

Equal Opportunity in Employment and Contracting Policy



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Human Resources

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1. OVERVIEW

Federal Housing Finance Agency (FHFA) regulations require that the Federal Home Loan Banks (FHLBanks) promote diversity and the inclusion of women and minorities in all activities. To accomplish this, FHFA regulation (see 1223.20) requires that the FHLBanks establish and maintain an Office of Minority and Women Inclusion (OMWI) or designate and maintain an office to perform the responsibilities of the regulations under the direction of an officer who reports directly to either the Chief Executive Officer (CEO) or the Chief Operating Officer (COO). The FHFA (Director) must be notified within thirty (30) days after any change in the designation of the office performing these duties. It also requires the FHLBanks to provide adequate resources (human, technological and financial) to fulfill the responsibilities of this office.

2. OBJECTIVE

The objective of the Equal Opportunity in Employment and Contracting Policy (Policy) is to provide guidance and ensure that the FHLB Cincinnati (FHLB) promotes diversity to the maximum extent possible in balance with financially safe and sound business practices [see 1223.2(a)]. This is to be accomplished by the inclusion and utilization of minorities, women and individuals with disabilities and minority-, women- and disabled-owned businesses at all levels, in management and employment, in all business and activities and in all contracts for services of any kind [see 1223.2(b)].

3. SCOPE

This policy applies to all employees of the FHLB and all business activities related to employment of FHLB personnel and contracting for covered goods and/or services.

4. DEFINITIONS

The following are definitions for some key terms that are addressed in this policy and the OMWI regulation [see 1223.1]:

Business and activities means operational, commercial and economic endeavors of any kind, whether for profit or not for profit and whether regularly or irregularly engaged in by the FHLB, and includes, but is not limited to, management of the FHLB, employment, procurement, insurance and all types of contracts, including contracts for the issuance or guarantee of any debt, equity or mortgage-related securities, the management of mortgage and securities portfolios, the making of equity investments, the purchase, sale and servicing of single- and multi-family mortgage loans and the implementation of affordable housing or community investment programs and initiatives.

Disability is defined by the Americans with Disabilities Act as an individual with a disability who (1) has a physical or mental impairment that substantially limits one or more major life activities; or (2) has a record of such an impairment; or (3) is regarded as having such an impairment.

Disabled-owned business means a business and includes financial institutions, mortgage banking firms, investment banking firms, investment consultants or advisors, financial services entities, asset management entities, underwriters, accountants, brokers, brokers-dealers and providers of legal services, that meet the following criteria:

1. Qualified as a Service-Disabled Veteran-Owned Small Business Concern; or
2. More than fifty percent (50%) of the ownership or control of which is held directly or indirectly by one or more persons with a disability; and
3. More than fifty percent (50%) of the net profit or loss of which accrues to one or more persons with a disability.

Diversity and Inclusion Strategic Planning is the process of analyzing the business and activities of a regulated entity to develop strategies for promoting diversity and ensuring the inclusion of minorities, women, individuals with disabilities, and MWDOB's in all activities and at every level of the organization, including management, employment and contracting. A D&I strategic plan serves as the primary means to communicate the board of directors' long-term D&I vision for the organization, to establish measurable goals and objectives for achieving the vision, and to ensure accountability for achieving those goals and objectives.

Diversity spend with non-diverse-owned businesses means the dollar amount(s) paid by a regulated entity to a prime contractor that is not a minority-, women-, or disabled-owned business for professional services (i.e., the amount paid for work performed, as may be adjusted, in connection with providing legal, accounting, or other professional or consulting services) provided by or allocated to a partner, member or other equity owner who is a minority, woman, or an individual with a disability.

Minority means any Black (or African) American, Native American (or American Indian), Hispanic (or Latino) American or Asian American.

Minority-owned business means a business and includes financial institutions, mortgage banking firms, investment banking firms, investment consultants or advisors, financial services entities, asset management entities, underwriters, accountants, brokers, brokers-dealers and providers of legal services that meet the following criteria:

1. More than fifty percent (50%) of the ownership or control of which is held directly or indirectly by one or more minority individuals; and
2. More than fifty percent (50%) of the net profit or loss of which accrues to one or more minority individuals.

