

2022 ANNUAL

# Report to Congress

Office of Minority and Women Inclusion



## 2022 CHICAGO FED OMWI REPORT

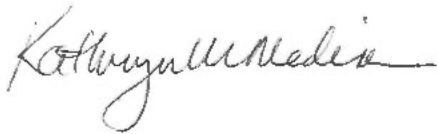
# Introduction

We are pleased to provide Congress the 2022 Annual Report of the Office of Minority and Women Inclusion (OMWI) from the Federal Reserve Bank of Chicago.

Our review of 2022 progress toward our diversity, equity and inclusion (DEI) and OMWI commitments reflects a successful year of embedding DEI into our work and delivering a culture that is inclusive for all.

Across the multiple disciplines that help us drive DEI – workforce planning, talent management, employee engagement, supplier diversity, social impact and community engagement – we are leveraging the best of System and local practices and initiatives to advance our DEI strategy.

We will continue to look for opportunities to improve, while celebrating our successes and keeping ourselves accountable.



Kathryn Medina, Executive Vice President  
OMWI Director



**Kathryn Medina**  
Executive Vice President,  
People & Culture  
Chief Human Resources Officer



# TABLE OF Contents

## *Executive Summary*

Accomplishments

Overview

4

4

4

### SECTION 1:

## *Minority and Women Employment*

Leadership Commitment

Federal Reserve System Efforts

Business Unit Consulting

Employee Engagement and Recognition

Industry Recognition

ESNG Event Programming

Promoting Staff Development

Leader Development and Support

Diversity Recruiting Efforts

Recruitment Partnerships

Internship Program

Internal Leadership Pipeline

5

5

6

6

7

7

9

9

11

12

12

14

15

### SECTION 2:

## *Supplier Diversity*

Overview

Successes

Challenges

Next Steps

16

16

17

19

19

### SECTION 3:

## *Financial Literacy and Community Outreach*

Outreach Council

Economic Mobility Project

Financial Services Pipeline (FSP) Initiatives

21

21

22

22

## *Appendices*

24



# Executive Summary

## Accomplishments

In early 2022, the Bank adopted a new strategic priority to **embed** DEI into everything we do. By prioritizing this work so prominently, we have seen work across the Bank progressing. Among our most notable achievements this year, we've been able to increase representation of people of color (POC) among our Bank Officers to 30% - exceeding our goal of 28%. We also launched a DEI Learning Curriculum in the spring of 2022 and have to date had 87% of Bank managers complete an inclusive leader assessment training, and almost half of all business units reach 100% completion rates for people leaders. These metrics reflect the significant progress we're making toward our DEI strategic goals.

## Overview

While 2022 heralded a return to the office experience and a growing sense of normalcy, significant workforce challenges remained.

Employees continued to deal with the lingering impacts of economic, social and political volatility. In the face of these persistent challenges, the Bank continued to deliver on its commitment to our employees' health and well-being, which included advancing a diverse, equitable and inclusive culture for all.

The work of our DEI Committee to identify and recommend solutions to eliminate barriers to inclusion and equity has led to significant changes in our talent practices, including a new Bank policy of posting all open Officer roles; creating a Sponsorship Program that pairs senior executives with mid-career managers;

and piloting a program to gather "upward" feedback on managers from their direct reports in order to better assess our leaders' core Bank competencies, including leading inclusively.

As a critical part of our DEI infrastructure, our employee support network groups (ESNGs) provided impactful programming and opportunities for learning and connection through hybrid and in-person events.

Our work outside the Bank has continued to focus on our strategic partnerships and supplier diversity efforts. Collectively, the Bank's DEI community partners continue to help us increase our diverse talent pool, provide learning and development opportunities to our Bank staff, and create positive impact in the communities we serve.

All of this great work is the result of a committed workforce made up of leaders at all levels, including the Executive Committee, business line Officers, the Bank Operating Committee, DEI Committee and Talent Committee, our ESNGs, and our People & Culture team who work every day to deliver on our DEI vision:

*"To be a great place to work by building and growing a workforce as diverse as the communities we serve, ensuring that our culture is inclusive and equitable for all."*

## SECTION 1:

# Minority and Women

## EMPLOYMENT

### *Leadership Commitment*

#### **Executive Committee**

The Bank's Executive Committee (EC) continued its commitment to advancing an inclusive culture and developing diverse talent in 2022 by tying their annual incentives to results based on the EC's high priority initiatives (HPIs). 2022 HPIs focused on three key areas to drive DEI across the Bank. They included:

- **Driving progress on the Bank's DEI priorities.** Each member was required to monitor, analyze and report to the President and First Vice-President on their business lines' workforce data, including plans for addressing gaps around representation, inclusion and/or equity.
- **Advancing and supporting the DEI and Talent Committee work.** This consisted of approving three key changes to our culture and talent policies and programs, including establishing a Sponsorship Program, requiring posting of all Officer-level vacancies, and supporting an upward feedback pilot program for managers on their leading inclusively competency.
- **Continuing EC's leading inclusively journey and education.** The EC worked with the NOVA Collective, an external DEI consulting firm, to continue to build their own leadership competencies around inclusion and equity at the Bank.

### DEI Committee

In 2022, the DEI Committee was focused on implementing three key recommendations that arose from the 2021 culture and talent audit the Committee led. Those recommendations included:

- Establishing a diverse sponsorship program;
- Enhancing transparency in posting and promotion criteria for Bank Officer roles; and
- Developing a 360-feedback pilot program to ensure leaders get feedback from all levels, particularly their direct reports, on how they lead inclusively.

