



OFFICE OF
**DIVERSITY &
INCLUSION**
FEDERAL RESERVE BANK OF RICHMOND

2017 Annual Report to Congress

On the implementation of Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010



Federal Reserve Bank of Richmond

OUR MISSION

As a regional Federal Reserve Bank, we serve the public by fostering the stability, integrity and efficiency of our nation’s monetary, financial and payments systems.

OUR VISION

To be an innovative policy and services leader for America’s economy.

OUR VALUES

- Serve with integrity
- Lead with courage
- Perform with excellence

OUR CULTURE

Our unique mission commits us to the public good and demands excellent performance. We each constantly seek to learn more about what’s around us and how we might better pursue our mission. Open deliberation and competing independent views deepen understanding and are crucial to effective collaborative teamwork. We each take initiative, with drive and determination, to create meaningful change for our constituents. Innovation and well-considered risk-taking are essential to our success. We deeply respect each other and the people we serve.

OUR DIVERSITY & INCLUSION VISION

To create a diverse and inclusive culture that recognizes, values and leverages differences for the good of all our employees, suppliers, stakeholders and communities.

TABLE OF CONTENTS	
Executive Summary	2
Overview & Introduction	5
Workforce Diversity & Inclusion	6
Minority- & Women-Owned Businesses	14
Financial Education	17
Appendix	21

Executive Summary

Over time, the Federal Reserve Bank of Richmond (the Richmond Fed or Bank) has continued to build on its long-standing commitment to diversity and inclusion (D&I) — in the workforce and workplace, in procurement and supplier opportunities, and in relationship- and network-building with community organizations and educational institutions.

These efforts became more formalized when the Richmond Fed's first employee resource networks (ERNs) were formed in 2009 and the Office of Diversity & Inclusion (the Office) was established in 2010. Since that time, the Bank's ongoing focus and commitment to D&I has continued to evolve, build and ultimately shape the organization today and has fortified a strong foundation for the future. Some key areas of note include expanding its ERNs from two to eight, representing various backgrounds and personal/professional interests; launching executive and leadership advisory groups to help guide and direct the Bank's D&I efforts; initiating programs to attract and retain diverse candidates; updating practices and policies to be more inclusive; and providing new opportunities for employees and leaders to engage in supporting D&I.

The Bank continues to strategically expand and enhance its approach, with the long-term goals of building and sustaining an inclusive and supportive environment for Bank employees to grow and develop as well as for others who engage with the organization; and increasing the representation of women and minorities across the organization, particularly in leadership roles. In doing so, the Richmond Fed is better equipped to provide the best solutions and support its public service mission to foster economic stability and strength.

To achieve these goals, the Bank is currently focused on intentionally embedding diversity and inclusion into all that the Richmond Fed does and the adoption of D&I as a shared responsibility across the organization with every employee playing a role.

Workforce Diversity: Integrating D&I

During 2017, the Bank focused on integrating D&I practices and accountability more broadly and deeply into the organization.

Integrating D&I principles into policies, practices and processes helps the Bank attract and retain diverse talent;

strengthens the diversity of the Bank's leadership pipeline; expands diverse supplier results; and equips leaders to demonstrate inclusive behaviors. The Richmond Fed is also intentional about integrating diversity and inclusion into building networks and relationships both inside and outside the Bank, as these are critical to building trust, transparency, employee engagement and performance, which ultimately results in better employee experiences and business outcomes.

The Office and the Bank's Human Resources (HR) function merged to create a more aligned and integrated approach to embedding D&I practices into policies, programs and processes across the Bank. This unified HR structure better supports the Bank's people and culture goals and now uses shared objectives across the team that foster a diverse and inclusive work environment by focusing on the full employee life cycle (recruitment, retention and development).

During the reporting period, HR continued to collaborate with Bank leaders on a workforce metrics report to better understand and measure the Bank's D&I human capital efforts. This report equips leaders with demographic and employee life cycle information that tracks and measures progress, identifies opportunities for improving organization effectiveness and provides a clearer understanding of how business line actions impact the Bank's overall D&I outcomes.

In 2017, the Richmond Fed also implemented ongoing D&I education and deepened partnerships with leaders and individual contributors who are critical allies in an inclusive environment.

Through the introduction of new employee programs, like Let's Connect (13 sessions held), Go-To Network (previewed with leaders) and the Inclusive Leadership speaker series (1 session held), the Bank continued building employees' understanding of those who are different than themselves, which positively impacts employee engagement and retention. Additional information about these efforts can be found in the Workforce Diversity & Inclusion section of this report.

The Bank benefits from leaders and individual contributors who serve in active guidance and oversight roles on several councils, including the Diversity & Inclusion Alliance (DNA) and the Executive Diversity & Inclusion Council (EDIC) as well as those who participate

in and lead the eight ERNs.¹ These employees, who act as key partners and champions, include representation from across the Bank and at broad organizational levels. There is also strong minority and women engagement, and these leadership roles serve as developmental experiences benefitting both the organization and the participants.

The EDIC encourages engagement and a heightened commitment by the Bank's most senior leaders, too. For example, the Bank's first vice president and EDIC member, Mark Mullinix, has played an instrumental role in helping to shape the Bank's inclusive culture and has championed many of the organization's D&I efforts, like Let's Connect where he partnered with other senior leaders to facilitate the sessions.

The Bank's ongoing efforts also focus on attracting diverse candidates and developing and retaining diverse employees. In 2017, the organization made incremental progress attracting diverse talent and strengthening leadership pipeline diversity — as well as developing and implementing sourcing plans to address identified gaps. The Bank's Workforce Diversity Outreach senior vice president spent significant time building relationships that support proactive sourcing of executive roles. Over the last five years, the Bank has made progress in bolstering minority representation at the highest levels in the organization with minority senior executives increasing from 12 percent in 2013 to 24 percent in 2017. Representation of women has remained relatively stable over the same time period, fluctuating between 28 percent in 2013 and 24 percent in 2017.

These talent acquisition plans address women and minority gaps at the early career, mid-career and officer levels — an area that directly aligns with the Bank's long-term D&I goals. In support of these goals, the Bank developed a new talent philosophy in 2017, which included driving greater consistency and accountability in the use of diversity recruiting principles developed in 2015 for everyone involved in the hiring process. This comprehensive view of talent management, which will be rolled out in 2018, sets clear expectations and provides a common understanding to help leaders engage their employees, grow diverse talent and ensure a performance-focused culture.

A key focus also is on workforce planning and succession — understanding where the organization is, where it is going and what gaps exist between current and future

state; filling those gaps through proactive sourcing and developing talent internally; and building a culture that harnesses diverse perspectives and talents to achieve better business outcomes.

The Richmond Fed also turned its attention outside of the Bank as well, by enhancing and expanding several existing programs, like the Career Champions program where employees connected with over 2,000 potential candidates; the Engaging Qualified Underutilized Individuals Program (EQUIP) that identifies qualified talent for entry-level roles by targeting majority-minority and women-serving institutions of higher learning; and early-career programs, like the intern program, to act as a pipeline for full-time hires. In 2017, the Bank hired 60 interns, 48 percent of whom were women and 43 percent were minorities. Eight of those interns converted to full-time hires, including four minorities and two women.

In addition, the Bank implemented the Supplement Talent Employment Project (STEP) across the Fifth District to augment the Richmond Fed's employment base with 10 new early career positions, with the primary goal of building diverse talent pools from which strong individual contributors and/or future leadership succession candidates can be drawn. To date, one STEP position has been hired and recruitment for the remaining nine positions is underway with a goal to fill 80 percent of these roles by May 2018.

Working with the Board of Governors and others across the System, the Bank complied with the spirit of the January 2017 federal government hiring freeze. The hiring freeze had an impact on both hiring and procurement.

In 2017, the HR talent acquisition team adopted a more deliberate process, including making hiring data more visible and taking a broader organizational view on hiring needs. These adjustments placed a sharper focus on evaluating roles, pipelines and hiring decisions. This may have contributed to the improved diversity of talent selections during the remainder of the year. The Bank will continue this process moving forward.

Overall, representation of women and minorities increased as compared to 2016. As of December 31, 2017, the Bank employed 2,624 employees, consisting of 38 percent women and 32 percent minorities. Hiring data reveals 50 percent of employees hired externally in 2017 were minority, which is 8 percent higher than the minority

¹ A list of groups that serve as champions is included in Appendix 3.

hiring representation the previous year. Additionally, 43 percent of external hires were women, 15 percent higher than the previous year.²

Supplier Diversity: Executing The Plan

Although 2017 expenditures with diverse suppliers (\$38.70 million) declined as projected, the Bank awarded 27 percent (26 contracts) of its total 95 contracts to diverse suppliers, up from 26 percent in 2016. The Richmond Fed also continued to make progress on expanding networks with diverse suppliers through its supplier diversity strategic plan, driving deeper engagement and accountability for success throughout the organization. As part of the plan, the Bank developed longer-term business line procurement forecasts and corresponding supplier pipelines, explored additional Tier 2 and subcontracting opportunities with prime suppliers, investigated factors that contribute to diverse supplier response rates, and continued its effective outreach and technical assistance activities.

