Sustainable Trading

Best Practices version 1.0

May 2023

About this document

This document has been prepared for Members of Sustainable Trading. The document will not be put into the public domain in its entirety. Members are asked to keep the document within their firms and to only provide it to individuals where needed rather than distributing it broadly.

Thanks to the collective efforts of members firms, the first set of Sustainable Trading Best Practices has been developed covering six themes: Technology Infrastructure; Environmental Business Practices; Diversity, Equity and Inclusion; Community Engagement; Employee Wellbeing; and Governance Desk Practices. This document comprises 34 Best Practices, 83 sub-components, and 214 metrics. The practices were approved in early December 2022, and the Implementation Measurements were approved in late April 2023 by the Environmental, Social and Governance Steering Groups as ready for distribution to member firms.

Further feedback is expected as member firms look to adopt these practices. A link to the feedback form is provided here Best Practices Feedback Form.

Sustainable Trading Version 1.0 Best Practices are intended to provide member firms with a practical approach to improving Environment, Social and Governance (E, S and G) initiatives within their trading business operations. For firms that already undertake many of these Best Practices, this will help create positive recognition for the good work that has been put into place. For firms that are earlier in the development of E, S and G improvements for their trading business, the Best Practices can serve as a guide on where there may be opportunities to improve. The work in this document has been created through the collection of expert input from member firms. However, it is expected that improvements will need to be made. Feedback on the effectiveness of these Best Practices will be sought following the implementation of this first iteration by Members of Sustainable Trading. The implementation and feedback process will enable the development and evolution of future improved versions of the Best Practices.

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Key Terms

- **Best Practice** – A practical action that can help improve environmental, social or governance sustainability within the business operations of the Trading Unit. Best Practices have been developed through consideration of an information gathering exercise, membership expertise, and secondary resources.

- **Baseline** – A sub-component of a practice that may be an appropriate first step in implementing the practice.

- **Progressive** – A sub-component of a practice that extends the depth of implementation in a practice area.

- **Implementation Measurement** - Questions or metrics that will help demonstrate the implementation of a best practice. Metrics will seek to identify if a practice is being broadly followed within a firm's trading business unit(s).

- **Information Capture** – Intelligence about a practice that will capture additional information for Sustainable Trading to better understand the approach taken, and/or obtain aggregate information across multiple firms. The information is NOT assessed or used to determine if the firm meets the practice.

- **Members** – Firms that are Members of Sustainable Trading.

- **Track/Tracking** – Certain practices ask for a set of recorded information e.g., Tracking power use or training and development hours. Firms Track this information differently; some use formal Tracking applications, while others use excel documents. Any method that a firm uses to Track the information required by the Implementation Measurement will be a credible response to the Best Practice metric.

- **External Benchmark** – Reference to an "External Benchmark" does not specify which benchmark should be used (unless explicitly stated) but does require that the benchmark used is from a credible provider.

- **Trading Technology** –Any hardware technology used by firms in the industry, including high-performance trading technology, desktop computers in the office, mobile devices, etc.

- **High-Performance Trading Technology (HPTT)** – Automated trading platform used by a firm to trade large numbers of orders at extremely high speeds. This includes production, backup, pre-production and testing systems.

- **Steering Group** – A collective of member firm representatives that meet every 2-3 months to oversee the progress within the Environmental, Social and Governance (E, S and G) Workstreams and to support decisions made by the Working Groups that sit underneath them.

- **Working Group** – A collective of member firm representatives that meet regularly to develop the Best Practices and other projects related to the practices (some attendees are also part of the Steering Groups).

- **Workstream** – Consisting of Working Groups and Steering Groups, a broad term to describe meetings that take place that include the contribution of ideas and the development of material that supports Sustainable Trading.

- **Trading Unit** – The Trading Unit consists of the business unit(s) undertaking or supporting trading activity or services. The Trading Unit should encompass the individuals taking trading or execution decisions, supporting clients with their trading, and those directly supporting trading clients as they use services provided to facilitate trading.
- **Trading Employees** – Employees within the Trading Unit with roles that may include but are not limited to:

Service providers	Exchanges/trading venues
- Trading Service Sales/Acct Management - Client Support - Client Project Manager - Technical Account Manager - Product Management	- Trading Service Sales/Acct Management - Member Services - Market Operations - Technical Account Management
Buy-side	**Sell-side**
- Head Trader - Senior Trader - Trader - Junior Trader - Trainee Trader - Quant Trader - Quant Trading Analyst - Trading Data/Transaction Cost Analyst - Dealing Desk Assistant	- Execution Sales/Acct Management - Sales Trader – - High Touch - Electronic - Portfolio - Trader - Electronic Coverage - Execution Specialist - Quant Trading Analyst - Market Structure Analyst - Proprietary Trader - Execution Consulting - Market Structure Analyst - Product Management - Trading Operations

Introduction

Sustainable Trading is a non-profit membership network dedicated to transforming environmental, social and governance practices within the business operations of the financial markets trading industry. The organisation runs a series of Workstreams where firms collaborate to define Best Practices for operational challenges faced by the industry. By adopting the Best Practices and using the standardised measurement framework, Members can improve their businesses, demonstrate progress towards E, S and G goals and positively impact the wider industry.

This document outlines a set of Best Practices that have been created within the Sustainable Trading Workstreams. Sustainable Trading member firms participated in a process that allowed for these practices, and the Implementation Measurements that accompany them, to be developed in a member-led structure. While Sustainable Trading has facilitated the process, the Members have been the key contributors and decision-makers.

The Best Practices represent a set of actions that have been identified by the participants in our Workstreams as having a positive influence on E, S and G sustainability in the financial markets trading industry. The inclusion of measurements which accompany the Best Practices will help Members to begin demonstrating the positive action they are undertaking.

Sustainable Trading Areas of Focus

Sustainable Trading's Environmental, Social and Governance (E, S and G) Steering Groups formed six initial Working Groups, and an additional Measurement Approach group, to focus on specific E, S and G topics that are relevant to the sustainability of the financial markets trading industry and where the Trading Unit has influence, as illustrated in the figure below. The groups' individual development of practices has been aggregated together in this document for distribution to Members of Sustainable Trading.

Environmental Steering Group	Social Steering Group	Governance Steering Group
Technology Infrastructure	Diversity, Equity and Inclusion	Desk Practices
Business Practices	Employee Wellbeing	Measurement Approach
	Community Engagement	

Figure 1: Working group structure

Development of the Best Practices

Workstreams

Following the launch of Sustainable Trading as an organisation in February 2022, Members explored the scope and approach for Sustainable Trading within three Steering Groups, considering the Environmental, Social and Governance aspects of the trading industry. In June 2022, the Steering Groups initiated six Working Groups which explore aspects of the trading industry in depth.

Information Gathering

Within each Working Group, a questionnaire was created as an information gathering exercise. The questions were designed by Members to collect information from firms within the network on their approach to E, S and G. An analysis of these questionnaires helped to gain an understanding of themes, opportunities, and challenges for sustainability in the financial markets trading industry.

Questionnaire Reports

- [Technology Infrastructure](#)
- [Environmental Business Practices](#)
- [Diversity, Equity, Inclusion](#)
- [Community Engagement](#)
- [Employee Wellbeing](#)
- [Governance Desk Practices](#)

Best Practices Version 0.9 Development

After understanding existing E, S and G trends in the network, firms participated in an 8-week work programme that involved 1-hour meetings every 2-weeks per Working Group. The participants of the Workstreams included individuals with career expertise in the topics, employees in the Trading Unit, and senior leadership. The work programme aimed to develop an initial set of Best Practices with contributions from member firms. These meetings consisted of workshops and feedback processes to create Best Practices that represent the membership.

Approval Process for Best Practices

Members provided approval for the Best Practices through feedback forms, polls in meetings, and over email. There was consensus within each Working Group that the practices should be distributed to Members. Steering Groups then approved the distribution of the Best Practices to Members based on the process and contribution within the six Working Groups. The "Version 0.9" Best Practices document was distributed in mid-December 2022.

Implementation Measurement Development

Between January and March 2023, firms continued to meet within the Working Groups to refine the Implementation Measurements that sit alongside the Best Practices. One-hour meetings were held once every 3-weeks to ensure metrics were effective based on robust guidelines, defined models, and appropriate weighting.

Approval Process for Weighting

Working group Members provided input on implementation definitions and weighting through participatory-style meetings and over email. There was consensus within each Working Group that the assigned Best Practice weighting was appropriate based on the exercises within this process. Steering Groups then approved the process that the Working Groups undertook to develop the measurements, as well as the aggregate weighting of each topic area and the E, S and G weightings.

Governance Measurement Approach Working Group

A new Working Group was formed in March 2023 as a governing body overseeing the measurement approach; a structured measurement process for member firms to assess themselves. This group governs the credibility and practicalities of the measurement approach and promotes transparency of the process for member firms and the wider industry.

Best Practice Framework

Development of the Best Practices utilised the framework below for consistency and to properly highlight each aspect of the practices. The Working Groups have identified context, objective, key components, measurement, and suggested resources. These factors (in green) are outlined within the Best Practices in this document. Discussion on challenges, further exploration, and case studies has taken place within the Working Groups, with an intention of identifying and developing these further as firms begin to implement the practices.

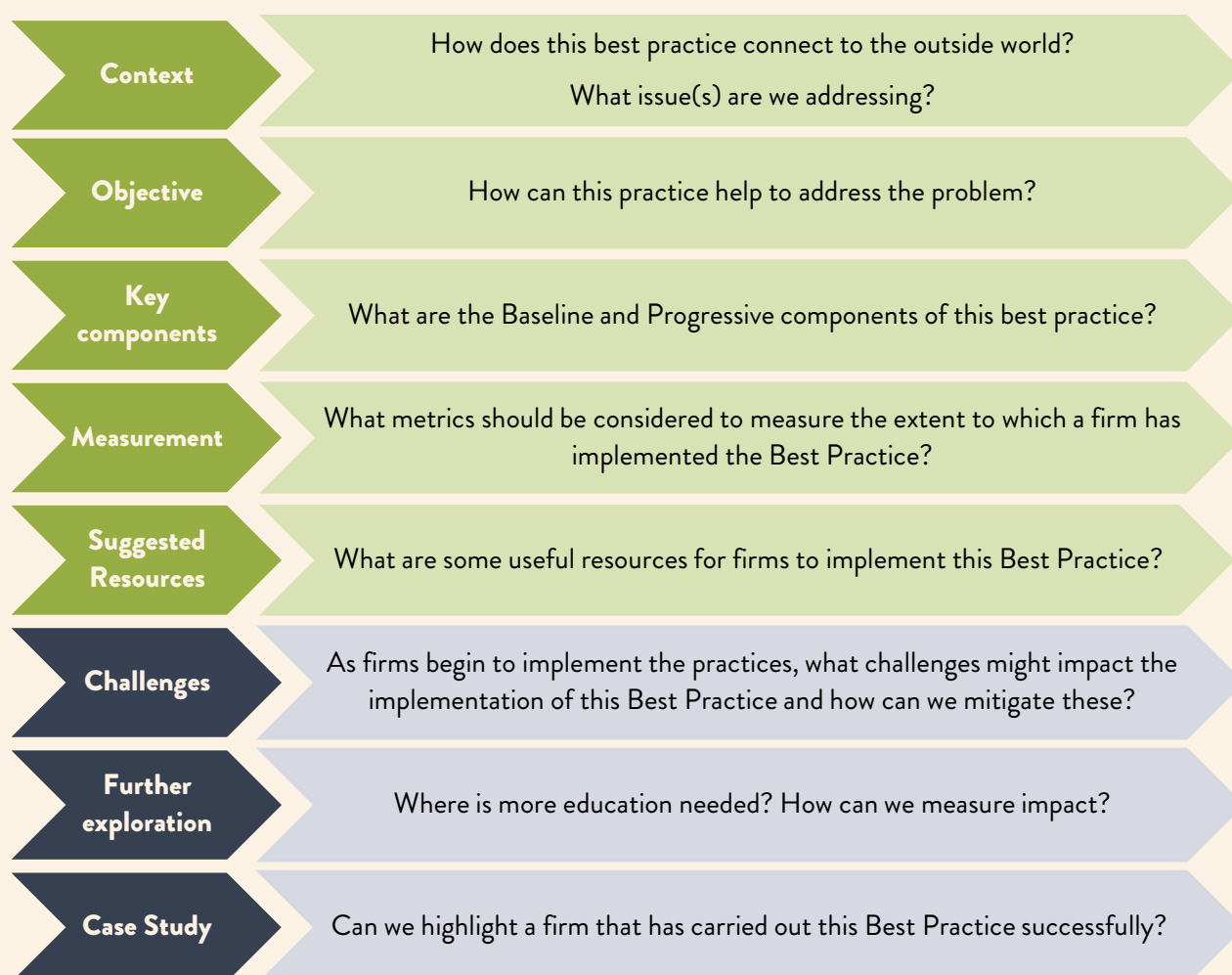|	
Context	How does this best practice connect to the outside world? What issue(s) are we addressing?
Objective	How can this practice help to address the problem?
Key components	What are the Baseline and Progressive components of this best practice?
Measurement	What metrics should be considered to measure the extent to which a firm has implemented the Best Practice?
Suggested Resources	What are some useful resources for firms to implement this Best Practice?
Challenges	As firms begin to implement the practices, what challenges might impact the implementation of this Best Practice and how can we mitigate these?
Further exploration	Where is more education needed? How can we measure impact?
Case Study	Can we highlight a firm that has carried out this Best Practice successfully?

Figure 3: Best Practice framework

Implementation Measurement and Weighting Process

The metrics included in the Sustainable Trading measurement framework are designed to measure the extent to which a firm has implemented the Best Practices within this document. Distinct from an impact measurement, these metrics seek to identify if a best practice is being broadly adopted by firms. To ensure that the development of these metrics was robust, the Working Groups followed a process with four objectives which led to the development of the Implementation Measurements and their associated weightings.