DEI Committee members continued to serve as liaisons between their respective EC members and the DEI team. This close partnership ensured that DEI action planning for the respective areas aligned with the Bank's DEI Strategy. This alignment helped the Bank not only meet our representation goals but exceed them in 2022.

### *Federal Reserve System Efforts*

The Bank actively participated in efforts at the Federal Reserve System (System) level through the Conference of First Vice Presidents (CFVP). In 2022, the CFVP's "Advancing DEI Together" workgroup continued their efforts to improve diverse representation within the talent

pool and pipeline of candidates for future senior Officer positions (Senior Vice President and above). Kathryn Medina, Executive Vice President and OMWI Director, is a member of this workgroup where she plays an active role in driving the group's framework for making progress on the System's DEI objectives, which include more transparency and data sharing across all Reserve Banks to help support and hold each other accountable. Furthermore, this System initiative guides our local efforts and commitment to having a diverse workforce and an inclusive and equitable place to work. Mark Hands, Associate OMWI Director and Supplier Diversity Director, participates in the OMWI Council's Supplier Diversity Workgroup and System's Supplier Diversity Workgroup. Our involvement with both workgroups continue to provide the Bank with avenues for partnership across the System and the ability to support the System's HPIs focused on the fair inclusion and utilization of minority and women-owned businesses (M/WBEs).

### *Business Unit Consulting*

People & Culture's HR Business Partners and DEI consultants continued partnering with Bank business units to develop specific DEI strategies for their employees. These consultations leverage key people metric data and analysis prepared by the DEI team to identify the strengths, weaknesses, opportunities and threats of the Bank's business units so that meaningful action can be taken.

## Employee Engagement and Recognition

As a People & Culture team, we monitor and measure how employees experience DEI at the Bank, most specifically through the inclusion index on our Bank-wide engagement survey. As we returned to the Bank in 2022, People & Culture was unsure how employees would respond to and acclimate to hybrid work, and the subsequent impact to our culture, employee experience and DEI goals. To better understand the implications, our 2022 pulse surveys focused on understanding how employees were adjusting to the new flexible, hybrid work model, while closely monitoring engagement and exit interview survey data to identify common themes, trends and potential risks, particularly for women and POC.

### Inclusion Index

In October, employees participated in an engagement survey to measure our DEI and employee satisfaction. With its first baseline established in September 2021, the Inclusion Index calculates four key dimensions: belonging, authenticity, care, and purpose. In November 2022, our Inclusion Index increased to 76, a two-point jump from the previous year. These dimensions help the Bank benchmark progress toward creating and maintaining an inclusive culture.

### Recognition

The Bank underwent another successful awards season, including sustaining the enhanced changes implemented in 2021. In addition, diverse review groups continued to

ensure their perspectives aligned with the Bank’s values; members ensured selections were fair and equitable. In 2022, we saw an increase in nominations and awards received by our female employees since the DEI-focused changes were implemented.

## Industry Recognition

### Human Rights Campaign: Corporate Equality Index Score

For the seventh consecutive year, the Bank scored 100% on the Human Rights Campaign (HRC) Foundation’s 2022 Corporate Equality Index (CEI). This recognizes work done throughout the Bank in partnership with Spectrum, the Bank’s LGBTQ ESNG. CEI recognition signals the Bank’s commitment to LGBTQ rights and inclusion amongst current and prospective employees.



2022 Best Places to Work Award from the Human Rights Campaign Foundation

### Chicago United: Championship Team Award

Due to the Bank's deep commitment with Chicago United and our engagement in its learning programs, the Bank was named Chicago United's Championship Team in early 2022. Chicago United, a long-time Bank strategic partner, is a local organization dedicated to achieving parity in economic opportunity for POC by advancing multiracial leadership in corporate governance, executive level management, and business diversity.



2022 Championship Team Award

### Crain's Chicago Business: Mark Hands Notable Executives Award

Mark Hands was named one of Crain's 2022 Notable Executives in HR and DEI. As Director of Supplier Diversity, Mark has created and executed many initiatives throughout the System and is making tremendous efforts in the DEI space. Crain's Chicago Business is a local news publication focused on analysis and information on business in metropolitan Chicago for decision-makers in the private and public sectors.



Mark Hands, award winner of Crain's 2022 Notable Executives in HR and DEI, and members of the DEI team



## ESNG Event Programming

The Bank's ESNGs, eight diversity-oriented affinity and inclusion groups, continued to play a key role in advancing an inclusive culture. Many of the Bank staff participate in ESNG programming. Examples of 2022 ESNG events included:

- A January gathering focused on community service in honor of Dr. Martin Luther King Day of Service.
- A March Women's History Month capstone event highlighting women Leaders of Color and their experiences as Bank employees.
- An April cross-ESNG collaborative challenge that focused on patronizing M/WBEs.
- A July membership meeting titled *Hispanic Impact on the US Economy* to provide insight into how the Hispanic community positively affects the US economy.

Additionally, due to ESNGs adding representatives from the Des Moines office and Detroit branch to their respective boards, an increase in employee engagement from both offices has been seen.

## Promoting Staff Development

### Internal Learning and Development Opportunities: Developing DEI Skills and Acumen

The Seventh District offered programming to support growth and development. Synchronous and asynchronous options were provided to employees to develop their core competencies and prepare for their development conversations with direct managers. The Bank also piloted an experiential mentoring program that matched individual contributors with mentors from across the Bank. The mentoring program was designed to give employees an opportunity to develop their competencies by learning from their peers while also helping them connect with others.

The DEI and Learning and Development (L&D) teams partnered to align the Bank's DEI Strategy with tailored, meaningful learning and development efforts in the form of a newly developed DEI Learning Curriculum, which launched to the Bank in the spring 2022. The launch included over 12 DEI topics with various types of learning opportunities of which over a quarter of all employees participated in. DEI topics covered included: the business case for DEI; allyship; inclusive leadership; and psychological safety. Also included in the curriculum was the Korn Ferry Inclusive Leadership Assessment.

