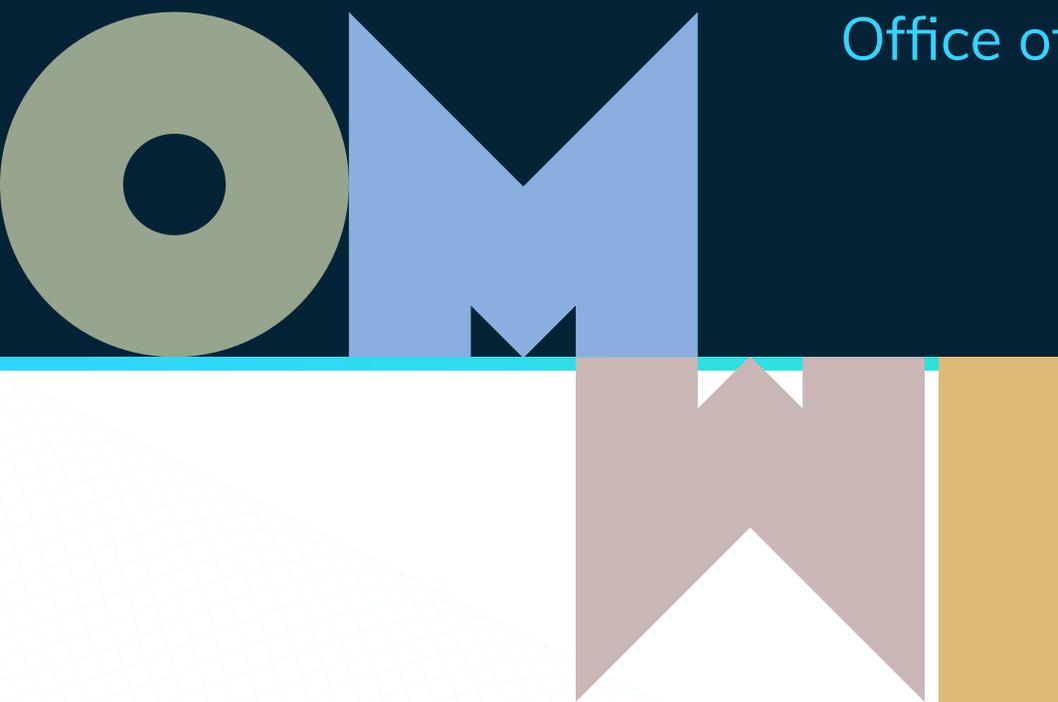


2021 ANNUAL

Report to Congress

Office of Minority and Women Inclusion



2021 CHICAGO FED
OMWI REPORT

Introduction

We are pleased to provide Congress the 2021 Annual Report of the Office of Minority and Women Inclusion (OMWI) at the Federal Reserve Bank of Chicago (the Bank).

Diversity, equity and inclusion (DEI) remain a priority for the Bank as we continue to focus on creating a diverse workforce; advancing equity in our workplace and the communities we serve; and strengthening our culture of inclusion.

In the Seventh District, we have a deep commitment to creating an employee culture of inclusion and belonging, which can be seen across our Bank's vision, values and strategic priorities, as well as within our business line goals and high priority initiatives (HPIs).

While we have much work to do, our Bank's ongoing commitment to DEI is clear, and has never been stronger. The work we've continued to do in 2021, despite the ongoing global pandemic and the toll it has taken on our workforce, will put us on a path to continued success in 2022 and beyond.



Kathryn Medina, OMWI Director

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



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EXECUTIVE Summary

2021 continued many of the challenges of 2020. Employees still faced the uncertainty of economic, social and political upheaval across the country. In the face of these persistent challenges, the Bank remained steadfast in its commitment to our employees and impacted communities.

The Bank's diversity and inclusion work took an important step forward, expanding its scope and impact by changing its name and focus to diversity, equity and inclusion (DEI). This action was more than a rebrand; it was and continues to be an important indicator of our commitment. It has allowed the Bank and our employees to broaden our DEI work and recognize the integral ties between our diversity, equity and inclusion efforts. By adding equity to the strategy, the Bank committed to identifying and eliminating inequitable policies and practices that impact our ability to offer equal opportunities to our employees and our community partners.

To that effect, the Executive Committee developed a 2021 HPI to advance the Bank's inclusive culture and endorsed the Bank's three-year DEI Strategy which will help to increase representation, advance equity in our workplace and community, and strengthen our culture of inclusion.

In 2021, the DEI Committee, a cross-functional group of employees charged with bringing components of the DEI strategy to fruition, provided the Executive Committee with detailed recommendations to cultivate a more inclusive environment at the Bank.

The System Leadership Initiative (SLI), led by the Seventh District, continues to deliver experiences that enrich the development and engagement of leaders in the Federal Reserve System (the System), including in the DEI space. In 2021, SLI offered learning events for a broad pipeline of talent across several learning objectives including defining your self-awareness, leading with empathy, and emotional intelligence and inclusive leadership.

Our work outside the Bank has continued to focus on our strategic partnership and supplier diversity efforts. We have prioritized our work with organizations, both current and new, that meet critical talent gaps for women and minorities. We currently have 16 DEI community partners that serve to meet at least one of the three key goals: increasing diversity recruiting; providing learning and development opportunities to current Bank staff; and/or having a positive impact in the communities we serve.

Both supplier diversity and strategic partnership efforts continue to make crucial pivots and adapt to our virtual environment. Our Supplier Diversity program continued to provide crucial technical assistance to minority- and women-owned businesses (MWBs) as they navigated the pandemic. Additionally, the Bank played key roles in the Financial Services Pipeline (FSP) work, guiding the virtual FSP Annual Summit and Intern Career Conference.

Accomplishments

During 2021, the Bank's accomplishments in recruiting, developing and retaining diverse talent included:

- **Launching a Bank-wide DEI Strategy** focused on creating a diverse workforce, advancing equity in our workforce and community, and strengthening our culture of inclusion. In addition to our continued focuses on diversity and inclusion, the Bank integrated equity into its overall strategy in 2021 to raise our awareness of and efforts towards removing systemic workplace barriers.
- **Expanding our recruiting outreach** with key partners and partnering with external groups, including Blacks in Technology and Black Marketers Association of America, two new partners onboarded to help address gaps in underrepresented areas across the Bank. Additionally, over 32 partnership events occurred in 2021, contributing to the Bank's diversity recruiting and leadership development goals.
- **Investing in employee engagement** by partnering with a new people-centric survey platform that leverages the latest advances in modern organizational development science. This partnership resulted in the delivery of two Bank wide engagement surveys focused on engagement and inclusion for 2021, both receiving completion rates above 60%.
- **Leveraging our governance committees** to drive DEI throughout the organization. The support and actions of the Bank committees helped uncover key systemic barriers to workplace inclusion, provide more leadership opportunities for underrepresented groups, and advance the Bank's work flexibility.
- **Supporting diverse vendors through the pandemic**, particularly our minority business-owned enterprises, as the pandemic disproportionately impacted minority-owned businesses. In addition to continuing to educate both internal and external stakeholders on the importance of supplier diversity to the Bank's mission, the Bank achieved a diverse spend of over 20%.

