

ARJUNA CAPITAL/PROXY IMPACT: OVER HALF OF TOP U.S. COMPANIES GET AN “F” ON RACIAL AND GENDER PAY SCORECARD

In New Report Marking Equal Pay Day, Only 5 Companies Get “A” Grade, While Those Earning “F”s Include Goldman Sachs, Colgate, AT&T, McDonalds, Walmart and Verizon

BOSTON, MA – March 23, 2021 – Of 51 companies examined in [the “Racial and Gender Pay Scorecard” released today to mark Equal Pay Day](#), fewer than one in 10 -- Mastercard, Starbucks, Pfizer, Citigroup, and Bank of New York Mellon – get an “A,” while over half (26) get an “F.”

The 4th edition of the Scorecard is being released today by the investment management firm Arjuna Capital and Proxy Impact. The grades are based on quantitative disclosures (versus qualitative assurances) by companies taking concrete steps to close racial and gender pay gaps. The 51 companies in the ranking have all been engaged by investors through the shareholder proposal process and asked to improve their public pay equity disclosures.



Natasha Lamb, managing partner, Arjuna Capital, said: **“The world’s largest corporations are under intense pressure to close their racial and gender pay gaps in response to investor insistence, the #BLM and #MeToo movements, and increasing public policy and regulation. But despite a wave of corporate statements expressing solidarity with Black Americans and women, there are very few standout companies that actually provide an honest accounting of and commitment to closing racial and gender pay gaps.”**

Michael Passoff, CEO, Proxy Impact, said: **“Racial and gender pay gaps at some of the world’s largest corporations are an area of increased concern and focus. Pay discrepancies have raised reputational, regulatory, financial, and legal risks for companies. An increasing number of shareholders have asked companies to report on their analyses, policies, and goals to reduce any racial and gender pay gaps. The global Coronavirus pandemic has only exacerbated racial and gender pay gaps and underlined the need for action.”**

Key findings of the report include:

- Some of the biggest names in corporate America earned an “F” grade, including Goldman Sachs, Colgate, AT&T, McDonalds, Walmart, and Verizon.
- Nine companies’ scores deteriorated year-over-year, including Amazon, Wells Fargo, Intel, Google,

Microsoft, Verizon, Expedia, Starbucks, and Arthur J. Gallagher. Twenty-four companies improved their scores.

- Only 23/51 companies disclose on racial pay gaps. And there is a noticeable difference in racial/gender pay disclosure by sector. For example, while two-thirds of financial companies have improved their scores from last year, only one-third of tech companies achieved such progress.
- Bank of New York Mellon and Pfizer earned an “A” grade this year, joining Mastercard, Starbucks, and Citigroup at the top of the list, due to commitments to best-practice disclosures.
- Eleven companies (in order of rank from best to worst) — Adobe, Nike, Progressive Insurance, American Express, Reinsurance Group, JP Morgan Chase, Apple, Cincinnati Financial, Bank of America, Wells Fargo, and Intel—garnered a “B” grade for their efforts to disclose and act on their racial and gender pay gaps.
- Many of the companies in the Scorecard have provided adjusted pay data, but almost all have refused to provide investors unadjusted (median) pay gap data beyond their U.K. operations, where it is mandated. In fact, the only companies to report both adjusted and unadjusted median global pay gap numbers are Citigroup, Starbucks, Mastercard, and Pfizer, which has earned them top ranks. Bank of New York Mellon has agreed to do so in 2021.
- Over the last seven years, 132 shareholder proposals on this issue have been filed at more than 69 companies (including the 51 in the Scorecard), and many more have been engaged through shareholder dialogues.

Arjuna Capital is [an investor champion of workplace concerns for minorities and women](#). In the 2020 proxy season, Arjuna Capital submitted a total of [13 shareholder resolutions seeking median race and gender pay equity disclosure](#), and an additional four in 2021. Since 2016, Arjuna has compelled gender pay gap disclosures at 22 companies, and racial pay gap disclosures at 17 companies, including leading U.S. tech, finance, and retail firms Apple, Amazon, Intel, Microsoft, Google, Facebook, JPMorgan Chase, Bank of America, Nike, and Adobe.

