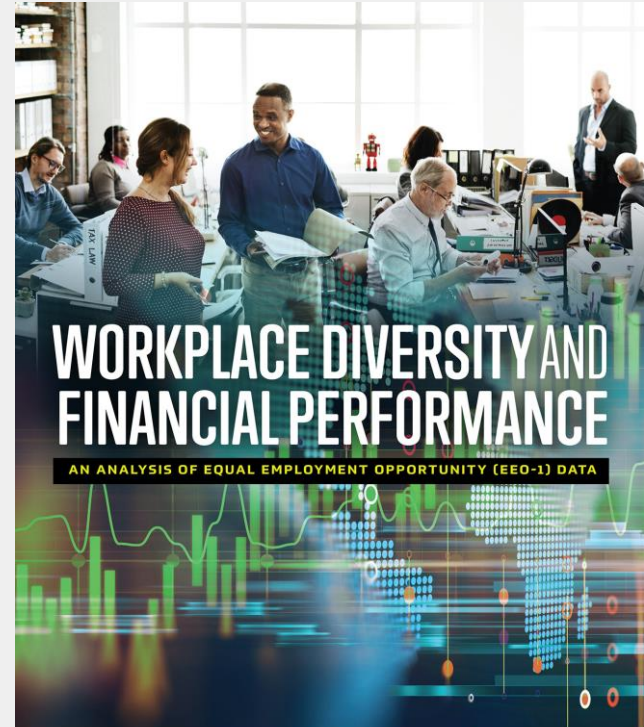


 AS YOU SOW
30 YEARS 1992 - 2022

Welcome to the Webinar

Agenda

- Report Findings
- Panelist Remarks
- Moderated Discussion
- Audience Q&A
- Virtual After Party in Gather



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30 YEARS 1992 - 2022

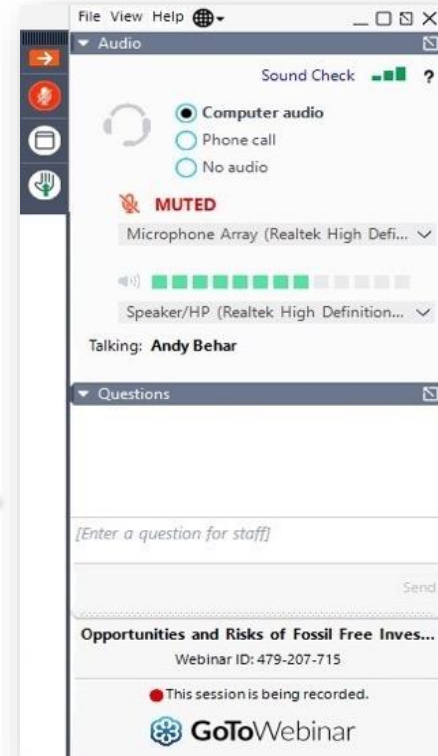
Audience Q&A

Download the report at:

<https://www.asyousow.org/>

Use the Q&A window to send us your questions

Q&A Window



About *As You Sow*

Mission: *to promote environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies*

- Founded in 1992 on the belief that corporations *must* be an active part of the solutions to society's environmental and human rights issues
- 30-year track record of promoting values-aligned investing and securing positive, lasting corporation change
- We communicate directly with corporate executives to collaboratively develop and implement business models that reduce risk, benefit brand reputation, and protect long-term shareholder value while simultaneously bringing about positive change for the environment and human rights

Why This Is Important

- Companies are recognizing the need to be responsive and reflective of their communities:
 - By 2045, non-Caucasian people will be the majority of the U.S. population.
- To build stakeholders' trust, companies should be transparent and open about their DEI and equity policies and practices.
- EEO-1 data is a starting point which can provide a snapshot of a company:
 - Releasing this data can demonstrate a company's acknowledgement of the existence of systemic discrimination and its commitment to examining its own practices.

