



# THE CASE FOR DISABILITY INCLUSION IN ENVIRONMENTAL SOCIAL GOVERNANCE INVESTING

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# Improving business opportunities for people with disabilities is a social issue at the heart of ESG.



Investors and shareholders increasingly view diversity and inclusion as a vital component of environmental, social and governance (ESG) investing.

Diverse and inclusive companies perform better, and thus are better investments. According to the [2022 JUST 100](#), an annual ranking that reflects the performance of America's largest publicly traded companies on issues that matter in defining just business behavior, JUST 100 companies had a 4.4% higher return on equity and paid 19.2% more in dividends. Individuals with disabilities are an important part of this diversity and inclusion advantage.

Shareholders are asking for more diversity metrics every year from the companies they invest in. A [new study](#) by The Conference Board and ESGUAGE analyzed 348 ESG proxy proposals at Russell 3000 companies in the first half of last year and found that among the 158 voted on, the highest level of average support, 69%, was recorded for proposals requiring companies to publicly disclose their workforce diversity data.

# People With Disabilities Are Among The Most Underrepresented



Despite passage of the Americans with Disabilities Act (ADA) in 1990, individuals with disabilities continue to face isolation and segregation.

The ADA makes clear that disability rights should be considered civil rights and that individuals with disabilities have faced historical discrimination similar to racial minorities.

People with disabilities are regularly forced to adapt to an inaccessible world and deal with inaccurate assumptions about their abilities. As the [ADA noted](#), “individuals with disabilities are a discrete and insular minority who have been faced with restrictions and limitations, subjected to a history of purposeful unequal treatment, and relegated to a position of political powerlessness in our society, based on characteristics that are beyond the control of such individuals and resulting from stereotypic assumptions not truly indicative of the individual ability of such individuals to participate in, and contribute to, society.”

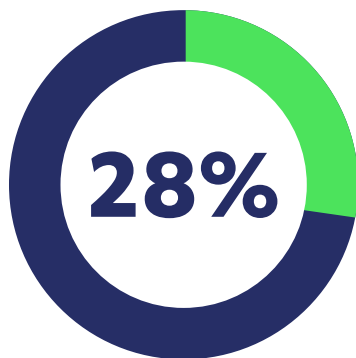
People with disabilities have long been recognized by Congress, the courts, and executive agencies as a minority group that has been subjected to a history of unequal treatment and marginalization based on myths, fears, and stereotypes. Unlocking opportunity in the workplace for people with disabilities requires proactive policies to eliminate barriers and promote opportunity.

# Disability Inclusion Improves Corporate Performance



Typically, diversity categories include women, racial and ethnic minorities and, more recently, LGBTQ+ status. Disability inclusion has also proven to be a powerful tool for companies to improve corporate performance and increase shareholder returns.

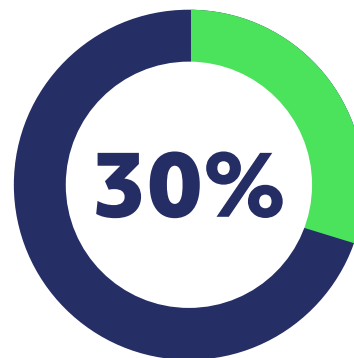
An Accenture report, "[Getting to Equal: The Disability Inclusion Advantage](#)," found that companies that embraced best practices for employing and supporting people with disabilities achieved 28 percent higher revenue, double the net income and 30 percent higher economic profit margins over a four-year period. Moreover, companies that improved their inclusion of people with disabilities over time were four times more likely than others to have total shareholder returns that outperformed those of their peer group.



**Higher  
Revenue**

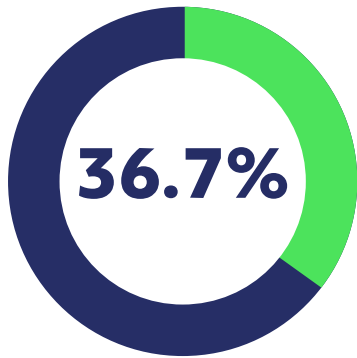


**Higher Net  
Income**

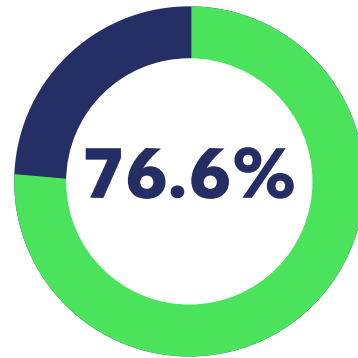


**Higher  
Economic  
Profit Margin**

Just 36.7% of working-age Americans with disabilities are participating in the labor force vs. 76.6% of those without a disability. There is an untapped talent pool of 10.7 million people.



**Labor Force  
Participation for  
People with Disabilities**



**Labor Force  
Participation for  
People without Disabilities**

Despite these benefits, the labor force participation rate of working-age (16-64) people with disabilities was 36.7% in December 2021 according to the Bureau of Labor Statistics. By contrast, the labor force participation rate for working-age (16-64) people without disabilities was 76.6%. 10.7 million people with disabilities continue to be underrepresented in corporate America, representing a large, underutilized talent pool in what is considered a very strong labor market today. And people with disabilities are still not included in corporate diversity metrics akin to other under-represented identities like women and people of color and LGBTQ+.

# Disability Inclusion Is A Material Issue For **Investors**



Disability inclusion must become a priority for investors and part of their criteria when making ESG investment decisions. Requiring companies to disclose disability data would provide investors and shareholders with the material information they need to make informed decisions about what indicators matter for long-term value. The data would also have a positive effect on a company's brand, talent and diversity and inclusion efforts, thereby also benefiting shareholders.