Financial Education: Expanded Offerings

The Bank continued its efforts with students, teachers, and community and educational organizations, reaching more than 240 educators and 18,000 students from OMWI-designated high schools in 2017.³ The Richmond Fed expanded the “Invest in What’s Next” online course for high school students and presented a new lesson module at various workshops and conferences. The Bank also worked to help students develop their soft skills and have a better understanding of the Fed’s role in the economy. It also expanded the Teacher Collaborative Committee to include teachers from the Baltimore area; continued the public school mentoring program; and participated in the Mission Tomorrow career expo, where more than 12,000

middle school students were exposed to possible career opportunities to help them make informed choices about the secondary and post-secondary education they pursue.

Conclusion

Everyone at the Richmond Fed plays a role in promoting a diverse and inclusive environment. Each day, employees demonstrate this shared responsibility — from engaging in open discussions to promote inclusion to participating in diverse supplier networking events to volunteering for financial education programs in underserved communities. The Office and HR provide the opportunities and tools, but it is employees from across the organization who put D&I into practice throughout the Bank.

In 2017, the Richmond Fed’s D&I efforts were enhanced in a number of areas, including creating a more inclusive workplace; broadening outreach; and intentionally integrating diversity and inclusion in policies, processes and practices. The Bank also recognizes that challenges exist — for example, to increase the diversity of staff in certain areas of the Bank and boost diverse supplier spend — and is addressing how to mitigate them. The work completed to date is a strong foundation to build upon. The Bank is well-positioned to see a quickening in the pace of change and progress in both building an inclusive and welcoming environment and increasing the representation of women and minorities across the organization in the years to come.

This annual report, as stipulated by Section 342 of the Dodd-Frank Act, details specific work and progress made during the reporting period. Information pertaining to Regulated Entities is included in the Board of Governor’s Report as the primary regulator.

² Additional information on changes over time and minority and women representation in the categories of senior executives, mid-level managers and professionals is contained in Appendix 1.

³ Determining students reached through educators uses a common multiplier of 75 students per educator.

Overview & Introduction

THE RICHMOND FED

As part of the nation's central bank, the Federal Reserve Bank of Richmond (Richmond Fed or the Bank) is one of 12 regional Reserve Banks working together with the Board of Governors to support a healthy economy and deliver on our mission to foster economic stability and strength.

Bank employees connect with community and business leaders across the Fifth Federal Reserve District — including the District of Columbia, Maryland, Virginia, North Carolina, South Carolina and most of West Virginia — to monitor economic conditions, address issues facing Fifth District communities, and share this information with monetary and financial policymakers. The Richmond Fed also works with banks to ensure they are operating safely and soundly, supply financial institutions with currency that's fit for distribution, and provide a safe and efficient way to transfer funds through our nation's payments system.

The Richmond Fed is headquartered in Richmond, Virginia, with branch offices in Baltimore, Maryland, and Charlotte, North Carolina. The Bank includes two divisions — the Fifth District, or District (1,439 employees), with responsibility for the primary functions of the Bank and Federal Reserve Information Technology, or FRIT (1,185 employees), with responsibility for information technology for all Reserve Banks within the Federal Reserve System (the System). Therefore, Bank employees are located across the U.S. and within offices of each of the 12 Districts across the System.

OMWI OFFICE AND OVERSIGHT

In December 2010, the Bank created the Office of Minority & Women Inclusion (OMWI) and named it the Office of Diversity & Inclusion (the Office), following the signing into law of the Dodd-Frank Act as part of the nation's regulatory reform efforts.

Becky Bareford is senior vice president and director of the Office, and reports to President Thomas Barkin on OMWI matters. Christopher Tunstall, assistant vice president, serves as the deputy director. Donnie Harper, senior vice president, oversees the workforce diversity outreach efforts of the Bank.

Serving both the District and FRIT, the Office seeks to increase the diversity of the Bank's workforce at all levels in the organization, increase the number of minority- and women-owned businesses that participate in procurement efforts, and enhance financial education efforts — including focus on majority-minority schools — to support informed decision-making.



Workforce Diversity & Inclusion

The Richmond Fed is committed to building a work environment as diverse as the people it serves. And while these efforts are part of a journey that's evolved over time, the focus remains the same — attracting and recruiting diverse candidates while developing, retaining and offering opportunities for those already here.

In 2017, the Bank continued its efforts in these areas, enabled by the HR three-year strategy that focuses on developing great organizational leaders, and equipping and supporting a diverse and inclusive culture.

To better understand and measure the Bank's diversity and inclusion (D&I) human capital efforts, Human Resources (HR) continues to collaborate with Bank leaders on a workforce metrics report. This report provides leaders with demographic and employee life cycle information that tracks and measures progress, identifies opportunities for improving organization effectiveness and provides a clearer understanding of how business actions impact the Bank's overall D&I outcomes.

Working with the Board of Governors and others across the System, the Bank complied with the spirit of the January 2017 federal government hiring freeze. The hiring

freeze had an impact on both hiring and procurement. In 2017, the HR talent acquisition team adopted a more deliberate process, including making hiring data more visible and taking a broader organizational view on hiring needs. These adjustments placed a sharper focus on evaluating roles, pipelines and hiring decisions. This may have contributed to the improved diversity of talent selections during the remainder of the year. Minorities increased to 50 percent of external hires from 42 percent in 2016, and women increased to 43 percent of external hires from 28 percent in 2016. The Bank will continue this process moving forward.

As of December 31, 2017, the Bank employed 2,624 employees. The Bank's representation of women increased by 1 percent to 38 percent since 2016. Minority representation increased to 32 percent after remaining at 31 percent since 2015. As of December 31, 2017, Black/African-American employees represented 18.5 percent of the Bank's workforce, Asians represented 8.7 percent and Hispanic/Latinos represented 3.9 percent. Additional information on changes over time and minority and women representation in the categories of senior executives, mid-level managers and professionals is contained in Appendix 1.

The Search for a New President

In 2017, the Bank performed an extensive search for its next president. The director-led search committee engaged an executive search firm to assist with the presidential search — in part because of the firm's proven ability to identify highly qualified and diverse candidate pools for executive positions. In addition to the search firm's national outreach, the Bank communicated with more than 70 community-based organizations whose missions emphasize diversity and inclusion. Organizations included in this outreach were advocacy groups, historically black colleges and universities, and organizations affiliated with the interests of labor unions, among others.

The candidate vetting and interview process was a collaborative effort that included representatives from the executive search firm, the search committee, additional Bank directors who represent the public and members of the Board of Governors of the Federal Reserve System. The diversity of perspectives offered contributed significantly to ensuring that candidates were qualified in accordance with the job profile and evaluated on their professional experience, competencies and characteristics, and adherence to the highest ethical standards.

In December, the Bank announced the selection of Thomas I. Barkin as the next president of the Federal Reserve Bank of Richmond, effective January 1, 2018. Barkin's academic credentials and analytical and research-based thought leadership, combined with his understanding of the Federal Reserve System and experience in promoting diversity and inclusion, including his leadership of McKinsey's Global Women's Initiative, were important considerations for this key leadership role.

The Bank uses analytics and reporting to better understand the current environment, proactively identify trends and talent gaps, and develop and implement sourcing plans. It made incremental progress in attracting diverse talent and strengthening the leadership pipeline, with a goal of

quickening the pace of change over time. To do this, the Bank will continue focusing on the efforts outlined below, which intentionally foster inclusion through relationship building and provide opportunities for employees to bring their full selves to work, connect and grow.

Building Inclusion



During 2017, the Bank launched three initiatives to build inclusion and greater awareness of the connections between different and varied experiences and the implications to decision-making.

The first vice president, along with other senior leaders, championed **Let's Connect** — an open dialogue series that encourages employees to engage in open discussion with each other and leaders on topics they care about personally. The sessions are facilitated by senior leaders and designed to cultivate an open environment by

building relationships and trust, building awareness of different experiences that exist between individuals and supporting employees in bringing their whole selves to work. Thirteen sessions were held in 2017.

The **“Go-To Network” program** aids in building awareness of unconscious bias by challenging participants to expand and diversify the people that they “go to” in their professional circles — with the goal of engaging broader and different perspectives for more fulsome and fully informed outcomes. In 2017, the Bank’s senior leaders and members of their leadership teams previewed the “Go-To Network” resource with additional sessions to be rolled out in 2018. Feedback was positive and leaders are further engaging and encouraging their teams to connect the learnings and insights to their business and talent decisions.



The Bank continued the Partners in Growth program and launched a pilot speaker series, **“Inclusive Leadership: Lead From Where You Are.”** Through opportunities to learn from engaging external speakers, employees across the System are encouraged to grow and develop their personal leadership skills and gain insights about what it means to lead self, lead relationships and lead culture in a way that fosters inclusion and acceptance. The series kicked off in November 2017 with more than 1,000 employees from across the System participating.

SUCSESSES

Attracting and Recruiting Diverse Candidates

Attracting diverse candidates requires proactively sourcing talent and building an active pipeline for current and future hiring needs. The Richmond Fed's proactive sourcing and outreach plan centers on building relationships with potential candidates, professional organizations, and colleges and universities. It also focuses on building internal talent pools through hiring early career professionals and creating a positive and engaging experience for candidates and new hires. This plan also necessitates the organization to conduct workforce planning to anticipate future needs, business drivers and environmental factors affecting the talent landscape.

