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Group

The third annual "Gender Pay Scorecard" (GPS) report takes a quantitative accounting of current disclosures and goals to help investors navigate best practices on gender and racial pay equity.

Mar. 31, 2020



Of 50 leading U.S. companies, half of them (25) get the lowest mark of "F" in the [Gender Pay Scorecard released today](#) by investment manager Arjuna Capital and Proxy Impact to mark Equal Pay Day in the United States. Only three companies – Starbucks, Mastercard, and Citigroup – received an "A" grade.

A failing grade of "F" is awarded to such top firms as Goldman Sachs, Oracle, McDonalds, and Walmart. Ten companies—Nike, Bank of New York Mellon,

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gap.” This gap measures what women make on average, or more specifically, on the median, versus men.

Since 2016, Arjuna Capital has negotiated gender and racial pay gap disclosures from 22 companies, including leading U.S. tech, finance, and consumer firms Apple, Google, Facebook, Bank of America, JP Morgan, Amazon, and Nike. In the 2020 proxy season, Arjuna Capital and Proxy Impact are asking companies to meet a more stringent standard of disclosing unadjusted “median gender/racial pay gap” data like that mandated in the United Kingdom (and which is *literally* the definition of the gender pay gap). Together, Arjuna and Proxy Impact have submitted a total of 16 shareholder resolutions calling for the additional disclosure.

In recent weeks, [Mastercard](#) and [Starbucks](#) have responded proactively to Arjuna Capital’s median gender/racial pay equity resolutions. (The first company to agree to such a resolution from Arjuna Capital was [Citibank](#) in January 2019). Microsoft recently opposed a median gender/racial pay equity resolution that Arjuna Capital and Proxy Impact put to a vote of its shareholders. The resolution garnered a strong 29.55 percent vote representing nearly \$240 billion in stock.

Minus the recent shareholder-resolution withdrawals at Mastercard and Starbucks, the other companies that have faced or will face 2020 median gender pay equity resolutions from Arjuna Capital are: Adobe, Alphabet/Google, Amazon, Facebook, Intel, Microsoft, American Express, Bank of America, Bank of New York Mellon, JPMorgan, and Wells Fargo. Proxy Impact has additional resolutions going to a vote at Pfizer and Cigna and withdrew a resolution at Wyndham Hotels & Resorts, which agreed to publish median gender pay data. Proxy Impact and Arjuna Capital co-filed the resolutions at Alphabet/Google and Microsoft.

“The only question now is which among America’s leading companies will be leaders and which will continue to be laggards on gender and racial pay equity,” said

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68 companies through shareholder dialogues and proposals,” said Michael Passoff, CEO, Proxy Impact and report co-author. “We see leadership from companies like Citigroup, Starbucks, and Mastercard, while others like Goldman Sachs, McDonald’s, and Walmart remain guarded in their disclosures and lag peers. Gender and racial pay gaps at some of the world’s largest corporations has been an area of increased concern and focus, as pay discrepancies raise reputational, regulatory, financial and legal risks. Consequently, an increasing number of shareholders have asked companies to report on their analyses, policies, and goals to reduce any gender/racial pay gaps. ”

KEY REPORT FINDINGS

By sector, the highest and lowest-rated companies were:

- **BANKING/FINANCIAL.** Two of the three “A” scores were in the banking/financial sector: Citigroup and Mastercard. “B” grades went to Bank of New York Mellon, Progressive Insurance, JP Morgan, Wells Fargo, American Express, and Bank of America. Reinsurance Group was the lone “C” grade and there were no “D” scores. The remaining companies in this sector were graded “F”: Lincoln National, Key Corp, Arthur J. Gallagher, Goldman Sachs, Metlife, Marsh & McLennan, Citizens Financial Group, Hartford Financial Service, Cincinnati Financial, and Discover Financial Services.
- **TECH/COMMUNICATIONS.** No company in this sector received an “A,” though Apple and Intel both were graded “B.” A score of “C” was given to Alphabet, Expedia, Facebook, eBay, Microsoft, Texas Instruments, and Adobe. Hewlett Packard rated a “D” and “F” grades were assigned to Verizon Communications, AT&T Inc., Oracle, Qualcomm, and Analog Devices.

- **RETAIL/CONSUMER.** Starbucks was the only company in this sector with an “A”

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have reported their median pay gaps in the 2020 proxy season. Unadjusted “median” gender/racial pay disclosures—as opposed to statistically adjusted “equal pay” data—expose a lack of female/minority representation in higher-paying jobs, and less women/minorities in leadership. This new level of transparency sought by U.S. investors is in line with the disclosures mandated in the United Kingdom, and provides investors with a baseline to understand broad pay equity at portfolio companies. That is, the difference between what men make and what women make, and what minorities and non-minorities make on a median, unadjusted basis.

The gender pay gap is a global problem and no industries or geographies are immune. On a global basis, the average income for women is only 53 percent of the income of men, and it will take 257 years to close that \$10,000 per year gap. In the United States, women working full time earn 82 percent of that of their male peers, a \$10,122 per year gap. This disparity can add up to nearly half a million dollars over the course of a career.

It is also critical to look also at the intersection of race and ethnicity. For African American, Native, and Latina women, the career earnings gap is close to \$1 million dollars. Indeed, the weekly median earnings for African American and Latina women are 62 percent and 54 percent of that of their male peers, respectively. And at the current rate of change in the U.S., women will not reach pay parity until 2059, while African American women will have to wait till 2130, and Latina women till 2224.

PwC's 2020 Women in Work Index estimates closing the gender pay gap could boost the economies of the Organization for Economic Cooperation and Development (OECD) countries by \$2 trillion annually.

In 2018, gender pay equity followed sexual harassment as [the second-most concerning issue for employers](#).

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