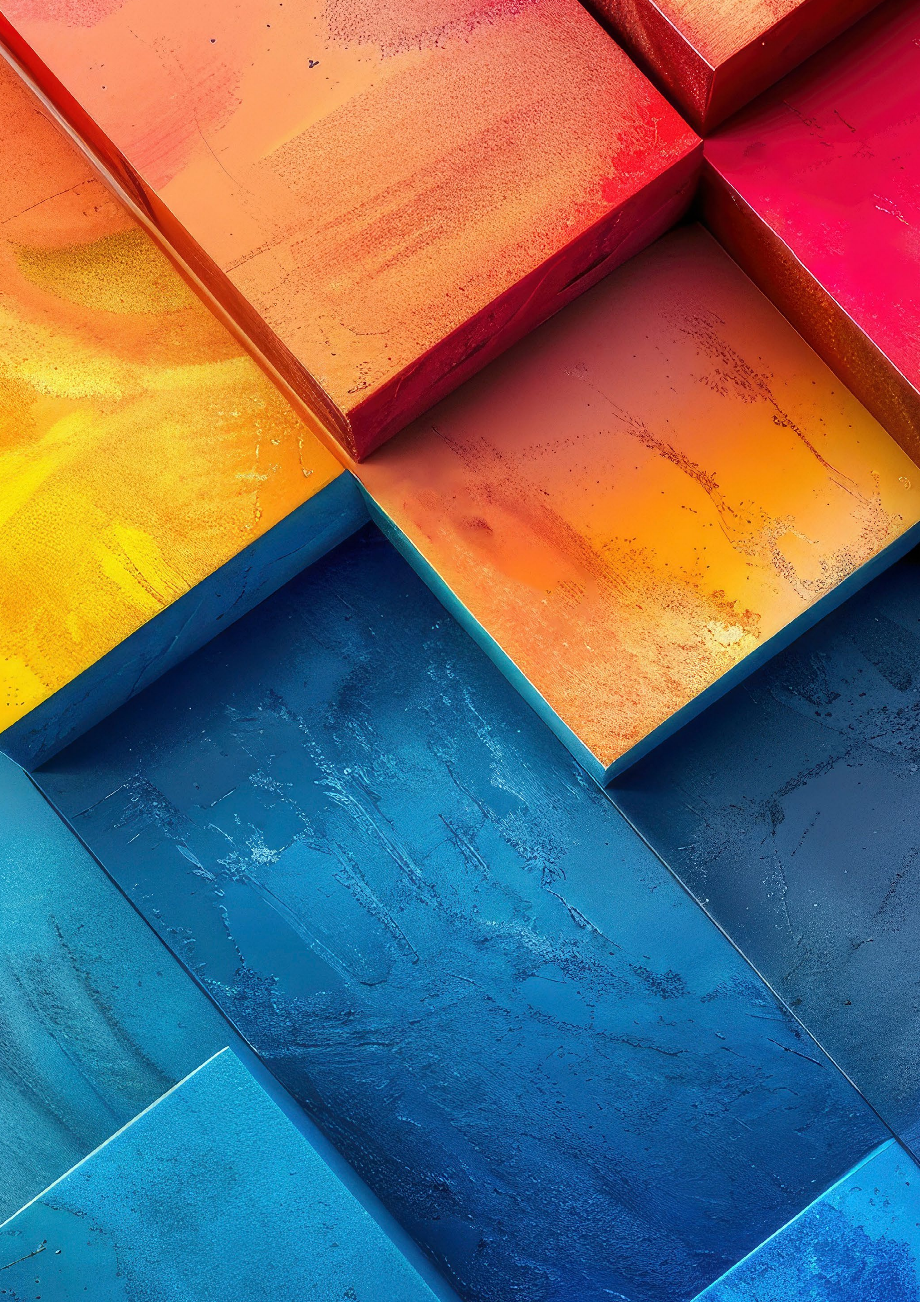
"The next step on our journey is to move from approaching DE&I as a separate topic towards integrating it into how we attract, retain and develop our talent and run our business."