In 2017, efforts focused on fostering deeper relationships through the enhancement and expansion of various programs, like the implementation of a formal Career Champions program; assigning executive sponsors to colleges and universities in the District; expanding the reach of the Engaging Qualified Underutilized Individuals Program (EQUIP); and focusing on building early career programs, like the intern program, to act as a pipeline for full-time roles.

To support deeper networks and leverage internal resources, HR partnered with the Office to fully implement the Career Champion program after a successful pilot year in 2016. The program leverages employees who have been asked to support the Bank's recruitment activities and build its employer brand. These employees gain a broader understanding of the Bank and share that information, along with their personal experiences, at external recruitment events. Additionally, the program includes members of the Bank's employee resource networks (ERNs). In 2017, the program expanded its reach and built relationships at more than 40 events — connecting with over 2,000 potential candidates. Potential candidates are tracked and this pipeline is leveraged when positions become available.

EQUIP is another program that the Bank uses to identify qualified talent for entry-level roles by targeting majority-minority institutions of higher learning. The program started in 2016 with Hampton University and expanded to include North Carolina Agricultural and Technical State University, both Historically Black College/Universities (HBCU). EQUIP fosters relationships with students whose education and experience align with organizational

needs, specifically the business, information technology and engineering fields. As part of the program, Bank representatives hold information sessions, mock interviews and resume critique sessions with students in addition to meeting face-to-face with key faculty and administrative personnel. In 2017, representatives connected with more than 350 potential candidates and collected more than 100 resumes at various awareness opportunities. This builds the pipeline of diverse candidates as individuals are tracked and can be matched with future roles. These relationship-based efforts also help reinforce the Bank as an employer of choice, boosting the Bank's visibility and reputation.

In addition to EQUIP, the Bank implemented a tiered approach with campus recruiting in order to focus its efforts and resources on key colleges and universities in the region where diverse talent pools can be sourced and the Bank can provide educational opportunities. The Tier 1 schools are Hampton University (HBCU), North Carolina A&T (HBCU), Howard University (HBCU), the University of Mary Washington (a majority women student population), and Virginia Commonwealth University (a District-based university with a large minority population.) Employees representing various business areas lead the efforts at the schools, coordinating activities between the Bank and the universities.

The Richmond Fed's undergraduate internship program also serves as a proactive step in building a future talent pipeline and supports the Bank's high-priority objectives around people, culture and developing a workforce of the future. The program provides qualified students with the opportunity to gain valuable work experience at the Bank by assigning them to various functional areas based on business needs. Through project work assignments and professional development activities, interns gain valuable on-the-ground experience and build an understanding of the Bank's workplace and opportunities. In 2017, the Bank hired 60 interns, 48 percent of whom were women and 43 percent were minorities. As part of the program, HR collaborates with Bank management to determine where opportunities may exist to transition interns into full-time Richmond Fed employees. In 2017, the Bank converted eight interns to full-time hires, including four minorities and two women. A detailed chart can be found in Appendix 1.

In addition, the Bank actively built community partnerships targeting underserved high school- and college-aged students. The Bank sponsored two

interns from the Year Up nonprofit, providing them the opportunity to learn on-the-job skills. Similarly, the Bank hosted two Information Technology interns in Dallas, Texas, through its partnership with the nonprofit, NPower. Two high school students also interned with the Bank through collaboration with Partnership for the Future, a Richmond-area nonprofit that helps students with limited resources transition from high school to college and employment.

The Bank similarly targets schools with Science, Technology, Engineering and Math (STEM) programs to build deeper relationships that could yield candidates who have skills that align with these key talent needs of the Bank. These efforts are designed to achieve a long-term goal of building an internal pipeline to meet succession needs of the Bank, with an increasingly diverse workforce.

Early-career talent is also hired into the Technology Development Program (TDP) — FRIT's flagship program for early career technical talent. This two-year program focuses on exposing entry-level hires from various fields of study to technical and professional development opportunities. To support these employees, mentors provide professional guidance and coaching. The TDP employees participate in a monthly meeting to broaden their understanding of the organization and possible career paths. At the end of the program, the TDP participants assume an associate role within the organization. In 2017, the TDP included 16 individuals, 44 percent minorities and 44 percent women.

In 2017, the Bank implemented the Supplement Talent Employment Project (STEP) across the Fifth District, modeled from the successes of the TDP. The project augments the Richmond Fed's employment base with 10 new early career positions with the primary goal of building diverse talent pools from which strong individual contributors and/or future leadership succession candidates can be drawn. Although the program was suspended during the hiring freeze, planning activities resumed in September 2017. To date, one STEP position has been hired and recruitment for the remaining nine positions is underway with a goal to fill 80 percent of these roles by May 2018.

The Bank is being intentional about workforce planning and decisions to fully benefit from this early career outreach and investment. In addition to TDP and STEP, the Bank is focusing on having more entry-level

opportunities and is looking at roles as they are vacated with the possibility of backfilling positions at more early career levels.

Building Relationships with Diverse Professional Organizations

The Bank also participates in a robust schedule of external networking and outreach events. These relationships increase understanding of the Federal Reserve and open doors for future opportunities to support diverse talent acquisition. The Bank cultivated new relationships and built networks with professional organizations and universities whose constituencies align with the business needs of the Bank, such as information technology and finance. Additionally, the Bank participated in numerous events to enhance its presence and reputation in the community and strengthen existing relationships with professional and community organizations whose members are majority-minority professionals in the financial services, information technology and Bank-related business fields. These events also provide the opportunity to tell the story of the Richmond Fed and create interest in and understanding of the organization.

For example, community and Bank leaders engaged in Bank-hosted leadership workshops that promoted a greater understanding of Hispanic/Latino culture and discussed ideas for further partnership. The workshops focused on the state of housing for Latinos in Baltimore as well as opportunities for the development of the city's bilingual workforce. Representatives from the Small Business Development of Latino Business Owners organization, aspiring entrepreneurs and larger Latino-owned companies participated.

Diverse and Inclusive Recruiting Principles

HR, in partnership with business lines and hiring managers, continued utilizing diverse and inclusive recruiting principles approved by senior leaders in 2015 to improve sourcing and selection of qualified candidates. Working with the hiring manager, HR generates a pool of qualified candidates that includes both women and minorities, and then interviews a range of qualified potential candidates reflecting the diversity of the candidate pool. This process, in addition to sourcing relationships and outreach strategies, consistently results in greater diversity in candidate pools.

Recruiting principles and recruitment metrics are used to create diverse candidate pipelines for current positions and future openings. Using sourcing and tracking data, the Bank created a shared database to broaden the visibility of previously sourced diverse, high-potential candidates across hiring teams. This resource helps hiring managers identify viable diverse candidates for other roles as part of candidate pools.

Workforce Planning

In 2017, HR introduced a shared philosophy of talent management, and plans for full implementation in 2018. The talent philosophy is the approach the organization uses to manage and lead talent and provides clear expectations and a common understanding for leaders. It focuses on developing authentic, inclusive and transparent Bank leaders who are great role models for the organization; developing Bank employees who demonstrate agility and success at anticipating and responding to market conditions and organizational change; and developing a performance-focused culture skilled at establishing expectations, teaching key competencies required for success, differentiating performance and holding employees accountable for results.

Building on that philosophy, senior-most leaders heightened their commitment to take a collective responsibility for developing talent and improving D&I at all levels of the Bank. That commitment includes workforce planning, succession and talent reviews. The Bank also continued the use of talent reviews to proactively discuss talent needs and challenges at an organizational level, assess performance, and measure capabilities and advancement of potential of leaders across the organization. The talent reviews assess internal talent in the feeder pools used to fill critical roles, and identify talent gaps and potential retention challenges of key talent. An added enhancement included measuring the progress of identified employees using targeted development plans focused on experiential opportunities. It is also understood that if talent gaps exist, the organization may need to look externally to fill critical roles. These identified needs serve as focal points for Office staff who partner with leaders to act on sourcing plans and build deeper diversity in talent pools.

Workforce planning is conducted at a department-level and rolled-up to identify Bank-wide workforce trends, opportunities and solutions. The goal of workforce planning is to have a ready, diverse workforce in place

to ensure the current and future business goals of the organization are achieved. The objective of the Bank's succession management effort is to identify and develop a pool of highly talented, diverse successors to meet the current and future leadership needs of the organization. To do this, HR and business line leaders evaluate future workforce needs and current workforce capabilities, identify workforce gaps and create plans to address these gaps across the numerous business lines — including through training and development.

A component of addressing future workforce needs is the proactive sourcing of leadership candidates, especially for officer roles, to build and sustain an active pipeline of minority and woman candidates. Over the last five years, the Bank has made progress in bolstering minority representation at the highest levels in the organization with minority senior executives increasing from 12 percent in 2013 to 24 percent in 2017. Representation of women has remained relatively stable over the same time period fluctuating between 28 percent in 2013 and 24 percent in 2017. Succession planning for these key roles included the posting for positions due to retirements and turnover. The Bank is continuing to develop internal talent and proactively source external talent to ultimately build the executive pipeline for current and future roles.

