

Results of SFNet's Groundbreaking DEI Survey

BY MICHELE OCEJO

SFNet's DEI Committee, in conjunction with Rutgers University and underwritten by the Secured Finance Foundation and Wells Fargo, released the results of the first-ever DEI Survey, which provides a comprehensive perspective on the current state of diversity, equity and inclusiveness among SFNet member companies





FNNet's Diversity, Equity and Inclusiveness Committee seeks to build diversity, equity and inclusion within SFNet member companies, the industry and community. It also strives to identify the issues and create awareness of the challenges, provide resources for improvements and demonstrate sustained measurable positive outcomes throughout the SFNet

community. The Committee, which launched in 2021, quickly got to work on a groundbreaking DEI benchmarking study of the secured finance industry, the results of which were revealed during a members-only webinar held on June 28. If you missed the webinar, please go to www.sfnet.com and click on Webinars under Events and then choose Previous Webinars on the right. Sponsors of the webinar were Otterbourg P.C., Parker, Hudson, Rainer & Dobbs LLP and Wells Fargo.

The Survey, created in conjunction with Rutgers University and underwritten by the Secured Finance Foundation and Wells Fargo, provides a first-ever comprehensive perspective on the current state of diversity, equity and inclusiveness among SFNet member companies. The outcomes reveal insights and tools to drive continuous improvement and provide a baseline to mark improvements in hiring, retention, advancement and increasing engagement of diverse professionals within our institutions and the SFNet community.

"This landmark study is part of a systemic approach SFNet member companies are taking to strengthen our ability to fulfill our purpose of putting capital to work," said Richard Gumbrecht, SFNet CEO. "The mindful practice of applying DEI principles needs to be embedded in how we do business. Shedding more light on where we are today in that journey is an important step forward."

SLR Business Credit's Betty Hernandez, who is chair of the DEI Committee, said, "Each SFNet member firm is on its own journey towards diversity, equity and inclusion. I encourage all members to review the survey results for insights into where our industry is on this journey. Are we on the right path towards not just diverse hiring practices, but also equity and inclusion?"

"The findings of this survey in many ways confirmed what we thought going in, but surprised us in a few areas," said Terry Keating, CEO, Access Capital, and a DEI Committee members. "One thing that is clear to me, the industry and its member companies are actively working on change and shaping a more balanced and equal future for our most important resource: our people."

For the purposes of this survey, the following definitions were used:

Diversity: Socially, it refers to the wide range of identities. It broadly includes race, ethnicity, gender, age, national origin, religion, disability, sexual orientation, socioeconomic status, education, marital status, language, veteran status, physical appearance, neurodiversity, etc. It also involves different ideas, perspectives and values.

Equity: The fair treatment, access, opportunity and advancement for all people, while at the same time striving to identify and eliminate barriers that prevent the full participation of some groups. The principle of equity acknowledges that there are historically underserved and underrepresented populations and that fairness regarding these unbalanced conditions is necessary to provide equal opportunities to all groups.

Inclusion: The act of creating an environment in which any individual or group will be welcomed, respected, supported and valued as a fully participating member. An inclusive and welcoming climate embraces and respects differences.

Survey Response and Design

The survey questions were designed to be answered from the company point of view as well as that of individual employees. Nicole N. Richardson, distinguished professor, Professional Practice, Rutgers University, explained, "The survey had a response rate of 11.41%. This is sufficient to be directional and will allow SFNet to establish benchmarks for future comparison."

Survey	Survey Eligible Population	Statistical Hurdle	Result Type n ≥ 30 ← statistical test n < 30 ← directional
2022 SFNet Company DE&I	263	11.41% response rate* n = 30/N=263	9.13% response rate n=24/N=263 directional

2022 SFNet Employee DE&I Experience	856 (opt-in/participating companies) 829 (eligible employees from 8 opt-in companies)	N/A given weighted average number of employees who completed the survey (24.77% response rate per company)	Small number of participating companies cannot perform statistical comparison = directional
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Diversity

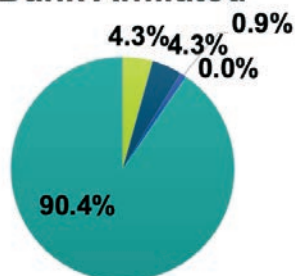
Eighty-one percent of respondents say they strongly value diversity and three out of every four strongly agree it is critical to their success, yet those firms "taking active measures" is significantly lower. This is encouraging for our industry from an awareness perspective, but clearly indicates there is work to be done.

Just over 90% of survey participants who were employed by a bank self identified as white and 73.8% in small to medium-sized ABL. (See chart titled, Race for Headcount (all years) by Employee Level, on next page) Hernandez commented, "The industry is clearly lagging behind as the U.S. census indicated 57.6% of the population identifies as white, but these results are not shocking."

