

Data Transparency is a Racial Equity Issue: Communities of Color Need Diversity and Inclusion Policies at Banks

Written Testimony of

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For the Subcommittee on Diversity and Inclusion

“A Review of Diversity and Inclusion at America’s Large Banks”

February 12, 2020

Attachments:

- [The Greenlining Institute: Bank Board Diversity Policy Brief \(2019\)](#)
- [The Greenlining Institute: Corporate Board Diversity Issue Brief \(2018\)](#)
- [The Greenlining Institute: Diversity, Equity and Inclusion Framework \(2018\)](#)
- [The Greenlining Institute: Bank Board Diversity Report \(2012\)](#)

I. INTRODUCTION

Thank you, Chairwoman Joyce Beatty, Ranking Member Ann Wagner, and Members of the Subcommittee on Diversity and Inclusion for holding this important hearing and for inviting The Greenlining Institute to testify.

My name is Rawan Elhalaby, a proud San Diegan and Palestinian American. I am the Economic Equity Senior Program Manager at The Greenlining Institute and lead our research on the financial services sector. The Greenlining Institute is a state and national policy, research, organizing, and leadership development organization working to advance economic opportunity and empowerment for people of color and low-income communities. Founded in 1993 and based in Oakland, California, Greenlining envisions a nation where communities of color thrive, a person's race is never a barrier to economic opportunity, and where anyone can achieve the American Dream.

In this testimony, I wish to emphasize the following:

1. Diversity and inclusion are the building blocks of a fair society. Numerous academic and private-sector studies have shown that diverse businesses outperform homogenous organizations time and time again;
2. Transparency in an institution's approach to diversity does not require any change to that institution's business plan or practices, it merely gives consumers in our diverse nation the ability to fairly evaluate where they spend their hard-earned dollars; and
3. By 2040, the US will be majority people of color. Our communities have a right and responsibility to contribute to our nation's public, private, and non-profit sectors, and transparency data can help make clear where our participation is lacking.

II. GREENLINING'S HISTORY WITH DIVERSITY, EQUITY, AND INCLUSION

Since we have "green" in our name, I am often asked if Greenlining is related to environmentalism. While our work does include environmental advocacy, our name actually comes from the antidote to the discriminatory practice of redlining. For anyone unfamiliar with the history of redlining, it was the public and private practice of drawing literal red lines around non-White neighborhoods on a map to signify that they were not suitable areas for banks or insurance companies to do business. Thanks to the Fair Housing Act and other civil rights laws, redlining is banned today, yet we can still see its lingering effects throughout society: the lower-earning potential of people of color,¹ inferior treatment of minority small business owners by banks when applying for loans,² people of color routinely denied home loans at a far higher rate than their White counterparts,³ and a widening racial wealth gap, as the wealth of

¹ [Federal Reserve Bank of Cleveland: What is Behind the Persistence of the Racial Wealth Gap?](#)

² [National Community Reinvestment Coalition: Disinvestment, Discouragement and Inequity in Small Business Lending](#)

³ [Modern-day redlining: Banks discriminate in lending](#)

the median Black family has decreased by 50 percent in the last 40 years while that of the median White family has increased by 33 percent.⁴

The Greenlining Institute has over 25 years of experience analyzing diversity at all levels of government, higher education, philanthropic foundations, and banks. At Greenlining, we understand that people solve the problems they see. Our Diversity, Equity, and Inclusion Framework shows that when companies are intentional about creating diverse, equitable, and inclusive work environments, they help to correct income disparities that then inform broader economic conditions in marginalized communities.⁵ The framework posits that when people of color can fully and fairly access jobs, they contribute to an ecosystem that positively impacts their communities. For financial institutions especially, the leadership and senior management should reflect the communities they serve to effectively build trust with consumers and make capital and financial services accessible.

One of the oldest and most successful examples of transparency legislation is the Home Mortgage Disclosure Act (HMDA), passed in 1975. HMDA requires banks to disclose data on their lending by race and ethnicity to help the public and legislators identify potential discriminatory patterns. While HMDA does not enforce lending quotas or prohibit any particular activities, it does make banks take responsibility for lending, or not lending, to specific communities.

Greenlining also tracks corporate contracting with diverse businesses (“supplier diversity”). California and many of the companies that operate here have long recognized that diversity is integral to good business and that a diverse workforce and diverse procurement infrastructure can help companies venture into new markets and increase shareholder value. Nowhere is this culture more apparent than in the groundbreaking supplier diversity transparency efforts taken on by utility companies under the guiding principles of the California Public Utilities Commission’s General Order 156 (GO 156). GO 156 encourages utility companies to contract with minority, women, disabled veterans owned businesses and requires annual reporting on their procurement and outreach policies.⁶

Lastly, diversity is good for business. Studies have shown that diverse boards give a company a competitive advantage, and companies lacking in diversity represent a potential risk to a company’s competitiveness.⁷

III. GREENLINING’S RESEARCH APPROACH

Every year, Greenlining produces board and supplier diversity research on a variety of industries, including telecommunications, health, and financial services. In 2019, I authored a

⁴ [Institute for Policy Studies: Ten Solutions to Bridge the Racial Wealth Divide](#)

⁵ [The Greenlining Institute: Diversity, Equity and Inclusion Framework](#)

⁶ [Bill Text - AB-53 Insurers: procurement contracts: minority, women, and disabled veteran business enterprises.](#)

⁷ [Deloitte: 2017 Corporate Board Diversity Survey](#)

study on the board of directors of the ten largest banks in California. I found that on average, people of color made up 30 percent of bank board composition, even though over 67 percent of California's population are people of color.⁸ These figures have barely changed since we analyzed bank boards in 2012 and again in 2017, showing that banks have not made sufficient progress on recruiting people of color to their boards.^{9 10}

To complete our bank research, Greenlining requests data from national institutions that operate in California. We use this data to track and rank these companies on indicators that impact communities of color, including board of director diversity. We have seen in our work that financial institutions and other companies often make claims to prioritize diversity and inclusion, but data reveals the action—or lack thereof—behind these buzz words. Research from Greenlining and other similar organizations helps to highlight where there is a disconnect between those goals and the actual policies and practices that drive the composition of their workforce and board of directors.

IV. HOW THE FEDERAL GOVERNMENT CAN SUPPORT INCREASED TRANSPARENCY FOR DIVERSITY AND INCLUSION AT LARGE BANKS

Data allows Greenlining and other organizations to benchmark the banking industry's goal of increasing diversity and inclusion in critical areas. Only data can effectively highlight the impact of successful diversity programs, which can then serve as examples for other institutions and industries.

Unfortunately, Greenlining experiences substantial difficulty in receiving data broken down by race and ethnicity. This difficulty impedes our ability to produce timely research and keep the public, banks, and legislators informed on this important topic. One driving factor is that banks have inconsistent diversity data collection and reporting practices, and generally under resource the internal teams tasked with responding to our data requests. Another driving factor is that banks are not required by law to provide the disaggregated data that is most meaningful to research organizations like Greenlining.

As the National Community Reinvestment Coalition stated in their 2019 report on minority small business lending, “a lack of data cloaks bank small business lending practices, hindering the regulators' and stakeholders' ability to monitor and hold banks accountable.”¹¹ For the data we collect to be most impactful and informative, as well as to accurately portray how banks are meeting their commitments to diversity and inclusion, it must be disaggregated by race and be completed by all institutions.

⁸[The Greenlining Institute: 2019 Bank Board Diversity Policy Brief](#)

⁹[The Greenlining Institute: Annual Bank Board Diversity Report 2012](#)

¹⁰[The Greenlining Institute: Corporate Board Diversity April 2018](#)

¹¹[National Community Reinvestment Coalition: Disinvestment, Discouragement and Inequity in Small Business Lending](#)

The Community Reinvestment Act and other colorblind civil rights laws, while immensely impactful, are not sufficient on their own for eliminating discrimination in the financial services sector. Race conscious regulations are needed to ensure financial inclusion.

Greenlining urges Congress to expand existing legislation that requires government agencies and private institutions to disclose data on diversity and inclusion practices. Section 342 of the Dodd-Frank Act created Offices of Minority and Women Inclusion (OMWI) in eight agencies to ensure policymakers and regulators better reflect, understand, and promote job creation in minority communities.¹² OMWIs have worked to build up a robust infrastructure that includes internal assessments, crafting strategic plans, and increase diversity in their large agencies.¹³

In one example, the OMWIs in each of the Federal Home Loan Banks have been successful in increasing the share of minority employees in the banks. Data transparency on diversity and inclusion with the Federal Home Loan Banks helps the agency to identify where policy and practice improvements should be made, such as developing incentives and updating outreach methods.¹⁴

In California, reporting requirements in the California Public Utilities Commission have significantly increased diverse supplier spending in energy, communications, and water companies, generating unprecedented results and standing the test of time.¹⁵

It is also critical for Federal regulators to set a strong example for the state's grappling with the rise of non-bank Financial Technology (FinTech) lenders. In California, five of the ten largest home lenders are non-banks. While these home lenders market similar products and services, they are not subject to any bank regulations like the Community Reinvestment Act, Home Mortgage Disclosure Act, or Dodd-Frank Act. Unfortunately, we know that a tiny percentage of the tech industry is African American or Latino, and without increased transparency these figures may stay static for far too long.

In addition to board, management, and supplier diversity, Greenlining also requests transparency data from banks regarding their philanthropic giving to organizations led by and serving people of color. Recent studies have shown the benefit of diverse non-profit boards, especially as it pertains to engagement, fundraising, and advocacy.¹⁶ Despite the importance of diversity in philanthropy, data on this topic is often some of the most difficult to get from banks. This reluctance may, in part, stem from a lack of clarity around their ability to collect data on their grantees. Greenlining recommends that any future legislation explicitly allow for data collection and transparency in a bank's philanthropic giving.

¹² [The Greenlining Institute: Communities Need Diverse Policymakers, Now More Than Ever](#)

¹³ [Regulated Institutions to Submit Self-Assessments of Diversity Policies and Practices](#)

¹⁴ [GAO-19-589, FEDERAL HOME LOAN BANKS: Efforts to Promote Workforce, Supplier, and Broker-Dealer Diversity](#)

¹⁵ [The Greenlining Institute: 2019 Supplier Diversity Report Card](#)

¹⁶ [Johnson Grossnickle and Associates: New Research Shows Benefits of Diversity on Nonprofit Boards](#)

V. CONCLUSION

We applaud the Committee on Financial Services for prioritizing diversity and inclusion with the creation of this subcommittee. As people of color move toward becoming America's new majority, we must be full participants in the U.S. economy and able to participate everywhere decisions are made that affect our lives.

Chairwoman Beatty and members of the Subcommittee, thank you again for the opportunity to testify today and highlight our work. The Greenlining Institute looks forward to working with you to shed light on the diversity and inclusion practices of the nation's banks. As I hope my testimony has demonstrated: transparency brings sunshine to essential parts of the financial sector, and that sunshine helps to create and drive important conversations around diversity and inclusion.



ECONOMIC EQUITY

• **POLICY BRIEF** • **OCTOBER 2019**

2019 BANK BOARD DIVERSITY

Author

Rawan Elhalaby, *Economic Equity Senior Program Manager, The Greenlining Institute*



OVERVIEW

The Greenlining Institute regularly examines corporate executive board diversity.¹ Our 2019 study zeroes in on the gender and racial makeup of bank executive boards, and occurs just as federal policymakers push for diversity in banking and financial inclusion, including the recent creation of a Subcommittee on Diversity and Inclusion within the U.S. House Committee on Financial Services and a June 2019 hearing on “Diversity in the Boardroom.”² Greenlining supports efforts in Congress to increase board diversity by requiring disclosure of corporate board demographics (H.R. 3279 and H.R. 1018) and identifying diverse board candidates (H.R. 281).