Training and Development

To guide the succession work and development programs, the System collaborated on a set of leadership attributes. These attributes aided in the development of the shared philosophy of talent management and were leveraged during succession conversations both at the Bank and among System leaders.

Clearly defined competencies provide the foundation for talent development programs and resources as well as performance management practices. These competencies clarify the expectations of employees at all levels of the organization. Delineation of behaviors expected at the individual contributor, supervisor/manager and officer levels enable more targeted feedback and provide a clearer progression for development. These behaviors include a strong emphasis on creating and sustaining an inclusive environment.

The Bank's focus on the growth and development of existing staff encourages continuous learning through formal programs, experiential learning and targeted leadership development. These opportunities are linked



to individual development plans as one path to improve retention, engagement and growth for all employees.

To further strengthen and deepen the Bank's pipeline of diverse talent, a program targeted to high-potential individual contributors was redesigned and re-introduced in 2017. The 2017 Partners in Professional Development program class was 38 percent minorities and 31 percent women. This program includes a new D&I module as well as D&I concepts that are reinforced throughout the program. An additional enhancement includes a peer-coach model to reinforce learning through relationships, which also maximizes diversity of thought and perspective. Long-term impacts of this program are seen in promotions over time. Of the class of 2012 (five years after program graduation), 69 percent of participants were promoted, and 43 percent of those were minorities and 51 percent were women.

Strong leaders are key to developing talent and building an inclusive culture. A leadership development program introduced in 2016, Peer Accountability and Transformation Huddles (PATH), continues to build leadership skills in the manager, supervisor and lead population. One of the outcomes of the program is clear leader expectations and a consistent foundation to lead, support change management and assess employees.

The Bank's online Learning & Development (L&D) Center, introduced in 2016, expanded to employees across the organization in 2017. The L&D Center provides increased access to broader learning opportunities and resources in multiple delivery formats — such as online learning — which supports the Bank's remote workers. Since its inception, more than 1,800 employees have accessed the center for learning opportunities.

To align with the Bank's talent philosophy — which places an emphasis on learning on the job and through relationships with others — the development of high-potential talent in 2017 focused on experiential learning to augment learning from formal programs. As part of this effort, selected high potential individuals were given cross-functional assignments to increase their business acumen and skill sets, while broadening their networks and increasing their visibility.

Another key influencer of D&I outcomes includes leveraging key partnerships with leaders and individual contributors who are critical allies to an inclusive culture. The Bank benefits from employees who have an active D&I

Best Place to Work for LGBTQ Equality



100% CORPORATE EQUALITY INDEX™



The Bank once again is a “Best Place to Work for LGBTQ Equality” — scoring 100 on the Human Rights Campaign Corporate Equality Index Survey for 2017. The annual survey is a benchmarking tool on corporate policies and practices as well as a measure of lesbian, gay, bisexual, transgender and questioning (LGBTQ) equality within organizations.

A few of the Bank's accomplishments that contributed to a perfect score include:

- Offering LGBTQ inclusion training for employees
- Providing transgender-inclusive benefits, gender transition guidelines and an inclusive EEO policy
- Participating in the Richmond Business Alliance LGBTQ recruiting event
- Collaborating with the LGBTQ community outside the Bank, including hosting a booth at Virginia PrideFest and volunteering for Diversity Richmond (nonprofit)

role through serving on the Diversity & iNclusion Alliance (DNA) and eight ERNs. The Executive Diversity & Inclusion Council (EDIC) members act as key partners and active champions who provide guidance and leadership to D&I efforts. The DNA, ERNs and EDIC include representation from across the Bank and at broad organizational levels, from individual contributor to officer to senior leader; there is also strong minority and women engagement. See descriptions of these D&I champions in Appendix 3. The ERNs also provide strong on-the-job leadership development opportunities and compliment the Bank's formal leadership development programs. Employees who lead ERNs develop leadership skills such as building strategy, managing a budget and communication. The program serves as an opportunity to engage talent, including women and minorities, in cross-functional growth with support and sponsorship from Bank officers. In 2017, ERN sponsors represented 40 percent minorities and 60 percent women. The day-to-day leadership of the ERNs by non-officer level employees represented 39 percent minorities and 67 percent women.

CHALLENGES

The Bank faces varied and complex challenges in its efforts to increase the diversity of employees through hiring and retention, especially at more senior levels within the organization. This challenge continues to affect the utilization of minorities and women in several areas of the Bank, including minority examiners, women automation supervisors and minority officers.

Further complicating these challenges, the Bank maintains consistently low turnover, which impacts its ability to improve utilization. However, the Bank is actively building networks with external leaders, professional organizations and possible candidates, which will create a more robust executive pipeline for minority and women candidates. Utilization of minority officers will take time due to the relatively small number of open positions annually.

The Bank values the internship program as a potential way to source early career positions and increase the diversity of the talent pipeline, but currently has a low number of entry-level positions that can be used to convert interns. The Bank is actively evaluating its job construct with a purposeful goal of bringing in early and mid-career talent — including converting more interns — and continuing to assess senior-level roles as they are vacated to determine if there are opportunities to replace them with more junior roles. This shift will open more early and mid-career opportunities and help to increase diversity and balance the talent pipeline.

NEXT STEPS

HR's strategy continues to support People and Culture goals under the Bank's strategic plan. The focus will be on having great organizational leaders, and equipping and supporting a diverse and inclusive culture. In 2018, the Office will refocus how D&I is delivered and more fully integrate D&I into all aspects of selecting, developing and retaining talent at the Bank. This includes an emphasis on driving execution broader and deeper across all elements of HR and through the business lines.

The Bank will continue to utilize workforce metrics and data to better identify gaps and trends to measure and drive progress and identify areas of focus. Proactive sourcing to build the executive talent pipeline will continue with concentration on building networks with minority and women potential candidates. With the implementation of consistent job descriptions in 2017, the Richmond Fed has a baseline and will actively track the number of jobs by level to evaluate progress toward the goal of increasing opportunities for early and mid-career talent. Through programs like STEP and TDP, the Bank will continue to bring early career talent into the organization, building diverse talent pools from which strong individual contributors and/or future leadership succession candidates can be drawn.

Talent development programs and services will continue to support a diverse workforce. Focus will be placed on more rapidly preparing employees, especially through experiential development opportunities, to move in the organization. The Talent & Organizational Development service model is being reorganized in 2018 to provide core services and a structure that integrates D&I practices into leadership and professional development at all levels, supporting a high performing, diverse and inclusive culture.

To continue to build leadership cultural competence, a common set of objectives to address organizational development and operational excellence will be rolled out to people leaders in 2018 — driving greater clarity and consistency on leadership expectations and measurement — including around D&I. The objectives align with System Conference of Presidents (COP) and Conference of First Vice Presidents (CFVP) priorities around driving progress with D&I efforts. During 2017, the System outlined three multiyear priorities to advance D&I within the organization with the focus on further cultivating a strong and diverse candidate pool for senior executive positions, increasing communications on D&I commitments and further enhancing use of D&I metrics to inform decisions.

Additionally, in 2018 the Bank will coordinate cross-functional assignments for high-potential individual contributors with a broader number of employees. At the manager and officer level, career progression for succession candidates will focus on mobility with lateral and vertical job placements.

The Bank will continue to look at human resource services, including talent acquisition, talent development, workforce planning and succession management, through the lens of diversity and inclusion and ensure that D&I best practices are integrated in practices throughout the employee life cycle.

Minority- and Women-Owned Businesses

Through the Bank's supplier diversity strategic plan, the Richmond Fed made progress on building its relationship with diverse suppliers by driving deeper engagement and accountability for supplier diversity success throughout the organization. Plan objectives included working with business lines to develop longer-term procurement forecasts and corresponding supplier pipelines; exploring additional Tier 2 and subcontracting opportunities with the Bank's prime suppliers; investigating factors that contribute to diverse supplier response rates; and continuing effective outreach and technical assistance activities.

AMOUNTS PAID TO CONTRACTORS

Over the five-year period from 2013 through 2017, expenditures with diverse suppliers increased from \$15.09 million in 2013 to \$38.70 million in 2017. The total reportable spend in 2017 was \$362.43 million. The amount and percentage of expenditures with diverse suppliers increased year-over-year until reaching a peak of \$58.35 million and 16.6 percent, respectively, in 2015. Expenditures with diverse suppliers declined in 2017 from \$39.07 million and 12.6 percent in 2016, to \$38.70 million and 10.7 percent. This decline was anticipated and noted in the Bank's 2016 Report to Congress.

Contributing to the decline was a hiring freeze the Bank implemented for the first six months of the year, followed by increased scrutiny on hiring requests when the freeze was lifted. Since these measures applied to both employees and contingent workers, expenditures with the Bank's managed services provider (MSP) for contingent staffing, one of its largest diverse suppliers, experienced reduced demand from the decreased hiring activity. As a result, spend with this supplier alone decreased \$4.3 million, or 26 percent, from \$16.3 million in 2016 to \$12 million in 2017.

