



U.S. HOUSE COMMITTEE ON
**FINANCIAL
SERVICES**



**DIVERSITY AND INCLUSION: HOLDING AMERICA'S
LARGEST INVESTMENT FIRMS ACCOUNTABLE**

*REPORT PREPARED BY THE MAJORITY STAFF OF THE COMMITTEE ON FINANCIAL SERVICES,
U.S. HOUSE OF REPRESENTATIVES*

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*This report has not been officially adopted by the Committee on Financial Services and may not necessarily reflect
the views of its Members.*



Table of Contents

I. Executive Summary	3
II. Background	7
A. Workforce Diversity	9
<i>1. Executive-Level Management Diversity</i>	12
<i>2. Executive Leadership Diversity</i>	17
B. Board Diversity	19
C. Procurement Diversity	24
D. Asset Management Diversity	30
E. Underwriting Procurement Diversity	33
F. Data Reliability	34
<i>1. Practices to Support Diversity</i>	38
<i>2. Practices to Support Inclusion</i>	41
IV. Recommendations and Legislative Proposals to Improve Diversity and Inclusion	45
Appendix I: Total Assets for Americas Largest Investment Firms	49
Appendix II: Methodology	50
<i>Summary of Diversity Data Request</i>	50
<i>Limitations on Scope of Analysis</i>	50
Appendix III: Glossary of Terms	51
Appendix IV: Firms with Racial Equity Commitments	52
Appendix V: Firms Reporting Actual or Estimated Data	54
Appendix VI: Sample Letter to Investment Firms	55

I. Executive Summary

In the 116th Congress, House Financial Services Committee Chairwoman Maxine Waters established Congress' first Subcommittee on Diversity and Inclusion to “examine and resolve the systemic economic exclusion of women, people of color, persons with disabilities, LGBTQ+ individuals, veterans, and other members of our society who have to fight for a seat at the table.”¹ Congresswoman Joyce Beatty has served as the Chair of the Subcommittee on Diversity and Inclusion since its inception. As part of the Subcommittee's ongoing and important work on diversity and inclusion issues, on March 18, 2021, Chairwoman Waters, and Subcommittee Chair Beatty issued a letter to 31 of the largest investment firms² in the U.S., requesting data on their diversity and inclusion policies and practices.³

The firms included in this report are entrusted to manage more than \$47 trillion. These firms serve as institutional investors for pension funds, endowments, and other funds.⁴ Investment firms manage the life savings of millions of hard-working Americans and families across the country and their decisions have widespread impacts. The lack of diversity and inclusion at these firms raises concerns regarding equal employment opportunities, the further widening of the racial wealth,⁵ unequal distributions of capital, and the overall profitability of these firms.

The Committee requested data to promote transparency and accountability for diversity performance, as well as to encourage economic inclusion, both internally and externally, within the investment management industry. Chairwoman Waters and Chair Beatty asked investment firms with assets over \$400 billion (31 total) to report and comment on their diversity and inclusion data and practices. The request included a self-assessment of data and activities ranging from 2016-2020 and solicited a mix of quantitative and qualitative responses. The request included six categories of quantitative data including: Workforce Diversity, Board Diversity, Procurement/Supplier Diversity, Asset Management Diversity, Underwriting Diversity, and Data Reliability. In addition, firms were asked questions related to internal diversity and inclusion policies and practices.

Based on staff findings, there was little progress across most data categories between 2016 and 2019. For example, in 2016 women comprised 25% of the workforce at the executive level. In 2019, women comprised 26.2% of the executive level workforce, meaning that there was only an increase of 1.2 percentage points in women in executive positions from 2016 to 2019. Similarly, people of color comprised 14.1% of the workforce at the executive level in 2016, and 16.6% of the executive level workforce in 2019, meaning that there was only an increase of 2.4 percentage

¹ Press Release, U.S. House Committee on Financial Services, [Waters Statement on Historic Diversity and Inclusion Subcommittee Hearing](#) (Feb. 28, 2019).

² For this report, the term “investment firms” or “investment advisers” are SEC registered persons and the entities they work for, are regulated pursuant to the Investment Advisers Act of 1940, along with state securities authorities, are responsible for providing investment advice and the management of investments on behalf of its clients, and are required to act as a fiduciary, that is, to act in its clients' best interest.

³ Press Release, U.S. House Committee on Financial Services, [Waters and Beatty Request Diversity Data from the Nation's Largest Investment Firms](#) (Mar. 18, 2021).

⁴ Willis Towers Watson, *The world's largest asset managers – 2020*. (2020).

⁵ In this report, the racial wealth gap refers to the long-standing and significant wealth disparities between households in different racial and ethnic groups. According to a [2021 FEDS Note from the Board of Governors of the Federal Reserve System](#), “White households hold a much larger share of wealth than their population share, with Black and Hispanic households disproportionately concentrated at low, or even negative net wealth ranges.”

points in people of color in executive positions over this period. Following the murder of George Floyd in May 2020⁶, 26 of the firms that we examined in this report made public commitments to improving racial equity either within the company or more generally (*See Appendix IV*).⁷ Committee staff compiled a list of these commitments and categorized each statement based on the following commitment topic: increasing workforce diversity, increasing board diversity, implementing diversity and inclusion policies, and increasing procurement/supplier diversity.

Despite public racial equity commitments, the diversity and inclusion of investment firms did not increase substantially between 2019 and 2020. For example, women made up 26.2% of executives in 2019 and 27.5% of executives in 2020, an increase of 1.3 percentage points. People of color made up 16.6% of the executive workforce in 2019, and 17.6% of the executive workforce in 2020, only an increase of one percentage point. Importantly, only 3.0% of executives in investment management firms were Black in 2019. In 2020, this number rose to 3.4%, less than half a percentage point increase. Similarly, on average, only 3.0% of executives were Latinx in 2019, and this number rose less than half a quarter of a percentage point to 3.2% in 2020. Collectively, the findings in this report highlight the serious shortcomings of the largest investment firms in America when it comes to diversity and inclusion. While some progress has been made over the last five years, there is more work to be done.

Key Findings

The key findings from Committee Staff are as follows:

Workforce Diversity

- Different racial and ethnic groups experience different levels of representation. Across all employees who are people of color, Black and Latinx employees were highly represented in administrative support roles or other non-professional level roles but were less likely to be represented in executive/senior level or mid-level manager roles. Meanwhile, Asian Americans were most represented in technician, professional, and first/mid-level manager role, compared to support roles and senior level roles.
- Women are underrepresented in executive level management (27.5%).
- People of color are underrepresented in executive level management (17.3%).
- Of the firms that made 2020 racial justice commitments, six firms committed to diversifying their workforce.
- The Chief Executive Officers (CEOs) of the 31 firms included in this report are overwhelmingly White and male. Of the firms profiled, only one has a person of color as the CEO and three firms have White women as their CEOs.

Board Diversity

⁶ For more information and history on public commitments by financial institutions' and public companies' commitments to racial equity following the murder of George Floyd, see the Subcommittee on Diversity and Inclusion's hearing, "[The Legacy of George Floyd: An Examination of Financial Services Industry Commitments to Economic and Racial Justice.](#)"

⁷ Following the release of this report, Goldman Sachs informed the Committee that it erroneously provided inaccurate information on its racial equity commitments. The corrected information is now included in this report.

- Women are underrepresented on investment firm boards (28%).
- People of color are underrepresented on investment firm boards (17.5%).
- Of the firms that made 2020 racial justice commitments, only one committed to increasing board diversity.

Procurement Diversity

- While almost two-thirds of firms reported having policies to support diverse suppliers, few reported spending with women-owned or minority-owned firms. Of firms that responded to the request, all reported spending 4% or less of asset manager spending with women-owned or minority-owned firms.
- Only 14 of the 28 firms (50%) that responded to this request provided at least some information on women-owned businesses and minority-owned businesses with which they are doing business. The average percent spent with women-owned firms ranged from 11.63% for non-professional spending to 0.30% for underwriting. The average percent spent with minority-owned firms ranged from 17.13% for human resources to 0.50% for asset management subcontracting.
- Only three firms made a commitment around procurement among their 2020 commitments to racial justice.

Asset Management Diversity

- Only 9 of the 28 firms (32%) that responded to this request provided information on women-owned asset managers with which they are doing business. Of these firms, they spent on average 0.57% of total asset management services spend with women-owned businesses.
- Only 9 of the 28 firms (32%) that responded to this request provided information on minority-owned asset managers with which they are doing business. Of these firms, they spent on average 3.96% of total asset management services spend with minority asset managers.

Underwriting Procurement Diversity⁸

- Only 6 of the 28 firms (21%) that responded to this request provided information on women-owned and minority-owned underwriters with which they are doing business. Of these firms, they spent on average 0.30% of total underwriting services spend with women-owned businesses and 9.47% with minority asset managers.

Data Reliability

- Twenty-one firms (75%) indicated that the data they provided were actual numbers rather than estimates when providing information about their workforce, board, and procurement,

⁸ Generally, underwriting refers to investment banking and capital markets activities tied to the process where a broker dealer or investment adviser, and its partners, helps raise capital for a client from investors. The underwriter plans the logistics of an offering, time the offering based on market conditions and investor sentiment, and structures the type and nature of the offering, whether the securities offering will be a private placement, listed domestically or internationally, including whether the securities product will target institutional investors or retail investors and the minimum investment levels.

including asset management and underwriting. Four firms (14%) indicated that the data that they provided were a mixture of actual numbers and estimates. Three firms (11%) did not provide information about whether they used actual numbers or estimates.

Policies and Practices

- Most firms reported that they have policies and positions related directly to diversity and inclusion and that they engaged in efforts to recruit and hire diverse employees. 100% of firms acknowledged the importance of connecting to the diverse communities they serve.
- Despite most firms being headquartered in racially diverse cities, many of the investment firms indicated that geographic region was a barrier to recruiting diverse talent. Five firms that are in majority people of color cities, including Newark, NJ; Baltimore, MD; and New York City, NY said that their geography was a limitation in diversifying their staff.

Recommendations

Based on expert testimony heard at Congressional hearings on matters of diversity and inclusion and in recognition of the challenges identified by the firms that responded to the letter, Committee staff make the following recommendations, buttressed by proposed legislation, to the industry to improve its diversity and inclusion outcomes. The following recommendations are grouped by themes explored in this report:

Workforce Diversity

- Investment firms should collect disaggregated data regularly on workforce, executive and board diversity, as well as conduct regular audits on pay and racial equity.
- Investment firms should partner with historically Black colleges and universities, minority serving institutions and community colleges to build talent pipelines into these organizations.

Board and Executive Leadership Diversity

- Investment firms should consider at least one diverse candidate for all executive positions and board positions when there are openings.

Overall Procurement Diversity

- Investment firms should consider diverse suppliers whenever a procurement takes place, especially when contracting for asset managers.
- Investment firms should develop pipeline programs for diverse asset managers to manage increasingly larger portfolios.

II. Background

This report is the second in a series published by the Committee on Financial Services to hold the financial services industry accountable regarding diversity and inclusion. The first in this series was “[Diversity and Inclusion: Holding America’s Large Banks Accountable](#),” published in February 2020, and it profiled the largest banks in America.⁹ As the second installment in this series, the current report examines the current state of diversity and inclusion within America’s largest investment firms.

Investment firms provide a wide array of services, and among them is the management of assets. Investment managers collectively handle trillions in assets, including the investment savings of nearly half of all U.S. households.¹⁰ People saving for retirement, education, or to buy a home often rely on the professional services of asset managers for advice and guidance to help secure their financial future or meet their investing goals. In 2021, the global asset management industry managed over \$100 trillion in assets.¹¹

Despite the increasing diversity of the U.S. population, studies have shown that investment firms are among the least diverse within the financial services industry, an industry which already struggles with diversity.¹² According to the 2020 Census, the United States is now 38.4% people of color and 61.6% White;¹³ and women account for 50.8% of the population.¹⁴ Research suggests that by 2045, the United States will be majority people of color.¹⁵ Comparatively, an analysis performed by the Knight Foundation found that White men managed a stunning 98.7% of the assets in the U.S. investment management sector (i.e., hedge funds, mutual funds, real estate funds, and private equity funds) in 2019.¹⁶

In January 2018, the Securities and Exchange Commission (SEC), led by its Office of Minority and Women Inclusion (OMWI), introduced its “Diversity Assessment Report for Entities Regulated by the SEC,” which includes broker dealers, investment advisors, mutual funds and others who are regulated by the SEC.¹⁷ According to the SEC, this report is designed to: “(1) help guide a regulated entity’s self-assessment of its diversity policies and practices using the Joint Standards; and (2) provide the regulated entity with a template for submitting diversity assessment information to the OMWI Director at the SEC, as contemplated under the Joint Standards.”¹⁸

⁹ Majority Staff, U.S. House Committee on Financial Services, [Diversity and Inclusion: Holding America’s Large Banks Accountable](#) (Feb. 2020).

¹⁰ [Capital Markets: Asset Management and Related Policy Issues](#), Congressional Research Service (Oct. 2019).

¹¹ [The \\$100 Trillion Machine: Global Asset Management 2021](#), Boston Consulting Group (Jul. 8, 2021).

¹² See [Investment management is overwhelmingly dominated by white men—and it’s costing you money](#), Fortune (Jul. 19, 2020). See also, [SEC Urged to Help Diversify Asset-Management Industry](#), The Wall Street Journal, (Jul. 16, 2020) (noting that less than 1.5% of assets are managed by women or people of color).