The Racial & Gender Pay Scorecard zeroes in on the difference between company-reported adjusted pay gaps and the unadjusted median pay gap disclosures mandated by the United Kingdom, and now requested by U.S. investors.

Equal Pay Day marks how far into the year women must work to earn what men made the previous year, as measured by median pay. Pay gaps are literally defined as the median pay of minorities and women compared to the median pay of non-minorities and men. Median pay is considered the valid

ARJUNA CAPITAL / PROXY IMPACT RACIAL AND GENDER PAY SCORECARD	
FINANCIALS	GRADE
Mastercard	A
Starbucks	A
Pfizer	A
Citigroup	A
Bank of New York Mellon	A
Adobe	B
Nike	B
Progressive Insurance	B
American Express	B
Reinsurance Group	B
JPMorgan Chase	B
Apple	B
Cincinnati Financial	B
Bank of America	B
Wells Fargo	B
Intel	B
Facebook	C
Google	C
eBay	C
Texas Instruments	C
Microsoft	C
Amazon	C
Costco	D
Cigna	D
HP Inc.	D
Lincoln National	F
Wyndham Hotels & Resorts	F
Citizens Financial Group	F
Key Corp	F
Biogen Inc.	F
Marriot	F
McDonald's	F
Walmart	F
IDEXX Laboratories	F
Verizon Communications	F
TJX Companies	F
Expedia	F
AT&T Inc.	F
Oracle	F
Qualcomm	F
Analog Devices	F
Colgate	F
Intuitive Surgical	F
Goldman Sachs	F
Marsh & McLennan	F
Metlife	F
Arthur J. Gallagher	F
DaVita Inc.	F
Quest Diagnostics	F
Hartford Financial Services	F
Discover Financial Services	F

way of measuring pay inequity by the United States Census Bureau, Department of Labor, OECD, and International Labor Organization.

Pay inequity persists across race and gender. Black workers' hourly median earnings, adjusted for inflation, have fallen 3.6 percent since 2000, representing 75.6 percent of white workers' wages. Women in the U.S. make 82 cents on the dollar versus men. Intersecting race and gender, compared to white workers, African American women make 62 cents on the dollar, Native women 60 cents, and Latina women 54 cents. Black workers make 75.6 cents on the dollar versus white workers. Black men make 87 cents on the dollar versus white men, while Hispanic men make 91 cents.

Citigroup estimates that closing U.S. minority and gender wage gaps 20 years ago could have generated 12 trillion dollars in additional national income and contributed 0.15 percent to United States GDP per year. PwC estimates closing the gender pay gap could boost Organization for Economic Cooperation and Development (OECD) countries' economies by \$2 trillion annually.

Racial and gender pay equity is now a key area of focus for companies. WorldatWork and Korn Ferry report that 60 percent of U.S. companies are working to address pay inequity across race and gender, and those not taking action are considering doing so. In 2019, 48 percent of more than 1,300 companies surveyed reported auditing salary data and pay practices, while 24 percent reported revising hiring practices.

ABOUT THE REPORT AUTHORS

Arjuna Capital is a sustainable and impact investment firm that works with high-net-worth individuals, families, and institutions to invest their assets with a lens toward Environmental, Social, and Governance (ESG) risk and opportunity. Natasha Lamb and Arjuna Capital have been recognized for [using shareholder resolutions to promote gender and racial pay equity in the tech, banking, and retail sectors](#). Lamb was named to the "Bloomberg 50" list of influencers who defined global business in 2017. For more information, visit www.Arjuna-Capital.com.

Proxy Impact provides shareholder advocacy and proxy voting services that promote sustainable and responsible business practices. Proxy Impact's Women's Inclusion Project engages companies on issues of board diversity, workplace diversity, racial and gender pay gaps, and child sexual exploitation online. For more information, visit www.proxyimpact.com

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