Lisanne Molina, Aegon Asset Management

By implementing these recommendations, companies in the European asset management sector can not only comply with the emerging EU regulatory framework for DE&I, but also close the gap with other sectors that have made greater progress on DE&I. A diverse, equitable and inclusive workforce drives innovation, improves decision-making and enhances performance. It also enables organisations better to understand and meet the needs of increasingly diverse investors and talent. For the sector to thrive in the future, it must embrace and harness the power of DE&I.

We would like to thank our interviewees:

- Astrid Møller Christensen, People Partner, Nordea
- Amit Singh, Head of DE&I, AXA Investment Managers
- Marion Le Morhedec, Member of Management Board, AXA Investment Managers
- Jérôme Broustra, Head of Global Rates, AXA Investment Managers
- Lisanne Molina, Head of Learning, Culture, Diversity & Inclusion and Global HR, Aegon Asset Management
- Marcella Capistrano, Junior Business Controller, Aegon Asset Management
- Nigel Cresswell, CEO, Quoniam Asset Management
- Camilla Udd, Executive Director, Culture, Diversity & Change, Quoniam Asset Management
- Craig Blair, Country Head for Luxembourg, Franklin Templeton
- Nancy Rowe, DE&I Director EMEA, Franklin Templeton
- Zahra Sheikh, Group Head of DE&I, Pictet



Appendix

A1. DE&I associations and initiatives in the financial industry in Europe/worldwide

The following list highlights associations that operate in multiple European countries.

100 Women in Finance is a global network of professionals in the financial and alternative investment industries with the mission to strengthen the global finance industry by empowering women to achieve their professional potential at each career stage.

CFA Institute's Diversity, Equity, and Inclusion Code provides a structured framework to support the development of impactful and measurable strategies that advance DE&I in investment management. It has so far been launched in the US, Canada, the UK and, since June 2024, on the European Continent.

Diversity Project Europe is a cross-border and cross-company initiative championing a diverse and inclusive European asset management industry. Its initial focus is on Europe's key asset management markets and three themes – gender equality, social mobility and inclusive culture – seeking to facilitate change through voluntary collaboration and knowledge sharing.

Level20 is an organisation that promotes gender diversity in the private equity industry, including asset management. Level20 works to address the underrepresentation of women in senior positions in the private equity sector, aiming to achieve greater gender balance.

The United Nations Environment Programme Finance Initiative (UNEPFI) collaborates with the financial sector to advance global sustainable finance and responsible investment, mobilising the industry for a more sustainable and inclusive global economy in line with the UN Sustainable Development Goals (SDGs).

Workplace Pride initiative is a movement that aims to create more inclusive and supportive workplace environments for LGBTQ+ (lesbian, gay, bisexual, transgender, and queer) employees. It promotes diversity, equality, and acceptance within organisations by providing resources, tools, and guidance to employers and employees. The initiative encourages companies to implement policies and practices that foster an inclusive culture in which individuals can feel safe, valued, and respected regardless of their sexual orientation or gender identity.

A2. Country-specific associations and initiatives in the financial industry

Various country-level associations and initiatives in Europe actively promote DE&I within the finance sector, with a particular focus on enhancing female representation, especially in leadership roles. However, there is a need to broaden the diversity scope beyond gender to encompass factors such as social mobility, disability, age, nationality, sexual orientation, and religion, as well as to focus more on the equity and inclusion aspects of DE&I.

Women in Finance (Belgium) wants to give equal, fair opportunities to everyone working in the financial sector: men, women and X. They organise networking events, workshops and many more.

Financi'Elles (France) is a federation of networks promoting gender diversity within the financial sector, launched in 2011. Their ambition is to unite the resources and efforts of diversity networks to support and enhance each other's initiatives.

Fondsfrauen (Germany) is the largest German-speaking professional network in the financial industry. Its goal is to advance women's careers and promote equal opportunities and diversity.

Valore D (Italy) promotes gender balance and inclusive culture in Italian businesses, including finance. The association has +350 member companies in Italy, with more than 2 million employees. Activities include networking, mentorships and research.

Luxembourg Women in Finance Charter is a commitment by financial institutions in Luxembourg to promote gender diversity and increase the representation of women in senior roles. Signatories pledge to set measurable targets, implement action plans and regularly report on progress towards gender equality.

Women in Finance Charter (Norway) is a charter that organisations can sign if they want to commit themselves to setting internal targets for gender balance in leadership positions, appoint one member of the executive committee with dedicated responsibility for gender equality, publish goals and report status annually, and link pay to targets.

