



MINORITY AND WOMEN INCLUSION POLICY

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Policy Information

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Introduction

In accordance with 12 C.F.R. 1223.21(b) and 12 USC 4520, this Policy is established to promote, to the maximum extent possible, in balance with financially safe and sound business practices, the inclusion and utilization of Minorities, women, Individuals with Disabilities, and Minority-, Women-, and Disabled-Owned Businesses in FHLBank's business and activities. The Federal Housing Finance Agency (FHFA) regulations pertaining to Minority and Women Inclusion (MWI) at 12 C.F.R. Part 1223, as amended from time to time, are incorporated as part of this Policy.

Purpose

The purpose of this Policy is to provide guidance related to the requirements of the MWI regulations. In addition, this MWI Policy promotes adherence to the principles of equal opportunity and non-discrimination in FHLBank's business activities, including employment and contracting.

Scope

This Policy applies to all FHLBank business partners and all aspects of FHLBank's operations.

Definitions

The following definitions are derived from the FHFA regulations pertaining to MWI at 12 C.F.R. 1223.1.

Applicant refers to an individual who submits an expression of interest in employment in conjunction with all of the following: (1) FHLBank acted to fill a particular position; (2) the individual followed FHLBank's standard process for submitting an application; (3) the individual's expression of interest indicates that the individual possesses the basic qualifications for the position, as determined by the People, Culture and Development (PCD) department; and (4) the individual has not removed themselves from consideration or otherwise indicated that they are no longer interested in the position.

Business Activities refers to operational, commercial, and economic endeavors of any kind, whether for profit or not for profit and whether regulatory or irregularly engaged in by FHLBank, and includes, but is not limited to, management of FHLBank, employment, procurement, insurance, and all types of contracts, including contracts for the issuance or guarantee of any debt, equity, or mortgage-related securities, the management of mortgage and securities portfolios, the making of equity investments, the purchase sale and servicing of single- and multi-family mortgage loans and the implementation of affordable housing or community investment programs and initiatives.

Disabled-Owned Businesses include those: (1) that qualify as a Service-Disabled Veteran-Owned Small Business Concern in accordance with Small Business Administration regulation; or (2) where: (a) more than fifty percent of the ownership or control of which is held, directly or indirectly, by one or more persons with a disability; and (b) more than fifty percent of the net profit or loss of which accrues to one or more persons with a disability.

Disability refers to a person who has a physical or mental impairment that substantially limits one or more major life activities, a person who has a history or record of such an impairment, or a person who is perceived by others as having such an impairment.

Diversity Spend with Non-diverse-owned Businesses means the dollar amount(s) paid by FHLBank to a Prime Contractor that is not a Minority-, Women-, or Disabled-owned business for professional services (i.e., the amount paid for work performed, as may be adjusted, in connection with providing legal, accounting, or other professional or consulting services) provided by or allocated to a partner, member, or other equity owner who is a Minority, woman, or an Individual with a Disability.

Minority means any Black or African American, Native American, Hispanic or Latino American or Asian American.

Minority-Owned Business means a business where more than fifty percent of the: (1) ownership or control is held, directly or indirectly, by one or more Minority individuals; and (2) net profit or loss accrues to one or more Minority individuals.

Prime Contractor (Tier I) means a supplier that enters into a contract with FHLBank to provide goods and/or services directly to it.

Promotion means the advancement of a business partner within FHLBank and may be the result of a business partner's proactive pursuit of a higher job ranking or a reward for good performance. A promotion is typically associated with an increase in a business partner's pay due to additional or enhanced job responsibilities.

Subcontractor (Tier II) means a supplier that enters into a contract with a Prime Contractor (Tier I) of FHLBank to provide goods and/or services to that Prime Contractor (Tier I) for the benefit of FHLBank.

Woman-Owned Businesses are those in which: (1) more than fifty percent of the ownership or control is held, directly or indirectly, by one or more women; and (2) more than fifty percent of the net profit or loss accrues to one or more women.

Governance

Board of Directors

The board of directors (board), through the Compensation, People and Inclusion committee (CPIC), is ultimately responsible for ensuring the overall effectiveness of FHLBank's MWI Program.

Executive Team

The Executive Team is responsible for implementing appropriate policies to ensure FHLBank complies with all applicable laws, regulatory requirements, practices and principles as well as approving this Policy.

