

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

March 18, 2020

[REDACTED]

Dear [REDACTED]

The Committee on Financial Services in the U.S. House of Representatives has made diversity and inclusion a core pillar of ensuring a financial services system that works for all Americans, evidenced by the creation of the first-ever Subcommittee on Diversity and Inclusion in the 116th Congress. Through this work, we have continued concerns regarding the lack of data available to effectively evaluate the diversity among America's largest investment management firms. We write to request your firm to complete the attached questionnaire regarding your firm's diversity and inclusion data and policies from 2016 through year end 2020.

Section 342 of the Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established the Offices of Minority and Women Inclusion (OMWI) in the nation's financial regulatory agencies, to be responsible for all matters relating to diversity in each agencies' management, employment, and business activities.¹ Section 342 also required the OMWI Director of each agency to develop standards for assessing the diversity policies and practices of entities regulated by the agency. Pursuant to statute, the lead prudential banking and consumer finance regulatory agencies adopted the Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated (Joint Standards) in June 2015.² Under the Joint Standards, regulated entities were encouraged, but not required, to share diversity data and policies with the OMWI offices.

The OMWI at the Securities and Exchange Commission (SEC) sends a self-assessment to collect diversity data from its regulated entities annually, but noted in its March 2019 report that the responses from regulated entities "was lower than expected." Although the OMWI report noted that the firms that did respond "employ nearly 47 percent of the employees in securities

¹ Pub. L. No. 111-203 (2010).

² Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Bureau of Consumer Financial Protection and Securities and Exchange Commission; Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Securities and Exchange Commission; OCC-2013-0014, OP-1465 and Release No. 34-75050 File No. S7-10-15 (June 2015).

and other financial investments,” we assert that all regulated entities should make a good faith effort to share performance data in response to their regulators’ self-assessment request. Without access to this data, it is not fully possible to gauge the extent to which regulated entities are meeting the spirit and intent of Section 342.

One way full economic inclusion for all Americans can be achieved is when investment management firms provide transparency regarding their use of diverse-owned asset managers (those with more than fifty percent ownership by a woman or racial/ethnic minority) and tracking of their spend with other diverse-owned businesses. According to estimates by Willis Towers Watson, America’s 31 largest investment management firms (those with \$400 billion in assets or more) have been entrusted to manage more than \$47 trillion and serve as institutional investors for pension funds, endowments and other funds.³ Diverse-owned asset managers and brokers face structural barriers to fair competition in the sector, though performance data demonstrates that they perform as well as or outperform their White-owned counterparts.⁴ The February 2020 report on bank diversity data reflected some of America’s 44 largest banks do not make investing with diverse firms a priority as evidenced by their lack of tracking or implementation of a strategic plan to leverage diverse firms. The 2020 report further noted:

Despite evidence that women and minority-owned firms perform as well as (and sometimes outperform) their industry counterparts, they are not consistently selected to manage institutional assets. Although women and minority-owned firms account for approximately 8.6 percent of the asset management industry, recent reports show that they only manage 1.1 percent of all assets under management or \$785 billion out of \$71.4 trillion and are underrepresented as managers in every asset class.⁵

We are making progress to ensure a comprehensive understanding of diversity and inclusion performance in the financial services industry. However, this cannot be achieved until organizations, especially the largest investment managers, disclose their diversity data and policies with the OMWIs, Congress, and the public. That is why we write to request that your firm complete the attached questionnaire regarding your firm’s diversity and inclusion data and policies from 2016 through year end 2020.⁶ In addition, you may also include any recent policies and analysis that may further inform our review. Thank you for giving this matter the full and necessary attention to complete this request. All written responses must be received by April 30, 2021. You may contact [REDACTED],

³ Willis Towers Watson, "The world’s largest asset managers – 2020." Thinking Ahead Institute (2020) <https://www.thinkingaheadinstitute.org/research-papers/the-worlds-largest-asset-managers-2020/>.