Objective 1: Guidelines

The preliminary Implementation Measurements, distributed within the Best Practices Version 0.9 document, were compared against a set of six guidelines. These guidelines, as seen in Figure 4, were created to ensure that the metrics were effective and generally suitable for all firms within the membership. This exercise inspired some amendments to the measurements within each of the six Working Groups.

Measurement Framework Guidelines

Inclusive
Measurement framework should aim to include all firms in the membership so that they are not disadvantaged based on size, location, or resource capability.

Independent
Each sub-component within each Best Practice will be evaluated individually for simplicity and to recognise each element.

International
Metrics should be internationally applicable, accounting for variations between regions as a result of practical differences such as public policy.

Implementation
Measurement demonstrates the extent of implementation of the Best Practice within the firm by capturing metrics beyond Y/N where possible.

Incentivise
Measurement should incentivise positive behaviour from firms and avoid incentivising firms to take actions with net negative impact.

Information
Additional information is collected as a non-assessed item to enable aggregate impact to be demonstrated.
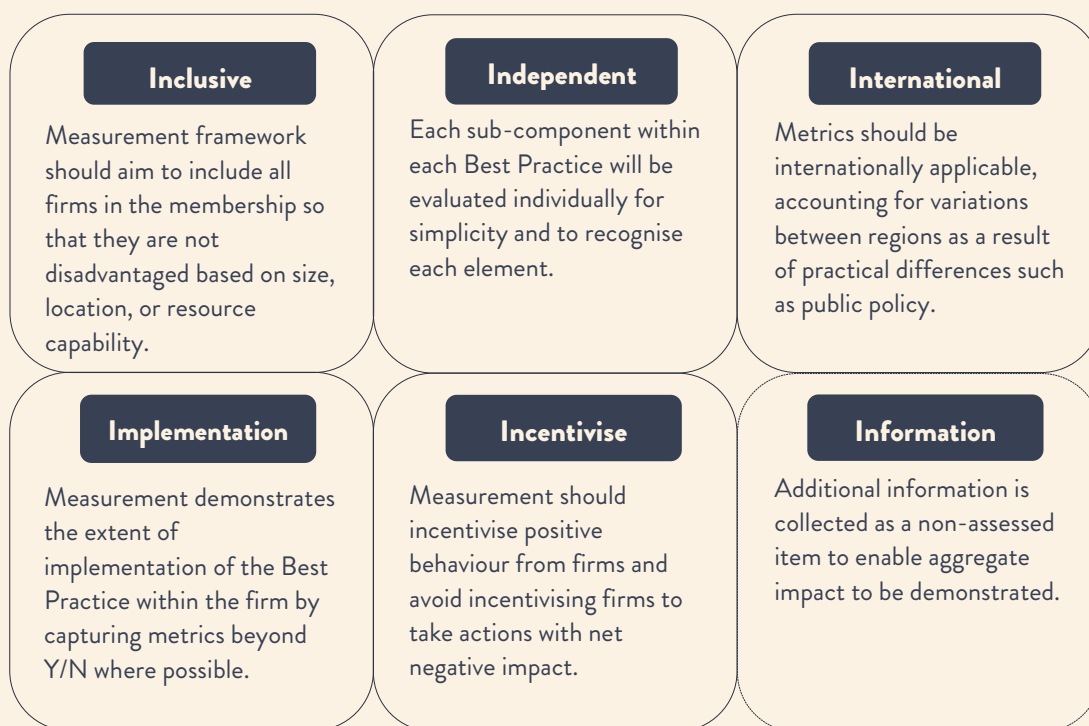
Figure 4: Measurement Framework Guidelines

Objective 2: Modelling

The Working Groups then met to define a model for each metric. There are several types of metrics captured, including binary yes/no questions, multiple-choice, numeric values, and dates. The groups explored how these would be assessed and, for some, set minimum thresholds and maximum capacities.

Objective 3: Impact and difficulty

The Working Groups' third objective was to determine the positive industry impact and difficulty of implementation of the practices. These two factors were defined as follows:

- **Positive industry impact**: The aggregate level of positive industry impact if actioned by all firms. (Compared to if no firm were actioning this).
- **Difficulty of implementation:** How difficult would it be for firms to action the practice if there were no pre-existing aspects implemented.

Sustainable Trading facilitated a participation-based exercise to gather group input on whether a sub-component should be rated as low, medium, or high according to each factor. Generally, there was consensus within the group on the rating for each practice.

It should be noted that both "positive industry impact" and "difficulty of implementation" were determined based on the group's combined expertise and experience in the industry. Secondary research was also conducted to add context to the practices.

Objective 4: Weighting and metric allocation

The final objective was to assign a weighting to the Best Practices and to the individual metrics that sit within them. First, the group established a process whereby the low-high ratings agreed upon in the previous Working Group were restated on a scale of 1 – 5, where 1 is low and 5 is high. The impact rating and difficulty rating were multiplied to produce the weighting, resulting in values from 1 to 25. Firms then completed an exercise to allocate the practice level weighting to each underlying metric. Greater weight was allocated to the metrics which most effectively demonstrated adherence to the practice. During this process of review and allocation, some adjustments were made to the difficulty and impact factors, and all six groups concluded with a consensus on the weights for the practices and the allocation at the metric level.

Best Practice	Best Practice Metric	Requirement Model	Industry Impact	Difficulty	Industry Impact value	Difficulty value	Weight of practice	Weight of metric
TI 1.1	High Performance Trading Technology is adjusted to a lower power state when markets are closed.	No - 0% Yes - 100%	High	High	5	5	25	5
TI 1.1	Proportion (%) of potential reduction realised.	0-100%						20

Figure 5: Technology Infrastructure example, which illustrates the weighting of practices and metrics

Connecting SDGs in the Trading Industry

The United Nations (UN) Sustainable Development Goals (SDGs) were adopted by UN member states in 2015 and act as a global, overarching framework to guide sustainable development. In support of the UN's targets for sustainable development, many of the Sustainable Trading Best Practices have been aligned to one or more relevant SDGs. The UN's SDG framework,[1] illustrated in Figure 6, outlines 17 interlinked objectives that each represent a "call to action" to countries, organisations, and people across the globe. On the next page, Sustainable Trading has highlighted the targets that are directly applicable to the financial markets trading industry, along with a summary of how they can be addressed (found on the right side of each UN SDG).

Figure 6: The United Nations Sustainable Development Goals

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[1] https://www.un.org/sustainabledevelopment/

United Nations SDG target		Connection to the trading industry
3 GOOD HEALTH AND WELL-BEING	**Target 3.8** includes an objective to achieve universal health coverage, including financial, physical and mental health.	Trading employees may experience difficulty engaging in wellbeing initiatives within their firms because of access and awareness issues. Attention to social and structural constraints in the industry can help to promote better access to health benefits.
4 QUALITY EDUCATION	**Target 4.4** intends to increase the number of people who have relevant skills for employment.	Educating students from various socioeconomic backgrounds with diverse identities allows Trading Employees to engage with their community and increases the knowledge students have of the trading industry.
5 GENDER EQUALITY	**Target 5.5** promotes women's full participation economically, politically, and in public life, as well as equal leadership opportunities.	Proactively and intentionally including women in the trading industry will compensate for the current and historically low participation of female staff and leadership, which can help shape a more equitable representation of society and the economy.
7 AFFORDABLE AND CLEAN ENERGY	**Target 7.3** aims to double the global rate of improvement in energy efficiency by 2030.	Trading in modern markets is highly automated across a complex array of systems, which results in significant energy use. Through the conscious use of technology infrastructure, data centres, and virtualised systems, trading can contribute to this efficiency target.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target 9.4** strives for increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.	The trading industry's complex systems and high-intensity technology can result in high levels of resource use, including energy and natural resources. Resource efficiency can help to reduce GHG emissions. In cases where firms use renewable energy, efficiency allows for that source to power something that would otherwise use non-renewable energy.
10 REDUCED INEQUALITIES	**Target 10.2** aims to empower and be inclusive of individuals socially, economically and politically, regardless of age, sex, disability, race, ethnicity, origin, religion, economic or other status.	Actively promoting diversity, equity and inclusion to ensure fair hiring practices and equitable employee treatment. Tailoring diversity and inclusion strategies for Trading Employees can help reduce inequalities that have been overlooked in recruitment and retention initiatives.
	Target 10.5 aims to improve the regulation of financial institutions	Additionally, this target seeks to reduce financial inequalities through regulation. Firms can go above and beyond financial regulation to progress industry standards further.

United Nations SDG target		Connection to the trading industry
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Targets 12.2 and 12.4** aspire to achieve sustainable management and efficient use of natural resources, as well as safe use of chemicals and all wastes throughout their lifecycle.	In general business practices, this connects to the management of materials for marketing and events. For trading infrastructure, assessment of the recycling, reuse and repair of electronics and all hardware will help to support these targets.
13 CLIMATE ACTION	**Target 13.2** seeks to integrate climate change measures into policies, strategies, and planning. **Target 13.4** seeks to improve awareness and education for human and institutional impact on climate change issues.	The Trading Unit often involves frequent business travel and associated carbon emissions. Firms can implement carbon emission considerations into travel plans to support this goal. The Trading Unit has an opportunity to help educate its employees and the wider industry on existing impact, and how this can be mitigated.

Technology Infrastructure

The group focuses on how the finance industry builds, maintains, and operates trading infrastructure across all asset classes. The group seeks to make environmental impact a key part of the decision-making framework and advocate for organisational change to move financial markets trading infrastructure towards a more sustainable business model.

Technology Infrastructure Context

The Intergovernmental Panel on Climate Change (IPCC) has declared that global warming of at least 1.5°C is highly likely, and will create negative effects on ecosystem stability, species extinction, water and food scarcity, human health, and infrastructure across the globe.[2] Environmental risks will be extremely influential on the socioeconomic state of the world in the near future.[3] Adverse impacts on global resources threaten financial stability through physical risks, such as supply chain disruption, property damage, and transportation issues; transitional risks, such as stranded assets, reputational threats, and carbon prices; and liability risks, such as legal and regulatory compliance.[4]

The 2015 Paris Agreement was created with a central aim to strengthen the global response to climate change through the mobilisation of financial resources, new technology, and capacity building.[5] In alignment with this aim, public and private organisations are working together to address and mitigate impacts. The financial industry has already progressed towards sustainable development through the increased provision of investment products that consider ESG, sustainability or positive impact. With the managers of these funds actively engaging investee companies on the risks to their businesses and their transition plans, the finance industry has become an important advocate for positive change. However, there has previously been little consideration for how the business operations of the financial markets trading industry can align with the goals of investors. Sustainable Trading aims to help Members to improve environmental sustainability in this space.

An identified area of environmental impact in financial markets trading is technology infrastructure. The industry's complex systems and high-intensity technology can result in high levels of energy and natural resource use. The International Renewable Energy Agency (IRENA) has shown that a global shift to reducing energy intensity by two-thirds must occur alongside a renewable energy transition to meet the Paris goals.[6] In alignment with these targets, the industry can lower unnecessary power use when operating trading technology, implement capacity planning that involves reduction, and create standardised efficiency practices in data centres. A second key area of focus within technology infrastructure is circular economy practices. Eliminating waste and its associated chemical pollution can help reduce GHG emissions across the value chain. In 2020, the EU published a circular economy action plan, with an initiative to implement regulatory measures on the collection and treatment of electrical waste including through repair and high-quality recycling.[7] The trading industry can develop procurement practices that involve the assessment of hardware providers based on product sustainability and create strategies that focus on the reuse, repair, and recycling of electronic products.

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[2] https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf
[3] https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf
[4] https://www.americanprogress.org/article/climate-change-threatens-stability-financial-system/
[5] https://unfccc.int/most-requested/key-aspects-of-the-paris-agreement
[6] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf
[7] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN

SUSTAINABLE TRADING

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Tech Infra 1: Power reduction out of hours

CONTEXT

There is an opportunity within the financial markets trading industry to increase energy efficiency by improving firms' strategies for operating high-performance trading technology. Technology infrastructure is contributing to climate change through power consumption and GHG emissions at an industry-wide level. Since there is a limited amount of renewable energy sources, an overall reduction of power will help to reduce GHG emissions at a regional or global level. The IRENA report states that energy efficiency can provide about 40% of the reduction in energy-related CO_2 emissions.[8] Where firms are operating solely from renewable energy, considering efficiency is still environmentally beneficial since the renewable energy source can then be utilised by other consumers that would otherwise use non-renewable energy.

OBJECTIVE

- Reduced power consumption of Trading Technology infrastructure.
- Lowering of associated GHG emissions (where applicable).

1.1 REDUCED POWER

High-Performance Trading Technology (HPTT) is adjusted to a lower power state when relevant markets are closed. This includes consideration of production, backup, pre-production and testing systems.

Implementation Measurement:
  (1) HPTT is adjusted to a lower power state when markets are closed.
  (2) Proportion (%) of potential reduction realised.
- *Hours per week at reduced power x (% power utilised during market hours - % power utilised during low power state) / ((168 – market hours) x % power utilised during market hours).*
  o *An example firm trading developed European equities might operate 12 hours per day at 100% power consumption versus 12 hours per weekday and weekends at 10% power. This would show that 77% of the theoretically possible reduction has been realised.*

Information Capture: Energy saved (KW/h) through adoption of practice.

Baseline

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[8] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf

1.2 METRICS

Firms are gathering metrics in KW/h on the amount of energy used and saved through the lowering of consumption. This includes all systems mentioned in 1.1.

Implementation Measurement:

    (1) Metrics on power usage are gathered.

    (2) Proportion of metrics on power usage gathered by firm.

Information Capture:

    (1) In which regions does your firm gather metrics on energy use?

        a. Asia Pacific

        b. EMEA

        c. Americas

        d. Other: _____

    (2) In which environment does your firm gather metrics on energy use?

        a. Production systems

        b. Backup systems

        c. Pre-production systems

        d. Testing systems

    (3) For which hardware types does your firm gather metrics on energy use?

        a. Servers

        b. Switches

        c. Network monitoring and analysis hardware

        d. Other: _____

Progressive

1.3 REPORTING

Firms are conducting organised reporting of the metrics gathered in 1.2 for internal use, which is easily accessible for employees to view.