People, Culture, and Development

The People, Culture, and Development (PCD) department has been designated by the board as the office and department responsible for carrying out the requirements of 12 U.S.C. §4520(a) and FHFA regulations, pursuant to 12 C.F.R. §1223.20(a), and accordingly shall provide advice to the board, senior management, and business partners on FHLBank's responsibilities pertaining to MWI. The PCD department is generally responsible for oversight of the MWI Program including but not limited to: (1) preparing, maintaining and reporting on the MWI Strategic Plan; (2) preparing, certifying, and submitting the MWI Annual Report and other reports as requested; (3) reviewing this Policy on an annual basis; (4) providing CPIC and Strategic Operations Management committee (SOMC) with regular updates on the MWI Program; (5) developing internal procedures to support the MWI Program; (6) receiving and, in consultation with the Legal department, conducting reasonable investigations into complaints involving FHLBank's *Anti-Harassment and Equal Opportunity Policy Statement* and/or this Policy and analyzing any requests for a reasonable accommodation for disabilities and/or religious beliefs or practices; and (7) documenting all action taken regarding complaints and requests for reasonable accommodation.

Business Units

Business units are responsible for developing and maintaining MWI activity procedures as appropriate.

Furthermore, the PCD, Enterprise Procurement, Capital Markets, and Housing & Community Development (HCD) departments, known as the Regulatory Reporting Stakeholders, have specific responsibilities regarding the MWI stakeholder areas of workforce, procurement, finance activities and housing and community development, respectively. The responsibilities include, but are not limited to, tracking and preparing data for regulatory reporting, and outreach.

MWI Business and Activities

In accordance with 12 C.F.R. 1223.21(b), MWI business and activities focus on seven categories – (1) Employment; (2) Contracting; (3) Other Business Activities; (4) Complaint Handling; (5) Requests for Reasonable Accommodation; (6) Monitoring/Reporting; and (7) Strategic Planning.

1. Employment

The PCD department shall develop, implement, and maintain procedures to ensure, to the maximum extent possible in balance with financially safe and sound business practices, the inclusion and utilization of minorities, women, individuals with disabilities, and minority-, women-, and disabled-owned businesses in all business and activities. Employment practices include but are not limited to recruitment, hiring, promotion, succession planning, and retention practices. The PCD department shall engage in recruiting and outreach directed at encouraging individuals who are minorities, women, and/or individuals with disabilities to seek or apply for employment with FHLBank.

2. Contracting

To adhere to the principles of equal opportunity, unless otherwise excluded from certain provisions of this Policy as noted in Appendix A, FHLBank shall endeavor to publicize and provide outreach to ensure, to the maximum extent possible, the inclusion of Minorities, women, Individuals with Disabilities and Minority-, Woman-, or Disabled-Owned Businesses in contracting opportunities. Contracting opportunities include financial activities and procurement.

The Capital Markets department shall be responsible for developing, implementing, and maintaining procedures to ensure the requirements of this section are met regarding financial activities. The Enterprise Procurement department shall be responsible for developing, implementing, and maintaining procedures to ensure the requirements of this part are met regarding procurement activities. Unless excluded in Appendix A of this policy, contracting opportunities shall be published and FHLBank shall identify a pool of qualified prospective suppliers.

After consideration of all relevant criteria and in support of a fair and competitive process based on merit and free from discrimination, the business unit should select the proposal that represents the best value to FHLBank, in accordance with FHLBank's obligations to balance financially safe and sound business practices and the requirements of 12 C.F.R. Part 1223.

Procurement – Material Clause

Except as noted in Appendix A, contracts with suppliers must include the material clause (the Equal Opportunity Requirement) required by 12 C.F.R. § 1223.21(b)(9), as defined in the Enterprise Procurement process. Variations or modifications to the material clause may be approved only by the CPIO, the Director of Business Partner Engagement and Experience and Procurement, or the Business Partner Engagement and Experience Program Manager.

3. Other Business Activities

FHLBank shall encourage the consideration of diversity in nominating or soliciting nominees for positions on the board of directors.

