

**Written Testimony of
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Hearing:
“A Review of Diversity and Inclusion Performance At America’s Largest
Investment Firms”

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Chair Beatty, Ranking Member Wagner, Chairwoman Waters, Ranking Member McHenry and distinguished members of the Committee, my name is Michelle Gadsden-Williams, and I am Managing Director and the Global Head of Diversity, Equity and Inclusion at BlackRock.

BlackRock is a global asset manager and fiduciary to our clients. Eight founders – six men, two women – started BlackRock over 33 years ago with the commitment to do things differently, to constantly push ourselves to do better for our clients and employees. Since then, BlackRock has grown from a startup to a market leader in the asset management industry. Today, BlackRock is composed of over 18,000 people across 38 countries. Our purpose is to help more and more people experience financial well-being. We do this by working to make investing easier and more affordable and helping people build savings across their lifetimes.

The racial and social injustice events of 2020 reinforced the need for action and for greater diversity, equity and inclusion (DEI) across the global business landscape. Those events prompted many leaders to take on the challenge of advancing our industry into one that is more sustainable and equitable for all. DEI is core to BlackRock's purpose, to who we are as a firm and to the difference we can make in the world. BlackRock is firmly committed to doing our part to build a more fair and just society, and I am pleased to appear before you today to discuss our commitment and ongoing efforts in this critical area.

I have spent over 30 years leading DEI initiatives for several multinational organizations in different industries in the U.S. and abroad. From a global perspective, I understand the complexities and nuances, as well as the challenges of this work. I chose to join BlackRock in September of last year because I was convinced the organization truly wants to accelerate progress in DEI holistically. From our perspective, DEI is a critical business imperative that will position us for greater success in the long term.

Now that I have been at BlackRock for nearly 15 months, I am even more convinced and inspired by our leadership's relentless focus. Working closely with our Chief Executive Officer Larry Fink, our Board of Directors, and other senior leaders, we have integrated DEI into every facet of our business and put systems and tools in place to hold individuals and businesses accountable.

As part of our long-term commitment, BlackRock has instituted a multi-year DEI strategy that is closely aligned with our business imperatives and comprises three distinct pillars:

- (i) BlackRock’s talent and culture across the globe where we focus on attracting, hiring, developing and retaining a diverse talent pipeline, and cultivating an inclusive and equitable work environment.
- (ii) BlackRock’s role as an asset manager on behalf of our clients where we are offering ESG focused financial products as competitive differentiators and strengthening our client relationships by engaging them on DEI.
- (iii) BlackRock’s policy and social impact where we are contributing to and investing in the long-term success and sustainability of underserved communities.

While we continue to make material progress across these three pillars, we recognize much work remains. Making meaningful progress on DEI is a journey. As Larry Fink [wrote](#) to our employees last year, “progress will require a long-term effort with sustained focus and persistence.” I will now discuss the progress that BlackRock has made on these important endeavors.

BlackRock’s talent and culture across the globe

At the core of our DEI strategy is BlackRock’s most important asset: our people. Our steadfast commitment and actions to accelerate DEI is not only to attract and retain diverse employees, but also to allow them to flourish, feel safe, supported and have a true sense of belonging. To do that, we are building a culture where all voices – not just the loudest or the most familiar – can contribute to help our clients achieve their goals. This approach creates room for all employees to bring their fullest and best selves to every conversation every day. We have also developed strategies to increase the diversity of our applicant pool, expanded partnerships with external organizations including Historically Black Colleges and Universities (HBCUs), strengthened talent acquisition and management processes to mitigate bias, and implemented leadership development, sponsorship and coaching initiatives to engage and develop diverse talent.

Each year, BlackRock sets objectives for the firm and each of its businesses for representation of women globally, and Black and Latinx talent in the U.S. In the summer of 2020, we committed to increasing our overall representation of Black and Latinx employees by 30%, to doubling the number of Black and Latinx senior leaders¹ and to increasing our senior female representation to 32.5% by 2024. We are on track to meet these goals.

¹ Senior leaders include Senior Managing Directors, Managing Directors and Directors.

We are hiring women almost at parity. During this year, 48% of our new hires were women. We also achieved our goal of 30% of senior BlackRock employees being women, globally. This is up from 26.1% when we set the goal in 2017. As I previously stated, now that we've reached 30%, we set a new target for ourselves of 32.5% by 2024.