Overview

The Bank established the Office of Minority and Women Inclusion (OMWI) functions in accordance with Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Senior Vice President of People & Culture serves as the OMWI Director and all OMWI functions are incorporated into the People & Culture department of the Bank. The Bank represents the Seventh District (the District) of the Federal Reserve System, which includes a branch in Detroit, Michigan and a field office in Des Moines, Iowa. As of December 31, 2021, the Bank's workforce comprised 1,619 employees.

Our Mission

The fundamental mission of the System is to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems so as to promote optimal economic performance. To this end, the Bank participates in the formulation and implementation of national monetary policy, supervises and regulates designated financial institutions, and provides financial services to depository institutions and the U.S. government. Key functions that support our mission are:

- **Research:** The Bank's Research, Policy & Public Engagement (RPPE) function leads the research and policy analysis work related to our nation's monetary policy, banking and financial markets, macroeconomics, microeconomics and regional economics. Economic Research and Community Development and Policy Studies (CDPS) are part of the RPPE department and work to improve the socioeconomic prospects of low- and moderate-income people, in part by working with community leaders to bring development and reinvestment opportunities to underserved communities.
- **Payments:** The Customer Relations and Support Office (CRSO) has a strategic leadership role within the System, managing the nation-wide electronic payments and information delivery network ("FedLine®") transacting, on average, 71 million payments daily valued at more than \$3.8 trillion. The CRSO also leads national sales and marketing strategies and provides customer set-up and support for over 100,000 users.
- **Bank Supervision:** The Supervision and Regulation (S&R) department supervises and regulates state member banks, bank holding companies, savings and loan holding companies and foreign banking organizations within the Seventh District. It is designed to ensure that financial institutions provide fair and equitable access to credit and serve the needs of their communities.

The Bank also has a variety of support functions that help achieve our mission, including Public Affairs, People & Culture, Internal Audit, Information Technology, Strategy, Transformation and Risk Management, and Administrative Services.

Our Vision

To foster a healthy, stable and inclusive economy and financial system where all have the opportunity to thrive.

Our Core Values

Our vision and values make us who we are. We anchor ourselves in these beliefs to continuously foster a more unified Bank community. Through them, we make a promise to each other that our work will reflect who we are as a team.

- **Integrity:** We are honest, fair, courageous and independent in order to maintain strong public confidence in our Bank and in the System.
- **Respect:** We value diverse talents and perspectives and empower one another to advance our mission.
- **Responsibility:** We are accountable for our individual and collective actions and honor our commitments to the public and one another.

- **Excellence:** We strive to achieve the highest level of performance in pursuit of our mission.

Our Commitment to Diversity, Equity and Inclusion

At the Bank, our DEI commitment is articulated through 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.”

Living that vision helps ensure our employees are recognized, respected and valued, and in return, deliver the best results for the System, the communities of our District and the public. Our work is achieved through the knowledge, expertise and dedication of our diverse staff, and as such, the Bank is committed to fostering an inclusive and equitable culture that allows all employees to thrive and excel — regardless of race, ethnicity, gender, age, religion, veteran status, physical ability, sexual orientation, background and/or experience.

Minority and Women

EMPLOYMENT

Leadership Commitment

In 2021, the Bank's Executive Committee (EC) continued its commitment to advancing an inclusive culture and developing diverse talent. The EC supported and championed a new three-year DEI Strategy, which included aspirations to increase officer representation for people of color. The Committee also endorsed significant investments in diversity training and technology to help increase the Bank's overall DEI competency and accountability measures. Furthermore, the EC continued to leverage its three oversight committees, the Bank Operating Committee (BOC), the Talent Committee, and the DEI Committee, to support key DEI initiatives across the Bank.

Since their formation in 2020, the Bank's oversight committees have been working to support the EC and guide the Bank toward fulfilling its mission. Because the BOC is responsible for supporting and executing operational activities in the areas of strategy, culture, DEI, talent, finance and risk, it played a significant role in

guiding our workforce through the pandemic. Specifically, the BOC had a heavy focus on advancing the way we work in response to COVID-19, making key workforce decisions on pandemic-related benefits, work flexibility approaches, and diversity training. The newly created **DEI Committee** conducted a Bank-wide culture and talent audit that resulted in recommendations aimed at developing a more equitable workplace.

Recommendations included developing a diverse sponsorship program, increasing investment in department DEI training, and providing more transparent career paths. Furthermore, the **Talent Committee**, charged with the responsibility for supporting the growth and development of Bank management, partnered with the DEI Committee to create a more transparent and consistent way to assess talent, ensuring that diverse leaders are identified and provided leadership development opportunities.

Seventh District Governance

Oversight Committees, Policy, Decision Making



Board of Directors

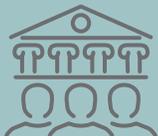
Seventh District business leaders who share regional economic perspectives, advise monetary policy and oversee Bank performance



Executive Committee

Senior decision making group that drives business performance and advances Bank strategy, culture, Diversity & Inclusion, talent, finance and risk priorities

Standing Committees



Bank Operating Committee

Provides Bank-wide operational support in the areas of strategy, financial planning, Bank performance, risk practices and people practices



Talent Committee

Conducts ongoing talent reviews to assess leadership readiness and assists in building a diverse Bank leadership pipeline



Diversity & Inclusion Committee

Supports D&I integration across the Bank by identifying and prioritizing the actions needed to advance on inclusive culture

System Efforts

The Bank actively participated in efforts at the System level through the Conference of First Vice Presidents (CFVP). In 2021, the CFVP's "Advancing DEI Together" workgroup was created to improve minority representation at the officer level and diversify the pool and pipeline of candidates for future senior officer positions. Kathryn Medina, Senior 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 against the System's DEI objectives. 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 provides 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 MWBEs.

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

Throughout 2021, the Employee Experience (E/X) team was involved in a number of activities to gauge and support DEI objectives at the Bank. Most work performed focused on gathering and analyzing employee sentiment regarding the Bank's response to current and emerging issues; measuring DEI and belonging through engagement and exit interview surveys; and updating the Bank's award program by examining award criteria and review processes to make the program more DEI-focused. Details of these efforts are provided below.