Our analysis of the 10 largest depository banks in California, defined by deposit market share, found that on average, people of color make up 30 percent of board composition, while making up over 67 percent of California’s population. Bank of the West topped the rankings with a board containing 75 percent people of color.

Why Board Diversity at Banks Matters

When companies are intentional about creating diverse, equitable and inclusive work environments, they help to disrupt the income disparities that inform broader economic conditions in marginalized communities. For financial institutions in particular, the leadership should reflect the communities they serve in order to effectively build trust with consumers and make capital and financial services accessible. And ultimately, a diverse board improves an institution’s bottom line.³

Executive boards are the ultimate decision-makers in financial institutions and drive policies that trickle down to communities. Boards are accountable for the actions and behaviors of their institutions. In order to fight redlining and promote economic development in communities of color, boards need to reflect the diversity of the population they serve. In the United States, people of color make up 41.8 percent of the population. California’s population is more than 67 percent people of color.

Greenlining Standards for Equitable Bank Boards:

- Consider the racial demographics of the United States as a benchmark for representation.
- Consider the gender demographics of the United States as a benchmark for representation.
- Include at least one person of color and one woman for consideration in board candidate searches.
- Publicly disclose executive board members, disaggregating by race and gender.

We believe that executive boards of national banks that meet Greenlining’s standards for equity will be more likely to create equitable and inclusive policies and have a greater commitment to diverse communities.

Findings

Board diversity among California’s largest banks still has room for progress. Overall, the boards of the banks we analyzed fail to mirror the racial and gender diversity of California and most also fail to reflect the demographics of the United States overall. Although Bank of the West ranks highest, with 75 percent of its board made up of people of color, the majority of the banks we studied had fewer than 40 percent people of color on their boards and, on average, people of color made up 30 percent of board composition.

On average, women made up 29 percent of board members. First Republic Bank ranked marginally higher than its counterparts with a board made up of 36 percent women.

Silicon Valley Bank was the only bank we studied with no people of color represented on its board. Six of the 10 banks have below average representation of people of color in comparison to the banks we studied, and five of the 10 banks have below average representation of women.

Board Diversity by Race				Board Diversity by Gender			
CA Deposit Size Ranking	Racial Diversity Ranking	Bank	POC %	CA Deposit Size Ranking	Gender Diversity Ranking	Bank	Women %
6	1	Bank of the West	75%	7	1	First Republic Bank	36%
4	2	MUFG Union Bank	46%	9	2	U.S. Bank	35%
5	3	Citibank	40%	1	2	Bank of America	35%
10	4	CIT Bank	33%	2	3	Wells Fargo	33%
9	5	U.S. Bank	29%	10	3	CIT Bank	33%
2	6	Wells Fargo	25%	8	4	Silicon Valley	27%
1	7	Bank of America	18%	6	5	Bank of the West	25%
3	7	JPMorgan Chase	18%	4	6	MUFG Union Bank	23%
7	7	First Republic Bank	18%	5	7	Citibank	20%
8	8	Silicon Valley	0%	3	8	JPMorgan Chase	18%
Average			30%	Average			29%

METHODOLOGY

Greenlining submitted a request for data to the 10 largest financial institutions in California, based on their California deposit share. We received a complete response from eight of the 10. For the two institutions with incomplete data, we were able to find their executive board data on the institutions' websites (through 2019 proxy statements and investor reports).

In order to keep the analysis uniform based on the variation in responses we received, including banks that aggregated people of color, we aggregated Black, Latinx, Asian, and Native American board members, tallied the results, and ranked the financial institutions based on the percentage of people of color on their boards. We separately conducted a similar analysis for gender, so women of color were counted twice if they appeared on a board.

Given the available data, this analysis focused on the banks with the largest deposit market share in California, which includes banks that have a limited branch presence in the state. This study is also limited by data reporting that: 1) often did not disaggregate people of color, which does not allow us to identify banks with limited representation by particular marginalized communities of color, and 2) may not account for individuals that identify as gender non-conforming and may choose not to identify themselves as such to these institutions.

STRATEGIES FOR BUILDING DIVERSE BOARDS

- **Establish a commitment to diversity, equity and inclusion:** Each bank CEO should embed the values of diversity, equity and inclusion into their institution's mission and policies, including board recruitment policies and practices, and make a public commitment to establish and maintain a diverse executive board. A commitment to diversity, equity and inclusion in bank practices includes forming a committee to track progress, hosting cultural sensitivity trainings for the board, and establishing policies that prevent discrimination in board recruitment.
- **Disclose board demographics and policies:** Banks should disclose their diversity policies and practices on their websites, as recommended by the OCC's Office of Minority and Women Inclusion.⁴ In addition, in order to allow for accountability by consumers and advocates, all banks should publicly disclose the demographics of their board and disaggregate the information to specify the race of each individual board member. As Congresswoman Maxine Waters emphasized, data transparency will show where there is discrimination and identify opportunities for eliminating it.⁵
- **Set goals for representation on boards:** Banks should have quantitative goals for the number of people of color and women/gender non-conforming individuals serving on their boards in order to keep themselves accountable and incentivize diversity in the recruitment and selection process. These goals should reflect the diversity of the communities they serve.
- **Expand qualifications for board members:** Communities of color have been historically left out of the traditional sectors and positions that make up the pool of board candidates. In order to be inclusive and increase the diversity of the board, CEOs must expand the pool of applicants. Recruitment should have an expansive criteria that includes non-traditional sectors, including nonprofit leaders, reaches beyond a bank's usual circle of referrals, and includes individuals who may not have served as former CEOs but have still relevant executive experience.⁶ Widening the pool of board candidates will not only promote diversity within the bank, but also build a bench of more diverse voices for leadership in the larger industry.
- **Professional development of bank leadership:** Senior management often helps shape the makeup of the executive board by recruiting and suggesting people for board positions from within their personal and professional circles. As such, underrepresentation of women and people of color in senior management will have an effect on the makeup of executive boards. Professional development for the purposes of promotion and retention of diverse up-and-coming leaders in banks, as well as proactive recruitment from diverse populations, can have an impact on board composition. JPMorgan Chase's Advancing Black Leaders program is an example of proactive professional development that focuses on hiring, retaining and uplifting Black individuals.⁷

Bank boards should reflect the diversity of California and the nation. We believe that these strategies will lead to greater racial equity within banks and in their investments in communities. Diverse leadership will help banks understand and meet the needs of their diverse customer base and prioritize reinvestment in currently underrepresented communities.

ABOUT THE GREENLINING INSTITUTE

Founded in 1993, The Greenlining Institute envisions a nation where communities of color thrive and race is never a barrier to economic opportunity. Because people of color will be the majority of our population by 2044, America will prosper only if communities of color prosper. Greenlining advances economic opportunity and empowerment for people of color through advocacy, community and coalition building, research, and leadership development. We work on a variety of major policy issues because economic opportunity doesn't operate in a vacuum. Rather than seeing these issues as being in separate silos, Greenlining views them as interconnected threads in a web of opportunity.

About the Economic Equity Team

The Greenlining Institute's Economic Equity program works to overcome the lingering effects of redlining, help communities of color build wealth, and ensure that our financial system works for all.

AUTHOR BIOGRAPHY

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Rawan Elhalaby is the Senior Economic Equity Program Manager at The Greenlining Institute where she oversees bank accountability efforts using the Community Reinvestment Act. As the daughter of working class refugees, Rawan is all too familiar with the obstacles to achieving self-sufficiency in the United States for low-income and immigrant families. As such, she has spent her career addressing these obstacles at Greenlining and one-on-one with recently arrived refugees from Iraq, Somalia, Syria, and Afghanistan (among others) to San Diego at the International Rescue Committee. She has also worked as a policy consultant to the Consumer Financial Protection Bureau, the County of San Diego, the Western Regional Advocacy Project, and the Dellums Institute for Social Justice. Rawan holds a degree in Political Science from San Diego State University and a Master of Public Policy from UC Berkeley's Goldman School of Public Policy.

Editorial: **Bruce Mirken**, *Media Relations Director, The Greenlining Institute*

Special thanks to *Greenlining Institute Summer Associate Maria Cecilia Perez* for assistance with research.

ENDNOTES

¹ <http://greenlining.org/publications/2018/2017-corporate-board-diversity>

² <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=403834>

³ <https://www2.deloitte.com/us/en/pages/about-deloitte/articles/board-diversity-survey.html>

⁴ <https://www.occ.gov/news-issuances/news-releases/2016/nr-ia-2016-91.html>

⁵ <https://www.vox.com/policy-and-politics/2019/1/3/18157768/maxine-waters-house-financial-services-committee-cfpb>

⁶ https://financialservices.house.gov/uploadedfiles/hhrg-116-ba00-20190620-sd002_-_memo.pdf

⁷ <https://www.jpmorganchase.com/corporate/About-JPMC/ab-advancing-black-leaders.htm>



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DIVERSITY AND INCLUSION • **ISSUE BRIEF** • **APRIL 2018**

CORPORATE BOARD DIVERSITY

MAJOR PLAYERS FAIL TO REFLECT CALIFORNIA'S LABOR FORCE

Danielle Beavers *Director of Diversity and Inclusion, The Greenlining Institute*

Joe Jackson *Manager Of Diversity And Inclusion, The Greenlining Institute*

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INTRODUCTION

Corporate boards play a critical role in America's economy, and their membership matters. Boards serve as top-level decision makers and set companies' priorities. When these bodies are diverse, they're better equipped to make decisions that consider and benefit communities. Despite efforts to diversify corporate America's boards, however, women and people of color face challenges breaking through the "good old boy's network."

This brief evaluates the 2017 racial, ethnic and gender board diversity of 59 companies across some of California's leading industries—banking, insurance, technology, health, environmental, and utilities.¹

¹ We chose to examine corporate board diversity in fields that correspond with Greenlining's policy advocacy programs.

SUMMARY OF FINDINGS

- People of color and women each comprised one out of four board members.
- Latinos and women were underrepresented on boards compared to their labor force participation in California:
 - Latinos make up 6 percent of board members
 - Women make up 26 percent of board members
- Seven companies had no people of color on their boards and more than half of organizations had less than 25 percent people of color.
- Three companies had no women serving as board members, while 24 companies had less than 25 percent.
- East West Bank had the most racially diverse board (at 66 percent), followed closely by Kaiser Permanente, Pacific Gas and Electric, and Hewlett Packard.
- Health service providers did best in terms of gender diversity. Blue Shield of California, Dignity Health and Adventist Health all have between 40 and 50 percent women on their boards.
- Overall, corporate boards in California's leading industries fail to mirror the state's incredibly diverse labor force.

METHODOLOGY

Greenlining analyzed board diversity data of the 10 leading companies from five of our issue areas: Bridges to Health, Economic Equity, Environmental Equity, Energy, and Telecommunications. Choosing five companies from each, we combined Energy and Telecommunications into one section. In addition to the four categories, we evaluated nine leading companies in insurance¹ and 10 in technology industries, creating a total of six reporting categories for this brief. Greenlining selected companies with a significant presence in California, regardless of their headquarters location. We obtained information about the name, race/ethnicity, and professional background of every board member from each company's website.