This assessment allowed people leaders to further build their inclusive leadership skills and behaviors and explore targeted microlearning modules to meet each leader's learning needs. This learning curriculum is helping advance our DEI Strategy by giving employees the tools and opportunities that help drive meaningful change within the organization and themselves.

### External Learning and Development Opportunities

Our work with our external community partners furthers our DEI efforts and supports learning and development. Below are a few key external programs and initiatives we partnered with in 2022:

**Chicago United**, a Bank strategic partner, spearheads the Corporate Inclusion Institute (CII) to expand organizational capacity for inclusion through the development and retention of critical, diverse talent. Over a period of nine months, participants engage in a comprehensive and curated set of learning opportunities, including assessments, academic sessions, workshops, coaching and more. The Bank has participated in this program since its 2019 launch. In 2022, the Bank participated in CII, with seven clusters (groups of four employees) represented. This represents 26 unique participants. One of the Bank's

most robust partnerships is with the **Hispanic Alliance for Career Enhancement** (HACE). Each year, the Bank identifies emerging leaders to participate in "Mujeres de HACE," HACE's women's professional and leadership development program geared to empower high-potential Latinas to succeed professionally and thrive personally. The Bank sent three Latinas to this program in 2022 and has committed to sending an additional three Latinas to the program in 2023.

The Bank also built on its partnership with the **Chicago Urban League** and committed to sending employees through their IMPACT program, a nine-month long, highly selective leadership development cohort of Black young professionals. Earlier this year, two Bank leaders completed their cohort experience. In September of 2022, one Bank leader was selected for the IMPACT program, which will contribute to their growth and ideally lead to retention and promotion. The Bank also continued its work with **Out & Equal**, a global LGBTQ organization focused on workplace equality. It also provides learning and development opportunities for various Bank employees, including members of the Spectrum (LGBTQ) ESNG. In 2022, three employees of color (including one who identifies as LGBTQ) were selected to participate in Out &

Equal’s Leadership U for Humanity, a leadership program for professionals of color. Additionally, one Bank employee was accepted into the Diverse Leaders Fellowship, a program that aims to increase the pipeline of out early- and mid-career underrepresented LGBTQ talent in Fortune 500 companies. Finally, the Bank expanded its programming with the **Sadie Collective** to include a new event: “Careers at the Chicago Fed – Perspectives of Black Women Panel.” The event drew over 100 total registrants.



*Sadie Collective and Chicago Fed “Exploring Career Pathways in Economics and Related Fields Conference”*

## *Leader Development and Support*

**Leader Labs Aside from courses across a variety of areas including DEI**, the L&D team provided opportunities for leaders to further engage with the topics introduced through their Leader Lab offerings, informal community learning opportunities that cultivate a growth mindset and learning culture. The following programs are targeted toward senior manager and officer level participants:

**The System Leadership Initiative (SLI)**, a System-wide function based in our District, continued to offer its talent exchange program and leadership conference programming and added resources to The Leaders’ Library, a site for all employees, sharing valuable curated content from the conferences. Opening up conference content to all employees continues to be an inclusive step to expand SLI’s reach and development opportunities. The SLI also continues to offer Speakers’ Series sessions, recognizing that people leaders need as much support as possible in supporting their employees and teams to ensure resiliency, development and ongoing engagement. Conference programming included wrapping up multiyear Thrive and Senior Leadership experiences as well as launching the next Navigate conference. All Banks ensure a diverse slate of conference attendees given how critical this programming is to diversify the System leadership pipeline. Lastly, the SLI also continued its Executive Exchange program, which is focused on development of women and minorities for executive leadership roles around the System.

**The CFVP Rotational Program** is designed to cultivate a strong and diverse System candidate pool for senior executive positions that provides key opportunities and experiences to better prepare senior executive candidates. The opportunities and experiences include shadowing of System leaders, gaining exposure to unique or strategically important lines of businesses, and/or performing an important role on a key System project and are viewed as a complement to the System Leadership Exchange Program.

### *Diversity Recruiting Efforts*

This year the Bank participated in 16 recruiting events (refer to appendix for list of events) and continued executing on our multiyear efforts to engage and attract a diverse pool of applicants. The DEI and Talent Acquisition teams partnered on a variety of outreach and engagement initiatives to enhance our current diversity recruiting strategies to support the goals of increasing POC representation at Officer and Knowledge Leader job levels, and addressing hiring opportunities and promotions into underutilized job groups for mid-career POC.

To meet these goals moving into 2023 and beyond, we are maintaining our focus on improved external marketing and branding; enhanced training and development opportunities around bias mitigation and equity for Hiring Managers and interview panelists; standardized hiring processes and training; and strengthened strategic processes for integrating our strategic community partners.

The Intern Diversity Recruiting Taskforce, established in 2020, led our recruiting efforts to support a racially diverse intern population in 2022. The Bank continued to strategically target colleges and universities within the Seventh District and national Historically Black Colleges and Universities. We built relationships with career centers and professors. In late 2021 and early 2022, recruiters attended nine events to recruit for summer 2022 interns. These events included diversity fairs, virtual recruiting events, and an event specific to all Bank community and DEI strategic partners.

### *Recruitment Partnerships*

Partnership efforts continue to focus on utilizing and enhancing current partnerships that meet critical talent gaps for women and POC. The current 16 DEI community partners all serve to fulfill at least one of the three key goals:

1. Increase diversity recruiting;
2. Provide learning and development opportunities to current Bank staff (with a focus on marginalized talent); and/or
3. Have a positive impact in the communities we serve.

