

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

August 7, 2023

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Mr. Charles W. Scharf
Chief Executive Officer and
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Wells Fargo
420 Montgomery Street
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Dear Chief Executive Officers:

I write in response to the letter sent to your company by Republican AGs urging you to divest from diversity and inclusion practices. I am particularly concerned by the use of misinformation and threats of “serious legal consequences” as a way to intimidate you from engaging in commonsense business practices. Diversity and inclusion is needed now more than ever as America is expected to become majority people of color by 2045. However, despite rapidly changing demographics, the financial services industry remains mostly white and male, and there is an intentional effort to maintain the status quo. Though America has seen some progress in ensuring that America’s workforce is as diverse as the American people, we must not overlook historical context and ongoing systemic bias that necessitates diversity and inclusion practices. The

recent Supreme Court decision on affirmative action in college admissions should not be used as a basis to attack workplace diversity initiatives.

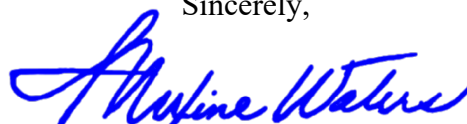
As previous Chair of the Financial Services Committee, I established Congress' first-ever subcommittee on Diversity and Inclusion, which was chaired by my colleague Congresswoman Joyce Beatty. Under our leadership, this subcommittee authored several reports examining the lack of diversity in the financial services industry and undertook historic work to increase diversity in the industry at all levels. The progress we have made would not be possible without companies like yours being amenable to our recommendations aimed at increasing diversity and inclusion practices and policies. To be clear, these programs are not about discriminating against any group but are aimed at leveling the playing field and creating a fair and inclusive environment that reflects the unique experience of each individual at the company. For groups that have been in power for so long, the liberation of others tends to feel like oppression.

Across three reports examining diversity and inclusion at Americas largest banks, investment firms, and insurance companies , we found that, following the creation of the Subcommittee on Diversity and inclusion, many financial institutions implemented D&I policies that lead to greater representation for women and people of color at the start of 2021 compared to 2018. However, despite this progress, representation continues to decline at every step of the corporate ladder, particularly for women of color (Black, Latina, and Asian) whose representation falls by 80% as they seek to fill more senior roles. Representation of women and people of color in the financial services industry trails their representation in the general population; women are 50.5% of the population and people of color are 40.7%. These statistics indicate that the financial industry still has work to do to achieve equal opportunity across the board. This is why we must continue to work together to build a more inclusive institutions so that people of color are not left behind.

I am pleased that you also received a letter from Democratic AGs, encouraging your companies to remain committed to your D&I efforts despite Republican intimidation. I hope that this reassures you that efforts to achieve a diverse workforce and inclusive workforce environment is not only legal, but also avoids discriminating against diverse groups who have long been excluded from top companies. Addressing disparities that stem from this country's long history of racism should never be unlawful.

We know that highly inclusive organizations, especially those that make a concerted effort to be diverse in all aspects of their business, are more productive and profitable. Organizations like yours that make diversity and inclusion a priority see the results of those investments in their bottom line. I expect that each of you will remain committed to diversity and inclusion in your workplace and hope that you will join me in thwarting off attacks on the progress that has been made towards racial equity since the murder of George Floyd.

Sincerely,



Representative Maxine Waters
Ranking Member

CC: The Honorable Patrick McHenry, Chairman, Committee on Financial Services