

Investor Statement Regarding the Need for Corporate Workplace Equity Transparency

We the undersigned, representing \$XX in assets owned, advised or managed, ask that companies increase investors' accessibility to information related to their workplace equity policies and practices across gender, race, ethnicity, sexual orientation, and other federally protected classes.

- Numerous studies have pointed to the benefits of a diverse workforce. A small subset of their findings include: Companies with the strongest racial and ethnic diversity are 35% more likely to have financial returns above their industry medians. Companies in the top quartile for gender diversity are 21% more likely to outperform on profitability and 27% more likely to have superior value creation.
- Seventy-nine percent of board directors believe that diversity enhances board performance, and more than half believe it enhances company performance.
- Business teams outperform on sales and profits when their gender mix is equal.

A significant positive correlation exists between board gender diversity and return on assets and return on investment. Corporate transparency associated with workplace equity also helps to attract top talent to a company. Sixty-seven percent of respondents to a Glassdoor survey said that they review workforce diversity when deciding to accept a job offer. Sixty-one percent of women have also said they consider the gender representation of the executive team when choosing where to work.

According to Equileap, an organization providing data and insights on gender equality, there is a significant divergence between the public commitments companies make to workplace equality and the disclosures they provide to investors showing how, and if, they are meeting their stated goals. For example, in 2018, 84% of the S&P100 had made public commitments to gender equality policy statements related to recruitment, career development, and workplace safety. However, of the S&P100, only 64% provide evidence on the promotion ratio of women into senior management positions, only 51% release their parental leave policies, and only 1% publish gender-segregated pay information. Investors are concerned that companies are willing to make promises regarding workplace equity, but unwilling to provide corroborating data.

The data being sought is material to investors. Over 2,250 organizations, representing \$83 trillion of assets under management have made commitments to the Principles for Responsible Investment to integrate environmental, social and governance (ESG) issues into their investment analysis and decision-making processes. Within this commitment, the interest in workplace equity is only growing, buoyed by the gender lens investment movement, Bloomberg's awareness raising Gender-Equality Index, and severe stock price declines associated with poor management of diversity in the workplace.

Recent research has also indicated that within ESG topics, abnormal returns exist for momentum-based strategies associated with improving human capital management. The workplace equity data investors are seeking would allow investors to better identify this alpha factor through more accurate assessments of the scope and depth of a company's programs, its performance relative to peers, and improvement trends over time.

It is essential that investors have access to the most up-to-date and accurate information related to

diverse workplace policies, practices, and outcomes. The undersigned investors ask that all companies ensure that they have made transparent and accessible key data related to gender and broader workplace equity.