⁴ Josh Lerner, Ann Leamon, Meagan Madden, and Jake Ledbetter, Diverse Asset Management Project Firm Assessment, Bella Research Group (May 2017).

⁵ House Committee on Financial Services Committee Staff, *Diversity and Inclusion: Holding America’s Large Banks Accountable* (February 2020).

⁶ Please note that this diversity data template was generally modeled after the [“Diversity Assessment Report for Entities Regulated by the SEC”](#)

[REDACTED] with any questions regarding this request.

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services

The Honorable Joyce Beatty
Chair
Committee on Financial Services
Subcommittee on Diversity
and Inclusion

CC: The Honorable Patrick McHenry
Ranking Member, Committee on Financial Services

The Honorable Anne Wagner
Ranking Member, Subcommittee on Diversity and Inclusion

Enclosure: Diversity Data Collection Template

Sample Letter

**House Financial Services Committee, Subcommittee on Diversity & Inclusion
Request to Institutional Investors**

INSTRUCTIONS

Please complete the corresponding Questionnaire and Diversity Data tabs for your firm's diversity and inclusion data and policies from 2016 through year end 2020. For each calendar year (January through December), this self-assessment includes a corresponding Questionnaire and Diversity Data tab. Follow the instructions in each tab and answer the question to the best of your ability. Responses should include information regarding firm-wide diversity and inclusion data and policies, which includes the aggregate data of the firm's subsidiaries.

Information about each section:

Questionnaire

These six sections allow the firm to evaluate itself against leading diversity practices. Select "Yes" or "No" from the drop-down tab. Note: a "Yes or No" response is only to describe whether the firm's corresponding diversity program is in place. Additional information can be submitted in the "Comment" box to clarify a response.

Diversity Data

This section requests six parts of the firm's data for the assessment period:

- **WORKFORCE PROFILE:** The numbers and percentages of minorities/non-minorities and self-identifying females/males in its workforce, excluding contract or agreement personnel.
- **BOARD DIVERSITY:** The numbers and percentages of minorities/non-minorities and self-identifying females/males on its Board of Directors.
- **PROCUREMENT – SUPPLIER DIVERSITY:** Total dollars and percentages paid to minority-owned and women-owned businesses.
- **ASSET MANAGEMENT DIVERSITY:** Total dollars and percentages paid to minority-owned and women-owned asset management firms.
- **UNDERWRITING DIVERSITY:** Total dollars and percentages paid to minority-owned and women-owned asset management firms.
- **DATA RELIABILITY:** This section addresses any inconsistencies or challenges with the firm's data.

Definitions

- **Total Spend –** The financial institution's total dollar amount spent for the procurement of goods and services during the calendar year reported.
- **Minority-owned –** Companies that designate themselves as minority-owned include businesses with more than 50 percent of the ownership or control of which is held by 1 or more minority individuals; and more than 50 percent of the net profit or loss of which accrues to 1 or more.
- **Woman-owned –** Companies that designate themselves as women-owned businesses with more than 50 percent of the ownership or control of which is held by 1 or more women; more than 50 percent of the net profit or loss of which accrues to 1 or more women; and a significant percentage of senior management positions of which are held by women.
- **Minority and woman-owned –** Companies that designate themselves as both minority-owned and woman-owned.

The data should be provided and returned in excel format. Do not send your responses as a PDF document of this self-assessment. Please also provide the most recent copy of your firm's diversity and inclusion policies with your template responses. You may contact Erica Miles, Director of Diversity and Inclusion, or Joseph Vaughan, Designee, Subcommittee on Diversity and Inclusion, at (202) 225-4247 with any questions regarding this request.

Response requested by: April 30, 2021

House Financial Services Committee, Subcommittee on Diversity & Inclusion
Request to Institutional Investors
Diversity Data Collection Template
Year Reporting: 2016

Section 1: Organizational Commitment to Diversity and Inclusion/Diversity Policies and Practices

The leadership of a firm with successful diversity policies and practices demonstrates its commitment to diversity and inclusion. Leadership comes from the governing body, such as a board of directors, as well as senior officials and those managing the regulated entity on a day-to-day basis.

