Competitive, Integrated Employment: A Driver of Long-Term Value Creation

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Forward

With the release in December 2020 of the paper, Solving 'Then What?': Empowering Investors to Achieve Competitive, Integrated Employment for Persons with Disabilities, The Harkin Institute for Public Policy & Citizen Engagement and its partners, such as Voya Financial, have been on the forefront of demonstrating that disability inclusion is a driver of business performance.

Compared to their peers, companies that create an inclusive working environment for persons with disabilities are more innovative, have greater profitability, and enjoy long-term market opportunities worth trillions of dollars, according to the 2018 Accenture study, Getting to Equal: The Disability Inclusion Advantage. Put simply, competitive, integrated employment is a competitive advantage that leading companies are seizing upon.

A key premise in our work is that investors – through their engagement with boards of directors, CEOs, and c-suite executives on corporate strategy – are focused on ensuring that companies integrate persons with disabilities throughout their workforce in a way that creates value for shareholders and as well as all stakeholders.

Investors – and all stakeholder groups across society – increasingly are calling on companies they invest in, and interact with, to be transparent on their disability inclusion practices and performance. Through transparency, we foster accountability, improved performance, and advancement that is enduring.

Competitive, integrated employment is not about relegating people with disabilities to entry-level employment. Nor is it about fulfilling compliance mandates. Rather, it is about fostering an inclusive work environment from the board of directors to the shop floor – and doing so in a way that enables every person to reach their full potential.

Voya has been proactively engaging with investors on disability inclusion for several years. Initially, Voya was one of the only companies that treated disability inclusion as a competitive differentiator. Fortunately, that has changed for the better and we are seeing many companies across all sectors of the economy leverage disability inclusion to drive strategy and market growth.

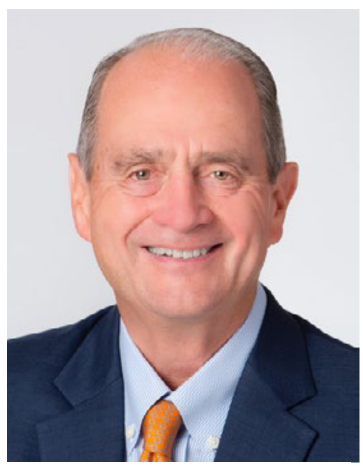
Voya has experienced first-hand how a commitment to disability inclusion in the workplace benefits investors, customers and clients, employees, and society at large. Through its Voya Cares program, inclusion of people with disabilities, and caregivers, is an enterprise priority for Voya. Yes, it is the right thing to do. But it is just as important from a business perspective.

Whereas Solving ‘Then What?’ outlined a big picture approach for integrating disability inclusion considerations into ESG investing strategies, Competitive, Integrated Employment: A Driver of Long-Term Value Creation provides a more-actionable roadmap for how that integration is to occur. This paper draws upon the expertise of a global network of leaders in the disability movement, corporate executives, and investors to create an actionable, 10-step roadmap for how disability inclusion can be used as a driver of long-term value creation across society.

A critical ingredient to achieving these recommendations is a trait that is in each of us – a willingness to reach out to people with different backgrounds and perspectives to find areas of collaboration and partnership. As we do that, the passion, innovative potential, and skill set of persons with disabilities will transform society for the betterment of all.

Tom Harkin

Tom Harkin



Rodney O. Martin, Jr.

Voya® Financial is not affiliated with Tom Harkin nor the Harkin Institute for Public Policy & Citizen Engagement.

Acknowledgements and Expert Interviews

Below are the experts interviewed for the research and writing of this paper. Their insights were extremely helpful and vital to the development of this paper. More important, their passion and enthusiasm were inspiring.

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- **Chris Babcock –** Adaptive Sports New England
- **John Bremen –** Managing Director, Willis Towers Watson
- **Tom Butcher –** Senior Advisor to the Zero Project and Director of ESG at VanEck
- **Victor Calise –** Director, Global Culture, Equity and Inclusion, Walmart
- **Caroline Casey –** Founder and CEO, The Valuable 500
- **Rachel Cohen –** Senior ESG Consultant, Aon
- **Lauren Compere –** Managing Director, Head of Stewardship & Engagement, Boston Common Asset Management
- **Sasha DeMarino –** Client Engagement Director, Turnberry Solutions
- **Carol Nolan Drake –** Founder and CEO, Carlow Consulting, LLC
- **Tamara Giltshof –** Director of the Assistive Technology Impact Fund, out of Global Disability Innovation Hub
- **Steve Foresti –** Chief Investment Officer, Asset Allocation & Research, Wilshire Associates
- **Steve Heim –** Managing Director, Boston Common Asset Management
- **Jennifer Hidding –** Solution Partner, Turnberry Solutions
- **Yinh Hinh –** Managing Director, Eagle Capital Management
- **Melissa Hulick –** Director, CEO Commission for Disability Employment
- **Christine Hurtsellers –** Chief Executive Officer, Voya Investment Management
- **Cara Yar Khan –** Disability Inclusion Communications Professional
- **Olivia Lepore –** Senior Managing Consultant & DE&I Leader, Turnberry Solutions
- **Heather Lavallee –** Chief Executive Officer, Wealth Solutions, Voya Financial
- **Caroline Mailloux –** Senior Director of Diversity, Equity, and Inclusion, Sarepta Therapeutics
- **Abraham McAllister –** Managing Director, Index Plus

- **Aarti Sahgal –** Founder and CEO, Synergies Works
- **Mark Sloss –** Founder and CEO of Regenerative Investment Strategies, LLC and Partner, Wilde Capital Management, LLC
- **Andrew Thompson –** Principal, Boston Common Asset Management
- **Jessica Tuman –** Head of Enterprise Environment, Social Responsibility, and Governance (ESG) and Voya Cares Centers of Excellence, Voya Financial

Introduction: Making Us Better

In December 2020, The Harkin Institute released "Solving 'Then, What?'": Empowering Investors to Achieve Competitive, Integrated Employment for Persons with Disabilities. "Solving 'Then, What?'" argued that investors are a game-changing, yet untapped, collaborators who can engage with the leadership of companies across the global economy to foster better employment outcomes for persons with disabilities.

Investors have both the power (ability to allocate money) and influence (ability to shape the dialogue, educate, and persuade) to drive impactful outcomes throughout the private sector. In recent years an important vehicle that investors have used to engage with companies is through a framework known as "ESG" – an acronym that stands for environment, social, and governance. Investors around the world – ranging from investment banks such as JPMorgan and Goldman Sachs to public pension funds to asset managers to venture capitalists – manage approximately $40 trillion under ESG investment strategies.[1]

The goal of ESG investing is to foster and grow companies that balance long-term profitability with business practices that are additive to society.

ESG-focused practices encompass responsible stewardship of the planet (environment), fostering the well-being and socio-economic advancement of the company's employees and the communities in which it operates (social), and doing so in a way that is transparent and ethical (governance).

A parallel goal of ESG is to cultivate businesses that embrace a strategy of creating value both for shareholders (investors) and stakeholders (employees, residents in local communities, customers, to name a few). The connection between investors and the companies in which they invest often occurs through "engagement" whereby investors outline their expectations for how the company is to operate on a myriad of factors, including ESG criteria. Corporate leadership, in turn, can use the engagement with investors to proactively and strategically test ESG policies, identify new objectives to achieve through ESG, and build better ESG management systems.[2]

When done right, ESG-focused engagement fosters a "win-win-win" scenario. Investors win through creating more resilient companies able to succeed over the long-term as their investment in the company grows in value. The company leadership wins by having investors on board with its strategy, likely unlocking additional financial capital. The broader public wins through inclusive and productive workplaces, a healthier environment, and the opportunity to purchase products that make a meaningful difference in their lives.

“Solving ‘Then, What?’” argued that the social aspects of ESG are “Ground Zero” for investors collaborating with companies to foster workforces that are truly inclusive for persons with disabilities (PWD).[3] Doing so is not an act of charity or philanthropy. Nor is it just compliance with laws and government mandates. Rather, disability inclusion is an investment strategy that encourages companies to unleash the talent of their employees in a way that creates long-term value for the company, its investors, and society. Put simply, ESG is not a label or a marketing scheme. It is Finance 101. When properly deployed by a committed organization ESG drives the right mix of diversity and inclusion that brings about better thinking and drives organizations to be better.

