



Diversity Strategies

Diversity, Equity, and Inclusion (DEI) | Racial Justice | Women’s Inclusion



OBJECTIVE To address the broad range of diversity issues through three independent, targeted strategies—Diversity, Equity, and Inclusion (DEI); Racial Justice; and Women’s Inclusion.



SOLUTION Aperio’s Diversity Strategies evaluate an initial universe of publicly traded companies on a broad range of diversity issues. Each strategy narrowly focuses on a specific area through:

- Thematic exclusions that eliminate “bad actors,”
- Scoring that emphasizes companies that are directionally “better,” and
- Proxy voting and shareholder engagement for investors seeking additional impact.

EXCLUSIONS

	DEI	Racial Justice	Women’s Inclusion
Each strategy contains exclusions that address the specific objective. The intent is to eliminate companies that engage in business activities that perpetuate discriminatory behaviors or impede diversity progress.	No Women on Company Board	✓	✓
	No Racial or Ethnic Minorities on US Board	✓	✓
	Private Prisons		✓
	Prison-Related Services		✓
	Predatory Lending		✓
	Civilian Firearms Production		✓
	Community Reinvestment Act (CRA) – Threshold Rating		✓
	No Female Executives		✓
	Pornography (>10% Revenue)		✓

SCORING



Components	DEI	Racial Justice	Women's Inclusion
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We evaluate companies on policies, performance, and controversies across four major themes.

Diversity Policy and Management		✓	✓	✓	Favor companies that promote diversity in recruitment and training, with a senior executive or higher level of oversight.	
	Diversity Controversies	✓	✓	✓	Assesses companies on their involvement with issues such as a history of discrimination-related legal cases; widespread or egregious inequities based on sex, race, or ethnicity; resistance to improved practices, and criticism by non-governmental organizations or other third-party observers.	
	Diversity Performance	Racial and Ethnic Board Members	✓	✓		Appraises companies' leadership and board composition based on racial and ethnic or gender diversity. The scoring process favors companies with women in leadership positions and women and racial and ethnic minorities on their boards.
		Gender Diversity Performance	✓		✓	
Human Rights Policies				✓	Tilt towards companies that have adopted effective human rights policies, have effective processes to monitor these policies, and are signatories to the United Nations Global Compact.	

ACTIVE OWNERSHIP

Proxy Voting

Aperio views proxy voting as both a fiduciary duty and an additional tool for clients to express their values and create impact with public equities. We vote on clients' behalf on corporate proxy ballots, amplifying their voices on director elections and shareholder resolutions related to social and environmental issues.

Example: In June 2020, Aperio SRI/ESG accounts voted FOR a shareholder resolution with Fastenal. The resolution asked that Fastenal publish a report assessing the diversity of the company's workforce. 61.1% of Fastenal shares voted FOR.

Shareholder Advocacy

Clients can increase their impact by partnering with advocacy groups—such as As You Sow—and sponsoring resolutions that address significant diversity issues.

Example: In 2019, Aperio clients sponsored a shareholder resolution organized by As You Sow with Gilead Sciences, requesting the company report on its Diversity, Equity, and Inclusion programs. As You Sow reports that, after dialogue, Gilead agreed to substantively increase its disclosures related to its workplace equity program, including the public disclosure of demographic data of employees by gender, race/ethnicity, disability, veteran status, and LGBTQ+, as well as its EEO-1 summary data.

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