To understand the extent to which the boards reflected California's labor force, Greenlining compared each industry to California's race/ethnicity and gender rate of labor force participation from the 2015 American Community Survey. Race and ethnic categories include Asian, Black, Latino, White and Other.²

¹ This Insurance industry section is distinct and separate from the health insurance section within the Bridges to Health policy area.

² "Other" combines multiracial, Pacific Islander and "Some Other Race" categories in the ACS data set.

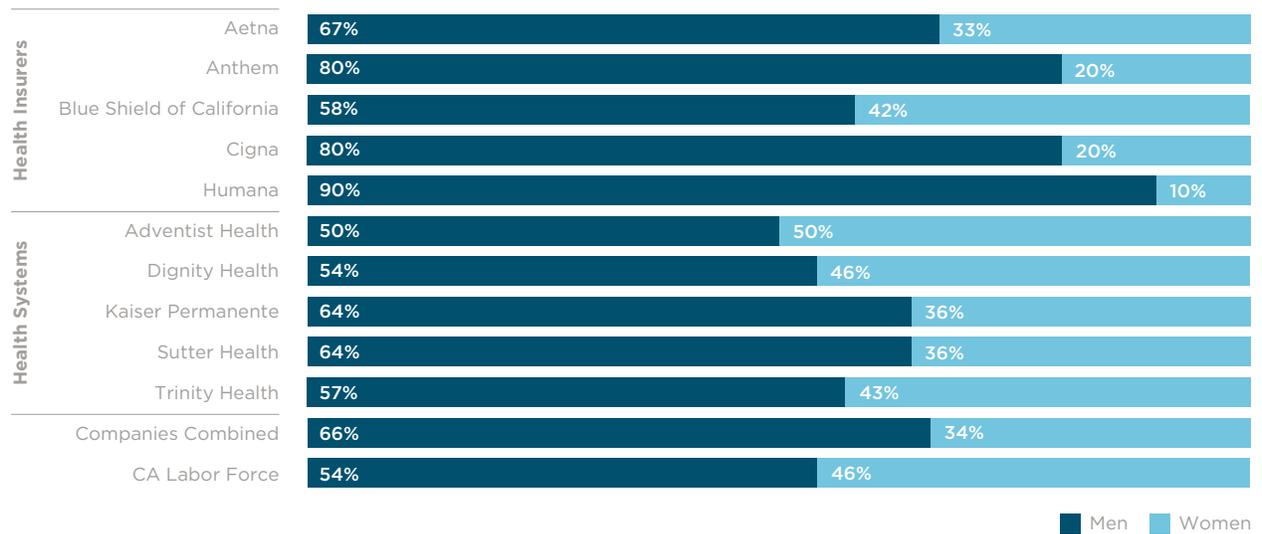
BRIDGES TO HEALTH

Companies Featured: Five largest health systems³ and five largest health insurers in California, by revenue

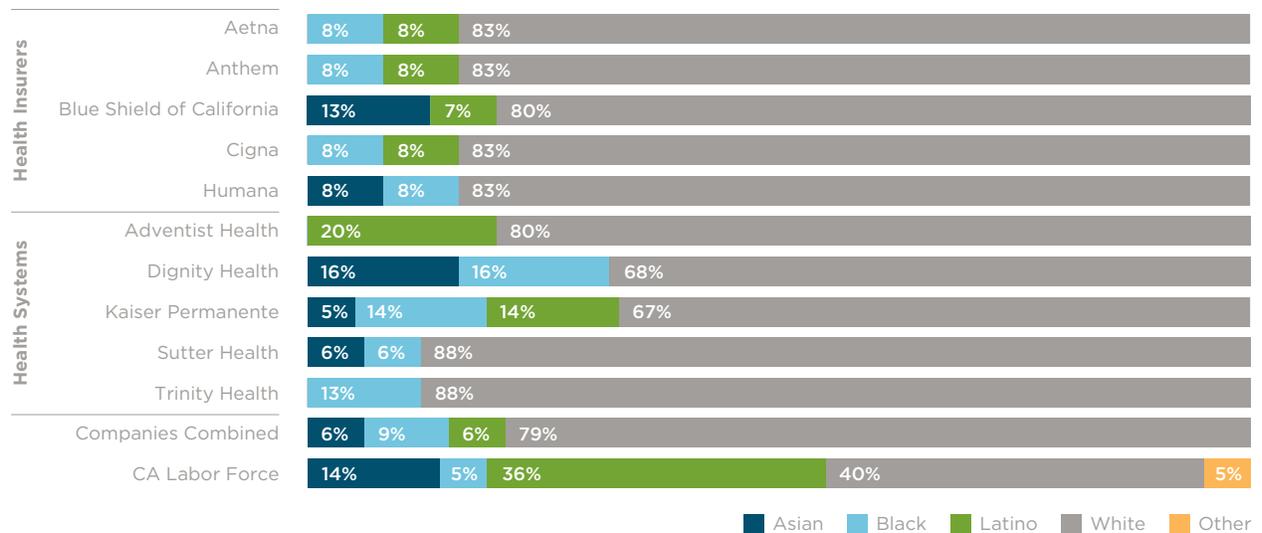
Combined 2016 Global Revenue: \$371 billion⁴

Industry Highlights: Eight companies' boards have at least 25 percent women. Adventist Health is the only organization to achieve an even split of men and women out of all 59 companies reviewed in this brief. Kaiser Permanente leads in racial and ethnic diversity, with Dignity Health following close behind. Kaiser Permanente has at least three ethnic groups represented while Dignity Health has only two. No other health industry companies examined had greater than 25 percent people of color.

Health Care Board Diversity by Gender⁵



Health Care Board Diversity by Race/Ethnicity



³ Health systems' (hospitals and care providers) revenues are national figures because their organizations provide services within the United States only.

⁴ See Appendix I for all companies' revenues.

⁵ On all graphs, percentages may not add up to exactly 100% because of rounding.

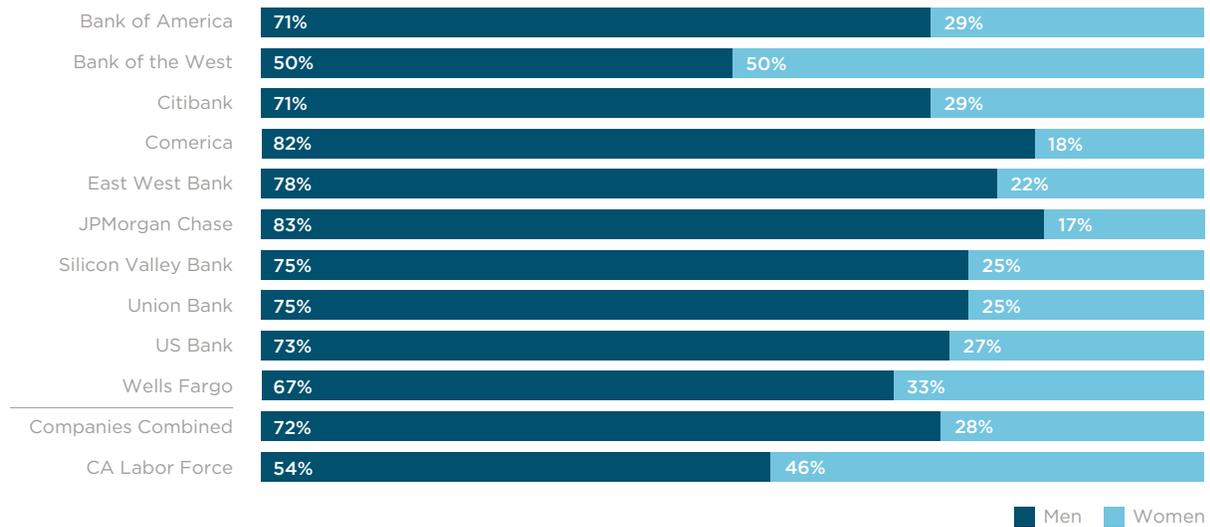
BANK SERVICES

Companies Featured: 10 largest depository banks in California, defined by amount of deposits

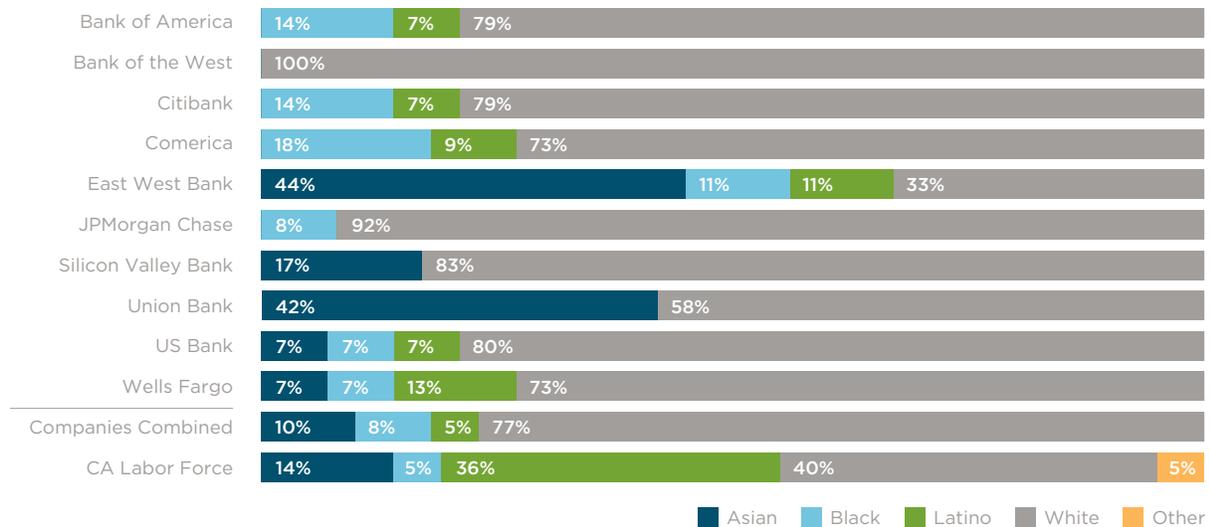
Combined 2016 Global Revenue: \$377 billion

Industry Highlights: East West Bank is a leader in racial board diversity, having the greatest proportion of racial and ethnic groups represented (including substantial Asian representation, possibly connected to the bank's roots in the Chinese-American community). Wells Fargo has the highest proportion of women on its board. Seven of the 10 companies have at least 25 percent women board members.