Expenditures with minority businesses owned by men totaled \$19.56 million, or slightly over 5 percent of total spend, up from \$16.56 million in 2016. Expenditures with women-owned minority businesses totaled \$15.48 million, or just above 4 percent of total expenditures, down from \$18.27 million in 2016. Expenditures with non-minority women-owned businesses totaled \$3.66 million, or 1 percent of total expenditures, down from \$4.24 million in 2016.

SUCSESSES

Enhanced Engagement

Nearly 100 representatives from 63 businesses attended the Bank's flagship diverse supplier education and networking event in 2017. Fifteen of the businesses were included in subsequent sourcing events or referred for consideration in opportunities still pending.

The event also included a panel discussion with four of the Bank's senior executives, whose collective areas of responsibility represent the bulk of the Bank's procurement requirements. They provided high-level information on their departments and discussed why supplier diversity is important to the Bank and how it adds value to their businesses.

The networking session allowed suppliers to meet and discuss their product and service offerings with procurement staff and representatives from 18 user departments as well as eight of the Bank's prime suppliers. The event concluded with a luncheon and keynote address from Ken Banks, a Baltimore board member and owner of Banks Contracting Company, a minority construction and real estate development firm.

Diverse suppliers often face a disadvantage when competing against incumbents or other suppliers who are well-known to project or Request for Proposal (RFP) stakeholders through previous experience or by virtue of their industry standing or reputation. The Bank piloted a new technical assistance strategy in 2017 in an attempt to help mitigate this inequity.

Prior to releasing an RFP for hardware maintenance — a substantial opportunity with System scope and an estimated value of \$4.1 million — the Bank hosted an information session for all suppliers who would be invited to participate in the RFP. Procurement and business line staff shared high-level information about the opportunity, tips on preparing an effective proposal, and the Bank's commitment to supplier diversity and expectation of diverse supplier subcontracting activity. The suppliers then met with the RFP team members to introduce their respective businesses and capabilities and to ask further questions. The session was well-received, with diverse suppliers in particular appreciating the opportunity to get information and meet internal stakeholders prior to the RFP release. Internal stakeholders also indicated they thought it was an effective way to meet and learn more

about the capabilities of the prospective bidders. The RFP included 26 suppliers, of which 13 were diverse; the number of suppliers responding was 12, of which five were diverse. The hardware maintenance RFP resulted in three contract awards, including one to a diverse supplier. The contract awarded to the diverse supplier represented 42 percent of the total amount awarded.

Outreach

The Bank continued to participate in a robust schedule of external networking and outreach events and actively serves as a national member of the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC) and the Financial Services Roundtable for Supplier Diversity (FSRSD). The Bank's supplier diversity program manager serves on the board of directors of the Carolinas-Virginia Minority Supplier Development Council (a regional affiliate of NMSDC) and FSRSD. Leveraging membership and involvement in these well-regarded diverse supplier development organizations, the Bank continued to expand its visibility and presence in the diverse supplier community.

Development of Strategic Procurement Opportunity and Supplier Pipelines

The supplier diversity program manager and procurement staff continued to collaborate with business lines on strategic opportunities and developed a diverse slate of qualified suppliers for the 2017 and 2018 procurement pipelines. Among these were RFPs for travel management services, relocation services, a distributed computing hardware reseller, hardware maintenance services, outplacement services, and IT asset disposition and recovery services. These RFPs collectively included a total of 33 diverse suppliers, representing 45 percent of the total number of suppliers included and averaging six suppliers per sourcing event — well above the historical average number included on sourcing events. Four of the RFPs were still in process at the end of 2017, and contracts had not yet been awarded.

In 2014, a small, women-owned information technology services firm won its first contract award from the Richmond Fed, followed by two more in subsequent years. After successfully executing these relatively small opportunities (with a collective value of approximately \$280,000), the supplier was included in an RFP for “on-call, as-needed” boutique consulting services in 2016 — and

was awarded a contract. This woman-owned company grew its business with the Bank to more than \$1.48 million in 2016, and more than doubled that to \$3.1 million in 2017. Three other diverse suppliers won awards, and the four suppliers collectively represent 47 percent of the Bank's total expenditures with companies on the boutique consulting contract. Similarly, the Bank awarded contracts for “on-call, as-needed” architectural and engineering services in 2014 to another woman-owned business. The company has since won multiple work orders bid among the selected firms, growing its business with the Bank from just under \$21,000 in 2015 to a cumulative total of more than \$434,000 by the end of 2017.

A minority-owned construction company began competing for Bank business in 2014. It won its first contract in 2015, adding three more competitively bid contracts in the years that followed, along with several contracts that were under the required competitive bidding threshold. Its business with the Bank grew from just over \$189,000 in 2015 to a cumulative total of nearly \$647,000 by the end of 2017. With solid experience and commendable performance under its belt, the company recently competed for and was awarded its largest Bank project to date, a \$1 million roof replacement.

These success stories are examples of how the Bank works with high-performing suppliers to develop and build their capacity.

Launch of System Pilot for Tier 2 Reporting

The Richmond Fed participates in a Federal Reserve System workgroup for supplier diversity. The workgroup's inaugural strategic plan, created in 2017, included a high-priority objective (HPO) to develop a System Tier 2 framework. Tier 2 spend is defined as the amount of money a prime supplier to the Bank spends with diverse suppliers, either as subcontractors or other providers of goods and services, in direct support of the supplier's contractual obligations to the Bank.

The Bank's supplier diversity program manager led the Tier 2 strategy work, along with several colleagues from across the System. The work team launched a pilot Tier 2 reporting process in October 2017. The six participating Banks will track their diverse Tier 2 expenditures with a small pool of prime suppliers over two quarters. Pilot data, observations and lessons learned will be assessed to determine next steps.



In keeping with its own goal to explore Tier 2 opportunities, the Bank again invited a small, strategic pool of prime suppliers to participate in the Bank's signature supplier diversity technical assistance and networking event and continued to track Tier 2 spend from selected Bank prime suppliers, in addition to the managed services provider for contingent staffing. The 2017 Tier 2 diverse expenditures total \$618,000 with majority-owned prime suppliers.

In addition, the Bank's minority-owned contingent labor managed services provider (MSP) added three diverse suppliers to the Bank's contingent labor program in 2017. Ten of the 19 suppliers currently supporting the Bank's collective contingent staffing requirements, or 53 percent, are diverse. These diverse suppliers accounted for \$3.45 million, or 28.7 percent, of the MSP's total 2017 billings. The MSP's percentage of billings with diverse contingent staffing service providers has increased steadily from a low of 11.2 percent in the fourth quarter of 2015 to 2017's all-time high. The Bank's minority-owned food services contractor also made payments of \$193,000 to diverse suppliers providing products or services directly supporting the prime's contract with the Bank.

Awarding Contracts to Diverse Suppliers

The Bank awarded 27 percent (26 contracts) of its total 95 contracts to diverse suppliers in 2017, up from 26 percent in 2016. Seven of the contracts were awarded to suppliers new to the Bank.

The Bank has tracked diverse supplier inclusion, response and award rates in its competitive bid procurement opportunities since 2011. In 2017, at least one diverse supplier was awarded a contract in 53 percent of the competitively bid procurement opportunities where diverse suppliers responded.

CHALLENGES

Diverse supplier response rates remain lower than expected, especially given the labor intensive internal research, administrative and support efforts required to source and include diverse suppliers. Suppliers rarely share the reasons they did not respond, so it is difficult to understand the barriers they may be facing.

The Bank continues to experience challenges identifying diverse suppliers for certain commodities and services as well as getting diverse suppliers to respond to a competitively bid sourcing event when invited. Procurement staff also consistently report that small and diverse suppliers tend to require substantially greater support, direction and follow-up throughout the procurement process and their responses are more likely to be less thorough or lack essential components.

Resource constraints delayed plans until 2018 to fully implement debriefing guidelines, a practice to provide feedback to diverse suppliers who participate in a procurement opportunity but are unsuccessful in winning a contract.

NEXT STEPS

The Bank's 2018 plan continues and expands on 2017 objectives. It will continue to develop targeted procurement opportunities and corresponding diverse supplier pipelines; assess the pilot of Tier 2 strategies at both the System and Bank levels; research factors contributing to diverse supplier response rates; and engage in outreach and technical assistance activities. It also will leverage and implement debriefing guidelines to provide feedback to diverse suppliers who respond to an RFP opportunity and are not successful.

Financial Education

The organization continued its efforts with students, teachers, and community and educational organizations to help students prepare for their first major financial decision — what path to pursue after high school. The resources and programs the Bank provides are designed to help students evaluate a range of post-secondary education and career options and choose a path that's right for them. At the same time, the Bank provides programs to support the development of students' soft skills — another important dimension of students' preparedness for and success on the path they choose. In 2017, the Bank reached more than 240 educators and 18,000 students from OMWI-designated high schools.⁴

In addition to these initiatives, the Bank continues to focus on helping students better understand the Fed's role in the economy so that they can be informed economic and financial decision-makers.

