

Institute and Faculty of Actuaries, **Regulatory Board**

Subject	Diversity, Equity and Inclusion – Further engagement with Members and development of guidance
Meeting date	21 November 2023
Previous Steer/Approval	<p>November 2021 - Board was updated on the IFoA's wider work on its strategy around DEI and provided steer on proposed regulatory work.</p> <p>February, April, July, 2022 - Board was updated via regular Executive updates on work to review DEI requirements.</p> <p>November 2022 - Board discussed and approved proposed changes to the Code to go out for consultation.</p> <p>May 2023 – Board considered outcome of consultation, approved changes to Code and approved proposals for implementation</p>
Related horizon scan code	N/A
International issues considered?	Yes
Author	Hannah MacLeod, Senior Regulatory Lawyer
Reviewer	Fiona Goddard, Interim Head of Regulatory Policy
Purpose	Approval/Steer

A: Executive summary

1. **This paper relates to the development of guidance to support Members in understanding the professional responsibilities incumbent on them in respect of diversity, equity and inclusion (DEI) principles, to be introduced through changes to the Actuaries' Code (the Code), agreed by the Board earlier this year.**
2. Following the consultation on proposed DEI changes to the Code at the start of this year, the Board approved changes to Principles 1 (Integrity) and 5 (Speaking Up) of the Code. The Board recognised that non-mandatory guidance would help Members understand the obligations introduced by these amendments and agreed that the amended Code would not come into effect until the guidance had been published.
3. This report invites the Board to consider outline draft guidance together with proposals for further engagement with Members, aimed at ensuring the content of the guidance adequately meets Member requirements.

B: Background

4. The IFoA published its five-year strategy around DEI in January 2022, which set out a range of commitments, including, in respect of regulation, a commitment to review the IFoA's regulatory framework, including the Actuaries' Code, to ensure that the DEI Strategy is reflected in the professional requirements placed on Members.

5. In furtherance of these commitments, the Board considered at its November 2022 meeting, the existing treatment of DEI principles within the Code and guidance, together with proposals to amend the Code. The Board agreed to consult on the proposals, which were published on 16 January.
6. Following a three-month consultation process, which included the presentation of two explanatory webinars, the Board considered the consultation responses at its May meeting. The Board noted the polarisation of views received and discussed the topics of concern raised by some respondents. The Board discussed the specific wording of the proposals and agreed some alterations to the changes consulted upon. The Board noted the need for non-mandatory guidance to support the changes and agreed that there would be a further engagement process to ensure that the guidance to be published met the needs of Members,

C: Content of guidance

7. The consultation material approved in 2022 by the Board noted that non-mandatory guidance would be developed to support any changes to the Code. The responses received to the consultation helped to clarify the areas in which Members would benefit from guidance.
8. In particular, the consultation showed that guidance should be developed in order to:
 - assist Members in understanding the meaning of ‘diversity, equity and inclusion’;
 - provide examples of how individual Members might encourage DEI;
 - help Members understand the meaning of ‘bullying, victimisation and harassment’;
 - provide examples of bullying, victimisation, and harassment; and
 - help Members understand that negative behaviour can impact on the culture of an organisation.
9. Some communications from Members since the consultation have indicated areas of ongoing concern regarding the impact of the Code changes. These concerns relate principally to a perceived limitation on individual Member’s freedom of expression; and uncertainty as to whether a failure to fulfil DEI expectations might result in disciplinary action.
10. It is therefore suggested that the guidance should aim to provide assurance to Members with respect to these matters by explaining the context and limitation of the Code requirements, and by outlining the circumstances in which DEI-related factors might become a disciplinary matter.
11. Outline guidance is provided at Appendix 1. This outline has been prepared by the Executive with support from the IFoA’s DEI Business Partner. It is suggested that this outline is used as a basis for further Member engagement, as noted below.

D: Member engagement

12. As noted above, it is recognised that some Members continue to have concerns about the agreed Code changes and how they will impact Members’ professional and private lives.
13. Whilst the Board itself has discussed these concerns in detail, it is acknowledged that Members have had less opportunity to explore the implications of the changes and have not had sight of any proposed guidance material.

14. It is therefore proposed that before guidance is published, a Member engagement exercise be undertaken. A detailed plan for engagement will be prepared by the IFoA's communication team for approval by the Board. However, the aims of the exercise can be summarised as follows, to:
- highlight to Members the areas to be covered by guidance, as informed by consultation;
 - allow Members to suggest any additional areas where guidance would be helpful;
 - engage with individual Members who have contacted the IFoA directly regarding their concerns;
 - engage with the wider membership;
 - obtain practical feedback from the Diversity Action Group on the development of guidance.
15. Following this engagement, the draft guidance will be finalised. A steer from the Board is sought now as to whether a further consultation be undertaken on the content of the final draft. The aim of that consultation would be to ensure that the content of the guidance is clear, and practical, and that it covers adequately the areas highlighted by Members.

E: Recommendations

16. It is recommended that the Board:
- **Approves the proposals for further engagement with Members regarding the development of DEI guidance;**
 - **Provides a steer as to the carrying out of a further consultation exercise, once the guidance is completed;**
 - **Provides a steer on the content of the outline draft guidance produced.**

F: Appendices

- **Appendix 1: Draft guidance on Diversity, Equity and Inclusion**