Bank Board Diversity by Gender



Bank Board Diversity by Race/Ethnicity



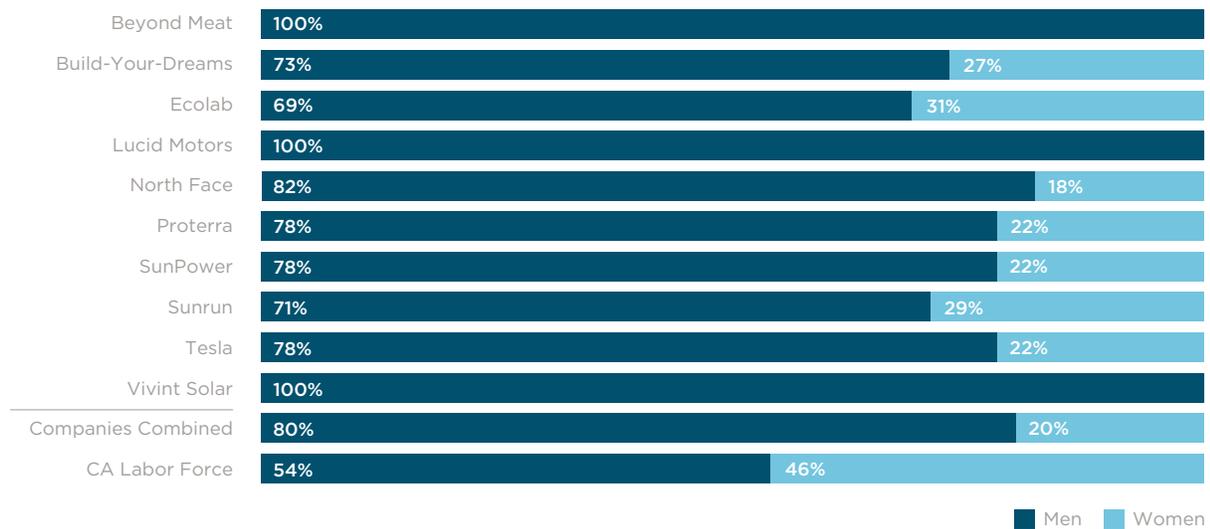
ENVIRONMENTAL EQUITY

Companies Featured: 10 California employers that supply products or services that are environmentally sustainable or are manufactured sustainably

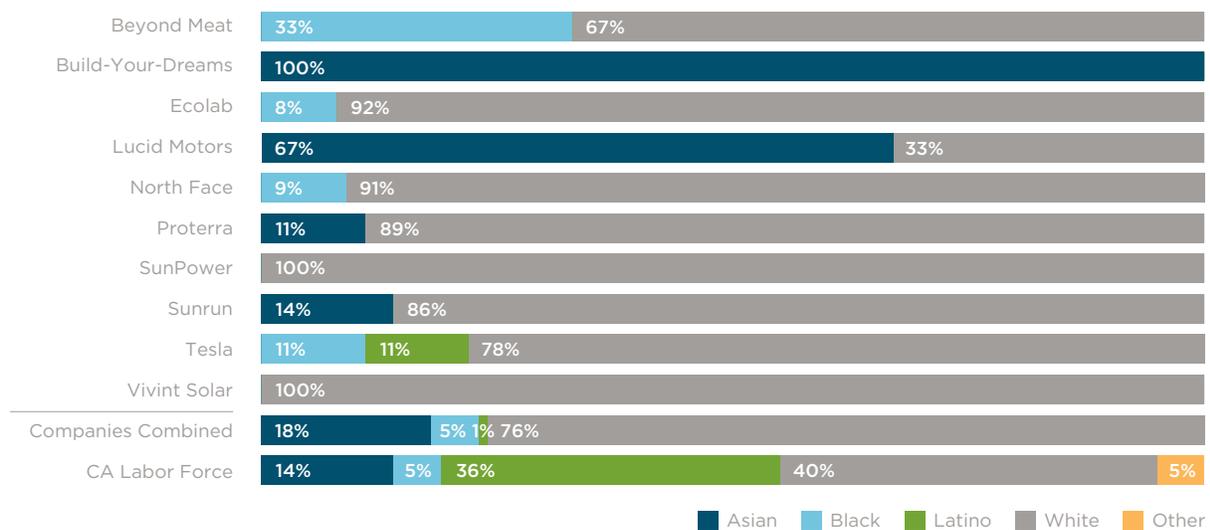
2016 Global Revenue: \$30.8 billion

Highlights: Ecolab led in gender diversity, with women representing 33 percent of its board. However, compared to other companies in other sections of this brief, environmental companies have room for improvement in gender diversity. Only two companies have at least 25 percent women occupying board seats. White men made up 100 percent of Vivint Solar’s and Beyond Meat’s boards. Overall, these boards need improvement in racial and ethnic diversity.

Environmental Board Diversity by Gender



Environmental Board Diversity by Race/Ethnicity



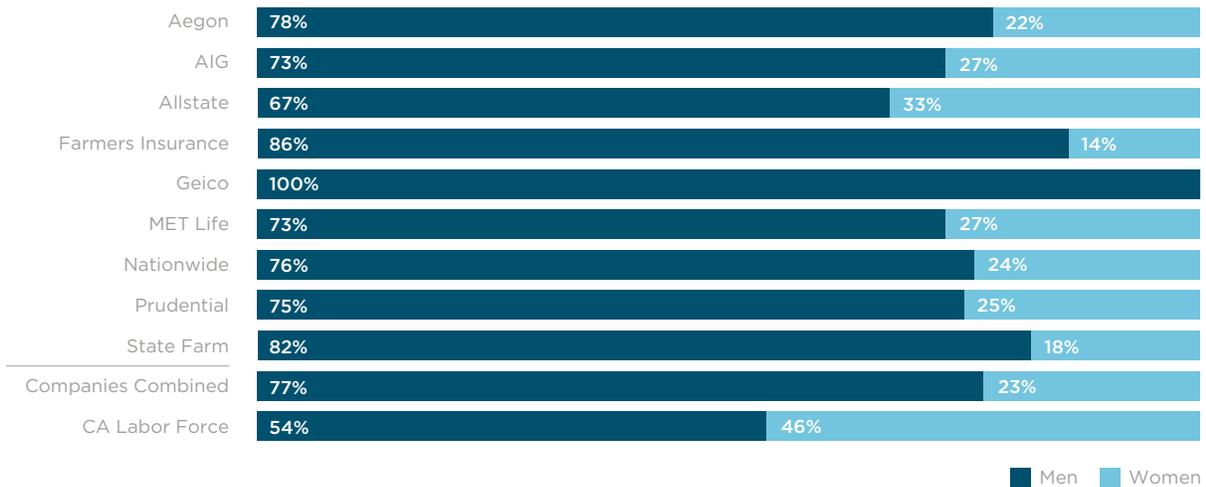
INSURANCE

Companies Featured: 10 largest insurers in California, by revenue

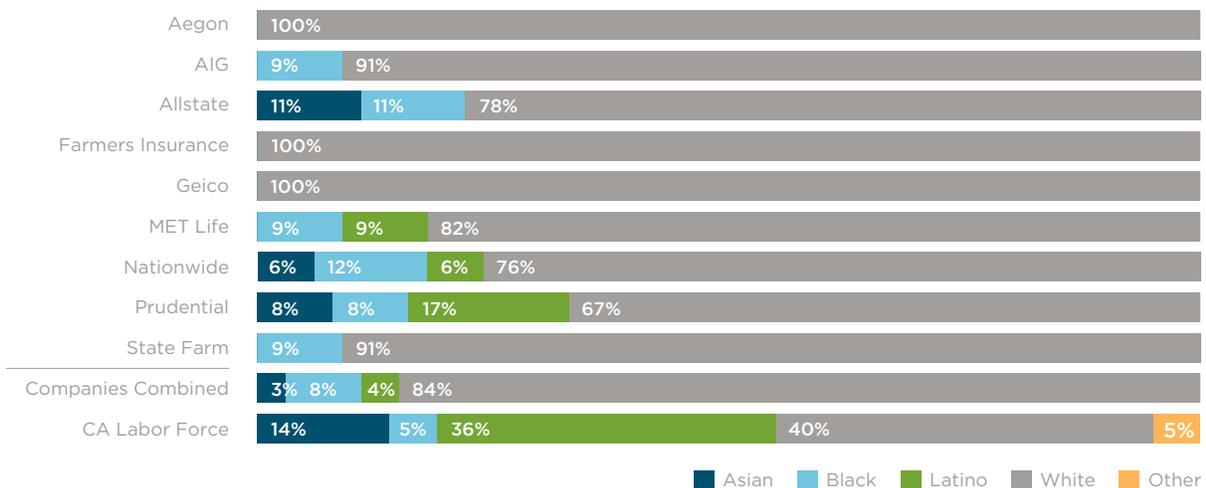
2016 Global Revenue: \$382 billion

Industry Highlights: Four firms achieved at least 25 percent women on their boards, with Allstate having the highest percentage of women at 33 percent. Prudential leads its peers in racial diversity on its board and was the only insurance company whose board included more than 25 percent people of color. GEICO's board is made up of only White men. Overall, the insurance companies have more work to do to diversify their boards.

Insurance Board Diversity by Gender



Insurance Board Diversity by Gender



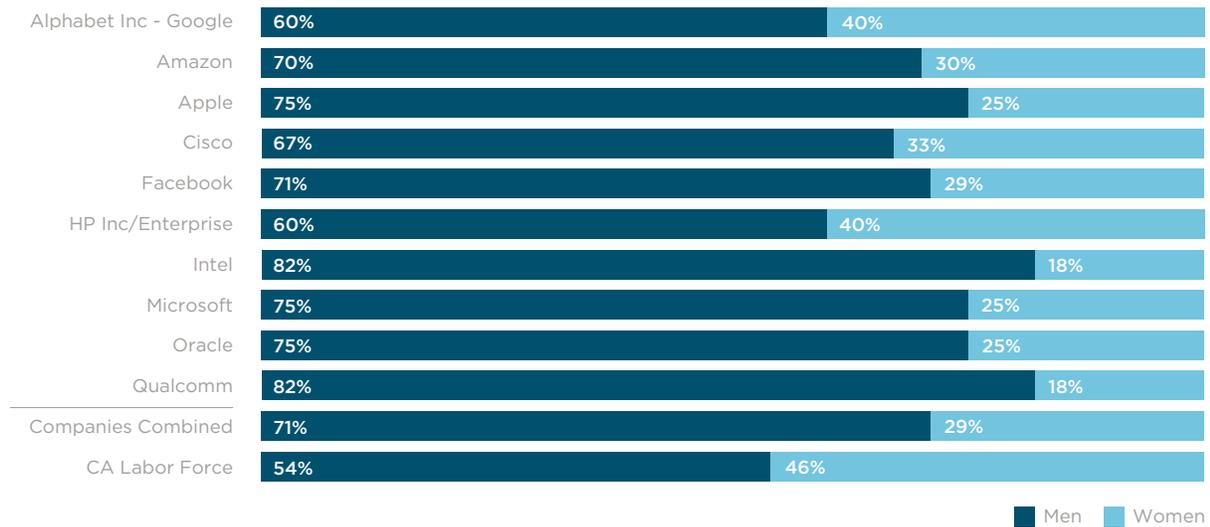
TECHNOLOGY

Companies Featured: 10 largest technology companies in California, by revenue

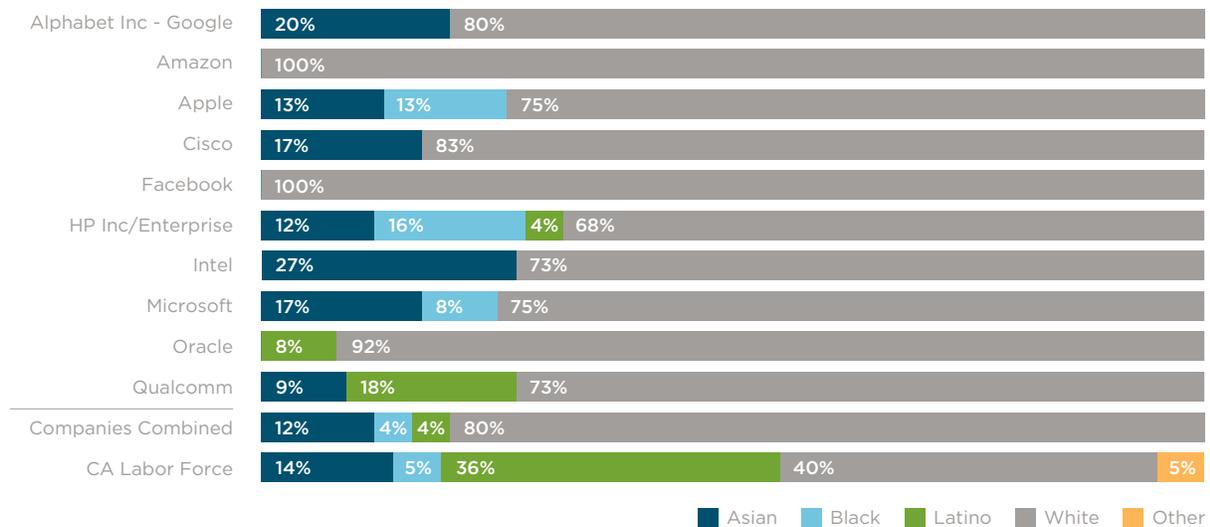
2016 Global Revenue: \$821 billion

Industry Highlights: California has the sixth largest economy in the world, according to the Legislative Analyst's Office, and the technology sector powers much of California's economic activity. Eight technology companies have at least 25 percent women on their boards, with Google and Hewlett Packard leading at 40 percent. With people of color making up 32 percent of its board, Hewlett Packard is a leader among these top ten tech companies. Only half of these firms seat at least 25 percent people of color on their boards.