Swiss Sustainable Finance promotes sustainability and inclusivity in Swiss finance. It shapes frameworks, engages key stakeholders, informs on best practice and creates supportive tools.

Advance (Switzerland) is a Swiss association dedicated to increasing the representation of women in leadership roles in Swiss companies. By providing mentoring, networking and development programmes, Advance aims to foster gender equality and empower women to achieve their full professional potential.

Women in Finance (Sweden) KIFS (Kvinnor inom Finans i Sverige) is an initiative engaged in encouraging more women to pursue higher education that prepares them for a future in the financial industry, with a particular focus on the segment related to the securities market, and thereafter choose to work, enjoy, flourish and stay in the financial industry for the long term.

Female x Finance (The Netherlands) guides women into finance through networking, educational content such as interview prep guides and monthly training sessions, as well as career consultation to match them with leading companies in finance.

A3. Other DE&I associations of relevance for asset management

Asset management companies in Europe are also involved in other DE&I initiatives and associations that extend beyond the financial sector.

10,000 Interns Foundation is dedicated to creating 10,000 internship opportunities for underrepresented and disadvantaged students in the UK. Collaborating with companies in various sectors, it aims to provide valuable work experience and enhance employability.

DiversityEmployers.eu is an innovative employer branding platform that centres on recognising and showcasing European employers who prioritise diversity, equality, inclusion and accessibility. It builds company profiles that can be shared everywhere from the company's website to social media and other recruitment channels in order to attract and retain more diverse candidates.

Out & Equal is the leading global non-profit organisation dedicated solely to advancing LGBTQ+ workplace equality. Its impact is felt through international programmes, strategic corporate collaborations and events. It also provides toolkits, guides and reports as well as leadership development programmes focused on building a strong LGBTQ+ pipeline.

The Valuable 500 brings together 500 organisations to accelerate inclusion for people with disabilities. Its goals are to put disability inclusion on the leadership agenda, tackle the disability data gap, and authentically represent people with disabilities in advertising and media.

CSR Europe is a business network for corporate social responsibility (CSR). It works with companies and stakeholders to promote and support the integration of CSR principles into business strategies and operations. Together with European policymakers, it is co-building an inclusive and equal Europe 2030. It also organises webinars and panel discussions, and provides services such as multicultural DE&I assessments, HR readiness assessments and stakeholder dialogues about DE&I.

Sponsors for Educational Opportunity (SEO) is a non-profit organisation that provides educational and career opportunities to young people from under-served communities. By offering programmes in academic preparation, mentorship and internships, SEO aims to close the achievement gap and ensure that all students have the resources to succeed in higher education and their careers.

The 30% Club is a global campaign advocating for greater gender diversity on corporate boards. Its goal is to achieve a minimum of 30% women on boards of directors. Its investor groups coordinate the investment community's approach to DE&I (to deliver greater DE&I in the companies they invest in around the world), run mentoring programmes and scholarships, and give women board-level development opportunities.

The Social Mobility Foundation (SMF) is a UK-based charity that aims to improve social mobility for young people from disadvantaged backgrounds. It provides support and opportunities through mentoring, internships, guidance on university applications, and skills development. The foundation works with high-achieving students from low-income backgrounds, helping them to access top universities and careers in professional sectors. Through its programmes, SMF seeks to bridge the gap between talent and opportunity, ensuring that social and economic background does not limit a young person's potential.

A4. DE&I-related certifications

Certifications for key aspects of DE&I are important in setting standards and help organisations to drive and anchor progress, provide valuable insights into opportunities for improvement, and demonstrate commitment on these issues to external stakeholders. Nearly half of the organisations participating in our survey indicated that they had DE&I certification.

