
A Call to Action:

For greater corporate transparency 10
years after the Glass Ceiling Commission
recommendations



Social Investment Research Analyst Network

A working group of the Social Investment Forum Foundation

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About the Social Investment Research Analyst Network

SIRAN is an analyst network that supports more than 100 North American social investment research analysts from 30 investment firms, research providers, and affiliated investor groups.

Social research analysts evaluate corporate policies and performance on various issues of corporate social responsibility (CSR). CSR includes issues such as environment, health and safety, diversity and human resources policies, and human rights and the supply chain. This research may be used in:

- creating investment portfolios.
- engagement with companies to encourage improved CSR performance.
- corporate benchmarking.
- financial and risk analysis.

SIRAN has five primary goals:

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

SIRAN is a working group of the Social Investment Forum. The Social Investment Forum Foundation is a national nonprofit organization providing research and education on socially responsible investing. The Forum Foundation provides cutting-edge research on the trends, practice, performance, and impact of social investing.

Walden Asset Management, the social investment division of Boston Trust & Investment Management Company, has prepared this report on SIRAN's behalf.

The EEO-1 Report Disclosure Survey was conducted by SIRAN analysts at the following firms:

Boston Common Asset Management

Calvert

Citizens Advisors Inc.

F&C Asset Management plc

Institutional Shareholder Services, Inc. (ISS)

Legg Mason Investment Counsel

Pax World Funds

Smith Barney Asset Management (a division of Citigroup Global Markets Inc., an indirect wholly owned subsidiary of Citigroup, Inc.), Social Awareness Investment Program

Trillium Asset Management

Walden Asset Management (a division of Boston Trust & Investment Management Company)

Note on data collection for this report:

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. This research and analysis was conducted for and by SIRAN, not by the firms identified above. 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.

Social Investment Research Analyst Network

A Call to Action: For Greater Corporate EEO Transparency

Ten years after the Federal Glass Ceiling Commission recommended disclosure of diversity data as a means to help shatter barriers to advancement experienced by women and minorities, the management at most U.S. companies still fails to reflect the diversity of America and its labor force. The negative ramifications of persistent inequalities in the workplace pose risks to society and to long-term business success. The Social Investment Research Analyst Network (SIRAN), a network that supports analysts from over 30 investment firms, research providers, and affiliated investor groups, has been disappointed in the low level of voluntary equal employment opportunity (EEO) disclosure by companies. Without adequate EEO disclosure, SIRAN analysts are not able to assess certain risks and opportunities associated with existing or potential investments. Therefore, **SIRAN is calling upon publicly traded companies to voluntarily disclose equal employment opportunity information to investors and for U.S. legislators to study the feasibility of mandatory disclosure.**

This call comes at the ten-year anniversary of the recommendations of the Federal Glass Ceiling Commission, a bi-partisan commission convened with a mandate to study EEO issues and propose strategies to eliminate artificial barriers to advancement faced by minorities and women in the U.S. workforce. Published in November 1995, *A Solid Investment: Making Full Use of the Nation's Human Capital* was the culmination of four years of work that began with the passage of the Civil Rights Act of 1991 under President George H. W. Bush. In the report, the phenomenon of the glass ceiling—significant under representation of women and minorities within senior management—was affirmed to be a pervasive problem in corporate America.

Unfortunately, glass ceiling barriers to advancement continue to persist. Peopleclick Research Institute examined trends in management positions for the decade ending in 2000, using the Census 2000 Special Equal Employment Opportunity Tabulation released by the U.S. Census Bureau at the end of 2003.¹ The Institute found that, while the number of women at the highest levels of management increased over the decade, their share of these jobs decreased from 31.9 percent to 18.8 percent over the decade. The proportion of executive positions held by minorities was generally unchanged over the decade at about 11 percent. Representation in overall management increased, but remains disproportionately low, with 36.4 percent of management jobs held by women and 16.7 percent by minorities. These results are even more disappointing in the context of increased participation of women and minorities in the labor force: women rose from 45.8 percent to 46.8 percent of the workforce in the 10 years ending 2000, and minorities rose from 22.1 percent to 27.2 percent. There is ample additional documentation that, 10 years after the Glass Ceiling Commission report, progress toward eliminating glass ceiling barriers has been modest at best.

