THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

February 7, 2014

Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: SEC Release No. 34-70731; File No. S7-08-13

Dear Ms. Murphy:

I appreciate this opportunity to provide supporting comments on the *Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies*.

As Comptroller of the City of New York, I am a trustee of four of the City's five pension funds and investment adviser to all five funds (the "NYC Funds"). The NYC Funds have $149 billion in assets and a longstanding commitment to prohibiting workplace discrimination and promoting diversity at both portfolio companies, often through shareholder proposals, and among our investment managers and service providers.

It was New York City's successful 1992 challenge to the SEC's no-action letter on the NYC Funds' sexual non-discrimination proposal at Cracker Barrel that opened the door to employment-related shareowner proposals. Recently, the NYC Funds have submitted proposals seeking (a) disclosure of EEO-1 employment data by firms in the advertising and financial services industries, both of which suffer from the pervasive and persistent underrepresentation of women and minorities; and (b) board diversity policies at companies with few women or minority directors.

The NYC Funds are also among the most the most active of their peers in supporting Minority and Women Business Enterprises (MWBEs). Investment management commitments with MWBEs currently total $9.5 billion, representing 6.5 percent of assets, up from approximately $5.5 billion, representing 5.0 percent of assets, four years ago. In addition, the NYC Funds' minority broker pool includes 38 firms, up from 25 in 2010.

As Comptroller, my office is responsible for implementing the shareholder proposal and MWBE programs on behalf of the NYC Funds' respective boards of trustees. In light of our longstanding efforts and experience, we welcome the Agencies' thoughtful proposal to implement Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We believe the proposed standards properly focus on four key dimensions: organizational commitment to diversity and inclusion; workforce profile and employment practices; procurement and business practices – supplier diversity; and practices to promote transparency of organizational diversity and inclusion.

In light of our experience, however, we recommend that the Agencies strengthen the transparency provisions to strongly encourage regulated entities, including all U.S. public companies, to disclose comprehensive and comparable performance data to investors and the public, and not just to the Agencies. Otherwise, the standards will not fulfill one of their stated objectives, which is to "provide the public a greater ability to assess diversity policies and practices of regulated entities."

In our experience, many public companies highlight their commitment to diversity and describe various policies and efforts to recruit, retain and promote minorities and women. Many companies also highlight their board and supplier diversity policies and practices. But far fewer companies provide objective performance data. Absent quantitative data that is both comprehensive and comparable, investors and the public have no way to evaluate and benchmark the effectiveness of these efforts, both over time and relative to peers.

As long-term investors, we believe that greater diversity across all three of these dimensions – in the boardroom, in the workplace and among suppliers – meaningfully contributes to long-term value creation. In order to enable investors to better evaluate company performance on these important objectives, we offer below specific disclosure recommendations with respect to each area:

Board diversity

Regulated entities should disclose the gender and race of all sitting and newly-nominated directors, and any goals for increasing diversity on the board.

Workplace diversity

Regulated entities should disclose their company-wide EEO-1 reports they file with the EEOC. Public disclosure of the data would allow investors and the public to evaluate the effectiveness of companies' efforts to increase diversity throughout their ranks, including among senior management, and to identify best practices. In addition, we believe disclosure of EEO-1 data would drive management to pursue continuous improvements in their diversity programs and more fully integrate diversity into their culture and practices.

Disclosing EEO-1 report data is neither costly nor novel. Many major U.S. companies already voluntarily disclose all or part of their EEO-1 data, either routinely or upon request. As stated by Calvert Investments in a May 2013 report, seven S&P 500 companies – Citigroup Inc., Comcast Corp., Costco, Dell Inc., Intel Corp., Merck, and Wal-Mart – disclosed substantially all of their EEO-1 data in 2012, and a majority of S&P 100 companies disclose some EEO-1 data.[1]

In the NYC Funds' own experience over the past several years, multiple major companies have agreed to provide substantial disclosure of EEO-1 type data in response to letters or shareholder proposals, including AIG, BNY Mellon, Goldman Sachs, MetLife and U.S. Bancorp.

Supplier diversity

The standards should encourage those regulated entities that disclose supplier diversity policies or initiatives to also disclose their spending dedicated to diverse suppliers, both on an absolute basis and as a percentage of total spending. This formulation takes into account the reality that, unlike EEO-1 data, some companies may not track their spending with minority and women-owned suppliers, and that collecting the information can be costly.

Most large companies, however, have supplier diversity policies, and some of these already disclose performance data. According to the 2013 Calvert report, 85 percent of S&P 100 companies support supplier diversity programs, up from 80 percent in a similar report by Calvert in 2010. The 2010 report found that 29 percent of S&P 100 companies also provided data on the percentage of total spending dedicated to diverse suppliers (these data were not updated for Calvert's 2013 report).[2]

We believe the above recommendations will meaningfully strengthen the proposed standards without imposing significant cost on regulated entities.

Sincerely,

Scott M. Stringer

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1 See https://www.calvert.com/NRC/literature/documents/BR10063.pdf

2 See http://www.calvert.com/nrc/literature/documents/CorporateDiversity2010.pdf