



# **Office of Diversity and Inclusion Policy**

A policy approved by the [Board of Directors](#)

Approval date: June 18, 2020

Effective date: June 18, 2020

## I. Philosophy

The Federal Home Loan Bank of Dallas (“Bank”) is committed to creating a culture that highly values the input and well-being of its employees and recognizes that organizational success is possible only when it is the shared responsibility of every employee. A commitment to a diverse and inclusive culture will enable the Bank to: (1) foster sharing of ideas from people with different backgrounds and perspectives; (2) attract and retain the best candidates from the labor pool (for employees and Board of Directors); (3) align the Bank’s programs (e.g. community investment offerings, employee affinity groups) with assisting the needs of diverse populations (4) engage everyone to perform at their best; and (5) provide additional opportunities for diverse business partners.

The Bank complies with 12 CFR 1223, as promulgated by the Federal Housing Finance Agency (the “FHFA” or “Agency”), which implements Section 1116 of the Housing and Economic Recovery Act of 2008, and promotes non-discrimination, diversity and, at a minimum, the inclusion of women, Minorities, and individuals with Disabilities, and Minority-, Women-, and Disabled-Owned Businesses (collectively called “MWDOB”) at all levels, in management and employment, in all business and activities, and in all contracts for services of any kind, including services that require the services of investment banking, asset management entities, broker-dealers, financial services entities, underwriters, accountants, investment consultants, and providers of legal services.

The Bank also recognizes the value of ensuring the inclusion of MWDOB in the third-party supplier (“Vendor”) selection process and is dedicated to promoting safe and sound practices in the selection, ongoing management and periodic assessment of vendors with whom the Bank enters into a relationship. Vendor relationships are established as a way for the Bank to access certain products and services without the need of developing them in-house. Such relationships can benefit the Bank through reduced costs, improved performance, and access to superior knowledge while providing adequate support for the Bank’s business needs.

This policy addresses: (i) the Bank’s commitment to the inclusion and utilization of Minorities, women, individuals with Disabilities, and MWDOB in its workforce and its Business Activities; and (ii) the Bank’s establishment of the Office of Minority and Women Inclusion (the “OMWI”).

## II. Definitions

**“Business 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 a regulated entity or the Office of Finance, and includes, but is not limited to, management of the regulated entity or the Office of Finance, 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 multifamily mortgage loans, and the implementation of affordable housing or community investment programs and initiatives.

**“Disability”** has the same meaning given to such term in 29 CFR 1630.2(g) and 1630.3 and Appendix to Part 1630-Interpretive Guidance on Title I of the Americans with Disabilities Act.

**“Disabled-Owned Business”** means a business, including, but not limited to, financial institutions, firms engaged in mortgage banking, investment banking, financial services, asset

management, investment consultants or advisors, underwriters, accountants, brokers, broker-dealers, and providers of legal services which are qualified as a Service-Disabled Veteran-Owned Small Business Concern as defined in 13 CFR 125.8 through 125.13; or where more than 50 percent of the ownership or control is held, directly or indirectly, by one or more persons with a Disability; and where more than 50 percent of the net profit or loss of which accrues to one or more persons with a disability.

**“Diverse Vendor”** means a vendor who is a minority, disabled or woman and includes any business owned by such individuals, as defined in 12 CFR 1223 – Minority and Women Inclusion.

**“Diversity”** means the inclusion of Minorities, women, and individuals with Disabilities in the Bank’s workforce and MWDOB in the Bank’s Business Activities.

**“Diversity & Inclusion (D&I) 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 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, establishes measurable goals and objectives for achieving the vision, and ensures accountability for achieving those goals and objectives.

**“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, including, but is not limited to, financial institutions, firms engaged in mortgage banking, investment banking, financial services, and asset management, investment consultants or advisors, underwriters, accountants, brokers, broker-dealers, and providers of legal services in which more than 50 percent of the ownership or control is held directly or indirectly, by one or more Minority individuals, and more than 50 percent of the net profit or loss of which accrues to one or more minority individuals.

**“Non-Diverse Core Systems Vendor”** means a vendor who does not qualify as a diverse vendor and is determined by the OMWI Management Committee (“OMC”) to be exempt from the Bank’s OMWI search and selection requirements at the time of contract renewal. In making such a determination, the OMC will consider, among other things, whether the vendor provides goods and/or services that would require significant resources and/or time to replace or provides niche goods or services not readily available through other vendors.