In speaking out now, SIRAN is endorsing a call for greater disclosure of diversity data, which is one of the major recommendations of the Commission as quoted below.

¹ Peopleclick Institute, *Initial Analysis of the Census 2000 Special EEO File*, February 20, 2004.

*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.*²

To better understand the extent to which the private sector has heeded this recommendation of the Commission, SIRAN surveyed the status of voluntary disclosure of the EEO-1 reports. The EEO-1 is a government report required of most employers with more than 100 employees. It provides a snapshot of a company's workforce by race and gender across employment categories as developed by the U.S. Equal Employment Opportunity Commission (EEOC) and the Labor Department's Office of Federal Contract Compliance Programs (OFCCP). Although companies are required by law to collect such information and report it to the government, the law does not permit the EEOC to disclose the documents. Companies are not required to provide them to their shareholders, customers, employees, or other important stakeholders.

Requesting company specific EEO-1 reports from OFCCP through the Freedom of Information Act (FOIA) is not a viable option. Companies are given the opportunity to object to releasing the data, which often sets in motion a lengthy process that may ultimately block its release. Even with company permission, a large backlog of requests at the OFCCP has historically led to long time lags between request and response. As an example, in 2001 an OFCCP staff person told the Investor Responsibility Research Center that the timeframe for responses ranged from 60 days for a single company that does not object to releasing the information to over two years for broader requests.³

Why Disclosure of EEO Data is an Investment Issue

SIRAN analysts believe that companies with a good record on diversity have a competitive advantage in employee recruitment and retention⁴. Moreover, U.S. customers are becoming increasingly diverse. A representative work force is more likely to anticipate and respond effectively to evolving consumer demand. Conversely, allegations of discrimination in the workplace have created a significant burden for shareholders due to the high cost of litigation and potential loss of government contracts. Such litigation may also damage a company's reputation. In several industries, discrimination litigation has been particularly costly. In the pharmaceutical, petroleum, and consumer products industries, discrimination lawsuits have resulted in costs incurred by shareholders exceeding \$1 billion.⁵

² *A Solid Investment: Making Full Use of the Nation's Human Capital*, Recommendations of the Federal Glass Ceiling Commission, Washington, D.C., November 2005, p. 42.

³ The Investor Responsibility Research Center, "2005 Background Report L, Equal Employment Opportunity," March 2005, p. 18.

⁴ Research increasingly demonstrates a link between workplace diversity and performance. As an example: *The Bottom Line: Connecting Corporate Performance and Gender Diversity*, Catalyst Organization, www.catalystwomen.org, 2004

⁵ BNA Inc., *Employment Discrimination Verdicts and Settlements*, <pubs.bna.com>

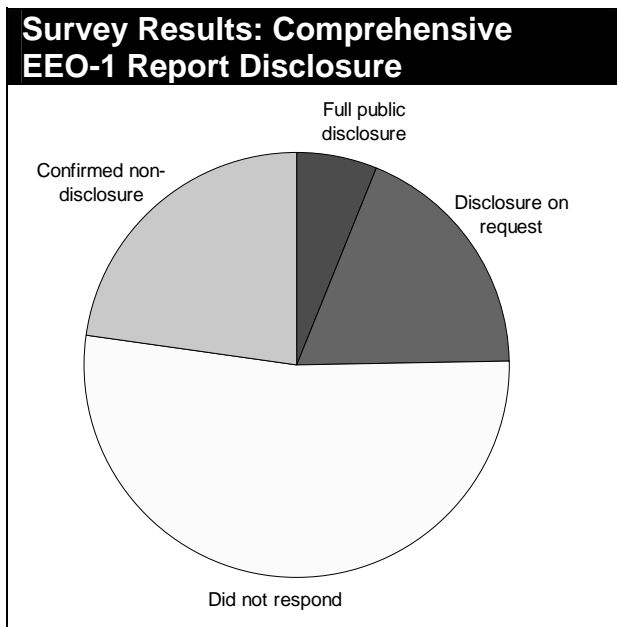
Diversity data in the EEO-1 Report enables investment analysts to observe a company’s progress on hiring, promoting and retaining minority and female employees over time. This standardized data also allows for simple industry group comparisons as well as analyses based on regional statistics. SIRAN analysts believe that disclosure of the EEO-1 reports, which places no additional cost on employers, is the best available tool for assessing company performance on EEO measures.

