



Vanessa Countryman, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0609

Re: Request for Comments on Proposed Rule: Modernization of Regulation S-K Items 101, 103, and 105, [Release Nos. 33-10668, 34-86614; File No. S7-11-19]

[Catalyst](#) appreciates the opportunity to comment on the Securities and Exchange Commission's amendments to modernize the description of business, legal proceedings, and risk factor disclosures that registrants are required to make pursuant to Regulation S-K. Our organization is a global nonprofit working with some of the world's most powerful CEOs and leading companies to help build workplaces that work for women. Founded in 1962, Catalyst drives change with pioneering research, practical tools, and proven solutions to accelerate and advance women into leadership—because progress for women is progress for everyone. The advice and recommendations described in this submission address the proposals pertaining to requirements around disclosure of human capital measures.

### **The Business Case for an Inclusive Workplace: Why Diversity, Equity and Inclusion Measures Matter in Business Performance**

There are growing indications that the corporate world recognizes the value of having an equitable and inclusive workplace. [Research](#) shows when organizations work effectively towards creating and sustaining an inclusive culture, diversity and inclusion in the workplace can lead to the following benefits:

- Increased **revenue**
- Reduced **costs**
- Greater **innovation**
- Increased **employee engagement, productivity, and commitment.**

Furthermore, Catalyst [research](#) shows that when people feel included, they are recognized for the distinct characteristics they bring to the team and feel as though they are true insiders. This feeling of belonging and inclusion isn't just a benefit for employees. Notably, for companies to most effectively serve the market, their workforce needs to look and think like their customer base.

### **Data, Metrics and Measures Create an Inclusive Corporate Culture**

Yet the reality is commonly at odds with those intentions. Despite some progress, [women](#) account for less than a third of senior roles globally, and the [percentage](#) of women CEOs of the world's largest companies has yet to break into double digits. The situation is even worse for

[women of color](#). Taking an [approach](#) using diversity, equity and inclusion data and metrics, including breakdowns by gender, race and ethnicity to understand an organization's workforce can help identify gaps and pinpoint areas of opportunity that are critical to maximize the potential of a company's entire workforce.

Catalyst [knows](#) that a successful Diversity, Equity & Inclusion (DEI) strategy is focused on creating an inclusive culture that is both unique to the organization and sustainable. This strategy should be aligned with its business goals and company values and grounded in the real needs of the organization based on hard data collected and analyzed. Transparency and data are tools to closing the gender gaps that exist in many organizations, and the proposed human capital disclosures are a good step. We recommend expanding them to include a gender lens because, while reports and numbers alone don't generate change or provide insights that have impact, there are [fundamental metrics](#) that can help, including:

- **Representation:** Where are the representation gaps in an organization's pipeline? Where and why do any fall offs in representation start?
- **Hiring:** Is an organization hiring women and diverse employees into both entry-level and experienced roles?
- **Turnover:** Are men and women of all backgrounds leaving an organization at comparable rates? If not, why are there differences and where are they going?
- **Promotions:** Are some employees being promoted at a faster rate than others? Are they being sponsored or groomed differently?
- **Time in Position:** Are some talented employees sitting longer in a role before they are recognized for promotion than others?

Furthermore, the application of these metrics informs three **key performance indicators**, and we encourage all organizations to use these KPIs when evaluating their workforce:

- Percentage of gender representation on an organization's board
- Percentage of gender representation by employee category (i.e. organizational and/or management levels throughout the organization)
- Gender Pay Equality: ratio of compensation of women to men by employee category and location

These KPIs provide information so that employers can change what's happening in their workplace and create a more equitable and inclusive culture, ultimately leading to better business performance. Institutional investors such as [Blackrock](#) have made the case for investing in companies that focus on diversity and inclusion, and the KPIs help illustrate how a company is doing so. Catalyst is confident that companies can become global leaders in expanding opportunities for women and business if they implement a strategy that tracks and sustains measurable, organization-wide progress, creating an inclusive workplace. We appreciate the opportunity to comment on such an important issue.

Regards,



Lorraine Hariton  
President & Chief Executive Officer  
Catalyst