SUCSESSES

Invest in What's Next

In collaboration with the Federal Reserve Bank of San Francisco, the Bank neared completion of the third and final lesson of its online course for high school students called "Invest in What's Next: Life After High School." The new lesson, "Evaluating My Plan," will launch in February 2018, and give students tools to evaluate their post-secondary plan and examine the impact of real-life scenarios, such as starting an education path and not completing it. Since preparedness for the future is an important factor for completion, the lesson also provides students with an assessment tool to gauge their level of preparedness. At the conclusion of the third lesson, students can build and review multiple plans to find the best fit for them.

While developing the third lesson, the Bank presented information about the course and related financial education resources at numerous conferences and events for educators, including the national Council for Economic Education Conference in Brooklyn, New York, and the national Association for Career and Technical Education CareerTech VISION conference in Nashville, Tennessee. At the state level, a particular highlight in 2017 was a sustained partnership with the Virginia Council on Economic Education to deliver eight "Life After High

School" workshops to over 200 teachers and counselors across Virginia. In 2017, 9,500 students in Virginia and across the country, including 3,270 from OMWI-designated high schools, enrolled in "Invest in What's Next."

Development of Soft Skills

In 2017, the Bank expanded efforts to offer year-round programs to support the development of students' soft skills to help them succeed on the college or career path they choose. The Bank piloted a new "College and Career Investigation" tour option for high school field trips to The Fed Experience exhibit in Richmond. In this tour, which will be a regular offering in 2018, students practice their networking skills, identify the elements of a quality resume and learn about the variety of careers at the Federal Reserve. These efforts align with the goals of the Federal Reserve System Financial Education Day Program each October, which raises awareness across the country about the importance of employability skills for students.

The Bank also continued to support soft skills development through its public school mentoring program. In 2017, 26 employee volunteers spent 438 hours mentoring 26 students at Huguenot High School, a majority-minority school in Richmond. Mentors, who meet with their mentees approximately twice a month, covered topics such as communication, self-awareness and representation, teamwork, time management and lifelong learning. In addition to mentoring at Huguenot High School, the Bank's mentoring program also reached 32 elementary school students, where 33 Richmond Fed volunteers spent 300 hours focusing on personal and learning competencies as well as economic and financial education.

Continuous Engagement with Teachers

The Bank took steps to boost the effectiveness of its financial education resources and programs through continuous engagement with its teacher advisory group. In 2017, the Bank expanded its Teacher Collaborative Committee beyond the metro Richmond area to include teachers from the Baltimore metro area as well. The expansion to Baltimore allowed the Bank to extend its systematic touch points with teachers in other parts of the District and to increase the diversity of perspectives and information received from participants. Also new in 2017,

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



committee members helped create classroom activities to complement and expand the Bank's existing educational materials. In Richmond and Baltimore combined, the committee included 21 teachers, including nine teachers from OWMI-designated high schools.

Partnerships with Schools and Community

The Bank continued its long tradition of partnering with schools and other financial literacy organizations, including state councils on economic education and Jump\$Start coalitions of diverse financial education stakeholders within the Fifth District. In addition to encouraging its employees to serve on boards and partnering on events, such as financial literacy summits

for educators and financial literacy competitions for students, the Bank worked to provide subject matter expertise to enhance its partners' financial education resources and programs. The year featured two notable initiatives with Bank partners.

First, the Bank brought together leaders of economic and financial education organizations in the Fifth District for a special Joint Council on Economic Education meeting in Richmond. Joint Council meetings are designed to build the collective expertise of participants and explore opportunities to collaborate. The 2017 meeting focused specifically on how to better serve disadvantaged students. The agenda covered research on when and where youth acquire critical abilities that support financial well-being, and how to effectively use technology to support at-risk student learning. Participants also learned about factors affecting college choice for low-income, high-achieving students.

Second, the Bank partnered with Junior Achievement (JA) of Central Virginia to support the development of their Career Center located in their new Finance Park at the Libbie Mill Library in Richmond. It is the only career center in the region that offers hands-on activities and technology-based research tools for middle and high school students. Among the featured tools is an activity from the Bank's "Invest in What's Next" resource that helps students explore the relationship between jobs, education and pay. JA expects thousands of students to visit the Career Center each year. Besides this special initiative, 83 Bank employees volunteered in JA programs in Richmond in 2017, impacting over 700 students.



Mission Tomorrow

The Bank played a leadership role developing and coordinating the Richmond region's second annual interactive career exploration event for middle school students. This effort was a community-driven collaboration between businesses and schools to expose students to potential career opportunities and help them make informed choices about the secondary and post-secondary education they pursue. Over the course of two days, more than 12,000 students journeyed through exhibits at the Richmond International Raceway, interacting and participating in hands-on activities about in-demand jobs from more than 100 local businesses, including the Federal Reserve. Students were also connected to various planning resources, including the Bank's "Invest in What's Next" tool.

Increasing Understanding of the Fed

In addition to these financial education initiatives, the Bank continues to place a great deal of focus on helping the public better understand the mission of the Fed. Teacher and student engagement is an important part of these efforts. Through guided tours and facilitated activities in The Fed Experience exhibit, students explore their personal connection to the economy and how the Federal Reserve impacts their lives. In 2017, 3,450 individuals visited the exhibit, including 360 students from OWMI-designated high schools. Students can also visit the Baltimore and Charlotte branch offices for tours.

The Bank also developed new educational resources to support student understanding of the central bank. A new infographic titled "Your Connection to the Economy

and the Federal Reserve” guides students through their role in the economy, the Federal Reserve’s role in the economy, and the ways the Federal Reserve connects to their daily life. Additionally, the Bank’s Fed Ambassadors — employees who give presentations to the public about the Federal Reserve — began delivering a new, interactive presentation to high school students. In 2017, Fed Ambassadors presented to more than 1,200 people, including 420 students.

CHALLENGES

Tracking the impact of the Richmond Fed’s financial education programs continues to be difficult. To address this challenge, the Bank looks to existing research on financial decision-making and brings in subject matter experts to share research-informed perspectives at events, such as the special Joint Council on Economic Education meeting. The Bank also receives guidance from its Teacher Collaborative Committee about what works well in the classroom. These channels for incorporating best practices raise the probability of success for the organization’s programs.

There also are obstacles to the uptake of the Bank’s online resources for teachers and students. For example, teachers express difficulty finding resources on the web in general that they can quickly and flexibly incorporate into their instruction. Therefore, the Bank is making a concerted effort to improve its website for educational materials and to make those materials easier for teachers to implement. A third challenge involves connecting with educators more evenly across the Fifth District, beyond the major metro areas of Richmond, Baltimore and Charlotte. In 2018, the Bank plans to prioritize teacher outreach and partnership development outside of these areas.

NEXT STEPS

To address the challenges described above and build on the year’s successes, the Bank, in partnership with the Federal Reserve Bank of San Francisco, will continue to augment the online “Invest in What’s Next” tool to make it easier for teachers to use. For example, the Bank will integrate the course into an instructor management system with a pre/post-test option to allow teachers to track student progress and knowledge gain. In addition, the Bank will continue to build out the tool’s “For Educators” page with complementary classroom activities and assessments.

Beyond “Invest in What’s Next,” the Bank will implement new functionality on its public website to allow teachers to easily search for educational materials by grade level, topic and resource type. This initiative also presents an opportunity to put teachers quickly in contact with a greater amount of the Bank’s educational material, including publications, research articles and data. To increase reach and constituent input across the District, the Bank will expand its Teacher Collaborative Committee further to include teachers from the Charlotte, North Carolina, metro area. The Bank will particularly look to the Committee for guidance on improving its outreach to other educators.

These outreach efforts will prioritize areas where the Bank has fewer established educational programs in place, such as West Virginia and South Carolina. Representatives from the Bank will work to forge partnerships with other organizations in these areas to build awareness of our educational materials and to deliver teacher workshops. The Bank will also encourage leaders of these organizations to participate in its 2018 Joint Council on Economic Education meeting.



Appendix



APPENDIX 1. STANDARD CORE METRICS

Category	Description	Measure	2013	2014	2015	2016	2017
Workforce Diversity	Senior Executives	Total #	25	26	28	26	25
		% Minorities	12%	12%	14%	19%	24%
		% Women	28%	27%	25%	27%	24%
	Mid-Level Managers	Total #	560	579	585	562	485
		% Minorities	22%	21%	22%	23%	22%
		% Women	39%	39%	39%	36%	38%
	Professionals	Total #	1558	1577	1603	1540	1667
		% Minorities	30%	30%	30%	29%	32%
		% Women	38%	38%	36%	38%	38%
	Total External Hires	Total #	356	202	188	150	129
		% Minorities	34%	36%	39%	42%	50%
		% Women	37%	39%	37%	28%	43%
	Total Interns	Total #	59	55	67	61	60
% Minorities		47%	44%	43%	38%	43%	
% Women		44%	38%	40%	36%	48%	
Overall Bank Turnover Rate	%	6.9%	7.8%	7.8%	6.9%	7.9%	
Supplier Diversity	Total Reportable Spend	\$ (millions)	\$363.36	\$357.63	\$350.61	\$311.00	\$362.43
	Total Diverse Spend ¹	\$ (millions)	\$15.09	\$57.42	\$58.35	\$39.07	\$38.70
		%	4.15%	16.06%	16.64%	12.56%	10.70%
	Minority-owned ²	\$ (millions)	\$6.82	\$52.54	\$55.50	\$34.83	\$35.04
		%	1.88%	14.69%	15.83%	11.20%	9.70%
	Minority-owned (men)	\$ (millions)	\$1.96	\$27.71	\$35.02	\$16.56	\$19.56
		%	0.54%	7.75%	9.99%	5.32%	5.40%
	Minority-owned (women)	\$ (millions)	\$4.86	\$24.83	\$20.48	\$18.27	\$15.48
		%	1.34%	6.94%	5.84%	5.88%	4.30%
	Women-owned ²	\$ (millions)	\$13.12	\$29.71	\$23.32	\$22.51	\$19.14
		%	3.61%	8.31%	6.65%	7.24%	5.30%
	Women-owned (non-minority)	\$ (millions)	\$8.26	\$4.88	\$2.84	\$4.24	\$3.66
		%	2.27%	1.36%	0.81%	1.36%	1.00%
Women-owned (minority)	\$ (millions)	\$4.86	\$24.83	\$20.48	\$18.27	\$15.48	
	%	1.34%	6.94%	5.84%	5.88%	4.30%	

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.