SIRAN EEO Disclosure Project: Research and Results

To discern the current level of voluntary disclosure, SIRAN recently completed a project that benchmarks the sharing of EEO-1 reports by companies in the U.S. S&P100 index⁶. Each company was sent a copy of SIRAN’s *Social Research Analyst Statement on Equal Employment Opportunity Disclosure* (Appendix A) and was asked to verify information pertaining to the following questions:

1. Does the company provide full public EEO-1 disclosure?
2. Does the company provide full EEO-1 disclosure to analysts on request?
3. Does the company provide partial public EEO-1 disclosure?

SIRAN analysts contacted each company up to three times, attempting to verify company policy. Out of the 97 companies surveyed, 46 (47 percent) responded. Of the company responses, six (13 percent) confirmed that they provide full public EEO-1 disclosure in a prepared report, and an additional 19 (41 percent) confirmed that they provide the EEO-1 report to analysts upon request. Six other respondents (thirteen percent) put only partial EEO-1 information in the public realm. Just under half, or 21 of the 46 responding companies, confirmed that they do not provide investors with the consolidated EEO-1 Report. Specific company responses are charted in Appendix B and are posted on the SIRAN web site (www.siran.org).



| Companies Disclosing Full EEO-1 Data | |
|--------------------------------------|-------------------|
| Full Public | |
| Citigroup | Intel |
| Coca-Cola | Hewlett-Packard |
| IBM | Merck |
| To Investors on Request | |
| 3M | ExxonMobil |
| Anheuser-Busch Cos Inc. | General Electric |
| Avon Products | Heinz |
| Baker-Hughes | Johnson & Johnson |
| Bank of America | McDonald's Corp. |
| Cigna Corp | Microsoft |
| Dell Inc. | Morgan Stanley |
| EMC | Pepsico Inc. |
| Entergy Corp | Pfizer Inc. |
| | Procter & Gamble |

⁶ The list of S&P100 companies used for this report was valid as of July 31, 2005. Three companies were dropped by the time of publication, leaving 97 referenced in this report.

In all, slightly over half of the responding companies said that they voluntarily and fully disclosed the consolidated EEO-1 Report. Given SIRAN's belief that companies choosing not to respond are less likely to voluntarily disclose, the true EEO disclosure rate among America's largest corporations is likely to be at the lower end of the observed range of 25-50 percent.

Companies have offered a number of rationalizations for their lack of disclosure. The most commonly identified concerns are that disclosure will reveal competitive information, create the potential for misrepresentation, or provide the impetus for litigation. (See Appendix A for SIRAN's response to each concern.) However, the substantial number of companies that do disclose detailed EEO data demonstrates that these challenges are either surmountable or insignificant.

The six companies that provide easy, web-based access to detailed EEO statistics as part of their corporate social responsibility reporting deserve special recognition. SIRAN commends Citigroup, Coca-Cola, Hewlett-Packard, IBM, Intel, and Merck for raising the bar on "best practices" with respect to EEO transparency and for serving as models for corporations reluctant to disclose diversity statistics. Merck earns additional praise for providing more detail than is required in the EEO-1 Report. Its "Officials and Managers" category segregates upper levels of management, giving a more precise picture of diversity in the highest management ranks. IBM is also noteworthy in that five years of EEO-1 data is posted on its web site.