Cara Yar Khan, a disability inclusive communications professional, builds on that point when she remarked, “Owning all the responsibilities of becoming a disability inclusive organization is an enormous opportunity for employers to enrich the way they do business and to cultivate a trustworthy culture with their employees.

Rather than waiting for employees to disclose their disabilities as they request reasonable accommodations or relying on employee resource groups to play an advocacy role, companies must appreciate they have a lot to gain when they show true leadership.”[4]

More than relying on esoteric investment concepts like ESG, achieving competitive, integrated employment requires us to act with empathy and put our needs as human beings in the center of our actions. Yes, ESG has emerged as a useful framework that allows conversations to occur and strategy to be defined. But that is all it is – a framework. For meaningful change to occur, all of us must appreciate the simple fact that this is about real people trying to live their best lives.

In an interview for this paper, Christine Hurtsellers, Chief Executive Officer of Voya Investment Management, made a very personal and poignant remark, “I feel like I have a certain perspective of being a parent of a person who’s on the Autism spectrum, and how hard it is for my son to adapt in a cookie cutter world of corporate America, and employers in general. I understand how heartbreaking it’s been, and how hard it’s been for him. And when I think about the people whom I’ve met through the [Autism] community, I remember, ‘You know, maybe they just react a little differently to loud noises, or they think a little bit differently, but they’re very smart, and they’re passionate, and they want to make a difference.’”[5]

The Vision of Competitive, Integrated Employment: A Driver of Long-Term Value Creation

Whereas “Solving ‘Then What?’” outlined a “big picture” approach for integrating disability inclusion considerations into ESG investing strategies, Competitive, Integrated Employment: A Driver of Long-Term Value Creation provides a more actionable roadmap for how that integration is to occur. Through its insights and recommendations, the goal of this paper is to fundamentally change the dynamic of how business creates value in society, with disability inclusion as a driver of that change through its insights and recommendations.

As will be covered in the concluding section of Competitive, Integrated Employment: A Driver of Long-Term Value Creation, the disability community soon will have a significant opportunity in the United States to define its role in the workforce and to better measure and understand the value it creates that can be better measured and understood. The U.S. Securities and Exchange Commission (SEC) is expected to announce a rulemaking process in 2022 that will require companies to better disclose how they attract, develop, and retain their human talent.

Through the upcoming SEC rulemaking that will raise the expectations of how companies invest in their human capital, the changing nature of the workforce, the race to find and recruit talented employees, and the growing focus on the social aspects of ESG, now is the moment to seize to fundamentally alter the way the disability community engages in the global economy and deploys its value creating potential.

It is true that, with the onset of the COVID-19 pandemic in 2020, the nature of employment across many aspects of the global economy has evolved in ways that open a door to greater opportunities for persons with disabilities. Most notably, the nature of work and the experience of the office have fundamentally shifted. The impacts of that change go far beyond a transition to more remote and hybrid work. Technology is more deeply embedded into our careers.

We are in an era where people feel empowered to leave jobs that no longer suit their interests and career goals, and those with an idea or an inspiration are casting aside self-doubt and the constraints of 9-to-5 employment to chase a dream.

Sharing his perspective on the transformative nature of this moment, John Bremen, a Managing Director at Willis Towers Watson, a multinational risk management, insurance brokerage and human capital advisory company, said, "We are facing significant labor shortages, which means we have to expand talent pools. This allows us to engage individuals in the workforce that we have not engaged in the past. Especially persons with disabilities."

Bremen continued by explaining the systemic opportunity, "I don't think this is a short-term issue. This is something that will stay with us for the long term. And it's going show not only that we should focus on persons with disabilities during a talent crunch but there are benefits to doing it in any economic situation. So, yes, I'm excited about the possibilities."[6]

The Value Created by Confronting our Vulnerabilities

An even more consequential outcome of the pandemic is that each of us was forced to confront our own vulnerabilities. "The pandemic is what made it really true for us," observed Caroline Casey, the Founder and CEO of the Valuable 500. "Every one of us is going to experience a disability. It no longer is looking at someone and thinking 'Isn't that awful for them?'. There's this reckoning that happened with our health and our well-being that the pandemic brought up. The conversation of disability is much closer now. It's not on the outlying part of society. It's very real, and we have to face the nature of disability ourselves. That means the degrees of separation of disability have become very, very close to all of us."[7]

However, risks and challenges remain to achieve the goal of competitive, integrated employment. Just because corporations have moved to a more remote and technology-centric way of work does not create certainty that the private sector will permanently adapt to being more inclusive. Most notably, "Managers believe that people who work from the office are higher performing and more likely to be promoted than people who work from home," according to a recent Harvard Business Review article by Brian Kropp and Emily Rose McRae of Gartner. As the authors warn, "Without greater intentionality, underrepresented talent could be excluded from critical conversations, career opportunities and other networks that drive career growth."[8]

We are at a "fork in the road" moment. Taking one road embraces the disruption caused by the COVID-19 pandemic and leverage investors backed by trillions of dollars in assets to permanently transform the nature of work. In taking the other we passively hope for incremental changes to the status quo that eventually coalesce into a global trend of significance that achieves competitive, integrated employment.

Explaining the catalytic effects of acting with intentionality, Carol Nolan Drake, founder and CEO of Carlow Consulting, LLC, and a former member of the Board of Trustees of a large institutional investor, observed, “When you hire someone who has a disability, you are lifting up society, not just that one person. It makes a difference for the world. And it has a much broader impact than simply saying, ‘You know, I just hired five people in my office.’”[9]

The Global Market Opportunity of Competitive, Integrated Employment

It is an indisputable fact that virtually every person will experience a disability of some form in their life. Disability can be permanent, temporary, or acquired. It can come about suddenly through an injury or emotional trauma. The disability community also includes the experiences of caregivers and family members. Additionally, all of us face the reality of getting older, and confronting limits to our mobility, cognitive abilities, and sensory functions.[10]

Because of that reality, disability is intersectional in nature. Which means it cuts across geography, race, gender, sexual orientation, culture, and religious beliefs – and any other trait or characteristic that we use to define ourselves as humans.

As a result, the size of the global population of persons with disabilities (PWD) is enormous. According to Return on Disability (ROD), a Toronto-based data analytics firm that specializes in disability data, the estimated worldwide population of PWD is 1.85 billion – about 300,000 people more than the population of China.

When friends and family members of PWD are factored in, the affected population increases to 3.4 billion.[11] The PWD population grows even larger when it includes the aging population.

> *Placing a fine point on the market opportunity, ROD estimates the spending power of the PWD population and their friends and family to be roughly $13 trillion in annual disposable income.[12] As a point of context, the gross domestic product for the European Union in 2020 was $15 trillion.* [13]

The PWD Population is Far Bigger than Anyone Comprehends

While ROD research shows that the size of the PWD population is massive and the value proposition of engaging it is compelling, the reality is the statistics about persons with disabilities in the workforce and general population are not entirely accurate (despite the rigorous methodologies used by many researchers). In fact, no one knows the true size and scope of the disability population. The only certainty is there are a lot more PWDs in our places of work and communities than we realize.

There are three reasons for the inaccurate data. First, many PWDs are hesitant to disclose their disability – which leads to undercounting. Because disability has been stigmatized throughout the course of human history, it is only natural that people will go to great lengths to avoid sharing their disability.

Second, most disabilities are hidden. In fact, as many as “96 percent of them are unseen,” according to Paula Morgan, a diversity, equity, and inclusion contributor to Forbes. “Examples of invisible debilitating physical and mental conditions include post-traumatic stress disorder (PTSD), traumatic brain injury, affective disorders, diabetes, cancer, lupus, Crohn’s disease, and fibromyalgia. These types of conditions demand a new way of approaching disability, one in which we don’t stick to a definition based solely on the use of assistive equipment or someone’s external appearance.”[14] A study by Bank of America adds further support to Morgan’s observation, “Mental health illnesses continue to go unnoticed, particularly in work settings. Nearly half of U.S. adults will experience a mental illness during their lifetime but only 60 percent will report their health concern to their company.”[15]

Third – and this shortcoming will be revisited later in the paper – the underlying approaches to collecting data on disability issues at the country, workplace, and individual levels are inadequate. For example, the data collected by the U.S. government to address workplace discrimination is limited to race, gender, and ethnicity. As a result, important identifiers – such as veteran status, sexual orientation, disability – are excluded.

