STRUCTURED FINANCE ASSOCIATION

SFA DEI Symposium: *Investing in the Next Generation*

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Key Takeaways

SFA's inaugural DEI Symposium: *Investing in the Next Generation* brought together over 130 engaged participants to discuss sustainable strategies for attracting the talent of the future. The Symposium sparked candid conversations around DEI best practices, lessons learned, and actionable steps forward amongst the thought leaders in attendance. We look forward to continuing these discussions in 2023 through our DEI task forces and future events.

Overview

SFA hosted over 130 SFA members, industry leaders, and subject matter experts representing over 60 different firms for a day-long Diversity, Equity, and Inclusion (DEI) Symposium on November 3, 2022. The Symposium featured impactful dialogue related to industry DEI efforts featuring interactive Q & A's, immersive breakout sessions, and expert-led panels. A vast majority of securitization market participants (86%) reported they have ESGprograms in place at the Enterprise level.

The Symposium focused on the following topics:

- What impact has COVID-19 had on the industry's dedication to DEI efforts? What role can industry leaders play in building upon the current momentum and renewed focus on DEI priorities?

- What are some best ways to mitigate DEI "fatigue" within your organization?

- How can the structured finance industry work together to create more growth and retention opportunities for employees?

- How should industry participants combat the disparities in access to capital for underrepresented communities?

Cultivate DEI Engagement in All Its Forms

- **Allyship** is crucial to the success of DEI efforts. There at times feels like there is a dearth of allies within the industry to support the work being done. Discussions at the symposium revealed that many allies are afraid to make mistakes when participating in sensitive conversations or being canceled for saying the wrong thing. There is a huge opportunity within the industry to get allies more involved with organizational DEI initiatives; however, organizations must also help employees learn and appreciate the complexities of allyship as well as facilitate their involvement.

- **Active Allyship** was a topic of frequent discussion throughout the day—to which many agreed that more of a united front is needed from allies in the workplace. When allies are encouraged to attend Employee Resource Group (ERG) or Affinity Group events, they help contribute to organizational change by listening to their colleagues and amplifying dialogue which is traditionally missing in these niche settings. Bringing colleagues from outside an ERG or Affinity Group to related functions can help with team building, professional development, and fostering a sense of community amongst colleagues, but industry leaders struggle in getting allies to show up in the first place.

- Companies should strategically approach their **philanthropic ventures** to align with goals surrounding their DEI initiatives and help sustain momentum. Authentic conversations with external partners surrounding what your team has done or hopes to accomplish in terms of DEI can make a greater overall impact on company success but must be done intentionally. Creating a plan guided by reachable goals can help external partners see that these initiatives are important to an organization's definition of success and further lead to expansive partnerships along the way.

- **Compensation** can be a motivator for engagement with workplace DEI initiatives, and that is okay. However, incentives should not be the sole driving factor of workplace DEI initiatives. Many panelists agreed that compensation could be a useful tool to increase DEI engagement, but it must accompany specific areas of accountability.

Invest in the Next Generation of Leadership

- With more clients than ever expecting companies to disclose their DEI data and statistics, it is important to gather internal information on all staff through standardized Self-ID practices while creating an environment where new hires feel comfortable sharing this information in the first place. Companies must follow through with this practice by making their DEI data available to the public. By making DEI data readily available via annual reports or the official website page, companies can demonstrate their commitment to inclusivity proactively and attract more business in the long-term.

- Panelists discussed DEI as a business strategy and how numerous companies have integrated their initiative goals into organizational standards of operation. For example, companies should utilize year-end reviews to create a culture of accountability regarding DEI commitment. Industry firms have begun to grade employees not only on their performance but also on a culture caring aspect that equates to how involved one's work may be with any given DEI initiative a company is currently focusing on. Other companies have added a DEI lens to their promotion practices; e.g. employees are asked to describe how their individual work has made an impact on the organizational DEI mission.