Prime Contractor (tier1) means a supplier that enters into a contract with a regulated entity to provide goods and/or services directly to the regulated entity.

Promotion means the advancement of an employee within a regulated entity and may be the result of an employee's proactive pursuit of a higher job ranking or a reward of good performance. A promotion is typically associated with an increase in an employee's pay due to additional or enhanced job responsibilities.

Reasonable Accommodation means a change to the work environment or the way in which a job is usually performed.

Subcontractor (tier 2) means a supplier that enters into a contract with the prime contractor (tier 1) of a regulated entity to provide goods and/or services to that prime contractor (tier 1) for the benefit of the regulated entity.

Women-owned business means a business and includes financial institutions, mortgage banking firms, investment banking firms, investment consultants or advisors, financial services entities, asset management entities, underwriters, accountants, brokers, brokers-dealers and providers of legal services that meet the following criteria:

1. More than fifty percent (50%) of the ownership or control of which is held directly or indirectly by one or more women;
2. More than fifty percent (50%) of the net profit or loss of which accrues to one or more women; and
A significant percentage of senior management positions of which are held by women.

5. ROLES & RESPONSIBILITIES

The responsibilities as they relate to the Policy are as follows:

The Personnel & Compensation Committee (PCC) of the Board of Directors is responsible for annually reviewing and considering recommendations for approval of changes to the Policy. The President or his designee are responsible for approving any exceptions to the Policy.

The Office of Minority and Women Inclusion Officer (OMWI Officer) is responsible for the following:

1. Fulfillment of the regulatory requirements under Subpart C—Minority and Women Inclusion including § 1223.2-1223.23.

2. Interpretation, administration and oversight of the Policy.
3. Chair of the Committee for Diversity and Inclusion (CD&I).
4. Submission of the annual report to the FHFA on or before March 31 of each year, reporting on the period of January 1 through December 31 of the preceding year [see 1223.22]. The report shall contain a detailed summary of the FHLB's activities during the reporting year to carry out the requirements of the regulation (see 1223.23) and will be prepared under the supervision of the OMWI Officer.
5. Submission of the quarterly reporting on workforce, contracting and treasury, certifying the accuracy of the data.

The Committee for Diversity and Inclusion is responsible for providing recommendations and operational input, guidance and oversight to the OMWI sub committees (Employment, Contracting, Treasury/Capital Markets and Communications) to ensure FHLB-wide policies, procedures and activities are developed, implemented and maintained to ensure regulatory compliance.

6. POLICY

To ensure compliance with FHFA regulations and to demonstrate the FHLB's commitment to providing equal opportunity in employment and contracting for all persons and businesses, the FHLB will do the following:

6.1 Annual Statement

The FHLB will annually publish a statement, endorsed by the CEO and approved by the Board of Directors, confirming its commitment to the principles of equal opportunity in employment and in contracting, at a minimum regardless of race, color, national origin, sex, religion, age, disability status, genetic information, sexual orientation, gender identity, or status as a parent; and its commitment against retaliation or reprisal [see 1223.21(a)].

6.2 Policies and Procedures [see 1223.21(b)]

The FHLB will develop, implement and maintain policies and procedures to ensure, to the maximum extent possible in balance with financially safe and sound business practices, the inclusion and utilization of minorities, women, individuals with disabilities and minority-, women- and disabled-owned businesses in all business and activities and at all levels of the FHLB, including in management, employment, procurement, insurance and all types of contracts. The policies and procedures of the FHLB will:

- a) Confirm adherence to the principles of equal opportunity and non-discrimination in employment and in contracting;
- b) Describe the FHLB's policy against discrimination in employment and contracting;
- c) Establish internal procedures to receive and attempt to resolve complaints of discrimination in employment and in contracting. This includes making

the procedure conspicuously accessible to employees and applications through print, electronic or alternative media formats, as necessary, and through the FHLB's website;