JUST Capital – a New York-based nonprofit that tracks, analyzes, and engages with large corporations and their investors on how they perform on social and economic issues – estimates that only 6.3 percent of companies voluntarily disclose the workplace demographic data they report to the U.S. government.[16] The Disability Data Report 2021 found that census-related “Disability questions of any kind are absent for 24 percent of countries and 65 percent of datasets” and only 16 percent of household surveys used in countries around the world collect information on functional difficulties (such as difficulties in hearing, seeing, and walking).[17]

Overcoming the lack of data arguably is the lynchpin for changing the dynamic of disability inclusion in the workplace. Without actionable data tied to the bottom line of businesses, disability inclusion will continue to be treated as a compliance exercise rather than a strategic business imperative that fosters innovation and long-term value creation embodied in the mindset of ESG.

The Value Proposition of Competitive, Integrated Employment

> *Disability inclusion is not a form of "tokenism". Rather it represents a massive opportunity to access a dynamic, growing global population with trillions of dollars of income. The innovative potential of disability inclusion goes far beyond the 3.4 billion people impacted by disability.*

The benefits of competitive, integrated employment must be viewed as a competitive differentiator. Steve Foresti, the Chief Investment Officer of Wilshire Associates, a global investment advisory and asset management firm, noted the competitive advantage realized by organizations that act with intentionality to remove barriers on their talent, "The company that taps into that talent removes a constraint that a lot of other companies are operating under. And usually what happens when you remove constraints is that the results get better. That's a competitive advantage."[18]

Consider cruise control in vehicles, the phonograph, the ever-popular text function or touch features on your phone, the electric toothbrush, and the internet. All were innovated by people with disabilities as part of designing themselves into a culture and society that did not center on their needs. Yet each innovation quickly found its way to mainstream acceptance, enjoying widespread commercial success, and fostering a positive change in how billions of people work and live.

Companies that treat disability inclusion as a legal requirement or compliance mandate will never fully obtain the value-creating opportunities of disability inclusion. While public policy has provided many legal protections for persons with disabilities, regulation does not necessarily spur sustained business success. As Rich Donovan wrote in Return on Disability's 2020 Annual Report: The Global Economics of Disability, government regulations "Have set hiring quotas, operating standards, and tax measures to create PWD hiring incentives for private business."[19] Rather than driving product innovation to grow market share and create value, Donovan argues that regulation has cemented a compliance-oriented mindset in companies.

A compliance-based mindset may create a workforce that is, on paper, diverse but it will not create an inclusive workforce that is accessible for every employee. Nor will an over-reliance on compliance foster a culture where everyone feels comfortable in bringing their best selves to the organization.

It is only when we fully appreciate the value in every person that we will innovate in a way that transcends regions, industries, generations of consumers, and even time. Caroline Casey made a very powerful statement, "If you want to serve a bigger market, you have to bring in different opinions, different lived experiences, different ways of problem solving, different ways of seeing the world. It's those differences that actually break open the innovation. The best and most game-changing innovation comes from bringing together people with different lived experiences."[20]

Echoing Caroline Casey's comment, BlackRock – the world's largest investment firm with roughly $10 trillion in assets under management – also believes that diverse boards of directors make for better organizations, "We expect boards to be comprised of a diverse selection of individuals who bring their personal and professional experiences to bear in order to create a constructive debate of a variety of views and opinions in the boardroom." Of note, BlackRock identified "individuals with disabilities" in its definition of what constitutes a diverse board of directors.[21]

Sharing Our Lived Experiences Creates Value for All

When the value of bringing together lived experiences is appreciated, we create lasting value across society.

Consider the enduring success of the typewriter. The forerunner of the "modern" typewriter was invented by Pelligrino Turri in about 1806. Turri was an Italian "Who allegedly built a device for his blind lover Countess Fantoni da Fivizzano in order for them to communicate."[22] According to Marc Fisher, a senior editor at the Washington Post, the annual value of the typewriter market peaked at $1.6 billion in the mid-1980s.[23]

While the market for typewriters has declined dramatically since then, typewriters are still in use all over the world. Unlike our sleek and fancy laptops, Androids, and iPhones, typewriters provide a lot of value to many underserved populations. Typewriters do not need electricity (and thus are ideally suited for people in remote locations), are incredibly rugged, and were conceived with inclusivity as their core function.

It was through his lived experience that Turri created a product that stood the test of time while providing real value to millions – if not billions – of people regardless of their disability status.

Defining the Future

"Perhaps more than at any time in history, we are at a pivotal moment when it comes to how technology-enabled innovation will shape our future. We are also at an inflection point about significant social and environmental challenges that humanity faces. Disability inclusion is no exception and there is a growing pipeline of tech-enabled disability innovation," said Tamara Giltsoff, Director of the Assistive Technology Impact Fund, out of Global Disability Innovation Hub.

Giltshoff continued, "When it comes to investment, we are really missing a trick by not taking a disability lens - both investing in disability innovation to meet the sizeable unmet market needs, but also as a lever to unlock the kind of talent needs across the economy. Just consider the lost revenue of investing in infrastructure, transportation, mobility, education, or the future of work solutions, as examples, that are not accessible to persons with disabilities. It simply does not make sense economically or socially. I anticipate the adoption of disability lens investing at the same momentum as gender lens investing in the coming years."[24]

Research by McKinsey found that "Business leaders predict that by 2026, half of their revenues will come from products, services, or businesses that haven't yet been created."[25] The possibilities are immense – a significant portion of the global economy will be shaped for generations to come by the innovation over the next three years.

Now is not the time to be sidelining talent. Instead, we can use our collective talents to improve society while achieving a competitive advantage to innovate for a better future. By doing that we will change the arc of our economy and ourselves as a community of people for years to come.

Disability Inclusion Requires a Comprehensive, Authentic Approach to ESG

“Solving ‘Then, What?’” argued that the “S” in ESG is “Ground Zero” for investors to foster inclusive workforces. Research for this paper found that focusing on one aspect of ESG is not enough. A comprehensive approach to ESG is required to achieve competitive, integrated employment for persons with disabilities.

It is true that, in recent years, the perception about the merits of ESG has swung wildly – and rapidly. Even five years ago, ESG was treated as a money losing distraction by many investors and corporate executives. They believed ESG would only impose costly burdens on companies that would sacrifice profitability at the expense of misguided social and environmental causes.

The upheaval caused by the COVID-19 pandemic and the long-overdue reckoning on social issues that began in the Spring and Summer of 2020 unleashed a sea change in attitudes towards ESG. Investors, policymakers, and corporate executives alike quickly coalesced around a belief that ESG could be a lynchpin for a business strategy that could simultaneously drive profitability, investor returns, and equitable socio-economic advancement.

By 2021, the luster of ESG had begun to wane. A variety of studies emerged in 2021 and 2022 showing that ESG investing does not provide a clear-cut advantage over traditional investment approaches that do not explicitly account for ESG commitments of companies.[26] Regulators in the United States and Great Britain have warned investors that “greenwashing” – the blatant overstatement of social and environmental benefits created by a company – has become common in the ESG claims of companies and investment funds while admonishing corporate executives that the rigor of their ESG reporting must improve. Andrew Edgecliff-Johnson, the U.S. business editor for the Financial Times summed it up best, “Those who suspect business of greenwashing or hypocrisy have not been short of fuel, from flimsily defined ESG funds stuffed with oil and gas stocks to the lobbying from companies that do not want to disclose their contributions to a warming climate.”[27]

A parallel track of criticism emerged that ESG commitments by companies has done little to encourage the private sector to be more responsible to society. In Stanford Social Innovation Review, Hans Taparia, a professor at the New York University Stern School of Business, made a series of damning observations about companies often praised as ESG leaders. Notably, Philip Morris is often included in index funds built around ESG factors – even though it sells more than 600 billion cigarettes each year.[28] Pepsi and Coca-Cola often are praised for the depth and breadth of their ESG disclosures – yet they consume huge amounts of water to produce products (sugary, caffeinated drinks) proven to be harmful to human health. Facebook is beset with criticism for how it manages the data of its users. Amazon is dogged by accusations that it does not have safe and healthy workplace conditions and pays substandard wages.[29]

"To be true ESG leaders," Taparia argued, companies truly committed to ESG "will have to pay workers more, make products that are less addictive, and increase their costs to protect the environment. In other words, they might have to sacrifice on profit. Being true to ESG will not come so easy."[30]

ESG is Here to Stay – Despite its Shortcomings

Despite those very valid arguments, it is the premise of this paper that ESG investment frameworks have been, and will continue to be, the most effective vehicle by which to foster disability inclusion in companies. ESG engagement practices and investment strategies are not going anywhere. In fact, investors appear to be doubling down on ESG even as they acknowledge its limitations. Just as important, ESG is slowly but surely morphing into a globally recognized methodology that combines traditional business practices focused on the bottom line and shareholder value with the so-called "non-financial" business practices associated with protecting the environment and investing in society.