		2017
Financial Literacy ¹	Program Type - Teacher centric - Student centric - Hybrid	Hybrid
	Number of Students ²	2,000
	Number of Educators ³	240
	Number of Students Reached ⁴	18,000

¹ Measures report only those OMWI students and teachers who participate in or are reached through programs that have a financial literacy focus. OMWI targeted schools are considered to be inner-city, majority-minority, and all-girls high schools.

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

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

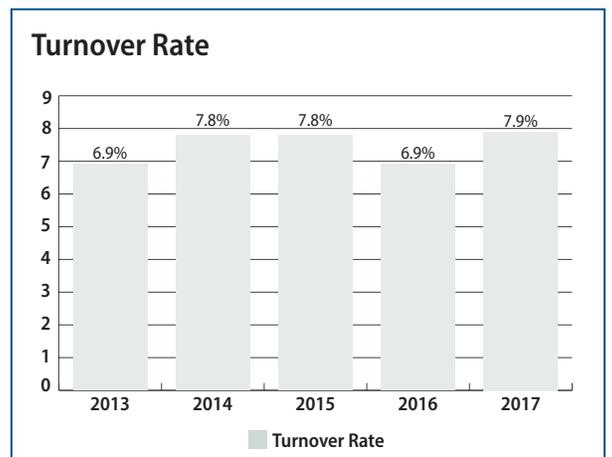
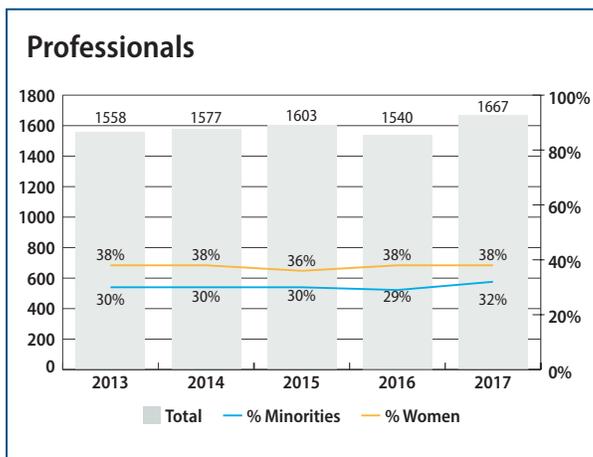
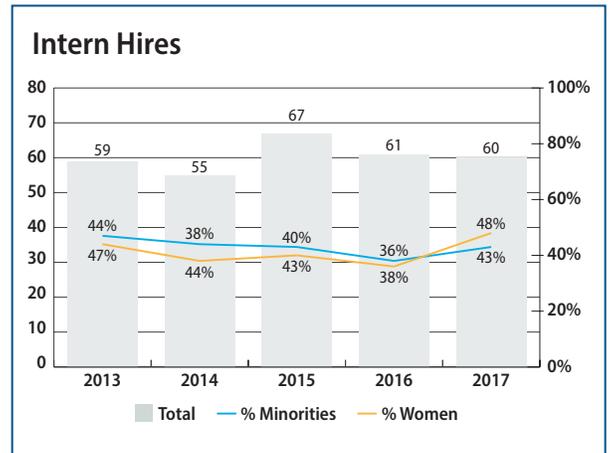
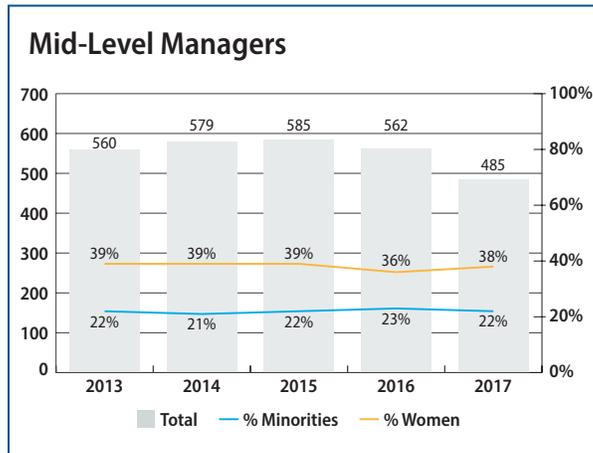
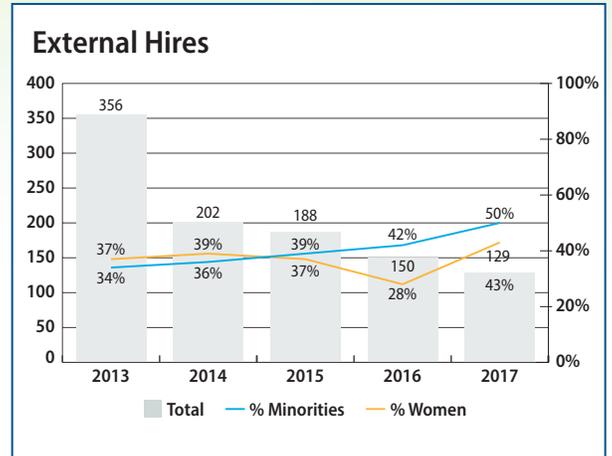
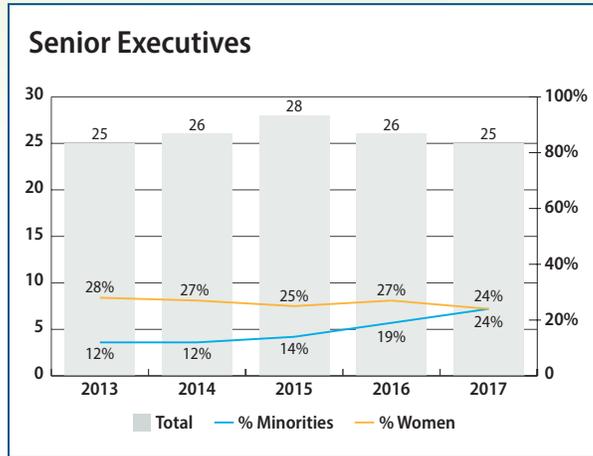
⁴ Students reached through educators using a common multiplier of 75.