Technology Board Diversity by Gender



Technology Board Diversity by Race/Ethnicity



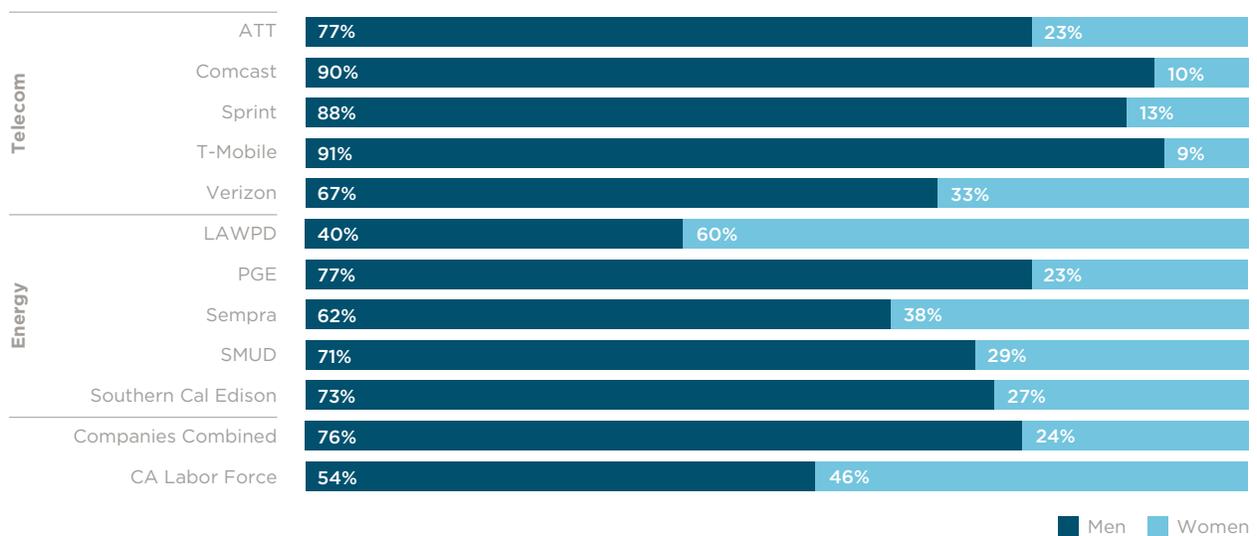
ENERGY AND TELECOMMUNICATIONS

Companies Featured: The five largest energy companies and five largest telecommunications firms in California, by revenue

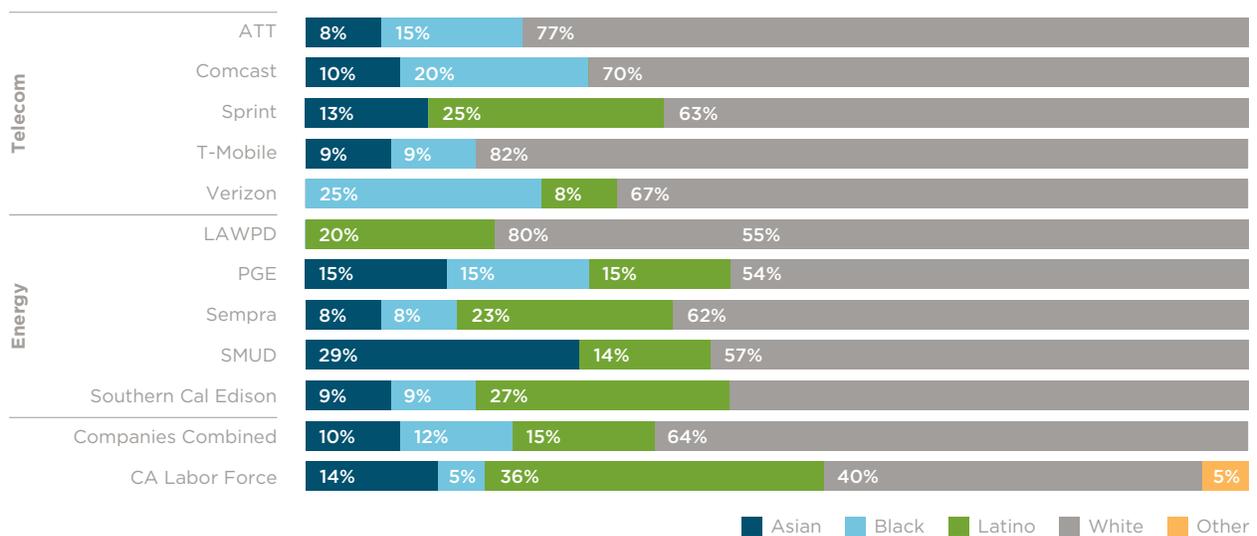
2016 Global Revenue: \$670 billion

Industry Highlights: Women's representation remains an opportunity for growth. Overall, women accounted for 24 percent of board seats. Leaders in the utility space include Sempra and the Los Angeles Department of Water and Power, a municipal utility⁶, with women occupying about 40 percent of their boards. Only three of these companies have at least 25 percent women in board seats. Eight of these companies have at least 25 percent people of color on their boards. Combined, people of color make up just over a third of board members.

Energy and Telecommunications Board Diversity by Gender



Energy and Telecommunications Board Diversity by Race/Ethnicity



⁶ California's energy utilities include investor-owned, publicly owned, cooperative and community choice organizations (California Energy Commission, 2017). We examined the five largest, regardless of ownership.

CONCLUSION

Greater public conversation about board diversity during the last several years has led to some progress in representation of people of color and women on the boards of major corporations. However, considerable opportunity remains for improving the diversity of corporate boards, which rarely approach the diversity of California overall. Corporations should embrace a continued commitment to achieving diversity and establish accountability mechanisms to ensure progress.

LIST OF COMPANIES AND ANNUAL REVENUE

Companies	Revenue (\$)	Source
(SEMPRA) SoCal Gas and SDGE	1.37 billion	(Sempra Energy)
Adventist Health	9.65 billion	(Adventist Health Systems, 2016)
AEGON US Holding Group	16.537 billion	(Aegon N.V., 2016)
Aetna	63.155 billion	(Aetna, 2017)
Allstate Insurance Company	36.5 billion	(Cision - PR Newswire Association LLC, 2017)
Alphabet - Google	90.272 billion	(Alphabet Inc., 2016)
Amazon.com Inc	135.9 billion	(The Wall Street Journal, 2016)
American International Group	52.367 billion	(American International Group, Inc., 2016)
Anthem Inc.	84.9 billion	(Anthem Inc., 2016)
Apple	215.639 billion	(Apple Inc., 2016)
ATT	163.8 billion	(AT&T Inc., 2016)
Bank of America	83.701 billion	(Bank of America Corporation, 2016)
Bank of the West	586.9 million	(Bank of the West, 2016)
Beyond Meat	N/A	
Blue Shield of California	17.6 billion	(Blue Shield of California, 2016)
BYD Company Limited	15 billion ⁷	(Nikkei Inc., 2016)
Cigna	39.7 billion	(Cigna Corporation, 2017)
Cisco	49.24 billion	(Cisco Systems, Inc., 2017)
Citibank	69.9 billion	(Citigroup Inc., 2016)
Comcast	80.4 billion	(Comcast Corporation, 2016)
Comerica	2.9 billion	(CNN, 2016)
Dignity Health	12.6 billion	(Dignity Health, 2016)
East West Bank	432 million	(East West Bancorp, 2016)
Ecolab	1.23 billion	(Ecolab USA Inc., 2016)
Facebook	27.6 billion	(Facebook Inc., 2016)
Farmers Insurance	12.6 billion	(Farmers Insurance, 2017)

⁷ Converted from 100 billion yuan

Companies	Revenue (\$)	Source
Geico Insurance Group	26.3 billion	(Society of Collision Repair Specialists, 2017)
HP Inc/Enterprise ⁸	98.3 billion	(Hewlett Packard Inc/Enterprise, 2016)
Humana	54.37 billion	(NASDAQ, 2016)
LADWP	4.34 billion	(City of Los Angeles, 2016)
Intel	59.38 billion	(Intel Corporation, 2016)
JPMorgan Chase	95.668 billion	(JPMorgan Chase & Co, 2016)
Kaiser Permanente	64.6 billion	(Kaiser Permanente, 2017)
Lucid Motors	N/A	
Metropolitan Life Insurance	63.47 billion	(NASDAQ, 2016)
Microsoft	85.3 billion	(Microsoft Corporation, 2016)
Nationwide Group	27 billion	(Nationwide Group, 2016)
North Face (VF Corporation)	12 billion	(VF Corporation, 2017)
Oracle	37 billion	(Oracle, 2016)
PGE	17.666 billion	(PG&E Corporation, 2017)
Proterra	N/A	
Prudential Insurance Company	58.77 billion	(Prudential Financial, Inc. , 2016)
Qualcomm	23.6 Billion	(Qualcomm Incorporated, 2016)
Silicon Valley Bank	1.6 billion	(SVB Financial Group, 2017)
SMUD	1.49 billion	(Sacramento Municipal Utility District, 2017)
Southern Cal Edison	11.869 billion	(Edison International and Southern CA, 2016)
Sprint	33.3 billion	(NASDAQ, 2017)
State Farm	76.1 billion	(State Farm Mutual Auto Insurance, 2017)
SunPower	2.55billion	(SunPower, 2017)
Sunrun	454 million	(©2017 Sunrun, 2017)
Sutter Health	11.873 billion	(Sutter Health, 2016)
Tesla	7 billion	(NASDAQ, 2016)
T-Mobile	37.2 billion	(T-MOBILE USA, INC., 2016)
Trinity Health	17.6 billion	(Trinity Health, 2017)
Union Bank	5.3 billion	(MUFG Americas Holdings Corporation, 2017)
US Bank	21.308 billion	(U.S. Bancorp, Inc., 2016)
Verizon	126 billion	(Verizon, 2016)
Vivint Solar	135.2 million	(Vivint Solar Developer, LLC., 2016)
Wells Fargo	88.267 billion	(Wells Fargo, 2016)

⁸ HPE and HP Inc are two separate companies split from what used to be HP. The revenue in this table reflects their combined revenue. HPE earned \$50.1 billion, while HP Inc brought in \$48.2 billion.

