

Diversity & Inclusion Self-Assessment

Office of Minority and Women Inclusion
(OMWI) Proposed Standards Summary
and Self-Assessment Guide

Created and distributed by VRM University (VRMU) and VRM Mortgage Services

Executive Summary

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was included in the legislation to promote diversity and inclusion in the financial services industry. As explained by proponent Congresswoman Maxine Waters of California, Section 342's objectives are to "not only give oversight to diversity, but to help the Agencies understand how to do outreach [and] how to appeal to different communities."

The scope of Section 342 is broad. It covers the 12 regional Federal Reserve Banks, the Consumer Financial Protection Bureau (CFPB), the Federal Reserve Board of Governors (FBG), the Federal Deposit Insurance Corporation (FDIC), the Federal Housing Finance Agency (FHFA), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), the Securities and Exchange Commission (SEC), and the Department of the Treasury Department Offices (collectively, the Agencies), as well as all entities that contract with or are regulated by an Agency.

Under Section 342, each Agency must create an Office of Minority and Women Inclusion (OMWI) that will "be responsible for all Agency matters relating to diversity in management, employment and business activities." Likewise, regulated entities must "promote transparency and awareness of diversity policies and practices" in their own business operations. Therefore, each Agency is directed to establish standards for "assessing the diversity policies and practices of entities" that the Agency regulates.

Standards

These standards may be tailored to take into consideration an individual organization's size and other characteristics (for example, total assets, number of employees, governance structure, revenues, number of members and/or customers, contract volume, geographic location, and community characteristics).

The standards contained in this document are broken down in the sections that are represented in the *MBA's Diversity and Inclusion Self-Assessment Tool*.

They are:

- Organizational Commitment to Diversity and Inclusion
- Workforce Profile and Employment Practices
- Procurement and Business Practices – Supplier Diversity
- Transparency and Communication

Using the Self-Assessment

This Diversity & Inclusion Self-Assessment has been developed to assist you in evaluating your organization's readiness to champion diversity and inclusion initiatives and to measure compliance with the Proposed Standards set forth by the six agency OMWIs established by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

The tool is broken down into four assessment categories: Organizational Commitment to Diversity and Inclusion, Workforce Profile and Employment Practices, Procurement and Business Practices – Supplier Diversity and Transparency & Communication.

The assessment scores are based on the following scale:

1. No evidence or actions taken to address this in our workplace.
2. Some evidence and/or actions taken to address this in our workplace. We have initiated a discussion to address this.
3. Defined verbal and written standards in place to support this effort.
4. Frequent actions taken in support of this effort. This has been integrated into workplace norms.
5. The standards set and actions taken in support of this effort represent an industry best practice. We can serve as role models and champions to other companies.

Companies that are performing at levels considered industry “best practices” would reflect category scores and an overall score of four or above.

It is recommended that each individual responsible for going through the assessment process assemble a small team that will assist with the implementation of any projects that may result from the assessment process. Prior to the kickoff meeting, each individual participating should review this workbook for the assessment rationales in each section, complete the online assessment tool individually and print their assessment ratings as preparation for the meeting.

Example process for completing the assessment

For each category, brainstorm a comprehensive list of all the activities your organization does to support the assessment as well as the areas identified for improvement. Then prioritize the list through discussion and record those details in a master workbook.

As the team(s) reaches consensus on projects that should be undertaken, record those in the notes section for each assessment including responsible parties, timelines and deliverables.

After discussing and reviewing the supporting details and the team's individual scores, develop an agreed upon rating based on your information and record that in the online tool for a final rating that is printed or saved and maintained with this workbook.

The objective of providing this tool is to enable participating organizations to benchmark their current Diversity and Inclusion activities and assist in prioritizing actions to drive change within your organization.

Assessment Section 1: Organizational Commitment to Diversity and Inclusion

Rationale:

Organizational Commitment to Diversity and Inclusion - The leadership of a successful organization actively demonstrates its commitment to diversity and inclusion. Leadership comes from the governing body such as a board of directors, senior officials, and those managing the organization on a day-to-day basis. These standards inform how an entity promotes diversity and inclusion both in employment and contracting, and how an organization fosters a corporate culture that embraces diversity and inclusion.

Standards

1. The regulated organizations include diversity and inclusion considerations in both employment and contracting as an important part of its strategic plan including hiring, recruiting, retention and promotion.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

2. The organization has a diversity and inclusion policy that is approved and supported by senior leadership, including senior management and the board of directors (if applicable).

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

3. The organization provides regular progress reports to the board and/or senior management.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

4. The organization conducts equal employment opportunity as well as diversity and inclusion education and training on a regular and periodic basis.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

5. The organization has a senior level official who oversees and directs the organization's diversity efforts. For some institutions, these responsibilities are assigned to an executive-level Chief Diversity Officer (or equivalent position) with dedicated resources to support diversity strategies and initiatives. For other entities, such as smaller entities, these responsibilities are assigned to a senior officer with sufficient authority.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

6. The organization takes proactive steps to promote a diverse pool of candidates, including women and minorities, in its hiring, recruiting, retention and promotion, as well as in its selection of board members, senior management and other senior leadership positions.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

Assessment Section 2: Workforce Profile and Employment Practices

Rationale:

Many entities promote the fair inclusion of minorities and women in their workforce by publicizing employment opportunities, creating relationships with minority and women professional organizations and educational institutions, creating a culture that values the contribution of all employees, and encouraging focus on these objectives when evaluating performance of managers. Entities with diversity and inclusion programs regularly evaluate their programs and identify areas that can be improved.