Next Steps

A decade after the Glass Ceiling Commission urged companies to take steps to increase voluntary release of diversity data, SIRAN research analysts have found voluntary disclosure to be inadequate. The disappointing state of EEO transparency is exacerbated by the continuing and profound racial and gender disparities in the management of U.S. companies. Today, SIRAN is calling on all companies to join those that have already committed to voluntary EEO disclosure and public accountability, moving them farther along a path toward a solution to inequality in the workplace.

In its 1995 report, the Glass Ceiling Commission recognized that the issue of mandatory disclosure was controversial and sought ways to encourage voluntary disclosure. Nonetheless, the Commission advocated that, "The government should also explore the possibility of mandating public release of EEO-1 forms for Federal contractors and publicly-traded corporations."⁷

Given the insufficient level of voluntary EEO data disclosure, the time for a serious study of mandatory disclosure has come. SIRAN urges our government representatives to begin a formal process of evaluating the benefits and challenges associated with such a requirement. We believe that public accountability on diversity is in the long-term best interests of society and, importantly, of the companies in which we invest.

⁷ *A Solid Investment: Making Full Use of the Nation's Capital*, Recommendations of the Glass Ceiling Commission, Washington, D.C., November 1995, pp. 42-43.

Appendix A

Social Research Analysts'

STATEMENT ON EQUAL EMPLOYMENT OPPORTUNITY (EEO) DISCLOSURE

The Social Investment Research Analyst Network (SIRAN) is an analyst network that supports more than 100 North American social research analysts from 30 investment firms, research providers, and affiliated investor groups. SIRAN analysts are calling upon companies to commit to public disclosure of comprehensive Equal Employment Opportunity information. This information is an excellent reference for analysts to observe a company's progress on hiring, promoting and retaining minority and female employees over time.

Considering the Glass Ceiling

As the workforce becomes more diverse, equal employment opportunity (EEO) is an increasingly important issue for shareholders, employees and managements.

While women and minorities comprise 47% and 27% of the U.S. workforce, respectively, they represent less than 19% and 11% of executive-level positions. Representation in management is better, but still disproportionately low, with 36% of these jobs held by women and 17% by minorities. Moreover, there was a significant decline in women's share of executive positions over the decade ending 2000.¹

Companies with a good record on diversity have a competitive advantage in employee recruitment and retention. Moreover, U.S. customers are becoming increasingly diverse. A representative work force is more likely to anticipate and respond effectively to evolving consumer demand. Conversely, allegations of discrimination in the workplace have created a significant burden for shareholders due to the high cost of litigation and potential loss of government contracts. Such litigation may also damage a company's reputation. In the pharmaceutical, petroleum and consumer products industries, discrimination lawsuits have resulted in costs incurred by shareholders exceeding \$1 billion.²

Importance of Disclosing Company Data

Just as the Financial Accounting Standards Board sets the standards on how to report financial data, there are standards set forth by the Equal Employment Opportunity Commission (EEOC) on how to report diversity data. Under Title VII of the Civil Rights Act of 1964, private sector employers with 100 or more employees must prepare annually an "Employer Information Report EEO-1". This report documents all employees along proscribed race/ethnic, gender and job classifications. This document is not required by law to be released to shareholders, however, many companies have either publicly posted this data or provide it to investors on request.

The Glass Ceiling Commission, chaired by the Secretary of Labor with members appointed by the

¹ Peopleclick Research Institute, Feb. 2004, using U.S. Census Bureau's Census 2000 Special Equal Employment Opportunity Tabulation.

² BNA, Inc, March 2005, <pubs.bna.com>

former President Bush, recognized in the 1995 bipartisan Glass Ceiling Commission report that "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 the glass ceiling barriers." The Commission recommended that both the public and private sectors work toward increased public disclosure of diversity data. Also, according to the report, dismantling existing barriers has a positive bottom line impact on business.³

Transparency on EEO allows social research analysts to observe a company's progress on hiring, promoting and retaining minority and female employees over time. Greater disclosure also provides an opportunity for companies to communicate the challenges and complexities associated with achieving their employment goals.

