

Diversity, Equity and Inclusion at Conning Holdings Limited (“Conning”)

July 27, 2020

Nick Tan, a member of Conning’s Consultant Relations Team and part of the firm’s Global Diversity, Equity & Inclusion (DEI) Council, recently spoke about the diversity initiatives at Conning with independent member of Conning’s Board of Directors, Meryl Hartzband, and CEO & Chair of the Board of Directors, Woody Bradford.

1. **Nick: *What was the impetus for Conning to launch a diversity, equity, and inclusion initiative?***

Meryl: As you know, the responsibilities of a Board include providing oversight and guidance to the CEO with regard to strategic initiatives. Woody Bradford, Conning’s CEO & Chair, elevated the topic of a DEI initiative seeking Board endorsement and involvement. The case for the initiative is easy to make. We expect a diverse, equitable and inclusive workforce will lead to better investment results, improved customer service, and help Conning attract and retain great talent. I think it is also consistent with our values and the right thing to do. Personally, I am very committed to doing what I can to help fulfill this vision, and I know that my colleagues on the Board feel the same way.

2. **Nick: *Why is equity and inclusion an important part of your initiative, rather than focusing solely on diversity? How are equity and inclusion different than diversity?***

Meryl: I think the history of initiatives focused solely on diversity shows the shortcomings of this approach. A move to increase diversity in the workplace really can’t be sustained unless it is supported by an environment that treats everyone equitably and respects all voices. We would like to ensure that all employees have access to the same opportunities and feel welcomed and empowered to express themselves and to reach their full potential.

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- Meryl Hartzband

3. **Nick: *What is the business case for diversity, equity and inclusion?***

Meryl: While I start by believing it makes intuitive sense, I understand that a number of studies demonstrate a high correlation between diverse investment teams and stronger returns which, not surprisingly, leads to improved financial performance. As one example of such a study, a McKinsey report from 2018 indicates that the most diverse investment managers with respect to gender had profit margins over 20% higher than firms lacking in gender diversity.¹ Our client base is a diverse one, and no single approach to investment strategy is likely to be best for all. If we broaden the firm’s perspectives by including a range of different views, we are more likely to generate creative ideas for our clients.

4. **Nick: What is the role of private firms like Conning in terms of promoting diversity in the workplace?**

Woody: Promoting diversity, equity and inclusion is not just a topic for press releases or social media, it is a competitive requirement. To be successful over time, companies have to satisfy many stakeholders, including but not limited to shareholders, clients, regulators, consultants, suppliers, employees and their communities. For example, in 2018 the Securities and Exchange Commission indicated that diversity and inclusion are among its top concerns for our industry. Increasingly our RFPs and RFIs from consultants and clients have been asking Conning and our peers to share information related to Environmental, Social and Governance (“ESG”) related topics, including the diversity of our workforces. And existing and prospective employees care about these topics too – in order to attract, retain and motivate the best people, a comprehensive DEI program is necessary.

5. **Nick: What have you learned along your diversity, equity and inclusion journey?**

Woody: Like many asset managers, Conning is very data-driven, so we did a lot of up-front work to be sure we understood our starting point. We engaged an experienced outside consultant to guide us through an assessment which helped us prioritize our efforts based on our company and people rather than on some generic academic article.

What we learned is that we have lots of work to do! I always refer to our DEI work as a journey – the question might better be asked “What have you learned so far?”

Just when we had our short- and long-term objectives in place, COVID-19 changed the game with an extended work-from-home operation, which introduced a new way for our team members to operate and interact. And then the horrific George Floyd murder raised the urgency of equity issues in the United States and in fact globally. As a leadership team we concluded that we need to treat DEI like all of our important strategic objectives, and at the same time recognized that we as individuals also benefit from more education, training and listening. We believe that DEI is a complex topic and we should continuously strive to live the words of our firm’s DEI statement.

Conning Diversity, Equity and Inclusion Statement

Conning Holdings and all of its affiliates² seek to provide clients with customized solutions, optimal investment results and exceptional customer service. To this end, we are committed to building a diverse, equitable and inclusive culture that provides our clients a range of perspectives and experiences. We strive to fulfill our mission by creating a work environment and opportunities for all employees that allow them to attain their full potential personally and professionally.

6. **Nick: What has been the employee response to the initiative?**

Woody: The best word might be “engaged.” We have found many ways to involve employees in this initiative. Employees led the initial assessment process and, as you know from personal experience Nick, another team is now appointed as the Global DEI Council to identify and continually regenerate our action plans.

We also surveyed all employees and held focus groups to better understand their readiness for this initiative. When we asked employees why we’re doing this, we got a range of positive responses related to growing our talent pool, retaining talent, producing a better result for clients, and having a workforce that genuinely reflects our clients.

The average ratings from responses indicates that employees feel valued at Conning. That said, like the old joke about a statistician drowning in a river with an average depth of three feet, these overall averages mask important variations. Scrutinizing the details of these variations while respecting confidentiality led to one of the things that I found most striking. When we broke down results across some of the key demographic groups, we identified some dramatic differences. That is the wake-up call and addressing those variations is the work we have to do.

7. **Nick: What are some of the priorities and first steps in your program?**

Woody: Following our assessment and review of objectives and priorities, we formed our Global Diversity, Equity and Inclusion (DEI) Council. This Council, composed of employees that represent all regions, business areas and under-represented groups, will lead the strategic direction for our efforts. They will help us grow the diverse representation of our workforce, promote an inclusive and equitable workplace (one where employees are able to bring their full selves to work), and make Conning a place where all employees have the opportunity to achieve their goals and deliver high quality work and great results for our clients.