In early 2022, Jennifer Wu of J.P. Morgan Asset Management noted a number of trends solidifying ESG among investors and in the private sector, including:

- Over $500 billion flowed into ESG-integrated funds in 2021…[and] we expect this growth to continue in 2022.
- Growing investor demand, ranging from individual investors to large institutions. Namely, investors want to invest in companies that are built for the long haul and able to adapt to changes in society and the market, and ESG is a strategy that helps companies adopt the mindset needed for that kind of resilience.
- A recognition by companies that they can only deliver sustainable long-term growth if they manage the Earth's resources prudently, treat their workers with respect and look after the natural environment in which they operate.[31]

There are two big reasons why ESG initiatives either fail outright or deliver only limited value. The first is when ESG is treated as an incremental approach for a company to operate more responsibly. An incrementalistic approach is when a company is more focused on public demonstrations of operating with ESG in mind rather than truly transforming the business, so it creates maximum value for the bottom line and society over the long-term. Companies in this mindset are more apt to promote compliance-based initiatives to address disability inclusion rather than making clear commitments to use the business to address the systemic barriers to competitive, integrated employment. It is the difference between showcasing the number of employee sensitivity trainings in a ESG report versus Voya Financial actively creating a wide range of financial services that are inclusive of people with disabilities and their caregivers.

The second reason ESG often comes up short is when companies to do not take a comprehensive, holistic approach to using ESG to drive the business strategy.

ESG cannot be treated as three distinct pillars or as separate from the overall operations of the business. Instead, it is a cohesive approach to operating the business with a long-term view in mind while simultaneously creating value for society.

Tom Butcher, Senior Advisor to the Zero Project and Director of ESG at VanEck, made an apt analogy when he compared ESG to strands in a rope, “If you don’t have your ESG strategy woven together or you are missing a strand, and the integrity of your whole rope falls apart.”[32]

“It’s not that ESG by itself is an inherently flawed strategy. You just have to make sure you’re getting to the fundamental issues,” remarked Mark Sloss, the Founder and CEO of Regenerative Investment Strategies, LLC and Partner, Wilde Capital Management, LLC. “When you’re engaging through ESG with a compliance mindset ESG is not going to fundamentally change anything, either inside of companies or outside of them.”[33]

In other words, the failure of ESG to create value lies not with the concept itself. Rather failure occurs when executives and investors alike do not use ESG as a comprehensive strategy to balance profitability with adding value to society through actions such as paying workers a decent wage, being inclusive, innovating cutting-edge products, and protecting the environment.

Tying Together the Strands of the ESG Rope in Disability Inclusion

Consider how disability is woven into each of the three strands of ESG. The “E” in ESG – environmental considerations – are more important than ever. As an often-marginalized population, persons with disabilities are at high risk in facing the impacts of climate change. “People with disabilities are frequently in situations of social, economic, and political disadvantage and may not have access to adequate resources, information, and services necessary to adapt to the effects of climate change, noted Cara Shulte of Human Rights Watch. Furthermore, they “May feel the health impacts of climate change more severely.”[34]

Thus companies must consider how the “E” factors in communities and across the planet are impacting their workforce, particularly those in the disability community.

Living up to the vision of the “S” of ESG goes beyond accepting the value proposition of competitive, integrated employment. It starts with taking an honest look at every aspect of the organization, both internally and externally, to ensure an inclusive approach to the business. For example, when Voya launched the Voya Cares® program, an extension of Voya’s vision and mission to help all Americans achieve the quality of life they seek today and through retirement – it used that moment to assess the entire business.

“At Voya, our goal is to help ensure all Americans have an opportunity for a secure financial future. To ensure our offerings supported this, we looked further into some of our own practices including our own benefit offering. We looked at our workplace accommodations and our digital accommodations for our employees and our clients,” said Heather Lavallee, CEO of Wealth Solutions for Voya Financial.

“We first did that scan and then looked externally at our financial products to review if we had any insurance products that were discriminatory in nature that were previously not brought to our attention. We also looked at the accessibility of our digital tools and how our call center engages people. Overall, it was a really broad, comprehensive scan as our thought was: ‘If we’re going to do this, then we need to be authentic to measure, track, and provide consistency across our entire organization.’”[35]

Companies also need to be honest about why people with disabilities are known to be extremely loyal employees. Yes, it is true many employees with disabilities enjoy their jobs and find a great deal of personal and professional fulfillment in them. However, that loyalty also can be a result of disability status more than a deep attachment to the job and the employer.

Steve Foresti, the Chief Investment Officer of Wilshire Advisors, and someone who has had Stargardt disease since he was seven, made a very powerful observation about loyalty in the workplace, “I always felt like the conversation at the beginning of a job was, ‘Hey, we know you’ve got this issue. We’re fine with it.’ But the reality was that the prospect of me going and looking for another job or figuring out the commute to a new job was just another nightmare that I would have to deal with. The onboarding, the reentry, getting people comfortable with my disability, getting myself comfortable with a new environment just to earn a few thousand bucks more a year was never on my mind.”[36]

As the private sector evolves to being more virtual, technology-based and adaptive to persons with disabilities the apprehensions Foresti expressed may be easing for employees. Paul Polman, the former CEO of Unilever, and current chairman of the Valuable 500 commented, “About 65 percent of employees say if I’m going to work for this company, I want to be sure there is total diversity and inclusion in all its senses. We’ve seen employees walking out for climate change, we’ve seen employees walking out for the #Me Too movement, and employees are soon also going to walk out if you have discriminatory practices toward people with disabilities.”[37]

The intersection of competitive, integrated employment and ESG will create value only when the very top of a company is committed to an inclusive culture that affects every level of the organization. The Valuable 500 is founded on the fundamental premise that inclusion requires a top-down approach. “We believe at the top of the business, at the c-suite, and at the board level, that unless those individuals are not accountable with full intention, everything else is going to be piecemeal, discretionary or a single person’s motivation. It will be less decided, it will not be fully integrated, and it will not be invested in,” said Caroline Casey of the Valuable 500.[38]

> *The CEO Commission for Disability Employment has the same mindset as the Valuable 500. “What is really important is to have the decision makers really buy into the idea that competitive, integrated employment is good for the organization as a whole. Once that happens the mindset of inclusion becomes part of the company culture,” said Melissa Hulick, director of the CEO Commission.* [39]

Executives increasingly are appreciating the value proposition of competitive, integrated employment. Building on Melissa Hulick’s observation, John Bremen of Willis Towers Watson noted the significant shift underway in the c-suite, “I hear fewer and fewer senior management teams talking about [disability inclusion] as a checkbox or compliance activity. They are now really looking at this as a core business imperative. They also have stopped looking at this as a marketing topic. Instead, they’re looking at it as a risk topic or a financial topic or an operational topic.”[40]

Achieving full intention on competitive, integrated employment requires more than executives encouraging an inclusive culture. To be fully intentional, executives, board members, and investors must be open and honest about their personal experiences with disability. Only then will every person in the organization feel they have permission to fully commit to everything that goes into achieving competitive, integrated employment. According to Laurie Henneborn, a Managing Director at Accenture Research, "When employees with disabilities have role models at the leadership level who have disclosed their own disabilities, they are 15 percent more likely to have higher career aspirations than their peers in other organizations. And with this factor in place, employees are 26 percent more likely to be open about their disability."[41]

The top-down imperative reinforces the important role investors and ESG play in fostering competitive, integrated employment. ESG is a strategy led by the board and executive team, and investors are the ones that engage with boards and executives to hold them accountable for the value creating potential of the company.