Panelists



Olivia Knight
As You Sow

Racial Justice
Initiative Manager

Moderator



Daniel Tan
Whistle Stop
Capital



Meredith Benton
Whistle Stop
Capital



Rekha Vaitla
CalSTRS



Josh Ramer
DiversIQ

Daniel Tan

**Whistle Stop
Capital**

Analyst for the
EEO-1 data



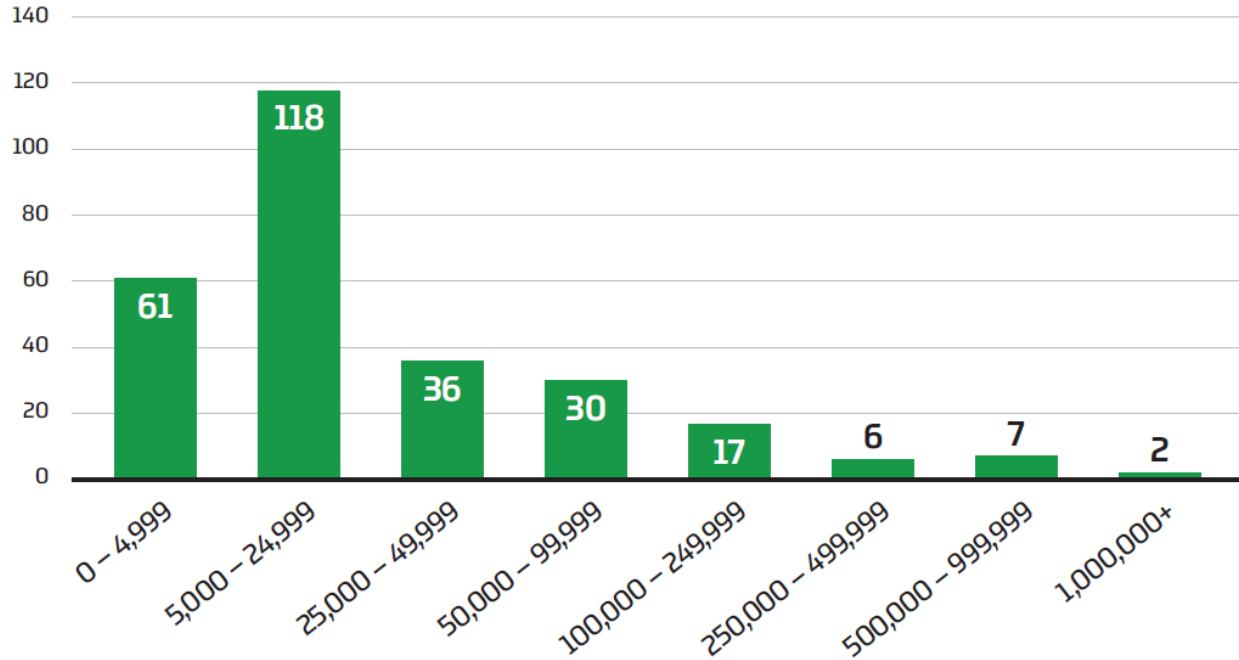
Analyzed Merged Dataset from Two Sources

- Panel dataset derived from consolidated EEO-1 forms (DiverseIQ)
- Cross-sectional dataset of point-in-time performance metrics (Refinitiv)

EXAMPLE: PROCTER & GAMBLE'S 2021 CONSOLIDATED EEO-1 FORM

JOB CATEGORIES	HISPANIC OR LATINO		NOT HISPANIC OR LATINO												OVERALL TOTALS
	MALE	FEMALE	***** MALE *****						***** FEMALE *****						
			WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR. OFFICIALS & MGRS.	11	8	47	6	0	8	0	2	37	3	0	7	0	0	129
FIRST/MID OFFICIALS & MGRS.	481	335	2952	356	0	471	13	34	2121	344	1	370	7	48	7533
PROFESSIONALS	118	110	1141	91	2	190	1	19	1033	122	0	170	0	17	3014
TECHNICIANS	228	101	1105	187	5	21	5	12	631	94	1	38	6	20	2454
SALES WORKERS	85	69	605	76	2	38	4	11	487	63	0	52	3	10	1505
ADMINISTRATIVE SUPPORT	31	48	541	73	1	4	1	2	1245	113	0	38	10	12	2119
CRAFT WORKERS	333	66	4587	649	12	97	57	34	1046	259	1	15	16	13	7185
OPERATIVES	242	92	1406	341	5	41	6	53	423	115	0	22	7	19	2772
LABORERS & HELPERS	19	16	70	28	0	2	2	2	47	13	0	1	1	3	204
SERVICE WORKERS	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1
TOTAL	1548	845	12455	1807	27	872	89	169	7070	1126	3	713	50	142	26916
PREVIOUS REPORT TOTAL	1363	752	12040	1607	24	786	91	194	6799	1052	2	625	48	131	25514