For each No response to this questionnaire, please provide in the comment from below as follows:

- *No, but we're in the process of implementing this process in the next XX months/years.*
- *No, and we don't expect to implement this practice.*
- *No, we do not track this information.*

		Yes/No	Comments		
The firm demonstrates its organizational commitment to diversity and inclusion in the following ways:					
1.1	The firm has a written diversity and inclusion policy.				
1.2	The firm's written diversity and inclusion policy is approved and supported by the chief executive officer or other senior level official.				
1.3	A senior level official with experience in diversity and inclusion policies and practices oversees and directs the firm's diversity and inclusion efforts.				
1.4	Does your firm have a lead diversity officer? If so, please describe the title(s) and reporting structure for your institution's lead diversity officer(s).				
			Number of Staff	D&I Budget (\$)	D&I Budget as Percentage of Total Firm Budget (%)
1.5	Please include the number of staff and budget amount, and percentage of firm's budget dedicated to diversity staff and initiatives:				Please check this box if your firm does NOT track this information
1.6	The firm includes diversity and inclusion considerations as part of its strategic plan for recruiting, hiring, retaining, and promoting employees.				
1.7	The firm includes diversity and inclusion considerations as part of its strategic plan for contracting with vendors and suppliers.				
1.8	The firm takes proactive steps to promote a diverse pool of candidates when selecting executive and senior level officials.				
1.9	The firm takes proactive steps to promote a diverse pool of candidates when selecting members of the board of directors or other governing body.				
1.10	The firm regularly offers training and educational opportunities on equal employment opportunity and diversity and inclusion.				
1.11	The Joint Standards reference minorities and women, but do not preclude a firm from using a broader definition of diversity. If your firm uses a broader definition, such as including individuals with disabilities, veterans, or lesbian/gay/bisexual/transgender individuals, please describe.				
1.12	The firm has performance measures tied to diversity initiatives.				
1.13	The firm has d compensation tied to diversity initiatives.				

1.13	Please describe any other ways in which your firm demonstrates its organizational commitment to diversity and inclusion.	
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Section 2: Implementation of Employment Practices to Promote Workforce Diversity and Inclusion

Many firms proactively promote diversity and the fair inclusion of minorities and women in their workforces. Firms with successful diversity and inclusion programs also regularly evaluate their programs and identify areas to be improved.

For each No response to this questionnaire, please provide in the comment from below as follows:

- *No, but we're in the process of implementing this process in the next XX months/years.*
- *No, and we don't expect to implement this practice.*
- *No, we do not track this information.*

		Yes/No	Comments
The firm promotes workforce diversity and inclusion in the following ways:			
2.1	The firm engages in outreach to minority and women organizations.		
2.2	The firm engages in outreach to educational institutions serving significant or predominantly minority and women student populations.		
2.3	The firm participates in conferences, workshops, and other events to attract minorities and women and to inform them of employment and promotion opportunities.		
2.4	The firm communicates employment opportunities through media predominately serving minorities and women.		
2.5	The firm regularly evaluates performance under its workforce diversity and inclusion programs.		
2.6	The firm uses quantitative measures to assess the effectiveness of its workforce diversity and inclusion efforts in its employment activities (e.g., hires, promotions, separations, career development, and retention).		
2.7	The firm uses qualitative measures (e.g., surveys) to assess the effectiveness of its workforce diversity and inclusion efforts in its employment activities.		
2.8	The firm includes diversity and inclusion objectives in performance plans of its managers.		
2.9	Please describe any other actions the firm takes to promote workforce diversity and inclusion.		
2.10	Please describe practices that have been most successful in advancing workforce diversity and inclusion.		

Section 3: Consideration of Supplier Diversity in Procurement and Business Practices

Companies increasingly understand the competitive advantage of having a broad selection of available suppliers to choose from with respect to factors such as price, quality, attention to detail, and future relationship building. Many firms have successfully expanded available business options by increasing outreach to minority-owned and women-owned businesses. The use of minority-owned and women-owned businesses as subcontractors also provides valuable opportunities for both the minority-owned and women-owned businesses and the prime contractors.

