
A Renewed Call to Action:

For greater disclosure of Equal Employment
Opportunity (EEO) information



Sustainable Investment Research Analyst Network

A working group of the Social Investment Forum Foundation



Social Investment Forum
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About the Sustainable Investment Research Analyst Network (SIRAN)

SIRAN is a network supporting more than 200 analysts who specialize in integrating environmental, social, and governance research with investing. SIRAN was established in 2004 as a working group of the Social Investment Forum Foundation, the national membership association for the social investment industry.

The goals of SIRAN are:

- To help analysts coordinate meetings with companies to research and review CSR policies and performance.
- To provide a forum through which analysts can share best practices, thoughts on emerging issues, and resources.
- To articulate a collective voice on issues relevant to sustainable investment research.
- To provide professional support to sustainable investment research analysts.
- To serve as a resource to companies by providing a point of contact into the sustainable investment research analyst community.

On behalf of SIRAN, this research and report on Equal Employment Opportunity (EEO) data disclosure was conducted and prepared by:

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SIRAN has relied on the investor relations departments and other company representatives at the surveyed companies to characterize the availability of their EEO-1 data. This report reflects information confirmed by the responding companies. The information herein has been prepared from sources and data SIRAN believes to be reliable, but we make no guarantee as to its adequacy, accuracy, or completeness. Although SIRAN participants share many common goals, views expressed by individual SIRAN analysts are their own; they are not necessarily the views of their employers, companies, or other organizations affiliated with those individuals.

In December 2005, SIRAN published a report entitled *A Call to Action: For greater corporate transparency 10 years after the Glass Ceiling Commission recommendations*. Specifically, *A Call to Action* sought to encourage greater voluntary disclosure to investors of equal employment opportunity (EEO) data by U.S. publicly traded companies. The initiative responded to a shared belief among SIRAN analysts that progress toward dismantling employment barriers faced by women and people of color is good for society, the economy and business.

To that end, SIRAN believes corporate transparency on EEO progress and results is necessary to assess fully the risks and opportunities associated with investments. Furthermore, SIRAN supports the following recommendation of the Glass Ceiling Commission, published in 1995:

Public disclosure of diversity data – specifically data on the most senior positions – is an effective incentive to develop and maintain innovative, effective programs to break glass ceiling barriers. The Commission recommends that both the public and private sectors work toward increased public disclosure of diversity data.

Notwithstanding inroads achieved by racial minorities and women, employment barriers persist, particularly in management ranks. In 2006, the most recent data available from the U.S. Equal Employment Opportunity Commission, racial minorities comprised 32% of private industry but just 17% of officials and managers. Likewise, women represented 48% of the workforce and 36% of officials and managers. Yet despite the arguments of the Glass Ceiling Commission and others who have called for greater transparency with respect to workforce demographics, SIRAN research in 2005 and again this year reveals inadequate corporate disclosure of EEO data.

SIRAN's EEO Disclosure Research

In late 2005 SIRAN conducted a study to assess the state of voluntary disclosure of equal employment opportunity data, the consolidated EEO-1 Report, by benchmarking companies in the U.S. S&P100 index. The EEO-1 Report, a regulatory reporting requirement for employers with 100 or more employees, provides a snapshot of the gender and racial composition of U.S. companies by job classifications as prescribed by the U.S. Equal Employment Opportunity Commission (EEOC) and the Department of Labor's Office of Federal Contract Compliance Program. The report is not readily, or necessarily, available to investors through the Freedom of Information Act process because of long processing times and the ability of a company to circumvent EEOC disclosure.

Between December 2007 and April 2008, SIRAN again surveyed companies in the S&P 100 index to update the rate of disclosure of comprehensive EEO data. Fifty-three companies confirmed their disclosure status as follows:

- 8 companies, 15% of the respondents, report comprehensive EEO-1 data in a public venue such as web sites or published reports;
- 11 companies, 21% of the respondents, provide comprehensive EEO-1 data to investors on request;

- 11 companies, 21% of the respondents, provide partial EEO data through public reporting or to investors on request, usually in an aggregated format; and
- 23 companies, 43% of the respondents, do not disclose EEO-1 data.