Responding to Company Concerns about EEO Disclosure

Some companies have been reticent to release EEO-1 reports. A number of these assert that the information contained in the report is confidential for competitive reasons. Others have expressed concern about the potential for gratuitous litigation. Still others believe that the EEO-1 report is misleading because it does not capture adequately their company's unique job categories.

SIRAN's position is that the EEO-1 report format reveals no more proprietary competitive information than an income statement or a balance sheet does. On the contrary, companies committed to building a diverse workforce, and that can demonstrate such a commitment through disclosure of EEO-1 information, are believed to be at a competitive advantage. Such corporate leaders will be able to attract and retain the best and brightest of job candidates. Were an EEO-1 report to reveal significant challenges in the hiring and advancement of minorities and women, a commitment to public accountability would send the positive signal that management intends to openly address these challenges.

Some companies claim that they do not disclose EEO-1 data out of concern for frivolous and costly legal actions. Having researched this issue and discussed it with EEO-1 experts, SIRAN is not aware of any such actions that have resulted from full public disclosure. Indeed, claimants alleging discrimination have access to EEO data in the process of discovery. Also, there are examples of companies that provide EEO-1 information on an ongoing basis after having settled large discrimination lawsuits.

Finally, some companies are concerned that EEOC job classifications do not represent their organizational structures. SIRAN encourages these companies to augment EEO-1 data with their own categorizations that are clearly explained. In this way, companies can present EEO information in a manner that they believe depicts their workforce composition accurately.

SIRAN believes that releasing Equal Employment Opportunity data strengthens a company and is in the best interest of its shareholders. Given this belief, SIRAN has, at www.siran.org/eo.php, begun tracking the EEO-1 data and policies of S&P 100 members.

³ Federal Glass Ceiling Commission, November 1995, "A Solid Investment: Making Full Use of the Nation's Human Capital," U.S. Government Printing Office, Washington, D.C.

Appendix B

| SIRAN EEO-1 SURVEY COMPILATION OF RESPONSES | | | | |
|--|-----------------|------------------------|---------------------------|----------------------------|
| Company | Status | Full EEO-1 (public) | Partial EEO-1 (public) | Full EEO-1 (on request) |
| 3M | Responded | No | No | Yes |
| AES Corp. | Responded | No | No | No |
| Alcoa | Did Not Respond | No | No | No |
| Allegheny Technologies Inc. | Responded | No | No | No |
| Allstate Corp. | Did Not Respond | No | No | No |
| Altria Group | Responded | No | No | No |
| American Electric Power | Did Not Respond | No | No | No |
| American Express | Did Not Respond | No | No | No |
| American International Group | Responded | No | No | No |
| Amgen Inc. | Responded | No | Yes | No |
| Anheuser-Busch Cos Inc. | Responded | No | No | Yes |
| AT&T | Did Not Respond | No | No | No |
| Avon Products | Responded | No | Yes | Yes |
| Baker Hughes | Responded | No | No | Yes |
| Bank of America | Responded | No | Yes | Yes |
| Baxter International | Did Not Respond | No | No | No |
| Black & Decker Corp. | Did Not Respond | No | No | No |
| Boeing Co. | Did Not Respond | No | No | No |
| Bristol-Myers Squibb Co. | Did Not Respond | No | No | No |
| Burlington Northern Santa Fe | Responded | No | No | No |
| Campbell Soup | Did Not Respond | No | No | No |
| Cigna Corp | Responded | No | No | Yes |
| Cisco Systems | Responded | No | No | No |
| Citigroup | Responded | Yes | Yes | Yes |
| Clear Channel Communications, Inc. | Did Not Respond | No | No | No |
| Coca-Cola Co. | Responded | Yes | Yes | Yes |
| Colgate-Palmolive Co. | Responded | No | No | No |
| Comcast Corp | Did Not Respond | No | No | No |
| Computer Sciences Corp | Did Not Respond | No | No | No |
| Dell Inc. | Responded | No | No | Yes |
| Disney (Walt) | Responded | No | No | No |
| Dow Chemical Company | Did Not Respond | No | No | No |
| E.I. du Pont de Nemours and Co. | Did Not Respond | No | No | No |
| Eastman Kodak Co. | Did Not Respond | No | No | No |
| El Paso Corp | Did Not Respond | No | No | No |
| EMC | Responded | No | No | Yes |
| Entergy Corp | Responded | No | No | Yes |
| Exelon Corp | Responded | No | No | No |
| Exxon Mobil | Responded | No | Yes | Yes |
| FedEx | Did Not Respond | No | No | No |
| Ford Motor Co. | Did Not Respond | No | No | No |
| General Dynamics Corp. | Did Not Respond | No | No | No |