Implementation Measurement: Metrics on power usage are reported and accessible to employees.

Information Capture: If applicable, which other stakeholders are provided with metrics on power usage?

Progressive

SUSTAINABLE TRADING

ENVIRONMENTAL

Tech Infra 2: Reduction through capacity planning

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

CONTEXT

There is an opportunity within the financial markets trading industry to reduce consumption of unnecessary energy and materials through capacity planning that considers environmental impact reduction. Anecdotally, IT estates are buying and using 20% more electricity than they need.[9]

OBJECTIVES

- To create capacity planning solutions that work to reduce environmental impact.
- To reduce the amount of energy and materials that are consumed by excess capacity and redundant hardware.

2.1 PLANNING

Capacity planning is undertaken at least annually. Planning exercises examine opportunities for consolidation or migration of activity onto underutilised hardware, including servers, switches, cages, etc. Projects to act on identified reduction opportunities are initiated.

Implementation Measurement:
- *(1) Capacity planning is undertaken annually.*
- *(2) Proportion of capacity reduction projects initiated (weighted by capacity reduction opportunity).*

Baseline

2.2 DELIVERY

Projects for realisation of capacity reduction are delivered.

Implementation Measurement:
- *(1) Projects for capacity are delivered (weighted by capacity reduction opportunity).*
- *(2) Proportion of projects delivered.*

Baseline

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[9] https://www.itrsgroup.com/blog/capacity-planning-carbon-cost-reduction

2.3 DECOMMISSIONING

Hardware that is deemed redundant is redeployed or decommissioned.

Implementation Measurement:

(1) Redundant hardware is redeployed/decommissioned.

(2) Proportion of redundant hardware that has been redeployed/decommissioned.

Baseline

SUGGESTED RESOURCES

- Providers or software used to help identify redundant hardware.
  - ITRS
  - Turbonomic Application Resource

ENVIRONMENTAL

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Tech Infra 3: Sustainability of hardware providers

CONTEXT

There is an opportunity within the financial markets trading industry to reduce electronic waste generation by maintaining a circular economy system. Since the trading industry uses large volumes of High-Performance Trading Technology hardware, as well as other hardware materials, it is important that their entire life cycle is sustainable. The EU circular economy action plan will have regulatory measures on eco-design products, which will promote the consumption of energy efficient, durable, repairable, upgradable, reusable, and recyclable electronic products.[10] Therefore, it is important that firms are considering the sustainability of the electronic equipment they are purchasing from hardware providers. In a recent study, it was found that nearly two-thirds of technology companies don't have specific circularity goals, but new business models that consider circular models are expected to disrupt the industry in the near future.[11]

OBJECTIVE

- Incorporating sustainable hardware assessment into the purchasing process.
- Improvement of circular economy factors for Trading Technology equipment purchases.

3.1 ASSESSMENT

Procurement of Trading Technology hardware incorporates a detailed assessment of equipment purchased on circular economy factors including use of resources during manufacturing, manufacturing process, packaging, transport, repairability, opportunities for repurposing, and recyclability.

Implementation Measurement:
(1) When hardware is purchased, it is assessed by the listed circular economy factors directly above.
(2) Proportion of hardware purchased where there was an assessment of the equipment purchased.

Baseline

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[10] EU Circular economy action plan (3.1): https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN
[11] https://www.bain.com/insights/how-to-build-supply-chain-circular-economy-tech-report-2022/#

3.2 BENCHMARK

Assessment of Trading Technology hardware during procurement uses a credible externally provided benchmark that incorporates circular economy practices listed in 3.1.

Implementation Measurement:

(1) *When hardware is purchased, it uses a benchmarking assessment.*

(2) *Proportion of hardware purchased where there was an assessment using a benchmarking service.*

Baseline

3.3 TARGET

Assessment of Trading Technology hardware during procurement uses a target for circular economy practices listed in 3.1/benchmark listed in 3.2.

Implementation Measurement:

(1) *Trading Technology hardware is assessed during procurement using a target.*

(2) *Date of last update to target.*

Information Capture: Types of hardware that are assessed using a target:

❑ *High-Performance Trading Technology*

❑ *Desktops and laptops*

❑ *Mobile devices*

❑ *Other: _____*

Progressive

SUGGESTED RESOURCES

- ISO 14024:2018 Type 1 Eco Label providers such as Global Electronics Council.

SUSTAINABLE TRADING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Tech Infra 4: Circular economy and trading hardware

CONTEXT

There is an opportunity within the financial markets trading industry to reduce electronic waste generation by working towards a circular economy approach. As identified through Sustainable Trading's member questionnaire, trading hardware is not always disposed of responsibly. Most firms are not attempting to repair hardware for re-use, and some are not recycling. The EU taxonomy circular economy plan will be incentivising "high quality recycling" in an effort to significantly reduce total weight generation.[12] Additionally, this plan will continue to implement landfill and incineration taxes.[13] Since the trading industry uses large volumes of electronics, it is important that their entire life cycle is sustainable, through participation in circular economy practices.

OBJECTIVE

Increase in electronics that are recycled, re-used, or repaired.

4.1 RECYCLE

At end of life, Trading Technology hardware is recycled. This does not apply if there is an alternative to repair or re-use elsewhere instead.

Implementation Measurement:
(1) Trading Technology hardware is recycled.
(2) Proportion of electronics recycled (excluding electronics repurposed).

Information Capture: In cases where hardware was not recycled, why was recycling not undertaken (excluding reuse)?
(I.e., security issues, lack of accessible recycling program, etc.)

Baseline

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[12] EU circular economy action plan (4.1): https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN
[13] EU circular economy action plan (6.2): https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN

4.2 RE-USE/REPAIR

At end of life, Trading Technology hardware is made available for re-use or repair internally and externally.

Implementation Measurement:

(1) *Trading Technology hardware is repurposed.*

(2) *Proportion of electronics repurposed (excluding electronics recycled).*

Information Capture:

(1) *If repurposing of electronics has been actioned, please list external re-use/repair services that were used by the firm.*

(2) *If applicable, please identify an area of support needed from providers for repurposing hardware.*

Progressive

SUGGESTED RESOURCES

- Certification for whether data has been properly wiped, and credible data erasure organisations such as Blancco.
- A Good Thing

Tech Infra 5: Assessment of data centres

CONTEXT

Technology infrastructure is contributing to climate change through power consumption and GHG emissions. There is an opportunity within the financial markets trading industry to improve energy efficiency within data centre operator practices, which can help to reduce GHG emissions. Where firms are operating solely from renewable energy, considering efficiency is still environmentally beneficial since that renewable energy source can then power something that would otherwise use non-renewable energy.

Some data centre providers are already subject to regulation within the EU Taxonomy.[14] Additional regulation is incoming both in the EU and in other global jurisdictions (including additional regulation within some EU member states). Pertinent pending legislation in the EU includes, but may not be limited to: EU Taxonomy (some elements pending final drafting), CSRD (Corporate Sustainability Reporting Directive), EED Recast (Energy Efficiency Directive), and Renewable Energy Directive. The EU Climate Neutral Data Centre Pact is a self-regulatory industry initiative aligned with the EU's Green Deal and 2050 goals. This group is actively working to set targets against efficiency metrics as outlined by the EUDCA (EU Data Centre Association), which will map to and align with the above regulations.

Outside of regulation, a number of internationally recognised frameworks exist that can be applied to data centres. For example, SBTi (Science Based Targets Initiative) which validates operators' pathway to stated climate goals; GRI (Global Reporting Initiative); ISO; CDP (Carbon Disclosure Project, provides a Climate Change Score), and LEED rating system. Additionally, we are starting to see incentives for good practice through utility energy efficiency programmes, training, facility audits, and more. [15]

This set of Best Practices is written to apply to firms that are users of data centres [refer to parentheses in best practice] or are operators of data centres [ignore parentheses].

OBJECTIVE

- To encourage the improvement of energy efficiency in data centres.
- To encourage data centre operators to consider environmental impact.
- To ensure transparency between data centre operators and users for sustainability practice.

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[14] https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en#what
[15] https://www.iea-ebc.org/Data/publications/EBC_WG_BECs_Data_Centers_March_2022.pdf

5.1 CLIMATE GOALS

[User validates whether] Data Centre operator has committed to climate neutral goals that are validated by independent accounting and assurances.

Implementation Measurement:

(1) [User validates whether] The DC operator has climate goals and provides independently validated reporting.

(2) Proportion of DCs [used] that have set climate goals and provide independently validated reporting.

Baseline

5.2 DISCLOSURE

[User validates whether] Data centre operator provides information disclosure on data centre energy source to internal/external clients. Disclosure will provide details on proportion of renewable energy sourced, method for obtaining renewable energy, and cover the approach for backup power generation.

Implementation Measurement:

(1) [User validates whether] The DC operator discloses energy source information.

(2) Proportion of data centres [used] that disclose energy source information.

Baseline

5.3 COMMITMENT

[User validates whether] Data centre operator has joined a national, regional or global initiative, such as the EU Data Centre Pact, which contains a range of commitments to environmental sustainability.

Implementation Measurement:

(1) [User validates whether] The DC operator joined a credible initiative that commits them to sustainability.

(2) Proportion of data centres [used] that have joined a credible initiative that commits them to improved environmental sustainability.

Information Capture: Which initiative has the data centre joined?

Baseline

5.4 THERMAL GUIDELINES

[User validates whether] Data centre operator includes consideration of whether they follow Ashrae Thermal Guidelines, or equivalent.[16]

Implementation Measurement:

    (1) [User validates whether] The DC operator has committed to following thermal guidelines.

    (2) Proportion of data centres [used] that follow the Ashrae Thermal Guidelines, or equivalent.

Progressive

5.5 INCENTIVES

[User validates whether] Data centre operator incentivises colocated customers to enhance their energy efficiency within the data centre through various measures. This could include, but isn't limited to, commercial incentives.

Implementation Measurement:

    (1) [User validates whether] The DC incentivises colocated customers.

    (2) Proportion of data centres used that provide incentives for efficiency through various measures, which may include commercial incentives.

        o *Weighted by annual contract value.*

Information Capture: Please explain which incentives have been used.

Progressive

SUGGESTED RESOURCES

- [EU Data Centre Pact](#)
- [Science Based Targets (SBTi)](#)
- [Global Reporting Initiative (GRI),](#)
- [International Organisation for Standardisation (ISO),](#)
- [Carbon Disclosure Project (CDP),](#)
- [LEED](#)

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[16] https://www.ashrae.org/technical-resources/bookstore/datacom-series

ENVIRONMENTAL

Tech Infra 6: Data centre user practices

CONTEXT

There is an opportunity within the financial markets trading industry for users to improve the energy efficiency of their deployed equipment within the data centre environment. Such enhancements will help reduce GHG emissions associated both with energy consumed by the user's own IT workloads as well as the data centre overheads (primarily linked to cooling systems). Where firms are operating solely from renewable energy, considering efficiency is still environmentally beneficial since that renewable energy source can then power something that would otherwise use non-renewable energy.

According to research, cooling and ventilation systems typically make up between 25-40% of a data centre's energy consumption.[17] Optimising equipment airflow to mitigate for disordered pathways, reverse flows, and other obstructions will play a positive role in avoiding the installation of excess cooling technologies that use energy.[18] Similarly, tidy cable management and removal of patch cables between decommissioned hardware have been identified as important for energy efficiency because they help to reduce disruption to airflow.[19] As a bonus, in some cases, fibre cables are re-usable.[20]

Removal of unused and decommissioned hardware will also help to reduce energy use. In 2015, it was estimated that about 30% of physical servers in data centres had not delivered information or computing services in 6 months or more, yet were still in use.[21] Removal of unused and decommissioned hardware can help firms accelerate the EU Commission Regulation 2019/424, which focuses on the efficient use of servers.[22]

OBJECTIVE

To improve energy efficiency through improved user practices in data centres.

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[17] https://www.energy.gov/eere/iedo/energy-efficient-cooling-control-systems-data-centers
[18] https://datacenters.lbl.gov/sites/default/files/airflow-doe-femp.pdf
[19] https://dataspan.com/blog/the-importance-of-cable-mining-or-removing-abandoned-cables/
[20] https://www.belden.com/dfsmedia/f1e38517e0cd4caa8b1acb6619890f5e/9766-source#:~:text=In%20some%20practical%20use%20cases,loss%20budget%20and%20transmission%20penalty.
[21] https://www.forbes.com/sites/benkepes/2015/06/03/30-of-servers-are-sitting-comatose-according-to-research/#
[22] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1553786820621&uri=CELEX%3A32019R0424

6.1 AIRFLOW

Install equipment correctly respecting hot/cold aisles. Where applicable, equipment intake vents must face toward the cold aisles and the exhaust fans point out toward the warm aisles. Use blanking panels to optimize airflow.

Implementation Measurement:

(1) *Equipment is installed correctly according to hot/cold aisle configuration.*

(2) *Proportion of applicable equipment that is positioned correctly with respect to hot/cold aisle configuration.*

Baseline

6.2 HARDWARE REMOVAL

Unused and decommissioned hardware is removed from DC racks at least quarterly.

Implementation Measurement:

(1) *Decommissioned hardware is removed from the DC quarterly.*

(2) *Proportion of decommissioned hardware removed from DC quarterly.*

Baseline

6.3 ASSET AUDIT

DC users audit their assets quarterly and whichever Configuration Management Database tool is being used is accurate.

Implementation Measurement:

(1) *DC users are auditing their assets quarterly.*

(2) *Proportion of assets being audited quarterly.*

Baseline

6.4 PDUS & TEMP SENSORS

DC users use intelligent Power Distribution Units (PDUs) and temp sensors within the cabinet row to allow for remote power management.

Implementation Measurement:

(1) *The firm uses intelligent PDUs and temp sensors.*

(2) *Proportion of cabinets/rack levels that use PDUs and temp sensors.*

Baseline

6.5 CABLING

DC cabling is implemented in an orderly fashion that minimises disruption to airflow.

Implementation Measurement:

    (1) DC cabling is implemented in an orderly fashion.

    (2) Proportion of racks that are neat and ordered.