Further, we have substantially increased the diversity of our new hires to the firm. Year-to-date, 15.3% of our hires in the U.S. identify as Black, 8.9% identify as Latinx and 28.5% identify as Asian. We also grew our overall Black representation in the U.S. from 5.6% to 6.9% year-to-date, which is the fastest growth since we began measuring it. Our newest group of analysts that are joining the workforce this year are also incredibly diverse, including 55% women globally, 19.4% Black, 15.3% Latinx, and 21.8% Asian in the U.S., and 6% Black in the U.K.

Diversity manifests itself differently in different parts of the world, including how it is measured. We ensure that our definition of diversity is broad and locally relevant in every market where we operate. To gather more baseline data on the diversity of our workforce, we will run self-identification campaigns across the globe in the coming year.

To deliver on these hiring results, we regularly review job postings for potentially biased language and actively engage in outreach and recruitment efforts for our open positions to endeavor to have candidate slates that are diverse across gender, race, ethnicity, disability, veteran status, among others. We have also designed a recruitment process to mitigate bias through competency-based interviewing and have implemented diverse interview panels. Additionally, we hold the recruitment and executive search firms with whom we partner accountable to the same standards.

As we consider the development and retention of our people, we are investing in comprehensive leadership development programs. Of note, this year we launched PROPEL (PROfessional Preparation for Elevated Leadership) for our Black and Latinx Vice President leaders (our mid-level talent), as well as Black and Latinx Leadership Forums for our Managing Directors and Directors (our senior level talent). We are also continuing to invest in the accelerated development of our women through our Women Leadership Forum, a program we have championed since 2011. These leadership programs include assessments, executive coaching, virtual learning and senior management sponsorship.

To further deepen our leadership bench for key senior leader succession plans, we have also implemented a sponsorship program for 40 Black and Latinx Managing Directors and Directors who are sponsored by members of our Global Executive Committee and senior leaders across the firm. These sponsorship relationships will increase these leaders' visibility to senior leadership, foster internal mobility within the firm, help eliminate systemic barriers that Black and Latinx leaders face and give Global Executive Members insight into top talent in the firm.

We understand that progress with regard to our talent requires a long-term mindset with sustained focus and persistence, as is the case with our investments. And we recognize that it is our responsibility to learn and adapt. One way we are advancing the firm's efforts in this journey is by raising awareness and educating our employees on issues related to DEI and the systemic barriers many underrepresented individuals face in the workplace. This year, we began hosting "Inclusion Dialogue" sessions which are small group conversations led by external facilitators that help build the skills necessary to cultivate inclusive environments. Over 11,000 employees have already taken part in these discussions.

Separately, we are fortunate to have over 80% of our employees participate in one of our 15 global employee, professional and social impact [networks](#). Our networks encompass many different dimensions of diversity – Veterans, LGBTQ+ professionals, Black professionals, Latinx professionals, Asian and Middle Eastern professionals, among others – and are integral to how we foster inclusion. Each network is sponsored by one or more of our Global Executive Members who engage with them to help navigate important cultural and strategic topics. For example, our Black Professionals Network played a critical part in the design of our racial equity action plan. The networks are also valuable resources for our recruitment efforts. More recently, the networks played an active role in our response to COVID-19. The networks instituted programs to combat isolation in the remote working environment and mobilized seven employee taskforces across the U.S. and UK to deploy \$2.3M to 39 grassroots organizations focused on racial equity and justice.

Last, we are pursuing the [MLT Black Equity at Work Certification](#), a program that assesses our strategy to support Black equity and provides guidance to accelerate Black representation at every level of our firm. The program will help us set a comprehensive standard for what Black equity will look like at BlackRock and at any organization.

While we are encouraged by our progress, we recognize that we have much work to do to continue to make significant strides in representation, retention and workplace inclusivity. We are committed for the long-term to cultivating diversity of all forms within our workforce and leadership team.

BlackRock's role as an investment manager on behalf of clients

BlackRock has increased our supplier and vendor diversity efforts from historically underrepresented groups, including companies owned and operated by minorities, women, military veterans, disabled veterans, people with disabilities and members of the LGBTQ+ community. This is an area of focus for us, and we see opportunities to diversify our supplier and vendor base in the U.S.

This year, BlackRock joined the National Minority Supplier Development Council ("NMSDC") which aims to advance business opportunities for certified minority business enterprises and connects them to corporate members of the NMSDC. We have also updated our Supplier Code of Conduct & Ethics to incorporate recommended best practices for all of our suppliers to adopt, including being transparent about their diversity representation, implementing DEI programs and seeking to make meaningful progress on inclusion and diversity goals.

