

New Study by Financial Industry Analysts Finds Decreasing Disclosure of Equal Employment Opportunity Data

SIRAN Releases Follow-up to 2005 Benchmark Study of EEO Disclosure

(Washington, DC) October 7, 2008— A group of more than 200 analysts who specialize in integrating environmental, social, and governance research into investment practices today released a study that found a relative drop in recent years of public disclosure of comprehensive Equal Employment Opportunity (EEO) information by firms listed on the Standard & Poor 100 stock index.

The group of analysts, known as SIRAN, found that companies agreeing to provide investors with comprehensive EEO data, either in public reports or upon request, decreased from 54 percent in 2005 to 36 percent in 2007/2008. While those that provided partial EEO data increased from 13 to 21 percent, those confirming that they do not disclose such information increased from 33 to 43 percent over the same period.

According to study co-author Heidi Soumerai, even these decreased reporting rates are probably overstated. Soumerai is with Walden Asset Management, a division of Boston Trust & Investment Management Company.

“Companies that chose not to participate in our study — about half of S&P 100 companies — are assumed to be much less likely to disclose EEO information than those that did respond,” said Soumerai. “Also, the companies surveyed are among the largest in the United States and have likely been under more scrutiny for their employment practices and pressure to disclose EEO-1 data than smaller firms.”

Currently the federal government requires companies with more than 100 employees to report workforce diversity data in an EEO-1 report. While data collected on this form are an important reference for analysts to observe a company's progress in diversifying its workforce, particularly at its highest levels, the report is not currently in the public domain.

The study released today is a follow-up to SIRAN's 2005 study, “A Call to Action,” a benchmark study on EEO disclosure.

In offering possible explanations for declining reporting rates, study co-author Peter DeSimone of RiskMetrics Group said, “Shareholder pressure on this issue, in the form of resolutions filed during proxy season, has declined in recent years, at the same time that calls for broader reporting on global sustainability issues not aligned with U.S. EEO disclosure requirements have increased.”

SIRAN's study uncovered another contributing factor. In September 2007, the revised EEO-1 Report began requiring companies to separately classify

executives into categories based on responsibility and influence instead of one, splitting the “Officials and Managers” category into “Executive/Senior Level Officials and Managers” and “First/Mid-Level Officials and Managers.”

“This is important because employment disparities by race and gender tend to increase at higher management levels,” Soumerai said. “The result of the new two categories may be that companies have become more reluctant to share their EEO-1 reports because data in these two upper level categories may not reflect well on them.”

SIRAN analysts support corporate disclosure of comprehensive EEO information as a means to help foster progress on hiring, promoting and retaining minority and female employees. Persistent inequalities in the workplace are believed to pose risks to society and long term business success. SIRAN was established in 2004 as a working group of the Social Investment Forum, the national membership association for the social investment industry.

Visit http://www.siran.org/projects_eeo_project.php for SIRAN's 2008 report and new survey results.

The Social Investment Forum (<http://www.socialinvest.org>) is the national membership association for the social investment industry. It is dedicated to the concept, practice, and growth of socially responsible investing. The Forum's 500-plus members include financial planners, banks, mutual fund companies, research companies, foundations, and community investing institutions.

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