The specific company responses to SIRAN's EEO survey are detailed in Appendix A. Additionally, companies that declined to participate or those that did not respond to repeated outreach attempts are identified in Appendix B. It should be noted, however, that several companies included in Appendix B have in the past provided EEO-1 data to SIRAN analysts.

Trends in EEO Disclosure

A comparison of the results of SIRAN's 2005 EEO disclosure survey with current findings suggests that the disclosure rate among S&P 100 companies has diminished in the two-and-a-half year period (Table 1). Companies that confirmed a policy to provide investors with comprehensive EEO-1 data, either in public reports or on request, decreased from 54% in 2005 to 36% of responding companies in 2007-8. While partial EEO data providers increased from 13% to 21%, those confirming that they do not disclose such information increased from 33% to 43% over the same period. Moreover, as indicated in the 2005 report, SIRAN believes that these findings overstate the level of EEO-1 disclosure among major U.S. companies, since those electing not to participate—approximately half of S&P 100 companies—are assumed to be much less likely to disclose EEO information. Also, the companies surveyed are among the largest in the U.S. and have likely been under more scrutiny for their employment practices and pressure to disclose EEO-1 data than smaller firms.

Table 1: EEO-1 Disclosure Status of S&P 100				
	2007-8	%	2005	%
# Responses	53		46	
Full Public	8	15%	6	13%
Full on Request	11	21%	19	41%
Partial	11	21%	6	13%
No Disclosure	23	43%	15	33%

The trend toward decreased disclosure holds true in the subset of companies responding to both surveys (Table 2), although to a lesser degree. That is, of the 31 companies that participated in both SIRAN surveys, 52% said they provided investors with comprehensive EEO-1 data, either in public reports or on request, in 2007-8 compared to 61% in 2005.

Table 2: EEO-1 Disclosure Status of 31 Companies Responding to both SIRAN EEO Surveys				
	2007-8	%	2005	%
Full Public	7	23%	6	19%
Full on Request	9	29%	13	42%
Partial	5	16%	5	16%
No Disclosure	10	32%	7	23%

While these results point to declining corporate transparency on EEO, the relatively small sample size and the shifting underlying universe of companies makes it difficult to draw definitive conclusions. To the extent this observation is real, however, there are at least three plausible explanations:

- As of September 2007, a revised EEO-1 Report requires, among other changes, companies to separate the “Officials and Managers” job classification into two levels based on responsibility and influence, “Executive/Senior Level Officials and Managers” and “First/Mid-Level Officials and Managers.” Given that employment disparities by race and gender tend to increase at higher management levels, companies may be more reluctant to share the EEO-1 Report.
- Increasingly, companies around the globe are producing sustainability or corporate social responsibility (CSR) reports that incorporate a wide variety of environmental, social and governance metrics. Many companies use the Global Reporting Initiative (GRI) reporting guidelines, which has an indicator protocol, LA13, addressing employment demographics. LA13 requests information by “minority group membership” which is much less specific than the U.S. EEO-1 Report. This clearly makes sense in an international context with disparate labor force demographics. SIRAN’s observed increase in “partial” EEO reporting, from 13% in 2005 to 21% in 2007-8, could indicate a preference by some companies to follow GRI or another format for reporting workforce composition. While SIRAN is a vocal advocate of CSR/sustainability reports, SIRAN believes that companies must continue to be responsive to reasonable “local” market requests for information such as the EEO-1 Report.
- Shareholder activism in this area has been on the decline since 2002, when proponents filed 21 proposals—second only in number to 2000 when 22 resolutions were filed requesting greater EEO disclosure. In 2007 proponents only filed two proposals, one to Lehman Brothers, which was withdrawn, and another to Home Depot, which won 25.6 percent support. So far in 2008, only one resolution requesting greater EEO disclosure has been filed, the resubmission to Home Depot. Corporate executives might view this trend as an indication that corporate responsibility

champions are losing interest in the issue and therefore do not make it a reporting priority.