¹³ [Race and Ethnicity in the United States: 2010 Census and 2020 Census](#), U.S. Census Bureau (Aug. 12, 2021).

¹⁴ [Quick Facts: United States](#), U.S. Census Bureau (Jul. 2019).

¹⁵ [The US will become ‘minority white’ in 2045, Census projects](#), Brookings Institute (Mar. 14, 2018).

¹⁶ Knight Foundation, [Diversifying Investments: A Study of Ownership Diversity and Performance in the Asset Management Industry](#) (Jan. 28, 2019).

¹⁷ Securities and Exchange Commission, [Diversity Assessment Report for Entities Regulated by the SEC: Summary of Year One Results](#) (2018).

¹⁸ Securities and Exchange Commission, [Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Securities and Exchange Commission - Frequently Asked Questions](#) (Sept. 2018).

However, the submission of data for the Diversity Assessment Report is voluntary, and of the approximately 1,400 firms that were invited to complete the assessment report, only 38 responses were received, accounting for just 5% of regulated entities invited.¹⁹ Additionally, unlike the other financial regulators that collect this data annually, the SEC collects this data every other year. In the absence of mandatory, annual reporting, the public lacks comprehensive and timely data and reporting on the workforce, senior staff, and board leadership of investment management firms, among other regulated entities.

To provide a deeper understanding of the diversity issues within the investment management industry, Chairwoman Waters, and Diversity and Inclusion Subcommittee Chair Joyce Beatty sent a letter to America’s 31 largest investment managers, which are those with \$400 billion in assets under management (AUM) or greater.²⁰ Twenty-eight of the firms that received this letter responded.²¹ Among those who responded, some did not fully respond to each question posed.²² The letter requested diversity data for a 5-year period, from calendar year 2016 to 2020, including demographic data on its board, staff, and executive leadership. The letter also requested information on procurement, internal policies and practices meant to support greater diversity and inclusion and challenges in pursuing diversity and inclusion in this industry. Topics included in the request were the following:

1. Workforce diversity
2. Board diversity
3. Procurement/supplier diversity
4. Asset management diversity
5. Underwriting diversity
6. Data reliability
7. Institution’s diversity policies and practices.²³

¹⁹ *Id.*

²⁰ See Appendix 1 for table with participating firms and their assets under management; Due to an administrative error, one firm with assets above \$400 billion — Geode Capital— did not receive the request. The Committee is in communication with the firm to gather data and will update this report accordingly.

²¹ *Id.*

²² Legg Mason, Inc., and Eaton Vance Corp. did not respond. Legg Mason did not complete the data request, [after being acquired by Franklin Templeton](#) on July 31, 2020. Eaton Vance did not complete the data request, after [being acquired by Morgan Stanley](#) on March 1, 2021.

²³ The full text of the request letter that was sent to the 31 investment firms can be found in Appendix V

III. Investment Firm Data & Committee Staff Findings

A. Workforce Diversity

Different racial and ethnic groups experience different levels of representation. Almost all firms (96.4%) provided workforce data for 2020. In addition to overall firm workforce data, four firms provided supplemental data from their subsidiary firms. Staff used overall workforce data for analyses in this report for consistency when firms provided both overall and subsidiary data. In the case of Charles Schwab, which only provided data on the subsidiary Charles Schwab Investment Management, staff used the subsidiary data provided.

 **Different racial and ethnic groups experience different levels of representation.**

Across all employee groups, the representation of employees who identify as persons of color dramatically declines the higher up the corporate ladder they climb. Black and Latinx employees were highly represented in administrative support roles or other non-professional level roles but were substantially less likely to be represented in executive/senior level or mid-level



manager roles (*See Table 1.*) Asian Americans were the most represented person of color group overall, and were most represented in technician, professional, and first/mid-level manager roles, compared to support roles and senior level roles. While the low representation of Black and Latinx employees might be explained by an overall pipeline issue, the low representation of Asian American employees at senior levels might be explained by a different phenomenon. As examined in a report by the Association of Asian American Investment Managers (AAAIM) Asian American employees encounter a proverbial ceiling at the mid-level manager level which present difficulties in progressing to more senior

levels.²⁴ White employees were the most represented at every level of employment and had the highest representation of executive/senior level employees (82.6%) and first/mid-level managers (75%).

²⁴ AAAIM, [Good Workers-Not Leaders: Unconscious Biases That Stall AAPI Advancement](#) (Sept. 2021).

Table 1. Race and Ethnicity of Workforce at Different Employment Levels

	Black or African American %	Hispanic or Latino %	Asian or Pacific Islander %	American Indian or Alaska Native %	Two or more races %	White %
Exe /Senior Level	3.3	3.1	9.7	0.1	0.9	82.6
First/Mid-Level Managers	4.2	4.7	13.9	0.2	1.7	75.0
Professional Level	6.4	6.4	18	0.1	2.0	66.4
Technicians	17.2	6.0	15.9	0.1	1.7	56.1
Administrative Support Workers	14.9	13.9	6.7	0.3	2.9	60.9
All Others	8.2	8.1	5.7	0.2	3.0	74.6
Total Workforce	7.2	7.5	14.3	0.2	2.1	68.2

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Overall workforce diversity data included those at the executive or C-suite level, first or mid-level officials and managers, professionals, technicians, administrative support workers, and others (i.e., those who do not fall into one of the previous categories). Despite the generally stagnant levels of racial or ethnic diversity over the five years reviewed, there was a slight increase in employees who identify as Asian or Pacific Islander (2.5 percentage points), and a slight decrease of employees who identify as White (-3.3 percentage points). The percentage of women working for investment firms that responded to the data request decreased slightly (-1.1 percentage points) over the past five years, with a slight decrease each year since 2016. There was a corresponding increase in men working for these firms over the past five years (1.1 percentage points). See Table 2 for details.

Table 2. Total Workforce Diversity for All Investment Managers Combined 2016-2020

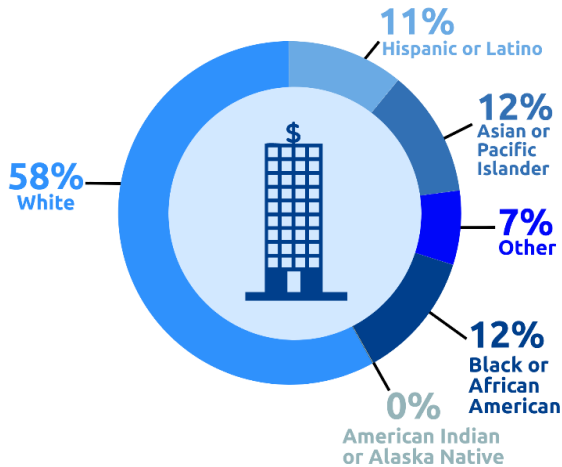
	Female %	Male %	Black or African American %	Hispanic or Latino %	Asian or Pacific Islander %	American Indian or Alaska Native %	Two or more races %	White %
2016	51.6	48.4	11.1	13.3	10.9	0.3	2.0	62.4
2017	51.4	48.6	11.1	13.5	11.5	0.3	2.1	61.4
2018	51.3	48.7	11.0	13.7	12.2	0.3	2.3	60.5
2019	51.0	49.0	11.0	13.9	12.7	0.3	2.3	59.6
2020	50.5	49.5	10.9	13.6	13.4	0.3	2.4	59.1

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

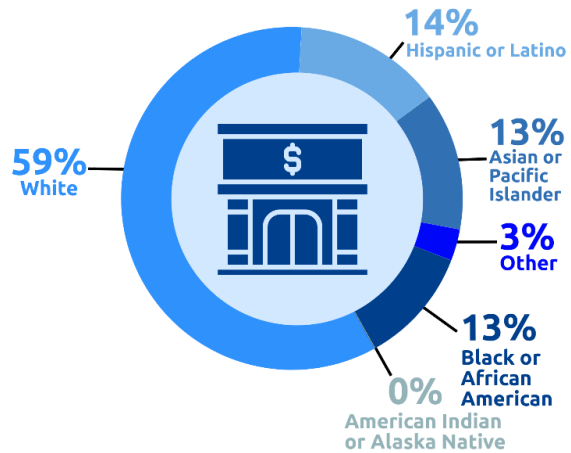
Committee staff analysis revealed that the workforce diversity demographics of the nation’s largest investment firms were very similar to the workforce demographics of America’s largest banks.²⁵ See Figure 1. There were only slight differences such that, investment firms seemed to have more representation of Latinx employees (14%) compared to banks (11%).

Figure 1. Comparison of the Largest Investment Firms to the Largest Banks

U.S. Largest Banks Racial Diversity



U.S. Largest Investment Firm Racial Diversity



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

²⁵ Majority Staff, U.S. House Committee on Financial Services

1. Executive-Level Management Diversity

Women are underrepresented in executive level management (27.5%). Responses to the Committee’s data request included gender, racial, and ethnic diversity data disaggregated for executive-level management positions. All firms that responded provided this information for 2020, with one exception, which did not provide this data beyond 2019. Based on the responses, the percentage of women at the executive level range from a low of 0.0% at Charles Schwab Investment Management to a high of 39.7% at Wellington Management. *See Table 3 for details.* On average, executive management at investment firms were comprised of 27.5% women and 72.5% men. *See Figure 2.* It should be noted that not all executive management positions are fund management positions; executive management may include leaders in accounting, human resources, risk, and information technology, for example.



Women are underrepresented in executive level management (27.5%).

Table 3. Executive Level Gender Diversity by Firm for Most Recent Year

Firm Name	Women %
Wellington Management	39.7
T. Rowe Price	37.7
Vanguard	34.8
Northern Trust	34.7
Prudential Financial	33.7
Wells Fargo	32.9
Franklin Templeton	32.8
State Street	32.7
AMG	31.8
Invesco	31.7
Principal	31.5
BNY Mellon	31.3
Capital Group	31.0
New York Life	30.9
Nuveen*	30.7
MassMutual	29.3
JPMC	27.9
MetLife	26.5
Dimensional Fund Advisors	26.3
Goldman Sachs	24.7
Morgan Stanley	24.6
AllianceBernstein	23.8
Ameriprise	23.8
BlackRock	19.8
Federated Hermes	17.4
Fidelity	16.0
Blackstone	12.7
Charles Schwab Investment Management	0.0

Note: *Indicates data from 2019. Unless indicated via star, data is from 2020.

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data.

Figure 2. Average Gender Composition of Investment Firm Executives in Most Recent Year Reported



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Gender composition at the executive level differed meaningfully between professional staff level and administrative assistant level. At the professional staff level for all firms in 2020,²⁶ the investment firms' workforce was, on average, comprised of 43.8% women and 56.2% men. At the administrative assistant level, on average, the investment firms' workforce was comprised of 73.5% women and 26.5% men.

People of color are underrepresented in executive level management (17.3%). Among firms that responded to this inquiry, people of color at the executive level ranged from a low of 0.0% at Federated Hermes to a high of 30.7% at Capital Group. *See Table 4 for details.* On average, 82.4% of executive management identified as White and 17.3% identified as people of color.²⁷ On average, 32.7% of employees at the professional staff level identified as people of color, and at the administrative assistant level, the average was 39.1%. *See Figure 3.*



People of color are underrepresented in executive level management (17.3%).

²⁶ Nuveen provided 2019 data and this data was used in the analysis.

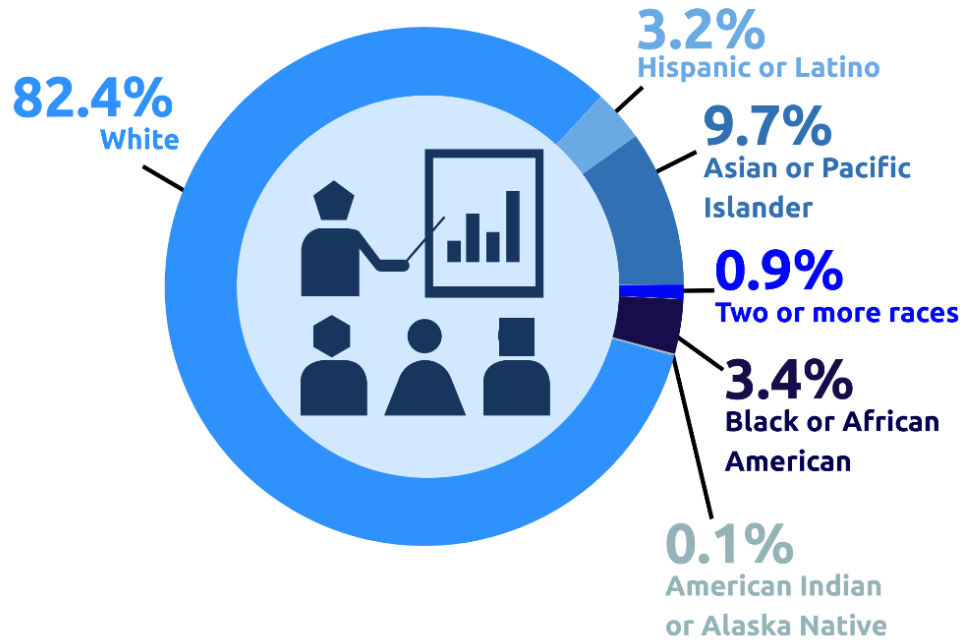
²⁷ Data may not sum to 100% due to non-disclosure of race or ethnicity by employees at some investment firms.