If ESG is understood as a rope, the "G" is the act of braiding the strands together. Without an effective approach to governance, the strands of ESG will fray and come apart. Governance in ESG is the rules, procedures, roles and responsibilities, and public disclosures that allow a company to function. Governance ties together every aspect of the organization – its long-term strategy, human resource practices, environmental footprint management, research and development, adherence to laws and regulations, and so on.

The importance of good governance is best understood in its absence. Consider the failure of Blockbuster's executives to anticipate the rise of DVDs mailed to your home and online streaming, the malfeasance that led to the bankruptcy of Enron, and Volkswagen deliberately misleading regulators on the emissions levels of its vehicles. For Blockbuster poor governance led to bankruptcy. For Enron it led to bankruptcy and prison sentences for executives. In the case of Volkswagen, it led to a significant loss of market share and lasting reputational damage.

In the context of disability inclusion, effective governance sets the tone for the entire organization. The mindset of governance in ESG looks at disability inclusion not as a compliance mandate. Rather, ESG is a strategic business opportunity to maximize a deep and inclusive pool of talent to innovate products and services, attract new customers, and grow the bottom line.

The absence of governance in an organization makes it a certainty that disability will be ignored. In such a situation there will not be an opportunity to create an organizational culture that addresses diverse hiring practices, accessible product development, mentoring and all the other ingredients needed to maximize the value of competitive, integrated employment.

ESG and Talent Maximization

Governance also ensures that the E, S, and G are woven together in a way that allows competitive, integrated employment to be integral to the entire business. For example, talent cannot be maximized and products innovated if segments of employees are experiencing the effects of climate change or do not feel empowered to express their true selves to their colleagues.

From an investors' lens, talent maximization is a material issue for any company. Put simply, without a skilled and motivated workforce every company will fail. Material issues are those deserving the most attention in ESG because they are deemed to be essential to the success of the company and for fulfilling its purpose in society. Ensuring a company has a proper focus on material issues is considered a fiduciary duty of every board member.

> *Tom Butcher put the materiality of talent maximization in stark terms, "By excluding employees with disabilities, I believe company leadership could be in dereliction of its fiduciary duty. If a company is not maximizing talent, you could be looking at potential liability on the part of the board."*

Butcher continued, "What if investors start asking questions like, 'Why are you not employing people with disabilities? What opportunities are you missing by not employing people with disabilities?' The answer to those questions is, 'If you are not employing people with disabilities you are missing out on a huge reservoir of talent. You are missing the opportunity to make a better company. You are missing the ability to innovate.'"[42]

The connection between disability inclusion and governance practices ties back to Cara Yar Khan's comment in the introduction section of this paper. Khan stressed the importance of companies driving an inclusive, innovative culture by proactively creating a professional environment that is accessible and adaptable for every employee. Rather than passively waiting for employees to tell their superiors what they need to be successful, companies must create streamlined approaches to make the workplace open and accessible for every employee.

Victor Calise, the Director of Global Culture, Equity, and Inclusion at Walmart, suggested that the most effective way for companies to foster an inclusive workplace – both physically and culturally – is to create a "one stop shop" available for every employee. Such an office or department is a single place where every employee could request accommodations needed to perform their jobs. "Don't wait for employees to ask," remarked Calise. "Requiring employees to ask for the tools they need to succeed is a barrier. Just make workplace accommodations available to everyone, regardless of their disability status. People will really appreciate that."[43]

None of this is to imply that using ESG to drive competitive, integrated employment into a company is easy or a “quick win.” Instead, it takes an enormous effort by a lot of people – starting at the top of the organization. But the payoff is worth it.

Consider the journey of Voya Financial as explained by Jessica Tuman, Voya’s head of Enterprise ESG and the Voya Cares Center of Excellence:

> *When we started this, there was no playbook. Having the backing of our top leadership team was absolutely fundamental and critical to getting started. And then we started to engage with our employees.*
>
> *I would say at about 18 months we saw a remarkable change in our employees and the way they talked about their jobs. They cite Voya’s commitment to disability inclusion, internally and externally, as being the unique sort of differentiator that separates our company from others. And they are so proud of this.*
>
> *It was a really a genuine effort. But it really took time. It took a long time to get to this point.*
>
> *When we talk about how our company is different to our clients and the outside world about how our company is different, we see disability inclusion as being an absolute differentiator in the way that we do business. And what we have found is that other companies want to work for companies that value inclusion, and, in particular, disability inclusion. It is absolutely part of our identity, our sales process, our differentiator, our marketing, and our brand.*

So, yes, Voya is doing good for society. But we also are future proofing our business because we’re going to where the market will be in a few years.[44]

What Investor Engagement on Disability Inclusion Looks Like

For investors to be effective champions of competitive, integrated employment for persons with disabilities across the private sector, they must be equipped with relevant and impactful information and data. Investors increasingly are on the front lines in engaging with companies – having direct conversations rather than just passively accepting information provided to them.

Most investment firms have teams of analysts whose job is to sift through vast amounts of information on companies, industry trends, and market opportunities. That research then forms the basis of direct conversations between senior members of the investment firm and c-suite executives and board members of companies. Summing up the approach and the mindset of investors, Cheryl Smith, a U.S. equity portfolio manager with Trillium Asset Management said, "We're performing deep fundamental analysis to seek to find the best companies and challenging those companies to do better."[45]

Engagement with the most senior leadership – the c-suite and boards of directors – of companies on disability inclusion is a vital first step for investors to use ESG to achieve competitive, integrated employment.

> *Executive leadership sets the tone for the entire organization. However, middle management – often the day-to-day managers of people and their work – follow the lead of the executive management. In other words, the investors and c-suite leaders create the opportunity, but middle management foster an inclusive work environment that allows every employee to maximize their potential.*

It is the middle managers who make the hiring decisions, decide on compensation and promotion, and ensure employees have the tools and resources needed to excel in their responsibilities.

When investors engage companies on ESG issues, they want to see a evidence of a connection between ESG, the company's long-term business strategy, and the steps in place for that strategy to be realized. Initially, the engagement will be on a broad level, focused on topics such as:

- Is disability inclusion part of the company's ESG strategy?
- Is disability inclusion on the board agenda?
- Who on the executive team has direct oversight of creating a diverse and inclusive workforce?
- What metrics are used to measure progress towards competitive, integrated employment?

- Does the company have a strategy to broaden its appeal to the global disability market?
- Have brand, reputational, and bottom-line risks been instigated by the company not focusing on competitive, integrated employment and creating products that meet the needs of the global disability market?
- How has middle management been engaged?

Unfortunately, few investors are in a position where they can be effective advocates for disability inclusion through their engagement efforts. A reoccurring theme in interviews for this paper is the lack of awareness among investors about the connection between ESG, business value, and competitive, integrated employment. A number of investors stressed the importance of educating them on the value proposition of disability inclusion and why it must be part of their ESG agenda. The disability community cannot expect investors to take up the cause of competitive, integrated employment on their own.

One private equity investor who is heavily focused on the "S" aspects of ESG in her engagement efforts and in the management of her firm said in an interview for this paper,

> *"The big issue for me is awareness. Disability is not in my mindshare. Other groups are a lot more vocal when it comes to diverse workforces. I need to hear more from the disability community and see more data so I feel comfortable raising this with the companies I invest in. It's not that I don't want to do it; I just don't know how to make the argument."* [46]

On a more personal level, Steve Foresti of Wilshire Avisors remarked, "I think about all these ESG conferences I've attended where there is all this talk about diversity. I sit back a lot of times and, from all outwardly appearances, I am viewed as another old, white guy. Though I've enjoyed a successful career, it's really frustrating. I know that this simplistic and dismissive categorization has prevented many others with disabilities from having the opportunity to reach their potential. I never hear disability talked about and I have never met a group of people with disabilities being advocates at these conferences."[47]

What investors want – and expect – is to understand the connection between competitive, integrated employment and long-term value creation, notably bottom-line profitability. Heather Lavallee, Chief Executive Officer of Wealth Solutions for Voya Financial, provides insight into what investors expect, "In addition to the fact that disability inclusion is just the 'right thing to do,' from a societal perspective, from an investor standpoint it is also important to help demonstrate that [disability inclusion] is critical to driving better financial results," added Lavallee. "So, it's important when talking to investors to highlight even further how we incorporate ESG into our practice, but to also show how that can help to generate greater returns."[48]

Case Study: The All-Inclusive Business Strategy of Microsoft

Microsoft is a perfect example of how a comprehensive ESG and investor-centric approach works in everyday practice. Arguably more than any other in the world, Microsoft has integrated inclusion into every aspect of the business – physical design of its facilities, development of its workforce, product innovation, and sales and marketing. The company's commitment to "inclusive design" starts at the top – with CEO Satya Nadella. In 1996 Nadella's oldest son was born with severe Cerebral Palsy. Nadella is very open about how "putting himself in his son's shoes" has "helped him see the need for Microsoft's products to be accessible to all and made him a more empathetic leader."