Inadequate EEO Data Disclosure

Regardless of what is driving the decline in EEO data reporting, SIRAN research provides strong evidence of inadequate disclosure. As reported previously, 43% of company respondents fail to provide *any* EEO data, and SIRAN presumes that the survey's non-respondents are even less likely to disclose EEO data. On the flip side, just more than one third of responding companies provide comprehensive EEO-1 data, even though they are produced and reported to U.S. regulators annually. Also, SIRAN assumes EEO disclosure practices among the nation's largest companies that were the focus of this survey are better than U.S. companies overall.

The bottom line is that analysts do not have sufficient information to discern the leaders—companies with strong EEO records that would accrue competitive advantage in recruitment, retention and representative decision-making—from the laggards, which bear greater legal and reputational risks in this area. The lack of EEO disclosure also makes it difficult for analysts to determine whether companies that have encountered legal or public relations problems in recent years from poor EEO practices are making progress in correcting these practices.

SIRAN therefore commends the eight companies that disclose comprehensive EEO-1 data on their web sites or in public documents: **American Express, Citigroup, Coca-Cola, Hewlett-Packard, IBM, Intel, Merck and Wal-Mart.** These “best practice” standard bearers with respect to transparency on equal employment opportunity metrics should serve as role models for companies reluctant to disclose these data. Once again, SIRAN calls for all publicly traded companies to voluntarily and fully disclose equal employment opportunity information to investors.

Appendix A: Companies Responding to SIRAN Survey

Company Name	EEO Disclosure Status
3M	Full on Request
AES	None
Allstate	Partial
American Electric Power	Full on Request
American Express	Full Public
American International Group	None
Amgen	Partial
Avon Products	Partial
Baker Hughes	Full on Request
Baxter International	Partial
Bristol-Myers Squibb	Partial
Burlington Northern Santa Fe	None
Campbell Soup	None
Capital One Financial	None
Chevron	Partial
Cigna	Full on Request
Citigroup	Full Public
Coca-Cola	Full Public
Colgate-Palmolive	None
Comcast	None
Dell	None
Dow	None
Exelon	None
Exxon Mobil	Full on Request
FedEx	None
Heinz (H.J.)	Partial
Hewlett-Packard	Full Public
Home Depot	None
IBM	Full Public
Intel	Full Public
Johnson & Johnson	None
JPMorgan Chase	Partial
Lehman Brothers	None
McDonald's	Full on Request
Merck	Full Public
Microsoft	Partial
PepsiCo	Full on Request
Pfizer	Full on Request
Procter & Gamble	Full on Request
Regions Financial	None
Sara Lee	None
Sprint Nextel	None
Target	Partial
Texas Instruments	None
Tyco International	None
United Parcel Service	None
United Technologies	None
Verizon Communications	Partial
Wachovia	Full on Request

Wal-Mart Stores	Full Public
Walt Disney	None
Wells Fargo	None
Weyerhaeuser	Full on Request

Appendix B: Companies Not Responding or Choosing Not to Participate in the SIRAN Survey

AT&T	Halliburton
Bank of America	Harrah's Entertainment
Bank of New York Mellon	Hartford Financial Services Group
Boeing	Honeywell International
Caterpillar	International Paper
CBS	Kraft Foods
Cisco Systems	Limited Brands
Clear Channel Communications	Medtronic
ConocoPhillips	Merrill Lynch
Covidien Ltd.	Morgan Stanley
CVS Caremark	Norfolk Southern
E.I. du Pont de Nemours	Oracle
El Paso	Raytheon
EMC	Rockwell Automation
Entergy	Schlumberger Ltd.
Ford Motor	Southern Co.
General Dynamics	Time Warner
General Electric	U.S. Bancorp
General Motors	Williams Cos.
Goldman Sachs	Xerox
Google	