The Bank partners closely with each of the organizations to achieve those goals via career fairs, learning programs, job shadows for youth, volunteer opportunities, virtual events, and many other initiatives.

In 2021, the Bank onboarded two new partners: **Blacks in Technology (BIT)** and **Black Marketers Association of America (BMAA)**. The partnerships with both organizations grew and evolved in 2022. Notable highlights include the following:

- In 2022, the Bank attended six BIT career fairs, participated in a panel at the organization’s international conference, and provided learning opportunities for the organization’s membership through a System-sponsored symposium and workshops.
- The Bank held its first virtual event with BMAA. This event provided an overview of the various marketing and communications-focused areas of the Bank while providing some best practices for job searches. Additionally, BMAA’s job board was leveraged to promote open roles.

Additional highlights with Bank strategic partners that directly support recruiting include the following:

- The Bank partnered with the **Sadie Collective** on the third annual “Exploring Career Pathways in Economics and Related Fields Conference.” The event was held in a hybrid format for the first time. Attendees included industry experts and college students, as well as high school students, which is a new demographic for the conference. All attendees are being assessed for the Bank’s relevant openings (primarily summer interns and Research Assistants), which further diversifies the talent pipeline. The Bank also debuted “Careers at the Chicago Fed – Perspectives of Black Women Panel,” which highlight Black women in various departments at the Bank with the goal of sharing information on various careers paths and professional advancement for women in economics and related fields.
- The **Year Up** program at the Bank expanded due to the DEI team’s outreach and communication to Bank staff about the value and impact of the program. The Bank hosts Year Up students (diverse, opportunity youth) for a six-month period, but has traditionally only employed one or two per year. For the past three cycles, the Bank has hosted **a minimum of six students per cohort**. These cohorts participated in custom programming created to elevate their Bank experience. Programming includes panels with various business units and ESNGs as well as coffee chats with Bank leaders such as recently retired Bank President, Charles Evans, as well as Kathryn Medina.

o The Bank focused on converting Year Up students into full-time employees and contract employees, thus increasing the diversity of early career talent at the Bank. In fact, three of the six students in each of the past two cohorts (February 2022 and August 2022) were converted to full-time or contractor positions. Furthermore, one of our Year Up alums with a contract position at the Bank accepted a full-time offer. The DEI team continues to partner closely with students and all business lines to continue the success of the Year Up program, and to further diversify our talent pipeline with a proven source of exceptional, entry-level talent.

### *Internship Program*

2022 was an exciting and challenging year with the Bank completing its first hybrid intern program, with students working on-site at the Bank and from remote locations. We welcomed 57 students (undergraduate, graduate, and doctoral from approximately 50 schools across the country). Eight of the 2022 interns have already been converted to either contractors or full-time employees.

2022 was also the first year the Bank partnered with the **University of Chicago Odyssey Scholars Program**. The program provides support and opportunities to low-income students and first-generation students.

The Bank hosted 10 scholars across different functions including IT, People & Culture, Finance, and Cash Operations. Students participated in programming with traditional summer interns. During the Bank's 2022 summer intern program, the Odyssey Scholars class program had:

- Over half of the participants comprised of women (56% in 2022); and
- Forty-four percent of the class identified as Black or Asian.

Our recruiting efforts yielded a substantial increase in applications to our intern program, with overall applications up 61% over 2021. Black and Hispanic/Latino applications increased 51% over the last year. In the 2022 intern class:

- There was a slight decrease in Black hires (- 1% from 2021) but overall, it was consistent with year-over-year average.
- Fifty percent of the intern class identified as Black, Hispanic/Latino, or Asian.
- We also saw an increase in interns who identify as "Two or More Races," which is consistent with the changing demographic landscape.

## *Internal Leadership Pipeline*

In the District, our senior leaders committed to diversifying the leadership pipeline by supporting current programs and adding new ones to advance minority talent.

The Talent Committee supported the rotational program launched in 2020 and identified an opportunity to broaden the program to encompass an even greater variety of development experiences (or “**Diversity Development Experiences**”). For 2022, opportunities were tailored to underrepresented talent with senior leadership potential identified through the prior year’s AVP talent review. We believe that continuing to provide targeted development opportunities to POC will help strengthen our diverse internal leadership pipeline.

We also completed the design of a **sponsorship program** in 2022 for launch in 2023. Senior leaders and People & Culture recognized that sponsorship is one of the most important tools to develop and increase representation of underrepresented groups in senior leadership and took on standing up this program as a HPI for the EC.

Lastly in 2022, we completed a comprehensive **talent review of all managers** in the District, which provided important insights on the promotability of our front-line leadership population into senior leadership ranks and the specific development needed to get leaders ready for career progression.

Continued emphasis was also placed on the **internal development and promotion** of women and POC in core functions. With regards to diverse talent, the priority continued to be increasing representation at the Officer and Knowledge Leader job levels, with specific benchmarks identified and met. As part of this effort, we have moved to posting all Officer roles, with few exceptions, to determine where we can influence even greater emphasis on increasing the diversity of our leadership team across the Bank. Any exceptions require that the slate of possible candidates be reviewed from a DEI and representation perspective.

## SECTION 2:

# Supplier Diversity

## Overview

In 2022, the Bank continued to monitor the impact of the pandemic on our communities' M/WBEs and provided resources under our Supplier Diversity program to advance and strengthen minority business development.