**“Vendor”** means the Bank’s counterparty or a third-party supplier in a Business Activity.

**“Vendor Owner”** is defined as a designated primary contact for the vendor and is usually the manager most knowledgeable of the relationship.

**“Women-Owned Business”** means a business, including, but is not limited to, financial institutions, firms engaged in mortgage banking, investment banking, financial services, and asset management, investment consultants or advisors, underwriters, accountants, brokers, broker-dealers, and providers of legal services in which more than 50 percent of the ownership or control is held, directly or indirectly, by one or more women, and more than 50 percent of the net profit or loss of which accrues to one or more women.

### **III. Bank's Commitment to Diversity**

The Bank is committed to diversity inclusion in all areas of its business activities including employment, management, procurement and contracting including services that require services of investment banking, asset management entities, broker-dealers, financial services entities, underwriters, accountants, investment consultants, and providers of legal services. As such, it is the policy of the Bank to afford equal opportunity in employment and contracting regardless of race, color, national origin, sex, religious preference, age, sexual orientation, genetic information, gender identity, status as a parent, Disability, veteran or any other status protected by applicable law. This includes actions and decisions involving, but not limited to, recruitment, hiring, training, promotion, transfer, compensation, benefits, lay-off, reinstatement, corrective action, discharge, performance, social and recreational programs, management, procurement and contracting. Furthermore, the Bank commits against reprisal for reporting alleged harassment, retaliation or discrimination of any kind against an individual for making a good faith complaint or assisting in the investigation of such a complaint.

### **IV. Establishment of the Office of Minority and Women Inclusion**

An OMWI has been established at the Bank. The Chief Administrative Officer ("CAO") serves as OMWI Director and reports directly to the Bank's Chief Executive Officer ("CEO"). The Bank shall notify the Director of the FHFA (or his/her designee) within thirty (30) days after any change in the designation of the OMWI Director within the organizational structure of the Bank.

The OMWI is responsible for: (i) ensuring the Bank fulfills the requirements of the applicable laws and regulations; (ii) developing and maintaining the Bank's diversity and inclusion strategies; and (iii) seeking input and necessary approvals from management and the Board of Directors. The Bank shall hire additional resources, if necessary, to fulfill these responsibilities.

### **V. Promoting Diversity and Ensuring Inclusion in all Business Activities**

#### *A. Equal Opportunity Notice*

The Bank shall publish a statement, endorsed by its CEO and approved by its Board of Directors, confirming its commitment to the principles of equal opportunity in employment and in contracting, at a minimum, regardless of race, color, religion, sex, national origin, Disability status, veteran status, genetic information, age, sexual orientation, gender identity, or status as a parent. The notice also shall confirm commitment against retaliation or reprisal. Publication shall include, at a minimum, conspicuous posting in the Bank's physical facilities, including through alternative media formats, as necessary, and accessible posting on the Bank's external website. The notice shall be updated and re-published, re-endorsed by the CEO and re-approved by the Board of Directors annually.

#### *B. Policies and Procedures*

The Bank shall develop, implement, and maintain additional 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 MWDOB in all business and activities and at all levels.

### *C. Strategic Business Plan*

The Bank shall maintain a Strategic Business Plan that addresses the Bank's goals, plans and strategies for promoting D&I in all aspects of the Bank's business. Such plan will include metrics and measures to quantify, assess and report on the Bank's D&I program performance.

## **VI. Measurable Performance Goals**

The Bank shall integrate diversity and inclusion with its business strategy and ensure that its values are integrated into all internal initiatives. In order to do so, the Bank shall establish performance goals and metrics for diversity and inclusion in its capital markets, procurement and workforce activities (collectively referred to as "The Three Pillars"). These goals and metrics shall be reviewed and approved, at least annually, as a part of the Bank's Strategic Business Plan by the Board of Directors. The OMC shall be responsible to review results of the established goals and metrics at least on a quarterly basis, discuss potential actions/responses based on the results, if needed, and present these for review by the Board of Directors.

## **VII. Succession Planning**

The Bank shall establish succession plans and leadership development for key (executive) positions within the company to provide continuity in leadership and to avoid extended and costly vacancies. These plans shall include an assessment of the successor for core competencies related to diversity & inclusion. These plans must be designed to identify and prepare candidates for high-level management positions or other key positions as determined by management that become vacant due to retirement, resignation, termination, death/Disability or new business opportunities.

