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May 11, 2017

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1225 Nineteenth Street, NW
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To Whom It May Concern:

We write you with grave concerns about the commitment to diversity in the private sector in 2017 and to request a meeting between your organizations and the Congressional Black Caucus (CBC) on the subject of increasing African American inclusion at all levels in corporate America. The goal of this meeting is to develop strategies that your organizations can commit to that will bring meaningful progress in diversifying the Fortune 500 companies.

The CBC supports American business success, but as the Conscience of the Congress since 1971, it is our solemn responsibility to hold the private sector accountable for its failures to meaningfully invest in diversity in its corporate governance and business practices. As a bipartisan, bicameral caucus in the United States Congress representing almost 80 million people, we will continue to be heavily involved in the debate and development of policies of importance to businesses, from tax and immigration reform, to potential changes to the nation's health care system. However, we will also prioritize the inclusion of African Americans at all levels of enterprise in these discussions. The data we see is alarming. Too many Fortune 500 companies lack any African Americans on their boards or in their C-suites, the government affairs shops and trade associations of many companies continue to shed African American representatives, and African American service providers and suppliers still struggle to break through closed networks to get the contracts they deserve.



Black Americans have just as much business acumen, strategic management capabilities, and small business supply expertise as any other American demographic. We strongly encourage your members to have conversations about the items we discuss herein and we encourage the asset managers that invest in the firms run by your members to push firms' leadership to act on these priorities in their capacity as owners of equity in these firms. We know that your stakeholders prefer to develop industry solutions as opposed to receiving direction from legislative and regulatory avenues. However, we have seen little demonstrable progress with the status quo.

Diversity on Boards

According to a 2016 Deloitte study on corporate board diversity at Fortune 500 firms, there has been an 18.4 percent increase in Black female board members since 2012, while the total number of Black male board members only saw a 1 percent increase. The same study found that firms are tapping the same Black people to fill board seats at different companies. The study concludes: "Black Americans appear to have the highest rate of individuals serving on multiple boards—indicating that companies are going to the same individuals rather than expanding the pool of African American candidates for board membership." It is clear that Corporate America has a long way to go on this front and you will be asked by Members of the CBC for data on improvements in this area if you come to do business with our offices. Further, we strongly urge asset managers, many of whom manage funds for public employees, to encourage firms in which they are invested to accelerate their efforts to diversify boards.

Diversity in Advocacy Community

We have been made aware of an alarming number of dismissals of Black policy advocates here in Washington, DC, in the wake of the 2016 Presidential Election. It appears as if Corporate America has decided that the previous diverse Administration needed diverse advocates to speak to, but in light of a new set of far less diverse personnel, the motivation to diversify seems to have eroded. It is important to have a diverse advocacy corps in order to add perspective to the various policy debates that are underway in the Capitol.

Diversity of the Executive Team

Diversity in the C-suite is not simply a matter of good corporate citizenship; it is accretive to the bottom line. A recent report by McKinsey concluded that "companies in the top quartile for racial and ethnic diversity are 35 percent more likely to have financial returns above their respective national industry medians...there is a linear relationship between racial and ethnic diversity and better financial performance: for every 10 percent increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent." There are currently 4 companies in the S&P 500 with Black chief executives. This is abysmal. There are thousands of eligible Black executives that can provide excellent leadership to organizations immediately. We want to see results. We need to see a true commitment to making the leadership of America's most successful firms look more like America. Do better.

Supplier Diversity

American firms spend billions of dollars annually on procurement of goods and services. Firms should invest in supplier diversity in a meaningful way. A diverse pool of vendors and suppliers helps firms deepen connections to important new markets and helps cultivate long term and mutually beneficial business relationships that can add value to the bottom line of both firms, all while concurrently investing in the future of this country. According to a survey of Fortune 100 Firms conducted by our colleague Sen. Menendez, 1.5% of the overall procurement spend by survey respondents went to Black-owned firms in 2013. Once again, this data is abysmal. Firms should consider making this item a priority at the highest levels of their companies.

We write you as both concerned Members of Congress and concerned Americans. This data should be alarming to all of your companies and cause them to make African American inclusion a priority. In order for our companies to be competitive, they have to take advantage of all of the talent available in this country. The talent of African Americans is underutilized in Corporate American and represents a significant risk for the success of businesses and for our economy. We look forward to a timely response and ask that your staff contact Fabrice Coles, Executive Director, at fabrice.coles@mail.house.gov, to schedule the meeting.

Sincerely,

Cedric L. Richmond
CBC, Chair

Barbara Lee
CBC Diversity Task Force, Co-Chair

G.K. Butterfield
CBC Diversity Task Force, Co-Chair

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