



## INVESTOR STATEMENT IN SUPPORT OF ENDING FORCED ARBITRATION FOR SEXUAL HARASSMENT CLAIMS

We, as investors representing more than **\$54 billion** in assets, issue this statement in support of publicly traded companies ending the practice of forced arbitration for employee sexual harassment claims by the year 2020.

Forced arbitration requires workers, as a condition of employment<sup>1</sup>, to sign an agreement that they will only settle disputes with the employer through private arbitration - with no judge, no jury, and almost no government oversight. The practice eliminates the option of going to court and legally prevents the employee from discussing the issue with anyone outside of the arbitration proceedings. Research has demonstrated that arbitration rulings favor employers<sup>2</sup> that likely benefit from maintaining ongoing relationships with arbitrators. When valid sexual harassment claims are routinely mishandled and employees are barred from publicly sharing their experiences, companies unintentionally protect serial harassers, silence victims, and create a culture of acceptance regarding sexual harassment.

In addition to the clear social harm resulting from this practice, as investors we urge companies to end this practice for the following reasons:

- **Forced arbitration prevents the public, including investors, from having access to a company's history of sexual harassment claims and how they were handled.**

Without this information, investors are unable to assess whether a company provides a safe, respectful, and inclusive environment for its employees - a well-known indicator of profitability and positive shareholder returns<sup>3</sup>.

- **Forced arbitration creates a costly culture of acceptance for sexual harassment.**

A typical Fortune 500 company loses over \$14 million per year because of absenteeism, low productivity, and staff turnover as a result of sexual harassment.<sup>4</sup> While arbitration may save the employer on legal bills, sexual harassment makes it harder for everyone in the company to get work done and that, not legal bills, is what costs employers the most in the long run.

- **All employees are made more vulnerable by forced arbitration of sexual harassment claims, especially women, African Americans, and low wage workers.**

A recent study found that women and African-American workers are more likely to be subjected to forced

arbitration and that the practice is more common in low-wage workplaces.<sup>5</sup> This suggests that forced arbitration disproportionately impacts vulnerable communities.

- **Ending the practice inspires brand loyalty from a generation of socially savvy, values-motivated consumers, which is critical for long-term business success.**

The #MeToo movement is influencing and educating the next generation of consumers, who care now more than ever before about workplace safety for women and how companies are handling sexual harassment claims. Eliminating forced arbitration for these claims is quickly becoming an indicator of a company's responsiveness to customers' values and workplace safety for its women employees. Doing so also demonstrates that a company intends to remain a relevant actor in modern business by being attuned to the needs of its employees, expectations of its customers, and major shifts in the cultural landscape.

- **Ending the practice offers a competitive edge in hiring.**

A company's success is dependent upon its ongoing ability to attract top talent. Most sexual harassment claims are brought by women and ending this practice demonstrates that a company is committed to the wellbeing of its women employees. As the public becomes increasingly aware of the issue, and more companies end this practice, talent will increasingly seek employment where the safety and well-being of female employees is prioritized.

- **Ending the practice is easily done.**

In recent years, several large, publicly traded companies swiftly ended this practice<sup>6</sup> in response to employee and consumer requests.

Signed,

Walden Asset Management

Impact Investors

Impact Shares

Natural Investments

Reynders, McVeigh Capital Management, LLC

Fresh Pond Capital a division of Reynders, McVeigh Capital Management, LLC

Principled Investing LLC

Green Century Capital Management

Domini Impact Investments

JLens Investor Network

Midwest Coalition Responsible Investment

Congregation of Sisters of St. Agnes

Jantz Management LLC

Sisters of Mary Reparatrix

AFL-CIO

Vert Asset Management

NorthStar Asset Management, Inc.

Sisters of Charity, BVM  
Clean Yield Asset Management  
Stardust  
Sisters of Mary Reparatrix  
Dominican Sisters ~ Grand Rapids  
Sisters of St. Francis Charitable Trust, Dubuque  
Nia Impact Capital  
The Prentice Foundation  
First Affirmative Financial Network  
Boston Common Asset Management  
Fund for Democratic Communities  
Natural Investments  
Jessie Smith Noyes Foundation  
Zevin Asset Management  
Tara Health Foundation  
Sonen Capital  
The Tikkun Olam Foundation, Inc.  
100% Sustainability  
Cynthia M Ruiz, President of the Los Angeles City Employee Retirement System Board  
Trillium Asset Management, LLC  
Sant Foundation  
The Summit Foundation  
Linked Foundation  
Cornerstone Capital Group  
The Grove Foundation  
Region VI Coalition for Responsible Investment  
Interfaith Center on Corporate Responsibility  
Interfaith Center on Corporate Responsibility  
Candide Group  
As You Sow  
Skye Advisors, LLC  
Transformative Wealth Management  
CNote  
Harrington Investments, Inc.  
Cogent Consulting PBC

Abacus Wealth Partners, LLC  
Miller/Howard Investments, Inc.  
CtW Investment Group  
Ethic Inc

## ENDNOTES

1. An agreement that requires an employee to opt out of a waiver or take any affirmative action in order to preserve their rights is deemed a condition of employment.
2. Alexander J.S. Colvin, "An Empirical Study of Employment Arbitration: Case Outcomes and Processes" *Cornell University, ILR School* (February 2011), <http://digitalcommons.ilr.cornell.edu/articles/577>.
3. Dr. Andrew Chamberlain, "Does Company Culture Pay Off? Analyzing Stock Performance of 'Best Places to Work' Companies," *glassdoor* (March 2015), [https://www.glassdoor.com/research/app/uploads/sites/2/2015/05/GD\\_Report\\_1.pdf](https://www.glassdoor.com/research/app/uploads/sites/2/2015/05/GD_Report_1.pdf).
4. Lynn Parramore, "\$MeToo: The Economic Cost of Sexual Harassment," Institute for Economic Thinking (January 2018), <https://www.ineteconomics.org/research/research-papers/metoo-the-economic-cost-of-sexual-harassment>.
5. News from EPI Press Release, "Women and African Americans are More Likely to be Subject to Mandatory Arbitration," *Economic Policy Institute* (April 6, 2018), <https://www.epi.org/press/women-and-african-americans-are-more-likely-to-be-subject-to-mandatory-arbitration>.
6. Jena McGregor, "Google and Facebook ended forced arbitration for sexual harassment claims. Why more companies could follow." *The Washington Post* (November 12, 2018), [https://www.washingtonpost.com/business/2018/11/12/google-facebook-ended-forced-arbitration-sex-harassment-claims-why-more-companies-could-follow/?utm\\_term=.e48ef74dc789](https://www.washingtonpost.com/business/2018/11/12/google-facebook-ended-forced-arbitration-sex-harassment-claims-why-more-companies-could-follow/?utm_term=.e48ef74dc789).