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CORPORATE EQUALITY INDEX 3.0

UNDERSTANDING THE NEW CRITERIA

Please note: additional information added to the timeline on page 3 on March 16, 2009.

Launched in 2002, the Human Rights Campaign Foundation's Corporate Equality Index has become a roadmap and benchmarking tool for U.S. businesses in the evolving field of lesbian, gay, bisexual and transgender equality in the workplace. The HRC Foundation is committed to keeping the criteria for the CEI rigorous, fair and transparent by identifying emerging best practices that improve the experiences of LGBT employees of participating businesses. Equally important, we are committed to providing the resources and consultation that enable each business to attain a 100 percent rating.

This document explains the newest, third iteration of the criteria for the CEI — known as CEI 3.0 — as well as the resources the HRC Foundation currently provides or is developing to support participating businesses' efforts to meet the new criteria. The new criteria will go into effect for the Corporate Equality Index 2012 Survey and Report issued in calendar year 2011.

The CEI criteria apply to business operations throughout the United States, including wholly-owned subsidiaries. Most businesses are rated based on their responses to the CEI survey which must be accurate to the best of the employer's ability, requiring education and understanding by benefits, human resources, legal and other professionals. Supporting documentation is required for certain criteria, but only the first time an employer seeks credit for these criteria and not in subsequent surveys. However, HRC may request additional information or documentation at any time to clarify potential discrepancies with survey answers.

PRIMARY OBJECTIVES OF THE NEW CRITERIA

Since releasing the last criteria changes in 2006, the HRC Foundation has looked to create even stronger criteria to help address the following objectives:

- End benefits discrimination for transgender employees and dependents
- Provide equal benefits for same-sex partners and spouses
- Demonstrate firm-wide organizational competency on LGBT issues
- Demonstrate firm-wide external commitment to LGBT community

CORPORATE EQUALITY INDEX CRITERIA 3.0

The following is an overview of the criteria that go into effect in calendar year 2011 for the Corporate Equality Index 2012 Survey and Report. Underlined text represents criteria that are new or have changed and are described in greater detail in the following sections.

1. **Equal employment opportunity** policy includes:
 - a. Gender identity or expression
 - b. Sexual orientation
2. **Employment benefits**
 - a. Equivalent spousal and partner benefits –and–
Spousal benefits encompass state-recognized same-sex spouses, partners and civil unions
 - b. Transgender-inclusive health insurance coverage following WPATH Standards of Care
3. **Organizational LGBT competency**
 - a. Competency training, resources or accountability measures
 - b. Employee group –or–
Diversity council
 - c. Engagement and diversity metrics
4. **Public commitment**

External LGBT-specific efforts, at least three of the following: recruiting, supplier diversity, marketing or advertising, philanthropy or public support for legal LGBT equality
5. **Responsible citizenship**

No known activity that would undermine LGBT equality

Point Allocations

Businesses are rated on a scale from 0 to 100, with a certain number of points awarded for meeting each criterion. The Human Rights Campaign Foundation will continue to award partial credit to employers that have satisfied a portion of certain criterion. The point allocation will be announced by March 2010.

- Criteria for calendar years 2006-2011:
http://www.hrc.org/issues/cei_criteria.htm
- Why the criteria change:
<http://www.hrc.org/issues/4783.htm>

TIMELINE

Following the typical CEI schedule, the following timeline is expected to apply. With the exception of benefits deadlines, all dates are subject to modification:

2009

- Mar. 31: CEI 2010 Survey released to participants (includes clearly marked questions that will count toward the current and/or the new criteria).
- Sep. 1: CEI 2010 Report released to public with current criteria and additional "screens" indicating which businesses have met portions of the new criteria (the first screen, introduced in the CEI 2009 Report, indicated which employers had made transgender-inclusive insurance available).

2010

- Mar. 31: CEI 2011 Survey released to participants (includes clearly marked questions that will count toward the current and/or the new criteria).
Point allocations for new criteria will be announced. Participants will receive preliminary rating evaluations under the current *and* new criteria upon survey submission.
- Sep. 1: CEI 2011 Report released to public with current criteria and additional "screens" indicating which businesses have met portions of the new criteria.

2011

- Mar.31: CEI 2012 Survey released to participants (includes clearly marked questions that will count toward the new criteria only).
Participants will receive preliminary rating evaluations using new criteria only.
- Jun. 30: CEI 2012 Survey must be submitted to HRC Foundation by the end of June.
- **Jul. 29: Participants must demonstrate that all new non-benefits criteria have been met and that all new benefits criteria will be met by Jan. 1, 2012. (Benefits must be announced to employees before report is released.)**
- Sep. 1: CEI 2012 Report released to public with new criteria only.

2012

- **Jan. 1: Because benefits typically operate on an annual cycle, all benefits changes must be effective by Jan. 1, 2012.**

CONFERENCE CALLS / WEBINARS

To ensure that all CEI participants will have opportunities to ask questions about the individual criteria changes, we will schedule a series of conference calls to occur Mar.-May 2009; look for an e-mail with these dates by Mar. 16. Due to limited staff resources, participants that have questions prior to these conference calls are urged to e-mail workplace@hrc.org with their questions. Thank you for your consideration.

EMPLOYMENT BENEFITS

To secure full credit for benefits criteria, each benefit must be available to all benefits-eligible U.S. employees. In areas where more than one health insurance plan is available, *at least one inclusive plan must be available*.