- In April, a **pulse survey** was implemented asking employees to weigh in on the Bank's response to current and emerging issues and supports provided by the Bank. With 67% on-site and 80% virtual staff participation, feedback was robust and shared with senior leadership and discussed during a town hall meeting.
- In September, an **engagement survey** was implemented. Four questions formed an Inclusion Index to help us to measure progress toward creating and maintaining an inclusive culture. Additionally, demographic data was shared with departments to help leaders better understand needs of marginalized or underrepresented groups – for example, females in technology.
- Similarly, 80% of employees who voluntarily resigned from the Bank provided information via **exit interview surveys** regarding their satisfaction at the Bank. Among the items measured and commented on were collaboration, diversity, inclusion, and Employee Support Network Groups (ESNGs). This data is important to understanding what the Bank can do to improve its culture and the employee experience.
- Finally, the Bank's Award Program was reviewed and changed to enhance DEI efforts. Key changes included:
 - o Altering the make-up of review groups for the Bank's two biggest awards – President's Award for Excellence (PAE) and We Serve Champions – from leadership focus to a mix of diverse employees at different levels throughout the Bank.
 - o Modifying the nomination process by placing greater emphasis on Bank's core values – integrity, respect, excellence, and responsibility.
 - o Formally recognizing, through the We Serve Award criteria, employees who demonstrate DEI behaviors.
 - o Tracking and reporting information related to award distribution to measure DEI in the program.

Industry Recognition

The Bank received two DEI-related honors in 2021:

- For the sixth consecutive year, the Bank scored 100% on the Human Rights Campaign (HRC) Foundation’s 2021 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.



- For the second time, the Bank was recognized by Seramount (formerly Working Mother) as one of the “Best Companies for Dads.” The Bank earned a spot on this exclusive list for our commitment to forward-thinking workplace programs in the areas of parental leave, family support and job flexibility.



For the first time, the Pride flag was raised outside the Chicago and Detroit office locations in honor of Pride month, June 2021.

ESNG Event Programming

The Bank's ESNGs, eight diversity-oriented affinity and inclusion groups, continue to play a key role in advancing an inclusive culture. Almost half of the Bank staff continue to participate in ESNG programming. In 2021, much of the ESNG programming was around raising awareness of the issues and challenges that different communities experience.

ESNGs hosted over 30 engaging virtual events including a May roundtable on the AAPI employee experience; a June conversation on how racism manifests in the LGBTQ community; and an October panel discussion on the mental health of minority employees. Additionally, the DEI team worked with ESNG leaders to add representatives from the Des Moines and Detroit branches to their respective boards to better connect Bank employees across both the offices.

The ESNGs also welcomed four new Executive Sponsors comprised of Bank Officers for the Asian Pacific Islander Group (ASPIRE), Family Resource Group (FRoG), Generation Empowerment Network (GEN) and Spectrum. Executive Sponsors play critical, highly visible roles serving as ESNG champions and ensuring ESNG success.

The Bank rewarded and recognized 21 ESNG leaders at the end of the year for their extraordinary efforts supporting our new DEI Strategy.

Promoting Staff Development

To support the transition from D&I to DEI, an Empower Hour session was hosted for the entire Bank in April. This session focused on advancing equity alongside diversity and inclusion to underscore the relationship between all three components.

Additionally, the Bank leveraged its digital DEI Resource Center, housed on the Bank's intranet, to provide employees with resources to further cultural awareness. This included a 2021 Cultural Calendar that identified many cultural awareness months and days in an effort to promote social and cultural awareness among Bank employees.



2021 Chicago United Corporate Inclusion Institute Graduation



The Bank has a key focus on providing learning and development (L&D) opportunities to marginalized employees. The following are learning opportunities that are provided by external partners:

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. In 2021, the Bank provided a record number of participants in CII: 13 clusters (groups of four employees) across eight different business areas were represented. This represents 49 unique participants. Over a period of nine months, participants engaged in a comprehensive and curated set of learning opportunities, including assessments, academic sessions, workshops, coaching and more. Evaluations showcased that the program had a positive impact on Fellows' relationships with leaders in their cluster. For some Fellows, the program resulted in more detailed individual development planning. Corporate guides and managers furthered their inclusive leadership skills by learning how to better listen, recognize microinequities and respond as leaders, and increased their skills in being active allies.

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 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 2021 and has already nominated three additional Latinas to the 2022 program.



The Bank continues to partner with **Out & Equal**, a global LGBTQ organization focused on workplace equality, which helps the Bank support a culture of belonging for all. It also provides learning and development opportunities for various internal Bank employees, including members of the Spectrum ESG. Thus far in 2021, four Bank employees who identify as LGBTQ (three of whom are people of color), were selected to participate in Out & Equal's Leadership U for Humanity, a leadership learning platform to promote more opportunities for professionals of color and other underrepresented populations.

Finally, the **Financial Services Pipeline (FSP)**, in partnership with Korn Ferry, launched a new, ten-month leadership development program for diverse, high-potential

employees called **FSP Accelerate**. The Bank has three employees currently enrolled in this impactful program that highlights key financial services concepts. Each employee is supported by an executive champion who helps advance their growth and development. For more information on FSP, please see the *FSP Initiative* section later in this report.

DEI Online Education and Curriculum. In 2021, the Bank continued to guide employees to leadership and DEI-related courses found in our suite of on-demand learning options: Blue Ocean Brain, LinkedIn Learning, and FedLearn Me:Time.

Additionally, the DEI and L&D teams partnered to align the Bank's new DEI strategy with tailored, meaningful learning and development efforts in the form of a newly developed DEI Learning Curriculum, which will launch to the Bank in 2022. To build awareness of this new curriculum on the horizon, a DEI Learning Week event was offered in December 2021 to all employees, providing a sample of the various types of asynchronous and synchronous learning opportunities that will be available in 2022. Topics addressed in this learning week included emotional intelligence (EIQ), bias awareness, inclusive vs. exclusive behaviors, inclusive leadership, equity vs. equality, and psychological safety.

Leader Development and Support

2021 Leadership Forums and Leader Labs. The Bank's quarterly *Leadership Forums* continued to build a community of shared learning and improve the leadership skills of our people leaders. In 2021, the forum's agenda was changed to pair DEI topics with professional development. As a result, this year's forums were leading inclusively themed, featuring quarterly topics such as equity and the disciplines of inclusive leadership.