Entities use various analytical tools to evaluate a wide range of business objectives, including metrics to track and measure the inclusiveness of their workforce (e.g., race, ethnicity and gender). Regulated entities are subject to the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance Programs (OFCCP) reporting requirements. For entities not subject to the EEOC and OFCCP reporting requirements, these tools may serve as valuable models for data analysis to evaluate and assess diversity efforts.

Standards

1. The entity that files an annual EEO-1 Report as required by Title VII of the Civil Rights Act of 1964, or otherwise tracks their workforce data, use the data to evaluate and assess workforce diversity and inclusion efforts.
2. The entity that prepares annual Affirmative Action Plans as required by Executive Order 11246 under the jurisdiction of the OFCCP use those plans to evaluate and assess workforce diversity and inclusion efforts.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

3. The entity utilizes metrics to evaluate and assess workforce diversity and inclusion efforts, such as recruitment, applicant tracking, hiring, promotions, separations (voluntary and involuntary), career development support, coaching, executive seminars and retention across all levels and occupations of the organization including executive and managerial ranks.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

4. The entity holds management accountable for diversity and inclusion efforts.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

5. The entity has policies and practices that create diverse applicant pools for both internal and external opportunities that may include:
 - a. Outreach to minority and women organizations;
 - b. Outreach to educational institutions serving significant minority and women student populations; and
 - c. Participation in conferences, workshops, and other events to attract minorities and women and inform them of employment and promotion opportunities.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

Assessment Section 3: Procurement and Business Practices – Supplier Diversity

Rationale:

We recognize that there is limited public information available on supplier diversity at regulated entities and it may be more challenging to compare supplier diversity policies and practices among regulated entities. Some smaller institutions may also face greater challenges in gathering such information. Companies increasingly understand the competitive advantage of using a broader choice of available businesses with benefits such as price, quality, attention to detail, and future relationship building. A number of entities have achieved success at broadening the range of available business options by increasing outreach to minority-owned and women-owned businesses.

As in the employment context, entities often use metrics to establish the baseline of how much they spend on procuring goods and services and contracting for other business services, how much they spend with minority owned and women-owned businesses, the availability of relevant minority owned and women-owned businesses, and the growth in usage over time. Similarly, entities can use outreach methods to inform minority-owned and women-owned businesses (and affinity groups representing these constituencies) of the availability of these opportunities and the mechanism used by the entity for procurement.

In addition, entities' prime contractors often use subcontractors to fulfill the obligations of various contracts. The use of minority-owned and women-owned businesses as subcontractors provides valuable opportunities for both the minority owned and women-owned businesses as well as for the prime contractor. The prime contractor can use this opportunity to work with minority owned and women-owned businesses and can expand the prime contractor's own capability under the contract. Entities can encourage the use of minority-owned and women-owned subcontractors by incorporating this objective in their business contracts.

Standards

1. The entity has a supplier diversity policy that provides for a fair opportunity for minority owned and women-owned businesses to compete in procurement, of business goods and services. 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 assets of the entity and the making of equity investments by the entity.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

2. The entity has methods to evaluate and assess its supplier diversity, which may include metrics and analytics related to:
 - a. Annual contract spending by the entity;
 - b. Percentage spent with minority owned and women owned business contractors by race, ethnicity, and gender;
 - c. Percentage of contracts with minority-owned and women-owned business sub-contracts; and
 - d. Demographics of the workforce for contractors and subcontractors.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

3. The entity has practices to promote a diverse supplier pool which may include:
 - a. Outreach to minority-owned and women owned contractors and representative organizations;
 - b. Participation in conferences, workshops and other events to attract minority owned and women-owned firms and inform them of contracting opportunities; and
 - c. An ongoing process to publicize its procurement opportunities.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

Assessment Section 4: Transparency of Organization Diversity and Inclusion

Rationale:

Practices to Promote Transparency of Organizational Diversity and Inclusion - To promote the objectives of section 342, an entity's diversity and inclusion program should be transparent. Transparency and publicity can be an important aspect of assessing diversity policies and practices. Greater awareness and transparency can give members of the public information that allows them to assess those policies and practices. Entities can publicize information on their diversity and inclusion efforts through normal business methods, which can include, among other things, displaying information on their web sites, in their promotional materials and in their annual reports to shareholders, if applicable.

Making public an entity's commitment to diversity and inclusion, its plans for achieving diversity and inclusion, and its metrics used to measure success in both workplace and supplier diversity informs a broad constituency—its investors, employees, potential employees and suppliers, customers, and the general community. Publication of this information can open new markets to new communities and can illustrate the progress that has been made toward an important business goal.

Standards

1. The regulated entity provides transparency in its activities regarding diversity and inclusion by making the following information available to the public annually through its public web site or other appropriate communication methods:
 - a. Its diversity and inclusion strategic plan;
 - b. Its commitment to diversity and inclusion

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)

- c. Its progress toward achieving diversity and inclusion in its workforce and procurement activities, which may include its:
 - i. Current workforce and supplier demographic profiles;
 - ii. Current employment and procurement opportunities;
 - iii. Forecasts of potential employment and procurement opportunities; and
 - iv. The availability and use of mentorship and developmental programs for employees and contractors.

List all activities that support your assessment

List any areas for improvement

Additional notes (assigning responsibilities and deliverable timelines)