Table 4. Executive Level Racial and Ethnic Diversity by Firm in Most Recent Year Reported

Firm Name	People of Color %
Capital Group	30.7
BlackRock	28.7
Goldman Sachs	23.7
MassMutual	22.4
New York Life	22.1
Nuveen	22.1
Franklin Templeton	22.0
JPMC	21.2
Prudential Financial	21.0
Vanguard	20.3
Morgan Stanley	20.3
BNY Mellon	18.8
MetLife	17.6
Ameriprise	17.5
Wells Fargo	17.1
Invesco	16.6
Northern Trust	16.5
Blackstone	15.9
T. Rowe Price	15.8
State Street	14.3
AllianceBernstein	14.3
Fidelity	14.1
Charles Schwab Investment Management	12.5
Wellington Management	11.5
AMG	11.4
Dimensional Fund Advisors	10.5
Principal	6.7
Federated Hermes	0.0

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Figure 3. Average Race and Ethnicity Composition of Investment Firm Executives in Most Recent Year Reported



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Of the firms that made 2020 racial justice commitments, six firms committed to diversifying their workforce. Six firms (17%) made public 2020 racial equity commitments related to workforce diversity. Three of the firms specifically committed to increasing representation of Black employees. Findings from the Committee’s request show that the total Black employee representation increased from 5.4% in 2019 to 5.8% in 2020 at BlackRock; and 3.6% in 2019 to 4.2% in 2020 at Wellington Management. Despite direct goals, two firm’s Black employee representation decreased slightly from 2019 to 2020. Fidelity Investments public statements focused on general promotion of diversity and inclusion without tangible commitments, and the firm’s employee representation increased from 5.2% in 2019 to 5.4% in 2020. *See Table 5.*



Of the firms that made 2020 racial justice commitments, six firms committed to diversifying their workforce.

Table 5. 2020 Racial Equity Commitments: Workforce Diversity

Firm Name	Public Commitment	Date of Announcement
BlackRock	Double Black representation at the senior level by 2024; and increase overall representation by 30% ²⁸	June 22, 2020
Fidelity Investments	Stay committed to corporate value of promoting a diverse and inclusive workforce ²⁹	June 1, 2020
Goldman Sachs	By 2025, increase workforce to 7 percent Black professionals representation in the Americas and the UK; and 9 percent Hispanic/Latinx professionals in the Americas ³⁰	August 5, 2020
Prudential	Evaluate and improve talent practices—hiring, promotion, performance management, development, and compensation. Establish representation goals for people of color at all levels, including senior-most executives ³¹	August 5, 2020
State Street	Triple Black and Latinx leadership (senior vice presidents+) and double percentage of Black and Latinx populations over the next three years. Extend requirement to interview a diverse slate of candidates to positions at all levels ³²	Unknown
Wellington Management	Increase Black and other underrepresented talent into investment, management, and leadership roles ³³	Unknown

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

2. Executive Leadership Diversity

The CEOs of the 31 firms included in this report are overwhelmingly White and male. For diversity and inclusion programs to be successful throughout corporate America, senior leaders must signal that diversity is a priority.³⁴ Diversity in the most senior ranks, and especially in the C-suite, has proven to lead to more profitability and better for the bottom-line.³⁵ Of the firms profiled, only one has a person of color as the CEO and three firms have White women as their CEOs. *See Figure 4.*



The CEOs of the 31 firms included in this report are overwhelmingly White and male.

²⁸ Larry Fink and Rob Kapito, [Our Actions to Advance Racial Equity and Inclusion](#), BlackRock (Jun. 22, 2020).

²⁹ Abby Johnson, [“I, too, am heartbroken and angry that racial discrimination and inequality continue to plague our society.”](#) LinkedIn (Jun. 1, 2020).

³⁰ Goldman Sachs, [Update on Inclusion and Diversity at Goldman Sachs, Including New Aspirational Goals](#), (Aug. 5 2020)

³¹ Prudential, [Prudential deepens commitment to advance racial equity](#) (Aug. 2020)

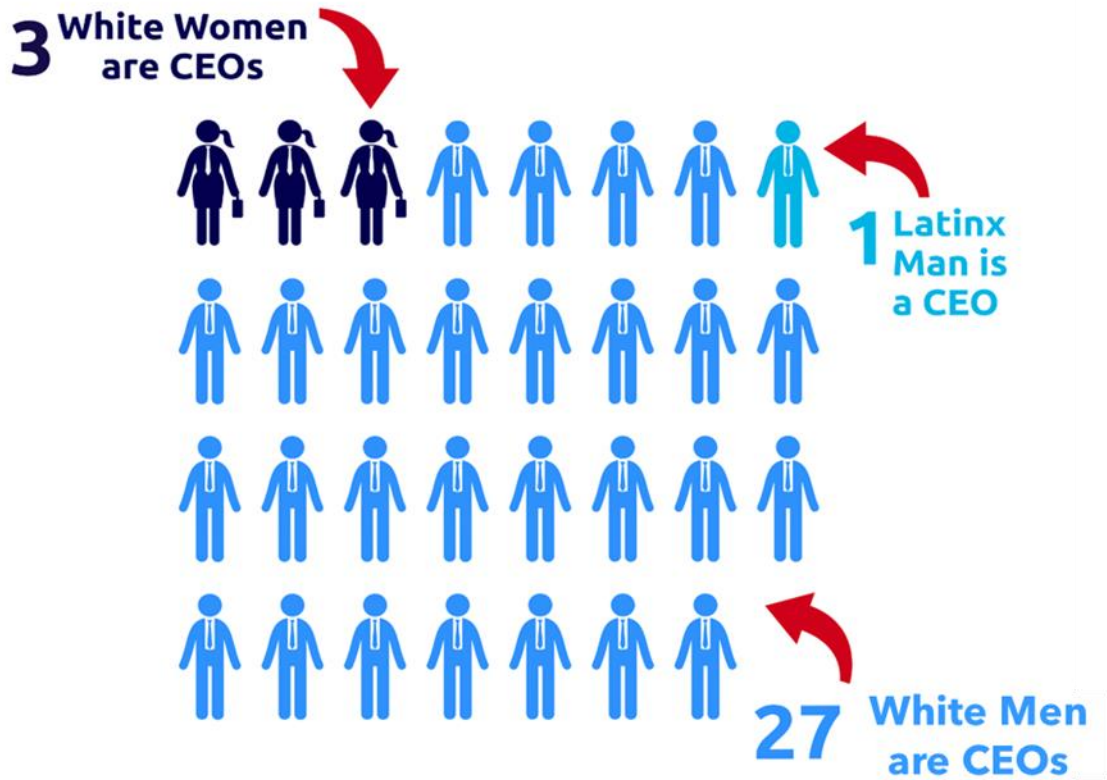
³² State Street, 10 State Street Actions, [Addressing Racism and Inequality](#) (Assessed Nov. 18, 2021)

³³ Brendan Swords, Jean Hynes and Steve Klar, [“The path forward.”](#) Wellington Management. Accessed (Oct. 22, 2021).

³⁴ Center for Creative Leadership, Leading Effectively Staff, [5 Powerful Ways to Take REAL Action on DEI \(Diversity, Equity & Inclusion\)](#) (Jul. 10, 2021).

³⁵ [Companies with more female executives make more money—here’s why](#), CNBC (Mar. 2, 2018).

Figure 4. Firm Executive Leadership and Demographics as of 10/01/2021



Note: This figure represents demographics of the CEOs of each firm's parent company.

Source: U.S. House Financial Services Committee Staff Analysis of Public Data on CEO Leadership.

B. Board Diversity

Most investment firms provided us with complete information about the gender, racial, and ethnic composition of their boards in 2020, with the exceptions of Dimensional Fund Advisors, Franklin Templeton, Nuveen, and Charles Schwab Investment Management. Nuveen provided this data for 2016-2019 but did not provide any information for the year 2020. One firm did not provide any information on the diversity of their board for any year. Two firms only provided information on the genders of their board members for the year 2020 but did not provide information on race or ethnicity. Dimensional Fund Advisors indicated that they do not track board diversity.



Women are underrepresented on investment firm boards (28%).

and 28% women. *See Figure 5.* All firms, except one, had at least one woman either in executive management or on the board in 2020.

Women are underrepresented on investment firm boards (28%). Based on the data provided by firms in response to this inquiry, Charles Schwab Investment Management had the lowest percentage of women on its board with 0.0%, and MassMutual had the highest percentage of women on its board at 45.5%. *See Table 6 for details.* On average, among firms that responded to this inquiry, their boards were comprised of 72% men

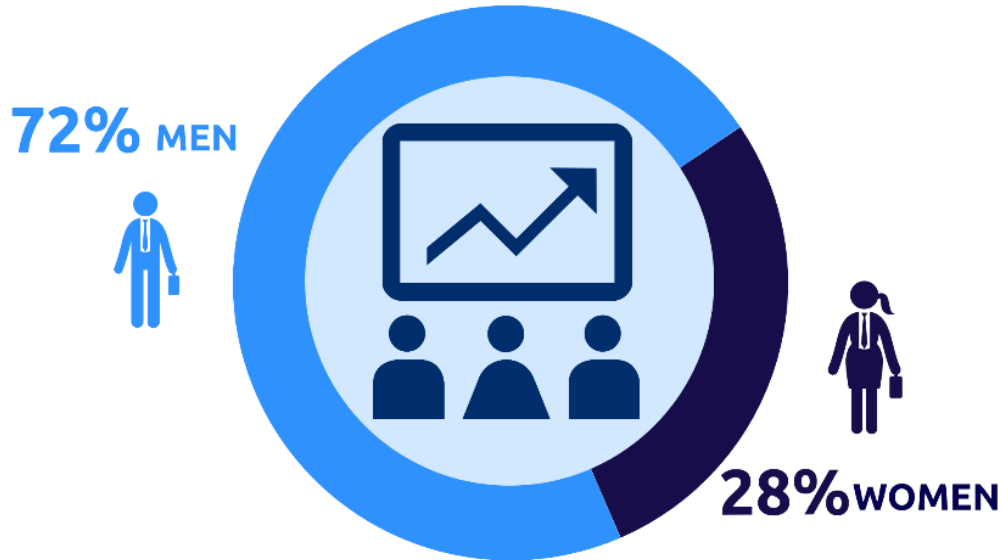
Table 6. Investment Firm Board Gender Diversity in 2020

Firm Name	Women %
MassMutual	45.5
Principal	41.7
JPMorgan Chase	40.0
Goldman Sachs	36.4
State Street	36.4
T. Rowe Price	36.4
Capital Group	33.3
MetLife	33.3
Morgan Stanley	33.3
BlackRock	31.3
Prudential Financial	30.8
Wellington Management	30.8
Franklin Templeton	30.0
Vanguard	30.0
BNY Mellon	27.3
New York Life	27.3
Wells Fargo	25.0
Blackstone	23.1
Northern Trust	23.1
Ameriprise	22.2
Invesco	22.2
AMG	20.0
AllianceBernstein	16.7
Federated Hermes	16.7
Fidelity	16.7
Charles Schwab Investment Management	0.0
Dimensional Fund Advisors	Did Not Provide
Nuveen	Did Not Provide

Note: Firms in **red** did not provide complete information about their board diversity.

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Figure 5. Gender Composition of Investment Firm Boards in 2020



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

People of color are underrepresented on investment firm boards (17.5%). Based on the data provided by firms in response to this inquiry, representation of people of color on firm boards



People of color are underrepresented on investment firm boards (17.5%).

ranged from 0.0% to 38.5%. As described above, four firms – Charles Schwab Investment Management, Dimensional Fund Advisors, Franklin Templeton, and Nuveen – did not report racial or ethnic board diversity. See Table 8 for details. Of firms that provided information, Federated Hermes, Fidelity, and Invesco had the lowest percentage of board directors who identify as people of color, with 0.0% of their boards comprised of people of

color. Northern Trust and Prudential had the highest percentage of people of color on their boards with 38.5% of their boards comprised of individuals identifying as a person of color. On average, the boards of the investment firms that provided us with data were comprised of 83.5% of people who identify as White and 17.5% of people who identify as people of color. See Figure 6.

