



# Diversity statement: what have we done so far?

In our recently published [diversity statement](#) we set out our commitments to diversity. In this statement we committed to:

1. Allocate capital to high quality companies that are continually improving their own approaches to diversity
2. Use our influence as investors to encourage companies to take positive diversity actions through (direct and collaborative) engagement, proxy voting and policy advocacy
3. Continue to evolve our own approach to diversity, including hiring, remuneration and career progression
4. Report transparently and regularly on our own successes and failures as an employer, an investor and within our communities

Diversity<sup>1</sup> is an integral part of sustainable development and has always been important to us as investors, employers and as members of society. We understand that diversity needs to go hand in hand with equity and inclusion to be effective. We have worked hard to address diversity issues, particularly relating to gender, but acknowledge that there is always more to do. We are committed to continual learning and improvement. We don't believe we need policy statements to prompt action on these issues but we understand that policies and plans are important to our investors from an accountability and transparency perspective and we take our commitments and reporting responsibilities very seriously.

We will share updates on our progress in future communications. In the meantime, we thought it would be helpful to describe what we have achieved so far.

## ① High quality companies that are continually evolving their own approaches to diversity

We select high quality companies that are contributing to sustainable development, using a long term perspective. A company's approach to diversity, equity and inclusion is an important driver of long-term success and forms part of our quality assessment of each company. Most of our research is proprietary but we supplement our own

bottom-up analysis with third-party research on complex issues; this research helps us to identify leaders and laggards in sustainability. An example is our 2019 research tender on "Improving Gender Diversity in Companies".

Notable company examples from a diversity perspective include a UK technology company, an Indian IT consulting company and an Indian consumer goods company.

### UK Technology Company

As at November 2020, 42% of their global workforce were female employees and 58% of the Executive Board positions were held by women (compared to zero in 2014), while 40% of its plc Board were female (increased from 18% in 2014)

Insights into their approach include:

- senior leadership commitment
- shared purpose and mind-set
- inclusion comes first - there is no point in having more diversity if it isn't heard
- focus on IQ and learning agility in recruitment, rather than not having done a specific role for x numbers of years
- manage recruiters very actively
- practical, behaviour based learning - just highlighting bias doesn't change it
- break down gender role norms - for example, parental leave and flexibility
- Continuously monitor both the types of roles and career progression to manage the pay gap

### Indian Technology Consulting Company

This company has a number of programmes focused on IT education and literacy and is one of the largest employers of women in India. Their adult literacy programme has reached 1,078,798 people since the start of the programme, as at Jan 2022. 85% of those involved in the programme were women. In 2013 the company established an 'all-women' Business Process Services (BPS) centre in Riyadh, Saudi Arabia which currently employs over a 1,000 women.

## Indian Consumer Good Company

Their flagship social initiative is a vocational beauty training programme that trains young women in India. Additional life skills and entrepreneurship development modules enable women to take up jobs or pursue self-employment. The programme focuses on urban and peri-urban women, in weaker socio-economic sections of society. Since 2012, more than 220,000 women have been trained across 23 states with 22 non-profit partners. Over 50% of trainees take up some form of employment following the programme.

We have the privilege of continually learning from the companies we invest in as they evolve and this enables us to put what we learn from their good stewardship and strong cultures into practice within our own organisation.

## 2 Engagement, proxy voting and policy advocacy

Our 2019 research tender on Improving Gender Diversity in Companies formed part of our response to the lack of diversity on a number of Boards and management teams across our investable universe. This research tender aimed to highlight a set of policies, tools and approaches to support the retention and recruitment of women. The University of Technology Sydney completed the research and the [report](#) is publicly available on their website. More details on the research tender are provided in this [article](#).

We shared this research with the company management teams of the top ten companies in each of our strategies as part of our approach to engagement on this topic. Some of these companies have made significant progress since we started to engage, while others have been less receptive. We take a long-term collaborative approach to engagement but we will eventually sell the position if management fails to meet our expectations as this would influence our conviction in the long-term quality and sustainability positioning of the company.

When we have the opportunity to exercise a vote to improve diversity, equity and inclusion we vote in favour. Recent examples have included where we have voted for shareholder resolutions in favour of more transparency around diversity.

Another opportunity to express our views on diversity is voting on the appointment of directors, for example we voted against management on the appointment of a new director for a logistics company as we felt this missed an opportunity to improve board diversity.

On policy advocacy, we support investor groups like UK Sustainable Investment and Finance Association (UKSIF). UKSIF has an explicit commitment to policy solutions relating to "encouraging diversity and inclusion in all its forms". There is further information available in their [policy vision statement](#). We will look to develop our approach to policy advocacy in a way that aligns with our investment approach and resources.