- Much of the discussion during the roundtables focused on middle management and making sure that current employees feel valued so they can grow in their roles. Affinity Groups and ERGs help an organization focus attention on looking in-house for new leaders instead of outsourcing or spending months on a cumbersome recruitment process. When companies utilize their ERGs/Affinity Groups effectively, these resources help identify what different underrepresented groups require to stay at a large and growing company.

- Giving back to institutions and/or communities that directly serve underrepresented populations is crucial in expanding the industry and must coincide with making room for diverse talent. AltFinance was featured as a case study in this type of effort.

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Acknowledge the Realities of our New Remote/Hybrid Workplace Environment

− Panelists recognized that there has been a need to redefine trust between employees and management in this new environment. Without the daily interactions of a shared office or in-person meetings, managers have had to adapt their leadership styles to effectively oversee various types of employees. Most panels agreed that while some employees struggled during the pandemic to separate their home from their work life, others found it empowering to be their authentic selves in their own home. Though these are two extreme examples, managers faced various obstacles as they navigated oversight in a virtual workplace.

− Remote and/or hybrid managers must lead by example by actively participating in video conference calls (e.g., camera on, unmuted, etc.), maintaining a professional brand while retaining an online presence (e.g., posting responsibly), and ensuring promotion processes are assessment-based rather than popularity-based. Leadership is most impactful when it is intentional, purposeful, and empathetic.

− Workplace culture has evolved throughout the pandemic to be more accepting of speaking up when you are not okay and asking for help. By building a firm-wide culture of

belonging, leadership can ensure employees aren't left questioning whether management values them or if they are just another statistic. An easy way to start doing this is by asking direct reports how they are doing in regular check-in meetings.

− Another evolving dynamic within the workplace is a greater acceptance of discussions around mental health. Several firms mentioned offering mental health days or reset days to help employees cope with the struggles of remote/hybrid work. Other companies also rely on mental health ambassadors in the workplace to promote company benefits and identify when someone may need help. There has been an industrywide uptick in workplace devotion toward programs that promote mental wellbeing and healthy lives.

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Make the Time to Close Gaps in Organizational Representation and Workplace Culture

- Many panelists recognized that organizations must dedicate budget towards their DEI goals. Setting specific goals for your organization to meet is crucial to tracking progress, measuring impact, and analyzing results.

- Companies should use their internal workplace analysis on diversity demographics and metrics to search for new growth areas and advancement in supporting employees from underrepresented backgrounds. Support here could mean implementing a mentorship program for new hires, providing opportunities for leadership early on in an employee's career, or simply offering chances to network within the industry. Companies that lack this current analysis on diversity demographics and metrics should first create a taskforce dedicated to exploring this topic. Without a baseline for where the company is now demographically, leadership cannot expect to identify areas for improvement.   It is important to hold leaders and partners accountable by asking what they have done lately to further the organization's DEI goals and to continue this conversation periodically so that the topic does not go forgotten about.

Panelists agreed that even if getting new talent was easy, retaining said talent should be more of the focus nowadays, especially in light of The Great Resignation.

- Many panelists expressed their concern with the fact that the structured finance industry is now competing to retain its top talent as some choose to make entirely different life decisions. Leadership is struggling to come to terms with the new normal of a hybrid workplace when they are so used to the traditional office model. With industry pivots becoming increasingly more common, providing ample workplace flexibility while remaining attentive of employee retention post-COVID-19 is crucial to organizational success.

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Final Thoughts

- It is more important now than ever to keep driving industry momentum forward through collaboration so that "DEI Fatigue" does not begin to settle in permanently.
- Our next DEI Toolkit module, *"Developing a DEI Strategy and Roadmap,"* will consolidate important tips and information on building your own DEI roadmap from industry professionals.
- We have plenty of exciting opportunities to get involved with SFA's DEI efforts. If you are interested in joining our DEI initiative, please click here.