

## Investors Score a Win, Push Visa and Others to Disclose Pay Gap

By Neanda Salvaterra

This year for the first time, a majority of investors at two companies — **Lowe's** and **The Walt Disney Company** — voted in favor of pay gap data disclosure resolutions backed by investors including **Arjuna Capital**. The impact and ESG investment firm withdrew a similar proposal at **Visa** this week, after the company agreed to voluntarily publish information about wage disparities.

The home improvement retailer **Lowe's**, **Disney** and the credit card giant **Visa** join a select few U.S. businesses such as **Citigroup**, **American Express** and **MasterCard** that have agreed to disclose pay gap data, as stakeholders continue to push companies to address pay disparities for especially women and minorities, whose compensation has historically lagged their white male counterparts, according to federal statistics.

Companies and board directors should expect more investor agitation on this front, according to several market players, including **Natasha Lamb**, a managing partner at **Arjuna**.

“Racial and gender pay equity is more important today than ever. We remain in a competitive labor market, and even with a recession looming, companies are seeking to hire, retain and promote diverse talent,” said **Lamb**, who noted that **Arjuna** will be asking more companies to disclose pay gap data in the lead-up to next proxy season. “We will be engaging at least half a dozen more portfolio companies this year.”

At the **Lowe's** annual general meeting on May 27, 58% of investors voted in favor of the company's reporting “unadjusted median and adjusted pay gaps across race and gender, including associated policy, reputational, competitive and operational risks, and risks related to recruiting and retaining diverse talent,” according to the [language](#) of the resolution.



*Lowe's Chairman and CEO Marvin Ellison speaks at the Milken Institute Global Conference in May. Source: Bloomberg Mercury.*

Earlier in the year, at **Disney's** annual general meeting on March 8, 59.1% of investors voted in favor of a nearly identical [resolution](#) calling for the company to report on pay gaps across race and gender.

The results of the investor action at the companies follow more than half a decade of advocacy by investors on pay equity matters. The calls for companies to address pay and social justice issues intensified two years ago following the death of **George Floyd**, a Black man killed while in police custody. Since 2016, **Arjuna** has filed racial and gender pay equity disclosures at 30 Fortune 500 companies.

Overall, investors filed 13 resolutions this year, urging companies such as **Microsoft**, **Nike Inc.** and **Amazon** to publish data on wage disparities broken down by gender and race, according to Russell 3000 data provided by **Georgeson**. Only eight of the pay gap resolutions were voted on by investors.

Meanwhile, three of the pay gap proposals were withdrawn at companies such as **Chipotle Mexican Grill Inc.**, **Target** and **The Home Depot Inc.** after the businesses entered into consultation with investors and agreed to their demands.

“We have seen a lot of great wins on the pay gap front this year — Visa, Chipotle, Target, Home Depot — and all of those were the result of constructive dialogue between the companies and investors,” said **Lamb**, whose company had about \$400 million of assets under management at the start of this year.

Most recently this month, Visa voluntarily agreed to disclose pay gap data following discussions with investors and a [resolution](#) that **Arjuna** filed on Aug. 4 asking the payment processing giant to expand on its existing wage gap disclosures with quantitative data, including unadjusted median and statistically adjusted pay gap data.

Investors have called for companies to report on a specific set of metrics because, they say, the type of data companies tend to disclose — statistics showing that women and men with similar jobs or educational backgrounds receive an equal salary — is an imprecise measure of the progress on pay equity.

Investors say companies should disclose median pay equity data that reveals if women and minorities, who historically often have experienced more obstacles in their path to promotions, are equally represented especially in leadership positions that tend to pay more.

Other countries, such as the U.K., already require companies to disclose median pay gap data broken down by gender. Meanwhile, the U.S. does not require companies to report on such matters at the federal level.

Women of all races earned an average of 82 cents for every \$1 earned by men of all races in 2018, according to [an analysis](#) of data from the **Census Bureau**.

The pay gap is more pronounced for minorities. Asian women earned 90 cents and Black women earned 62 cents, compared to white male counterparts, while Hispanic or Latino women earned 54 cents.

Going forward, investors are likely to continue to pressure companies on fair and equitable compensation matters, according to **Hannah Orowitz**, a senior managing director for ESG at Georgeson. “Given that the concerns driving these proposals are not changed from proponents’ viewpoints, we will continue to see them in the 2023 season,” she said.

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