APPENDIX 2. EEO-1 DATA

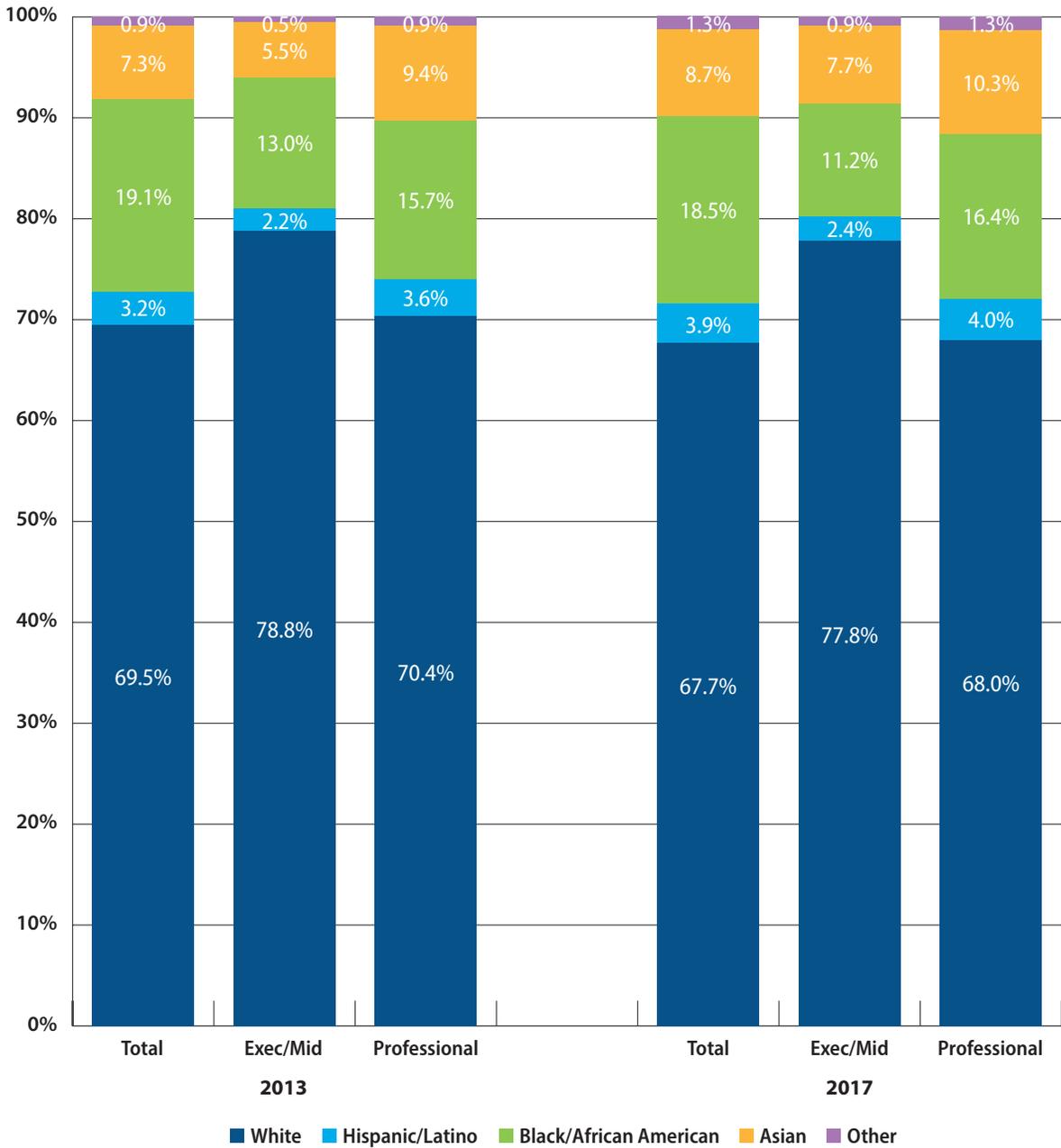
Federal Reserve Bank of Richmond 2017 Employer Information Report EEO-1							
Occupational Categories	Total Employees			Hispanic or Latino		White	
				Male	Female	Male	Female
	All	Male	Female	Male	Female	Male	Female
Executive/Sr Level Officials							
By total	25	19	6	1	0	13	6
By percent	100%	76.00%	24.00%	4.00%	0.00%	52.00%	24.00%
First/Mid Level Officials							
By total	485	302	183	7	4	241	137
By percent	100%	62.27%	37.73%	1.44%	0.82%	49.69%	28.25%
Professionals							
By total	1659	1027	632	46	20	724	404
By percent	100%	61.90%	38.10%	2.77%	1.21%	43.64%	24.35%
Technicians							
By total	5	4	1	0	0	3	1
By percent	100%	80.00%	20.00%	0.00%	0.00%	60.00%	20.00%
Sales Workers							
By total	3	1	2	0	0	1	2
By percent	100%	33.33%	66.67%	0.00%	0.00%	33.33%	66.67%
Administrative Support Workers							
By total	141	29	112	3	5	14	67
By percent	100%	20.57%	79.43%	2.13%	3.55%	9.93%	47.52%
Craft Workers							
By total	73	71	2	1	0	50	1
By percent	100%	97.26%	2.74%	1.37%	0.00%	68.49%	1.37%
Operatives							
By total	75	46	29	1	5	27	7
By percent	100%	61.33%	38.67%	1.33%	6.67%	36.00%	9.33%
Laborers and Helpers							
By total	8	5	3	1	0	2	3
By percent	100%	62.50%	37.50%	12.50%	0.00%	25.00%	37.50%
Service Workers							
By total	150	130	20	7	0	64	9
By percent	100%	86.67%	13.33%	4.67%	0.00%	42.67%	6.00%
Total Workers							
By total	2624	1634	990	67	34	1139	637
By Percent	100%	62.27%	37.73%	2.55%	1.30%	43.41%	24.28%

Race/Ethnicity									
Non-Hispanic or Latino									
Black or African American		Asian		Native Hawaiian or Other Pacific Islander		American Indian or Alaska Native		Two or More Races	
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2	0	2	0	0	0	1	0	0	0
8.00%	0.00%	8.00%	0.00%	0.00%	0.00%	4.00%	0.00%	0.00%	0.00%
25	30	26	11	1	0	2	0	0	1
5.15%	6.19%	5.36%	2.27%	0.21%	0.00%	0.41%	0.00%	0.00%	0.21%
121	152	123	48	1	0	4	2	8	6
7.29%	9.16%	7.41%	2.89%	0.06%	0.00%	0.24%	0.12%	0.48%	0.36%
0	0	1	0	0	0	0	0	0	0
0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0	0	0	0	0	0	0	0	0	0
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	37	2	1	0	0	0	0	0	2
7.09%	26.24%	1.42%	0.71%	0.00%	0.00%	0.00%	0.00%	0.00%	1.42%
17	1	0	0	0	0	3	0	0	0
23.29%	1.37%	0.00%	0.00%	0.00%	0.00%	4.11%	0.00%	0.00%	0.00%
9	13	7	4	1	0	0	0	1	0
12.00%	17.33%	9.33%	5.33%	1.33%	0.00%	0.00%	0.00%	1.33%	0.00%
2	0	0	0	0	0	0	0	0	0
25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
56	11	3	0	0	0	0	0	0	0
37.33%	7.33%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
242	244	164	64	3	0	10	2	9	9
9.22%	9.30%	6.25%	2.44%	0.11%	0.00%	0.38%	0.08%	0.34%	0.34%

APPENDIX 2. EEO-1 DATA CONTINUED



Ethnicity Representation Comparison 2013 & 2017



APPENDIX 3. DIVERSITY AND INCLUSION CHAMPIONS

Executive Diversity & Inclusion Council (EDIC)

The EDIC is comprised of a cross-functional team of Bank senior executives — led by the Bank’s chief diversity officer — whose role is to serve as advocates and drivers of the Bank’s D&I strategies. The EDIC serves as a key partner with the Office and the Diversity and Inclusion Alliance (DNA) to support and advance a diverse and inclusive culture.

Diversity & Inclusion Alliance (DNA)

The DNA is guided by the EDIC and serves as a key partner — with the EDIC and the Office — to support and advance a diverse workplace and inclusive culture. The DNA also provides oversight for the Bank’s eight employee resource networks. The DNA is comprised of a cross-functional and diverse group of 14 Bank employees.

2017 Employee Resource Networks (ERNs)

The ERN program is comprised of eight employee-led groups sanctioned by the Bank, governed by the DNA and formed around shared characteristics, affinities or professional interests for the purpose of supporting the Bank’s D&I efforts and other strategic initiatives of the organization. Networks are voluntary, aligned with the Bank’s D&I mission and support the strategic goals of the Bank.

The Bank’s eight ERNs are:

ABLE (Ability Beyond the Label)

Mission: ABLe works to assist the Bank in achieving its strategic goal of maintaining a diverse work environment by raising awareness of the value differently abled individuals bring to the organization, where all employees can contribute at their maximum potential.

First to Serve

Mission: First to Serve is a resource for harnessing the talents, experiences and interests of those who have or are currently serving in the uniform services and those who support them in the Bank and in the community at large.

Generations United

Mission: Generations United is a multigenerational resource network that represents our entire workforce through all “Generations United.” They support the

Bank’s objective of attracting, retaining and developing a world-class, diverse workforce by sponsoring activities that promote the interaction and engagement of today’s multigenerational workforce.

GROW (Generating Recognition of Women)

Mission: GROW promotes, recognizes and respects the value of women and encourages their professional and personal development.

LiPM (Leading in Project Management)

Mission: LiPM supports the Bank’s strategic goal of being an employer of choice by encouraging civic engagement, learning from each other, and understanding the strengths and needs of project management across all business areas.

PRISM (Pride, Respect, Inclusion, Safe and Mutual support — gay, lesbian, bisexual and transgender employees and allies)

Mission: PRISM supports the Bank’s organizational objectives by sponsoring activities that assist the Bank in maintaining an inclusive work environment where all employees can fulfill their maximum potential, and by promoting an environment that recognizes strengths, values and differences as well as respect and mutual support.

STAAART (Supporting the Advancement of Asian American Recognition and Talent)

Mission: STAAART supports the Federal Reserve Bank of Richmond in maintaining a diverse and inclusive work environment where all employees can fulfill their maximum potential through the promotion of professional development, networking, cultural awareness, recruitment and retention, and knowledge sharing.

VITAL (Valuing the Inclusion of Talented African Americans and Latinos)

Mission: VITAL supports the Bank’s organizational objectives by sponsoring activities that assist the Bank in maintaining an inclusive work environment where all employees can fulfill their maximum potential, and by promoting an environment that recognizes and values the contribution of diverse talent.



FIFTH FEDERAL RESERVE BANK DISTRICT OFFICES

Richmond

701 East Byrd Street
Richmond, VA 23219
(804) 697-8000

Baltimore

502 South Sharp Street
Baltimore, MD 21201
(410) 576-3300

Charlotte

530 East Trade Street
Charlotte, NC 28202
(704) 358-2100