Additionally, the L&D team provided opportunities for leaders to further engage with the topics introduced and discussed at the *Leadership Forums* 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 Bank continues to partner with the Chicago Urban League by nominating and endorsing employees to their **IMPACT program**, a nine-month long, highly selective leadership development cohort of African American professionals. In September of 2021, two Bank leaders were selected for the IMPACT program, which will contribute to their growth and ideally lead to retention and promotion. In 2022, those two leaders will complete the program, and the Bank has already nominated two additional employees to apply for the next IMPACT cycle.

The System Leadership Initiative (SLI), a System-wide function based in our District, continued to manage its talent exchange program and launched The Leaders' Library, a resource for all employees, sharing valuable curated content from SLI's leadership conferences. Opening up conference content to all employees was an inclusive step to expand SLI's reach and development opportunities.

The Bank recognized that people leaders were struggling to support their employees and teams amidst their own personal responsibilities and challenges. To ensure resiliency, development and ongoing engagement of this critical group, SLI organized various Speakers' Series sessions. It also continued its programming for the Thrive and Senior Leadership conferences as well as adding a new virtual-only conference (Navigate). All Banks ensure a diverse slate of conference attendees given how critical this programming is to diversify the FRS leadership pipeline. The SLI also continued its Executive Exchange program, which is focused on development of women and minorities for executive leadership roles around the System.

Diversity Recruiting Efforts

This year, the Bank participated in 13 virtual recruiting events and continued execution on our multi-year efforts to engage minority 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 minority representation at officer and knowledge leader job levels; and
- Addressing hiring opportunities for mid-career minorities and promotions into underutilized job groups.

We continue to utilize the Intern Diversity Recruiting Taskforce established last year to recruit and support a racially diverse intern population for 2021 and beyond (see Appendix). The Bank continued to target colleges and universities within the District and national Historically Black Colleges and Universities (HBCUs). Recruiters have attended 10 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 partners.



Recruitment Partnerships

Partnership efforts have continued to focus on utilizing current and attracting new partnerships that meet critical talent gaps for women and minorities. The current 16 DEI community partners all serve to meet at least one of the three key goals: diversifying our talent pipelines; providing learning and development opportunities to current Bank staff (with a focus on marginalized talent); and/or having a positive impact in the communities we serve. The Bank continues to work closely with our partners to meet those goals via career fairs, learning programs, job shadows for youth, volunteer opportunities, virtual events, and many other initiatives.

Key highlights from 2021 include the following:

- The Bank onboarded **Blacks in Technology** (BIT), the largest community and media organization dedicated to increasing the representation and participation of Black people in the technology industry. BIT allows the Bank to recruit from a pool of primarily Black individuals for roles related to the technology industry. The Bank will participate in their international conference, attend monthly recruiting fairs, and collaborate with the Chicago regional chapter on virtual and in-person events (e.g., webinars, networking, and “day in the life” events) as well as mentorship opportunities. In October, the Bank’s Information Security Officer, Sandra Pesic, participated in the “Cybersecurity: Career

Considerations and Black Hacker Culture” panel at the organization’s annual international conference.

- The Bank also formalized a partnership with the **Black Marketers Association of America** (BMAA) in 2021. BMAA was developed to connect Black marketing professionals who specialize in the marketing field. This partnership will provide development opportunities for Bank marketing staff. The Bank will also have access to a freelancers and contractors directory, unlimited job board postings as well as two individual events with the membership base to further diversity recruiting efforts.
- Finally, the **Year Up** program at the Bank has significantly 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 interns (diverse young adults) for a six-month period but has traditionally only employed one or two per year. For the August 2021 cycle, thirteen groups requested students; due to the pandemic limiting the partner’s capabilities, they were able to provide the Bank with seven students. Importantly, the Bank has 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 2021, the Bank converted one third of the students that interned with us (three of the nine students).

Internship Program

The Bank completed its second virtual internship program in August 2021. The 2021 cohort represented a diverse class across 12 business units. Over the course of the summer, 45 undergraduate, graduate, and doctoral students from 33 universities across the country joined the Bank for an enriching work experience inclusive of a professional development educational series, an interactive scavenger hunt, various virtual networking activities, and an intern project competition.



Through the Bank's Intern Diversity Recruiting Taskforce, the Bank was successful in increasing the racial diversity of the Bank's summer interns. The Taskforce identified 15 universities to target, primarily composed of Illinois universities and national HBCUs. Recruiters and employees who are alumni of the HBCUs and targeted schools attended 14 events to recruit for summer 2021 interns.

These events included diversity fairs, virtual recruiting events and an event specific to all Bank community and DEI partners. The results were as follows:

- **Interns of color increased significantly: from 43.2% in 2020 to 71.1% in 2021.**
 - o The summer of 2021 had the largest number of Latinx interns to date (24.4%), up from 11.4% in 2020
 - o It also had the largest number of Black interns to date (11.1%), up from 6.8% in 2020
- **The number of female interns significantly increased in 2021** with 66.7% of interns identifying as female (vs. 35.6% in 2020). In fact, 2021 was the first summer where there were more female than male interns.
- **There was also an increase in diversified sources of pools and hires:** 23% of interns came from either a rehire, partner outreach, or targeted university outreach.

Internal Leadership Pipeline

In the District, our senior leaders committed to diversifying the leadership pipeline by supporting new programs 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”). We believe that continuing to provide targeted development opportunities to people of color will help strengthen our diverse internal leadership pipeline.

In 2021, we completed a comprehensive talent review of all Assistant Vice Presidents (AVPS) in the District, which provided important insights on the promotability of our AVP population and the specific development needed to get leaders ready to take on additional responsibility.

Continued emphasis was also placed on the internal development and promotion of women and minorities in core functions. With regards to minority talent, the priority continued to be increasing representation at the officer and knowledge leader job levels. As part of this effort, we are evaluating our practices around progression promotions compared to posting roles internally or externally to determine where we can influence even greater emphasis on increasing the diversity of our leadership team across the Bank.

Next Steps

Launching the DEI Learning Initiative. This learning initiative will help advance our DEI strategy and guide employees in developing behaviors that help create an inclusive and equitable culture for all employees. It includes two learning paths for People Leaders and Individual Contributors. Within each path are three learning tracks with various topics to explore. Each topic will include learning content organized into three levels of learning and employees can enter at the level that best fits their individual knowledge and skill level. New curated learning topics and content will be presented to employees in several phases beginning in 2022 through 2023.

Maintaining Our Focus on Hiring. We continue to focus on standardized hiring processes and training, including enhanced training and development opportunities around bias mitigation and equity for hiring managers and interview panelists. Related, we will also focus on improved external marketing and branding, and more processes for integrating our strategic community partners.