Nadella "has made 'inclusive design' a core part of the company's business model. It is almost impossible to see a major Microsoft event or hear a significant Microsoft announcement without hearing how accessibility is woven in."[50] Consider the various channels by which the company discloses not only its commitment to disability inclusion but also the connection between inclusion and business strategy:

- In 2021, Brad Smith, Microsoft's President & Vice Chair published an open letter entitled, "Doubling down on accessibility: Microsoft's next steps to expand accessibility in technology, the workforce, and workplace" that provided a detailed overview of Microsoft's plans to grow its business through inclusive design in its products and services.[51]
- Microsoft has a very robust ESG disclosure portal on its website and its approach to disability inclusion is woven into its ESG reporting.[52]
- Satya Nadella's letter to shareholders (i.e., investors) in Microsoft's annual report conveys the company's rationale for closing the "Disability Divide" – accessing the global market of more than 1 billion people with disabilities.[53]
- At Microsoft's 2021 annual shareholder meeting both Satya Nadella and Brad Smith made comments reinforcing the company's commitments on disability inclusion.

Microsoft is creating an inclusive culture and accessible products. Without a doubt Microsoft's efforts are the right things to do and make the world better. Its strategy and vision are driven by the very top of the company's leadership – and their personal commitment is apparent. However, the company has used those personal experiences as an incentive to – like Voya Financial – go to where the market will be in the future. Disability inclusion is a driver of business strategy.

Microsoft also is bringing its investors along on its journey. The leadership understands that, without the support of its investors, the company will be unable to sustain very ambitious commitments such as integrating inclusive design throughout its product offerings, devoting the resources necessary to develop an inclusive workforce, and providing over $2.5 billion in donated and discounted products and services. Through a variety of communications channels and direct engagement with investors, Microsoft is demonstrating that disability inclusion is good for the company, its shareholders, and society.

Action Steps to Achieve Competitive, Integrated Employment

Recommendation #1: Take a Holistic Approach to Disability Inclusion and Long-Term Value Creation

Admittedly, much of this paper has focused on the connection between disability inclusion and the value-creating opportunities for large companies owned by investors. However, according to the World Bank, small and medium sized businesses (generally those with less than 300 people) represent about 90 percent of businesses and employ about 50 percent of all workers in the world.[54] A company does not need to be a Microsoft or Voya to use competitive, integrated employment as a driver of long-term value creation. Further, companies of all kinds use ESG to balance operating responsibly, create value for society, and ensure long-term profitability.

Ultimately, disability-led innovation is about unlocking market opportunities for companies. It is in the interest of all businesses – regardless of size – to take a broad approach to their product development and marketing.

> *Aarti Sahgal, the Founder and CEO of Synergies Works, an incubator focused on launching businesses owned by entrepreneurs with disabilities, makes this point, "Irrespective of the size of the corporations it is important for organizations to look at the large disability audience as customers of their products and services. The question that all profit seeking organizations need to answer is, 'How do we reach this market that can add to their bottom line and social value?'"*

Sahgal continued, "At the end all prudent businesses are looking to create customer delight- whether it is Coca- Cola or the neighborhood dry cleaner. This requires going beyond compliance and looking to address the needs of this sector and creating a beneficial ripple effect for the entire population. Many times, this doesn't require major investments. It requires only a change of perspective or creating a welcoming attitude."[55]

As such, the observations, strategies for greater workforce inclusivity, and recommendations in this paper apply to all organizations, regardless of size, market, or location.

A significant portion of persons with disabilities are employed in so-called micro enterprises – companies with fewer than 10 employees. In fact, the pervasive barriers to entry in traditional workplaces either encourages or requires persons with disabilities to start their own business.

"There is a huge population of entrepreneurs that we are not addressing," remarked Sahgal. "I'm not really interested in finding the next Elon Musk or Richard Branson who is a celebrity and claims to have a disability. The focus needs to be on the 99 percent of people with disabilities who are not celebrities and will never be a celebrity but want to launch a company that allows them to have purpose in life. They may not come up with the next big invention, but they are the backbone of the economy." [56]

Sahgal believes the ingredient critical to the success of the entrepreneurs she works with is not financial capital – it is social capital. Which brings us back to the "S" in ESG. As Sahgal said, "So just saying that we can write a check and ensure that there'll be more representation of entrepreneurship, innovation, or venture creation amongst entrepreneurs with disabilities is misguided. It's not going to happen without social capital. By that I mean we need to build partnerships between entrepreneurs with disabilities and businesses, find them mentors, give them help on business strategy and marketing plans."[57]

Every aspect of social capital Sahgal mentioned is an opportunity for every company – large or small – to engage with the disability community under its approach to ESG and in a way that creates lasting value for the communities in which it operates. Equally important, it is in opportunity to attract new customers and grow the bottom line.

Recommendation #2: Broaden the Coalition

Since the Summer of 2020, the diversity aspects of ESG have been dominated by race, gender, and sexual orientation. Disability inclusion has not been integral to the efforts to create a more diverse and inclusive workforce. As Sara Hart Weir, co-founder of the CEO Commission for Disability Employment, and Nicholas Wyman, president of the Institute for Workplace Skills and Innovation, wrote in an April 2021 CNBC op-ed, "As our country continues the necessary conversation around [diversity, equity, and inclusion], and organizations and companies further deploy creative strategies to address systemic problems, we are overlooking the most underemployed and unemployed segment of our entire U.S.-based population – people with disabilities."[58]

The lack of attention to persons with disabilities is even more frustrating given the intersectional nature of disability. Intersectionality is the opportunity for the disability community to broaden its coalition of support. By bringing more women, minorities, and persons with diverse sexual orientations into employment and leadership positions in companies, we also are furthering the inclusion of persons with disabilities.

Diversity in boards or c-suites must not be conveyed as a zero-sum game where one underrepresented population is pitted against another. Carol Nolan Drake makes this point clear, "I've said this many times. It's not a competition for those jobs. There's always a seat at the table for a qualified board member. Every Fortune 500 company needs help in solving the problem they have with finding qualified people to fill positions. But the disability community needs to help people understand that this is not about exclusion, it is about inclusion for everyone."[59]

The disability community has the potential to assemble a truly diverse and incredibly influential coalition. Competitive, integrated employment is of the utmost importance not to only to the disability community. Rather, it is of the utmost importance to veterans with disabilities, corporate executives whose children have a disability, the LGTBQ population with disabilities who face multiple layers of workforce discrimination, and minorities who have faced generations of systemic discrimination.

We must not allow the "S" considerations of ESG to be understood as most relevant or impactful to specific groups of the population. The "S" in ESG is meant to encourage companies to be inclusive in how they operate as an organization and how they interact with all of society. Companies that only recruit from narrow talent pools or cater their services to a small subset of the population will never sustain themselves.

> *Because of the intersectional nature of disability, the disability community – more than any segment of the population – is best positioned to be the driving force for an inclusive coalition that raises awareness about the value proposition for competitive, integrated employment in the context of both ESG and the long-term value-creating potential of companies, investors, and society.*

Labor unions, organizations advocating for diverse representation in the c-suite and boards of directors, veterans' groups, and senior citizens organizations are examples of possible allies in advocating for competitive integrated employment in the private sector. Furthermore, some of those potential allies – entities like labor unions and AARP – retain investors to manage hundreds of millions of dollars of member assets. Those groups already have relationships with investors and therefore can use their clout – and money – to encourage investors and organizations to engage on disability inclusion more actively in their ESG strategies.

