

November 18, 2021

Chairman Gary Gensler
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20529-1090

Re: Investor support for mandating disclosure of EEO-1 workforce composition data

Dear Chair Gensler,

The undersigned organizations, representing over \$956B in assets under management and advisement, support the Securities and Exchange Commission's (SEC) plan to develop proposals for consistent, comparable, and decision-useful disclosures addressing human capital management.¹ **In so doing, we urge the SEC to incorporate the suggestion of Commissioner Allison Lee to require companies to publicly disclose their EEO-1 reports documenting the gender, race, and ethnicity of employees across job categories.**² As companies already prepare and submit EEO-1 reports to the U.S. Equal Employment Opportunity Commission (EEOC) each year, this public disclosure would respond to investor demand for consistent, comparable, and decision-useful data on U.S. workforce demographics at virtually no additional cost.

The link between effective diversity, equity, and inclusion (DEI) management and long-term shareholder value creation is clear. The extraordinary context of the COVID pandemic together with the ongoing national debate over persistent, unequal treatment of people of color have given rise to countless corporate statements and commitments to improve human capital management. The Business Roundtable, an influential association of chief executives who employ 20 million people, states DEI is a business imperative and advocates for greater transparency on diversity metrics.³ Numerous studies have found companies with diverse and inclusive workplaces provide a competitive advantage by encouraging varied perspectives that can better anticipate shifts in consumer preferences, reducing costly turnover, and increasing productivity and morale.⁴⁵ Such companies are better positioned to recruit the most talented employees from the broadest possible labor pool, a particularly critical benefit in the context of the current U.S. labor shortage. Conversely, charges of discrimination can result in costly litigation and reputational damage.

Yet despite progress, women and people of color remain significantly underrepresented in management positions at U.S. companies. Women hold 39% of officials and managers positions compared to 48% of private industry jobs reported to the EEOC. The numbers are proportionately worse for Black and Hispanic employees who comprise 7% and 8% of officials and managers, respectively, though each group accounts for 15% of total employment.⁶

Institutional investors seek transparency and public accountability on U.S. workforce composition to better assess the efficacy of DEI programs and policies and foster progress. For example, the world's

¹ <https://www.sec.gov/news/testimony/gensler-2021-10-05>

² <https://news.bloomberglaw.com/securities-law/secs-lee-eyes-release-of-workforce-diversity-data-sent-to-eec>

³ <https://www.businessroundtable.org/policy-perspectives/diversity>

⁴ <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>

⁵ <https://www.americanprogress.org/issues/economy/reports/2021/08/23/502287/time-workforce-disclosure-reset/>

⁶ <https://www.eeoc.gov/statistics/employment/jobpatterns/eeo1>

largest asset managers, including BlackRock⁷ and State Street Global Advisors,⁸ have specifically asked companies to disclose workforce demographics included in EEO-1 reports. On behalf of the New York City Employee Retirement Systems, New York City's Comptroller asked 67 companies to make public their EEO-1 reports in 2020, and the majority committed to do so.⁹ According to the Sustainable Investments Institute, nearly all 29 shareholder proposals seeking EEO-1 disclosure were withdrawn in 2021, signifying agreements with proponents. Of the 3 that proceeded to a vote, 2 earned majority votes exceeding 80% (DuPont de Nemours and Union Pacific) and 1 garnered 40.7% shareholder support (Charter Communications).

Companies concerned that EEO-1 data does not accurately depict their DEI management and progress can offer additional context to investors. Just as with traditional financial reporting, supplemental information is extremely useful and can lead to more nuanced and accurate interpretation of data by investors.

Your October testimony before the U.S. House of Representatives Committee on Financial Services referred to human capital and other topics as areas where “[C]ompanies and investors alike would benefit from clear rules of the road. I believe the SEC should step in when there’s this level of demand for information relevant to investors’ investment decisions.”¹⁰ **Disclosure of the EEO-1 report satisfies the need for clear rules, entails no meaningful incremental cost, and meets the increasing demand of institutional investors for comprehensive workforce DEI data.**

We urge the SEC to mandate annual publication of the EEO-1 report as part of its proposal on human capital disclosures.

Sincerely,

Amy D. Augustine
Director, ESG Investing
Boston Trust Walden

Michael W. Frerichs
Illinois State Treasurer
Office of the Illinois State Treasurer

Shawn T. Wooden
Connecticut State Treasurer
Connecticut Retirement Plans & Trust Funds

Bridget Murphy
Corporate Governance Officer
Washington State Investment Board

⁷ <https://www.bloomberg.com/news/articles/2020-12-10/blackrock-plans-to-push-companies-on-racial-diversity-in-2021>

⁸ <https://www.ssga.com/us/en/institutional/etfs/insights/diversity-strategy-goals-disclosure-our-expectations-for-public-companies>