SUPPLIER Diversity

In 2021, as part of the Bank's DEI Supplier Diversity Strategy, we sought ways to eliminate systematic barriers to access to capital and opportunity for diverse businesses.

The pandemic created an unprecedented business environment, as restrictions on travel and large gatherings continued throughout 2021. As a result, the Bank continued to enhance its virtual supplier diversity programming 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.

The Bank continued to cultivate opportunities and enhance the capacity of diverse vendors by working with our strategic partners and partnering with our Bank staff, Board of Directors, Economic Research and CDPS teams to help identify the needs of the diverse business community and provide solutions.

In 2021, the Bank had 208 suppliers under contract and 19 were diverse.



Successes

Continued Growth of M/WBE Spend

The Bank's Supplier Diversity Program thrived by increasing spend with MWBEs in 2021. For the fourth 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, **look at the Appendix.**

Vendor Support and Community Engagement

The Bank continued to assist companies and individuals with cash flow by processing all approved invoices immediately, regardless of payment terms and build awareness around the importance of supplier diversity. For the second year, we hosted a series of internal and external webinars titled “Year 2: The Impact of COVID-19 on Supplier Diversity.” The webinars discussed the role employees can play in supporting the increased utilization of diverse vendors.

In addition, we held webinars in partnership with Northern Trust Bank, Boston Consulting Group and the CIVIC Committee called “Accelerating Business Diversity in Chicago.” These webinars focused on getting back to the basics in helping minority businesses recover from the COVID-19 pandemic.

Our signature supplier diversity initiative, Business Smart Week (BSW), was held virtually to provide technical assistance to MWBEs. The Bank continued to provide tools, strategies and networking opportunities to MWBEs to manage their businesses and maintain the national growth of BSW.

BSW was attended by over 200 participants in 2021 compared to 120 in 2020. The theme of this year’s BSW was “Accelerating Business Diversity – Moving Forward Together” and programming included various webinars, such as:

- A Conversation with World Business Chicago’s President and CEO to discuss how diverse businesses can be part of the City of Chicago’s post-Covid 19 recovery; and
- One-on-one matchmaker meetings with WBEs, MBEs and Veteran-owned businesses.

The Women’s Business Development Center and the Bank hosted a corporate roundtable event titled “Accelerating Procurement Opportunities.” Breakout sessions with 57 diverse businesses provided attendees with presentations on how to do business with four corporations.

The Bank also participated in the Women Business Development Center’s (WBDC) Midwest Annual Conference themed “Navigating the New Normal.” Speakers provided WBEs with information on how to sell to corporations during these chaotic times.

With Northern Trust Bank and the WBDC, the Bank held “Accelerating Business Diversity, Part 2: Access to Capital.” Panelists shared perspectives on the changing lending landscape, challenges faced by borrowers and insights into what business owners should plan for to improve their chances of accessing traditional debt financing.

Lastly, the Bank 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 four MBE vendors that are part of the Five Forward Program and we spent over \$2 million dollars with these vendors in 2021.

Challenges

While the pandemic has created an unprecedented business environment and additional challenge at the Bank has impacted our work. The implementation of a new ERP platform has slowed procurement operations and limited new procurement opportunities for diverse vendors. The Bank implemented a new enterprise resource planning (ERP) platform slowing procurement operations and limited new procurement opportunities for diverse vendors.

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 why supplier diversity is important and how employees can support diverse suppliers and engage in initiatives like the Buy Diverse Campaign, an internal campaign to promote the use of diverse businesses.

Create New Business Opportunities. 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. In addition, we are conducting business unit meetings to encourage discretionary spending opportunities with diverse businesses.

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 partnerships that help us build relationships between our vendors and partners in the community.

Transitioning Our Enterprise Resource Platform (ERP). Our goal in 2022 is to fully migrate to the new ERP platform. The platform is designed to connect businesses to the Bank and provide higher value to our supply chain. We will continue our onboarding education and support to diverse businesses to ensure they can transact successfully over the new network.

FINANCIAL LITERACY AND Community Outreach

Project Hometown

Project Hometown is the Bank’s commitment to engaging with our region’s communities as they confront the challenges of the current moment. Project Hometown and its findings will continue to be a primary initiative for the Bank as we consider how to best serve our communities in our research and outreach.

One example of a Project Hometown initiative was the “Supporting Detroit Minority Businesses: Access to Capital—Survey Results” event. Minority-led businesses in Detroit—especially small businesses and microenterprises—shape their neighborhoods, support local employment, and promote wealth accumulation in their communities. These firms face unequal access to capital in normal times. But how did they cope during the pandemic? The event explored the preliminary findings from a recent survey of minority businesses in metro Detroit. The research highlighted the experiences of minority business owners in accessing needed capital and financing both before and during the pandemic. It also examined how these small and micro businesses

fared during the pandemic and their near-term outlook. The survey discussion was followed by a panel of Detroit thought leaders who considered the implications of the preliminary survey findings and how policies may need to adapt to meet the needs of minority businesses.

Outreach Council

The Outreach Council was formed in early 2019 to facilitate information sharing among Bank staff who support policy making, economic development and the financial education of all Seventh District communities through outreach activities.

The Outreach Council met six times in 2021. While meetings continued to focus both on processes (e.g., outreach in Iowa) and content (e.g., cross border payments) of interest to members, we also increasingly tapped into the expertise of members to inform broader Bank or System outreach activities. For example, Council members responded to an EC survey that helped to inform priorities and identify areas of opportunity for outreach. The perspectives of Council members were also sought by the

System's Racial Equity Learning Community's engagement tactics team. All the while, much of Bank operations continued to be remote. The Council's environment of informal presentations and discussions among key Bank staff involved in outreach across a diversity of business lines continued to provide an important environment for exchange and dissemination of information about evolving conditions across our District. Important updates from the DEI team and Project Hometown kept Council members informed about the adverse impacts of the pandemic and the Bank's key strategic community partnerships.

In 2022, we will continue to respond to evolving conditions as, hopefully, "outreach" returns to being more in person. With a greater understanding of our respective functions, we will listen for ways in which we can be sure we are engaging and reaching a diversity of stakeholders across business lines and initiatives.

Financial Services Pipeline (FSP) Initiatives

In 2021, the Bank continued its support of FSP to advance African American and Latinx talent within the financial services industry. Accomplishments over the past year include executing two virtual conferences, creating a CEO Summit, leading the initiative's continued ERG Roundtable efforts, and establishing **FSP Accelerate** (more information above under *Promoting Staff Development*).