Baseline

6.6 CABLING REMOVAL

Patch cables between decommissioned devices in a cabinet are disconnected and removed at least quarterly.

Implementation Measurement:

    (1) Patch cables between devices in a cabinet for decommissioned equipment are disconnected and removed at least quarterly.

    (2) Proportion of cables no longer required that are disconnected and removed quarterly.

Progressive

Environmental Business Practices

The group focuses on fostering greater awareness and action in mitigating the environmental impact in the day-to-day work of the trading function. This is accomplished through identifying and socialising an evolving set of common principles, guidelines and Best Practices that can be used to ensure that environmental concerns relating to trading can be addressed, measured and improved. The group aspires to spread positive influence across the industry through individual and business-unit-level actions.

Environmental Business Practices Context

While sustainable business practices can help to push the sustainable development agenda forward to benefit the health of the planet, there is also a business case for ingraining environmental business practices into firm strategies. Implementing sustainability within a business is important for the mitigation of environmental risks but can also help to benefit the bottom line. It has been shown that engaging with sustainable business practices will drive competitive advantage by initiating positive relationships with stakeholders, fostering innovation that can increase productivity and quality, improving financial performance through cost cuts, bringing customer loyalty through value alignment, and attracting and engaging employees through morale.[23]

A key area of focus for Environmental Business Practices is travel emissions. The transportation sector is responsible for 24% of global emissions from energy,[24] which is contributing heavily to the world's changing climate. It is necessary that firms are implementing strategies and planning to help the reduction of these emissions with respect to business travel and commuting.

A second key focus area is on the responsible use and management of materials. Irresponsible waste production has led to burgeoning landfills, methane emissions, and plastic pollution.[25] The EU circular economy action plan has set targets to have a minimum of 70% of all packaging recycled by 2030,[26] reduce waste generation by 50%,[27] and transform to sustainable plastics.[28] In alignment with these targets, Trading Units have the opportunity to re-assess their use of packaging, plastics and other materials within marketing and events practices, as well as office supplies.

A final key focus area is on the reduction of energy through responsible email and document storage. Centralised data storage and access can help save energy by reducing the amount of hardware needed to view and access a document.[29] Employees in the Trading Unit can lower their associated energy emissions by being more conscious about email and document sharing.

While some environmental business practices may have a smaller impact as individual items, collectively the effect is amplified as the high visibility of such changes will have an influence in encouraging sustainable behaviour across the industry.

[23] https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability

[24] https://ourworldindata.org/co2-emissions-from-transport

[25] https://d306pr3pise04h.cloudfront.net/docs/publications%2FBlueprint-for-Business-Leadership-on-the-SDGs-Goal12.pdf

[26] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0677

[27] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN

[28] https://environment.ec.europa.eu/strategy/plastics-strategy_en

[29] https://www.energystar.gov/products/implement_efficient_data_storage_measures

13 CLIMATE ACTION

Env Business 1: Business travel considers environmental impact

CONTEXT

Consumption and production practices and energy use in trading involve GHG emissions that have an impact on climate change, so it is important that the industry works to reduce this impact. Travel makes up for a significant portion of global GHG emissions, with air travel accounting for 3.5%. In 2019, business travel accounted for 15-20% of global air travel.[30] Further, aviation may consume more than one quarter of the 1.5°C global carbon budget by 2050.[31] While travel is often an important element of business in the financial sector, there is an opportunity for Trading Employees to consider options that can help to reduce their environmental impact.

OBJECTIVE

- Creating awareness for travel that considers environmental impact.
- Encouragement to choose the most environmentally conscious travel option.

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[30] https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/the-travel-industry-turned-upside-down-insights-analysis-and-actions-for-travel-executives

[31] https://www.carbonbrief.org/aviation-consume-quarter-carbon-budget/

1.1 ASSESSMENT OF TRAVEL

Importance, approach, and type of travel are assessed when booking business-related travel based on consideration of MONA:

- Mode: is there a more environmentally friendly travel option such as a train, a direct flight or a lower class of travel?
- Online: are virtual options available, and does in-person attendance add enough value to warrant the trip?
- Need: are colleagues attending who can represent the firm or department, is my presence necessary?
- Approach: can multiple trips be combined to reduce multiple journeys? If travelling by car, can multiple employees carpool?

Implementation Measurement:

(1) Business travel trips are being assessed to consider environmental impact.

(2) Proportion of business travel trips that are evaluated for environmental impact.

Information Capture: Track where travel has been avoided or where an environmentally friendly option was available instead for future reference.

Baseline

1.2 MEASUREMENT FRAMEWORK

The evaluation of environmental impact for travel alternatives includes a carbon measurement framework, which will outline the amount of carbon emissions that different travel options produce.

Implementation Measurement:

(1) Trading-related business trips use a carbon measurement framework.

(2) Carbon consumption is actively and regularly Tracked.

(3) Proportion of trading-related business travel trips that use a carbon measurement framework.

Baseline

1.3 CARBON BUDGET

Implementation of a "carbon budget" that is assigned to each employee based on region, business division, role, and seniority which is used to limit carbon emitting travel options. If applicable, the travel carbon budget is aligned to the goals of the organisation.

Implementation Measurement:

(1) Trading-related business trips use a carbon budget programme.

(2) Proportion of Trading Employees that travel for business who are subject to a carbon budget.

Progressive

1.4 INCENTIVISATION

Incentivisation programmes are implemented to reward employees that meet their carbon budget targets.

Implementation Measurement:

(1) Trading-related business trips use an incentivisation programme.

(2) Proportion of Trading Employees that are enrolled in incentivisation programmes.

Progressive

SUGGESTED RESOURCES

- Carbon trackers and information on carbon footprints, such as https://ourworldindata.org/travel-carbon-footprint.
- Company card programmes, such as AMEX's Neo platform, which provide sustainability-related insights for corporate travel strategy.

SUSTAINABLE TRADING

ENVIRONMENTAL

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Env Business 2: Distribution and receipt of marketing materials

CONTEXT

Marketing activities within trading may not follow sustainable practices because of the unnecessary use of paper, plastic, and other materials. The EU circular economy action plan has set targets to have a minimum of 70% of all packaging recycled by 2030,[32] reduce waste generation by 50%,[33] and transform to sustainable plastics.[34] It is necessary that the trading industry is considerate of resource use when engaging in marketing activities to practice efficient use of natural resources.

OBJECTIVE

- Reduce material waste for marketing activities.
- Extend environmental considerations across the industry by influencing clients/providers.

2.1 SOFT COPY STANDARDS

Materials used at (internal and external) meetings, events, and other in-person interactions arranged by the trading desk are only made available as a soft copy unless explicitly requested by a client or partner. In cases where materials must be hard copy, consideration is given to sustainability, avoiding the use of plastic covers and plastic or metal bindings. Meetings between two or more firms may require prior communication about presentation materials and facilities to present.

Implementation Measurement:

(1) *A soft copy standard has been implemented at the Trading Unit.*
(2) *Approximate proportion of meetings, events and in-person interactions attended with no hard copy marketing materials distributed.*

Baseline

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[32] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0677
[33] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN
[34] https://environment.ec.europa.eu/strategy/plastics-strategy_en

2.2 SOFT COPY EXPECTATION

For either hosting or attending a meeting, the other firm(s) are informed (at set up of meeting) to only provide soft copies of materials for meetings, events, and other in-person interactions. Hard copies provided in contravention of this request should be handed back to the presenting/attending firm on close of the meeting.

Implementation Measurement:

    (1) The firm has soft copy expectations when setting up a meeting.

    (2) Firm has pre-written policy to send before internal or external meetings.

    (3) Estimated proportion of meetings with prior communication of soft copy approach.

Baseline

2.3 GIVEAWAY STANDARDS

Trading business unit marketing materials and corporate branded giveaways should only be sent by post if specifically asked for by a client or partner, or if justified as an essential business need.

Implementation Measurement:

    (1) The firm has a giveaway standard for its own marketing materials.

    (2) Proportion of marketing materials and giveaways that were subjected to 'essential business need' test.

Baseline

2.4 GIVEAWAY EXPECTATIONS

External firms are asked to remove trading desk from distribution list of marketing materials and corporate branded giveaways that will be sent by post. Where items are provided in contravention of this request, the trading desk is to provide appropriate feedback to sending organisation and return, donate or recycle the item(s).

Implementation Measurement:

    (1) The firm has giveaway expectations for other firms' marketing materials.

    (2) Date of most recent communication of marketing material and giveaways policy.

Progressive

ENVIRONMENTAL

Env Business 3: Environmental impact of events

CONTEXT

Event planning, participation, and follow-up activities within trading may not follow sustainable practices when there is an overuse of paper, plastic, transportation fuel, and other resources. It is necessary that the trading industry is considerate of resource use when participating in events. There was consensus that Sustainable Trading Members could have a strong influence through event participation, which could help to encourage sustainable behaviour and practices due to the high visibility of such changes. Working with event organisers to develop sustainable events could help extend a positive impact beyond the industry.

Conscious distribution and consumption of giveaways and other marketing materials at events can have a positive impact on environmental sustainability in the industry. Research is showing that consumers are increasingly valuing sustainable products [35] and may be 92% more likely to trust a company that supports social or environmental issues. [36] At events, firms have the opportunity to showcase their commitments to sustainability causes through their marketing choices within a high-visibility environment.

OBJECTIVE

- To uphold sustainability standards at trading events.
- To encourage sustainability within trading events.
- To increase awareness of the environment through trading events.

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[35] https://www2.deloitte.com/uk/en/pages/consumer-business/articles/sustainable-consumer.html
[36] https://www.forbes.com/sites/forbesnycouncil/2018/11/21/do-customers-really-care-about-your-environmental-impact/?sh=2eb7e6b7240d

3.1 EVENT STANDARDS

Sustainable practices will be incorporated where the trading business unit is an exhibitor at events. These practices will include consideration of the following:

- 3.1.1: Use of QR codes linking to online brochures rather than hardcopy material.
- 3.1.2: The avoidance of unnecessary giveaways that do not add value or cannot be justified as an essential business need.
- 3.1.3: Selection of more sustainable products where giveaways are justified as an essential business need. Consideration should be given to the manufacture, transport, packaging, longevity, reuse, and recyclability of product.
- 3.1.4: Consideration of sustainability for the exhibition stand including the manufacture, transport, packaging, longevity, reuse, storage, and recyclability of the stand.

Implementation Measurement:

(1) The firm has sustainability standards when attending an event as an exhibitor.
(2) 3.1.1: Proportion of events where online brochures were used instead of hard copies.
(3) 3.1.2: Proportion of events where giveaways were avoided.
(4) 3.1.3: Proportion of events where essential giveaways used sustainable products.
(5) 3.1.4: Proportion of events where exhibition stands included sustainable consideration.

Baseline

3.2 ORGANISER COMMUNICATION

Event organisers are communicated with beforehand about expectations on sustainability at the event with regards to the following considerations:

- ❑ Provision of drinking water.
- ❑ Supply of food and beverages.
- ❑ Sustainable travel options for reaching event and for travel during event.
- ❑ Sustainability of opportunities for sponsorship, e.g., seat back covers.
- ❑ Incentives for event exhibitors to prioritise sustainability, e.g., awards.

Implementation Measurement:

(1) The firm communicates with event organisers about sustainability expectations beforehand.
(2) Proportion of events attended where event organisers were communicated with on all points listed above.

Baseline

3.3 EMPLOYEE COMMUNICATION

Trading business unit management should communicate with employees that they are encouraged to not accept unnecessary brochures, corporate branded giveaways, and other hard copy materials while attending events.

Implementation Measurement:

(1) The firm communicates with employees about sustainability expectations beforehand.

(2) Last date of communication.

Baseline

3.4 SPONSOR BENCHMARK

When sponsoring an event, criteria is set for external event organisers to expect that environmental sustainability is practiced within event planning, operations, and follow-up. These criteria are based on a credible, External Benchmarking agency that helps firms to assess event providers.

Implementation Measurement:

(1) The firm uses benchmarking criteria when sponsoring events.

(2) Proportion of events sponsored that were subject to benchmarked criteria.

Progressive

SUGGESTED RESOURCES

- ISO 54552
- Events Industry Council
- A Good Thing

SUSTAINABLE TRADING

Env Business 4: Document sharing approaches

CONTEXT

When a file is sent to multiple people as an attachment, that file will then exist as multiple versions, each with its own digital file size. The more that the file is shared, the more "bytes" (MB, KB) of information are stored. This creates a "multiplier effect" and has a negative impact on energy and resource use. Further, it is estimated that an email with a large attachment would emit about 12.5% more carbon than a regular email.[37] It is necessary that firms and business units are conscious of their document sharing methods to avoid unnecessary use of storage. The use of a centralised location to store a file will be more energy and resource-efficient.

OBJECTIVE

To reduce the multiplier effect when sending files, and the associated energy and equipment use.

4.1 COMMUNICATION

Trading desk management to communicate objective (to Trading Employees) on reducing size of files and size of files shared by email. This should be communicated alongside reference to compliance from a regulatory perspective. Communication should include details of company approach referencing technology options used that include:

- 4.1.1: Limitations to attachment sizes and associated warnings for large files.
- 4.1.2: Use of shared storage.
- 4.1.3: Internal file transmission.
- 4.1.4: Automated storage clean up.

Implementation Measurement:

(1) Trading desk management communicates document sharing approaches to employees.
(2) 4.1.1: Date of last communication on attachment sizes.
(3) 4.1.2: Date of last communication on shared storage.
(4) 4.1.3: Date of last communication on internal file transmission.
(5) 4.1.4: Date of last communication on storage clean up.

Baseline

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[37] https://www.bbc.com/future/article/20200305-why-your-internet-habits-are-not-as-clean-as-you-think

ENVIRONMENTAL

Env Business 5: Making sustainable choices

CONTEXT

Individual action can have an important role in sustainability initiatives and can help to address several of the SDG goals. While the measurable influence of individual action may not be as impactful as a firm-level influence, a collective group of individuals can help to shift sustainability values and norms within an organisation.[38] Such awareness and consideration may also carry over to other high impact initiatives. Additionally, firm implementation of sustainability initiatives will help to improve employee engagement.[39] Therefore, it is important that firms are incentivising their employees to make sustainable choices.

