

Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies

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BACKGROUND

On June 9, 2015 the Agencies ¹ issued a final Policy Statement establishing joint Standards (Standards) for assessing the diversity policies and practices of entities regulated by the Agencies, including community banks. The Standards are designed to provide a framework for a regulated entity to create and strengthen its diversity policies and practices and **DO NOT** create new legal obligations or mandate specific actions. **The use of the Standards by a regulated bank is voluntary. The Agencies will not use their examination or supervisory processes in connection with these Standards.**

Applicability to Community Banks and Other Small Entities

“The Agencies recognize that each entity is unique with respect to characteristics such as its size, location and structure. When drafting these standards, the Agencies focused primarily on institutions with more than 100 employees. The Agencies know that institutions that are small or located in remote areas face different challenges and have different options available to them compared to entities that are larger or located in more urban areas. The agencies encourage each entity to use these standards in a manner appropriate to its unique characteristics.”

The Standards implement Section 342(b)(2)(C) of the Dodd-Frank Act which requires the Directors of the Offices of Minority and Women Inclusion (OMWI) to develop Standards for assessing the diversity policies and practices of the entities regulated by the Agencies.

The effective date for the Standards is June 10, 2015

Link to the final Policy Statement: [\[Federal Register Notice\]](#)

JOINT STANDARDS

Organizational Commitment to Diversity and Inclusion

The Standards inform how the leadership of a regulated entity promotes diversity and inclusion in both employment and contracting and how it fosters a corporate culture that embraces diversity and inclusion. Leadership comes from the governing body, such as a board of directors, as well as senior officials and those managing the organization on a day-to-day basis.

In a manner reflective of the regulated entity’s size and other characteristics, the applicable Standards address:

- diversity and inclusion considerations in both employment and contracting;
- a diversity and inclusion policy that is approved and supported by senior leadership, including senior management and the board of directors;

¹ The Agencies include the Office of the Comptroller of the Currency, the Federal Reserve Board of Governors, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Consumer Financial Protection Bureau and the Securities and Exchange Commission.

- regular progress reports to the board and senior management;
- regular training and educational opportunities on equal employment opportunity and on diversity and inclusion;
- oversight and direction of the entity's diversity and inclusion efforts by a senior level official, preferably with knowledge of and experience in diversity and inclusion policies and practices; and
- proactive steps to promote a diverse pool of candidates, including women and minorities, in hiring, recruiting, retention, and promotion, as well as in the selection of board members, senior management, and other senior leadership positions.

Workforce Profile and Employment Practices

These Standards promote the fair inclusion of minorities and women in an entity's workforce. Components of successful diversity and inclusion programs include: a) the publication of employment opportunities, b) relationships with minority and women professional organizations and educational institutions; c) a culture that values the contribution of all employees; and d) participation in conferences, workshops, and other events to attract minorities and women to inform them of employment and promotion opportunities.

An entity can use a variety of analytical tools to track and measure the inclusiveness of its workforce. Entities that are subject to the recordkeeping and reporting requirements of the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance Programs currently collect and maintain data and supporting documentation that may assist in evaluating and assessing their policies and practices related to workforce diversity and inclusion.²

The applicable Standards, in a manner reflective of the entity's size and other characteristics, include:

- policies and practices related to workforce diversity and inclusion that comply with all applicable laws;
- equal employment opportunities for all employees and employment applicants, and no engagement in unlawful employment discrimination based on gender, race, or ethnicity;
- policies and practices that create diverse applicant pools for both internal and external opportunities ;
- quantitative and qualitative measurements to assess workforce diversity and inclusion efforts reflected in applicant tracking, hiring, promotions, separations (voluntary and involuntary), career development, retention across all levels and occupations of the entity, including the executive and managerial ranks; and,
- management accountability at all levels for diversity and inclusion efforts, and for ensuring that such efforts align with business strategies and individual performance plans.

Procurement and Business Practices – Supplier Diversity

Companies can expand available business options by increasing outreach to minority-owned and women-owned businesses. As in the employment context, entities can use metrics to identify the baseline of how much they spend for goods and services, as well as the availability of, how much is spent with and the changes over time of minority-owned and women-owned businesses.

These Standards, in a manner reflective of the entity's size and other characteristics, include:

² Entities that file the Employer Information Report EEO-1 must be filed annually by (a) private employers with 100 or more employees and (b) federal contractors and first-tier subcontractors with 50 or more employees that have a contract or subcontract of \$50,000 or more or that serve as a depository of government funds in any amount. EEO-1 Reports track analyze and employment statistics by gender, race, ethnicity and occupational group.

- a supplier diversity policy that provides for a fair opportunity for minority-owned and women-owned businesses to compete for procurement of goods and services;³
- methods to evaluate supplier diversity, which may include metrics and analytics related to:
 - annual procurement spending,
 - percentage of contract dollars awarded to minority-owned and women-owned business contractors by race, ethnicity, and gender, and
 - percentage of contracts with minority-owned and women-owned business sub-contractors
- practices to promote a diverse supplier pool, which may include:
 - outreach to minority-owned and women-owned contractors and representative organizations,
 - participation in conferences, workshops, and other events to attract minority-owned and women-owned firms and inform them of contracting opportunities, and
 - an ongoing process to publicize its procurement opportunities.

Practices to Promote Transparency of Organizational Diversity and Inclusion

Transparency and publicity provides greater awareness to the public about an entity’s policies and practices. An entity informs its investors, employees, potential employees, suppliers, customers and community about its diversity and inclusion efforts by publicizing its commitment, plans for achieving diversity and inclusion and the metrics it uses.

These Standards, in a manner reflective of the entity’s size and other characteristics, include making the following information available to the public annually through its Web site or other appropriate communication methods:

- diversity and inclusion strategic plan;
- policy on its commitment to diversity and inclusion;
- progress toward achieving diversity and inclusion in its workforce and procurement activities (which may include the entity’s current workforce and supplier demographic profiles); and
- Opportunities available that promote diversity, which may include:
 - current employment and procurement opportunities,
 - forecasts of potential employment and procurement opportunities, and
 - mentorship and developmental programs for employees and contractors.

Entities’ Self Assessment

These Standards inform an entity on monitoring and evaluating performance under its diversity policies and practices on an ongoing basis. Entities are encouraged to disclose their diversity policies and practices, as well as information on their assessments, to their primary federal financial regulator and the public. An entity may designate the information as confidential commercial information as appropriate, and the Agencies will follow the Freedom of information Act in the event of a request.

Applicable Standards, in a manner reflective of the entity’s size and other characteristics, include:

- annual self-assessment of diversity policies and practices using the Standards;
- ongoing monitoring and evaluation of its performance under its diversity policies and practices;
- information on the self-assessments to the OMWI Director of its primary federal financial regulator; and
- published information pertaining to its efforts with respect to the Standards.

³ This includes contracts of all types, including contracts for the issuance or guarantee of any debt, equity, or security, the sale of assets, the management of the entity’s assets, and the development of the entity’s equity investments.

Use of Assessment Information by Agencies

The Agencies can use the information submitted to them to monitor progress and trends in this area and to identify and highlight successful policies and practices. The Agencies may also publish information disclosed to them, such as best practices, in a form that does not identify a particular entity or individual or disclose confidential business information.