4. Complaint Handling

FHLBank shall conduct a prompt, thorough, and objective investigation of any assertion of a violation of the MWI regulations or this Policy, whether from an Applicant, a business partner, vendor, or a potential vendor. Any complaint shall be directed to the CPIO. In the event of complaints involving PCD, complaints may be directed to the Chief Mission Officer / Chief Legal Officer (CMO/CLO).

The complaint form is located on FHLBank's website and may be requested via hard copy by calling 1-785-478-8028 or 1-785-478-8077. Completed forms may be submitted electronically to: CPIO@FHLBTopeka.com; or hard copy to: FHLBank Topeka, Attn: CPIO, 500 SW Wanamaker, Topeka, Kansas, 66606. In the case of complaints involving PCD, completed forms may be submitted electronically to: CMOCLO@FHLBTopeka.com; or hard copy at the foregoing address, Attn: CMO/CLO.

After receiving a complaint form, the CPIO or the CMO/CLO, as appropriate, in conjunction with the Legal department, shall conduct an investigation, as appropriate, and take whatever remedial or preventive measures are necessary to ensure that both the letter and the spirit of this Policy are enforced. All MWI-related complaints shall be tracked for purposes of including in the MWI Annual Report.

5. *Requests for Reasonable Accommodation*

In accordance with PCD procedures, any request for a reasonable accommodation for disabilities and/or religious beliefs or practices shall be directed to the CPIO. After receiving any such request, the CPIO shall follow such procedures as the CPIO has developed, with consultation and approval of an attorney in the Legal department as the CPIO has deemed necessary and appropriate, for accepting, reviewing, and granting or denying requests for reasonable accommodations of disabilities and/or religious beliefs or practices and shall document, on the request, the reasons for granting or denying the request for reasonable accommodation form. All requests shall be tracked for purposes of including in the MWI Annual Report.

6. *Monitoring and Reporting*

The PCD department, in partnership with the regulatory stakeholders (PCD, Capital Markets, Enterprise Procurement, HCD and Legal), shall utilize the MWI Regulatory Reporting Data Management Architecture to inform and direct the regulatory reporting process. Regulatory stakeholders shall implement appropriate internal procedures to track the information necessary to prepare the reports required by the FHFA. Such information shall be compiled in compliance with the guidance provided by the FHFA.

To aid in the oversight of FHLBank's MWI Program, the CPIO shall prepare and submit periodic reports on the MWI program to the CPIC and SOMC.

7. *Strategic Planning*

The Office of MWI shall prepare an MWI Strategic Plan every three years to be approved by the board, which shall be reviewed annually. The MWI Strategic Plan may be a stand-alone plan or be incorporated in the bank-wide plan and shall meet the requirements of FHFA regulations pertaining to MWI at 12 C.F.R. Part 1223.21.

No Retaliation Permitted

Retaliation or reprisal against anyone for reporting complaints pursuant to this Policy, for cooperating with an investigation of a complaint, or for making a request for a reasonable accommodation for disabilities and/or religious beliefs or practices is expressly and strictly prohibited. Reports of possible retaliatory behavior shall be made to the CPIO or the Legal department, as appropriate, and will be appropriately investigated in a prompt, adequate, and unbiased manner.

Limitation of Expressed Rights or Benefits

This Policy does not, and should not be construed to create, any right or benefit, substantive or procedural, enforceable at law, in equity, or through administrative proceeding, by any party against FHLBank or its directors, business partners, agents or any other person.

Exceptions/Violation

Exceptions to this Policy are permitted only by the President or the CPIO, unless otherwise contemplated in this Policy or Appendix A. Exceptions to this Policy, other than those reflected in ProcessUnity, shall be reported to the CPIC in the next regular report of PCD regarding MWI.

Any violation of this Policy may result in disciplinary action up to and including termination.

Policy Publication

This Policy shall be posted on FHLBank's website, in a format that is readable by reading software for the visually impaired.

Policy Review

This Policy shall be reviewed annually and revised as needed by the CPIO. Following such review, the Policy shall be submitted for review by the Executive Team and approval by the President. In the event of any proposed revisions to the Policy, such revisions shall be submitted for review and approval by the CPIC and the board.