Our Diverse Broker Program, which increases connectivity and engagement with firms owned by minorities, women and disabled veterans while helping them grow their businesses, had a record year in 2020 with \$295 billion notional trading volumes with diverse brokers.² We are on track to exceed those volumes this year. In 2020, we also launched our Diverse Manager Program and currently have \$7 billion allocated (of \$107B billion total AUM allocated to third party managers) to 30 diverse third-party asset managers, and another \$8 billion was allocated to partially diverse-owned managers.

We also created investment opportunities to help improve economic outcomes for historically undercapitalized racial and ethnic groups in the U.S. by providing capital to businesses and projects owned and operated by minorities-, and those seeking to drive change in these communities.

Lastly, in partnership with the Thurgood Marshall College Fund (TMCF), we're using a money market fund (BlackRock Liquid Federal Trust Fund) to support students of HBCUs and Predominantly Black Institutions.

² Our efforts are trying to help diverse brokers break barriers to entry and build capabilities to compete and level the playing field with other counterparties, including identifying key asset classes and markets where brokers may have stronger capabilities and providing guidance on technology and other trading capabilities.

As part of the partnership, BlackRock will donate a portion of the net revenues from BlackRock's management fee of the \$7.5 billion fund³ to TCMF annually.

Policy and Social Impact

The third pillar of our DEI strategy focuses on the positive impact that we can have on the long-term success and sustainability of underserved communities through policy and philanthropic initiatives.

We strive to lead the industry on transparency on diversity disclosures. We publicly report diversity representation metrics through our [Sustainability Accounting Standards Board](#) ("SASB")-aligned Disclosure and [EEO-1 Reports](#) because we believe that transparency drives progress, and were among the first few firms to do so.

[Social Impact](#) at BlackRock consists of two distinct areas: The BlackRock Foundation which focuses on helping people build financial security and participate in an inclusive transition to a low-carbon future, and our employee engagement programs that equip employees to be agents of social change in their communities.

In 2020, the firm announced a \$10 million philanthropic commitment to advance racial equity, as part of the firm's long-term social impact initiatives. We also developed earlier this year a \$1 million network grant program to help our employee networks activate support for nonprofit organizations.

BlackRock views social impact as part of our overall DEI strategy. We are committed to supporting policy and philanthropic initiatives that promote DEI and financial security within vulnerable communities.

Our Commitment to Accountability and Transparency

Transparency and accountability are critical to creating a more diverse workforce and an inclusive and equitable environment. As mentioned earlier, we believe that accountability starts at the top.

³ As of December 8, 2021

BlackRock and its Board of Directors⁴ believe diversity in the boardroom is critical to our success and our ability to create long-term value for our shareholders. The diverse backgrounds of our individual directors help the Board better to oversee BlackRock's management and operations and assess risk and opportunities for our business model from a variety of perspectives. More important, our Board of Directors also play an important role in the oversight of human capital management at BlackRock and devote one full Board meeting annually to an in-depth review of BlackRock's culture, talent development, retention and recruiting initiatives, DEI strategy, leadership and succession planning and employee feedback.

This year, we launched a new management leadership committee, the Global Diversity, Equity and Inclusion Steering Committee (GDSC), to guide and oversee the execution of our global DEI strategy and hold us accountable to our DEI commitments and action plans. GDSC comprises twenty-six executive and senior firm leaders across regions and functions who have shown dedication and leadership around DEI initiatives. Members have a proven track record of influencing and advancing DEI within their respective businesses and have a strong ability to bring innovative ideas to fulfilling our DEI mission.

An important part of driving accountability is measuring and improving our human capital management practices. As such, BlackRock will conduct a third-party audit of our DEI strategy. We believe the review will provide useful external feedback in assessing our progress and identifying areas for future focus while also providing an effective tool to build on everything we are doing in this area.

Conclusion

Our purpose at BlackRock is to help more and more people experience financial well-being. Our commitment to DEI is core to this purpose, to who we are as a firm, to how we perform for all of our stakeholders and to the difference we can make in the world. While we have made progress on our DEI agenda, we recognize that much more work lies ahead to realize meaningful and sustainable change.

We appreciate the opportunity to share information about our DEI strategy. We welcome your feedback and look forward to continued progress on advancing and cultivating DEI at BlackRock.

⁴ Our current Board consists of 18 members, seven of whom are women Directors, one Director who identifies as Black / African American, one Hispanic / Latin American and one Middle Eastern / North African who is BlackRock's lead independent director. The Board has and will continue to make diversity in gender, race/ethnicity, age, career experience and nationality – as well as diversity of mind – a priority when considering director candidates.