The seventh **FSP Annual Summit**, hosted by the Bank, took place virtually in October. The event theme was

"Elevating DEI: INFORMATION – IMPACT – INSPIRATION." Approximately 100 decision makers and thought leaders from over 30 firms gathered for a day of discussion and engagement to increase DEI within the financial services sector. The conference featured insights from McKinsey on equity in the financial sector and showcased successes and challenges from firms in their diversity and inclusion work. Over 30 individuals from the Bank participated. Simultaneously, FSP co-hosted a diversity career fair for diverse talent. The Bank hosted a booth and had the opportunity to meet with interested prospects, 10 of which were recommended for current open roles.

Next Steps

Economic Mobility Project. In 2022, the Bank is launching the Economic Mobility Project to advance research on the economic prospects of Americans, with a particular focus on barriers faced by those with low incomes. The Economic Mobility Project highlights and leverages the Bank's research, supporting efforts to strengthen and build resiliency in the economy as a whole. This work builds on decades of study at the Bank focusing on issues that affect lower-income Americans. The Project will gather 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 first event will be held in April 2022.

Appendices

Appendix A: Diversity Recruitment Efforts

Below is a listing of the Bank’s external recruitment efforts that helped expand our reach in 2021.

Month	Event	Target Audience
February	HBCU Roundtable College Diversity Network	Undergrad HBCU students
	University of Chicago - Info Session	Undergrad Economics students
March	Professional Diversity Network	Diverse professionals in Chicago area
May	HACE	LatinX professionals
September	Sadie Collective Conference and Career Fair	Undergrad Economics students of color
	FRBC: Intern Career Event	Diverse professionals in Chicago area
	University of Illinois at Chicago - Diversity Career Fair	Primarily Hispanic and Asian American undergrads
	Tuskegee University - Career Fair	African American undergrads
	University of Illinois at Chicago - Career Fair	LatinX and Asian American undergrads
	DePaul - Career Fair	General undergrads
	Hampton - Career Fair	African American undergrads
October	HACE Virtual Career Fair for Univ/Entry-level Careers	LatinX professionals
	FSP Career Fair	Minority College students
	Blacks in Technology Conference	Blacks in Technology
	Future Leaders	College and High School students
November	Blacks in Technology Career Fair	African American Tech professionals
December	Blacks in Technology Career Fair	African American Tech professionals

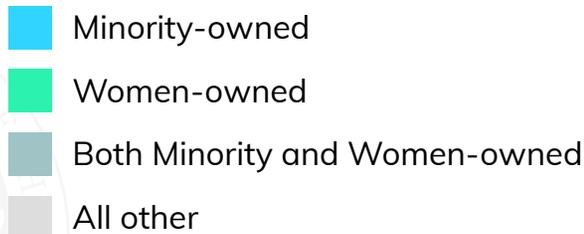
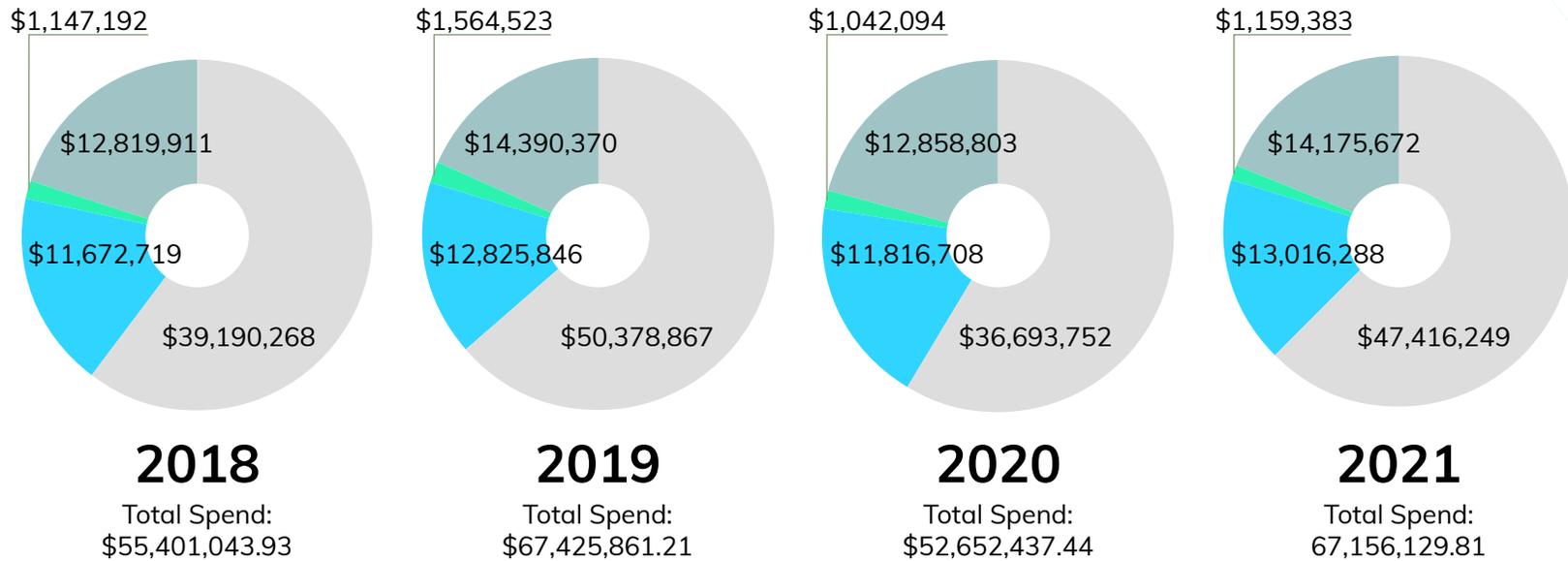


Appendix B: Spend Report YoY

The Bank's total reportable spend reported below includes expenditures on procurements originated both by the Bank and the National Procurement Offices. For the 2021 fiscal year, the Bank's total expenditures on goods and services was \$67.2 million compared to \$52.6 million in 2020. Of the amount, payment to MWBEs accounted for \$14.2 million in 2021, or 21.1%, compared to \$12.8 million, or 24.4%, in 2020.