Recently, a group of [30 investors](#) with over \$2.8 trillion in assets under management – including Bank of America, [TD Bank](#), Voya Financial, the California State Teachers' Retirement System, and [New York State Comptroller Thomas DiNapoli](#) – signed a joint letter calling on the companies they invest in to create inclusive workplaces built for sustainable, long-term performance by tapping into talent with disabilities.

**“Companies should seize the opportunity to join the growing number of corporations that recognize the benefits of disability inclusion and are reporting their efforts.”**

**— New York State Comptroller Thomas DiNapoli**

Additionally, [Comptroller DiNapoli](#) and [Connecticut State Treasurer Shawn T. Wooden](#) sent letters calling on companies in their pension fund portfolios to do more to further disability inclusion. “Companies should seize the opportunity to join the growing number of corporations that recognize the benefits of disability inclusion and are reporting their efforts,” said New York State Comptroller Thomas DiNapoli, fiduciary of New York State's pension fund, one of the world's largest and most influential investors. The New York State Common Retirement Fund and Massachusetts PRIM have included language on disability disclosure on voter proxy guidelines.

# Disability Inclusion Can Be Easily Regulated



Investors are also asking regulators to consider adding disability status to any proposed rulemaking around public companies' human capital management reporting requirements in 10-K filings.

Last year, investors asked Nasdaq to include people with disabilities in a new boardroom diversity rule for most of its U.S.-listed companies. In April 2021, Disability:IN and the [American Association of People with Disabilities \(AAPD\)](#) wrote to Securities and Exchange Commission (SEC) Secretary Vanessa Countryman in support of Nasdaq's board diversity proposal if it included persons with disabilities. Nasdaq declined to do so but encouraged companies to report the data on their own. To that end, [Disability:IN has also partnered with the Equilar BoardEdge platform](#) to help companies capture disability self-identification data on individual profiles of board-ready candidates.

And in 2020, the [SEC](#) updated its human capital rules to mandate that companies disclose information related to its workforce that is material to its business, though the Commission left the details up to the companies.

This year, the SEC is considering a new rule on human capital management and diversity disclosure. In December 2021, [Disability:IN and AAPD](#) wrote to SEC Chair Gary Gensler urging the Commission to require companies to collect and disclose certain diversity information including disability status. The SEC has broad authority as a regulator and is in a strong position to advance economic opportunities for people with disabilities.



# Fortune 1000s Are **Prioritizing** Disability Inclusion



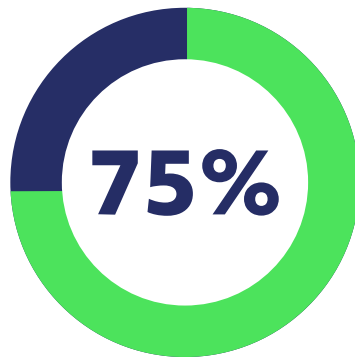
Top CEOs have signed Disability:IN's [CEO Letter](#) on Disability Inclusion urging peer Fortune 1000 executives to join them in advancing equality and inclusion.

Specifically, the letter asks fellow CEOs to share important information on disability inclusion that details its impact on business performance and ensure they are aware of increasing investor interest in understanding how companies are inclusive of people with disabilities. As of January 2022, over 100 CEOs have signed the letter, including leading brands like Intel, TD Bank, Target, Marriott, and Lowes.

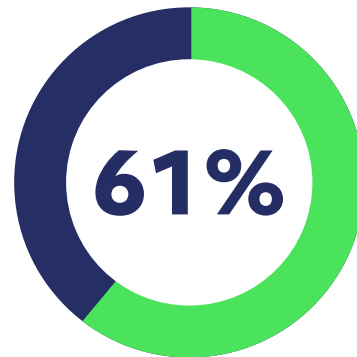
In partnership with AAPD, Disability:IN's [Disability Equality Index \(DEI\)](#) provides Fortune 1000 and AmLaw 200 companies with a roadmap of measurable, tangible actions to take to achieve disability inclusion and equality with top ranked companies receiving recognition as DEI "Best Places to Work for Disability Inclusion." Nearly 400 businesses have participated in the DEI to date, including recognizable companies like Facebook, American Airlines, Ford, Starbucks, and Verizon. As part of the DEI, Disability:IN and AAPD have partnered with the [Ethisphere Institute](#) to bring data, research and tools to the business community with the goal of promoting disability inclusion in the workforce.



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**Employees with Disabilities Can Drive Value**



**Employees without Disabilities Can Drive Value**

Studies also find that people with disabilities remain an untapped source of growth for business. A [report](#) by the Center for Talent Innovation found that 75% of employees with disabilities in the U.S. have ideas that would drive value for their companies, compared to 61% of employees without disabilities.

Disability inclusion in ESG is essential to increasing the value of companies and returns to shareholders as well as reducing the inequality faced by individuals with disabilities in the workforce. It's time to modernize and diversify the capital markets to accelerate global social change and improve opportunities for people with disabilities.

# About Disability:IN

Disability:IN is the leading nonprofit driving disability inclusion and equality in business worldwide. Our network of more than 400 publicly-traded corporations expands opportunities for people with disabilities across industries. Our organization and 25 local affiliates nationwide raise a collective voice of positive change for people with disabilities in business. We do this by:

- Promoting disability inclusion through heightening awareness;
- Advising corporations on and sharing proven strategies for including people with disabilities in the workplace, supply chain, and marketplace; and
- Expanding opportunities for people with disabilities by helping companies invigorate their disability initiatives, explore best practices, incorporate culture changes, and realize positive business outcomes.



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