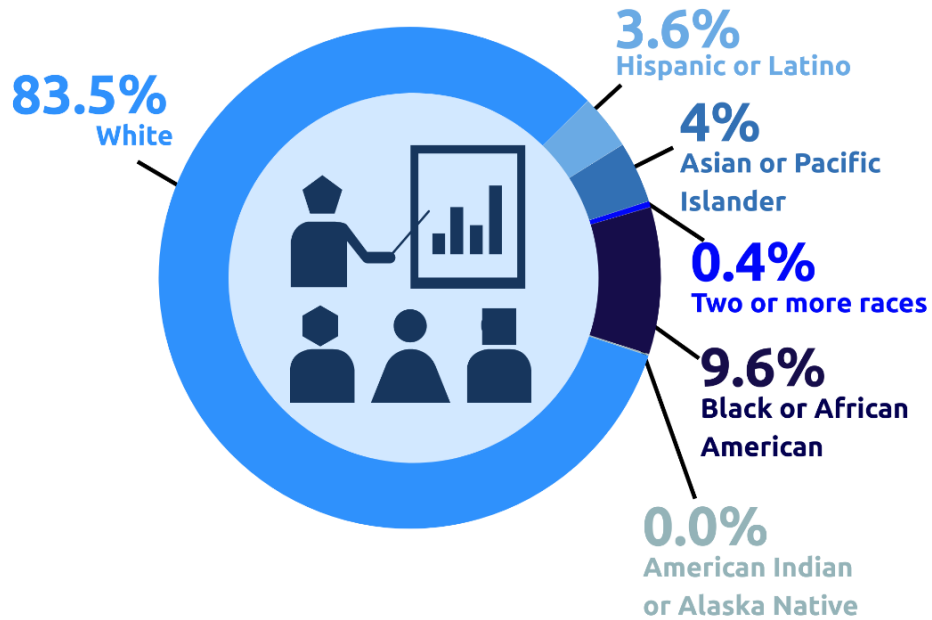
Table 7. Investment Firm Board People of Color Diversity in 2020

Firm Name	People of Color %
Prudential Financial	38.5
Northern Trust	38.5
BNY Mellon	36.4
MassMutual	27.3
T. Rowe Price	27.3
AllianceBernstein	25.0
Principal	25.0
Wells Fargo	25.0
Morgan Stanley	20.0
AMG	20.0
Goldman Sachs	18.2
New York Life	18.2
MetLife	16.7
Wellington Management	15.4
BlackRock	12.5
Ameriprise	11.1
JPMorgan Chase	10.0
Vanguard	10.0
Capital Group	9.5
State Street	9.1
Blackstone	7.7
Federated Hermes	0.0
Fidelity	0.0
Invesco	0.0
Charles Schwab Investment Management	<i>Did Not Provide</i>
Dimensional Fund Advisors	<i>Did Not Provide</i>
Franklin Templeton	<i>Did Not Provide</i>
Nuveen	<i>Did Not Provide</i>

Note: Firms in **red** did not provide complete information about their board diversity.

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Figure 6. Average Racial and Ethnic Composition of Investment Firm Boards in 2020



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Of the firms that made 2020 racial justice commitments, one committed to increasing board diversity. Notably, this report highlights the commitments of firms to greater diversity following the murder of George Floyd. While firms committed to workforce diversity and senior level workforce diversity, very few made commitments to increasing board diversity. Although AllianceBernstein, Blackstone, and BNY



Of the firms that made 2020 racial justice commitments, one committed to increasing board diversity. (See Appendix IV)

Mellon did not make public racial equity commitments in 2020 related to board diversity, these firms increased Black leadership in 2020 with the addition of one Black board member per firm.

Table 8. 2020 Racial Equity Commitments: Board Diversity

Firm Name	Public Commitment	Date of Announcement
State Street	Work with board to add Black and Latinx directors within 18 months and to expand its diversity efforts ³⁶	Unknown

³⁶ State Street, [Addressing Racism and Inequality](#) (Assessed Nov. 18, 2020)

C. Procurement Diversity

Businesses spend billions of dollars every year on goods and services, including in professional services, information technology, and legal services. These services are important to focus on as they are “high-margin” services and can create wealth for families and job creation opportunities.³⁷ Firms with more diverse suppliers can benefit from improved supplier competitiveness, innovation, heightened perception of impact, attract and retain top and diverse talent, and have a positive social impact.³⁸ However, less than 1% of global financial assets under management are managed by minority- or women- owned firms.³⁹ Investors have increasingly focused on women-led funds through emerging manager programs or informal practices designed to increase the number of diverse-led funds in their portfolios.⁴⁰

While almost two-thirds of firms reported having policies to support diverse suppliers, few reported spending with women-owned or minority-owned firms. Of the firms that responded to the request, all reported spending 4% or less of asset manager spending with women-owned or minority-owned firms. To better understand investment management firms’ efforts to promote diverse suppliers, Chairwoman Waters and Chair Beatty asked thirteen questions related to each firm’s procurement spending and related policies to support greater supplier diversity. Among firms that responded to this inquiry efforts to promote diverse suppliers increased from 43% in 2016 to 60% in 2020. While all firms reported having practices and policies related to diverse suppliers, quantifiable data that captures the impact of these practices and policies can help the public understand a firm’s commitment and its institutionalization of supplier diversity. *See Table 9.*



While almost two-thirds of firms reported having policies to support diverse suppliers, few reported spending with women-owned or minority-owned firms.

³⁷ [Supplier diversity needs to focus on industries of today and tomorrow](#), Crain’s Chicago Business (Dec. 18, 2020).

³⁸ Accenture, [Five reasons why you should prioritize supplier diversity as part of your sourcing strategy](#) (2020).

³⁹ See Government Accountability Office, [Key Practices Could Provide More Options for Federal Entities and Opportunities for Minority-and Women-Owned Asset Managers](#), (Sept. 2017). Submitted to AMAC July 16, 2020. Report to Congress on the Investment Management Industry.

⁴⁰ [The Call to Act: Women in Alternative Investment](#), 6th ed., Klynveld Peat Marwick Goerdeler (KPMG) (Feb. 2019).

Table 9. Efforts to Promote Diverse Suppliers

Diversity Practice	Total Investment Firms with Practice
The firm has a supplier diversity policy.	19 (61%)
The firm participates in conferences, workshops, and other events to attract minorities and women and to inform them of employment and promotion opportunities.	23 (74%)
The firm publicizes its procurement opportunities in media primarily serving minorities and women.	19 (61%)
The firm maintains a list of qualified minority-owned and women-owned businesses that may compete for upcoming contracting opportunities.	22 (71%)

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Only 14 of the 28 firms (50%) that responded to this request provided at least some information on women-owned businesses and minority-owned businesses with which they are



Only 14 of the 28 firms (50%) that responded to this request provided at least some information on women-owned businesses and minority-owned businesses with which they are doing business.

doing business. The Committee’s data request included annual procurement spend⁴¹ for the years 2016-2020 with women-owned, minority-owned, or minority women-owned businesses compared to the total procurement spend with all vendors and suppliers for the following professional service categories: legal, consulting, information technology, human

relations, other procurement, non-professional, subcontracted asset management, and underwriting. The focus of the following section is 2020, the most recent year for which data was collected.

⁴¹ Spend, procurement spend or direct spend is money spent for goods and services at a business or corporation.

There was significant variation in the amount and types of quantitative data that each firm provided. See *Table 10* for details on which firms did and did not provide information. Fidelity, New York Life, and Principal reported overall spend, overall spend with women-owned firms, and overall spend with minority-owned firms for 2020 but did not break information down by category of professional service. AllianceBernstein reported the total spend for each category without any diversity information. One firm only provided the amount spent with White male-owned firms for a number of categories, while stating that information is not tracked for total spend. Several firms reported that they did not track most of the information requested by the Committee, and



THE STATE OF DIVERSE OWNERSHIP FOR MUTUAL FUNDS: WE IDENTIFY 136 WOMEN-OWNED AND 120 MINORITY-OWNED FIRMS, MANAGING \$430 BILLION AND \$191 BILLION IN AUM. FOR WOMEN, THE 136 FIRMS REPRESENT 9.9% OF FIRMS AND 0.8% OF TOTAL INDUSTRY AUM, RESPECTIVELY.



some firms reported that several categories were not applicable to them, for example underwriting is done by diverse broker dealers for investment banking activities, such as assisting a company, or an adviser helping a financial product being listed on an exchange. Wells Fargo provided data on procurement for the overall firm and separately for its asset management subsidiary, Wells Fargo Asset Management. As Wells Fargo is the only firm that provided this information, we were not able to compare it to other firms' subsidiary data.

There was significant variation in the percent of total money spent by investment firms with women-owned and minority-owned firms. In certain instances, averages were driven by a single firm's commitment to diversity. For example, among 14 firms reporting legal spending with minority-owned businesses, 13 of these firms reported less than 1% spending with minority-owned businesses. However, Northern Trust reported that 50.8% of their legal spending is spent with minority-owned businesses and 72.0% of their consulting spending is with women-owned businesses, so although eight firms reported less than 1% of consulting spending with women-owned businesses, two firms reported less than 1.3% with this group, and one firm reported 8.7% of consulting spending with women-owned businesses, Northern Trust's leadership in spending with diverse suppliers and procurement elevated the average consulting spending with women-owned businesses to 9.0%.

Table 10. Investment Firms Reporting or Not Reporting Quantifiable Diverse Procurement and Supplier Information

Firms that reported quantifiable information	Legal Spend	Consulting Spend	IT Spend	HR Spend	Other Procurement Spend	Non-Professional Spend	Asset Management Subcontracting	Underwriting Fees
AllianceBernstein	✓	✓	✓	✓	✓	✓		
Ameriprise	✓	✓	✓	✓	✓	✓	✓	✓
BlackRock	✓	✓	✓	✓	✓	✓	✓	✓
Blackstone	✓	✓	✓	✓	✓	✓	✓	
BNY Mellon	✓	✓	✓	✓	✓	✓	✓	
Dimensional Fund				✓		✓		
Capital Group							✓	
Fidelity					✓	✓		
Goldman Sachs	✓	✓	✓	✓	✓	✓		✓
Invesco	✓	✓	✓	✓	✓	✓		
JPMC	✓	✓	✓	✓	✓	✓	✓	✓
MassMutual	✓		✓	✓	✓	✓	✓	
MetLife	✓	✓	✓	✓	✓	✓		
Northern Trust	✓	✓	✓	✓	✓	✓	✓	✓
Prudential	✓	✓	✓	✓	✓		✓	
State Street	✓	✓	✓	✓	✓	✓		
T. Rowe Price	✓	✓	✓	✓		✓		
Vanguard					✓		✓	✓
Wellington Management	✓	✓	✓	✓	✓	✓		
Wells Fargo	✓	✓	✓	✓		✓	✓	✓

Firms that did not report quantifiable information	Legal Spend	Consulting Spend	IT Spend	HR Spend	Other Procurement Spend	Non-Professional Spend	Asset Management Subcontracting	Underwriting Fees
Affiliated Managers*	✓	✓	✓	✓	✓	✓	✓	✓
AllianceBernstein							✓	✓
Blackstone*								✓
BNY Mellon†								✓
Capital Group*	✓	✓	✓	✓	✓	✓		✓
Charles Schwab Investment Management*	✓	✓	✓	✓	✓	✓	✓	✓
Dimensional Fund Advisors†	✓	✓	✓		✓		✓	✓
Federated Hermes	✓	✓	✓	✓	✓	✓	✓	✓
Fidelity*	✓	✓	✓	✓			✓	✓
Franklin Templeton*	✓	✓	✓	✓	✓	✓	✓	✓
Invesco*							✓	✓
MassMutual		✓						✓
MetLife*							✓	✓
Morgan Stanley	✓	✓	✓	✓	✓	✓	✓	✓
New York Life	✓	✓	✓	✓	✓	✓	✓	✓
Nuveen	✓	✓	✓	✓	✓	✓	✓	✓
Principal*	✓	✓	✓	✓	✓	✓	✓	✓
Prudential						✓		✓
State Street*						✓		✓
T. Rowe Price					✓		✓	✓
Vanguard	✓	✓	✓	✓		✓		
Wellington Management†							✓	✓
Wells Fargo					✓			

Notes: Firms in *red* did not provide information. * indicates that an investment firm self-reported that this category was not tracked. † indicates that an investment firm indicated that this category was not applicable to them. Ameriprise only reported total underwriting fees without any diversity information for this category. Prudential included non-professional spend in other procurement. MassMutual included consulting spend in other procurement.

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Based on responses received, the average amount of money spent with women-owned firms ranges from 11.63% for non-professional spending to 0.30% for underwriting. The average amount of money spent with minority-owned firms ranges from 17.13% for human resources to 0.50% for asset management subcontracting. See Table 11 for details.

Table 11. Average Percentage of Money Spent on Procurement or Suppliers with Women-Owned or Minority-Owned Firms in 2020

	Women-Owned %	Minority-Owned %
Legal	3.46	5.28
Consulting	8.98	2.78
Information Technology	4.85	11.10
Human Resources	7.73	17.13
Other Procurement	5.86	7.16
Non-Professional	11.63	1.24
Asset Management Subcontracting	0.57	0.50
Underwriting	0.30	9.47

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Only three firms made a commitment around procurement among their 2020 commitments to racial justice. Despite a few firms making commitments to increase workforce diversity, even fewer firms made public commitments regarding procurement following the murder of George Floyd. See Table 12.



Only three firms made a commitment around procurement among their 2020 commitments to racial justice.

Table 12. 2020 Racial Equity Commitments: Supplier Diversity

Firm Name	Public Commitment	Date of Announcement
BlackRock	Committed to increasing partnerships with minority business enterprises, including minority brokers for trading, external managers in our solutions and fund of funds businesses, and third-party vendors ⁴²	June 22, 2020
State Street	Increase our spend with diverse suppliers over the next three years. Hold ourselves accountable for strengthening Black- and Latinx-owned businesses.	Unknown
Fidelity	Proactively procure goods and services from diverse businesses	June 11, 2020

Source: U.S. House Financial Services Committee Staff Analysis of Public Racial Equity Statements

D. Asset Management Diversity

There was little variation in asset management subcontracting. Nine firms did not report quantitative information on the amount of money spent with women-owned and minority-owned asset managers. Of those firms that reported quantitative information, none committed more than 4.0% of their asset management subcontracting to women-owned or minority-owned managers.

