

# Diversity, Equity, & Inclusion Policy ("DEI")

## 1. POLICY INTRODUCTION:

As a minority-owned investment management firm, we are acutely aware of our industry's historical lack of diversity, equity, and inclusion. In a nation that prides itself as a "Melting Pot" and is rapidly evolving demographically, we see the critical need to mirror this diversity in the financial services industry. With U.S. Census Bureau projections indicating that by 2044, the United States will transition to a majority-minority country,<sup>1</sup> it becomes imperative for capital market professionals to reflect this demographic diversity, ensuring that our industry is as varied and vibrant as the nation we serve.

We believe that diversity is not solely a matter of representation; it is also about infusing financial decision-making with a multitude of perspectives and insights. This intellectual diversity and a commitment to inclusivity are a competitive necessity in today's complex financial landscape. By welcoming and valuing diverse viewpoints, we foster an inclusive environment that leads to more innovative solutions and a more comprehensive grasp of market dynamics. This blend of diversity and inclusivity enhances our decision-making process and drives better outcomes for our clients.

In our role as predominately credit-focused investors, the risk and return profiles of our portfolios closely mirror the payout structure of writing put options. This means we earn a fixed return and only benefit marginally when a company outperforms while facing significant risk during underperformance. In such contexts, the value of diverse perspectives is amplified. We believe that fostering a team diverse in demographics and thought, underpinned by equitable opportunities and treatment, is key to challenging conventional thinking and avoiding groupthink. Often, homogenous teams, shaped by similar backgrounds, are prone to viewing risk through a narrow lens. Therefore, we regard diversity, equity, and inclusion not merely as a value-add but as fundamental to our competitive edge and overall success as a firm.

## 2. SCOPE & LIMITATIONS:

This DEI Policy and our DEI initiatives described herein apply at the firm level and are subject to applicable law and CFIP's Employee Policy and Procedures Handbook, including our commitment to equal employment opportunity. Although CFIP believes its DEI approach provides an opportunity to potentially enhance value, CFIP cannot guarantee

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<sup>1</sup> "New Projections Point to a Majority-Minority Nation in 2044." Brookings, [access date]. Available at: <https://www.brookings.edu/articles/new-projections-point-to-a-majority-minority-nation-in-2044/>.



that its DEI approach will enhance the value of any individual investment or the firm as a whole.

### **3. OUR COMMITMENT TO DIVERSITY:**

At CFIP, we firmly believe talent is ubiquitous, but opportunities are not. Our approach focuses on nurturing talent organically. We prioritize hiring at entry-level positions and advancing employees from within, a strategy that not only fosters a consistent culture but also ensures alignment with our core values—a practice we find both efficient and impactful over the long term.

Through our collaboration with The Academy Group ("TAG"), which focuses on empowering resilient young talent from under-resourced communities (96% Black and Brown), we have made significant strides in diversity at the entry-level. TAG has been instrumental as one of the pipelines for sourcing talent for our internship program.

Our internship program is our most effective recruitment tool, shaping our workplace culture of inclusivity and sustaining diversity. From 2019 to 2023, this program brought 10 of our 11 entry-level employees on board, with 8 being women or from minority groups. Notably, in our 2023 group of summer interns, six out of eight interns were women or minorities.

Regarding more senior roles, we are committed to inclusive hiring practices. For every senior position, we ensure that at least one candidate from an underrepresented group is interviewed. This policy doesn't determine the final hiring decision but ensures a diverse pool of candidates is always considered.

### **4. OUR COMMITMENT TO EQUITY:**

Equity at CFIP is foundational to ensuring fair treatment and equal opportunities for our diverse workforce. This principle extends to career advancement, an essential facet of equity. We are committed to ensuring that individuals from all backgrounds have equitable chances for growth and leadership roles. This commitment fosters a more diverse, inclusive, and representative organization across all levels.

To support this, we prioritize transparency in career development. Clear communication about the steps and requirements for progression within the company is essential. This approach ensures that advancement opportunities are accessible to all employees, regardless of their background.

Our annual performance review process acknowledges our employees' current performance and potential. This system allows us to recognize and reward talent effectively, contributing to a culture of growth and recognition.

Furthermore, we acknowledge the reciprocal benefits of employee development. Encouraging our team to engage in continuing education is a vital part of this. We offer financial support for training and professional development initiatives. This not only aids our employees in acquiring the skills and knowledge necessary for their advancement but also enhances the overall expertise within our Firm.

## **5. OUR COMMITMENT TO INCLUSION:**

At CFIP, fostering an inclusive environment is critical to enhancing employee engagement, productivity, and the retention of our diverse talent.

We are committed to educating our employees about the competitive necessity of creating a genuinely diverse, equitable, and inclusive environment, as opposed to performative actions that amount to little more than virtue signaling. Regular workshops are held to deepen understanding and appreciation of diverse perspectives and backgrounds. Additionally, we've engaged a Generational Strategist to bridge gaps and foster understanding across the four generations represented in our workforce.

Our policies and benefits are thoughtfully designed to be equitable and accommodating to all. This includes offering flexible working hours, remote work options, and comprehensive parental leave policies, catering to the varied needs of our diverse workforce.

Moreover, we have established robust processes, outlined in our Employee Policy and Procedures Handbook, for employees to report any instances of discrimination, harassment, or unfair treatment. These processes ensure that all concerns are treated with the utmost seriousness and confidentiality, reinforcing our commitment to a respectful and fair workplace. To illustrate our dedication to inclusivity, the Employee Policy and Procedures Handbook includes the following policies:

- Equal Employment Opportunity
- Anti-Harassment/Anti-Discrimination Policy
- Sexual Harassment
- Anti-Retaliation Policy
- Workplace Violence Prevention Policy

- Reasonable Accommodations
- Open Door Policy

All employees are required to attest to having read the Employee Policy and Procedures Handbook upon joining the Firm and on an annual basis. Annual training is provided to ensure staff are up to date with CFIP's policies and any updates or changes that may occur. Training is firmwide and in-person.

At CFIP, we believe our commitment to diversity, equity, and inclusion enhances our ability to attract exceptional talent from diverse, non-traditional backgrounds, enriching our team's capabilities and perspectives. This approach fosters a dynamic workplace environment and strengthens our competitive edge in the industry. Our commitment to a diverse, equitable, and inclusive workplace is deeply ingrained in our Firm's ethos. This dedication is evident in our concerted efforts across recruitment, retention, and career advancement, ensuring that our commitments are reflected in every aspect of our organizational culture.

**6. POLICY REVIEW:**

The DEI Policy is reviewed at least annually and is subject to change as CFIP considers it necessary or advisable. Stephon Barnes, Chief Operating Officer and ESG Committee member, has formal responsibility for the implementation and oversight of our DEI Policy.

**7. AMENDMENTS TO THE DEI POLICY:**

<b>Version no</b>	<b>Date changed</b>	<b>Summary of changes</b>	<b>Changes made by</b>
1.0	January 2024	Initial DEI Policy	N/A