EQUAL-SALARY certification

- Private certification granted by the independent Swiss Equal-Salary Foundation
- Enables companies to confirm that they provide equal pay to their female and male employees for equivalent roles or roles of comparable value
- The certification eligibility verification methodology is based on ISO 9001 standards and recognised by the European Commission

B Corp certification

- Certification awarded to companies that meet high standards of social and environmental performance, transparency and accountability
- Companies are certified by means of an assessment, a regulatory requirement tool, a risk review and a disclosure questionnaire, followed by evaluation and verification

Gender Equality European & International Standard (GEEIS)

- The GEEIS and GEEIS Diversity labels are intended for both European and international groups and companies wishing to participate in the construction of a more equitable society based on gender equality and diversity. To obtain these labels, companies must implement steering, training and communication tools to work towards equal opportunities
- The labels are awarded after an on-site audit and documentary study
- They are granted for four years with an interim evaluation after 24 months

EDI Quality Mark

- The Equality, Diversity and Inclusion (EDI) Mark is offered by the Irish Centre for Diversity, supported by Ibec
- Enables businesses to be known as 'Investors in Diversity' on three levels, offering a framework for success. The bronze level means committed, the silver level means embedded, and the gold level means leading

EDGE certification

- The Economic Dividends for Gender Equality (EDGE) certification focuses on a workplace gender and intersectional equity approach
- Comprising two standards, EDGE (gender-binary) and EDGEplus (gender and intersectionality), it provides a comprehensive framework to assess where an organisation stands in terms of gender and intersectional equity, and is verified through independent third-party audits

A5. National-level regulation in Europe

1. Gender pay gap reporting

Country	Reporting requirement	Information to report	Scope	Frequency	Sanction type
Belgium	Yes	Pay survey and analysis of the pay and pay differentials of women and men and other groups in different jobs and positions, including measures to promote equal pay and reduce any unjustified pay gaps, must be made available to employees and the institute for the equality of men and women	Companies with more than 50 employees	Every two years	
Denmark	Yes	Information on the average pay of men and women must be provided to staff representatives or employees on request	Companies with at least 35 employees and at least 10 employees of each gender in the same job category	Every year	Financial penalty of up to KR 10,000 per employee impacted
Finland	Yes	Gender equality plan, including an equal pay audit,[1] must be drawn up and made available to employees and the Equality Ombudsman	Companies with more than 30 employees	Every two years	Financial penalty
France	Yes	Gender equality index[2] must be published on the company website and communicated to employee representatives and labour administration	Companies with at least 50 employees[3]	Every year	Financial penalty of up to 1 percent of their payroll
Germany	Yes	Pay gap data	Companies with more than 200 employees[4]	Every five years	
Iceland	Yes	Report on progress towards equal pay and the reduction of any unjustified pay gaps	Companies with more than 25 employees	Every three years	Financial penalties
Ireland	Yes	Pay gap report must be made available on the company website and include data on the difference of pay (including bonus and benefits in kind) between men and women	Companies with more than 250 employees	Every year	No financial penalty but forced compliance
Italy	No reporting obligation				
Luxembourg	No reporting obligation				
Netherlands	No reporting obligation				

1 Must include details of the employment of women and men in different jobs, a survey concerning the classification of jobs, the pay for those jobs and the differences in pay by gender.
2 Based on five indicators : the gender pay gap, the gap in the rate of individual salary increases, the gap in the rate of promotions, the percentage of women who receive a salary increase upon returning from maternity leave and the number of women and men among the highest paid in the company
3 Additional requirements for companies with more than 300 employees include the obligation to publish their action plan to reduce the gender pay gap and improve the professional equality of women.
4 For companies with more than 500 employees, obligation to include the data in their annual report.

1. Gender pay gap reporting (continued)

Country	Reporting requirement	Information to report	Scope	Frequency	Sanction type
Norway	Yes	Public report including statistics showing the differences in pay between men and women at different levels in the company	Companies with at least 50 employees	Every two years	Financial penalty
Spain	Yes	Pay transparency policy to be adopted, made available to staff representatives and employees upon request, and reported to labour administration	Companies with at least 50 employees	Every year	Financial penalty of up to EUR 187,515
Sweden	Yes	Pay survey and analysis of the pay and pay differentials of women and men and other groups in different jobs and positions, including measures to promote equal pay and reduce any unjustified pay gaps, must be made available to employees and the Equality Ombudsman	Companies with more than 10 employees	Every three years	Financial penalties
Switzerland	Yes	Pay equity analysis results to be shared with employees and shareholders	Companies with	Every four years	Financial penalty of up to CHF 40,000