Under the Bank's vision to foster a healthy, stable and inclusive economy and financial system where all have the opportunity to thrive, our Supplier Diversity Program, through partnership with System Procurement Officers, National Procurement Offices (NPO), and OMWI, continued to drive a more proactive and sustainable program that:

- Applied new insights gained from enhanced metrics and pipeline discussions to aid in the predictive analysis, identification, and tracking of diverse suppliers;
- Mitigated diverse spend concentration risk and created broader supplier pools to reduce the reliance on a small number of suppliers;
- Incorporated equity into the Supplier Diversity Program Strategy that continues to seek ways to eliminate systematic barriers to access to capital and opportunity for diverse businesses;

- Integrated supplier diversity activities into everyday business practices through education, collaboration, and accountability;
- Grew diverse supplier utilization and spend enabled by improved access and inclusion;
- Championed supplier development to strengthen the breadth and competitive capabilities of the diverse supplier base; and
- Embraced industry best practices and innovated approaches to drive a culture of continuous improvement.

The pandemic created an unprecedented business environment. As restrictions on travel and large gatherings continued, the Bank continued lean into its virtual supplier diversity programming. This was done by identifying diverse vendors for future Bank operational needs;



building awareness around the importance of this work through our internal and external outreach activities; and hosting development opportunities for diverse vendors. In 2022, the Bank had 494 suppliers under contract and 41 were diverse.

The Bank cultivated opportunities and enhanced the capacity of diverse vendors throughout the Seventh District through virtual participation with our strategic partners and sustained conversations with our Bank staff, Board of Directors, Research, Policy and Public Engagement, and Community Development and Policy Studies staff.

## *Successes*

### **Continued Growth of M/WBE Spend**

The Bank's Supplier Diversity program thrived by increasing spend with M/WBEs. For the fifth consecutive year, the Bank achieved diverse spend of more than 20%. For specific details on our spend, including our year-over-year trends and our reportable spend breakdown, refer to the Appendix.

In 2022, we finalized our partnership with Disability:IN, which is the leading non-profit resource for business disability inclusion worldwide. Their network includes over 400 corporations and expands opportunities for people with disabilities across enterprises and serves as the

collective voice to effect change for people with disabilities in business. This partnership is consistent with Bank's objective to expand our business inclusion and outreach beyond minorities and women.

In addition, the Supplier Diversity program diversified our outreach during Business Smart Week, our annual conference for community M/WBEs, by providing closed captioning and American Sign Language (ASL) for the hearing impaired. Furthermore, for the first time, we conducted sessions in Spanish.

Lastly, we continued our participation in the Chicago United Five Forward Program. Five Forward is an initiative that seeks to focus business diversity efforts on creating jobs in communities of color and growing MBEs through business opportunities. The Bank has three MBE vendors that are part of the Five Forward Program, and we spent over \$2.2 million dollars with these vendors in 2022 compared to \$2.3 million in 2021.

### **Vendor Support and Community Engagement**

The Bank's Supplier Diversity program sought ways to eliminate systematic barriers to access to capital and opportunity for diverse businesses. We collaborated with our strategic partners for a series of events in July and during August's Business Smart Week.

In July, we partnered with the Women’s Business Development Center for a series of workshops that provided small diverse businesses with relevant information on how to help their businesses navigate the unprecedented economic times. This “Huddle Series” included topics on:

- The economic outlook post-pandemic;
- Cybersecurity trends and best practices on how to avoid cyberattacks;
- Public and private procurement opportunities relative to the recently passed Infrastructure Investment and Jobs Act and the American Rescue Plan Act Stimulus Package Funds; and
- The 2021 Federal Reserve Small Business Credit Survey Report, how the pandemic impacted MBEs ability to access capital, and how to best approach accessing various forms of capital.

Over the last three years, the pandemic has laid bare the economic vulnerabilities and structural challenges faced by many Americans and diverse business owners. The Bank held its ninth annual signature Supplier Diversity initiative Business Smart Week 2022 from August 1-9. Business Smart Week features top business diversity leaders and

experts that will provide diverse and small businesses with the tools to better manage and grow their business.

Business Smart Week was attended by over 220 participants in 2022 compared to 200 in 2021. The theme of 2022’s Business Smart Week was “Improving Mainstreet – Advancing Business Inclusion.” Programming included:

- Various webinars, such as discussions from prominent business owners and corporate CEOs on offering solutions to eliminate the barriers to minority businesses growth.
- The Chicago Minority Business Development Council Certification – Connect Initiative hosted a session to highlight the benefits of certification and provided tips on how to navigate the process.
- Information regarding the fundamentals of blockchain, digital currency, and the future of payments.

For the first time, the Bank diversified its outreach and partnered with Wintrust Bank, the Illinois Hispanic Chamber of Commerce and Chicago Minority Business Development Council to provide resources and opportunities for minority businesses in Spanish. Closed captioning and sign language capability for the hearing impaired were provided as well.

We held the sixth annual Federal Reserve – National Veteran Business Development Council (NVBDC) Conference designed to facilitate business relationships between veteran business owners, federal agencies, state agencies and corporations. The conference delivered presentations on procurement opportunities and provided veteran suppliers a platform to present their capabilities. The Bank's Supplier Diversity program participated in 11 one-on-one matchmaker meetings with veteran-owned businesses.

Overall, the Bank and its strategic partners combined resources to bring together 18 workshop sessions assembled with 17 organizations and included top professionals from six MBEs, seven WBEs, and 14 Bank subject matter experts.

## Challenges

Over the last several years, it has been challenging to convert raw spend data into actionable spend intelligence. We plan to develop a dashboard that will provide sourcing-ready views of our System spend data and allow the Bank to make evidence-based procurement decisions that could lead to cost savings or uncover small and diverse business-owned utilization opportunities both District and System-wide.

The Bank will continue to refine the dashboard and metrics in collaboration with the Finance Analytics team and System Supplier Diversity Workgroup (SDWG) to promote metric consistency across Districts and ensure that we are capturing metrics that are meaningful.