MWBE spend is broken out as follows:

- Minority-owned businesses: \$13.0 million or 19.4%
- Women-owned businesses: \$1.2 million or 1.7%



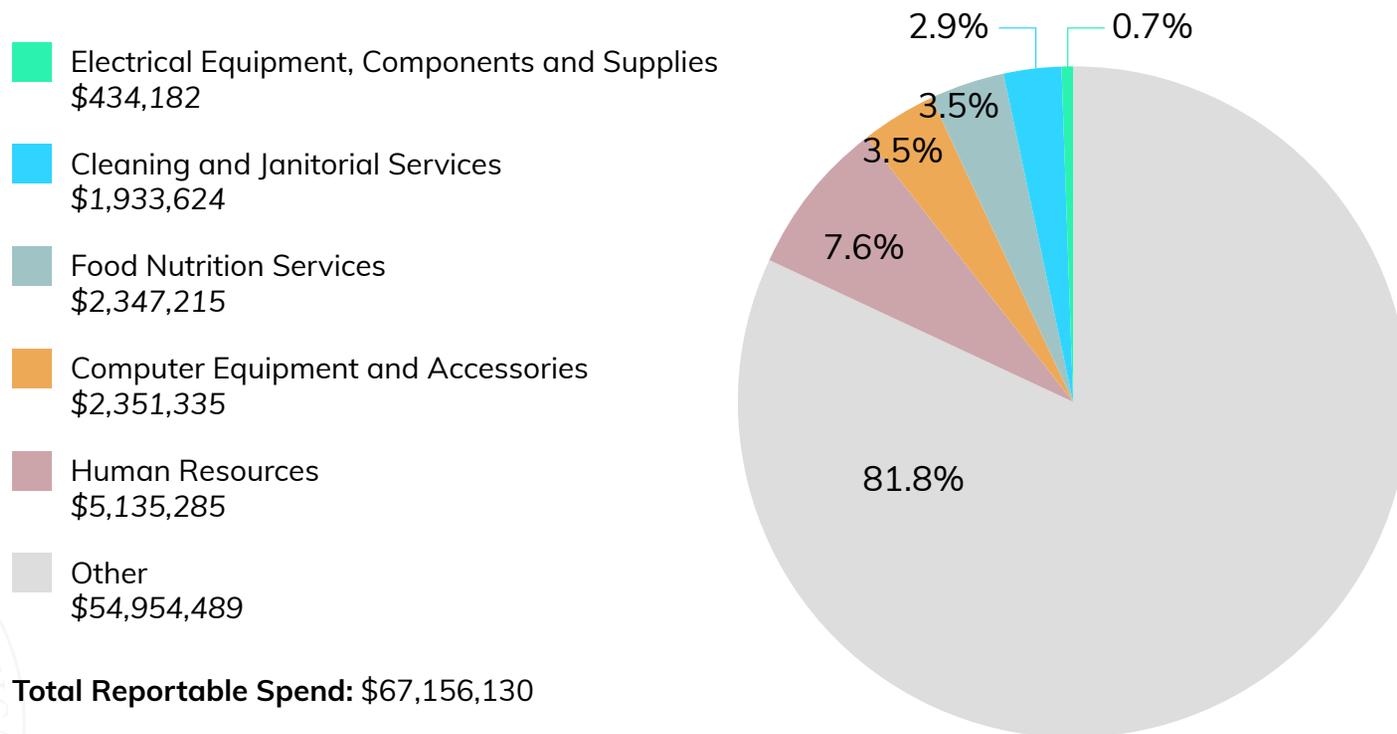
Appendix C: 2021 Supplier Spend Breakdown

Throughout the last year, the Bank continued to record and monitor its prime vendor sub-contracting or Tier 2 spend. Tier 2 suppliers enter into 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 2021, we spent \$11,959,973 on 38 projects and captured \$1,884,201 in Tier 2 spend compared to \$4.3 million of spend on 21 projects resulting in 756,250 of Tier 2 spend in 2020. Much of this increase in Tier 2 spend is from enhancements to the Bank’s Law Enforcement Unit Training Academy. The Bank continues preparations to welcome employees back onsite in 2022 and because of the future of hybrid work, we expect additional facility upgrades and modifications.

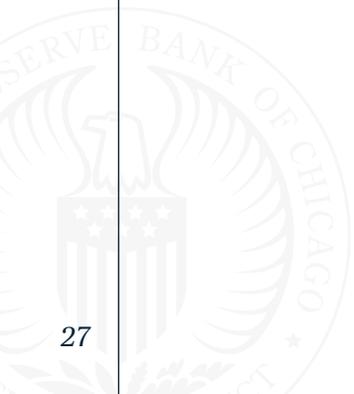
In addition, the Bank captured \$4,159.16 in Tier 2 spend from Office Depot in 2021 compared to \$5,097.88 in Tier 2 spend in 2020. When Tier 1 and Tier 2 are added together, the FRBC’s reportable spend with MWBEs totaled \$16.1 million, or 23.9%, in 2021 compared to \$13.62 million, or 25.9%, in 2020.

In 2021, the Banks reportable spend was concentrated in these top five main categories:



Appendix D: Employer Information Report EEO-1 Federal Reserve Bank of Chicago, 2021 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			
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%		
Executive/ Senior Level Officials	13	100%	5	39%	8	62%			1	8%	4	31%	7	54%	1	8%												
First/Mid Level Officials	352	100%	191	54%	161	46%	19	5%	18	5%	128	36%	105	30%	21	6%	25	7%	21	6%	11	3%			2	1%	2	1%
Subtotal Officials and Managers	365	100%	196	54%	169	46%	19	5%	19	5%	132	36%	112	31%	22	6%	25	7%	21	6%	11	3%			2	1%	2	1%
Professionals	1005	100%	547	54%	458	46%	48	5%	49	5%	364	36%	263	26%	53	5%	75	8%	79	8%	68	7%	1	0%	2	0%	3	0%
Administrative Support Workers	71	100%	13	18%	58	81%	3	4%	10	14%	2	3%	23	32%	5	7%	23	32%	2	3%	1	1%			1	1%	1	1%
Craft Workers	20	100%	17	85%	3	15%	5	25%			11	55%	3	15%					1	5%								
Sales Workers	17	100%	9	53%	8	47%	1	6%			8	47%	8	47%														
Service Workers	94	100%	78	83%	16	17%	18	19%	5	5%	32	34%	5	5%	26	28%	6	6%	2	2%								
Operatives	53	100%	35	66%	18	34%	9	17%	5	9%	7	13%	4	8%	13	25%	9	17%	5	9%	13%				1	2%		
Total	1,625	100%	895	55%	730	45%	103	6%	88	5%	556	34%	418	26%	119	7%	138	9%	110	7%	80	5%	1	0%	6	0%	6	0%