## 3 Our approach to diversity as a firm, including hiring, remuneration and career progression

The Sustainable Funds Group is diverse across many factors, but particularly from a gender, race, ethnicity, nationality, and age perspective. This is helped by the fact that our team is spread across offices in Edinburgh, London, Singapore and Sydney.

We review hiring, remuneration and career progression decisions from a diversity and inclusion perspective. Over the last 3 years we have made good progress on improving the gender balance within the team. In 2020 we hired two female analysts and two female client relationship managers. We have also promoted two female analysts to co-portfolio manager roles. In 2021 we hired an additional female to co-lead our business development activities.

Sustainable Funds Group - % female employees<sup>2</sup>

Function	2019	2020	2021
Management <sup>a</sup>	29%	29%	29%
Client <sup>b</sup>	50%	56%	60%
Brand & Communications <sup>c</sup>	N/A	N/A	67%
Investment <sup>d</sup>	17%	23%	29%
Operations <sup>e</sup>	80%	67%	71%
Total	37%	40%	46%

### Notes

<sup>a</sup> Management comprises of SI Central Management, and SFG Business Head

<sup>b</sup> Client comprises of SFG Client team

<sup>c</sup> Communications comprises of SFG Brand & Communications team. This is a new team established in 2021

<sup>d</sup> Investment comprises of SFG Investment team

<sup>e</sup> Operations comprises of teams supporting SFG with Portfolio Implementation, Company Engagement, and Administrative Support

Stewart Investors' (SI's) parent brand First Sentier Investors (FSI) is responsible for managing human resources across the wider firm. Stewart Investors is involved in FSI's Pathways Diversity and Inclusion programme through its employee-led communities focussed on gender, ethnicity, disability, LGBT+, neurodiversity and socio-economic in Europe and the US. The gender diversity group is co-led by a Stewart Investors' employee. We also have representation on FSI's global diversity working group. Our [response](#) to Black Lives Matter is a recent example of us using our voice to support diversity and inclusion. In our annual reporting we will be sharing our progress on our activities relating to the commitments we made in this statement.

Stewart Investors supports a broad range of educational projects through its charitable trusts, [Maitri](#) (in Edinburgh) and the Tar Ra Fund (in Australia). These projects are relevant from a diversity, equity and inclusion perspective as they aim to raise both the quality of and access to education. Maitri Trust has a particular focus on India, South Africa and Mexico. Two examples of charitable projects are [Future Asset](#) and [CAMFED](#). We set up Future Asset as a project to enable girls in the senior phase of high school in Scotland to learn how investment can change the world for the better, gain valuable, transferable skills and consider the benefits of possible future careers. The charity was later established as an independent Scottish charity. CAMFED supports girls and young women in impoverished districts in rural sub-Saharan Africa, tackling poverty and gender and providing access to education and opportunity. CAMFED promotes the value of education as the foundation for social justice, women's leadership, economic development, and climate action. There is more detail about our work with CAMFED available on this [video](#). Other charities that we have supported that are relevant from a diversity, equity perspective include [GAIN UK](#), [Stewart Ivory Educational Trust](#), [Edinburgh Science](#), [Preston Lodge Learning Foundation](#), [SVA Australia](#) and [Olive Kids](#).

## ④ Transparent reporting

Our diversity reporting will document our successes and failures as an employer, an investor and within our communities. This will include how investee companies are improving (or failing to improve). To date our engagement activities have been predominantly focussed on the diversity of boards, particularly relating to gender. We plan to broaden out our approach to include other diversity factors and report on our evolution through time.

Some of our reporting is created at the wider firm level. A Gender Diversity Scorecard tracks progress on attracting and retaining female employees. This scorecard is available in this [report](#). Further information on the firm-wide diversity programme is available in the [gender pay report](#) and on the [website](#). The firm is currently evolving its approach to Diversity and Inclusion reporting and has recently completed a comprehensive global employee survey.

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<sup>1</sup> We define diversity as including, but not limited to, individual and group differences based on gender and gender expression, race, ethnicity, nationality, age, physical ability / disability, neurodiversity and other health conditions, sexual orientation, class, religious belief, and political perspective.

<sup>2</sup> Source: Company Report(s), Stewart Investors, December 2021

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Or visit our website at [stewartinvestors.com](http://stewartinvestors.com)

## Investment terms

View our list of [investment terms](#) to help you understand the terminology within this document.

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