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About the Greenlining Institute

Founded in 1993, The Greenlining Institute envisions a nation where communities of color thrive and race is never a barrier to economic opportunity. Because people of color will be the majority of our population by 2044, America will prosper only if communities of color prosper. Greenlining advances economic opportunity and empowerment for people of color through advocacy, community and coalition building, research, and leadership development. We work on a variety of major policy issues, from the economy to environmental policy, civic engagement and many others, because economic opportunity doesn't operate in a vacuum. Rather than seeing these issues as being in separate silos, Greenlining views them as interconnected threads in a web of opportunity.

About the Diversity and Inclusion Team

The Greenlining Institute's Diversity and Inclusion program leads the organization's workforce and supplier diversity advocacy through policy, coalition building, and research. It advances a concerted agenda across our core policy concentrations of Economic Equity, Environmental Equity, Bridges to Health, Energy and Telecommunications, Philanthropy, Insurance, and Technology.

Author Biographies

Danielle Beavers *Director of Diversity and Inclusion, The Greenlining Institute*

As the Diversity and Inclusion Director, Danielle works to promote job creation for people of color. She leads Greenlining's workforce and supplier diversity advocacy in the banking, environmental, health, technology, insurance, and utility industries. Danielle views diversity as the antidote to redlining in the job market, and works to ensure that anchor institutions and their regulators fully reflect and benefit communities of color. She serves as Vice Chair of the California Department of Insurance's Diversity Task Force and is also a member of the California Utilities Diversity Council, Wells Fargo's Supplier Diversity Advisory Group, and the Small Business Administration's Los Angeles PLUM (Partnership for Lending in Underserved Markets) Market Research Action Group. She first came to Greenlining as the 2012 Community Reinvestment Fellow and received her B.A. from Stanford University in Comparative Studies in Race and Ethnicity with Honors.

Joe Jackson *Manager of Diversity and Inclusion, The Greenlining Institute*

Joe is dedicated to advancing racial equity and social justice so that people of color have every opportunity to heal and thrive. As Greenlining's Diversity and Inclusion Manager, Joe advocates for racially equitable recruitment, contracting and retention of employees of color and minority-owned businesses. He approaches this work from an intersectional lens and always stays mindful of the compounded vulnerabilities of dis/ability, economic status, gender, immigration, and/or race. Joe brings more than 10 years of experience in education (both direct service and policy-driven) and workforce development serving transgender job-seekers. He studied Gender Studies at U.C. Davis. Joe's lifelong commitment to social justice is informed by his own experiences as an African American transgender man with a learning "disability", who navigated juvenile justice and foster-care systems in his youth.

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DIVERSITY AND INCLUSION

MARCH 2018

DIVERSITY, EQUITY AND INCLUSION FRAMEWORK

RECLAIMING DIVERSITY, EQUITY AND INCLUSION FOR RACIAL JUSTICE

Danielle Beavers *Director of Diversity and Inclusion, The Greenlining Institute*

INTRODUCTION

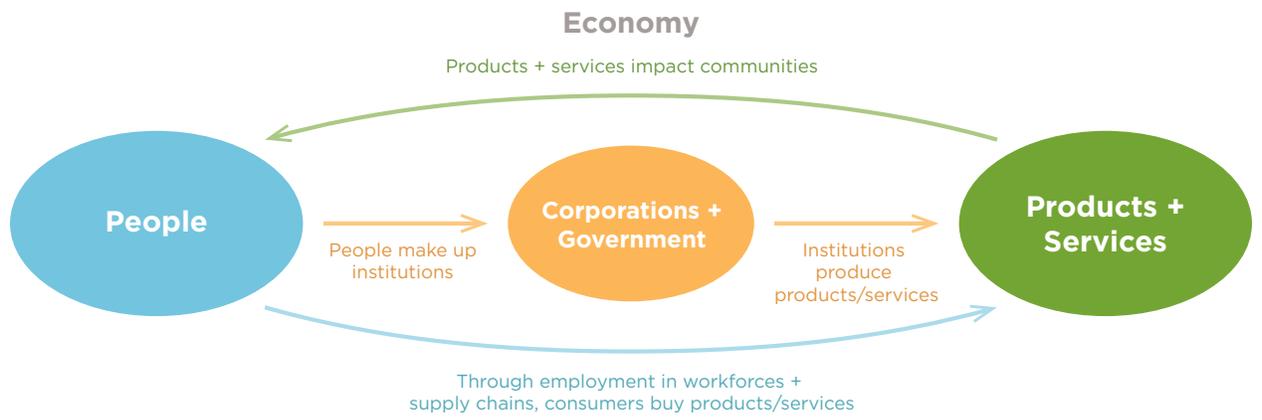
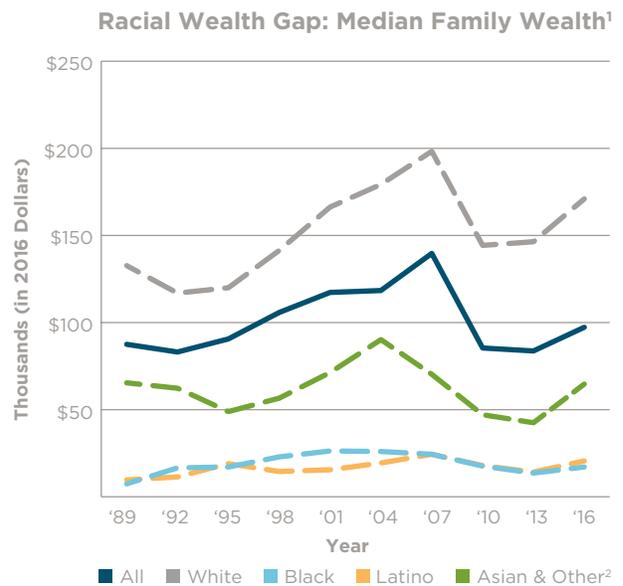
Buzzwords like “diversity,” “equity” and “inclusion” receive more attention than ever. From Oscar nominations to the president’s cabinet, major new headlines and social media hashtags make one thing clear: Their absence is bad, and people care. What remains uncertain, however, is 1) these values’ relevance to larger social movements and 2) how to go beyond “moving the needle” to make significant gains.

This publication explains the critical role of diversity, equity and inclusion (DEI) in the fight for racial justice. It forms the foundation for our forthcoming toolkit, which will provide resources to companies, advocates and others seeking to utilize DEI in advocacy to create jobs for communities of color.

CLOSING THE RACIAL WEALTH GAP WITH DIVERSITY, EQUITY AND INCLUSION

At Greenlining, we use diversity, equity and inclusion to close the racial wealth gap in two ways. First, we advocate for increased access to products and services for communities of color in [various industries](#), including mortgages, health care, and many others. Second, we ensure people of color are fully included in and benefit from job creation in those same spaces.

This job creation takes place through workforces and supply chains, which racial justice advocates too often overlook. They determine which communities benefit from wealth creation—whether through direct employment or contracts that generate ripple effects through local economies—and who gets left out. Making these spaces diverse, equitable and inclusive for communities of color can serve as the antidote to redlining in the job market.



Our strategy consists of making clearer the relationship between institutions, their products and services, and the people who buy them. When people of color can fully and fairly access jobs (via workforces and supply chains), this ecosystem is **stronger and healthier for all**.

¹ Board of Governors of the Federal Reserve System. Survey of Consumer finances (SCF), 2016. <https://www.federalreserve.gov/econres/scfindex.htm>

² “Asian and Other” includes American Indian, Alaska native, native Hawaiian and Pacific Islander. Asians represent approximately 80 percent of this group in population estimates published by the Census Bureau.

DEFINING DIVERSITY, EQUITY AND INCLUSION

While DEI may be used interchangeably in everyday conversations, we believe the field needs explicit language and strong theories of change in order to identify systems of power and pursue racial justice.

The following concepts are interdependent and require specific attention.

- *Diversity* refers to difference or variety of a particular identity. This framework focuses on race, but other markers of difference like gender and sexual orientation can be addressed as well. Diversity measures an entity's composition.
 - Example: In 2012 Greenlining served as chief sponsor of [AB 53](#), which required insurance companies in California to disclose contracting data for minority, women, and disabled veteran-owned businesses. Creating transparency in this industry's contracting enabled companies to identify disparities and take concerted action to [increase](#) business with diverse suppliers from \$930 million in 2012 to \$1.7 billion in 2016.
- *Equity* refers to resources and the need to provide additional or alternative resources so that all groups can reach comparable, favorable outcomes. For further information on racial equity and examples of racially equitable policies, see Greenlining's 2013 [Racial Equity Toolkit](#).
 - Example: In partnership with [The Justice Collective](#), Greenlining's internal Workplace Equity and Inclusion initiative ensures we hold ourselves accountable to embodying DEI at all levels. Our goals and objectives include but are not limited to:
 - Diversity, equity and inclusion become institutionalized at Greenlining through **trainings, formalized policies, and practices**,
 - Greenlining will have an explicit, achievable and **sustainable plan** to address, rectify and proactively prevent inequities in the workplace,
 - Greenlining will have a deeply rooted and inclusive workplace **culture**,
 - Diversity, equity and inclusion will be a **core competency** for all staff,
 - Greenlining can **communicate best practices and lessons learned** during this process and lead the sector in this regard, and
 - All **staff buy in** to this mission and feel **"ownership"** to drive sustainability.
- *Inclusion* refers to internal practices, policies, and processes that shape an organization's culture. It speaks to how community members of a shared identity experience their environment. Inclusion benefits existing populations represented within an organization. Spaces can be inclusive of particular groups while still lacking representation (i.e. diversity) of others.
 - Example: Greenlining's [Breaking Down Barriers for Women Physicians of Color](#) case study details how these professionals face exclusion throughout their medical education and careers. In addition to diversifying the field, recommendations focus heavily on inclusion within the health workforce. They include mentorship opportunities, cultural sensitivity training, anti-discrimination and reporting policies, and pay equity.

EVOLUTION OF DIVERSITY, EQUITY AND INCLUSION

Too often forgotten, the Civil Rights Movements fought for jobs and economic opportunity. The seminal Civil Rights Act of 1964 prohibits discrimination in employment while the Minority Business Development Agency, created in 1969, supports entrepreneurs of color.



The American DEI field grew out of the 1960's Civil Rights Movement. It expanded over time to include identities other than race, including gender, sexual orientation, veteran status, etc. The following graphic gives a high-level overview of DEI's evolution as it applies to race.

	Defining Principle	Leading Argument Used
Tolerance <i>1960s–Mid 1970s</i>	Toleration, or restrained acceptance, of people of color integrating into workplaces, education, and/or neighborhoods.	Tolerance 1) satisfies moral arguments for equality and 2) mitigates the rising disruption caused by people of color demanding access to previously segregated spaces.
Multiculturalism and Awareness <i>Mid 1970s–1990s</i>	Recognition, and sometimes respect or celebration, of racial minorities and their accomplishments. Metaphors of the American Melting Pot or Salad Bowl are repurposed from the 19th century immigration wave.	Multiculturalism prepares the nation for the growing population and impending demographic revolution when people of color will be the majority.
Diversity <i>1990s–Present Day</i>	Expectation that corporations and government reflect the nation. In the early 2010s the field became more nuanced to incorporate inclusion and equity as distinct, but related concepts. Traditional and social media are heavily used to hold entities accountable.	Diverse groups make more efficient decisions and benefit the larger organization. This is sometimes called the " <u>Business Case</u> " for diversity.