Source: PwC research, May-July 2024

2. Maternity and paternity leave

	Maternity leave		Paternity leave	
Country	Duration	Pay	Duration	Pay
Belgium	15 weeks	82%[5] then 75% of salary	20 days	Full then 82%[6] of the salary
Denmark	18 weeks	Full[7]	2 weeks	Full
Finland	8 weeks + 14 months to divide between parents[8]	Full	14 months to divide between parents	Full
France	16 weeks to 46 weeks[9]	EUR 10.73 to 100.36 per day[10]	28 calendar days	EUR 10.73 to 100.36 per day[11]
Germany	14 weeks	Full	Covered by parental leave	
Iceland	3 to 6 months[12]	80% of salary	3 to 6 months[13]	80% of the salary
Ireland	42 weeks	EUR 274 per week[14]	2 weeks	EUR 274 per week
Italy	20 weeks	80% of salary	2 weeks[15]	Full
Luxembourg	20 weeks	Full	2 weeks	Full
Netherlands	16 weeks	100% of salary	6 weeks	Full[16] then 70% of max. daily wage.
Norway	15 to 19 weeks[17]	Full (15 weeks) or 80% (19 weeks)	15 to 19 weeks	Full (15 weeks) or 80% (19 weeks)
Spain	16 weeks	Full	16 weeks	Full
Sweden	90 to 240 days[18]	80% of salary	90 to 240 days	80% of the salary
Switzerland	14 weeks	80% of salary[19]	2 weeks	80% of salary[20]

Source: PwC research, May-July 2024

5 First 30 days
6 First 3 days
7 Maximum of DKK 4,550 per week
8 Can be transferred between the parents
9 Depending on the number of expected children and number of children living in the household
10 Maximum EUR 100.36 per day
11 Maximum EUR 100.36 per day
12 Portion of additional 3 months to share between the two parents
13 Portion of additional 3 months to share between the two parents
14 Only for the first 26 weeks
15 Plus one day's optional unpaid leave (or paid, if transferred from the mother's leave)
16 For the first 5 days
17 The total parental leave is 49 weeks with full coverage and 59 weeks with 80% coverage. The parental leave is divided between the parents. The parents are each entitled to 15 weeks fully paid or 19 weeks with 80% coverage. The parents also have 16/18 weeks (depending on what coverage they have chosen), which they may divide between themselves as they wish.
18 Parents are entitled to 480 days of paid parental leave. Each parent has the right to 240 days, of which 90 days are not transferable. Non-parents are also entitled to a 10-day leave in connection with the child's birth.
19 Maximum CHF 220 per day
20 Maximum CHF 220 per day

3. Parental leave

Country	Parental leave: Eligibility period	Duration	Pay	Dismissal protection
Belgium	Until child is **12 years old**	**4 months** of full-time leave for each parent to use **(non-transferable)** in one-month instalments or spread over a longer period	Parental leave allowance for **EUR 890** for full-time leave	Yes
Denmark	Until child is **9 years old**	**32 weeks** to be **freely shared** between the parents, which can be extended by either 8 or 14 weeks[21]	Depends on work agreement.	Yes
Finland	From 6 months after birth until child is **3 years old**	Duration is to be agreed with employer.	Child home care allowance	Yes
France	Until child is **1 year old** for the Prestation partagée d'éducation de l'enfant (PreParE)[22] and until child is 3 years old Congé parental d'éducation (CPE)	Up to 6 months per parents (PreParE)[23] and for the full period until the child is 3 years old (CPE)	Depends on the income level, the number of children, and the chosen mode and duration of leave for both CPE allowance and PreParE allowance. CPE allowance, however, is lowe	Yes, for PreParE but not for CPE, which only guarantees a return to a similar or equivalent position
Germany	Until child is **3 years old** and partial transfer until child is **8 years old**	Up to 3 years (for the mother, the 2 months of maternity leave count as parental leave), with 24 months which can be transferred up until the child's 8th birthday	Parental allowance up to EUR 1,800 per month	Yes
Iceland	Until child is **8 years old**	One leave of up to 13 consecutive weeks	Unpaid	Yes
Ireland	Until child is **2 years old**	7 weeks of leave for each parent (parents' leave) and additional 26 weeks unpaid parental leave until child's 12th birthday	EUR 274 per week	Yes
Italy	Until child is **12 years old**	9 months (3 months not transferable for each parent)	30% of salary[24]	Yes
Luxembourg	Until child is **6 years old**	4 or 6 months (full-time) 8 or 12 months (part-time)	Full salary (capped)	Yes
Netherlands	Until child is **8 years old**	Equivalent of 26 work weeks[25]	70% of the daily wage for the first 9 weeks[26]. Rest is unpaid	Yes
Norway	Until child is **3 years old**	49 to 59 weeks	100% of salary to 49 weeks; 80% to 59 weeks[27]	Yes
Spain	Until child is **3 years old**	3 years	Unpaid	Limited to a year
Sweden	Until child is **12 years old**	480 days, to be shared between both parents (minimum 90 days per parent, which are not transferable)	Between SEK 250 and 1,116 per day[28] for the first 390 days; the 90 remaining days are paid at SEK 180 per day	Yes
Switzerland	Depends on cantonal regulations.			