- d) Establish an effective procedure for accepting, reviewing and granting or denying requests for reasonable accommodations of disabilities from employees or applicants for employment;
- e) Establish a process for accepting, reviewing and granting or denying requests for reasonable accommodations for religious beliefs or practices from employees or applicants for employment;
- f) Encourage the consideration of diversity in nominating or soliciting nominees for positions on boards of directors and engage in recruiting and outreach directed at encouraging individuals who are minorities, women and individuals with disabilities to seek or apply for employment with the FHLB;
- g) Establish a process for developing a stand-alone D&I strategic plan or incorporating into its existing strategic plan a D&I plan that proactively focuses on promoting the advancement of D&I;
- h) Except as limited by the regulations [see 1223.3(b)], require each contract the FHLB enters in contain a material clause committing the contractor to practice the principles of equal employment opportunity and non-discrimination in all its business activities and requiring each such contractor to include the clause in each subcontract it enters for services or goods provided to the FHLB;
- i) Identify the types of contracts the FHLB considers exempt under the regulation [see 1223.3(b)] and any thresholds, exceptions and limitations the FHLB establishes [see 1223.21(c)(2)] and notify the FHFA within 30 days of any changes to this list of exemptions or any thresholds, exceptions and limitations [see 1223.3(d)]. The policies and procedures must describe the following:
 - a. The rationale and need for implementing the thresholds, exceptions or limitations.
 - b. The criteria used to implement the thresholds, exceptions or limitations
 - c. Any negative or adverse impact the implementation of the thresholds, exceptions or limitations would likely have on contracting opportunities for minorities, women, individuals with disabilities and MWDOBs
- h) Be published and accessible to employees, applicants for employment, contractors and members of the public through print, electronic or alternative media formats, as necessary and through the FHLB's website; and
- i) Be reviewed at the direction of the OMWI Officer, or their designee, at least annually to assess their effectiveness and to incorporate appropriate changes.

6.3 Outreach for Contracting [see 1223.21(c)]

Under the guidance of the OMWI Officer, the FHLB will establish a program for outreach designed to ensure to the maximum extent possible the inclusion in contracting opportunities of minorities, women, individuals and disabilities and minority-, women- and disabled-owned businesses. The program will:

- a) Apply to all contracts entered into by the FHLB, including contracts with financial institutions, investment banking firms, investment consultants or advisors, financial services entities, mortgage banking firms, asset management entities, underwriters, accountants, brokers, brokers-dealers and providers of legal services.
- b) Establish policies, procedures and standards requiring the publication of contracting opportunities designed to encourage contractors that are minorities, women, individuals with disabilities and minority-, women- and disabled-owned businesses to submit offers or bid for the award of such contracts; and
- c) Ensure the consideration of the diversity of a contractor when the FHLB reviews and evaluates offers from contractors.

6.4 Diversity and Inclusion Strategic Plan [see 1223.21(d)]

With the assistance of the OMWI Officer and the CD&I, Board of Directors of the FHLB will adopt a D&I strategic plan for promoting minorities, women, individuals with disabilities, and MWDOB's. The Board of Directors of the FHLB will review the D&I strategic plan at least annually and shall readopt the plan, including any interim amendments, at least every three years.

The D&I strategic plan will include the following:

- a) A vision and/or mission statement that addresses the importance of promoting diversity and ensuring the inclusion of minorities, women, and individuals with disabilities in order to fulfill §1223.2;
- b) Measurable strategic goals and objectives for accomplishing the agreed-upon priorities and intended outcomes developed to advance diversity and ensure the inclusion of minorities, women, and individuals with disabilities at the regulated entity in accordance with §1223.2; and
- c) A requirement to create and implement action plans to achieve the strategic goals and objectives and management reporting requirements for monitoring the implementation of those goals and objectives.

7. COMPLIANCE AND ENFORCEMENT

The OMWI Officer is responsible for compliance and enforcement of this policy.

8. EXCEPTION TO POLICY

8.1 Policy Waiver

Any requests for exceptions to this policy are to be reported to the OMWI Officer or their designee. Exceptions will be presented to the President or his designee for review.

8.2 Policy Violations

Any policy violations shall be reported to the OMWI Officer or their designee and separately as an Operating Incident.