DEI has certainly evolved over time, as the narrative shifted from mere toleration to recognition, and now to valuation. Despite these advances, diversity, equity and inclusion will not reach their full potential until viewed as instrumental tools for racial justice. DEI must be operationalized to first and foremost benefit people of color—not used to increase corporate profits or mitigate racial tensions. In short, DEI must return to its radical civil rights origins and become purposed for justice.

FOUR WS FOR DEI ADVOCACY

Diversity, Equity and Inclusion do not exist in a vacuum. Effective advocacy will understand and explicitly communicate their use in a specific context. Greenlining uses the Four Ws, “Who, What, Where, and Why,” to ensure our strategies are outcomes-oriented and secure tangible benefits for communities of color.

Who am I advocating on behalf of? Who are their allies/similarly impacted communities? Who am I not including in this effort? Have I analyzed this issue from an intersectional lens?

We advocate on behalf of communities of color. Because communities of color are [too often pitted against one another](#), fighting for crumbs, we intentionally work across racial lines.

[Intersectionality](#) explains how social identities such as race, class, and gender intersect to create overlapping or interdependent systems of oppression or privilege. For example, our Bridges to Health Team’s [Boys and Men of Color](#) and [Girls and Women of Color](#) portfolios specifically recognize and address the intersections of race and gender.

What am I advocating for: diversity, equity and/or inclusion? What area do I want to impact?

Depending on the situation, we champion various combinations of diversity, equity and/or inclusion. Examples in the Defining Diversity, Equity and Inclusion Section (page 3) demonstrate how we tailor our advocacy to the context.

All of Greenlining’s advocacy promotes economic opportunity in communities of color. DEI can also be used to address other areas, including education, arts and culture, etc.

Where does this take place? Does it impact a workforce, supply chain, or another area? Will you engage individual entities on their internal practices or advance policies to impact an entire region or industry?

Our work focuses on California and has national implications. It impacts both the products and services *and* the workforces and supply chains of the health care, financial services, energy, environmental, and technology industries. We advance policies on the state and federal level to make systemic change.

Why does diversity, equity and/or inclusion matter? Why should stakeholders prioritize this, and what are the consequences if no action is taken? Page four’s graphic demonstrates how “the why” for DEI evolved over time.

Our “why” is simple: justice. Communities of color have been, and continue to be, redlined out of economic opportunity. Greenlining’s [Publications page](#) offers extensive research across a variety of industries on this point.

CALL TO ACTION: JOIN GREENLINING'S DEI WORKING GROUP



Greenlining cannot enact change alone. To most effectively advocate, we are building on existing [DEI research](#) and seeking to partner with others to engage in thought leadership and influence the larger racial justice community. This publication serves as the first step in that process. We will form a Working Group of interdisciplinary stakeholders and produce a toolkit that reflects the principles laid out here. Outcomes we want to see include:

- Corporations adopt justice-oriented diversity, equity and inclusion standards into their workforces and supply chains.
- Policymakers draw on the toolkit for best practices as they craft legislation.
- Economic development practitioners, civil rights advocates, funders, and other relevant stakeholders incorporate DEI into their work.
- Communities of color better understand how to identify and secure economic opportunities within workforces and supply chains.

To learn more about the Working Group and stay up-to-date on diversity, equity and inclusion news, please email DEI@greenlining.org to join our listserv.



About the Greenlining Institute

Founded in 1993, The Greenlining Institute envisions a nation where communities of color thrive and race is never a barrier to economic opportunity. Because people of color will be the majority of our population by 2044, America will prosper only if communities of color prosper. Greenlining advances economic opportunity and empowerment for people of color through advocacy, community and coalition building, research, and leadership development. We work on a variety of major policy issues, from the economy to environmental policy, civic engagement and many others, because economic opportunity doesn't operate in a vacuum. Rather than seeing these issues as being in separate silos, Greenlining views them as interconnected threads in a web of opportunity.

About the Diversity and Inclusion Team

The Greenlining Institute's Diversity and Inclusion program leads the organization's workforce and supplier diversity advocacy through policy, coalition building, and research. It advances a concerted agenda across our core policy concentrations of Economic Equity, Environmental Equity, Bridges to Health, Energy and Telecommunications, Philanthropy, Insurance, and Technology.

Author's Biography

Danielle Beavers *Director of Diversity and Inclusion, The Greenlining Institute*

As the Diversity and Inclusion Director, Danielle works to promote job creation for people of color. She leads Greenlining's workforce and supplier diversity advocacy in the banking, environmental, health, technology, insurance, and utility industries. Danielle views diversity as the antidote to redlining in the job market, and works to ensure that anchor institutions and their regulators fully reflect and benefit communities of color. She serves as Vice Chair of the California Department of Insurance's Diversity Task Force and is also a member of the California Utilities Diversity Council, Wells Fargo's Supplier Diversity Advisory Group, and the Small Business Administration's Los Angeles PLUM (Partnership for Lending in Underserved Markets) Market Research Action Group. She first came to Greenlining as the 2012 Community Reinvestment Fellow and received her B.A. from Stanford University in Comparative Studies in Race and Ethnicity with Honors.

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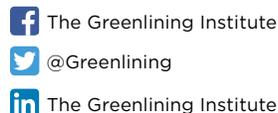
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Acknowledgements

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Greenlining Institute

Annual Bank Board Diversity Report 2012

This is the Greenlining Institute's seventh annual study of bank board diversity. This brief measures the racial, ethnic, and gender diversity of the boards of directors at the top 13 banks in California by market share. For the first time, we also examine the professional backgrounds of the directors at each bank.

Despite some improvements from last year, white and male leadership still predominates among the financial institutions studied.

Of the 13 financial institutions examined, only four (Bank of America, Wells Fargo, Union Bank, and US Bank) have at least one African American, Latino, Asian, and female board member. City National has no Asians, Latinos, or women on its board.

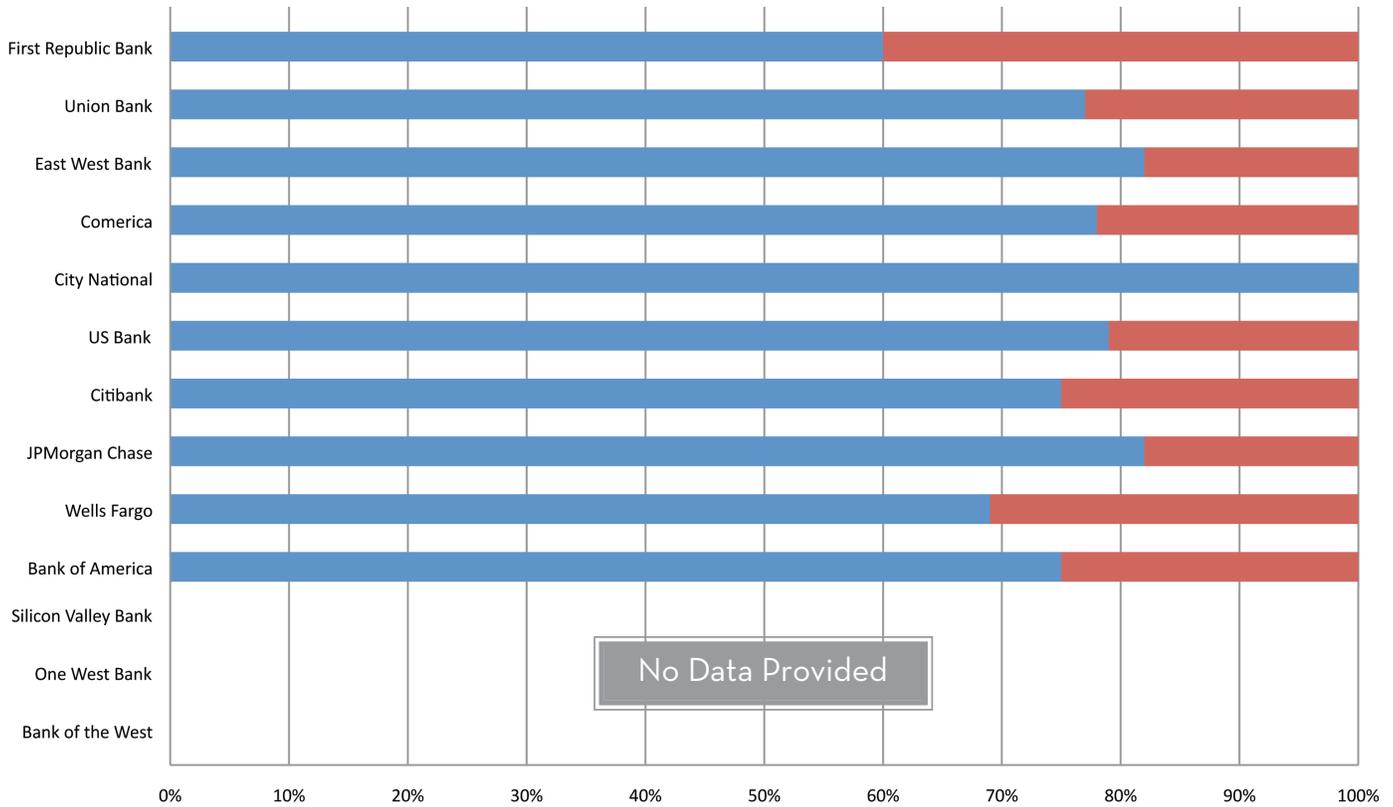
METHODOLOGY

We sought board diversity data from the top 13 banks in California, ranked by their California Deposit Market Share.¹ Together, these 13 financial institutions make up over 80 percent of the California market. For each, we obtained information about the name, race/ethnicity, and professional background of every board member from each company's website. We then contacted each bank to confirm the accuracy of our analysis. We were unable to find board member data for three banks: OneWest Bank, Bank of the West, and Silicon Valley Bank.²

FINDINGS**Gender**

Banking leadership is still clearly a male-dominated field. Every bank reviewed has a majority male board membership. First Republic Bank ranks highest in gender diversity with 40 percent female board membership, followed by Wells Fargo at 31 percent. City National ranks the lowest, with no female board members.