FIGURE 2: NUMBER OF COMPANIES BY BANDED HEADCOUNT



Two Statistical Methods

- Bivariate regression for entire set of companies
- Simple correlation for sector-level analysis

Sectors Were Mostly Evenly Distributed

Financials (n=46)
Consumer Discretionary (n=31)
Consumer Staples (n=16)
Health Care (n=32)
Industrials (n=38)
Information Technology (n=43)
Materials, Energy, & Utilities (n=41)
Other (Communication, Real Estate) (n=30)

Limitations

- EEO-1 is imperfect, and results from aggregated data must be met with caution
- While improved, sample size is still relatively small
- Statistical methods do not fully capture relationship

Meredith Benton

**Whistle Stop
Capital**

Report author



Findings:

A positive association exists between diverse representation in management and positive financial performance.

Diversity data is material enough to warrant pressure from investors, legislators, and other stakeholders on companies to increase their disclosure of quantitative diversity and inclusion data.

Findings:

	Market Cap	DE Ratio	BVPS	Cash Flow	Net Profit	Rev 3 yr	Rev 5 yr	EPS 3 yr	ROE 5 yr	Price Chng	LT Growth	PEG	Sharpe3	Beta
% Indigenous Peoples (Mgmt.)	-	-	-	+	+	+	?	-	+	+	+	-	+	+
% Asian (Mgmt.)	+	-	+	+	?	+	+	+	-	+	-	-	+	+
% Latinx (Mgmt.)	+	+	+	+	+	-	-	?	+	-	-	-	-	+
% Black (Mgmt.)	+	-	+	+	-	-	-	-	+	-	-	-	-	+
% White (Mgmt.)	+	+	-	+	-	-	-	-	-	-	+	+	-	+
% BIPOC (Mgmt.)	+	-	+	+	+	+	+	+	+	+	-	-	+	-
% BIPOC Women (of Women Mgmt.)	+	-	+	+	+	+	+	+	+	+	-	-	+	+
% Women (Mgmt.)	-	+	+	?	+	+	+	?	?	?	?	+	?	-
Gap in % BIPOC	-	-	+	-	-	-	-	-	-	?	+	-	-	+
Gap in % Women	+	-	+	+	-	-	-	?	-	-	?	+	+	+

The darker the color, the stronger the association.

Orange is a negative association.

Blue is a positive association.

An asterisk indicates that the association holds when controlled for sector.

Findings: Correlations for BIPOC Managers

	Market Cap	DE Ratio	BVPS	Cash Flow	Net Profit	Rev 3 yr	Rev 5 yr	EPS 3 yr	ROE 5 yr	Price Chng
% BIPOC (Mgmt.)	+	-	+	+	+	+	+	+	+	
% BIPOC Women (of Women Mgmt.)	+	-	+	+	+	+	+	+	+	
% Women (Mgmt.)	-	+	+	?	-	+	+	?	?	

Higher representation of Black, Indigenous, and people of color (BIPOC) employees in management has a positive relationship to:

- cash flow,
- net profit,
- three- and five-year revenue,
- five-year ROE, and
- stock performance.

The darker the color, the stronger the association. Orange is a negative association. Blue is a positive association. An asterisk indicates that the association holds when controlled for sector.

Findings: BIPOC Manager Correlation by Sector

	Market Cap	DE Ratio	BVPS	Cash Flow	Net Profit	Rev 3 yr	Rev 5 yr	EPS 3 yr	ROE 5 yr	Price Chng	LT Growth
Financials (n=46)	+	+	+	+	+	+	+	-	+	+	-
Consumer Discretionary (n=31)	+	-	+	+	-	-	-	-	+	~0	-
Consumer Staples (n=16)	+	-	-	-	+	-	-	~0	+	+	-
Health Care (n=32)	+	+	~0	+	+	+	-	+	+	+	-
Industrials (n=38)	+	+	-	+	-	+	+	+	+	+	-
Information Technology (n=43)	+	-	-	+	+	+	~0	+	+	+	-
Materials, Energy, & Utilities (n=41)	+	~0	+	+	-	~0	~0	+	+	-	~0
Other (Communication, Real Estate) (n=30)	+	-	+	+	-	+	+	+	+	-	+

Higher representation of Black, Indigenous, and people of color (BIPOC) employees in management has a positive relationship to:

- 5 year ROE across all sectors
- An inconsistent relationship to other financial metrics, dependent on sector.

