

Turning Words into Deeds: CEOs and Black Lives Matter



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Friday the 13th (of March) was the day that we at the Comptroller's Office of New York City began working remotely from our homes. Who could have predicted what would happen during the next six months – months that have felt like *years*? The pandemic and its disproportionate toll on communities of color, and the murder of George Floyd, which resulted in protests for racial justice in the streets, have highlighted the extreme shortcomings of our society. In the absence of leadership and empathy from the tenants of the White House, business leaders have been given not just the green light but the spotlight in terms of their public commitments to their stakeholders.

A big takeaway from the [Test of Corporate Purpose](#) (TCP) stakeholder survey results is that the business world is underperforming when it comes to managing the issue of inequality. CEOs need to be held accountable for the comments that they made in support of racial justice. We commend leaders who made announcements about racial inequality in our society, and more broadly, about the importance of diversity and inclusion. In the absence of data, however, their companies' performance is impossible to measure, and no amount of aspirational text or photos of happy employees can be a proxy for evidence that is quantifiable and, more importantly, comparable.

To that end, our Corporate Governance team – made up of individuals who reflect the broad diversity of New York City – wrote letters to 67 of the S&P100 companies that had made such public commitments but were not disclosing their EEO-1 reports.¹ We urged these companies to take action in the area in which they have the most direct impact: their own employees. Although not perfect (but what is?), the EEO-1 report is already compiled, and its release would thus not impose additional costs on the company. It is also standardized – every company submits the same form – which circumvents any uncertainty about which acronymic framework might be most appropriate for each company. Our goal is that with this small step toward transparency, investors, data aggregators, employees and the public can begin to monitor, assess and benchmark any company's performance in hiring, retaining and promoting black employees, other employees of color, and women in the United States.

¹The EEO 1 Report is an annual compliance survey mandated by federal statute and regulations. The survey requires company employment data to be categorized by race/ethnicity, gender and job category. Both the U.S. Equal Employment Opportunity Commission (EEOC) and Office of Federal Contract Compliance Programs use the EEO-1 Report data, among other things, to analyze employment patterns including the representation of minorities and women within companies, industries or regions.



Thus far, many of the companies we contacted in July are now disclosing their EEO-1 report or have committed to doing so in the near future. This speaks to many investors' focus on inequality and, more broadly, need for quantifiable and comparable human capital management data. It is also encouraging that many companies are willing to be held accountable to their stakeholders by increasing transparency in this area. Will other companies follow, and "walk the talk"?