The survey also asked participants about gender. In the banking world, 43.8% identified as male and 56.2% as female. In nonbanks, 32.9% identified as female and 67.1% as male. (See chart titled, Gender for Headcount (all years) by Employee Level on next page)

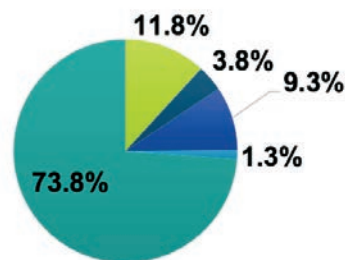
RACE FOR HEADCOUNT (ALL YEARS) BY EMPLOYEE LEVEL

Bank Affiliated



■ Af-Am ■ Asian ■ His/Latx ■ Other Race ■ White

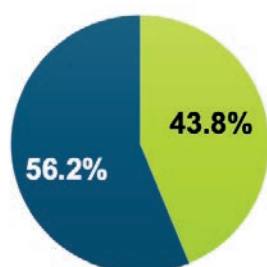
Small to Mid Sized ABL



■ Af-Am ■ Asian ■ His/Latx ■ Other Race ■ White

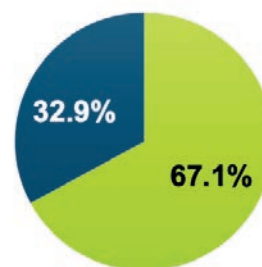
GENDER FOR HEADCOUNT (ALL YEARS) BY EMPLOYEE LEVEL

Bank Affiliated



■ Male ■ Female

Small to Mid Sized ABL



■ Male ■ Female

Equity

There were areas under “Equity” where companies and employees aligned and some where their replies differed greatly. (See charts titled: Where Companies and Employees Align on Equity and Where Companies and Employees Differ on next page) Examples of where they agreed: 31% of companies said the company is transparent about equity metrics and 27% of employees agreed. 58% of companies believe equity is a stated value or priority, while 43% of employees agreed with that statement. 41% of companies strongly agreed that the company actively seeks a diverse pool of candidates when hiring; 47% of employees strongly agreed with this.

The areas they differed included fair compensation, salary gender equality and treatment of employees of different backgrounds in promotion processes. “There is significant room for improvement here,” said DEI Committee member Lizzy Diaz-Ortiz, JD, CRCM, vice president and senior advisor, Governance & Inclusion, BMO Financial Group. She added, “Perception is almost as important as reality. This really contributes to employees feeling valued. If you have a promotion process, establish transparency. It should be widely known what the criteria are for it.”

Inclusion

The results of the questions related to inclusion reflect both high levels of success in addressing the issue, as well as alignment of the opinions of both employers and employees. While there is still more to do, the ongoing public dialogue and work to promote inclusion have already had a positive influence on employers and employees alike.

Employers and employees aligned on several key inclusion topics, such as respect and value shown to employees of different backgrounds and beliefs and feeling respected by colleagues.

Keating commented, “Inclusion can be tricky to measure and the data is based on subjective responses, but the results are still insightful and relevant.”

Hernandez pointed out that two firms were in “above average alignment” with their employees across each dimension of diversity, equity and inclusiveness. “This is encouraging and it’s a testament that a clearly articulated strategy, which is emulated by behavior, will effectuate the end objective of impactful DE&I.”

WHERE COMPANIES AND EMPLOYEES ALIGN ON EQUITY



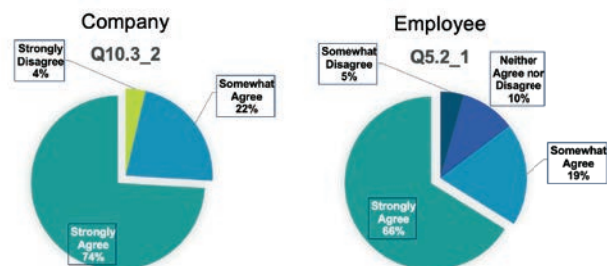
WHERE COMPANIES AND EMPLOYEES DIFFER



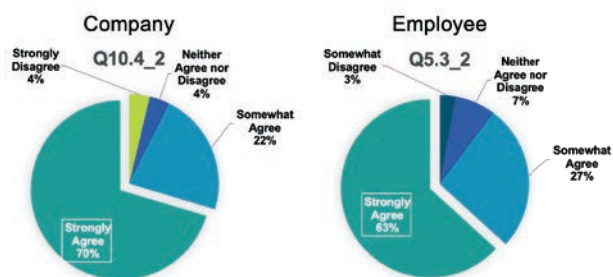
WHERE COMPANIES AND EMPLOYEES ALIGN ON INCLUSION



EMPLOYEES RESPECT, VALUE AND APPRECIATE OTHERS WHOSE BACKGROUNDS, BELIEFS AND EXPERIENCES ARE DIFFERENT FROM THEIR OWN



THE PEOPLE I WORK WITH FEEL RESPECTED BY THEIR COLLEAGUES AND/OR EMPLOYEES



Hernandez urged members to utilize the Committee's webpage (the QR code below will take you to the page). "It is important to have resources for members to access and assist them in more effectively addressing these issues, which is why the DEI Committee has curated a variety of content on its webpage."



Additional Resources

As part of SFNet's goal to increase industry diversity, the Secured Finance Foundation has implemented a guest lecture series at diverse universities as well as an internship program. Please visit www.sffound.org for details.

In addition, through the leadership of its DEI Committee, SFNet has launched a professionally structured mentoring program available to all SFNet members. Please contact Ryan Green at rgreen@sfnet.com for details.

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