Only 9 of the 28 firms (32%) that responded to this request provided information on women-owned asset managers with which they are doing business. Of these firms, they spent on average 0.57% of total asset management services spend with women-owned businesses. Comprehensive data on diverse asset managers from the SEC is not available, as the regulator does not capture this information for those it regulates. However, a 2019 report found that there are 136 women-owned and 120 minority-owned firms.⁴³ For women, the 136 firms represent nearly 10% of all asset management firms, but just 0.8% of total industry assets under management (AUM).



Only 9 of the 28 firms (32%) that responded to this request provided information on women-owned asset managers with which they are doing business.

⁴² Fink and Kapito, *Our Actions to Advance Racial Equity and Inclusion* (Jun. 22, 2020).

⁴³ Bella Private Markets, *2018 Diverse Asset Management Firm Assessment* (Jan. 2019).

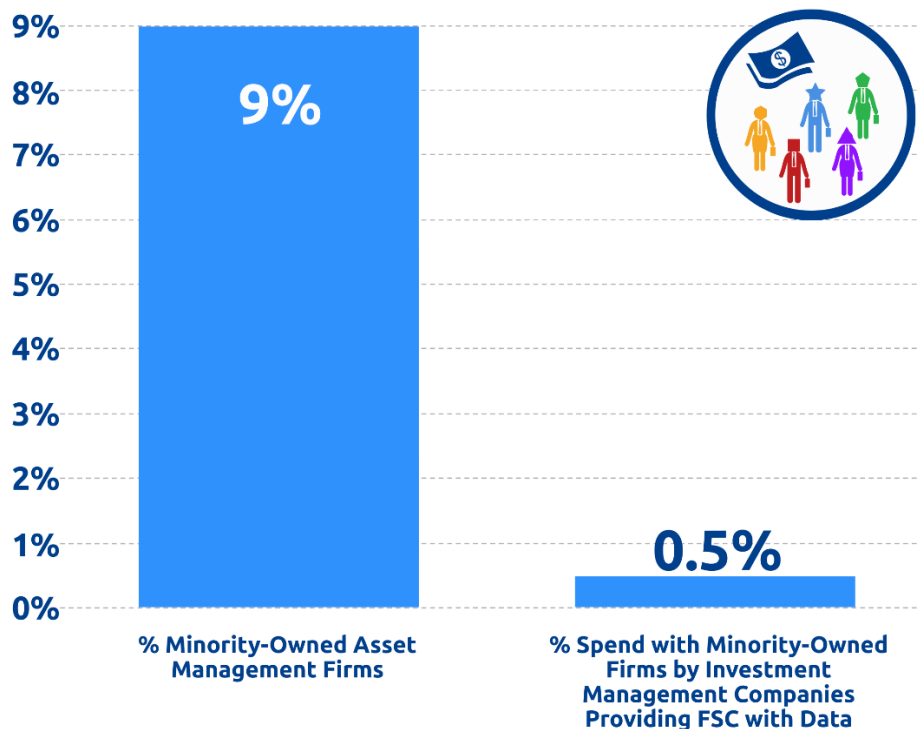
Only 9 of the 28 firms (32%) that responded to this request provided information on minority-owned asset managers with which they are doing business. Of these firms, they spent on average 0.50% of total asset management services spend with minority asset managers. For minority-owned firms, 120 represents around 9% of all firms and they manage just 0.4% of total AUM. In line with this, investment management firms who reported quantitative data for this



Only 9 of the 28 firms (32%) that responded to this request provided information on minority-owned asset managers with which they are doing business.

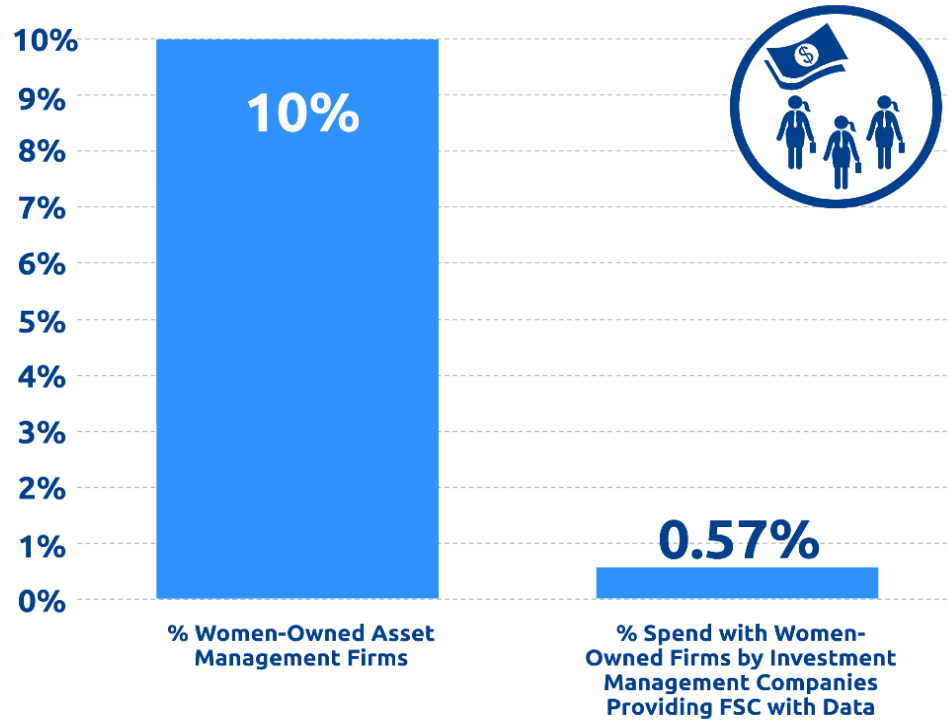
report spent an average of 0.50% of asset management spend with minority-owned businesses. If these firms experienced parity in the contracting space to their representation in the industry, it would be expected that much more would be spent with women- and minority-owned asset managers. See Figures 7 and 8.

Figure 7. Comparison Between Minority-Owned Asset Management Firms and Total Percent Spend with Minority-Owned Asset Management Firms



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data and Bella Private Markets

Figure 8. Comparison Between Women-Owned Asset Management Firms and Percent Spend with Women-Owned Asset Management Firms



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data and Bella Private Markets

E. Underwriting Procurement Diversity

If a company is interested in going public, raising additional capital, or merging with another company, they hire an investment bank to initiate the underwriting process.⁴⁴ Underwriting is a multi-stage process in which an investment bank that is registered as a broker dealer and/or investment adviser, and its partners, help raise capital from investors for a client. Essentially, underwriters act as an intermediary between companies and the investing public.⁴⁵ On the sell-side, the underwriter plans the offering and structures the type and nature of the offering. On the buy-side, investment advisers run and manage the day-to-day operations of a fund or funds and choose whether or not to buy the investment vehicle that is part of the capital raising process. Underwriting is lucrative for Wall Street, because firms charge up to 7% to take a small business public.⁴⁶

Investment managers play an important role in capital formation and wealth creation and have the ability to distribute opportunities to other service providers or sub-advisers so that others can participate in this process.

Many business operations of an investment adviser can be contracted out, including but not limited to auditing, accounting, custodial services, valuation, and the solicitation of investors.



Only 6 of the 28 firms (21%) that responded to this request provided information on women-owned and minority-owned underwriters with which they are doing business.

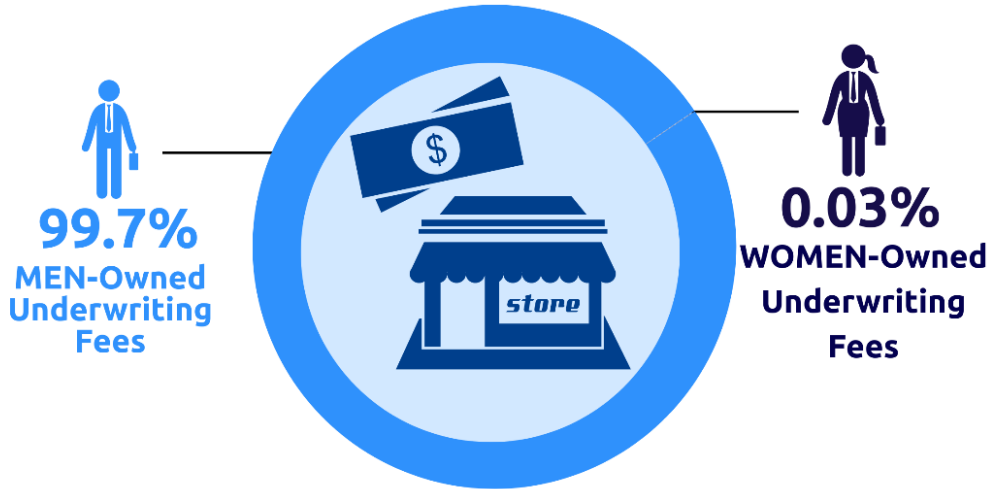
Only 6 of the 28 firms (21%) that responded to this request provided information on women-owned and minority-owned underwriters with which they are doing business. Of these firms, they spent on average 0.30% of total underwriting services spend with women-owned businesses and 9.47% with minority asset managers. *See Figures 9 and 10.*

⁴⁴ Desjardins Online Brokerage, [The Underwriting Process](#) (Assessed Nov. 1, 2021).

⁴⁵ *Id.*

⁴⁶ See Commissioner Robert J. Jackson, Jr., *The Middle Market IPO Tax* (April 25, 2018), available at <https://www.sec.gov/news/speech/jackson-middle-market-ipo-tax>; Commissioner Robert J. Jackson, Jr., *Unfair Exchange: The State of America's Stock Markets* (September 19, 2018) available at <https://www.sec.gov/news/speech/jackson-unfair-exchange-state-americas-stock-markets>.

Figure 9. Underwriting Spend with Women-Owned Businesses



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

Figure 10. Underwriting Spend with Minority-Owned Businesses



Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Data

F. Data Reliability

To understand the accuracy of provided data, committee staff requested that firms provide information on data reliability. Specifically, we requested information on data sources, whether data was actual data or estimated, estimation methods, and concerns about reliability. In Table 13

below, we show which firms provided actual information, a mixture of actual and estimated information, or no information on data reliability.

21 firms (75%) indicated that the data they provided were actual numbers rather than estimates when providing information about their workforce, board, and procurement, including asset management and underwriting. Four firms (14%) indicated that the data that they provided were a mixture of actual numbers and estimates. Three firms (11%) did not provide information about whether they used actual numbers or estimates.



21 firms (75%) indicated that the data they provided were actual numbers rather than estimates when providing information about their workforce, board, and procurement, including asset management and underwriting.

Some firms' use of close estimates allowed them to provide more complete information. Ameriprise, BlackRock, and Northern Trust were all able to

provide at least some quantitative information in all requested categories using estimates. However, other firms were able to provide quantitative information in all categories using actual numbers. For example, Goldman Sachs and JPMorgan Chase and were able to provide at least some quantitative information in all categories. *See Appendix V.*

G. Diversity Practices and Policies

Most firms reported that they have policies and positions related directly to diversity and inclusion and that they engaged in efforts to recruit and hire diverse employees. 100% of firms acknowledged the importance of connecting to the diverse communities they serve.⁴⁷

In response to the murder of George Floyd and similar instances of social injustice, 22 firms (78%) made public commitments related to diversity practices and policies. These



Most firms reported that they have policies and positions related directly to diversity and inclusion and that they engaged in efforts to recruit and hire diverse employees.

commitments centered around pledges to improve internal practices and policies. In analyzing these commitments, the majority of these firms made tangible commitments that the company would take to improve diversity and inclusion either in the community or within the firm. For

example, T. Rowe price committed \$2 million to organizations working to fight racial justice.

⁴⁷ Though 28 firms responded to the data request, three firms included data from their subsidiary firms (i.e., Morgan Stanley, Morgan Stanley Investment Management; Prudential, Prudential (PGIM); and Affiliated Managers- AMG Funds LLC, Affiliated Managers - AMG Inc). Staff analyzed data for each firm and its subsidiary. Therefore, calculations in this section sum to 31 responses instead of 28.

Additionally, Morgan Stanley made several commitments, such as hiring a new Head of Global Internal Audit and Global Head of Diversity and Inclusion; creating a new Institute of Inclusion; donating \$5 million to the NAACP Defense Fund; and matching dollar for dollar U.S. employee contributions to the Fund. While some firms made strong commitments, roughly half of firms made broad statements regarding the promotion of diversity and inclusion. A few firms made broad commitments to creating a diverse environment, with no mention of racial equity or executive action or investment to advance these statements. *See Table 13.*

Table 13. 2020 Racial Equity Commitments: Practices and Policies

Firm Name	Type of Commitment	Date of Announcement
AllianceBernstein	Committed to host open-forum discussions on race in the workplace ⁴⁸	Unknown
Ameriprise Financial	Committed to cultivating an environment that supports conversations about diversity and inclusion ⁴⁹	June 2, 2020
Bank of New York Mellon	General recommitment to promote diversity and inclusion at the firm ⁵⁰	May 30, 2020
BlackRock	Committed to a new speaker series on racial inclusion; requiring a new mandatory “racial equity” course for all BlackRock employees; Embedding accountability and improving tracking and measurement of diversity metrics; Developing and launching products focused on racial equity and social justice; Continue to disclose data on the diversity of BlackRock’s workforce ⁵¹	June 22, 2020
Blackstone Group	Recommitted to creating a diverse and inclusive workplace ⁵²	June 01, 2020
Capital Group	Committed to increasing our contributions to organizations promoting social justice and racial equity by \$2 million ⁵³	June 10, 2020
Federated Hermes	Committed to respecting the community and condemning racism, broadly ⁵⁴	June 3, 2020
Fidelity Investments	Recommitted to fair and equitable treatment for every associate, and to creating a safe and respectful workforce; ⁵⁵ committed to establishment of the Matching Gifts to Support Racial Equity	June 1, 2020
Goldman Sachs	Continue long-term relationships with Historically Black Colleges and Universities (HBCUs) to recruit new hires ⁵⁶	August 5, 2020
Invesco	Committed to donating to the NAACP Legal Defense and Education Fund. Joined with the Atlanta Committee for Progress ⁵⁷	June 1, 2020
J.P. Morgan Chase	Committed to fighting against racism and discrimination, broadly ⁵⁸	Unknown
MassMutual	Committed to hosting company discussion around race ⁵⁹	June 2, 2020

⁴⁸ Seth Bernstein, [Fostering Connections During Unsettling Times](#) AllianceBernstein. (Accessed Oct. 22, 2021).

