



February 5, 2014

Mr. Gerald Poliquin, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Subject: Comments on Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities

Dear Mr. Poliquin:

Security Service Federal Credit Union (SSFCU) has reviewed the agencies' proposed joint standards for assessing diversity policies and practices, and respectfully offers our comments for the agencies' consideration. SSFCU recognizes the importance of promoting diversity in the workplace and among contractors with whom the credit union does business, and we welcome the opportunity to provide our comments.

(1) Organizational Commitment to Diversity and Inclusion

(2) Workforce Profile and Employment Practices

Proposed Assessment Standards found in Section 1, *Organizational Commitment to Diversity and Inclusion*; and Section 2, *Workforce Profile and Employment Practices* are most generally in place at this time in our organization. Any fine-tuning that may be necessary as the result of these standards could be easily achieved in the normal course of business. Accordingly, we do not have any concerns or objections related to these standards.

(3) Procurement and Business Practices-Supplier Diversity

Without a doubt, policies and practices that provide fair opportunities for minority- and women-owned businesses to compete in procurement processes is an objective worth pursuing; however, we are concerned that Proposed Standards found in Section 3, *Procurement and Business Practices – Supplier Diversity* will be very difficult to implement, and thus, ineffective as a set of standards by which diversity policies and practices can be assessed. Specifically, our Section 3 concerns are as follows:

- Obtaining, assessing, and accurately classifying a third-party provider as a minority/woman-owned business can certainly be a part of initial and ongoing third-party due diligence; however, regulated entities can only *request* such information of third-party providers. Third-party providers are not under any obligation to answer, or to answer accurately.
- Applying this assessment standard to sub-contractors is even more problematic with the same issues mentioned above, and, thus prone to significant ineffectiveness, especially considering that the regulated entity does not own primary contractual relationships with sub-contractors.

Consequently, in regards to Section 3 assessment standards, we suggest flexibility and extended timeframes for attaining reasonably effective self-assessment information from third-party providers, especially if the regulated entity demonstrates sound efforts to achieve this standard.

(4) Practices to Promote Transparency of Organizational Diversity Inclusion

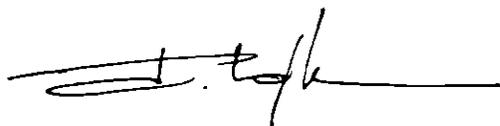
We are particularly concerned with Section 4, *Practices to Promote Transparency of Organizational Diversity Inclusion*. We respectfully question the degree to which a member of the public, using the proposed standards, would be able to accurately assess the regulated entities' policies and practices without requisite industry and institutional knowledge. The proposed information is most generally inadequate and insufficient for external parties lacking industry and institutional knowledge to use in assessing diversity and inclusion efforts, and would be more likely to damage the regulated entities' reputation than it would be effective in demonstrating sound diversity efforts.

Specifically, the use of supplier diversity analytics and metrics may lead the public to assess diversity of third-party providers based on statistics, rather than policies, programs, and practices that seek diversity. For example, what would be acceptable metrics to demonstrate sound diversity efforts, or would analysis of this metric be left to each member of the public to perform?

Consequently, with respect to Section 4, we respectfully suggest flexibility when regulators assess transparency standards, especially in regards to the use of supplier diversity metrics and analytics.

In conclusion, Security Service Federal Credit Union remains committed to policies and practices that seek and include strong minority and women representation in employee hiring, as well in the procurement of third-party products and services from suppliers and contractors. Thank you for considering our comments. If you have any questions or would like to discuss these matters further, please contact Executive Vice President, Chief Risk Officer Howard Baker; or me at your convenience.

Sincerely,



JIM LAFFOON
President

cc: Dan Berger, President & CEO
National Association of Federal Credit Unions

Bill Cheney, President & CEO
Credit Union National Association