Source: PwC research, May-July 2024

21 The total amount of allowance received for the whole period remains the same whether the 32-week period is extended or not. If the parents choose the benefit from an extended parental leave, the pay of the 32-week period is then spread out over 40/46 weeks.
22 Or under three years old for the third or subsequent child
23 Or for a maximum of 24 months per parent for the third or subsequent child
24 One of the parents is entitled to one-month parental leave paid at the rate of 80% (instead of 30%) if the leave is taken during the first six years of the child's life.
25 Parents are entitled to, at most, 26 times the number of hours they work per week.
26 Must be taken during the child's first year.
27 Up to a certain limit

28 Corresponds to sickness benefit amounts.

4. Female representation quotas on boards of directors

Country	Gender quotas	Sanctions	Scope
Belgium	1/3 (board of directors or supervisory board)	Yes – suspension of board members' remuneration and nullification of board decisions	Public and private companies with more than 50 employees
Denmark	To be determined by company	No	Listed and state-owned companies
Finland	No quotas		
France	40%	Yes – appointments of the overrepresented gender are null and void. Suspension of board members' remuneration/allowances	• Listed companies • Companies with more than 500 employees and more than EUR 50 million in turnover • Public companies and institutions
Germany	1 of each sex as of boards comprising 3 or more members	Yes – appointments of new members of the management board in disregard of the rule are null and void	• Listed companies in the private sector that are also subject to co-determination • Certain companies in which the German Federal Government holds a majority stake
Iceland	40%	Yes – fines (or dissolution)	• Public and private companies with more than 50 employees • Public institutions and committees
Ireland	No quotas		
Italy	40%	Yes – fines and dissolution	• Listed companies • State-controlled companies
Luxembourg	No quotas		
Netherlands	1/3	Yes – appointments of new members of the management board in disregard of the rule are null and void	Dutch listed companies
Norway	40%	Yes – fines or dissolution	• Public and private large and medium-sized companies • Public institutions and committees
Spain	40%	No	• Publicly listed companies • Unlisted companies with more than 250 employees and annual turnover exceeding EUR 50 million
Sweden	No quotas		
Switzerland	30%	No	Companies with more than 250 employees and more than CHF 20 million in turnover or more than CHF 40 million in revenue

Source: PwC research, May-July 2024

A6. Regulatory comparison with other regions

Cross-sectoral DE&I regulation

The United States takes a more decentralised approach to DE&I regulation, with DE&I initiatives often driven by state laws and corporate governance principles rather than federal mandates. The US Securities and Exchange Commission (SEC) has recently focused on enhancing transparency, requiring companies to disclose more information about their human capital, including DE&I efforts.

The United Kingdom, post-Brexit, has its own set of regulations, such as the UK Corporate Governance Code, which recommends that boards consider diversity in their composition, but stops short of imposing quotas.

In the Asia-Pacific region, DE&I regulations vary widely due to the diverse cultural, economic, and political landscapes. Some countries have minimal formal DE&I policies, while others, like India, have mandated certain quotas for board representation.

Overall, the EU's approach to DE&I is more prescriptive and directive-driven, especially regarding gender diversity, compared to the more recommendation-based approaches of the US and UK. The regulatory landscape for DE&I is most varied in the Asia-Pacific region, reflecting its diverse socio-economic conditions.

DE&I regulation for the finance sector

The trend in the financial sector in Europe is in line with regulatory developments in other key locations for asset management in the UK and the USA (where regulatory proposals have been published but are yet to enter into force) and in the Asia-Pacific region (where several countries already have guidelines in place).