## **VIII. Reporting to Federal Housing Finance Agency**

The Bank, through its OMWI, shall report in writing to comply with 12 CFR 1223 – Minority and Women Inclusion, in such format and at such frequency as the Director of FHFA may require, describing its efforts to promote diversity and ensure the inclusion and utilization of Minorities, women, individuals with Disabilities, and MWDOBs at all levels, in management and employment, in all business and activities, and in all contracts for services and those contracts for goods that equal or exceed \$25,000 in annual value, and the results of such efforts on or before the designated due date.

## **IX. The Three Pillars**

The Bank, through its OMWI, shall assign responsibilities of ensuring the promotion of diversity and inclusion of women, Minorities, individuals with Disabilities and MWDOB to Human

Resources (“HR”), Procurement/Accounting, and Capital Markets (collectively called “The Three Pillars”) for its workforce diversity, supplier diversity, and diversity in financial transactions respectively.

The OMWI shall work with these departments to:

- Ensure training opportunities are provided for all Bank employees, including certain modules tailored for employees with contracting responsibilities.
- Ensure appropriate resource materials are made available to all Bank employees to promote broad understanding of the Bank’s commitment to diversity and inclusion.
- Provide guidance in creating an outreach plan and future strategy in order to create a diverse workforce and create potential business opportunities.
- Coordinate and participate in execution of the developed outreach plan and future strategy.
- Maintain a list of diverse suppliers which shall be made available to all Bank employees.

The Three Pillars are also responsible:

- For overseeing the collection of data and providing narratives on their programs for subsequent submission to the FHFA through the OMWI.
- For creating appropriate procedures to ensure all necessary data required for reporting on the Bank’s diversity and inclusion activities is captured, maintained, and reported in the appropriate format to comply with the FHFA’s reporting requirements per 12 CFR 1223 – Minority and Women Inclusion.
- To provide periodic updates on performance metrics for diversity and inclusion for reporting to the management and the Board of Directors.

The Bank shall maintain its social media presence to encourage diverse candidates to apply for various positions at the Bank and to serve on the Board and to advertise contracting and service opportunities. The Bank shall promote its community presence, increase name recognition and extend partnerships with local diverse organizations by attending various conferences and business fairs/opportunities as necessary.

## **X. Limits and Controls**

**Workforce** The Bank will attract top talent and hire diverse individuals in key jobs who produce and implement innovative ideas while possessing the advanced skills, knowledge, and experience that align with the Bank’s core values.

To effectively carry out these practices, the Bank shall:

1. Continue to promote a holistic approach to diversity and inclusion through support and training of the Bank’s business units in the effort to identify and include diverse candidates in their hiring and promotion activities.
2. Promote an inclusive learning environment where employees participate to strengthen people leaders and employees’ knowledge, attitude, and skill to serve co-workers and members in an inclusive, respectful manner.
3. Take prompt action to identify and correct any violations of this policy and administer disciplinary action as warranted.

## **Financial Transactions**

The Bank shall provide opportunities to broker/dealers who are minorities, women, persons with disabilities and MWDOB (collectively, “diverse broker/dealers”). The Bank shall also establish relationships with diverse broker/dealers that offer potential investments, meeting the Bank’s portfolio needs and requirements, and shall institute reasonable credit and other criteria designed to expand opportunities for diverse broker/dealers within safe and sound parameters.

The Bank shall identify MWDOB firms that are qualified by the Office of Finance to place FHLBank debt and that meet the Bank’s own reasonable credit and other criteria designed to expand opportunities for such diverse firms within safe and sound parameters. The Bank shall periodically reach out to such diverse firms with opportunities to place debt for the Bank and shall coordinate with the Office of Finance as appropriate to facilitate such opportunities.

## **Procurement**

The Bank shall promote Diversity in its Procurement-related activities. The OMWI shall ensure the Bank complies with all FHFA regulations on Diversity-related matters.