⁹ <https://comptroller.nyc.gov/newsroom/comptroller-stringer-and-nyc-retirement-systems-announce-34-sp-100-companies-will-publicly-disclose-workforce-demographics/>

¹⁰ <https://www.sec.gov/news/testimony/gensler-2021-10-05>

Supporting Signatories:

Adrian Dominican Sisters, Portfolio Advisory Board
Marilyn Llanes, OP
Chair

AFL-CIO
Brandon Rees
Deputy Director, Corporations and Capital Markets

Align Impact
Fabian Williskytt
Manager, Public Markets

Ardevora Asset Management
William Pattison
CEO

Bailard
Annalise Durante
Senior ESG Analyst

Boston Common Asset Management
Lauren Compere
Managing Director

California Public Employees' Retirement System
Marcie Frost
CEO

Change Finance
Dorrit Lowsen
President & COO

Comitato Lady Lawyer Village
Michela Cocchi
President

Congregation of Sisters of St. Agnes
Ruth Battaglia
Sister

Congregation of St. Joseph
Karen Watson, CFA
Chief Investment Officer

CorpGov.net
James McRitchie
Shareholder Advocate

Dana Investment Advisors
Duane Roberts
Director of Equities

Daughters of Charity, Province of St. Louise
Sister Teresa George, D.C.
Provincial Treasurer

Domini Impact Investments, LLC
Mary Beth Gallagher
Director of Engagement

Dominican Sisters ~ Grand Rapids
Sister Mary Brigid Clingman, OP
Promoter of Justice

Dominican Sisters of Sparkill
Sister Eileen Gannon
Member- Executive Team

Ethos Foundation
Vincent Kaufmann
CEO

Etica Funds - Responsible Investments
Luca Mattiazzi
General Manager

FirstAffirmative Financial Network
Holly A. Testa
Director, Shareowner Engagement

Friends Fiduciary Corporation
Jeff Perkins
Executive Director

Fulcrum Capital, LLC
Mrs. Darcy B. Johnson
Chief Executive

Future Super
Jackie Radisich
Senior Ethical Investment Analyst

Impact Investors
Shane Yonston
Principal Advisor

Impax Asset Management LLC
Heather Smith
Lead Sustainability Research Analyst

Interfaith Center on Corporate Responsibility
Josh Zinner
CEO

JSA Sustainable Wealth Management
Jeffrey Scales
Managing Principal

Madison Community Foundation
Robert Sorge
President & CEO

Majority Action
Lisa Lindsley
Director, Investor Engagement

Maryknoll Sisters
Cathy Rowan
Corporate Responsibility Coordinator

Mercy Investment Services, Inc.
Katie McCloskey
Vice President of Social Responsibility

Natural Investments
Michael Kramer
Managing Partner

Nia Impact Capital
Kristin Hull, PhD.
Founder, CEO

NorthStar Asset Management, Inc.
Mari Schwartz
Director of Shareholder Activism and Engagement

Parnassus Investments
Rachel Nishimoto
Manager, ESG Stewardship

Pride Foundation
Katie Carter
CEO

Region VI Coalition for Responsible Investment
Jo Marie Chrosniak, HM
Coordinator

Sant Charitable Foundation, Inc.
Jason A. Hicks
Vice President

Seventh Generation Interfaith Coalition for Responsible Investment
Christopher W Cox
Associate Director

SharePower Responsible Investing
Richard Torgerson
Registered Principal

Sisters of Mary Reparatrix
Ann Kasperek
Social Justice Coordinator

Sisters of the Holy Cross
Veronique Wiedower CSC
President

Sisters of the Humility of Mary
Carol Anne Smith, HM
Pastoral Leader

Sisters of the Presentation of the BVM of Aberdeen SD
Pegge Boehm, PBVM
SRI Coordinator

Socially Responsible Investment Coalition
Anna Falkenberg
Executive Director

Stardust
Molly Gochman
Founder and President

Summit Charitable Foundation, Inc.
Jason A. Hicks
Treasurer

Sustainable Advisors Alliance LLC
Julie Skye
Managing Member, CCO

Terra Alpha Investments
Amy Dine
Director of Corporate Engagement

The Episcopal Church (DFMS)
Kurt Barnes
Treasurer & CFO

The Sustainability Group of Loring, Wolcott & Coolidge
W. Andrew Mims
Trustee

Tides
Dhaval Patel
Director of Investments

Trillium Asset Management
Jonas Kron
Chief Advocacy Officer

Unitarian Universalist Association
Andrew McGeorge
Treasurer & Chief Financial Officer

US SIF: The Forum for Sustainable and Responsible Investment
Bryan McGannon
Director of Policy and Programs

Veris Wealth Partners
Stephanie Cohn Rupp
CEO

Wallace Global Fund
Ellen J. Dorsey, Ph.D.
Executive Director

Wetherby Asset Management
Justina Lai
Chief Impact Officer and Shareholder

Zevin Asset Management
Marcela Pinilla
Director of Sustainable Investing