As previously mentioned, our diverse spend has exceeded 20% over the last five consecutive years. In 2022, our diverse spend was nearly 21%, however much of our diverse spend is derived from 14% in NPO contracts and 7% from local Seventh District contracts. Our focus going forward is to increase opportunities for Seventh District vendors and impact the local communities we serve.

## Next Steps

**Expanding Bank Awareness.** In addition to growing and expanding our diverse spend opportunities, future supplier diversity efforts will continue to focus on communications that discuss the importance of supplier diversity. These will highlight how employees can engage in initiatives like the Spend Diverse Challenge, the DEI Learning Curriculum and a three-part webinar series for employees.

**Create New Business Opportunities.** In addition, we are developing a small-business program that will contain provisions for set-asides for small businesses. Further, the program will also include a small-business preference for competitive acquisitions that exceed a threshold amount set at a specified reasonable dollar limit.

In addition, because many MBEs have limited access to capital to scale business for new opportunities, we are continuing to emphasize more Tier 2 opportunities with our larger suppliers. The small business program should provide for utilizing small businesses as subcontractors as an evaluation criterion where subcontracting possibilities exist, when the total cost of the contract is expected to exceed a specified reasonable dollar amount.

**Continuing Bank Outreach Efforts.** The Bank will continue to host our successful annual events, such as Business Smart Week. We will also provide business development opportunities in partnership with our strategic partners that help us build relationships between our vendors and partners in the community.

**Enhancing the Implementation of Our Enterprise Resource Platform (ERP).** In 2022, we completed the migration to our new ERP platform, which electronically connects suppliers with the Bank and provides higher value to our end-to-end supply chain. We are working to identify diverse suppliers that can participate in our acquisition activities over the network and to enhance our onboarding education and support for diverse businesses to ensure they can participate and transact successfully. Diverse suppliers who use the network can gain increased visibility and connections to millions of potential customers, streamline invoicing and payments, and improve cash flow.

## SECTION 3:

# Financial Literacy & COMMUNITY OUTREACH

## *Outreach Council*

Entering its fifth year of work in 2023, the Outreach Council continues to convene Bank employees who support Bank priority activities through sustained, strategic outreach to Seventh District communities.

The Outreach Council met six times in 2022, providing an important environment for exchange and dissemination of information about evolving conditions across the District. These meetings included presentations and discussions regarding:

- Central Bank digital currencies;
- The Bank's presidential search;
- The Bank's new Brand Messaging Center;
- The Economic Mobility Project; and
- The Federal Reserve Financial Services and Payments group.

The Outreach Council also surveyed its members and held a wrap-up and look-forward meeting. Responding to the survey request to, "Please identify any specific actions you may have taken to leverage something you've learned during Council meetings to engage external stakeholders," one Council member said, "Mostly being much more aware of the need to reach a diverse group of stakeholders."

In 2023, the Outreach Council will take stock of the myriad ways that the Bank conducts outreach to facilitate making the Council's work more strategically useful to the Bank's leaders. The Bank's Social Impact initiative and the System's Racial Equity Engagement Principles are among the topics/presentations scheduled this year. With a greater understanding of these and other outreach functions throughout the Bank, we always aim to highlight DEI successes and challenges to promote greater diversity and inclusion in the Bank's outreach activities.

## *Economic Mobility Project*

In February 2022, the Bank launched the Economic Mobility Project (EMP) to advance research on the economic prospects of Americans, with a particular focus on barriers faced by those with low incomes. The EMP highlights and leverages the Bank's research, supporting efforts to strengthen and build resiliency in the economy. This work builds on decades of study at the Bank focusing on issues that affect lower-income Americans. The EMP gathers internal and external experts to discuss and research critical issues that underpin Americans' disparate economic opportunities such as place, education, banking and credit availability, and the structure of the labor market. The EMP's first event "What Does 'Broad and Inclusive' Full Employment Mean in Practice?" held in April 2022 explored what a truly inclusive form of full employment would look like and what the System can do to help achieve it. Hosted in July 2022, the second event "Exploring the Racial Wealth Gap: The Contributions of Redlining and Blockbusting" analyzed how discriminatory housing practices, including redlining and blockbusting, contributed to unequal homeownership rates. Hosted in October 2022, the third event "Examining Retirement: Abandoned and Underfunded Savings Accounts Prompt Calls for Change" focused on policies and challenges impacting retirement savings for millions of American households. Lastly, to make Bank research more accessible to a broader audience, the EMP published 11 policy briefs in 2022.

## *Financial Services Pipeline (FSP) Initiatives*

In 2022, the Bank continued its support of FSP to advance Black and Hispanic/Latino talent within the financial services industry. One of the FSP's three co-chairs is Latoya Lewis, the Bank's Vice President of Innovation. The other co-chairs are Chief Diversity Officers from other FSP member firms. Accomplishments over the past year include:

- **The FSP Intern Career Conference (ICC).** For the past nine years, the Bank has hosted the ICC, providing local students and interns access to programming that boosts their networking skills, highlights the variety of work across the financial services industry, and provides career planning resources and advice. This year, the event consisted of two partial virtual days. Over 320 individuals registered and approximately 40 of the Bank's summer interns attended the event. The Bank communicated to all ICC attendees to promote summer 2023 internships.
- **The FSP Annual Summit.** The eighth annual FSP Annual Summit, hosted on-site at the Bank, took place in early November 2022. The event theme was "Leading Boldly: Leveraging Racial Equity from Concept to Action." At least 100 decision makers and

thought leaders (Bank employees as well as leaders across the industry) attended for a day of discussion and engagement to increase DEI within the financial services sector.