Efficient use of dishes and cutlery in an office will align with environmentally conscious material and carbon consumption. It is estimated that the average UK person will lower their associated emissions by close to 70% by using a re-usable cup over a single-use paper cup, assuming that the cup is used at least 500 times.[40] This is based on a "cradle to grave" life assessment, which accounts for emissions related to production, consumption, and disposal. Given the typical frequent use of cups and other dishes in offices, it is likely that a reusable cup would be used 500 times within a relatively short time span. Additionally, there will be significantly less volume of material waste through the use of re-usable kitchenware.

When office materials must be disposed of, it is important that firms are providing accessible recycling. Currently, only about 38% of waste is recycled in the EU, but the EU Waste Directive Framework has set targets for countries to prepare for re-use and recycling of waste by a minimum of 60% by 2030.[41] Firms can help to contribute to these targets by encouraging recycling in the office.

The use of paper in offices is another contributor to material and carbon overconsumption. In 2021, approximately 85 million tons of paper were consumed for printing and writing globally.[42] This has a negative effect on the environment, as the use of paper and ink can contribute to deforestation, paper waste, and greenhouse gas emissions.[43]

OBJECTIVE

To provide Trading Employees with the resources and encouragement to choose sustainable options.

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[38] https://news.climate.columbia.edu/2021/05/10/the-role-of-individual-responsibility-in-the-transition-to-environmental-sustainability/
[39] https://www.realityhr.co.uk/going-green-can-improve-employee-engagement-heres-how-you-can-do-it/
[40] https://www.lifecycleinitiative.org/wp-content/uploads/2021/02/UNEP_-LCA-Beverage-Cups-Report_Web.pdf
[41] https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en#publications
[42] https://www.statista.com/statistics/1089445/global-writing-and-printing-paper-demand/
[43] https://www.researchgate.net/publication/346549027_Environmental_impact_of_printing_inks_and_printing_process

5.1 INITIATIVE COMMUNICATION

Trading business unit management should ensure sustainability initiatives are communicated to the Trading Employees clearly and within a reasonable amount of time. Communication approach should include a lasting form such as posters, or an online portal along with more personal communication from trading management that encourages uptake by Trading Employees.

Implementation Measurement:

(1) *Trading desk management communicates firm sustainability initiatives with employees.*
(2) *Last date of communication on team sustainability initiatives.*

Baseline

5.2 KITCHENWARE

Encouraging use of reusable kitchen items to decrease the use of single-use containers, bottled water, cups, cutlery, mugs and other kitchenware.

Implementation Measurement:

(1) *The firm encourages use of reusable kitchen items.*
(2) *The firm has avoided the distribution of any single-use items in the kitchen.*
(3) *Proportion of employees with reusable kitchenware available to them.*

Baseline

5.3 RECYCLING

Installing "recycling stations" close to trading desks and other related work areas so that it is easy and accessible for Trading Employees to recycle their materials whenever possible.

Implementation Measurement:

(1) *There is accessible recycling for Trading Employees.*
(2) *Proportion of trading desks with access to recycling stations.*

Baseline

5.4 PRINTING

Track and measure printing output across trading functions and encourage reduced printing and/or black-and-white printing over colour printing.

Implementation Measurement:

(1) *Printing output is being Tracked across trading functions.*
(2) *Proportion of printers set to default sustainable settings (black and white, double-sided).*

Baseline

5.5 SUSTAINABILITY NETWORK

Communication, participation and encouragement from trading management for internal employee groups that focus on sustainability within the office.

Implementation Measurement:

  (1) *Trading management is encouraging and participating in sustainability initiatives.*

  (2) *Last date of communication by management on internal groups.*

Baseline

5.6 EDUCATIONAL SESSIONS

Developing internal educational sessions, materials and resources on sustainable practices to increase knowledge for the Trading Unit.

Implementation Measurement:

  (1) *The firm offers sustainability educational sessions, materials and/or resources to Trading Employees.*

  (2) *Number of internal sustainability educational sessions your firm or Trading Unit offers per year?*

  (3) *Proportion of Trading Employees participating in internal sustainability educational sessions?*

Progressive

Diversity, Equity and Inclusion

The group focuses on the Trading Unit's progression on diversifying the trading workforce through inclusive practices, in order to increase the collaborative capabilities of people and mindsets. Having a diverse workforce and leadership, that highlights inclusivity, has been proven to improve business performance, profitability and innovation, as well as including individuals who have historically not been included in the financial markets trading industry.

Diversity, Equity and Inclusion Context

Diversity, Equity and Inclusion (DEI) are corporate initiatives and actions that address talent, culture and community to help instigate fairer recruitment and employment practices that are inclusive of all types of individuals with various intersecting identities. Currently, the demographics of trading employees are disproportionately male; as of 2020, women hold less than 20% of sales and trading roles.[44] According to Deloitte, in the financial services industry women held 21% of board seats, 19% of C-suite roles, and 5% of CEO positions in 2021.[45] While gender disparity is a common thread in the financial industry globally, regionally there are differences of disproportionate ethnic and racial demographics. Research has shown that diversifying the workforce makes a positive impact on the company and the industry; "85 percent of financial services CEOs polled said promoting inclusion and diversity helps enhance business performance... research also supports the business case for inclusive cultures that lead to increased profitability, creativity, and innovation."[46] Additionally, a 2019 McKinsey & Co. study found that there was a 36% increase in profitability for top-quartile companies compared to the fourth quartile when considering racial and ethnic inclusion.[47] While research has proven that diversity is important for economic and social growth, and employees and management support DEI initiatives,[48] firms still struggle to diversify their teams, especially in the Trading Unit. For firms experiencing this challenge, a more robust and intentional DEI strategy can mitigate obstacles encountered in the hiring process, with employee retention and workplace culture.

It is important to note that each firm and Trading Unit has different experiences when it comes to diversity and inclusion, there is not a one size fits all strategy, so finding the right diversity and inclusion initiatives will be unique to each trading business. Firms have reported issues finding diverse candidates that meet the job's qualifications. However, having intentional diversity and inclusion initiatives can further develop the recruitment process and improve the firm's culture to attract new talent. Additionally, having diverse representation at all levels of the trading business unit, especially in senior roles, can encourage decision making that represents the wider workforce.

Solely hiring someone with a diverse background will not mean that they will be a right fit for the role and only hiring individuals with the same characteristics as the rest of the Trading Unit will not improve the diversity of the team. Therefore, short-term and long-term approaches from various angles must be considered.

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[44] https://home.barclays/news/2020/09/how-barclays-is-promoting-gender-diversity-on-the-trading-floor/

[45] https://www2.deloitte.com/uk/en/insights/industry/financial-services/gender-diversity-in-global-financial-services.html

[46] https://www.cfainstitute.org/en/research/inclusion-diversity

[47] https://www.mckinsey.com/~/media/mckinsey/featured%20insights/diversity%20and%20inclusion/diversity%20wins%20how%20inclusion%20matters/diversity-wins-how-inclusion-matters-vf.pdf

[48] https://archive.hshsl.umaryland.edu/bitstream/handle/10713/17354/W%40W%20-%20Diversity%20piece%2010-21.pdf?sequence=1&isAllowed=y

SOCIAL

DEI 1: DEI strategy includes the Trading Unit

CONTEXT

Having a Diversity, Equity and Inclusion (DEI) strategy aligns with the Sustainable Development Goal (SDG) 5.5, which encourages equal opportunities for economic leadership.[49] Additionally, SDG 10.2 aims to reduce inequalities by promoting social and economic inclusion regardless of identity and background.[50] A DEI strategy that explicitly includes the Trading Unit will help embed improved DEI practices for Trading Employees. Additionally, having leadership accountability for a DEI strategy will ensure it is a priority for the firm and the Trading Unit. Firms that have DEI policies have been proven to show positive employee support.[51] DEI strategies should be inclusive of various intersecting identities such as gender, race, sexuality, disability, religion etc.

OBJECTIVE

- To ensure an intentional approach to DEI initiatives that include the Trading Unit.
- To have a DEI strategy, that is supported by leadership, and creates short-term and long-term diversity and inclusion goals and processes to meet them.

1.1 DEI STRATEGY INCLUDES TRADING

A strategy for Diversity, Equity and Inclusion that explicitly includes the trading business unit and incorporates talent (recruitment, development and retention), culture (education and building awareness) and community (clients, volunteering and charity). Where the strategy has been set at a corporate level it is highly recommended that it is endorsed at board level.

Implementation Measurement:

(1) A strategy for Diversity, Equity and Inclusion that explicitly includes the trading business unit.

(2) DEI themes that need improvement or have opportunities to progress have been identified.

(3) A DEI strategy is in place to work towards this improvement.

(4) For corporate level strategies: The strategy has been endorsed at board level.

(5) There has been training for trading management and team on the DEI strategy.

Baseline

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[49] https://www.un.org/sustainabledevelopment/gender-equality/

[50] https://www.un.org/sustainabledevelopment/inequality/

[51] https://archive.hshsl.umaryland.edu/bitstream/handle/10713/17354/W%40W%20-%20Diversity%20piece%2010-21.pdf?sequence=1&isAllowed=y

1.2 DEI SPECIFIC STRATEGY FOR TRADING

Strategy for DEI that is specific for the trading business unit reflects the specific objectives, potential challenges, and goals of the Trading Unit.

Implementation Measurement:

(1) *Strategy for DEI that is specific for the trading business unit reflects the specific objectives, potential challenges, and goals of the Trading Unit.*

(2) *DEI themes that need improvement or have opportunities to progress have been identified in the Trading Unit.*

(3) *A Trading Unit DEI strategy is in place to work towards this improvement.*

(4) *There has been training for trading management and team on the Trading Unit DEI strategy.*

(5) *There is input or feedback from Trading Employees on the Trading Unit DEI strategy.*

Progressive

DEI 2: Training and development programmes

CONTEXT

To further strengthen inclusion, diverse talent should reach positions of leadership, ensuring greater representation of diverse groups at a senior level for the inclusion of diverse points of view in decision making.[52] Leadership training and development for all employees will help different types of people to progress into leadership roles through equal opportunity. The United Nation's Women's Empowerment Principles suggest training and career development irrespective of gender to promote gender equality.[53]

OBJECTIVE

To help diverse talent progress into management and leadership positions.

2.1 LEADERSHIP AND DEVELOPMENT PROGRAMMES

Diverse employees are proactively included in leadership training and development programmes, demonstrating an intentional commitment by trading management to their career progression.

Implementation Measurement:
   (1) *Diverse employees are proactively included in leadership training and development programmes.*
   (2) *The firm considers the cohort make-up of each programme.*

Information Capture: *Proportion of Trading Employees that participate in leadership and development programmes.*

Baseline

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[52] https://www.icaew.com/insights/diversity-and-inclusion/welcome-inclusion/why-inclusive-leadership-is-so-vital-to-di

[53] https://equileap.com/wp-content/uploads/2023/03/EquileapGenderScorecard-2020.pdf

2.2 ASSESSING TRAINING PROGRAMMES

Assessing training and development to evaluate if they meet the diverse needs of Trading Employees and developing targeted professional development offerings for diverse talent.

Implementation Measurement:

    (1) Assessing training and development to evaluate if they meet the diverse needs of Trading Employees and developing targeted professional development offerings for diverse talent.

    (2) Date of last assessment of training and development programmes.

    (3) Number of tailored programmes in place.

    (4) The firm considers the cohort make-up of each programme.

Progressive

DEI 3: Diverse panels and media representation

CONTEXT

A collective effort made by event organisers and firms to challenge panel representation will help address the under-representation of expertise held by different identities. Selecting intentional speakers who are qualified for panels and media outlets while considering diverse talent is important to ensure the Trading Unit is not merely practising DEI performativity. Choosing speakers with diverse mindsets that support the topic at hand should be prepared and supported by their firm through skill training and development.[54] This approach can also further visible representation within and outside the trading industry to encourage new diverse talent.

OBJECTIVE

To diversify the public representation of the trading business by being inclusive of diverse talent.

3.1 DIVERSITY OF SPEAKERS

Process for selecting speakers for internal and external events considers diverse talent. Appropriate training is provided to support those individuals selected, if needed. As well as considering those who have the potential to be selected following training.

Implementation Measurement:

(1) Process for selecting speakers for internal and external events considers diverse talent.

(2) The firm or the Trading Unit tracks the proportion of speakers of diverse talent that are considered.

(3) Proportion of speakers selected where speakers of diverse talent were considers this year.

Baseline

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[54] https://www.mtu.edu/diversity/people/council/pdfs/tips-for-diverse-panels-and-speakers.pdf

3.2 TRADING INDUSTRY THEMES

Events, webinars and panels are organised to showcase diverse leaders - women, ethnically/racially diverse people, LGBTQ+ people, etc. are speaking on trading industry themes. (e.g., women in crypto)

Implementation Measurement:
  (1) *Events, webinars and panels are organised to showcase diverse leaders - women, ethnically/racially diverse, LGBTQ+ are speaking on trading industry themes.*
  (2) *The firm or Trading Unit Tracks the number of events organised where diverse leaders are showcased around trading topics.*
  (3) *Number of events on trading topics that showcased diverse leaders this year.*

Progressive

3.3 DEI THEMES

Events, webinars and panels run by or attended by the Trading Unit for the wider industry are organised to cover topics and themes relating to diversity and inclusion.