Bank Board Diversity by Gender



	Bank of America	Wells Fargo	JPMorgan Chase	Citibank	US Bank	City National	Comerica	East West Bank	Union Bank	First Republic Bank	Bank of the West	One West Bank	Silicon Valley Bank
Male	75%	69%	82%	75%	79%	100%	78%	82%	77%	60%	N/A	N/A	N/A
Female	25%	31%	18%	25%	21%	0%	22%	18%	23%	40%	N/A	N/A	N/A

FINDINGS

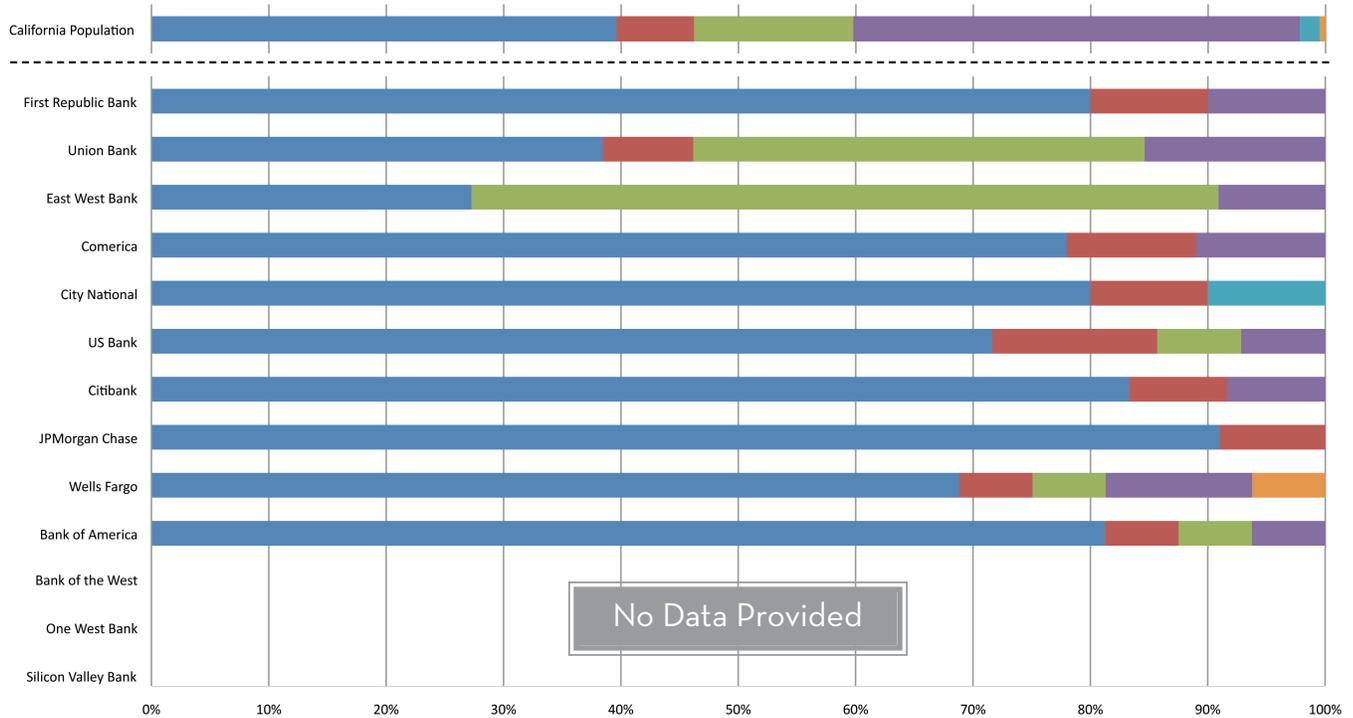
Race/Ethnicity

We applaud Bank of America, Wells Fargo, Union Bank, and US Bank for having at least one black, Asian, and Latino member on their boards. City National is the only bank we studied to have a Native American on its board. East West Bank, whose customer base is largely Asian, and Union Bank, which is foreign owned, have the highest percentages of non-whites. Not surprisingly, both of these banks have heavy Asian representation on their boards. Following them are Wells Fargo and US Bank, where racial and ethnic minorities comprise 31 percent and 29 percent of their boards, respectively.

Wells Fargo has shown the greatest improvement since last year, with the addition of one female board member, one Latino, and one Native Hawaiian/Pacific Islander. In one year, racial and ethnic minority representation on Wells Fargo’s board increased from 20 percent to 31 percent. Bank of America also added one Asian board member.

JPMorgan Chase ranks lowest in racial/ethnic diversity, with one black board member but no Asian or Latino representation. Citibank showed a dramatic decrease in diversity, with racial and ethnic minority representation on its board dropping by half, from 33 percent to 17 percent. Citibank no longer has any Asians on its board.

Bank Board Diversity by Race/Ethnicity



	Bank of America	Wells Fargo	JPMorgan Chase	Citibank	US Bank	City National	Comerica	East West Bank	Union Bank	First Republic Bank	Silicon Valley Bank	One West Bank	Bank of the West	California Population
White	81%	69%	91%	83%	71%	80%	78%	27.27%	38.46%	80%	N/A	N/A	N/A	39.70%
Black	6%	6.25%	9.00%	8.30%	14%	10%	11%	0%	7.69%	10%	N/A	N/A	N/A	6.60%
Asian	6%	6.25%	0%	0%	7.14%	0%	0%	63.64%	38.46%	0%	N/A	N/A	N/A	13.60%
Latino	6%	12.50%	0%	8.33%	7.14%	0%	11%	9.09%	15.38%	10%	N/A	N/A	N/A	38.10%
American Indian	0%	0.00%	0%	0%	0%	10%	0%	0%	0%	0%	N/A	N/A	N/A	1.70%
Pacific Islander/Native Hawaiian	0%	6.25%	0%	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	0.50%

FINDINGS

Gender and Race

East West Bank and Union Bank lead their peers in overall diversity, with people of color and/or women constituting 72.7 percent and 69.2 percent of their boards, respectively. They are followed by Wells Fargo (56.3 percent) and US Bank (42.8 percent).

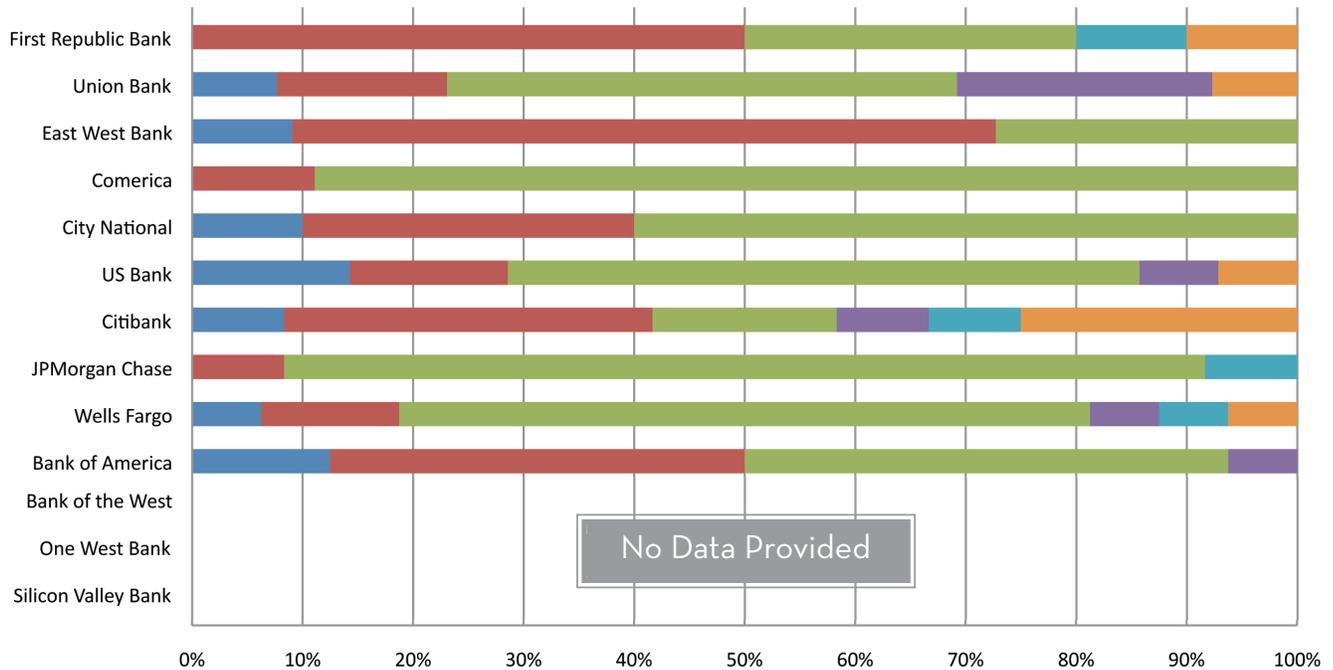
FINDINGS

Diversity by Professional Background

For the first time this year, Greenlining also conducted a preliminary analysis of the professional backgrounds of all board members. We based our analysis on the last known position held by each board member. In the interest of simplicity, we organized professions into six categories: government, financial services, other private sector (including the leadership of other major corporations), non-US-based, not for profit, and academia.

As expected, the vast majority, almost 80 percent, of board members represent the financial services industry or come from other large private corporations. Four banks (Wells Fargo, Citibank, JPMorgan Chase, and First Republic Bank) have nonprofit leaders on their boards, and five (Union Bank, US Bank, Citibank, Wells Fargo, and First Republic Bank) have academic representation on their boards. Only two, Wells Fargo and Citibank, have a board membership that includes all six sectors.

Bank Board Diversity by Professional Background



No Data Provided

	Bank of America	Wells Fargo	JPMorgan Chase	Citibank	US Bank	City National	Comerica	East West Bank	Union Bank	First Republic Bank	Silicon Valley Bank	One West Bank	Bank of the West
Government	12.50%	6.25%	0%	8.33%	14.29%	10%	0%	9.09%	7.69%	0%	N/A	N/A	N/A
Financial Services	37.50%	12.50%	8.33%	33.33%	14.29%	30%	11.11%	63.64%	15.38%	50%	N/A	N/A	N/A
Other Private Sector	43.75%	62.50%	83.33%	16.67%	57.14%	60%	88.89%	27.27%	46.15%	30%	N/A	N/A	N/A
Non US Based Company	6.25%	6.25%	0%	8.33%	7.14%	0%	0%	0%	23.09%	0%	N/A	N/A	N/A
Not for Profit	0%	6.25%	8.34%	8.34%	0%	0%	0%	0%	0%	10%	N/A	N/A	N/A
Academia	0%	6.25%	0%	25%	7.14%	0%	0%	0%	7.69%	10%	N/A	N/A	N/A

RECOMMENDATIONS

The establishment of the Offices of Minority and Women Inclusion, which monitor the racial, ethnic, and gender diversity of the workforce and senior management of all federal financial regulatory agencies and their regulated entities, ensures that the diversity of the major financial agencies will soon be analyzed on the federal level. We are pleased to see many financial institutions taking positive steps in the past year to increase the diversity of their boards, but more needs to be done. In order to continue building boards that reflect the diversity of California, we offer the following recommendations:

❑ **Expand Qualifications for Board Members**

Employees of color in leadership positions within nonprofit and community-serving organizations represent an untapped resource for board member recruitment. Restricting membership to executive management from the private and government sectors unnecessarily excludes otherwise qualified applicants. Considering more leaders with nonprofit backgrounds could increase the number of diverse professionals ready to step into leadership roles.

❑ **Support Professional Development**

Providing professional development support, whether through internal programs or by funding external curricula, will create a pipeline that increases the number of diverse executives who may become board members later in their careers. Skills that employees learn through the course of their employment can enhance their performance and help those with high potential to advance to executive management ranks—a level which they may not reach without the additional support. Investing in the professional development of diverse employees can lay the foundation for long-term increases in board and executive management diversity.

❑ **Create a Commitment from the Top**

Every bank CEO should make a voluntary commitment to include at least one African American, Latino, and Asian American leader on his or her firm's board. This should include a specific commitment to include board members from a broader range of professional backgrounds and experience. Such a commitment could preempt further regulatory interventions and set the standard for all Fortune 500 companies.

❑ **Ensure a Diverse Applicant Pool**

In previous reports, Greenlining has praised the National Football League's "Rooney Rule," which requires that at least one minority candidate be included in the applicant pool for any senior position. We echo Sen. Robert Menendez (D-New Jersey) in recommending that all major financial institutions implement the Rooney Rule for new board and executive committee positions.

In an era when consumers are looking more and more for banks to prove that they have consumers' best interests at heart, it is imperative for those banks to demonstrate that their leadership reflects and understands the needs of an increasingly diverse customer base. We believe that such diverse leadership will both strengthen banks' relationships with their customers and help financial institutions adapt more quickly to our rapidly evolving society.

¹ Deposit Market Share Report, Federal Deposit Insurance Company, as of June 30, 2012.

² Bank of the West did not reply to our data request in time, Silicon Valley Bank declined to participate in this report, and OneWest Bank replied that as a private company, they are not required to make their board data public.

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