APPENDIX A
Excluded Contracts and Impact Analysis

The types of contracts listed below are exempt from certain requirements described in the MWI Program and are effective as of January 1, 2020. If elements within this exemption list should change for any reason, including changes to thresholds, exceptions, limitations, FHLBank will need to notify the FHFA within thirty (30) days. FHLBank includes the following analysis as directed by 12 C.F.R. 1223.21(b)(10). The table includes any negative or adverse impact the implementation of thresholds, exceptions, or limitations would likely have on contracting opportunities for minorities, Women, individuals with disabilities, Minority-, Women-, and Disabled-Owned Businesses.

Exclusion	Requirements		Impact	
	Exemption	Exemption Rational	Level of Impact	Conclusion
Grandfathered Contracts. Contracts in effect on January 27, 2011, are Grandfathered Contracts.	Material Clause Supplier Sourcing Publication	The regulations pertaining to Minority and Women Inclusion (MWI) at 12 C.F.R. Part 1223, do not require that changes be made to contracts in effect on and prior to January 27, 2011. FHLBank instead is focused on new contracting opportunities.	Impact	The exclusion of Grandfathered Contracts does impact diverse vendors by limiting new contracting opportunities.
Contracts not for goods or services. Contracts that do not involve the acquisition of goods or services are exempt, including, among other things: Utilities Postages Interbank transfers Corporate operating and similar agreements Philanthropic foundations, sponsorships, and charitable contributions Federal, state, and local taxes Federally required sources (e.g., FDIC, airports, Comptroller of the Currency, FHFA) State or local government sources (e.g.,	Material Clause Supplier Sourcing Publication	FHLBank believes that contracts for goods and services present the best opportunity to advance the interests of vendor MWI.	Minimal Impact	FHLBank believes there is a minimal impact to diverse vendors regarding Contracts not for goods or services. Therefore, FHLBank will review the types of contracts it considers not for goods or services during the appropriate review period of the MWI Policy.

Exclusion	Requirements		Impact	
	Exemption	Exemption Rational	Level of Impact	Conclusion
state regulators) Dues and membership fees/subscriptions Letters of credit Lien release and intercreditor agreements Contracts evidencing debt or equity issues by FHLBank Indemnification agreements Confidentiality and/or non-disclosure Information sharing agreements Contracts for the purchase or lease of real property Food services Benefit expenses, including pension funding or medical, but does not include the services of brokers or money managers Garnishments Accounts receivable				
<u>Customer and Counterparty Contracts.</u> Customer contracts (including advances agreements and other contracts with members and contracts with recipients and beneficiaries of AHP awards) and contracts with principals in financial transactions (including contracts with swap counterparties and insurance contracts with our carriers) are exempt from the requirements of the MWI Program. If FHLBank pays an institution to broker a financial transaction, contracts for such brokerage services (e.g., insurance brokerage and brokered overnight Fed Funds transactions) are not exempt.	Material Clause Supplier Sourcing Publication	FHLBank believes that contracts for goods and services present the best opportunity to advance the interests of inclusion.	No Impact	FHLBank believes there is no impact to diverse vendors regarding Customer and Counterparty Contracts. FHLBank's customers are not vendors and the Customer and Counterparty Contracts for brokerage services (i.e., Capital Markets) are not included in this exception.

Exclusion	Requirements		Impact	
	Exemption	Exemption Rational	Level of Impact	Conclusion
<u>Business Partner or Director Payments and/or Reimbursements.</u> Payments includes payroll. Goods or services paid for by business partner or director and then reimbursed by FHLBank pursuant to FHLBank's reimbursement policies are exempt.	Material Clause Supplier Sourcing Publication	The terms of the MWI regulations only apply to amounts paid by FHLBank to a vendor and do not include amounts paid by a business partner and/or director and then reimbursed by FHLBank.	No Impact	FHLBank believes there is no impact to diverse vendors regarding Business Partner or Director Payments and/or Reimbursements. Business partners and directors are not vendors.
<u>Matters involving sensitive issues or emergency situations</u> (as determined by an attorney in the Legal department).	Material Clause Supplier Sourcing Publication	In the interest of safety and soundness, certain matters involving sensitive legal issues or emergency situations, as determined by an attorney in the Legal department, shall not be subject to the terms of this MWI Policy.	Minimal Impact	FHLBank believes there could be a minimal impact to diverse vendors regarding contracts concerning matters involving sensitive issues or emergency situations. However, due to the emergent and sensitive nature of the situation, it is likely there is not sufficient time to search for a diverse vendor.
<u>Frequently utilized, large internet marketplace vendors.</u> Frequently utilized, large internet marketplace vendors are those through which FHLBank purchases a high volume of goods and include, for example, New Egg, Amazon, and CDW. Relationships with frequently utilized, large internet marketplace vendors shall be subject to the Publication and Vendor Selection Requirements on an annual basis.	Material Clause	It would be commercially unreasonable to subject arrangements with High Volume Vendors to the Publication or Vendor Selection Requirements, except on an annual basis. In addition, generally with frequently utilized, large internet marketplace vendors, there is no opportunity to insist that the vendor agree to a particular	Minimal Impact	FHLBank believes there is minimal impact to diverse vendors regarding contracts with frequently utilized, large internet marketplace vendors. The vendors impacted by this exclusion are typically large, majority-owned firms. And although FHLBank business needs may be fulfilled through several smaller diverse

