



February 7, 2014

Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency

Debbie Matz
Chair
National Credit Union Administration

Janet Yellen
Chair
Board of Governors of the Federal Reserve
System

Richard Cordray
Director
Consumer Financial Protection Bureau

Martin J. Gruenberg
Chair
Federal Deposit Insurance Corporation

Mary Jo White
Chair
Securities and Exchange Commission

Re: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment

Ladies and Gentlemen:

The InterOrganization Network (ION) appreciates the opportunity to submit this letter in response to the request for comment on the Agencies' Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment.

ION (the InterOrganization Network) is an alliance of 16 women's business organizations located across the United States (ionwomen.org). Our Member Organizations share the mission of advancing women to positions of power in the business world, driven by the knowledge that a diverse workforce and leadership team are key to building better, more effective organizations. Our annual census of women serving as board members and as executive officers, now in its tenth year, provides the most extensive analysis of women in leadership roles in Corporate America's public companies. In 2013, we expanded our coverage to over 2000 companies (72% of the Russell 3000) in a partnership with GMI Ratings.

As a data-driven organization, ION believes that metrics illustrate the reality that is sometimes lost in the anecdotal coverage of the extraordinary women and their achievements. Sheryl Sandberg may be a billionaire, and Ursula Burns may have worked her way up through Xerox, but in our most recent census, the story is less encouraging. Our numbers tell us that:

- only 12% of the board members for the 2,030 companies covered are women, a finding 25% lower than the national average for Fortune 500 companies (Catalyst);
- only 12% of the executive officers serving in those same companies are women; and
- only 3% (60) of the 2,030 companies are led by a female CEO and less than 10% of the top compensated officers are women (699 of 8035).

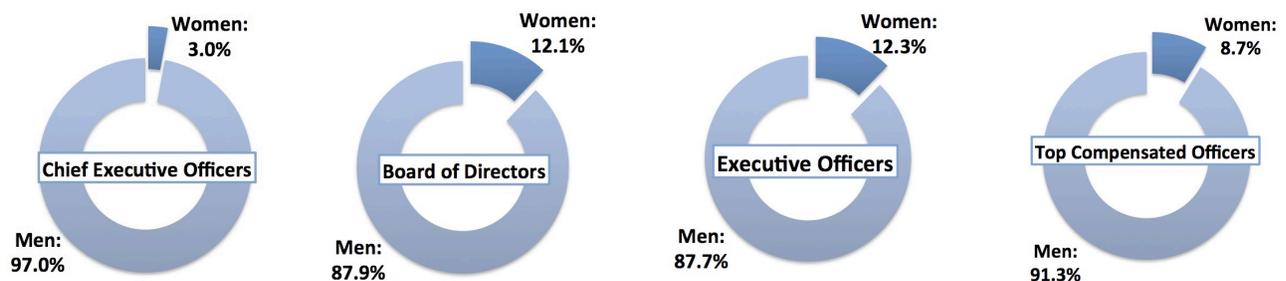


Figure 1 - 2013 ION Tenth Annual Status Report

As a result, we welcome the development of a joint set of standards for assessing diversity across the companies regulated by the six agencies in accordance with Section 342 of the Dodd-Frank Act. We are concerned, however, with the emphasis placed in the Proposed Joint Standards on assessment & disclosure of the existence of diversity and inclusion policies, practices and metrics. We would encourage the regulating agencies to strengthen the Proposed Standards by placing more emphasis on the assessment and disclosure of the outcomes and impact of the regulating agencies’ diversity and inclusion initiatives.

As a part of the federal government, the six regulating agencies are familiar with the shift from program and policy evaluation that focused on inputs and efforts to one that measures outcomes and impact. The Government Performance and Results Act (GPRA) introduced a results-based reporting requirement at the federal level in 1993, and the United Way of America began its implementation of outcome measurement evaluation in 1995, in a move that was embraced by much of the philanthropic community. Quality management and continuous improvement initiatives in the private sector mirrored this shift, placing an emphasis on measurable objectives that continues today with the focus on metrics and analytics.¹

¹ Hendricks, M., Plantz, M., & Pritchard, K. (2008). Measuring Outcomes of United Way-funded programs: Expectations and reality. In J.G. Carman & K.A. Fredericks (Eds.), *Nonprofits and evaluation*. New Directors for Evaluation, 119, 13-35.