Based on the work to date, our current priority categories for action include recruitment and hiring, organizational climate, training and development, as well as performance management. These areas are a starting point for our work and the Council will continue to identify needs and re-prioritize detailed and specific action plans over time. We have many steps to take on our journey, and I am confident that our strong foundation and employee engagement with this initiative will allow us to move forward in key areas.

8. **Nick: What does success in this area look like?**

Woody: In a perfect world, success is when we are executing against our DEI statement and objectives and doing so without an initiative, but rather as part of the fabric of the firm. I recognize that this will take time and if we try to go too fast, our efforts may not be long lasting. We are committed to continuous learning and improvement over time, not as a “one and done” project. Ultimately DEI becomes a natural part of the culture and self-sustains.

9. **Nick: After the George Floyd murder, what went through your mind in terms of what to say to employees?**

Woody: It was obviously a difficult, painful and emotional moment. I wrote a letter to our entire team that shared some of my thoughts and reactions, and I made the following points.

As a white male, it is impossible for me to fully understand the pain that so many members of the African American and Black community have felt for so long, and it was difficult to find the right words to express my views to employees. The protests of the last several months in response to the continued discrimination, targeting, and demonization of members of the African American and Black community have placed a spotlight on legitimate and justifiable anger and frustration. I share those emotions, along with a feeling of utter disgust.

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- Woody Bradford

When combined with the COVID-19 challenges and the resulting economic dislocations, this has amplified the significant injustices, racial tensions and inequities in our society, and the fact that we need to affirmatively confront and eliminate injustice, prejudice and racism all around us. And it is all around us, in different forms and in many countries around the world.

The challenges we face are the result of generations of behavior that will not be easy to change. But they must change, and our leadership team is committed to taking steps in our own lives, in our company, and in our communities to make a difference. I believe it is time to be committed to a solution. I stated clearly to our employees that I believe Black lives matter, and I stand with those who are pursuing peaceful means to create positive change for the African American and Black community in both policies and our culture. I indicated that there will be absolutely no tolerance for racism or discrimination in any form at our firm. None. I reaffirmed that our leadership team is committed to listening and evolving. I asked employees to lead by example and take steps to strengthen our company and community.

If we can do those things, we can help make a difference.



Interviewer:

Nicholas Tan, CFA, CAIA is an Assistant Vice President and Senior Consultant Relations Analyst at Conning. Prior to joining Conning in 2018, Mr. Tan was an Institutional Sales Associate at Aegon Asset Management. Previously, he was a Senior Investment Analyst at Willis Towers Watson. Mr. Tan graduated from the University of Michigan with High Honors, is a CFA and CAIA charter holder, and holds Series 3, Series 7, and Series 63 securities licenses.

Panel:



Meryl D. Hartzband, currently serves as a director of three companies in the financial services sector. These are Everest Re Group, Ltd, a publicly traded reinsurance and specialty insurance company listed on NYSE, Greenhill & Co, a publicly traded financial advisory firm also listed on the NYSE, and Conning Holdings Ltd., a privately-owned global investment management firm. Ms. Hartzband also serves on the boards of the non-profit organizations Planned Parenthood of NYC and the Roundabout Theatre Company. From 1999-2015, she was the Chief Investment Officer of Stone Point Capital and a member of the Investment Committees of the Trident Funds. Prior to that, she was a Managing Director at J.P.Morgan & Co., where during a 16-year career, she specialized in managing private equity investments in the financial services industry. She previously served as a director of publicly traded The Navigators Group, ACE Limited, Travelers Property Casualty Corp., AXIS Capital Holdings Limited, and Alterra Capital Holdings Limited, as well as numerous private portfolio companies of the Trident Funds. Ms. Hartzband holds a B.A. with honors from Cornell University, College of Arts and Sciences, and an M.B.A. with honors from the Columbia Graduate School of Business.



Woody E. Bradford, CFA is Chief Executive Officer and Chair of the Board at Conning. Prior to joining Conning in 2010, Mr. Bradford was an Operating Partner with Advent International, a global private equity firm. Previously, he spent 12 years at Putnam Investments where he held multiple roles, including Head of Corporate Development and Chief Operating Officer of Global Distribution. Mr. Bradford is a graduate of Worcester Polytechnic Institute and of the Harvard Business School, where he graduated as a Baker Scholar. Mr. Bradford oversees and serves on a number of Boards as part of his operating responsibilities, including but not limited to Conning Holdings Limited (“CHL”), Octagon Credit Investors, Global Evolution Holding, Cathay Securities Investment Trust Co., Ltd., and a number of other affiliated and related entities. Mr. Bradford currently is a Member of the Worcester Polytechnic Institute (“WPI”) Board of Trustees. He also participates on The Greater Boston Food Bank Emeriti Board, where he has served as Chair of the Board. He previously served on the Connecticut Insurance and Financial Services (“CT IFS”) Board as well as on the Supervisory Board of Quoniam Asset Management GmbH.

¹McKinsey 2018 Delivering through Diversity Report

² Including Conning Holdings Limited and Cathay Securities Investment Trust Co., Ltd. (“SITE”). SITE reports internally into Conning Asia Pacific Limited, but is a separate legal entity under Cathay Financial Holding Co., Ltd. which is the ultimate controlling parent of all Conning controlled entities.

ABOUT CONNING

Conning (www.conning.com) is a leading investment management firm with a long history of serving the insurance industry. Conning supports institutional investors, including pension plans, with investment solutions and asset management offerings, risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America.

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