Exclusion	Requirements		Impact	
	Exemption	Exemption Rational	Level of Impact	Conclusion
		provision or form of FHLBank contract, but FHLBank has added the Equal Opportunity Clause to its standard purchase order to include the clause where possible.		vendors, it is not feasible due to the frequency in which the large internet marketplace vendors are utilized. Due to the level of impact, FHLBank will review the types of contracts it considers to be with frequently utilized, large internet marketplace vendors during the appropriate review period of the MWI Policy.
<u>Goods under \$25,000.</u> This exemption only applies to the extent FHLBank does not purchase more than \$25,000 in goods from a single vendor in a given calendar year.	Material Clause	Single purchases for goods under \$25,000 are excluded from the MWI Program by the terms of the MWI regulations.	Impact	FHLBank believes there could be a minimal impact to diverse vendors regarding contracts for Goods under \$25,000. However, this exclusion aligns with the MWI Regulation.
<u>Sole Source Contracts.</u> A sole source is defined as the only supplier that can provide FHLBank with the goods or services it needs. Examples include, but are not limited to, situations in which a sole source has established a monopoly, or is the only known source, nationwide, that meets FHLBank's requirements for a good or service (e.g., Bloomberg or Microsoft).	Supplier Sourcing Publication	It would be commercially unreasonable to subject arrangements for which there is only a sole source to the requirements of this Policy. However, the contracting opportunity shall be subject to the Publication and Vendor Selection requirements on a triennial basis to confirm that the	Minimal Impact	FHLBank believes there could be a minimal impact to diverse vendors regarding Sole Source Contracts. Therefore, in alignment with this Policy, Sole Source Contracts are reviewed on a triennial basis at which time a diverse vendor search must be conducted, to confirm that the vendor remains the "sole source."

Exclusion	Requirements		Impact	
	Exemption	Exemption Rational	Level of Impact	Conclusion
		vendor remains the “sole source.”		
<u>Purchases with FHLBank Credit Cards.</u> Purchases made using FHLBank credit cards are exempt.	Material Clause Supplier Sourcing Publication	Typically, purchases made on FHLBank credit cards are small dollar amount transactions with no opportunity to insist that the vendor agree to a particular form of FHLBank contract. Further, in the vast majority of cases, publication of the opportunity would be impractical.	Impact	FHLBank believes there could be a minimal impact to diverse vendors regarding purchases with an FHLBank credit card. However, FHLBank credit card purchases are typically small-dollar transactions that typically classify as Goods under \$25,000.
<u>Offsite Training Contracts.</u> Contracts with vendors that provide training for business partner development off of FHLBank premises	Material Clause Supplier Sourcing Publication	Typically, training is specialized and therefore FHLBank cannot impact the selection of a diverse trainer or training entity when it is provided off of FHLBank premises.	No Impact	FHLBank believes there is no impact to diverse vendors regarding Offsite Training Contracts. Typically, FHLBank cannot impact the selection of a diverse trainer or training entity when the training is provided off of FHLBank premises.
<u>Other Exceptions.</u> An SVP or higher or an attorney in the Legal department may approve additional exceptions, in collaboration with PCD, when deemed to be in the best interest of FHLBank and consistent with applicable legal requirements.	Case by case basis.	The party approving the exception shall document the rationale in ProcessUnity at the time of approval.	Case by case.	