Planning is well underway for future FSP activities, which will include Employee Resource Groups (ERG) workshops, a CEO Roundtable, and activities to recognize and celebrate FSP's tenth year in existence.



*FRBC and Industry Leaders at the FSP Annual Summit*

# Appendices

## *Appendix A: Diversity Recruitment Efforts*

Month	Event
<b>January</b>	Blacks In Technology Career Fair
<b>February</b>	Sadie Collective Career Fair
	Blacks In Technology Career Fair
	College Diversity Network (Dean's HBCU) College and University Career Fair
<b>March</b>	Hispanic Alliance for Career Enhancement (HACE) Recruitment Series: Finance and Accounting
	Blacks In Technology Career Fair
<b>May</b>	HACE Experience Professionals Virtual Career Fair
	Black Marketers Association of American Recruiting Event
<b>June</b>	College Diversity Network (Dean's HBCU) Alumni Career Fair
	Blacks In Technology Career Fair
<b>September</b>	Sadie Collective Career Fair
	Blacks In Technology Career Fair
	College Diversity Network College and University Career Fair
	Hispanic Alliance for Career Enhancement (HACE) College Students Career Fair
<b>October</b>	Out and Equal Workplace Summit
<b>December</b>	Blacks In Technology Career Fair



## Appendix B: Spend Report YoY

The Bank's total reportable spend reported below includes expenditures on procurements originated both by the Bank and the National Procurement Offices. For the 2022 fiscal year, the Bank's total expenditures on goods and services was \$90.7 million, compared to \$67.2 million in 2021. Of the amount, payment to minority- and women-owned businesses accounted for \$18.9 million in 2022, or 20.8% compared to \$14.2 million, or 21.1% in 2021.

M/WBE spend is broken out as follows:

- Minority-owned businesses: \$15.4 million or 17.0%
- Women-owned businesses: \$3.5 million or 3.8%

The Bank's spend trend remains strong, as the chart below indicates:

	2022	%	2021	%	2020	%	2019	%
<b>Total Spend</b>	\$90,754,835	100%	\$67,156,130	100%	\$52,652,437	100%	\$67,425,861	100%
<b>Minority-owned</b>	\$15,384,719	17%	\$13,016,289	19%	\$11,816,708	22%	\$12,825,846	19%
<b>Women-owned</b>	\$3,487,147	4%	\$1,159,383	2%	\$1,042,095	2%	\$1,564,523	2%
<b>Both Minority and Women-owned</b>	\$18,871,867	21%	\$14,175,672	21%	\$12,858,803	24%	\$14,390,370	21%
<b>All other</b>	\$71,882,967	79%	\$52,980,458	79%	\$39,793,634	76%	\$53,035,490	79%

## Appendix C: 2022 Supplier Spend Breakdown

Throughout the last year, the Bank continued to record and monitor its prime vendor sub-contracting or Tier 2 spend. Tier 2 suppliers enter a contract with a prime supplier to provide goods and services in support of the prime's contract with the Bank. Examples of our Tier 2 suppliers can best be seen in our general contractor and office supply contracts.

In 2022, we spent \$30,363,548 on 31 projects and captured \$4,067,983 in Tier 2 spend compared to \$11,959,973 on 38 projects and captured \$1,884,201 in Tier 2 spend in 2021. Much of this increase in Tier 2 spend is primarily from enhancements to the Bank's Law Enforcement Unit Training Academy and renovations of two Bank floors. The Bank continues enhancements as more employees return onsite in 2022 and because of the future of hybrid work, we expect additional facility upgrades and modifications.

In addition, the Bank captured \$4,333.66 in Tier 2 from Office Depot in 2022 compared to \$4,159.16 in Tier 2 spend in 2021. When Tier 1 and Tier 2 are added together, the Bank's reportable spend with M/WBEs totaled \$22.9 million or 25.2% in 2022 compared to \$16.1 million or 23.9% in 2021.

In 2022, the Bank's reportable spend was concentrated in these top five main categories:

Category	Reportable Spend	%
General building construction	\$24,084,796	27%
Office furniture	\$7,862,730	9%
Human resources office	\$6,264,500	7%
Information technology consultation services	\$4,812,685	5%
Electrical services	\$3,844,519	4%
Other	\$43,885,606	48%
<b>Total Reportable Spend</b>	<b>\$90,754,835</b>	<b>100%</b>

# Appendix D: Employer Information Report EEO-1 Federal Reserve Bank of Chicago, 2022 Employer Information Report

Occupational Categories	Total		Subtotal				Hispanic				White				Black/African American				Asian				Native Hawaiian Other Pac. Islander				Two or More Races					
			Male		Female		Male		Female		Male		Female		Male		Female		Male		Female		Male		Female		Male		Female			
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%		
<b>Executive/ Senior Level Officials</b>	13	100%	5	38%	8	62%	0	0%	1	100%	4	36%	7	64%	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
<b>First/Mid Level Officials</b>	363	100%	192	53%	171	47%	21	53%	19	48%	127	53%	112	47%	21	43%	28	57%	21	68%	10	32%	0	0%	0	0%	2	50%	2	50%		
<b>Subtotal Officials and Managers</b>	376	100%	197	52%	179	48%	21	51%	20	49%	131	52%	119	48%	22	44%	28	56%	21	68%	10	32%	0	0%	0	0%	2	50%	2	50%		
<b>Professionals</b>	1,021	100%	557	55%	464	45%	48	47%	55	53%	366	58%	260	42%	54	42%	74	58%	86	55%	71	45%	1	100%	0	0%	2	33%	4	67%		
<b>Administrative Support Workers</b>	70	100%	15	21%	55	79%	4	29%	10	71%	3	13%	20	87%	5	18%	23	82%	2	67%	1	33%	0	0%	0	0%	1	50%	1	50%		
<b>Craft Workers</b>	22	100%	19	86%	3	14%	5	100%	0	0%	12	80%	3	20%	1	100%	0	0%	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%		
<b>Sales Workers</b>	17	100%	9	53%	8	47%	1	100%	0	0%	7	47%	8	53%	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%		
<b>Service Workers</b>	94	100%	77	82%	17	18%	19	79%	5	21%	29	85%	5	15%	25	81%	6	19%	2	100%	0	0%	0	0%	0	0%	2	67%	1	33%		
<b>Operatives</b>	54	100%	31	57%	23	43%	9	60%	6	40%	7	58%	5	42%	12	50%	12	50%	3	100%	0	0%	0	0%	0	0%	0	0%	0	0%		
<b>Total</b>	1,625	100%	905	55%	749	45%	107	53%	96	47%	555	57%	420	43%	120	46%	143	54%	115	58%	82	42%	1	100%	0	0%	7	47%	8	53%		