### *A. Outreach to Diverse Vendors*

The Bank recognizes that publishing contracting opportunities for the procurement of goods and services, and considering Diverse Vendors in the vendor selection process, will enhance the participation of Diverse Vendors in the procurement process and increase awareness of efforts to increase diversity and inclusion. As part of the Bank’s commitment to diversity and inclusion, and in conjunction with (i) prudent, efficient, cost-effective, and timely business practices and (ii) safety and soundness considerations, the Bank implements the following:

1. The Bank shall make available on its website contracting opportunities, as reasonably determined by the Bank, to encourage diverse vendors to submit information to be considered for such contracting opportunities.
2. The Bank shall publish a statement, within its premises and on its website, confirming its commitment to the principles of equal opportunity in contracting (and employment) and will update and re-publish such statement as endorsed by the CEO and approved by the Board of Directors annually.

### *B. Diverse Vendor Search; Vendor Selection and Approval*

1. Vendor Owners shall search for and consider diverse vendors for all purchases of goods or services. They shall also consider the diversity of a vendor when reviewing and evaluating offers from vendors. Further, they must document the search for and consideration of diverse vendors for all anticipated, cumulative annual purchases of goods and/or services of \$25,000 or more per purchase order (the “OMWI Documentation”).

2. Prior to any purchase of goods and/or services of \$25,000 or more, the OMWI Director, the Chief Financial Officer, or the Diversity & Inclusion (D&I) Program Manager will approve the OMWI Documentation in Workday.

3. Items listed below are exempt from OMWI requirements for the reasons cited:

S.No.	Type	Rationale, and Necessity
1	Contract Renewal for Non-Diverse Core Systems Vendors listed on Appendix A	Due to the cost and effort required to replace a core system
2	Hotels and related catering services	Location, size, proximity to airport or meeting location and other Bank needs may determine the selection of such venues. In most cases, the catering service used by the facility is required and will be part of the event contract
3	Corporate Charities	No goods and/or services are purchased, leased or licensed in exchange for the contribution
4	Legal Firms	1. For sensitive legal matters (e.g., litigation, investigations, regulatory issues), as determined by the General Counsel and OMWI Director; 2. FHLB System engagements

Note: Non-Diverse Core Systems Vendors listed on Appendix A of the OMWI Procurement Policy will be treated similar to all other vendors at the time of vendor selection. and therefore, will not be excluded from OMWI requirements when a core system is replaced. The Non-Diverse Core Systems Vendors List may be modified upon approval by the OMC.

*C. Diverse Vendor Resources*

1. The Bank accepts self-certifying affidavits (see Appendix B of the OMWI Procurement Policy) from MWDOBs and recognizes all third-party and government-certified organizations. The Bank will continually update its database of Diverse Vendors. Vendor Owners may also utilize an array of diverse vendor resources, including local, regional and national diversity supplier councils, industry-specific diverse vendor lists and databases, conferences, diversity consultants, and referrals of diverse vendors in their search for and consideration of Diverse Vendors in the vendor selection process.

*D. Complaints of Discrimination in Contracting*

A vendor wishing to make a complaint of discrimination in contracting should submit the complaint in writing to:

Director, Office of Minority and Women Inclusion  
Federal Home Loan Bank of Dallas  
P.O. Box 619026



Dallas, TX 75261-9026

Or send it via email to:

[SupplierDiversity@fhlb.com](mailto:SupplierDiversity@fhlb.com)

## **Monitoring**

To assist with proper oversight of the D&I program, the Bank has established an OMC to provide oversight of its mission to promote diversity, and to ensure the inclusion of Minorities, women and individuals with Disabilities in all applicable Bank activities. It is the primary oversight committee for the D&I Strategic Plan, included in the Bank's Strategic Business Plan, and related activities and programs. This committee will be chaired by the Bank's OMWI Director.

The OMC will meet at least quarterly or more frequently, as needed.

## **XI. Roles and Responsibilities**

**Credit Risk Department** is responsible for:

- Reviewing and approving diverse broker-dealers prior to engaging in any securities transactions.

**Legal Department** is responsible for:

- Reviewing agreements as outlined in the Contract Review Policy and the Contract Review Procedure.

**The Board of Directors** is responsible for:

- Ensuring the OMWI is provided relevant resources including, but not limited to, human, technological, and financial resources sufficient to fulfill the requirements of 12 CFR 1223 - Minority and Women Inclusion. The Bank will also ensure that any officer(s) designated to direct and oversee its D&I programs has the necessary knowledge, skills, competencies, and abilities to effectively implement the minimum standards and requirements found in this part.
- Reviewing and approving this Policy on an annual basis.

