

February 21, 2017

The Honorable Greg Abbott
Governor
The State of Texas
P.O. Box 12428
Austin, TX 78711

The Honorable Dan Patrick
Lieutenant Governor
The State of Texas
P.O. Box 12068
Austin, TX 78711

The Honorable Joe Straus
Speaker of the House
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768

Dear Governor Abbott, Lieutenant Governor Patrick and Speaker Straus:

We, the undersigned investors representing over \$11 trillion in collective assets under management, are writing to you out of our strong belief that equality, diversity, and inclusiveness are fundamental elements of a successful workplace, community, and capital markets system. Therefore, we are closely monitoring legislation introduced in states across the country, including in Texas, that would result in discrimination against lesbian, gay, bisexual, and transgender (LGBT) people. Bills that deliberately limit the human rights of LGBT people are not only unjustified and unfair, but may have troubling financial implications for the business and investment climate in states, including in Texas.

As long-term investors in companies doing business in Texas, we are concerned that any form of legislation that allows or facilitates discrimination against LGBT people may make it difficult for our portfolio companies to attract and retain top talent to work in their Texas-based operations. Businesses clearly attach great importance to policies that create a successful workplace, which includes the ability of LGBT people to work in a safe, open, and inclusive environment. Nearly 92 percent of the Fortune 500 companies have adopted inclusive non-discrimination policies protecting their employees on the basis of sexual orientation and 82 percent of the Fortune 500 companies also include gender identity in those policies in order to better position themselves to attract and retain the best talent.¹ Research also has shown that corporate policies that foster inclusive workplaces by supporting LGBT employees lead to more positive business outcomes, lower staff turnover, and increased job satisfaction and productivity.²

¹ <http://www.hrc.org/campaigns/corporate-equality-index>

² <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Business-Impact-LGBT-Policies-Full-Report-May-2013.pdf>

Consequently, we are concerned that discriminatory legislation in Texas such as Senate Bill 6 (SB6) could have significant negative financial implications for the state and investors alike. SB6 would prevent transgender people from using restrooms in public schools, universities, and government buildings consistent with their gender identity. Further, SB6 would eliminate any municipal non-discrimination ordinances and put an additional \$10 billion in federal funding at risk.³

We seek a predictable, stable business climate in Texas where our portfolio companies can thrive. However, SB6 directly undermines the strong business-minded environment in your state. According to research conducted by the Texas Association of Business, the state could face losses of at least \$964 million and job losses as high as 185,000, if discriminatory measures like SB6 become law.⁴ A similar law in North Carolina has already cost that state more than \$600 million in economic losses through a decline in tourism, relocation of sporting events, and investments redirected to other states.⁵ Given that Texas is the second largest state economy in the United States, any substantial economic challenges in Texas could also have broader implications for this country.

As investors in companies that employ hundreds of thousands of people across your state, we (as well as our respective beneficiaries and investors) want Texas to continue to thrive as a successful business environment and to be a financial leader in our country. However, discriminatory legislation that undermines these opportunities may hinder public and private investment, as well as the ability to raise capital, throughout your state.

Proof of this fact can be seen in the more than 1,200 firms doing business in Texas that have joined Texas Competes – a business partnership committed to promoting a competitive, inclusive, and economically vibrant Texas. This growing list represents a diverse mix of public and private companies, professional services firms, small business owners, and non-profit organizations from across the state, all of which are concerned with the potential threat to the Texas economy and the businesses that drive it as well as the welcoming brand that the state projects on LGBT issues.

In addition, many prominent companies with significant Texas business operations recognize the importance of inclusive workplace policies including American Airlines, Comerica, Dow Chemical, Kimberly-Clark, Southwest Airlines, Texas Instruments, and Waste Management. All of these companies explicitly prohibit discrimination based on sexual orientation and gender identity in their workplace policies. In fact, 40 of the 51 Fortune 500 companies based in Texas have policies that bar discrimination based on sexual orientation and/or gender identity in their workplaces.⁶ Discriminatory laws that directly impact any state workplaces make it difficult for

³ <http://williamsinstitute.law.ucla.edu/press/if-passed-texas-senate-bill-6-would-negatively-impact-over-125000-transgender-adults-in-texas-and-thousands-of-transgender-youth/>

⁴ “Texas could lose \$8.5B if anti-gay or transgender bathroom laws are passed, study claims,” DallasNews.com, at <http://www.dallasnews.com/news/lgbt/2016/12/06/texas-lose-85-billion-anti-gay-transgender-bathroom-laws-passed-study-claims>

⁵ <http://www.forbes.com/sites/corinnejourney/2016/11/03/north-carolinas-bathroom-bill-flushes-away-nearly-1-billion-in-business-and-governor-mccrorys-re-election-hopes/#67eed3e26eb5>

⁶ <http://williamsinstitute.law.ucla.edu/press/if-passed-texas-senate-bill-6-would-negatively-impact-over-125000-transgender-adults-in-texas-and-thousands-of-transgender-youth/>

all of these companies to hire and retain top talent and to promote diversity within their businesses.

In conclusion, discriminatory legislation such as SB6 is bad for Texas businesses and investors in those businesses. Such discriminatory legislation ultimately hampers the ability of our portfolio companies operating in Texas to offer inclusive and productive workplaces to attract and retain the best current and potential employees.

The undersigned investors are therefore united in our opposition to SB6 and any other forthcoming legislation that is hostile to LGBT people. Consequently, we urge you to oppose such legislation so that Texas can remain a competitive, vibrant, and innovative business and investment environment.

Thank you for your consideration. Please send any responses via email to both Michael Garland, Assistant Comptroller - Corporate Governance and Responsible Investment, New York City, Office of the Comptroller, at mgarlan@comptroller.nyc.gov, and Jonas Kron, Senior Vice President, Director of Shareholder Advocacy at Trillium Asset Management at jkron@trilliuminvest.com, who will forward them on to the other signatories to this letter.

Sincerely,

Scott M. Stringer
New York City Comptroller
New York City, Office of the Comptroller

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