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.[4] [5] 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-eeoc
[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 BlackRock[7] 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,

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[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

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