For each No response to this questionnaire, please provide in the comment from below as follows:

- No, but we're in the process of implementing this process in the next XX months/years.
- No, and we don't expect to implement this practice.
- No, we do not track this information.

		Yes/No	Comments
3.1	The firm has a supplier diversity policy.		
3.2	The firm's supplier diversity policy is aimed at providing business opportunities to diverse suppliers, including minority-owned and women-owned businesses.		
3.3	The firm participates in conferences, workshops, and other events to attract minorities and women and to inform them of employment and promotion opportunities.		
The firm takes specific steps to promote a diverse supplier pool, including:			
3.4	The firm conducts outreach to minority-owned and women-owned contractors.		
3.5	The firm conducts outreach to minority and women organizations or affinity groups.		
3.6	The firm participates in conferences, workshops, and other events to attract minority-owned and women-owned businesses and informs them of contracting opportunities.		
3.7	The firm maintains a list of qualified minority-owned and women-owned businesses that may compete for upcoming contracting opportunities.		
3.8	The firm has an ongoing process to publicize its procurement opportunities.		
3.9	The firm publicizes its procurement opportunities in media primarily serving minorities and women.		
The firm measures the following attributes of its supplier diversity:			
3.10	The amount spent annually for procuring and contracting for goods and services.		
3.11	The percentage of contract dollars awarded to minority-owned and women-owned businesses by gender, race, and ethnicity.		
3.12	The percentage of contract dollars awarded to minority-owned and women-owned businesses by gender, race, and ethnicity.		

3.13	Please describe practices that have been most successful in advancing supplier diversity objectives.	
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Section 4: Practices to Promote Transparency of Organizational Diversity and Inclusion

Transparency and publicity are important aspects of assessing diversity policies and practices. By making public a regulated entity's commitment to diversity and inclusion, its plans for achieving diversity and inclusion, and the metrics it uses to measure success in both workplace and supplier diversity, a regulated entity informs a broad constituency of investors, employees, potential employees, suppliers, customers, and the general community about its efforts. Outreach to minority-owned and women-owned businesses. The use of minority-owned and women-owned businesses as subcontractors also provides valuable opportunities for both the minority-owned and women-owned businesses and the prime contractors.

For each No response to this questionnaire, please provide in the comment from below as follows:

- No, but we're in the process of implementing this process in the next XX months/years.
- No, and we don't expect to implement this practice.
- No, we do not track this information.

		Yes/No	Comments
4.1	The firm publishes information about its diversity and inclusion efforts on its web site.		
The firm publishes the following information regarding its diversity and inclusion efforts on its website:			
4.2	The firm's diversity and inclusion strategic plan.		
4.3	The firm's policy on its commitment to diversity and inclusion.		
4.4	The firm's progress toward achieving diversity and inclusion in its workforce.		
4.5	The firm's progress toward achieving diversity and inclusion in its procurement activities.		
The firm publicizes opportunities that promote diversity and inclusion on its website, including:			
4.6	Employment and internship opportunities.		
4.7	Contracting opportunities.		
4.8	Mentorship and developmental programs for employees.		
4.9	Developmental programs for potential contractors.		
4.10	Please describe any other tools your firm has found useful in promoting transparency of organizational diversity and inclusion.		

Section 5: Diversity and Inclusion Practices and Policies

To build and maintain a diverse and inclusive workforce and culture, firms implement a variety of practices and policies to ensure that they have the highest chance of success in its diversity and inclusion program.