| | | | | |
|-----------------------------------|-----------------|-----|-----|-----|
| General Electric | Responded | No | Yes | Yes |
| General Motors Corp. | Responded | No | Yes | No |
| Gillette Co. | Did Not Respond | No | No | No |
| Goldman Sachs | Did Not Respond | No | No | No |
| Halliburton | Did Not Respond | No | No | No |
| Harrah's Entertainment Inc. | Did Not Respond | No | No | No |
| Hartford Financial Services Group | Did Not Respond | No | No | No |
| HCA Inc | Did Not Respond | No | No | No |
| Heinz | Responded | No | No | Yes |
| Hewlett-Packard Co. | Responded | Yes | Yes | Yes |
| Home Depot | Responded | No | No | No |
| Honeywell International | Did Not Respond | No | No | No |
| IBM | Responded | Yes | Yes | Yes |
| Intel | Responded | Yes | Yes | Yes |
| International Paper Co. | Did Not Respond | No | No | No |
| Johnson & Johnson | Responded | No | No | Yes |
| JPMorgan Chase | Did Not Respond | No | No | No |
| Lehman Brothers Holdings Inc. | Did Not Respond | No | No | No |
| Limited Brands Inc. | Did Not Respond | No | No | No |
| Lucent Technologies Inc. | Responded | No | No | No |
| McDonald's Corp. | Responded | No | Yes | Yes |
| Medimmune | Responded | No | No | No |
| Medtronic Inc. | Did Not Respond | No | No | No |
| Merck & Co. | Responded | Yes | Yes | Yes |
| Merrill Lynch & Co. | Did Not Respond | No | No | No |
| Microsoft | Responded | No | No | Yes |
| Morgan Stanley | Responded | No | No | Yes |
| National Semiconductors Corp. | Did Not Respond | No | No | No |
| Norfolk Southern Corp | Responded | No | No | No |
| OfficeMax Inc. | Did Not Respond | No | No | No |
| Oracle Corp. | Did Not Respond | No | No | No |
| Pepsico Inc. | Responded | No | Yes | Yes |
| Pfizer Inc. | Responded | No | No | Yes |
| Procter & Gamble | Responded | No | Yes | Yes |
| Radioshack Corp. | Did Not Respond | No | No | No |
| Raytheon Co. | Responded | No | No | No |
| Rockwell Automation | Did Not Respond | No | No | No |
| Sara Lee Corp. | Did Not Respond | No | No | No |
| SBC | Did Not Respond | No | Yes | No |
| Schlumberger | Did Not Respond | No | No | No |
| Southern Co | Did Not Respond | No | No | No |
| Texas Instruments | Did Not Respond | No | No | No |
| Time Warner | Did Not Respond | No | No | No |
| Toys "R" Us, Inc. | Did Not Respond | No | No | No |
| Tyco | Did Not Respond | No | No | No |
| U.S. Bancorp | Did Not Respond | No | No | No |
| Unisys | Did Not Respond | No | No | No |
| United Technologies | Did Not Respond | No | No | No |
| Verizon Communications | Responded | No | Yes | No |
| Viacom | Responded | No | No | No |

| | | | | |
|------------------|-----------------|----|-----|----|
| Wal-Mart Stores | Responded | No | Yes | No |
| Wells Fargo | Responded | No | Yes | No |
| Weyerhaeuser Co. | Responded | No | Yes | No |
| Williams Cos. | Did Not Respond | No | No | No |
| Xerox Corp. | Did Not Respond | No | No | No |

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