Recommendation #3: Create More Accurate Measures of Disability Inclusion

In November 2021, this author submitted a letter to the U.S. Securities and Exchange Commission (SEC) that outlined a series of metrics for the SEC to consider to more accurately measure the value created by disability inclusion. The premise being that "…we must move beyond using compliance-based metrics, such as the number of people with disabilities hired, the number of workplace affinity groups, or the number of sensitivity trainings conducted by HR departments." Instead, we must look at metrics "…oriented towards measuring how companies have integrated persons with disabilities into all levels of the organization with an ultimate goal of value creation."[60]

Examples shared with the SEC of disability related disclosures focused on value creation rather than compliance include:

- Findings from an all-employee census to determine the number of employees, executives, and board members who identify as disabled
- Steps taken by boards of directors to incorporate statements on disability inclusion and steps taken to achieve competitive, integrated employment for people with disabilities as part of the corporate leadership agenda
- Number of employees voluntarily disclosing their disability status
- Executive and board level composition of persons with disabilities
- Compensation (with a focus on equal pay for equal work)
- Engagement with suppliers and vendors to collaborate on achieving competitive, integrated employment throughout supply chains
- Money invested and resources provided to make office-based technologies (such as IT equipment) adaptable
- The types of inclusive design concepts incorporated into physical office spaces
- The nature of support (such as employee resource groups, mentoring programs, internships, and training initiatives) made available to people with disabilities
- Efforts to recruit people with disabilities, including:
    a. Accessible job portals
    b. Disability-specific recruiting initiatives (such as partnering with local workforce development offices)
    c. Audit of existing recruiting practices to determine if unintentional biases are in place that prevent meaningful recruitment of people with disabilities

This is not to suggest that these metrics must replace the more common, compliance-oriented metrics used today – such as the number of persons with disabilities in the workforce, employee sensitivity trainings, and the creation of affinity groups. Rather, the more sophisticated and nuanced metrics listed above are additive to the process of integrating disability inclusion into the strategy and operations of companies.

> *Furthermore, a more robust set of metrics will help investors engage with companies on disability issues. "We must develop a roadmap to operationalize our commitment to disability inclusion," said Lauren Compere, Managing Director, Head of Stewardship & Engagementfor Boston Common Asset Management. "We need explicit metrics to drive our engagement asks of companies."*[61]

Recommendation #4: Focus on Middle Management

Inclusive companies are not solely the result of lofty CEO commitments or investor pressure. Rather, an inclusive culture requires the input, effort, and collaboration of every member of the organization, especially the middle management. Middle management is the "lynchpin" to fostering an inclusive organization because the managers are the ones who make the vision and commitments of the senior leadership a reality. They are the difference between making promises that will never be met versus leading through authentic action.[62]

As previously noted in this paper, it is middle managers make the hiring decisions, offer mentoring, provide opportunities for career advancement, ensure an accessible and adaptive work environment, and maintain the culture throughout the organization. Just as one committed middle manager can make an enormous positive difference, and indifferent middle manager can cause lasting harm, both to individuals and the organization.

Recommendation #5: Collect More Relevant and Accurate Data

Building on Recommendation #3, more relevant and accurate data is needed to provide that disability inclusion is a driver of long-term value creation. As previously noted in this paper, disability-related data is woefully inadequate. The implications of that are widespread. For example, the lack of data leads to lack of disclosure which leads to lack of accountability. Because there is little actionable data around disability inclusion there is no need for companies to provide robust disclosure on their commitments to disability inclusion. As a result, there is no way to hold companies accountable for their performance, or lack thereof.

Better data will come from two sources. First, policymaking bodies and regulatory agencies around the world must do a better job asking questions of the population (through opportunities such as census surveys) and requiring organizations to provide better disability-related information (through reporting requirements on workforce and supplier diversity practices). The metrics outlined in Recommendation #3 represent a series of recommendations for how better disability-related information can be collected in the United States, and those are generally applicable to most any other country.

The second important source of data is through improved self-disclosure by the private sector. The commitments made by companies of all kinds since the Summer of 2020 to foster more diverse and inclusive workforces are a perfect reason to start collecting, tracking, and reporting on the progress made to those commitments. "So many companies now are looking at diversity, inclusion and belonging," observed Rachel Cohen, a Senior ESG Consultant for Aon. "We have all these words, but what do they really mean? And so companies need to start looking inward and asking their employees, 'What does it mean to you?' What we need are really thorough engagement surveys of employees to better understand their needs and beliefs on almost everything related to diversity and inclusion."[63]

Just as leadership on disability inclusion starts at the top of an organization, so too does the disclosure of disability. No leader can expect honesty from their employees when they are not open and honest about their disability status. Just by simple math, approximately 15 to 20 percent of persons serving on board of directors or in a c-suite has a disability. Many more have a direct connection to a person with a disability.

Yet, "There are no executives or senior managers who have disclosed a disability, at any of the FTSE 100 companies," according to a May 2021 study by Tortoise Intelligence and the Valuable 500.[64]

> *In other words, not a single senior member of the one hundred largest companies listed on the London Stock Exchange identifies as disabled – a statistical impossibility.*

We cannot conclusively prove the business case for competitive, integrated employment with such a low level of disclosure.

Recommendation #6: Expand the Body of Work

A comment made nearly two years ago to this author in research for "Solving 'Then, What?'" remains true today. The rationale for more studies on the connection between disability inclusion and value creation "is about trust and generating trust," observed Abraham McAllister, an advisor and investment manager. "While one great study goes a long way, humans are averaging machines. Something as complex as disability inclusion needs a lot of validation across many scenarios."[65]

Critical to expanding the depth and breadth of research on disability inclusion and value creation is collecting better data (Recommendation #5) through more relevant metrics (Recommendation #3). Existing research by Accenture, Return on Disability, and Center for Talent Innovation are excellent resources. But a handful of studies is not enough. For context, a recent paper by the New York University Stern Center for Sustainable Business analyzed 1,000 published studies on ESG and business performance that were published between 2015 and 2020.[66] It took thousands and thousands of studies to show the connection between ESG and value creation over nearly two decades before ESG gained mainstream acceptance by business leaders and investors.

Not that disability inclusion will require that level of scholarship, but a great deal more research to look at the connection between disability inclusion and long-term value creation is needed to foster a similar level of acceptance.

Recommendation #7: Go Where the Investors Are

As the world emerges from the lockdowns of COVID-19, a recommendation made in "Solving 'Then, What?'" is truer today than it was in 2020 – the vital importance of the disability community being present at the conferences and events hosted and attended by the investor community. The spectrum of global convenings goes from significant events such the World Economic Forum's annual meeting in Davos, Switzerland and the Milken Global Conference to smaller, online events hosted by any number of investor groups. Each represents a "Critical Moment" for the disability community to be present in the conversation and ensure visibility to investors and corporate executives.

> *The disability community must be more than present, it must be engaged. The opportunities for engagement at these events are numerous, ranging from keynote speeches to panel discussions to hosting private discussions with current allies to new and future collaborators.*

Recommendation #8: Be Activist Investors

Although this paper has placed much of the onus for disability inclusion on investors, executives, middle managers, and policymakers, the fact of the matter is that every one of us can use our financial assets to push for more inclusive workplaces. We can make our voices heard through the products we purchase every day. Many of us are investors – be it directly in companies as shareholders or through mutual funds. The mindset and approach are no different from that used by environmental and civil rights organizations for decades – and increasingly used by investors on ESG-related issues.

Consider the approach of State Street, one of the world's largest asset managers, in engaging companies on their investments in human capital:

> *As is typical across ESG issues, we will first approach this topic with companies through engagements, focusing on companies and industries with the greatest risks and opportunities related to human capital management.*
>
> *If we encounter laggards regarding human capital management who are not making sufficient progress as a result of our engagements, we will consider taking action using our votes, either by supporting relevant shareholder proposals or voting against relevant directors at upcoming shareholder meetings.*
>
> *We will leverage our aforementioned disclosure expectations to analyze shareholder proposals related to human capital management, and consider supporting relevant proposals at companies that are not sufficiently aligned with our expectations.*[67]

Granted, none of us controls the hundreds of billions of dollars in assets like State Street. But each of us can – and must – take a similar approach. We too can ask companies, investors, or managers of our financial assets questions like:

- "Where does disability inclusion fit into your diversity, equity, and inclusion agenda?"
- "Are persons with disabilities afforded equal pay for equal work?"
- "Do you partner with state and local workforce development organizations to create a pipeline of talent into your company?"
- "How many executives and board members have disclosed their disability status?"
- "Is the compensation of executive management tied to diversity, equity, and inclusion goals, specifically, disability inclusion goals?"