Implementation Measurement:
  (1) *Events, webinars and panels run by or attended by the Trading Unit for the wider industry, cover topics and themes relating to diversity and inclusion.*
  (2) *The Trading Unit hosted events that covered DEI or social inclusion topics in the last year.*
  (3) *Trading employees attended events that covered DEI or social inclusion topics in the last year.*

Information Capture:
  (1) *Number of events the Trading Unit ran that covered DEI or social inclusion topics.*
  (2) *Number of events Trading Employees attended that covered DEI or social inclusion topics.*

Progressive

DEI 4: Tracking diverse representation

CONTEXT

Public reporting is specific to mandates per geographic region rather than at a business unit level.[55] Reporting publicly will be left at the firm level and is not included in this practice. However, internal reporting of the Trading Unit's diversity metrics, for firms in countries where it is permitted, is included in this practice, which can uncover areas of DEI that need to be improved upon. Voluntary reporting can be encouraged within the Trading Unit. Reporting helps firms make diversity practices inclusive and supportive of specific groups, as demonstrated by a case study of IBM's LGBTQ+ self-ID programme.[56]

OBJECTIVE

- To track the demography of traders and their internal progression, and to understand the make-up of the workforce.
- To help determine what areas of DEI need intervention and improvement.

4.1 DEI METRICS

Diversity Tracking, including representation of seniority, is encouraged in countries where permitted, for hiring, attrition and promotions.

Implementation Measurement:
(1) *Diversity Tracking, including representation of seniority, is encouraged in countries where permitted for hiring, attrition and promotions.*
(2) *Trading employees have access to a voluntary inclusion survey that captures identity characteristics.*

Information Capture:
(1) *What method is used to capture the representation of the Trading Unit?*
(2) *Number of Trading Employees that have completed the voluntary inclusion survey.*

Baseline

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[55] https://iuslaboris.com/insights/diversity-monitoring-a-global-view/
[56] https://www.umass.edu/employmentequity/collecting-lgbt-data-diversity-initiating-self-id-ibm

DEI 5: Networking groups

CONTEXT

Internal and external networking Groups should be tailored to accommodate diverse talent and their unique experiences. For some firms, their capacity only allows external networking Groups to be available to Trading Employees, while other firms provide internal networking Groups for Trading Employees that belong to certain diverse groups and are allies of these groups. Diverse talent can benefit from support from colleagues that may have similar experiences to them in diversity networks. A study of financial firms' diversity networks finds that a key element of successful networks is integrating the values of equality at the group level into the wider firm. [57]

OBJECTIVE

To provide access to and communicate the existence of networking groups to ensure that Trading Employees of diverse backgrounds can access appropriate support that aids their industry progression.

5.1 NETWORKING GROUPS

Opportunities for Trading Employees to organise or attend business resource groups.

Implementation Measurement:

(1) *Opportunities for Trading Employees to organise or attend business resource groups.*

(2) *Attendance to internal and external networking groups is Tracked.*

(3) *Communicated through email or intranet.*

(4) *Communicated through lasting form such as poster or centralised hub.*

(5) *Communicated through direct management communication. (Date of communication)*

Information Capture:

(1) *Are opportunities communicated any other way?*

(2) *Number of business resource groups offered to Trading Employees.*

(3) *Number of employee organised resource groups organised by Trading Employees.*

Baseline

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[57] https://onlinelibrary.wiley.com/doi/full/10.1111/1467-8551.12321

SOCIAL

DEI 6: Assessing the recruitment process

CONTEXT

Financial firms have identified a problem area in trying to diversify staff. If the recruitment process does not attract diverse candidates, then it is difficult to hire diverse talent. Assessing the hiring process can allow a firm to understand what attracts and deters candidates. For example, the Harvard Kennedy School found that the gendered language of job postings has shown that masculine wording can deter female candidates.[58] Additionally, assessing where jobs are advertised affects the diversity of candidates because of Artificial Intelligence (AI) on recruitment platforms, which can impact gender and racial bias.[59] Expanding where hires are sourced from can improve the diversity of candidates, especially when looking at targeting organisations and societies within universities that have a diverse range of students.[60] To ensure that the recruitment process promotes diverse candidates, hiring managers should have an understanding of DEI, as they are essential in reducing unconscious discrimination during hiring.[61] Unconscious bias should be assessed on all ends of the recruitment process because it can silently impact candidate progression.[62] One way of mitigating unconscious bias is by ensuring interview panels include diverse members.[63] These considerations promote fairness during the recruitment process by addressing issues that impact diversity, which otherwise go unnoticed without proper assessment.

OBJECTIVE

To improve the recruitment process to increase the success of diverse candidates.

[58] https://gap.hks.harvard.edu/evidence-gendered-wording-job-advertisements-exists-and-sustains-gender-inequality
[59] http://monash-econ-wps.s3-ap-southeast-2.amazonaws.com/RePEc/mos/moswps/2023-09.pdf
[60] https://www.ed.ac.uk/files/atoms/files/diversity_advice_-_information_for_employers_0.pdf
[61] https://www.researchgate.net/publication/334067754_Human_Resources_as_Ethical_Gatekeepers_Hiring_Ethics_and_Employee_Selection
[62] https://www.hbs.edu/recruiting/insights-and-advice/blog/post/actively-addressing-unconscious-bias-in-recruiting
[63] https://www.sciencedirect.com/science/article/pii/S0361368222000034

6.1 ASSESSING RECRUITMENT

The recruitment process is assessed at least annually to identify improvements in the end-to-end process, from the development of the job posting to the offer made. Assessment of the recruitment process should include the following areas:

- 6.1.1: Assessing the language of job postings.
- 6.1.2: Assessing where jobs are being advertised.
- 6.1.3: Assessing where hires are being sourced from e.g., universities visited.
- 6.1.4: Assessing the diversity and inclusion training that hiring managers receive.
- 6.1.5: Assessing how diverse interview panels are.
- 6.1.6: Assessing unconscious/implicit bias in the hiring process.

Implementation Measurement:
(1) *The recruitment process is assessed at least annually to identify improvements of the end-to-end process, from the development of the job posting to the offer made.*
(2) *6.1.1: Assessing the language of job postings.*
(3) *6.1.2: Assessing where jobs are being advertised.*
(4) *6.1.3: Assessing where hires are being sourced from e.g., universities visited.*
(5) *6.1.4: Assessing the diversity and inclusion training that hiring managers receive.*
(6) *6.1.5: Assessing how diverse interview panels are.*
(7) *6.1.6: Assessing unconscious/implicit bias in the hiring process.*

Baseline

6.2 INTERNAL HIRES

Recruitment process considers progression of internal hires to encourage internal mobility of diverse talent into trading desk roles.

Implementation Measurement:
(1) *Recruitment process considers progression of internal hires to encourage internal mobility of diverse talent into trading desk roles.*
(2) *Proportion of roles filled where internal candidates were assessed in the recruitment process.*

Information Capture: *Number of diverse talent hired into the Trading Unit through an internal application.*

Baseline

6.3 EXTERNAL RECRUITMENT ASSESSORS

Using external assessors to evaluate the recruitment process.

Implementation Measurement:

(1) *Using external assessors to evaluate the recruitment process.*

(2) *There have been recommended adjustments from the external assessor that the Trading Unit should make.*

(3) *Adjustments to the recruitment process recommended by the external assessor have been made.*

Progressive

Community Engagement

The group acknowledges the actions firms have taken to benefit communities through volunteering and charitable giving, and aims to further promote community engagement involvement of Trading Employees through increasing flexibility of opportunities and greater support from management and colleagues. The group strives to expand what Trading Employees can do to support their communities and be actively involved in philanthropic initiatives.

Community Engagement Context

Community engagement is valuable for a firm and its various stakeholders for a number of reasons. First, it allows individuals and corporations to strengthen the support of environments, communities and neighbourhoods while improving their reputation.[64] Second, it brings a sense of fulfilment to the employees involved in community engagement because they are directly making a positive impact towards larger issues.[65] The trading industry is rich with educated individuals who can support community engagement initiatives, adding to social cohesion through education and career development for students.[66] Financial firms are one of the largest contributors to community investment in the UK and therefore have a broad reaching influence through financial and in-kind donations.[67]

Trading Employees in job roles connected to market hours may be constrained from participating in community engagement initiatives that are organised at the firm level, as expressed by member firms in the Sustainable Trading questionnaire.[68] These constraints may include an inability to leave the desk because of busy market hours or expectations that are ingrained in the trading work culture. Trading, as an important component of the finance industry, has resources that include knowledge and capital that can be invested in improving communities in need.

For Trading Employees who want to be more involved in community engagement, these roadblocks affect their abilities to have a positive impact outside of their day jobs. However, by adjusting the way the trading business interacts with community engagement, there can be an opportunity for Trading Employees to get more involved in community engagement initiatives and amplify the impact they can have on underserved communities.

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[64] https://ccc.bc.edu/content/ccc/research/corporate-citizenship-news-and-topics/corporate-community-involvement.html

[65] https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/06/03/14-ways-community-service-initiatives-build-a-stronger-workforce/?sh=bb4a39e3ecc9

[66] https://www.forbes.com/sites/lizfrazierpeck/2022/10/18/four-simple-ways-teachers-can--incorporate-finance-in-the-classroom/

[67] https://corporate-citizenship.com/wp-content/uploads/corporate-community-investment-four-routes-to-impact.pdf

[68] https://25373993.fs1.hubspotusercontent-eu1.net/hubfs/25373993/ST%20Community%20Engagement%20Questionnaire%20Report.pdf

Community Engagement 1: Volunteering and charitable giving

CONTEXT

Providing flexibility for Trading Employees to have the opportunity to volunteer will increase the amount of community engagement the trading desk is involved with. Considering employees in the trading industry when developing charitable giving initiatives will allow a wider community impact and can increase employees' skill sets.[69] Volunteer activities include firm run volunteer events, volunteer hours submitted for volunteer grants, and any other firm-tracked volunteer hours. Volunteering in this context excludes any personal volunteering done by employees that have no connection to the firm.

OBJECTIVE

To ensure Trading Employees can engage in volunteer and charitable activities.

1.1 VOLUNTEERING

The circumstances of the trading business unit are being considered when developing, implementing, and undertaking volunteering initiatives. Constraints on trading to be considered include market open and close times, month and quarter end, index rebalance events. Short duration and office-based volunteering could provide additional opportunities for traders to be more involved.

Implementation Measurement:
  (1) *The circumstances of the trading business unit are being considered when developing, implementing, and undertaking volunteering initiatives.*
  (2) *Number of hours or days that Trading Employees use to volunteer are Tracked.*
  (3) *Proportion (estimated if needed) of employees in the trading business who participated in volunteer activities this year.*

Information Capture:
  (1) *Do Trading Employees volunteer more or less than the overall organisation?*
      a. *Much more*
      b. *Slightly more*
      c. *About the same*
      d. *Slightly less*
      e. *Much less*
  (2) *Number of trader hours or days dedicated to volunteering.*
  (3) *What tools are used to Track volunteer hours or days?*

Baseline

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[69] https://www.sciencedirect.com/science/article/pii/S105348222100053X

1.2 CHARITABLE GIVING

The circumstances of the trading business unit are being considered when developing, implementing, and undertaking charitable giving initiatives.

Implementation Measurement:

(1) The circumstances of the trading business unit are being considered when developing, implementing, and undertaking charitable giving initiatives.

(2) There is a matched giving programme offered to Trading Employees.

(3) There is a volunteer grants programme offered to Trading Employees.

(4) Communicated through email or intranet.

(5) Communicated through lasting form such as poster or centralised hub.

(6) Communicated through direct management communication. (Date of communication)

Information Capture: Are opportunities communicated any other way?

`Baseline`

1.3 FLEXIBLE VOLUNTEERING

There are flexible schedules for volunteer activities such as weekend events, after work volunteering, volunteer days, etc. for Trading Employees with constrained schedules. There is endorsement by trading leadership of volunteer activities by either participating in volunteering themselves or encouraging their team to participate in volunteering.

Implementation Measurement:

(1) There are flexible schedules for volunteer activities such as weekend events, after work volunteering, volunteer days, etc. for Trading Employees with constrained schedules.

(2) Percentage of Trading Employees (estimated if needed) that utilise volunteer days.

`Progressive`

SUGGESTED RESOURCES

- Mayor of London [Employer Supported Volunteering](.).

SOCIAL

Community Engagement 2: Trading education programmes

CONTEXT

The trading industry is trying to expand its reach to educate future talent about trading opportunities and to be more inclusive in educating how trading works to provide broader exposure to the industry. This outreach can both benefit communities and encourage future participation in trading roles. Trading Employees providing education programmes allows them to engage with the community through schools and universities. This practice aligns with SDG 4.4 which aims to increase the number of adults with relevant skills for employment.[70]

The Trading Unit can partner with universities, schools and education-based charities to connect the Trading Unit with future potential candidates. Additionally, education on the trading industry should encapsulate the entire industry, not only the trading desk, to show the various roles of employment that students can explore. Visiting schools and bringing students into the workplace has proven to have positive outcomes on students and can influence their future careers.[71]

OBJECTIVE

To break down barriers to the trading industry through educational programmes and source future diverse talent through education and skill development.

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[70] https://www.un.org/sustainabledevelopment/education/
[71] https://www.careersandenterprise.co.uk/media/wknmpwvm/what-works-report-work-experience.pdf

2.1 EDUCATIONAL OUTREACH

Providing education on the trading industry for students of all ages, with a focus on building interest with groups underrepresented in trading such as women, people of colour, lower socioeconomic backgrounds, neurodiverse groups, those with disabilities, and individuals' varying intersections.

Implementation Measurement:

(1) Providing education on the trading industry for students of all ages, with a focus on building interest with groups underrepresented in trading.

(2) Proportion of Trading Employees (estimated if needed) participating in volunteer trading education programmes.

(3) The Trading Unit provides an internship or includes interns on the trading desk.

Information Capture:

(1) Number of students that participate in trading education programmes.

(2) Number of Trading Employee hours or days dedicated to education programmes.

(3) Number of interns included on the trading desk.

(4) What types of education programmes does the trading desk provide for students?

Baseline

2.2 EDUCATIONAL PROGRAMMES

Opportunities for students to come into the workplace or be educated virtually to develop skills.

Implementation Measurement:

(1) Opportunities for students to come into the workplace or be educated virtually to develop skills.

(2) Proportion of traders (estimated if needed) working with outside groups on skills development.

Progressive

SUGGESTED RESOURCES

- Mayor of London funded career programme for students and employers, Careers Hub.