The darker the color, the stronger the association. Orange is a negative association. Blue is a positive association. An asterisk indicates that the association holds when controlled for sector.

Findings: Correlations for White Managers



	Market Cap	DE Ratio	BVPS	Cash Flow	Net Profit	Rev 3 yr	Rev 5 yr	EPS 3 yr	ROE 5 yr	Price Chng	LT Growth
Financials (n=46)	-	-	-	-	-	-	-	+	-	-	+
Consumer Discretionary (n=31)	-	+	-	-	+	+	+	+	-	~0	+
Consumer Staples (n=16)	-	+	+	+	-	+	+	~0	-	-	+
Health Care (n=32)	-	-	~0	-	-	-	+	-	-	-	+
Industrials (n=38)	-	-	+	-	+	-	-	-	-	-	+
Information Technology (n=43)	-	+	+	-	-	-	~0	-	-	-	+
Materials, Energy, & Utilities (n=41)	-	~0	-	-	+	~0	~0	-	-	+	~0
Other (Communication, Real Estate) (n=30)	-	+	-	-	+	-	-	-	-	+	-

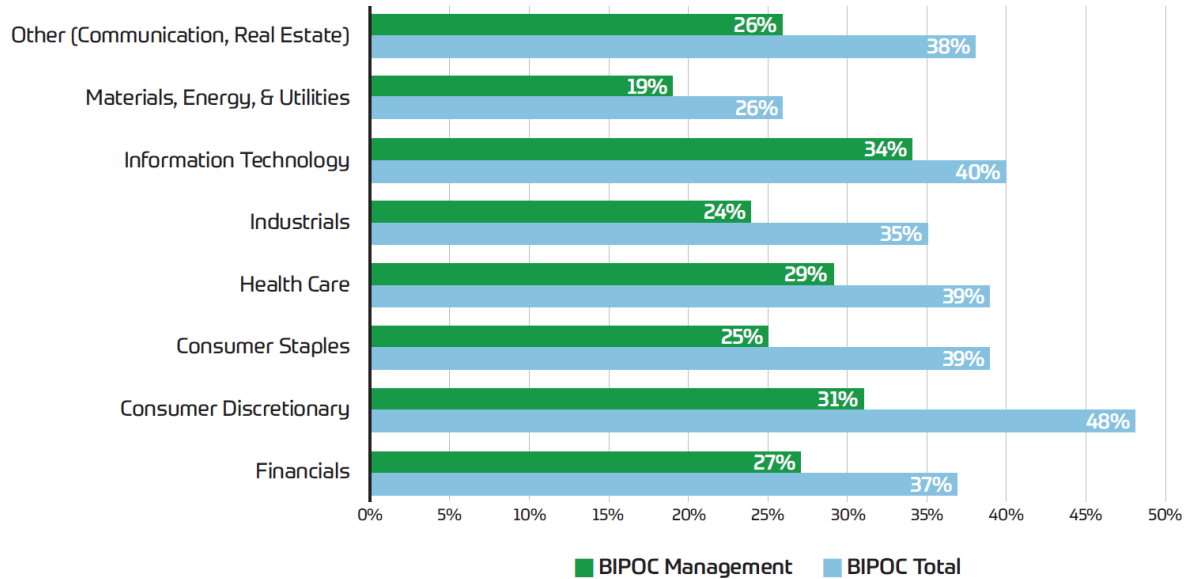
Long-term broker estimates are generally bullish when higher percentages of White management participation are seen - even though those companies have not outperformed.

However, brokers valued more highly companies with strong diversity hiring in 2021.