For each No response to this questionnaire, please provide in the comment from below as follows:

- *No, but we're in the process of implementing this process in the next XX months/years.*
- *No, and we don't expect to implement this practice.*
- *No, we do not track this information.*

		Yes/No	Comments
The firm takes steps to advance diversity and inclusion that include:			
5.1	Monitoring and evaluating performance under its diversity policies and practices on an ongoing basis.		
5.2	Using the Joint Standards to conduct an assessment of the firm's diversity policies and practices annually.		
5.3	Publishing information pertaining to its assessment of its diversity policies and practices.		
5.4	Recruiting diverse talent		
5.5	Linking diversity and inclusion results to performance		
5.6	Creating employee resource groups		
5.7	Connecting with diverse communities		
5.8	Providing diversity training		
5.9	Using enhanced interview tactics		
5.10	Collecting gender pay equity data and efforts to close the gender pay gap		
5.11	Other		

Section 6: Diversity and Inclusion Challenges

Firms that are committed to a successful diversity and inclusion programs regularly evaluate their programs and identify areas to be improved.

		Yes/No	Comments
The firm has faced challenges implementing diversity and inclusion efforts that include:			
6.1	Monitoring and evaluating performance under its diversity policies and practices on an ongoing basis.		
6.2	Using the Joint Standards to conduct an assessment of the firm's diversity policies and practices annually.		
6.3	Publishing information pertaining to its assessment of its diversity policies and practices.		

The firm has experienced the following challenges in implementing its diversity goals and initiatives:

6.4	Competition for talent in STEM/Finance		
6.5	No consistent definition of diversity and inclusion		
6.6	Data collection/self-identification problem		
6.7	Geographical limitations		
6.8	Talent retention		
6.9	Streamlining/integrating diversity and inclusion across large organization		
6.10	Other		

YEAR REPORTING: Calendar Year 2016

SECTION 7: DIVERSITY DATA

Note: if a value is zero, please enter "0"

Workforce Profile																				
	Total Workforce #	Women #	Women %	Male #	Male %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	White #	White %	Check here if your firm does NOT track this information
What are the numbers and percentages of women and minorities in the firm's total workforce for the year listed above?																				
	Total Executive/Senior Level Officials and Managers #	Women #	Women %	Male #	Male %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	White #	White %	Check here if your firm does not track this information
What are the numbers and percentages of women and minorities in the firm's Executive/Senior Level Officials and Managers job category for the year listed above?																				
	Total First/Mid-Level Officials and Managers #	Women #	Women %	Male #	Male %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	White #	White %	Check here if your firm does NOT track this information
What are the numbers and percentages of women and minorities in the firm's First/Mid-Level Officials and Managers job category for the year listed above?																				
	Total Professionals #	Women #	Women %	Male #	Male %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	White #	White %	Check here if your firm does NOT track this information
What are the numbers and percentages of women and minorities in the firm's Professionals job category for the year listed above?																				
	Total Technicians #	Women #	Women %	Male #	Male %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	White #	White %	Check here if your firm does NOT track this information
What are the numbers and percentages of women and minorities in the firm's Technicians job category for the year listed above?																				
	Total Administrative Support Workers #	Women #	Women %	Male #	Male %	Black or African American #	Black or African American %	Hispanic or Latino #	Hispanic or Latino %	Native Hawaiian or Other Pacific Islander #	Native Hawaiian or Other Pacific Islander %	Asian #	Asian %	American Indian or Alaska Native #	American Indian or Alaska Native %	Two or more races #	Two or more races %	White #	White %	Check here if your firm does NOT track this information

What is the firm's total amount and percentage of assets subcontracted to women-owned, minority-owned, or minority women-owned asset management firms for the year listed above?											
Underwriting Diversity											
	Total Fees \$	Women-Owned \$	Women-Owned %	Minority-Owned \$	Minority-Owned %	Minority and Women-Owned \$	Minority and Women-Owned %	White Male-Owned \$	White Male-Owned %	Check here if your firm does NOT track this information	
What is the firm's total amount and percentage of fees paid out to women-owned, minority-owned, or minority women-owned firms for underwriting activities in the year listed above?											
Data Reliability											
<i>For the year reporting:</i>	Comment										
What was the source of the data?											
Are these actual numbers or estimates?											
If they are estimates, how did the firm calculate them?											
Does the firm have any concerns about the reliability of the numbers?											