An extension of this framework to the Proposed Joint Standards would indicate that a meaningful assessment and disclosure related to diversity and inclusion policies and practices should include a discussion of the outcomes from those initiatives. The presence of policy and existence of metrics are not sufficient indicators of the financial industry's progress toward diversity and inclusion in its workforce, leadership and business practices; only the disclosure of the outcomes from these practices can satisfy the goal of promoting transparency and accountability regarding diversity and inclusion for the regulated agencies' many stakeholders.

This is not to suggest, as some may attempt to misconstrue, that the regulating agencies establish mandates, quotas or other specific metrics to impose on the regulated entities related to diversity and inclusion practices. We do believe, however, that transparency regarding the specific outcomes of diversity and inclusion efforts is the only true measure of an agency's good faith commitment to building a stronger, more effective organization through a diverse and inclusive workforce, leadership team and business practices.

In evaluating the Proposed Standards, we would urge you to keep in mind the early results of the SEC's diversity-related disclosure requirements (Proxy Disclosure Enhancements, 2010). Both qualitative and quantitative analyses of corporate responses to this requirement suggest that many companies have yet to take it seriously. As SEC Commissioner Luis Aguilar noted in remarks prepared for a global conference on diversity in the boardroom, many companies have limited their disclosures to "abstract" statements regarding "informal" policies, which fail to meet the needs of the very investors who requested the disclosure requirement.² An external analysis of the proxy statements of the Fortune 50 found that "over half of diversity disclosures among the 2012 Fortune 50 failed to fully comply with the rule's requirements."³ The researcher further noted that 10% of the Fortune 50 companies disregarded the rule completely.

Similar disclosure requirements for companies on the Australian Stock Exchange have also failed to achieve their intended goal. In 2013, asset management company BlackRock Australia found that 19% of ASX 200 companies failed to address the Australian Stock Exchange's reporting requirements on diversity governance principles, and 65% of companies made "bare minimum" disclosures.⁴ Only 16% of Australia's ASX 200 companies made a good faith effort to disclose their diversity and inclusion practices and accomplishments in any meaningful way.

² Aguilar, L. (2010). Speech by the SEC Commissioner: Diversity in the boardroom is important and, unfortunately, still rare. Available at: <http://www.sec.gov/news/speech/2010/spch091610laa.htm>

³ Smallman, T. (2013) The Glass Boardroom: The SEC's Role in Cracking the Door Open so Women May Enter. Colum. Bus. L. Rev. 801 (2013). Summary available at: <http://cblr.columbia.edu/wp-content/uploads/2014/01/Smallman-Introduction.pdf>

⁴ Nickless, R. (2013). Lift your game on gender diversity: BlackRock to ASX 200. Financial Review, June 5, 2013. Available online at: http://www.afr.com/p/national/work_space/corporate_australia_needs_to_lift_Q8AgEr7VB8f1W7n396MPHO

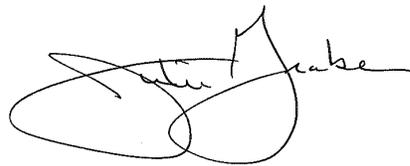
These experiences highlight the need to emphasize assessment and disclosure of effectiveness via outcomes. In his remarks regarding the SEC diversity disclosure requirement, Commissioner Aguilar faulted companies for failing to provide any discussion of the effectiveness of their board diversity initiatives. “Useful disclosure” he noted would highlight the diversity of the existing board of directors, which would “shed light” on the effectiveness of the board’s diversity policy. He went on to say that disclosures focused only on policy and missing any discussions of the steps taken and the effectiveness of those efforts “deprives investors of the information they have demanded.”

ION appreciates the opportunity to comment on the proposed Interagency Policy Statement. We would welcome the opportunity to discuss these proposed enhancements, answer any questions you may have or provide any additional information that may be helpful. Please let us know if we can be of any additional assistance.

Best regards,



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ION Member Organizations

The Board Connection (Texas)
The Boston Club (Massachusetts)
CABLE (Tennessee)
Central Exchange (Missouri)
Executive Women of New Jersey
Financial Women's Association (New York)
The Forum of Executive Women (Pennsylvania)
Inforum Center for Leadership (Michigan)

Milwaukee Women Inc. (Wisconsin)
Minnesota Women's Economic Roundtable (Minnesota)
Network 2000 (Maryland)
OnBoard (Georgia)
Women Executive Leadership (Florida)
Women for Economic & Leadership Development (Ohio)
Women's Economic Development Council (Alabama)
Women's Leadership Foundation (Colorado)