Women on boards

Outside the EU, approaches to gender diversity on corporate boards vary considerably. In the UK, there are no mandatory quotas for women on boards. Similarly, in the USA, there is an absence of federal quotas, but various states have implemented measures. In the Asia-Pacific region, few countries enforce quotas.

Parental leave

Rights to maternity, paternity and parental leave in the UK and leading Asia-Pacific countries compare favourably with EU minimums, but the US lacks federal-level rights.

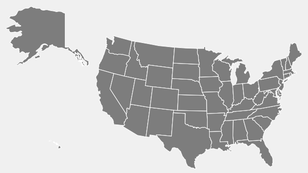
In the UK, eligible mothers can take up to 52 weeks of maternity leave, with statutory pay for 39 weeks. Eligible fathers or partners can take up to two weeks of paternity leave, with statutory pay. Eligible parents can also share up to 50 weeks of leave and 37 weeks of pay under the shared parental leave scheme.

In the US, there is no federal law that guarantees paid maternity, paternity or parental leave. However, some states, cities and employers offer their own policies. The Family and Medical Leave Act (FMLA) provides eligible workers with up to 12 weeks of unpaid, job-protected leave for the birth or adoption of a child, or for other family or medical reasons.

Rights to maternity, paternity and parental leave in Asia-Pacific countries vary widely. Maternity leave is usually granted for a period ranging from 12 to 26 weeks. Most countries provide some form of wage replacement or social security benefits for eligible mothers. Paternity leave is less common and less generous than maternity leave and is often optional or voluntary.

Data protection

Outside Europe, many countries have made efforts to protect employee data. According to the United Nations Conference on Trade and Development (UNCTAD), 71% of countries worldwide have data protection and privacy legislation in place, 9% of countries have draft legislation and 15% have no legislation. However, EU regulation is among the most stringent.

	DE&I regulation for the finance sector	Data protection
UK 	Consultation paper (2023) of the UK Financial Conduct Authority **(FCA)** and Prudential Regulation Authority **(PRA)** with disclosure requirements including **DE&I governance and accountability, data- and evidence-driven DE&I strategy, DE&I targets, annual DE&I monitoring and reporting.** Publication date schedule for 2024, with entry into force in 2025.	The **Data Protection Act (DPA, 2018)** has principles similar to EU GDPR and specifies categories of sensitive data. EU GDPR still applies when EU residents are involved.
USA 	The Securities and Exchange Commission **(SEC)** released its first Diversity, Equity, Inclusion and Accessibility Strategic Plan in 2023. It includes two goals that advocate using the Commission's regulatory authority to promote inclusion of underrepresented groups. This could mean that **new DE&I regulations** could be introduced in the financial sector in the **coming years**.	No federal legislation. States have their own legislation, e.g. the California Privacy Act (CCPA): • Need to inform (type of data and purpose). • Categories of sensitive data with special protection.
Asia-Pacific 	The Securities and Futures Commission **(SFC)** issues guidelines governing DE&I, workplace discrimination and harassment that cover **leadership commitment, policies, training, recruitment, performance assessment and reporting**. The guidelines actively monitor **gender diversity within boards and senior management, publishing statistics** on an annual basis. The Financial Services Agency **(FSA)** promotes diversity through its Corporate Governance Code, urging listed companies to **disclose policies and measurable targets** for diversity in **senior management**, including gender and nationality.	Many legislations on data protection have recently been updated or are in the process of being **updated** as a result of the introduction of GDPR in the EU. In general, similarly to GDPR, collecting personal data is permitted.

DIVERSITY PROJECT EUROPE

BUILDING INCLUSION IN INVESTMENTS & SAVINGS

About the Diversity Project Europe

The Diversity Project Europe (DPE) is a cross-border, cross-company initiative championing a diverse, equitable and inclusive European asset management industry. The DPE's initial focus is on Europe's key asset management markets and the three themes of gender equality, social mobility and inclusive culture, seeking to facilitate change through voluntary collaboration and knowledge sharing. We believe that – acting together – there is an immense opportunity to move the dial and shape an industry that better reflects both society at large and its clients, ultimately securing a more sustainable future for our sector.

Find out more: diversityprojecteurope.com

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