Appendix E: Chicago Core Metrics 2021, Part 1

Category	Description	Measure	2015	2016	2017	2018	2019	2020	2021		
Workforce Diversity	Senior Executives	Total #	12	13	15	14	13	12	13		
		% Minorities	8%	15%	13%	14%	15%	17%	15%		
		% Women	50%	54%	53%	64%	62%	58%	61%		
	Mid-level Managers	Total #	309	314	313	334	341	355	352		
		% Minorities	28%	28%	28%	32%	32%	32%	33%		
		% Women	45%	46%	46%	47%	47%	46%	46%		
	Professionals	Total #	912	960	939	960	955	994	1005		
		% Minorities	37%	38%	37%	37%	37%	37%	38%		
		% Women	45%	45%	46%	46%	46%	46%	46%		
	Total External Hires	Total #	167	180	116	169	202	200	163		
		% Minorities	47%	42%	33%	49%	42%	46%	46%		
		% Women	44%	45%	46%	41%	46%	44%	42%		
	Total Interns	Total #	47	48	46	55	54	44	44		
		% Minorities	38%	37%	43%	38%	48%	43%	75%		
		% Women	47%	37%	48%	47%	44%	39%	68%		
	Overall Bank Turnover Rate		%	11%	8%	9%	10%	9%	7%	9%	
	Supplier Diversity	Total Reportable Spend		\$(millions)	\$60.0	\$66.6	\$65.5	\$55.4	\$67.4	\$52.7	\$67.2
		Total Diverse Spend¹	\$(millions)	\$5.8	\$6.7	\$9.2	\$12.8	\$14.4	\$12.9	\$14.2	
%			9.7%	10.1%	14.0%	23.1%	21.3%	24.4%	21.1%		
Minority-owned²		\$(millions)	\$4.9	\$5.2	\$7.9	\$11.7	\$12.8	\$11.8	\$13.0		
		%	8.2%	7.7%	12.0%	21.1%	19.0%	22.4%	19.4%		
Minority-owned (men)		\$(millions)	\$2.8	\$2.4	\$5.2	\$8.3	\$10.2	\$8.7	\$7.5		
		%	4.7%	3.6%	8.0%	14.9%	15.1%	16.6%	11.1%		
Minority-owned (women)		\$(millions)	\$2.1	\$2.8	\$2.6	\$3.4	\$2.7	\$3.1	\$5.6		
		%	3.5%	4.2%	4.0%	6.1%	3.9%	5.9%	8.3%		
Women-owned²		\$(millions)	\$3.0	\$4.4	\$3.9	\$4.5	\$4.2	\$4.1	\$6.7		
		%	5.0%	6.6%	6.0%	8.2%	6.3%	7.9%	10.0%		
Women-owned (non-minority)		\$(millions)	\$0.9	\$1.6	\$1.3	\$1.1	\$1.6	\$1.0	\$1.2		
		%	1.5%	2.4%	3.0%	2.1%	2.3%	2.0%	1.7%		
Women-owned (minority)		\$(millions)	\$2.1	\$2.8	\$2.6	\$3.4	\$2.7	\$3.1	\$5.6		
		%	3.5%	4.2%	4.0%	6.1%	3.9%	5.9%	8.3%		

¹Total Diverse Spend = Minority-owned (men) + Minority-owned (women) + Women-owned (non-minority).

²Women-minority numbers are included in both Minority-owned and Women-owned Totals.

Appendix E: Chicago Core Metrics 2021, Part 2

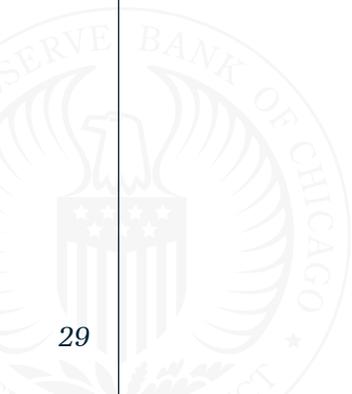
Financial Literacy¹ <ul style="list-style-type: none"> • Teacher-centric • Student-centric • Hybrid 	Number of OMWI students reached in-person and online ²	2,362
	Number of OMWI students educators reached in-person and online ³	75
	Number of OMWI students reached through educators ⁴	5,625

¹Measures report only those OMWI students and teachers who participate in or are reached through programs that have a financial literacy focus.

²Students who attended in-person programs and enrolled in online programs.

³Educators who attended in-person programs and enrolled in online professional development programs.

⁴Students reached through educators using a common multiplier of 75.



Appendix F: Federal Reserve Bank of Chicago - Bank and Branch Directors as of January 1, 2021¹

Director Categories	Current Directors ²			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
Reserve Bank Directors																	
Class A (Total Positions 3)																	
#	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%
Class B (Total Positions 3)																	
#	3	1	2	0	0	1	1	0	1	0	0	0	0	0	0	0	0
%	100%	33%	67%	0%	0%	33%	33%	0%	33%	0%	0%	0%	0%	0%	0%	0%	0%
Class C (Total Positions 3)																	
#	3	0	2	0	0	0	1	0	1	0	0	0	0	0	0	0	0
%	100%	0%	67%	0%	0%	0%	33%	0%	33%	0%	0%	0%	0%	0%	0%	0%	0%
Branch Directors																	
Branch Directors, appointed by Reserve Bank (Total Positions 4)																	
#	4	3	1	0	0	1	0	1	1	1	0	0	0	0	0	0	0
%	100%	75%	25%	0%	0%	25%	0%	25%	25%	25%	0%	0%	0%	0%	0%	0%	0%
Branch Directors, appointed by Board of Governors (Total Positions 3)																	
#	3	2	1	0	0	1	1	1	0	0	0	0	0	0	0	0	0
%	100%	67%	33%	0%	0%	33%	33%	33%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Totals																	
All Reserve Bank Directors (Total Positions 9)																	
#	9	3	5	0	0	3	3	0	2	0	0	0	0	0	0	0	0
%	100%	33%	56%	0%	0%	33%	33%	0%	22%	0%	0%	0%	0%	0%	0%	0%	0%
All Branch Directors (Total Positions 7)																	
#	7	5	2	0	0	2	1	2	1	1	0	0	0	0	0	0	0
%	100%	71%	29%	0%	0%	29%	14%	29%	14%	14%	0%	0%	0%	0%	0%	0%	0%
All Reserve Bank and Branch Directors (Total Positions 16)																	
#	16	8	7	0	0	5	4	2	3	1	0	0	0	0	0	0	0
%	100%	50%	44%	0%	0%	31%	25%	13%	19%	6%	0%	0%	0%	0%	0%	0%	0%

¹Reserve Bank directors are elected or appointed to three-year, staggered terms (see <https://www.federalreserve.gov/aboutthefed/directors/about.htm> for more information). This report includes directors who were appointed or elected in 2021 to terms that began on January 1, 2022, as well as directors who are currently serving in existing terms. Information in this report reflects one vacant director position.

²Directors are given the option to self-identify their gender and race/ethnicity.