Through questions like these, action can be placed at the intersection of money and meaning – thereby providing a desired level of fulfillment and achievement that each of us desire.

The organizations that show the most robust commitments and impactful outcomes through their inclusive policies will be deserving of our support – financial or otherwise. Those that do not appreciate the connection between competitive, integrated employment and long-term value creation deserve to be shunned and criticized.

Recommendation #9: Leverage the Entire Value Chain

A company can have the most equitable pay practices, ample opportunity for professional development, be inclusive, and enjoy engaged leadership but if its commitment to competitive, integrated employment is limited to itself, the potential for positive impact on society is limited.

The disability community must take a page from the environmental community and organizations such as World Wildlife Fund and Environmental Defense Fund. These organizations have been working with companies in every industry to use their supply chains to address systemic environmental issues around the world. In many instances, they have assigned dedicated teams to be on site with their corporate partners in what are essentially management consulting roles. Through this direct, hands-on engagement, these environmental organizations collaborate with not just the company but also significant numbers of their suppliers to improve the environmental performance throughout the entire value chain. The premise is simple – the environmental footprint of a grocery store or retail store is not that big. However, the collective environmental footprint of every product sold in the store is massive – and thus the real work must occur at the very start of the production process.

The same principle applies to disability inclusion. Unilever – the global consumer goods company that owns brands such as Ben and Jerry's and Dove – has over 60,000 suppliers in its supply chain; Walmart has roughly 2,800 suppliers, and Amazon has nearly 2 million active sellers on its platform.

> *Each of those has made various commitments to create more diverse and inclusive supply chains – but left unstated is a specific commitment around suppliers owned by persons with disabilities or that employ significant numbers of persons with disabilities.*

Companies at the end of the supply chain – auto companies, retailers, apparel brands, to name a few – can use their purchasing power to incentivize competitive, integrated employment throughout their supply chain. The correct approach is not demanding that suppliers make a commitment to disability inclusion but rather creating a win-win through constructive incentives such as:

- Committing to a long-term purchasing agreement with suppliers
- Providing suppliers with more space on the shelves or a more prominent position on the website, so they can better market their products and reach more consumers
- Offering suppliers access to expert counsel on creating a more inclusive workforce

Engaging with suppliers is not limited to massive companies like Unilever, Amazon, and Walmart. The efforts of Regeneron, a mid-size pharmaceutical company, to create a diverse supply chain, including Service-Disabled-Veteran-Owned Businesses, are noteworthy: "We pursue diverse suppliers, both through our own networks and externally through such organizations as the Institute for Supply Management's Supplier Diversity Pharmaceutical Forum. In certain instances, we introduce potential vendors to relevant department contacts and mentor them so that they are more likely to succeed in bidding opportunities."[68]

Actions such as this will have a catalytic effect that goes far beyond the four walls of the company. It also accelerates the potential of competitive, integrated employment on a global scale and in regions of the world where disability inclusion is not even a consideration for most businesses.

Recommendation #10: Create a Public-Facing Benchmark of Disability Inclusion

Benchmarks are rankings of companies based on a set of criteria, which could be anything from their engagement in communities to level of innovation to market share. In recent years there has been a proliferation of benchmarks that rate companies on their ESG performance. In such benchmarks several ESG-related criteria are established, and companies are ranked among their peers based on their performance.

Benchmarks serve three important purposes. First, benchmarks compel companies to provide accurate and robust disclosure of data and metrics across the identified criteria. Companies that fail to provide good data are almost certain to receive the benchmark equivalent to an "F" grade – just like any of us would receive if we did not turn in a homework assignment in school. Conversely, companies that provide a great deal of useful information are scored well. They, in turn, receive the benefits of having a high score – a stronger reputation, increased likelihood of investor interest, stronger brand loyalty, to name a few.

> *Second, and for many of the same reasons as above, benchmarks foster a culture in companies of "doing more" and innovation. It is only natural that companies want to be listed at the top of the benchmark, which incentivizes them to exceed their peers.*

Third, benchmarks help ensure alignment between commitments made by the company and its actions. For example, if a company makes a litany of commitments to fostering an inclusive workplace but its government affairs team is supporting public policy that is not conducive to workplace inclusion its commitments are, at best, hollow. The research conducted in a benchmark helps uncover such inconsistencies and adds pressure to companies to do as they say.

Using many of the criteria outlined in Recommendation #3, it is possible to create a benchmark that will rank companies on five important categories:

1. Level of commitment to competitive, integrated employment
2. Level of disclosure on efforts to achieve competitive, integrated employment
3. Supply chain engagement
4. Alignment between inclusion commitments and engagement on public policy
5. Impacts and outcomes achieved

By ranking companies by achievement of competitive, integrated employment the 3.4 billion consumers in the PWD market will have an objective analysis for how to best spend their money. And investors will know with confidence that they are investing in companies with a commitment to create long-term value through competitive, integrated employment.

The New Ground Zero

Whereas "Solving 'Then, What?'" asserted that the "S" aspects of ESG are the "Ground Zero" for fostering more inclusive and innovative organizations, there is a new "Ground Zero" looming on the horizon.

> *It is expected that the Securities and Exchange Commission (SEC), the government agency charged with supervising how investors interact with publicly-traded companies in the United States, will issue one – and perhaps two – proposals in mid-2022 that have the potential to significantly change how companies attract, invest in, and mentor their employees, often referred to as "human capital".*

Starting in 2020, the SEC increasingly has been focused on how companies manage their human capital. The belief is that a diverse, talented, and motivated workforce creates a better company able to be successful over the long-term. Thus, the SEC is considering ways in which companies can make more robust public disclosures on how they are using their human capital in a way that makes for a better company. The fundamental belief is, "What gets disclosed, gets measured and managed. And what gets measured and managed, gets integrated into long-term strategy."

The SEC proposals are likely to focus on two areas: First, compelling companies to create more diverse boards or, if they are unable or unwilling to do so, provide a written justification for their board composition. This approach could be similar in nature to what the Financial Conduct Authority (the U.K. equivalent to the SEC) proposed in April 2022. According to news reports, "Under the new listing rules, companies will have to include a statement in their annual financial report setting out if they have met specific diversity targets set by the regulator. The targets include having women make up at least 40% of the board, with a woman in at least one senior board position, such as Chair, CEO, CFO or Senior Independent Director, and at least one board member from a Non-White ethnic minority background."

Of more significance, "The FCA also indicated that reporting on board and board committee diversity policies could consider wider diversity characteristics such as ethnicity, sexual orientation, disability, and socio-economic background."[69]

Second, more substantive disclosures on the level and nature of investment companies are making in their workforce and could soon be required. The second area of focus will build upon a SEC rule that went into effect in late 2020.

The SEC proposals are expected to be contentious, politicized, and polarizing. Some will argue that the SEC is placing undue burdens on companies, both in terms of what they will be required to disclose and how they manage their employees. Others will argue that the SEC's commitment to a more diverse workforce where employees are considered as an essential resource reflects the realities of doing business in the 21st Century and beyond.

The SEC proposals are a "Defining Moment" for disability to become an established, codified descriptor of workforce diversity. The proposals also are a vehicle for disability inclusion to become a more clearly defined metric for measuring corporate performance, just as already is the case for gender, race, and sexual orientation. Unless disability is elevated to the same level of recognition as other aspects of diversity, it will never be regarded as integral to driving long-term value creation.

Further, without requiring greater disclosure around disability metrics there will never be enough data to conclusively make the argument that competitive, integrated employment drives long-term value creation.

Put simply, if disability is not formally established as integral to workforce diversity, equity, and inclusion the consequences of that omission will reverberate for decades.

This defining moment plays directly into an important strength of the disability community – policy advocacy. The disability community has a long and proud history of policy advocacy at every level of government. The SEC proposals are an opportunity for the disability community to leverage the intersectional nature of disability to build a truly diverse and inclusive coalition in support of greater transparency around how companies create their boards and invest in their people. It also is an opportunity for the disability community to engage in what will be a very public dialogue about the value creation unique to persons with disabilities in the workforce – the very topic needed to solidify the support of investors and stakeholders so they, in turn, will push companies to achieve competitive, integrated employment across the private sector.

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