Employee Wellbeing

The group focuses on identifying, communicating, understanding, and addressing the mental and physical wellbeing challenges faced by those in the trading industry. We seek to promote greater availability and accessibility of wellbeing initiatives and break down the social and structural constraints that currently limit their uptake by Trading Employees.

Employee Wellbeing Context

Mental health and wellbeing are significant areas of focus for all employees and especially in the financial markets trading industry. According to a study conducted by HR consultancy AdvisorPlus, people working in the financial services industry often struggle with mental health. The number of absences from work is continually increasing each year due to mental illness and it was found that this was often due to stress about job pressure, work-life balance, and long working hours.[72]

While many firms have wellbeing initiatives in place that support the mental and physical wellbeing of their employees, it was found that there can be a disconnect at the Trading Unit level because of access and awareness limitations. Based on results from the questionnaire and follow-up discussions, member firms expressed that wellbeing of the trading desk is impacted by two issues that are specific to the trading desk.[73] First, the nature of the job as a trading employee involves unique aspects that may affect wellbeing. Trading employees operate in a high-pressure environment, spending much of their working day at their desk and in front of a screen. In addition, the workday can extend into the evening during live deals. Second, the nature of the job as a trading employee involves constraints in participating in wellbeing initiatives that are produced at a firm level. These constraints may include an inability to leave the desk for a wellbeing activity because of busy market hours, or expectations that are ingrained in the trading desk management.

Given these challenges, a key area of focus for Employee Wellbeing is inclusion. It was felt in Working Groups, that including Trading Employees in wider company initiatives should be addressed. Research has shown that inclusive communication within a firm should maintain a stakeholder approach, where all levels in an organisation are included.[74] The Employee Wellbeing Best Practices focus on inclusion, communication and feedback opportunities for Trading Employees.

The second key area of focus for Employee Wellbeing is accessibility to health support. Since responses to the questionnaire revealed that employees felt impacted by long work hours and stress, there are some Employee Wellbeing services that were identified as necessary for them. These include internal and external programmes that provide employee support, flexible working minimums to help alleviate personal constraints, and ergonomic support solutions to minimise physical issues.

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[72] https://www.hrmagazine.co.uk/content/news/financial-services-has-worst-mental-health
[73] https://25373993.fs1.hubspotusercontent-eu1.net/hubfs/25373993/ST%20Employee%20Wellbeing%20Questionnaire%20Report.pdf
[74] https://www.emerald.com/insight/content/doi/10.1108/PR-01-2021-0013/full/pdf?title=talking-inclusion-into-being-communication-as-a-facilitator-and-obstructor-of-an-inclusive-work-environment

SOCIAL

Employee Wellbeing 1: Including trading in wellbeing initiatives

CONTEXT

The Sustainable Trading questionnaire and follow-up discussions suggested that there is a disconnect between firm employee wellbeing activities and the trading desk.[75] To help alleviate social and structural constraints that seem to contribute to this disconnect, it is important that there is a focus on the inclusion of Trading Employees for employee wellbeing initiatives within a firm. Research has shown that inclusive communication within a firm should maintain a stakeholder approach, where all levels within an organisation are included.[76]

OBJECTIVE

- To ensure that Trading Employees have an improved opportunity to engage in wellbeing initiatives.
- To raise awareness of trading desk needs within firm wellbeing initiatives.
- To raise awareness of firm wellbeing initiatives for the trading desk.

1.1 NEEDS AND CIRCUMSTANCES

The needs and circumstances of employees of the trading business unit are being considered when developing, implementing, and practicing company wellbeing initiatives. Constraints on trading considered include market open and close times, month and quarter end, index rebalance events. The wellbeing initiatives that are examined against these considerations include:

- ❑ Mental health training, events, educational sessions, and first-aid training.
- ❑ Physical activity initiatives.

Implementation Measurement:

(1) Wellbeing services are considering the needs of Trading Employees.

(2) Proportion of wellbeing services that consider the needs of the Trading Unit.

Baseline

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[75] https://25373993.fs1.hubspotusercontent-eu1.net/hubfs/25373993/ST%20Employee%20Wellbeing%20Questionnaire%20Report.pdf
[76] https://www.emerald.com/insight/content/doi/10.1108/PR-01-2021-0013/full/pdf?title=talking-inclusion-into-being-communication-as-a-facilitator-and-obstructor-of-an-inclusive-work-environment

1.2 COMMUNICATION

Trading business unit management should ensure available wellbeing initiatives are communicated to the Trading Employees clearly and within a reasonable amount of time. Communication approach includes a lasting form such as posters, or an online portal along with more personal communication from trading management that encourages uptake by Trading Employees. This includes communication about:

- ❑ Employee Assistance Programme services.
- ❑ Mental health training, events, educational sessions, and first-aid training.
- ❑ Physical activities initiatives.
- ❑ Flexible working policies.
- ❑ Additional leave (e.g., parental leave, care days, bereavement leave).

Implementation Measurement:

(1) *Wellbeing services are being communicated to the Trading Unit.*

(2) *Communicated through email or intranet.*

(3) *Communicated through lasting form such as a poster or centralised hub.*

(4) *Communicated through direct management communication. (Last date of communication)*

Information Capture:

(1) *Please list any other ways that wellbeing initiatives are communicated with Trading Employees.*

(2) *Proportion of employees that are aware of all wellbeing services related to the items listed above.*

Baseline

1.3 MANAGEMENT PARTICIPATION

Trading desk management is engaging in wellbeing initiatives to set an example for the rest of the trading desk so that participation is encouraged. Participation by trading management includes at least two of the following wellbeing initiatives:

- ❑ Mental health training, events, educational sessions, and first-aid training.
- ❑ Physical activity initiatives.
- ❑ Flexible working.
- ❑ Additional leave.

Implementation Measurement:

(1) *Team management is involved in at least 2 of the initiatives listed in the practice.*

(2) *Proportion of team management that is involved in at least 2 of the items listed above.*

Baseline

SOCIAL

3 GOOD HEALTH AND WELL-BEING

Employee Wellbeing 2: Feedback captures perspectives of the Trading Unit

CONTEXT

The Sustainable Trading questionnaire and follow-up discussions suggested that there is a disconnect between firm Employee Wellbeing activities and the trading desk because of social and structural constraints.[77] A better understanding of these constraints can help to address them and mitigate them. To help capture these constraints effectively, it is necessary that feedback opportunities are created at a granular level. Research has shown that inclusive communication within a firm should maintain a stakeholder approach, where all levels within an organisation are included.[78]

OBJECTIVE

- To ensure that Trading Employees have an improved opportunity to engage in wellbeing initiatives.
- To raise awareness of trading desk needs within firm wellbeing initiatives.
- To raise awareness of firm wellbeing initiatives for the trading desk.

2.1 FEEDBACK ASSESSMENT

Feedback on employee wellbeing initiatives is assessed at a business-unit level to identify feedback that is specific to the trading desk. This feedback is analysed to provide the firm with insight on Trading Unit wellbeing.

Implementation Measurement:

(1) Feedback exercises are assessed at the Trading Unit level.

(2) Proportion of firm-wide feedback exercises that are assessed at the Trading Unit level.

Baseline

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[77] https://25373993.fs1.hubspotusercontent-eu1.net/hubfs/25373993/ST%20Employee%20Wellbeing%20Questionnaire%20Report.pdf

[78] https://www.emerald.com/insight/content/doi/10.1108/PR-01-2021-0013/full/pdf?title=talking-inclusion-into-being-communication-as-a-facilitator-and-obstructor-of-an-inclusive-work-environment

2.2 FEEDBACK EXERCISES

Feedback process incorporates questions or discussion specific to the Trading Unit that will provide deeper insight on Trading Employees perception of employee wellbeing initiatives. This process should ask whether Trading Employees feel that they are able to participate in wellbeing initiatives and whether managers are engaging in wellbeing initiatives.

Implementation Measurement:

(1) *Feedback exercises contain trading business unit-specific questions.*

(2) *Proportion of feedback exercises with trading business unit-specific questions contained in feedback process.*

Baseline

2.3 WELLBEING CHAMPION

Wellbeing champion is assigned to represent the trading business unit at a firm-wide level, providing feedback on wellbeing.

Implementation Measurement:

(1) *Trading Unit has created an opportunity for wellbeing champion(s).*

(2) *Trading management has encouraged uptake by someone from the Trading Unit.*

(3) *Trading Unit has a wellbeing champion or someone from another business unit that will represent the unit and communicates with it regularly.*

Progressive

![Sustainable Trading logo]

SOCIAL

Employee Wellbeing 3: Access to support services

![SDG 3 Good Health and Well-Being]

CONTEXT

Based on results from a questionnaire that was distributed to the Sustainable Trading network and follow-up discussions, it was found that employees felt that wellbeing for the trading desk is impacted by stress levels that arise from a high-pressure environment, spending much of their working day at the desk and in front of a screen.[79] Mental health support, along with various other support systems, are important for helping Trading Employees deal with pressures inside and outside the workplace. Employee access to support services can help boost a healthier and more inclusive culture and promote increased productivity.[80] Internal and external support services will help Trading Employees receive support for various pressures that they may be experiencing.

OBJECTIVE

To increase Trading Employee access to internal and external support that will help improve health and mental wellbeing.

3.1 SUPPORT SERVICES

All Trading Employees and trading desks have access to internal or external support services for their health and wellbeing. In the absence of internal or external services that are provided at the firm level, these services are provided at the Trading Unit level.

Implementation Measurement:
   (1) Trading employees have access to internal or external support services.
   (2) Proportion of Trading Employees with access to internal or external support services for their health and wellbeing.

Baseline

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[79] https://25373993.fs1.hubspotusercontent-eu1.net/hubfs/25373993/ST%20Employee%20Wellbeing%20Questionnaire%20Report.pdf
[80] https://www.cipd.org/globalassets/media/comms/news/ahealth-wellbeing-work-report-2022_tcm18-108440.pdf

SOCIAL

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

Employee Wellbeing 4: Traders' opportunity for flexible working

CONTEXT

The Sustainable Trading questionnaire found that Trading Employees can experience unique pressures and stress due to the nature of their roles.[81] Wellbeing initiatives should be put into place to help alleviate this stress. It has been shown that an option for partial remote work can help alleviate psychological and physical stress responses.[82] Flexible working also helps to alleviate social constraints, since employees have the option to provide care at home if it is needed. This reduces the number of people who are not able to work because of personal priorities and family care responsibilities. These responsibilities often fall on women, resulting in discriminatory social institutions.[83] A flexible work environment provides more inclusive options for women and other employees who are the primary caregivers in their households.

OBJECTIVE

- Trading employees can work from home to help alleviate personal pressures outside of work.
- Trading employees know that they are able and encouraged to work from home.

4.1 FLEXIBLE WORKING MINIMUM

Trading employees are able to work from home at a level that is in line with stakeholders or at least twice per month, whichever allows for greater flexibility.

Implementation Measurement: *Employees have the option to work from home at same minimum as stakeholders or at least twice per week.*

Information Capture: *How many days are Trading Employees allowed to work from home per month?*

Baseline

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[81] https://25373993.fs1.hubspotusercontent-eu1.net/hubfs/25373993/ST%20Employee%20Wellbeing%20Questionnaire%20Report.pdf
[82] https://www.frontiersin.org/articles/10.3389/fpsyg.2021.730969/full
[83] https://www.oecd.org/dev/development-gender/Unpaid_care_work.pdf

SOCIAL

Employee Wellbeing 5: Provision of ergonomic support solutions

CONTEXT

Trading employees can face physical issues as a result of sitting at their desks and being in front of a screen over long periods of time. Therefore, it is important that firms mitigate these issues as best as possible by providing support solutions. Not only will ergonomic support solutions help employees to alleviate pain or discomfort from sitting at their desks, but they can also help to boost productivity, lower staff turnover, and increase job satisfaction. [84]

OBJECTIVE

To ensure Trading Employees are given resources that promote ergonomic-related health.

5.1 OFFICE ERGONOMIC SUPPORT

Trading employees are provided with ergonomic assessment and guidance, sit/stand desks, handsfree headsets, and specialist keyboards and mouse equipment for use in the office. Employees are provided with the opportunity to ask for any additional special support items that they may need because of further conditions or requirements.

Implementation Measurement:
  (1) *Employees are provided with the listed ergonomic support items in office.*
  (2) *Proportion of employees provided with all listed ergonomic support solutions in the office.*

Baseline

5.2 AT-HOME ERGONOMIC SUPPORT

Where Trading Employees work from home for 2+ days per week, they are provided with ergonomic assessment and guidance, sit/stand desks, handsfree headsets, and specialist keyboards and mouse equipment for use while working from home. Employees can ask for any additional special support items that they may need because of further conditions or requirements.

Implementation Measurement:

(1) *(Eligible) employees are provided with the listed ergonomic support items at home.*

(2) *Proportion of (eligible) employees that are provided with all listed ergonomic support solutions at home.*

Progressive

Governance Desk Practices

The group aims to promote accountability around ethical and cultural standards in the trading industry. Through communication, education and advancing processes, traders and others within organisations can have improved knowledge to be better equipped to deal with challenging situations that often arise. By identifying and sharing Best Practices that build on regulatory requirements we can embed Best Practices within firms and create a stronger trading industry secured by the confident and capable individuals working within it.

Governance Desk Practices Context

The financial markets trading industry operates within an area that is subject to a range of regulatory requirements and voluntary codes of conduct. Regulation and the various codes impress a broad range of governance requirements on businesses that trade in financial markets. These requirements vary by region and apply differently to different types of organisations. In general, regulation does not apply to technology and service providers delivering trading products and regulated firms often have different approaches to delivering against regulatory requirements. Further to this, the COVID-19 pandemic has resulted in major changes to working practices including a new flexible approach to working from home (WFH). The success of WFH has led to many firms reconsidering their business continuity practices incorporating home working. [85] This change has placed new requirements for the resilience of home working setups.