⁴⁹ Jim Cracchiolo, [A message from Jim Cracchiolo, Chairman and Chief Executive Officer](#), Ameriprise (Jun. 2020)

⁵⁰ Thomas Gibbons, [Through Diversity and Inclusion Comes Understanding and Strength](#), BNY Mellon (May. 2020)

⁵¹ BlackRock, [Our Actions to Advance Racial Equity and Inclusion](#) (Jun. 22, 2020).

⁵² Blackstone, [Steve Schwarzman and Jon Gray’s statement on racial injustices](#) (Jun. 2020)

⁵³ Tim Armour, [We Must Do Better](#), Capital Group (Jun. 10, 2020)

⁵⁴ J. Christopher Donahue and Saker Nusseibeh, [Peaceful Protest is a Cornerstone of Democracy](#), Federated Hermes (Jun. 3, 2020).

⁵⁵ Abby Johnson, [I, too, am heartbroken and angry that racial discrimination and inequality continue to plague our society](#), LinkedIn (Jun. 1 2020).

⁵⁶ Goldman Sachs, [Update on Inclusion and Diversity at Goldman Sachs, Including New Aspirational Goals](#), (Aug. 5 2020).

⁵⁷ Marty Flanagan, [Pledging our support to address social injustice](#) LinkedIn (Jun. 1, 2020).

⁵⁸ Jamie Dimon and Brian Lamb, [Message from Jamie Dimon and Brian Lamb](#) JP Morgan Chase (Accessed Oct. 22, 2021).

⁵⁹ Roger Crandall, [My Letter Mass Mutual Employees](#) LinkedIn (Jun. 2, 2020).

Firm Name	Type of Commitment	Date of Announcement
MetLife Investment	Committed to strengthening advocacy for all people, broadly ⁶⁰	June 1, 2020
Morgan Stanley	Committed to introducing a new Head of Global Internal Audit and Global Head of Diversity and Inclusion; creating a new Institute of Inclusion; donating \$5 million to the NAACP Defense Fund; match dollar for dollar U.S. employee contributions to the Fund; a new fifth value to our core values: Committing to Diversity and Inclusion ⁶¹	June 5, 2020
New York Life Investments	Recommitment to having conversations around race in the workplace ⁶²	Unknown
Northern Trust	Committed to provide \$20 million over 5 years to expand access to resources that address food, housing, healthcare, and education ⁶³	June 15, 2020
Nuveen	Launched program to raise awareness of social injustice among employees ⁶⁴	June 30, 2020
Prudential	Implement several programs that focus on building pathways for Black Americans to achieve financial security; mandate anti-racism and other inclusion training for all U.S. employees; and create greater transparency of diversity data.	June 19, 2020
State Street	Systematically review governance models within key management committees to ensure inclusion and diverse representation. Enlist entire workforce in learning opportunities and conversations around anti-racism and equity.	Unknown
T. Rowe Price	Committed \$2 million to organizations working to fight racial injustice ⁶⁵	June 18, 2020
Vanguard Group	Announced a \$100,000 donation to the Thurgood Marshall College Fund's COVID-19 HBCU Emergency Fund ⁶⁶	June 26, 2020
Wellington Management	Committed to expand diversity and inclusion training for managers and leaders; launch programs that foster open conversations and better education about the realities of Black colleagues ⁶⁷	Unknown

Note: This chart provides an example of each firms' commitments, rather than an exhaustive list

Source: U.S. House Financial Services Committee Staff Analysis of Public Racial Equity Statements

1. Practices to Support Diversity

Of the firms that responded to this request for information, 74% indicated that they have policies and positions related directly to diversity and inclusion in 2016. This average increased to

⁶⁰ MetLife, <https://twitter.com/MetLife/status/1267500880640835585> Twitter (Jun. 1, 2020).

⁶¹ James Gorman [Committing to Diversity and Inclusion](#) LinkedIn (Jun. 5, 2020).

⁶² Ted Mathas [Uniting Against Racism](#) New York Life (Jun. 2020).

⁶³ Northern Trust, [Northern Trust Commits US\\$20 Million to Reduce Opportunity Gap](#) (Jun. 15, 2020).

⁶⁴ TIAA, TIAA launches programs to raise awareness of racial injustice and support communities in need through the "[Be the Change](#)" initiative.

⁶⁵ T. Rowe Price, [PRESS RELEASE: T. Rowe Price Commits \\$2 Million to Support Organizations in the Fight Against Racial Injustice](#) (Jun. 18, 2020).

⁶⁶ Vanguard, [Vanguard Announces Support of Historically Black Colleges and Universities Impacted By Global Pandemic](#). (Jun. 26, 2020).

⁶⁷ Wellington Management

87% in 2020. Based on findings from the Committee on Financial Services 2020 Diversity and Inclusion Banking Report,⁶⁸ the five most common diversity and inclusion workplace strategies shown in Table 15 were identified. In this data request, investment firms were asked to indicate whether they utilize each of the following strategies and were given the opportunity to describe any additional diversity and inclusion practices. The two most implemented practices and policies were: (1) connecting with diverse communities; and (2) recruiting diverse talent.

Table 14. Top Five Common Investment Firm Diversity Practices and Policies in 2020

Diversity and Inclusion Practice	Total Asset Manager Firms with Practice
Connecting with diverse communities	31 (100%)
Recruiting diverse talent	31 (100%)
Monitoring and evaluating performance under its diversity policies and practices on an ongoing basis.	30 (97%)
Collecting gender pay equity data and efforts to close the gender pay gap	29 (94%)
Using enhanced interview tactics	27 (87%)

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm Diversity Data.

Connecting with Diverse Communities. All firms that responded to the diversity and inclusion survey items acknowledged the importance of connecting to the diverse communities that they serve. Some firms reported working with outside organizations dedicated to the advancement of women and people of color to enhance the diversity efforts of their organizations. Some firms mentioned external partnerships with affinity groups for the purpose of creating a pipeline program to recruit diverse talent. For example, MassMutual stated that they worked with external racial equity and justice organizations to “address the racial wealth gap and income disparities by providing access to capital and resources to Black-owned businesses and by supporting agencies with increased recruitment, marketing, and business development opportunities for our Black and African American agents.” Additionally, a few firms mentioned donating, or pledging to donate, funds to organizations focused on racial equity or social justice. For example, both Vanguard and T. Rowe Price donated money to support racial equity organizations including, the Equal Justice Initiative, NAACP Legal Defense Fund, Leadership Conference Education Fund, and Asian Americans Advancing Justice.

Recruiting Diverse Talent. Of the firms that responded to the diversity and inclusion survey items, 83% indicated that they engaged in efforts to recruit and hire diverse employees in 2016. This average increased to 100% in 2020. Most firms engaged in efforts to recruit diverse talent through a variety of methods such as partnerships with external

⁶⁸ *Id.*

minority and women organizations (100%) as well as Historically Black Colleges and Universities (HBCUs), Minority-Serving Institutions (MSIs) and Women Serving Institutions (94%). Many firms (94%) indicated that they communicate employment opportunities through media predominately serving people of color and women. Additionally, 94% of firms indicated participation in conferences, workshops, and other events to attract people of color and women and to inform them of employment and promotion opportunities.

Monitoring and Evaluating Performance of Diversity Policies and Practices on an Ongoing Basis. Most firms (94%) that responded to the inquiry, reported engaging in evaluations of their diversity and inclusion programs and initiatives for the year 2020; this percentage increased from 74% in 2016. Some firms acknowledged routine conversations with firm leaders about progress towards goals. For example, BlackRock noted that the firm engages in a Quarterly Business Review in which they have focused conversations with each business about their plans and progress. Firms used a variety of approaches to evaluate and monitor their diversity and inclusion performance. Specifically, 94% of firms use qualitative measures (e.g., interviews and surveys) and 100% of firms use quantitative measures (e.g., hires, promotions, separations, career development, and retention) to assess the effectiveness of its workforce diversity and inclusion efforts in its employment activities.

Collecting Gender Pay Equity Data and Efforts to Close the Gender Pay Gap. According to the Center for American Progress, collecting information regarding pay equity is crucial in mitigating the gender pay gap.⁶⁹ Across the firms that responded to this request, 94% of firms collect data on gender pay equity and efforts to close the gender pay gap in 2020; this percentage increased significantly from 61% in 2016.

Using Enhanced Interview Tactics. A vast body of research has found that the interview process can be biased and discriminatory.⁷⁰ As illustration, a study cited in the Harvard Business Review examined the effects of having more than one woman in the finalist pool for a hypothetical position, with an average finalist pool size of four candidates. Having at least two women in an interview pool increased the odds of a woman being chosen for the position by 79 times. However, even having three women candidates, or 75% of finalists, in a pool of four finalists resulted in only a 67% likelihood of a woman being hired for the position. While this was a significant increase from the abysmal 0% likelihood of a woman being hired when she was the only woman in a group of four candidates, it is indicative of gender discrimination.⁷¹ Enhanced interview tactics refer to different strategies that companies utilize to eliminate bias in the interview process to create more opportunities for women and people of color to be considered and selected for positions and promotions.⁷² Responses to the Committee's data request show that 84% of firms

⁶⁹ Center for American Progress, Jocelyn Frye, [Why Pay Data Matter in the Fight for Equal Pay](#) (Mar. 2, 2020).

⁷⁰ Sarah Green Carmichael, [Study: Employers Are Less Likely to Hire a Woman Who Wears a Headscarf](#), *Harvard Business Review* (May 26, 2017).

⁷¹ Stefanie Johnson, David Hekman and Elsa Chan, [If There's Only One Woman in Your Candidate Pool, There's Statistically No Chance She'll Be Hired](#), *Harvard Business Review* (Apr. 26, 2016).

⁷² U.S. House Committee on Financial Services, [Diversity and Inclusion: Holding America's Large Banks Accountable](#) (Feb. 2020).

implemented enhanced interview tactics in 2020; this average increased from 59% in 2016.

2. Practices to Support Inclusion

Whereas *diversity* practices and policies focus on increasing representation of historically underrepresented groups (e.g., recruiting diverse talent, increasing board diversity, increasing supplier diversity), *inclusion* focuses on ensuring that an environment is safe and welcoming for employees once they enter the company. Without inclusion, it is not only difficult to retain a diverse workforce, but it also prevents underrepresented group members from performing at their highest ability.⁷³ Firms were asked to describe additional diversity and inclusion practices that they have implemented. Below are inclusion practices highlighted by firms:

Providing Diversity Training. Diversity trainings are generally aimed at encouraging intergroup interactions and identifying, understanding, and reducing prejudice and discrimination both personally and in the workplace. Based on responses to the Committee’s data request, a few firms engaged in a variety of diversity trainings including implicit bias trainings, cultural competence trainings, allyship workshops and racial equity trainings.



Celebrating Cultural Holidays. Several firms stated that they celebrate diverse holidays that are important to their employees. For example, Invesco and Northern Trust both celebrated Juneteenth as a holiday and offices closed early on that holiday; this policy was implemented before Juneteenth became a federal holiday on June 17th. 2021. Federated Hermes mentioned promoting diversity focused holidays such as Veterans Day.

Race Related Dialogues Among Employees. Findings from a recent report by The Society for Human Resource Management found that there is an increasing need to have awareness about racial inequality in the workplace.⁷⁴ A few firms indicated in their responses to the Committee’s data request that they are having dialogues about racial injustice within the workplace. For example, Nuveen stated that they held an enterprise-wide call attended by nearly 7,000 associates and the CEO that centered around how the firm can be more inclusive and anti-racist going forward. T. Rowe Price stated that they offered restorative listening circles for Black associates and workshops to help all associates deepen their allyship behaviors following the murder of George Floyd and unrest that followed in 2020. Additionally, Wellington Management launched a ‘Becoming Allies Group’ to focus on racial equity and offered a safe space of courage conversations.

Transgender and Gender Non-conforming Workplace Policy. A few firms indicated in their responses to the Committee’s data request that they have specific inclusion policies

⁷³ Erica Volini et al., *Belonging: From Comfort to Connection to Contribution*, Deloitte (May 15, 2020).

⁷⁴ *The Journey to Equity and Inclusion*, The Society for Human Resource Management (Jun. 25, 2020).

around transgender and gender non-conforming employees. Namely, Nuveen stated that they have guidance for associates who have plans for, or are in the process of, transitioning, including a three-part manager training and checklist advising them on how to create a supportive environment for a transitioning associate. Northern Trust shared that they introduced the option for employees to add pronouns in their email signatures in addition to pronouns & gender-inclusive language training to promote inclusion of gender identity and expression.