The darker the color, the stronger the association. Orange is a negative association. Blue is a positive association. An asterisk indicates that the association holds when controlled for sector.

Findings: BIPOC Representation

PERCENT OF BIPOC EMPLOYEES, BIPOC MANAGERS BY SECTOR



Much diversity is lost between broader organizational representation and the management level.

Overarching challenges exist in the cultivation, retention, and promotion of diverse talent, regardless of sector.

Findings: Gap in Representation

	Market Cap	DE Ratio	BVPS	Cash Flow	Net Profit	Rev 3 yr	Rev 5 yr	EPS 3 yr	ROE 5 yr	Price Chng
Gap in % BIPOC	-	-	+	-	-	-	-	-	-	?
Gap in % Women	+	-	+	+	-	-	-	?	-	-

Negative financial performance is associated with larger gaps between BIPOC representation in the broader employee base and BIPOC representation in the management team.

The darker the color, the stronger the association. Orange is a negative association. Blue is a positive association. An asterisk indicates that the association holds when controlled for sector.

Findings: Data Set Insufficiency

N=277, the size of the data set remains insufficient.

Financials (n=46)
Consumer Discretionary (n=31)
Consumer Staples (n=16)
Health Care (n=32)
Industrials (n=38)
Information Technology (n=43)
Materials, Energy, & Utilities (n=41)
Other (Communication, Real Estate) (n=30)

Market Cap	DE Ratio	BVPS	Cash Flow	Net Profit	Rev 3 yr	Rev 5 yr	EPS 3 yr	ROE 5 yr	Price Chng	LT Growth
+	-	+	+	-	-	-	-	+	?	-
+	-	-	-	+	-	-	?	+	+	-

The relationship is complex, and occasionally inconsistent. More data is needed.

Findings: Inclusion Data is Needed

To understand human capital management, hiring, promotion and retention data is also needed from employers.

Companies are increasingly willing to share this data set.

Between September 2020 and September 2022, S&P 100 companies increased their release of:

- hiring rate data by gender, race, and ethnicity by 298%;
- retention rate data by 481%; and
- promotion rate data by 300%

Rekha Vaitla

CaISTRS

Speaking on the
importance of DEI
data to investors



Josh Ramer

**Co-founder,
DiversIQ**

Speaking to the
broader state of DEI
data availability



Panelist Discussion



Olivia Knight
As You Sow

Racial Justice
Initiative Manager

Moderator



Daniel Tan
Whistle Stop
Capital



Meredith Benton
Whistle Stop
Capital



Rekha Vaitla
CalSTRS



Josh Ramer
DiversIQ

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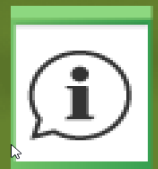
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FINANCE



PLASTIC WASTE



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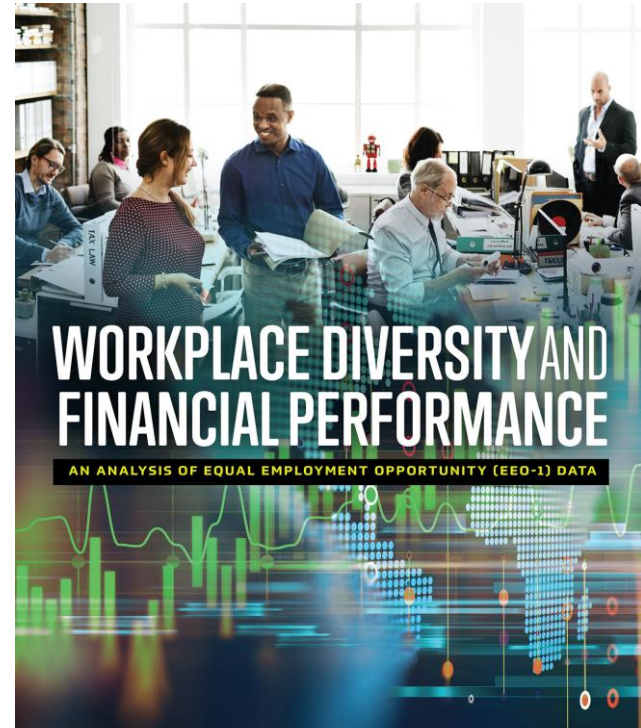
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