With this background of change, complexity, and differing application of regulation, there is an opportunity to improve governance within the trading industry in several areas. Improved communication within or between firms on subjects such as execution policies, recording of communications, ethical standards, and personal account dealing procedures will enhance the knowledge of Trading Employees and thereby strengthen firms. There is also a need for increasing the range of training available to Trading Employees to cover emerging and fast changing industry themes. [86]

Further to this, there is an opportunity to embed consideration of E, S and G change across the trading industry. This can be enhanced through the introduction of objectives for both management and staff, and for greater engagement with counterparties and service providers on their approach and progress on E, S and G topics to increase the resilience of the business unit and its value chain. [87]

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[85] https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19

[86] https://www.bpp.com/insights/why-cpd-is-important

[87] https://www.ey.com/en_in/climate-change-sustainability-services/why-integrating-esg-into-your-business-could-be-the-key-to-its-resilience

GOVERNANCE

Gov 1: BCP testing and challenging approach

CONTEXT

Many trading desks follow regulatory requirements regarding Business Continuity Procedures (BCP), but for firms that are unregulated, BCP should be tested regularly. For firms that follow regulation, further challenging BCP approach can identify issues and potential improvements of BCP. SDG 10.5 encourages strengthening regulation of financial institutions; however, firms can take on this responsibility to go above and beyond regulatory requirements.[88] The SEC, FINRA and the Commodity Futures Trading Commission encourage yearly BCP testing and challenging to encourage greater preparation during unexpected disruptions.[89]

OBJECTIVE

Regular BCP testing allows opportunities to identify improvements. Challenging BCP approach can also identify areas needing enhancement.

1.1 BCP TESTING

The Trading Unit must have regular BCP testing to challenge BCP approach.
Implementation Measurement:
   (1) The Trading Unit must have regular BCP testing to challenge BCP approach.
   (2) The firm conducts BCP testing weekly, monthly, quarterly, semi-annually, or annually.
   (3) Date of last BCP testing exercise.
   (4) The firm undertakes an exercise to challenge BCP arrangements weekly, monthly, quarterly, semi-annually, or annually.
   (5) Date of last BCP challenge exercise.

Baseline

1.2 BCP TESTING EXTERNALLY

Challenging BCP testing through external assessors to identify issues and potential solutions.
Implementation Measurement:
   (1) Challenging BCP testing through external assessors to identify issues and potential solutions.
   (2) Date of last externally assessed BCP challenge exercise.

Progressive

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[88] https://www.un.org/sustainabledevelopment/inequality/
[89] https://www.sec.gov/about/offices/ocie/jointobservations-bcps08072013.pdf

GOVERNANCE

Gov 2: Resilience of power/internet systems

CONTEXT

Following COVID-19, and the increased capability for individuals to work from home, Business Continuity Procedures (BCP) may now often require Trading Employees to work from home (WFH) in a scenario where an office is unavailable. In some cases, certain positions have permanently transitioned to WFH roles and hybrid roles, increasing the requirement for robust and available technology and internet at home, as in the office. [90] Additionally, clear communication and a robust technology and internet approach can allow teams to support each other during a disruption.

OBJECTIVE

To achieve greater power and internet resilience for home offices and offices of smaller trading businesses to ensure trading can continue.

2.1 RESILIENCE PLAN

The Trading Unit must have a resilience plan for at home setups and smaller offices.

Implementation Measurement:

   (1) *The Trading Unit must have a resilience plan for at home setups and smaller offices.*
   (2) *The firm has a fallback for power loss for at home setups and smaller offices.*
   (3) *The firm has a fallback for internet loss for at home setups and smaller offices.*

Information Capture:

   (1) *What does your firm have as a fallback for power loss for at home setups and smaller offices?*
   (2) *What does your firm have as a fallback for internet loss for at home setups and smaller offices?*

Baseline

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[90] https://www.tandfonline.com/doi/full/10.1080/24694452.2021.1939647

GOVERNANCE

Gov 3: Recording and security

CONTEXT

Recording phone lines is a regulated measure for record keeping purposes and security. With varying global recording requirements and multiple communication channels, it is important to ensure traders understand the obligations and record keeping approach. Proactive governance challenges and updates recording approaches, and ensures employees are informed of recording policy changes. [91]

OBJECTIVE

Communicating with Trading Employees the approach for recording of trading related communication.

3.1 COMMUNICATING RECORDING INFORMATION

Communicating to Trading Employees up to date information on recording and trading related communication procedures, as well as information on the monitoring of office and private devices.

Implementation Measurement:
  (1) *Communicating to Trading Employees up to date information on recording and trading related communication procedures, as well as information on the monitoring of office and private devices.*
  (2) *Date of most recent communication of recording information to Trading Employees.*

Information Capture:
  (1) *What new approaches to recording of communications have been implemented?*
  (2) *How often are recording communication procedures assessed?*
  (3) *What method is used to communicate information on recording of communications?*

Baseline

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[91] https://www.fca.org.uk/publications/newsletters/market-watch-66

GOVERNANCE

Gov 4: Ethical standards training

CONTEXT

Firms that are unregulated may not currently undertake regulatory, ethical and professional standards training. Having regulatory, ethical and professional standards training is linked to improving the firm's ethical culture, and support an effective decision-making framework.[92]

OBJECTIVE

- To ensure that Trading Employees are aware and have access to training on regulatory, ethical and professional standards.
- Training can help Trading Employees responsibly manage conflicts and protect clients through education on the nuances of regulatory, ethical and professional standards.

4.1 ETHICAL STANDARDS TRAINING

The Trading Unit undertakes training and awareness of regulatory, ethical and professional standards consisting of computer-based training and/or in-person training.

Implementation Measurement:

(1) *The Trading Unit undertakes training and awareness of regulatory, ethical and professional standards consisting of computer-based training and/or in-person training.*

(2) *Additional accreditations or affiliated trainings are being completed by Trading Employees.*

Information Capture:

(1) *How many hours of training a year are required for Trading Employees?*

(2) *What additional ethics trainings outside of regulation requirement are provided by the Trading Unit?*

Baseline

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[92] https://www.cfainstitute.org/en/ethics-standards/codes/standards-of-practice-guidance/ethics-and-investement-industry

Gov 5: Business knowledge training

CONTEXT

Training for those in the trading industry does not always incorporate sufficient topics that people would benefit from the knowledge of. Increasing the types of business knowledge trainings Trading Employees have access to can improve the confidence and understanding of relevant trading themes that are not covered in basic job training. Structured continuing professional development (CPD) can consist of training courses, workshops, conferences and online learning. [93]

OBJECTIVE

- To educate those in the trading industry on more detailed areas.
- For Trading Employees to understand and feel confident in their product knowledge.

5.1 ADDITIONAL TRAINING

The Trading Unit is provided with additional training to cover key topics and emerging themes. Training could consist of algorithmic execution, market structure, new asset classes, etc.

Implementation Measurement:

(1) *The Trading Unit is provided with additional training to cover key topics and emerging themes. Training could consist of algorithmic execution, market structure, new asset classes, etc.*

(2) *Number of additional training programmes offered to Trading Employees.*

(3) *Proportion of Trading Employees obtaining greater than 20 CPD/informal training hours annually.*

Baseline

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[93] https://www.bpp.com/insights/why-cpd-is-important

GOVERNANCE

Gov 6: Trading policy knowledge

CONTEXT

While regular training on policies is in place in most firms, there seems to be an issue with awareness of the location for obtaining a policy when needed for guidance during a live situation. Policy centralisation can help with the organisation of policies by placing them in a centralised place, updating the policies efficiently, and giving employees access to the policies from different regions. [94]

OBJECTIVE

To effectively communicate policies and the location of the policies internally, so Trading Employees have easy access to them when needed. As well as communication on product information.

6.1 POLICY LOCATION

Having policies (or hyperlinks to policies) in a centralised place.
Implementation Measurement:
    (1) *Having policies (or hyperlinks to policies) in a centralised place.*
    (2) *The location of policies are communicated to Trading Employees.*
    (3) *There is confirmation that employees know the centralised location of trading policies.*

Baseline

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[94] https://patterns.arcitura.com/soa-patterns/design_patterns/policy_centralization

Gov 7: Updates to best execution policies

CONTEXT

It is stated in Article 27 of Directive 2014/65/EU of the European Parliament and of the Council that investment firms must notify clients of changes to best execution policy.[95] Best execution policies are often updated by placing an adjusted document on a firm's website. This method for updating important trading information does not ensure clients are aware of the changes that occur. This is of greater relevance where firms are providing trading and execution services rather than where trading is ancillary to an investment service.

OBJECTIVE

To ensure clients are effectively communicated with when there are material updates to the best execution policies.

7.1 COMMUNICATING UPDATES

Material updates to best execution policies are expected to be summarised and proactively communicated via email to clients of firms providing trading and execution as a service.

Implementation Measurement:

(1) *Material updates to best execution policies are expected to be summarised and proactively communicated via email to clients of firms providing trading and execution as a service.*

(2) *Date of last material changes to the policy.*

(3) *The material updates were summarised and emailed to clients.*

Baseline

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[95] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0065

Gov 8: Personal Account Dealing

CONTEXT

While many firms have Personal Account Dealing policies, the clarity and communication of the process may require improvement. Additionally, some unregulated firms manage confidential order and execution information and would benefit from implementing Personal Account Dealing policies to protect the individuals, the firm, and its clients. The FCA found that employees have shown a lack of understanding of firms' Personal Account Dealing policies, even after confirming that they read and understood the policies.[96] Improved communication and access to these policies can help Trading Employees feel more secure in understanding the Personal Account Dealing policies.

OBJECTIVE

- For Trading Employees to better understand how Personal Account Dealings are handled at their firm.
- To embed improved Personal Account Dealing practices within unregulated firms.

8.1 PERSONAL ACCOUNT DEALING

Individuals who have access to confidential order and execution information are covered by a Personal Account Dealing policy.

Implementation Measurement:

(1) *Individuals who have access to confidential order and execution information are covered by a Personal Account Dealing policy.*

(2) *Proportion of individuals who have access to confidential order and execution information are covered by a Personal Account Dealing policy.*

Baseline

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[96] https://www.fca.org.uk/publication/newsletters/market-watch-62.pdf

8.2 COMMUNICATING PERSONAL ACCOUNT DEALING

Personal Account Dealing policies are in a centralised place (workflow / grid / chart / application).

Implementation Measurement:

    (1) Personal Account Dealing policies are in a centralised place (workflow / grid / chart).

    (2) There is a tool (workflow / grid / chart / application) of Personal Account Dealing policies communicated to Trading Employees.

    (3) There is confirmation that employees know the centralised location of Personal Account Dealing policies.

Information Capture: What tool is used to communicate Personal Account Dealing policies?

Progressive

8.3 MONITORING PERSONAL ACCOUNT DEALING

Monitoring of adherence to Personal Account Dealing policy, considers personal account trades, restricted securities, and timing. Monitoring is provided within the Trading Unit or external to the Trading Unit.

Implementation Measurement:

    (1) Monitoring of adherence to Personal Account Dealing policy, considers personal account trades, restricted securities, and timing. Monitoring is provided within the Trading Unit or external to the Trading Unit.

    (2) Does your organisation monitor trading using a manual or automated system?

    (3) Is monitoring done from within the Trading Unit or external to the Trading Unit?

    (4) The following are monitored: request, approval, trade, and activity.

Information Capture: What method is used to monitor trading? If it is a third-party system, please detail.

Progressive

Gov 9: ESG objectives

CONTEXT

ESG considerations can help the trading business unit become accountable for sustainable progression. Employees expect firms to communicate ESG strategy and goals, and the active involvement of employees in firms' sustainability initiatives can result in positive internal employee engagement. [97]

OBJECTIVE

To consider the trading staff and management's contribution to ESG related issues.

9.1 ESG FOR TRADING BUSINESS OPERATIONS

Objectives for the trading management and team should consider Environmental, Social and Governance factors for the broader trading business operations.

Implementation Measurement: Objectives for the trading management and team should consider Environmental, Social and Governance factors for the broader trading business operations.

Information Capture: What ESG objectives are considered by trading management and team?

Baseline

9.2 ESG FOR MANAGEMENT

The management team of the trading business has objectives on one or more Environmental, Social or Governance topics. Any Governance objectives should be distinct from those required by regulation.

Implementation Measurement: The management team of the trading business has objectives on one or more Environmental, Social or Governance topics.

Information Capture: What ESG objectives are in place for trading management?

Progressive

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[97] https://www.forbes.com/sites/rebeccahenderson/2022/11/09/workforce-engagement-is-falling-here-are-3-ways-an-esg-strategy-can-help-reverse-the-trend/

9.3 ESG FOR EMPLOYEES

Employees of the trading business unit have objectives on one or more Environmental, Social or Governance topics. Any Governance objectives should be distinct to those required by regulation.

Implementation Measurement:

(1) *Employees of trading business unit have objectives on one or more Environmental, Social or Governance topics.*

(2) *Proportion of Trading Employees with ESG objectives. * Governance objectives to be distinct from regulatory requirements.*

Information Capture: *What ESG objectives are in place for Trading Employees?*

Progressive

Gov 10: ESG and counterparties, clients, venues and service providers

CONTEXT

Mobilising counterparties, clients, venues and service providers to make progress on ESG will help to improve the trading industry's sustainability. Engaging with counterparties can promote industry change and encourage counterparties to assess their ESG behaviour and practices.[98]

OBJECTIVE

To encourage counterparties / clients / venues / service providers to improve ESG practices.

10.1 ESG FOR COUNTERPARTIES

The Trading Unit engages with counterparties / clients / venues / service providers about their progress on ESG / sustainability.

Implementation Measurement:

    (1) The Trading Unit engages with counterparties / clients / venues / service providers about their progress on ESG / sustainability.

    (2) Proportion of counterparties proactively engaged on ESG progress (weighted by executed value).

    (3) Proportion of clients proactively engaged on ESG progress of firms providing trading and execution as a service (weighted by executed value).

    (4) Proportion of venues proactively engaged on ESG progress (weighted by executed value).

    (5) Proportion of service providers proactively engaged on ESG progress (weighted by contract value).

Information Capture: *How does the Trading Unit engage with counterparties about ESG?*

Baseline

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[98] https://itfa.org/the-incorporation-of-esg-in-the-trade-finance-asset-class-oct-2020/