Policies Related to Pandemic and Social Justice Concerns. In the wake of the COVID-19 pandemic, as well as racial injustice exemplified by the murder of George Floyd, a few firms stated that they adopted policies to promote inclusion among employees. For example, Wellington Management stated that they implemented remote/flexible work guidance, resources, and mental health wellness speakers to address COVID-19 and social justice concerns. Similarly, Federated Hermes implemented a flexible work arrangement program to promote inclusion and provide greater flexibility for women in the workforce.



Creating Employee Resource Groups (ERGs). ERGs are employer recognized groups of employees who share common concerns such as race, gender, sexual orientation, or other similarities. Federated Hermes noted they launched a Women in Investing Employee Resource Business Group. Principal stated they restructured their ERGs to help ensure connectivity to the global inclusion strategy and to better engage employees worldwide.

3. Challenges in Implementing Diversity and Inclusion Goals and Initiatives

The Committee's 2020 report, *Diversity and Inclusion: Holding America's Large Banks Accountable*, identified nine common challenges in implementing diversity and inclusion goals and initiatives. This year Chairwoman Waters, and Chair Beatty asked the investment firms to indicate whether they experience similar challenges as identified in the 2020 report.⁷⁵ The two most cited challenges to the implementation of diversity and inclusion goals were: the competition for diverse talent with science, technology, engineering, math (STEM), and finance related expertise, and geographical limitations. Table 15 provides a list of the top two challenges and the corresponding number of firms to which each challenge applies.

⁷⁵ Majority Staff, of House Committee on Financial Services, [Diversity And Inclusion: Holding America's Large Banks Accountable](#) (Feb. 2020).

Table 15. Challenges in Implementing Diversity and Inclusion Goals and Initiatives

Diversity and Inclusion Practice	Total Asset Manager Firms with Challenge (% of responding firms)
Competition for talent in STEM/Finance	26 (84%)
Geographical limitations	21 (68%)

Source: U.S. House Financial Services Committee Staff Analysis of Investment Firm’s Diversity Data

Competition for Talent in STEM/Finance. Most firms that responded to the inquiry (84%), indicated that a key challenge in implementing diversity and inclusion practices is a belief that they are competing for the same small pool of diverse talent within the STEM and finance fields. These challenges are similar to those reported by bank holding companies from the Committee’s 2020 report, *Diversity and Inclusion: Holding America’s Large Banks Accountable*, which found that banks identified competition for talent as the largest challenge to diversity and inclusion.⁷⁶ As indicated by investment firms that responded to this request, this challenge has expanded overtime. Data responses for 2016 indicate that 24 firms (77%) noted that this was a challenge, which increased to 84% by 2020. Despite firms believing that diverse STEM talent is scarce, expert testimony from a 2020 Subcommittee on Diversity and Inclusion Hearing on promoting inclusion in the workforce highlighted that talent pools for women and minorities are increasing, but financial institutions must leverage diverse talent pools by implementing a variety of diversity and inclusion strategies, including creating pathways for diverse talent, mentorship, and sponsorship, as well as creating diverse candidate slates.⁷⁷

Geographical Limitations. Most firms that responded to the Committee’s inquiry (68%), indicated that a lack of diversity within their geographic region made it difficult to recruit and hire diverse talent.

Despite most firms being headquartered in racially diverse cities, many of the investment firms indicated that geographic region was a barrier to recruiting diverse talent. Five firms that are in majority people of color cities, including Newark, Baltimore, Chicago, and New York City said that the geographic location of the firm was a limitation in diversifying their staff. As shown in Figure 11 research conducted by the Financial Services Committee found half of asset management firms that responded to the request are headquartered in cities in which people of color make up 50% or more of the



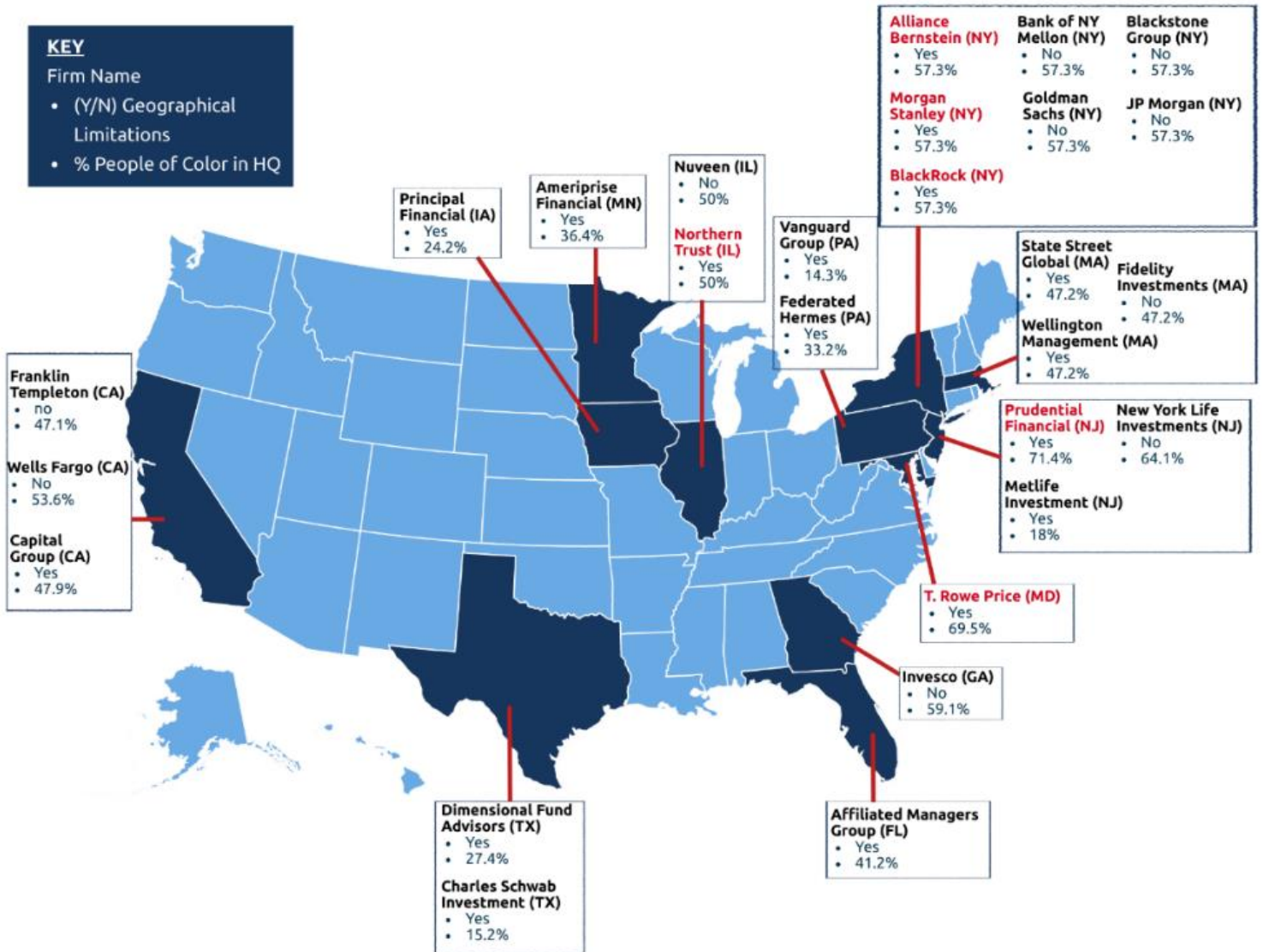
Despite most firms being headquartered in racially diverse cities, many of the investment firms indicated that geographic region was a barrier to recruiting diverse talent.

⁷⁶ *Id.*

⁷⁷ House Financial Services Committee, Subcommittee on Diversity and Inclusion Hearing, [Promoting Inclusion: Examining the Diversity Practices of America’s Workforce](#), (Oct. 17, 2020).

population. Despite significant diversity in the demographic composition of the city where their headquarters are located, 42% of these firms indicated that its geographic location limits them from recruiting diverse talent.

Figure 11. Racial Demographics of Firm Headquarters



Note: Firms in red indicated that geographical location was an issue to recruiting diverse talent and are headquartered in cities with at least 50% people of color.

Source: U.S. Census Bureau.⁷⁸

⁷⁸ United States Census Bureau, *Quick Facts United States* (Jul. 1, 2019).

IV. Recommendations and Legislative Proposals to Improve Diversity and Inclusion

Based on this report's findings, the Committee staff identified the following recommendations as opportunities for firms to pursue; and legislative proposals for Congress to promote transparency and accountability in the advancement of diversity and inclusion.



Workforce Diversity Recommendations:

- Investment firms should collect disaggregated data regularly on workforce, executive and board diversity, as well as conduct regular audits on pay and racial equity.
- Investment firms should partner with historically Black colleges and universities, minority serving institutions and community colleges to build talent pipelines into these organizations.

Findings related to workforce diversity demonstrated that the investment firms that responded to this inquiry lacked diversity at various staff levels, on their boards and among their chief executive officers. An important first step in addressing issues of demographic representation is collecting data regularly. The OMWI office at the SEC asks all regulated entities under its jurisdiction to complete a voluntary diversity assessment every two years. However, the response rate is abysmal. By amending the Dodd-Frank Act regulated entities would be compelled to provide this information which is essential in maintaining and enhancing public accountability and transparency.

Representation is only half of the solution, as it is imperative that all staff, regardless of their gender, race or ethnicity are paid equitably. Research has indicated that the financial services sector has the largest pay gaps, compared to all other industry sectors.⁷⁹ Achieving pay equity creates an inclusive and fair environment so that employees receive equal pay for equal work. Pay equity audits can decrease compensation gaps for women and minorities versus their counterparts that limit their ability to build wealth and experience full inclusiveness in the workplace.

Racial equity audits are an important tool to assess institutions' internal and external policies that may be limiting their diversity and inclusion success. An equity audit promotes transparency around institutions' pay, hiring, retention, and promotion by race and gender, as well as leadership and board diversity.

Findings related to diversity and inclusion policies and practices also found that many of the firms that responded to this inquiry, shared the belief that there was a lack of qualified diverse talent in their communities, even when these communities are overwhelmingly diverse.

⁷⁹ ADP, [2019 State of the Workforce Report](#) (Apr. 2019)

The following five legislative proposals would promote diversity and pay equity.

- Legislative Proposal 1: H.R.2123, Diversity and Inclusion Data Accountability and Transparency Act (Rep. Beatty). This bill makes reporting requirements under Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 mandatory. Under the draft bill, regulated entities, including investment firms, would be required to disclose their diversity policies and practices to their respective regulators.
- Legislative Proposal 2: A bill to amend the Securities Exchange Act of 1934 to require issuers to report information relating to gender and racial pay equity, and for other purposes.⁸⁰ This discussion draft would require issuers, including investment firms, filing to the Securities and Exchange Commission to conduct an audit on gender and racial pay equity with respect to the compensation of the employees every two years and disclose the results every two years on their Form 10-K.
- Legislative Proposal 3: A bill to amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to require certain pay equity audits, and for other purposes.⁸¹ This discussion draft would require the Offices of Minority and Women Inclusion at the federal financial regulatory agencies to conduct internal pay equity audits every two years and to report those findings to Congress.
- Legislative Proposal 4: A bill to amend the Securities Exchange Act of 1934 to require covered issuers to carry out a racial equity audit every 2 years, and for other purposes.⁸² This discussion draft would require public companies to conduct an independent audit assessing: the issuer's policies and practices on civil rights, equity, diversity, and inclusion; how such policies and practices affect the issuer's business; and whether the issuer had direct or indirect ties to or profited from the institution of slavery. Issuers must report assessment findings through its filings and on the company website. To the extent that these institutions did have ties to or benefitted from slavery, they would be required to disclose what steps they have taken to repair and compensate for community or individual injury. Additionally, the bill establishes the Office of Reparations Programs within the Treasury and authorizes \$3 billion towards down payment assistance, homeownership, startup capital, and funded savings programs for Black communities, as well other programs determined appropriate by the Secretary in furtherance of racial equity.
- Legislative Proposal 5: This proposal would create a program at a governmental entity to support the diversification of the regulated investment firm industry, helping create a

⁸⁰ This discussion draft was considered at a subcommittee on Diversity and Inclusion hearing entitled "[Closing the Racial and Gender Wealth Gap Through Compensation Equity](#)" on Apr. 29, 2021.

⁸¹ *Ibid.*

⁸² This discussion draft was considered at a subcommittee on Diversity and Inclusion hearing entitled "[The Legacy of George Floyd: An Examination of Financial Services Industry Commitments to Economic and Racial Justice](#)" on Jun. 29, 2021..

workforce pipeline program that provides an onramp for graduates of minority serving institutions and others into the financial services industry.

Board and Executive Leadership Diversity Recommendation:

- Investment firms should consider at least one diverse candidate for all executive positions and board positions when there are openings.

Findings related to diversity and inclusion policies found that while many firms have policies and practices to support diversity and inclusion, there are still gaps. Firms need to consider a new way of doing business when selecting board members.

The following legislative proposal would increase transparency of boards of directors and provide resources to regulated entities on how to build more diverse boards. By collecting this data regularly and requiring the disclosure to the public of such data, firms will be held to account for the lack of representation of women and people of color in executive management on their boards.