Executive Management, Division and Department Heads, and all Managers are responsible for ensuring that all Business Activities comply with the Bank's Diversity programs. Vendors, contractors, consultants or financial intermediaries will be evaluated for Diversity status by OMWI. If any such Vendors, contractors, consultants or financial intermediaries are unable to provide documentation to establish their diversity status, the Bank will assume such entity does not qualify for women-, Minority-, or Disabled-owned status.

**The Chief Administrative Officer** is responsible for:

- Serving as OMWI Director.
- Serving as Chairperson of the OMC.

- Serving as a collaborative partner in the promotion and advancement of diverse individuals and utilization of diverse businesses across the enterprise.
- Board D&I training
- The Bank's overall D&I Program.
- Facilitating the development of D&I program metrics and measurement target/goals
- The design, development and implementation of the enterprise D&I program components according to OMWI regulation and associated requirements.
- Engaging in program outreach with external stakeholders (e.g. suppliers, dealers, applicants) in support of driving measurable outcomes.
- Recommending Diversity programs and procedures, coordinating Diversity efforts across the Bank.
- Making periodic reports to the Bank's OMC, Executive Management Committee, the Board and the Director of the FHFA (or his/her designee) on the administration of such efforts.

**The OMWI Management Committee** is responsible for:

- Providing oversight of 1) the Bank's mission to promote Diversity, and to ensure the inclusion of Minorities, women, and individuals with Disabilities in all Bank activities and 2) the D&I strategic business plan.
- Reviewing this policy.
- Providing input into developing and implementing the D&I Strategic Plan.
- Approving changes to the Non-Diverse Core Systems Vendors listed on Appendix A of the OMWI Procurement Policy.
- Re-certifying the list of Non-Diverse Core Systems Vendors listed on Appendix A of the OMWI Procurement Policy on a quarterly basis.
- Reviewing quarterly results of D&I goals and summaries of quarterly OMWI Data Reporting Manual ("DRM") results.
- Reviewing and incorporating the principles of this Policy in other policies that deal with workplace, workforce, suppliers and broker dealers.
- Keeping abreast and providing input into the Bank's D&I training program.
- Receiving reports on external outreach initiatives as it relates to promoting the Bank's OMWI objectives.
- Keeping abreast of any regulatory or legislative impacts to the Bank's D&I program.

**The Office of Minority and Women Inclusion** is responsible for:

- Coordinating Bank-wide efforts to encourage and monitor the inclusion and utilization of Diverse Vendors in the Bank’s procurement activities.
- Ensuring the Bank is in compliance with OMWI regulations and reporting to senior management, the Board of Directors, and the FHFA.
- Reporting to the Board, Bank management, and the Agency periodically on D&I related matters
- Providing training and answering employee questions regarding OMWI requirements and the search for and consideration of Diverse Vendors in the procurement process.
- Validating the diversity status of any new Diverse Vendor engaged by the Bank.
- Validating all Diverse Vendor certifications on an annual basis.

**Vendor Owner** is responsible for:

- Conducting an appropriate comparison to evidence consideration of diversity in the vendor selection process.
- Obtaining appropriate evidence (affidavit or certification) classifying diversity status of diverse vendors selected.

## **XII. Compliance**

- The CAO is responsible for monitoring compliance with this policy as it relates to Diversity. Instances of non-compliance are reported to the OMC.
- The OMWI is responsible for OMWI compliance, and any exceptions must be approved by the CAO.

## **XIII. Getting Help**

<b>If you need help with:</b>	<b>Contact:</b>
Diverse Vendor search	D&I Program Manager
Substantiating a Diversity Status	D&I Program Manager
OMWI Documentation	D&I Program Manager
Evaluation of Vendors	D&I Program Manager

## **XIV. Related Policies**

ADA Accommodation Procedures  
Affirmative Action Policy  
Affirmative Action Procedure  
Broker-Dealer Credit Underwriting Guidelines  
Contract Review Policy  
Contract Review Procedure  
Director Election, Eligibility, and Diversity Policy  
Equal Opportunity in Employment and Contracting Policy Statement  
Harassment Policy  
IT Security Policy

OMWI Procurement Policy  
OMWI Committee Charter  
Purchasing and Payables Policy  
Succession Planning Policy  
Supplier Diversity Development Plan  
Vendor Risk Management Program  
Vendor Insurance Risk Matrix