## Appendix E: Chicago Core Metrics 2022, Part 1

Category	Description	Measure	2015	2016	2017	2018	2019	2020	2021	2022
Workforce Diversity	Senior Executives	<b>Total #</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>14</b>	<b>13</b>	<b>12</b>	13	13
		% Minorities	8%	15%	13%	14%	15%	17%	15%	15%
		% Women	50%	54%	53%	64%	62%	58%	61%	62%
	Mid-level Managers	<b>Total #</b>	<b>309</b>	<b>314</b>	<b>313</b>	<b>334</b>	<b>341</b>	<b>355</b>	352	363
		% Minorities	28%	28%	28%	32%	32%	32%	33%	34%
		% Women	45%	46%	46%	47%	47%	46%	46%	47%
	Professionals	<b>Total #</b>	<b>912</b>	<b>960</b>	<b>939</b>	<b>960</b>	<b>955</b>	<b>994</b>	1005	1,021
		% Minorities	37%	38%	37%	37%	37%	37%	38%	38%
		% Women	45%	45%	46%	46%	46%	46%	46%	45%
	Total External Hires	<b>Total #</b>	<b>167</b>	<b>180</b>	<b>116</b>	<b>169</b>	<b>202</b>	<b>200</b>	163	210
		% Minorities	47%	42%	33%	49%	42%	46%	46%	42%
		% Women	44%	45%	46%	41%	46%	44%	42%	49%
	Total Interns	<b>Total #</b>	<b>47</b>	<b>48</b>	<b>46</b>	<b>55</b>	<b>54</b>	<b>44</b>	44	46
		% Minorities	38%	37%	43%	38%	48%	43%	75%	50%
		% Women	47%	37%	48%	47%	44%	39%	68%	52%
	Overall Bank Turnover Rate	%	<b>11%</b>	<b>8%</b>	<b>9%</b>	<b>10%</b>	<b>9%</b>	<b>7%</b>	<b>9%</b>	<b>11%</b>

## Appendix E: Chicago Core Metrics 2022, Part 2

Financial Literacy	Number of OMWI students reached in-person and online	1,357
	Number of OMWI students educators reached in-person and online	63
	Number of OMWI students reached through educators	4,725

## Appendix F: Federal Reserve Bank of Chicago - Bank and Branch Directors as of January 1, 2023

Director Categories	Current Directors			Race/Ethnicity													
				Hispanic or Latino		White		Black or African American		Asian		Native Hawaiian or other Pac. Islander		American Indian or Alaska Native		Two or more Races	
	All	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
<b>Reserve Bank Directors</b>																	
<b>Class A (Total Positions 3)</b>																	
#	3	2	1	0	0	2	1	0	0	0	0	0	0	0	0	0	0
%	100%	67%	33%	0%	0%	67%	33%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Class B (Total Positions 3)</b>																	
#	3	1	2	0	0	1	2	0	0	0	0	0	0	0	0	0	0
%	100%	33%	67%	0%	0%	33%	67%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Class C (Total Positions 3)</b>																	
#	3	2	1	1	0	0	1	1	0	0	0	0	0	0	0	0	0
%	100%	67%	33%	33%	0%	0%	33%	33%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Branch Directors</b>																	
<b>Branch Directors, appointed by Reserve Bank (Total Positions 4)</b>																	
#	4	2	2	0	1	1	0	1	1	0	0	0	0	0	0	0	0
%	100%	50%	50%	0%	25%	25%	0%	25%	25%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Branch Directors, appointed by Board of Governors (Total Positions 3)</b>																	
#	3	3	0	0	0	1	0	1	0	1	0	0	0	0	0	0	0
%	100%	100%	0%	0%	0%	33%	0%	33%	0%	33%	0%	0%	0%	0%	0%	0%	0%
<b>Totals</b>																	
<b>All Reserve Bank Directors (Total Positions 9)</b>																	
#	9	5	4	1	0	3	4	1	0	0	0	0	0	0	0	0	0
%	100%	56%	44%	11%	0%	33%	44%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>All Branch Directors (Total Positions 7)</b>																	
#	7	5	2	0	1	2	0	2	1	1	0	0	0	0	0	0	0
%	100%	71%	29%	0%	14%	29%	0%	29%	14%	14%	0%	0%	0%	0%	0%	0%	0%
<b>All Reserve Bank and Branch Directors (Total Positions 16)</b>																	
#	16	10	6	1	1	5	4	3	1	1	0	0	0	0	0	0	0
%	100%	63%	38%	6%	6%	31%	25%	19%	6%	6%	0%	0%	0%	0%	0%	0%	0%