- Legislative Proposal 6: H.R. 1277, Improving Corporate Governance Through Diversity Act of 2021 (Rep. Meeks). This bill would require public companies to annually disclose the voluntarily, self-identified gender, race, ethnicity and veteran status of their board directors, nominees, and senior executive officers. Among other requirements, the SEC OMWI would publish best practices for compliance with diversity disclosures.

Procurement Diversity Recommendations:

- Investment firms should consider diverse suppliers whenever a procurement takes place, especially when contracting for asset managers.
- Investment firms should develop pipeline programs for diverse asset managers to manage increasingly larger portfolios.

The Committee's findings related to diverse asset managers demonstrate that few firms are utilizing diverse suppliers, and most firms reported spending a minimal amount with diverse asset managers. This is due to many factors, one of which may be the initial consideration of diverse asset managers. Investment firms should also develop pipeline programs for diverse asset managers to manage increasingly larger portfolios, including federal government retirement plans. Lastly, findings related to asset management diversity found that few firms are utilizing diverse suppliers, and most firms reported spending a minimal amount with diverse asset managers.

The following legislative proposals would help to address these issues by requiring that diverse asset managers are considered for opportunities and developing a mentor protégé program that will help smaller and minority- or women-owned firms grow.

- Legislative Proposal 7: *The Diverse Investment Advisers Act* (Rep. Beatty).⁸³ This discussion draft would require companies that register and are registered with SEC to consider at least one diverse asset manager when contracting out for asset management services and report to the SEC on the extent to which they use diverse asset managers.
- Legislative Proposal 8: This proposal would direct the Securities and Exchange Commission to create a mentor-protégé program, similar to programs at the Treasury Department, whereby large asset managers would partner with small asset managers to strengthen their competitiveness and growth.

⁸³ This discussion draft was considered at a subcommittee on Diversity and Inclusion hearing entitled "[By the Numbers: How Diversity Data Can Measure Commitment to Diversity, Equity and Inclusion](#) " on Mar. 18, 2021.

Appendix I: Total Assets for Americas Largest Investment Firms

Firm Name	Total Assets in US \$ Millions
BlackRock	7,429,632
Vanguard Group	6,151,920
State Street Global	3,116,424
Fidelity Investments	3,043,134
J.P. Morgan Chase	2,364,000
Capital Group	2,056,991
Bank of New York Mellon	1,910,000
Goldman Sachs	1,859,000
Prudential Financial	1,550,982
Northern Trust	1,231,300
Invesco	1,226,173
T. Rowe Price	1,206,800
Wellington Management	1,154,735
Morgan Stanley	1,131,824
Wells Fargo	1,091,100
Nuveen	1,060,770
Legg Mason	803,534
Ameriprise Financial	778,100
Principal Financial	735,300
Affiliated Managers Group	722,500
Franklin Templeton	698,305
AllianceBernstein	622,915
Dimensional Fund Advisors	609,337
MetLife Investment	600,030
New York Life Investments	596,573
Geode Capital Management	584,279
Federated Hermes	575,874
Blackstone Group	571,122
MassMutual	567,000
Eaton Vance	518,600
Charles Schwab Investment Management	487,100
Total:	\$ 47,055,354

Source: Willis Towers Watson⁸⁴

⁸⁴ [The world's largest 500 asset managers | Joint study with Pensions & Investments.](#) Thinking Ahead Institute, (Oct. 2020).

Appendix II: Methodology

Summary of Diversity Data Request

Chairwoman Waters and Chair Beatty asked investment firms with assets over \$400 billion (31 total) to report and comment on their diversity and inclusion data and practices. The request included a self-assessment of data and activities ranging from 2016-2020 and solicited a mix of quantitative and qualitative responses. Investment firms were encouraged to contact Committee staff for clarification on the request.

In total, 28 investment firms responded to Chairwoman Waters' and Chair Beatty's request for information.⁸⁵ Two firms, Legg Mason, and Eaton Vance, were recently acquired by larger firms, Franklin Templeton, and Morgan Stanley, respectively, and did not submit data. Three firms, Morgan Stanley, Prudential, and Affiliated Managers included data from their subsidiaries. Therefore, the analysis of survey responses includes 31 data points.

After receiving firm responses, the U.S. Government Accountability Office provided technical assistance on the initial cleaning and analysis of the data. Committee staff then analyzed the content of the investment firms' responses to develop additional descriptive statistics and conclusions. Qualitative responses were also analyzed by Committee staff to identify common themes among investment firms' diversity and inclusion practices as well as highlight common challenges to implementing diversity initiatives.

Committee staff were interested in investment firms' public statements that made commitments to racial equity following the murder of George Floyd, in May 2020. Committee staff compiled a list of these commitments based on the following criteria: firms mentioned George Floyd, or the current state of racial justice in the United States more broadly; the statement was public, or firms sent committee staff internal correspondence that was sent to all employees within the firm; the statement was made roughly between (May 2020 - August 2020); the statement falls into at least one of the categories of commitment: increasing workforce diversity, increasing board diversity, implementing diversity and inclusion policies, and increasing procurement/supplier diversity.

Limitations on Scope of Analysis

The scope of staff analysis was limited by incomplete responses from firms. While there was missing data in workforce and board diversity responses from 2016-2020, the missing data regarding diverse suppliers and procurement was particularly notable. In some responses, firms indicated that this data was not tracked. In other responses, firms did not give a reason for their lack of response. This made it unclear as to whether some firms were intentionally obfuscating their procurement and supplier diversity information or whether there was another reason for their lack of response.

⁸⁵ Due to an administrative error, one firm with assets above \$400 billion — Geode Capital— did not receive the request. The Committee is in communication with the firm to gather data and will update this report accordingly.

Appendix III: Glossary of Terms

Gender: For the purposes of this analysis, gender is treated as binary (male/female). “Male” and “Female” are defined at the discretion of the asset manager, though many indicated that this was self-reported information. At times, men and women are used to describe groups of persons who identified as male or female.

Investment firms: For-profit organizations that are SEC registered persons and the entities they work for and regulated pursuant to the Investment Advisers Act of 1940 and are responsible for managing investments on behalf of its clients, which includes investment managers, fund managers, and asset managers that are required to act as a fiduciary.

People of color: Individuals from any racial or ethnic group that is not White alone.

Race/ethnicity: Totals for the number of employees in each racial/ethnic category was defined at the firms’ discretion, though many banks indicated that this was self-reported information. For the purposes of this analysis, the following racial/ethnic categories were used:

Asian or Pacific Islander: Employees identifying their ethnicity as “Chinese-American,” “Korean-American,” “Japanese American,” “Middle Eastern,” “South East Asian,” “Indian-American,” “Native Hawaiian,” or “Pacific Islander;”

Black: Employees identifying as “Black” or “African American;”

Latinx: Employees identifying as “Latino” or “Hispanic;”

Indigenous: Employees identifying as “American Indian” or “Native Alaskan;”

Two or More Races: Employees identifying as two or more races.

White: Employees identifying as “White;”

Diverse/Diverse-owned: “Diverse” was defined at the firms’ discretion, though many institutions define “diversity” as belonging to any of these groups, including people of color, racial/ethnic minorities, women, veterans, LGBTQ+ individuals, persons with disabilities or other protected classes;

Women-owned: “Women-owned” was defined at the firms’ discretion, though it generally means majority ownership.

Underrepresented groups/persons: Used to describe the low representation of persons from certain racial, gender, and other social identity groups in a particular setting, relative to their proportion in the general population. For example, findings from this report suggest that Black individuals make up 3.4% of investment firm executives, but 13.4% of the United States population.

Appendix IV: Firms with Racial Equity Commitments

Firm Name	Commitment Made (Yes/No)	Link
Affiliated Managers Group	No	N/A
AllianceBernstein	Yes	https://alliancebernsteinholdinglp.gcs-web.com/static-files/db7ea078-2520-47f5-9c20-fb9e605cf153
Ameriprise Financial	Yes	https://www.ameriprise.com/about/responsible-business/message-from-ceo
Bank of New York Mellon	Yes	https://www.bnymellon.com/us/en/about-us/newsroom/company-news/through-diversity-and-inclusion-comes-understanding-and-strength.html
BlackRock	Yes	https://www.blackrock.com/corporate/about-us/social-impact/advancing-racial-equity
Blackstone Group	Yes	https://www.blackstone.com/insights/article/steve-schwarzman-and-jon-grays-statement-on-racial-injustices/
Capital Group	Yes	https://www.capitalgroup.com/about-us/news-room/we-must-do-better.html
Charles Schwab Investment Management	No	N/A
Dimensional Fund Advisors	No	N/A
Eaton Vance	Yes	https://twitter.com/EatonVance/status/1267846698035867648?s=20
Federated Hermes	Yes	https://www.federatedinvestors.com/insights/article/peaceful-protest-is-a-cornerstone-of-democracy.do?utm_source=twitter&utm_medium=social&utm_campaign=corporate
Fidelity Investments	Yes	https://www.linkedin.com/pulse/i-too-am-heartbroken-angry-racial-discrimination-continue-johnson/
Franklin Templeton	No	N/A
Goldman Sachs	Yes	https://www.goldmansachs.com/media-relations/press-releases/current/update-on-inclusion-and-diversity.html
Invesco	Yes	https://www.linkedin.com/pulse/pledging-our-support-address-social-injustice-marty-flanagan/?utm_content=mf_blog_socialinjustice_060120&utm_campaign=thoughtleadership&utm_medium=bitly&utm_source=Twitter
J.P. Morgan Chase	Yes	https://www.jpmorganchase.com/news-stories/message-from-jamie-dimon-and-brian-lamb?fbclid=IwAR0bqqPIE7tOKnojsH6UMMUkwWutK4VcGkORZmvEyJBsnF5Lha-SR9Ohdxc
Legg Mason	N/A	
MassMutual	Yes	https://www.linkedin.com/pulse/my-letter-massmutual-employees-our-commitment-roger-crandall/
MetLife Investment	Yes	https://twitter.com/MetLife/status/1267500880640835585
Morgan Stanley	Yes	https://www.linkedin.com/pulse/committing-diversity-inclusion-james-gorman/?trackingId=UKCDIjXWTG2e2JbezSR57Q%3D%3D&linkId=90166582

Firm Name	Commitment Made (Yes/No)	Link
New York Life Investments	Yes	https://www.newyorklife.com/newsroom/ted-mathas-uniting-against-racism?cmpid=osm_nr_cc_tw_na_na_na_na_na_na_na_60220
Northern Trust	Yes	https://www.northerntrust.com/united-states/pr/2020/commits-20-million-to-reduce-opportunity-gap
Nuveen	Yes	https://www.tiaa.org/public/about-tiaa/news-press/press-releases/pressrelease787.html
Principal Financial	Yes	https://www.ceoaction.com/actions/statement-from-principal-financial-group/
Prudential Financial	Yes	https://news.prudential.com/systemic-issues-require-systemic-solutions-lata-reddy-salene-hitchcock-gear.htm
State Street Global	Yes	https://www.ssga.com/library-content/pdfs/global/letterhead_racial_equity_guidance.pdf
T. Rowe Price	Yes	https://www.troweprice.com/content/trowecorp/us/en/press/press-release--t--rowe-price-commits--2-million-to-support-organ.html?id=89518
Vanguard Group	Yes	https://pressroom.vanguard.com/news/Press-Release-Vanguard-Announces-Support-Of-Historically-Black-Colleges-And-Universities-Impacted-By-Global-Pandemic-062620.html
Wellington Management	Yes	https://www.wellington.com/en/diversity-inclusion/path-forward-message-against-racism/
Wells Fargo	Yes	https://stories.wf.com/scharf-we-must-do-all-we-can-to-support-diverse-communities

Note: Many firms had multiple public commitments to racial equity, following the murder of George Floyd. However, this chart only contains one example from each firm who made a commitment, rather than an exhaustive list.

Appendix V: Firms Reporting Actual or Estimated Data

Investment Firm	Type of Data (Actual or Estimate)
Affiliated Managers Group	Actual
AllianceBernstein	Actual
Ameriprise	Mixed
BlackRock	Mixed
Blackstone	Actual
BNY Mellon	Actual
Capital Group	Actual
Charles Schwab Investment Management	Actual
Dimensional Fund Advisors	Actual
Federated Hermes	No Information
Fidelity	Actual
Franklin Templeton	Actual
Goldman Sachs	Actual
Invesco	Actual
JPMorgan Chase	Actual
MassMutual	Actual
MetLife	Mixed
Morgan Stanley	Actual
New York Life	Actual
Northern Trust	Mixed
Nuveen	No Information
Principal	Actual
Prudential	Actual
State Street	No Information
T. Rowe Price	Actual
Vanguard	Actual
Wellington Management	Actual
Wells Fargo	Actual

Note. *Mixed = A mix of actual and estimated information. No Information = No information provided*

Source: *U.S. House Financial Services Committee Staff Analysis of Investment Firm Data*

Appendix VI: Sample Letter to Investment Firms

MANDIE WATERS, CA
CHAIRWOMAN

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

PATRICK MCHENRY, NC
RANKING MEMBER

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 (%)	Please check this box if your firm does NOT track this information
1.5	Please include the number of staff and budget amount, and percentage of firm's budget dedicated to diversity staff and initiatives:				
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											
For the year reporting:	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?											