CRITERION 2A: EQUAL BENEFITS FOR SAME-SEX PARTNERS AND SPOUSES

Benefits for same-sex partners (including state-registered domestic partners, civil union partners and same-sex spouses*) must be equivalent to those provided to employees with different-sex spouses to the extent permitted by law.

All of the following benefits will be examined for parity:

Health benefits:

- medical
- dental
- vision
- dependent coverage
- COBRA-equivalent

Retirement benefits¹:

- qualifying retirement plans: hardship distribution option
- pensions: qualified joint and pre-retirement survivor annuities (QJSA/QPSA)
- partner is the default beneficiary in the absence of a designated beneficiary or different-sex spouse

Other benefits:

- FMLA-equivalent
- bereavement leave
- supplemental life insurance
- relocation/ travel assistance
- adoption assistance
- employee discounts
- employee assistance programs

*State registration should substitute for a domestic partnership affidavit (if an affidavit is required for enrollment purposes) and be a qualifying event for benefits enrollment.

Insurance contract definitions of “spouse,” when they exist, should include same-sex spouses if recognized by the state in which the employee claims benefits. Requirements to provide proof of relationship should be the same for same-sex as for different-sex spouses.

Helpful Resources

- ➔ Inclusive Health Insurance Plans for Same-Sex Couples
http://www.hrc.org/issues/domestic_partner_benefits.htm
- ➔ Employer definitions of family
<http://www.hrc.org/issues/4826.htm>

¹ As a result of the Worker, Retiree and Employer Recovery Act of 2008, the rollover option, but not the hardship distribution option, of qualifying retirement plans made possible by the Pension Protection Act of 2006 will be mandatory for all qualifying plans as of Jan. 1, 2010. For more information: www.hrc.org/11821.htm.

CRITERION 2B: HEALTH INSURANCE FOR TRANSGENDER EMPLOYEES AND DEPENDENTS

Benefits-eligible employees (and their dependents) firm-wide must have access to at least one health insurance plan that:

1. **Covers transgender-specific treatment** (mitigating “transgender” or similar exclusions for care) and
2. **Affirmatively recognizes the WPATH Standards of Care**² in determining treatment coverage eligibility (mitigating “medically necessary” and “cosmetic” exclusions).

Coverage must be demonstrated through sufficient documentation, including one or more of the following:

- *Preferred:* Excerpt of summary plan description (SPD) –*or–* complete summary of material modifications (SMM) indicating coverage
- Excerpt of insurance contract’s language referencing clinical guidelines for coverage –*and–* the clinical guidelines
- Insurance contract amendment indicating coverage
- Insurance contract’s full list of exclusions that show no transgender exclusions
- Press release or other benefits notice to employees indicating coverage

Helpful Resources

- ➔ List of employers that have implemented benefit
<http://www.hrc.org/issues/9568.htm>
- ➔ Best practices from employers that have implemented benefit
<http://www.hrc.org/issues/9570.htm>
- ➔ About WPATH and Download the Standards of Care
<http://www.hrc.org/issues/8098.htm>
- ➔ Coming Fall 2009: Comprehensive resource including
 - Model policy language
 - Treatment requirements based on WPATH Standards of Care
 - Policy examples
 - Analysis of projected cost
 - Parameters of HRC policy review

² Also the “Harry Benjamin International Gender Dysphoria Association’s Standards of Care for Gender Identity Disorders.” HBGDA changed names to the World Professional Association for Transgender Health. Available at: <http://wpath.org/Documents2/socv6.pdf>

ORGANIZATIONAL COMPETENCY

CRITERION 3A: GENDER IDENTITY AND SEXUAL ORIENTATION INCLUDED IN DIVERSITY AND COMPETENCY TRAINING, RESOURCES OR ACCOUNTABILITY MEASURES

Businesses must demonstrate a firm-wide, sustained and accountable commitment to diversity and cultural competency, including **at least two of the following elements**:

- New hire training clearly states that the non-discrimination policy includes gender identity and sexual orientation and provides definitions or scenarios illustrating the policy for each
- Supervisors undergo training that includes gender identity and sexual orientation as discrete topics (may be part of a broader training), and provides definitions or scenarios illustrating the policy for each
- Integration of gender identity and sexual orientation in professional development, skills-based or other leadership training that includes elements of diversity and/or cultural competency
- Gender transition guidelines with supportive restroom, dress code and documentation guidance
- Senior management/executive performance measures include LGBT diversity metrics

Options in this section may expand as HRC Foundation's work on LGBT workplace climate continues. Businesses will be required to submit a short description of training, a copy of the transition guidelines or a description of performance measures to substantiate these items.

Helpful Resources

- ➔ Diversity Training on Sexual Orientation and Gender Identity
<http://www.hrc.org/issues/7019.htm>
- ➔ Coming Fall 2009: Comprehensive toolkits for medium-to-large employers with options ranging from classroom training to eLearning, designed to strategically build upon and integrate with existing programs.

CRITERION 3C: ENGAGEMENT AND DIVERSITY METRICS UTILIZE GENDER IDENTITY AND SEXUAL ORIENTATION DATA

Businesses must demonstrate that LGBT workers are intentionally and consistently included in organizational assessments of climate, engagement and/or talent management. **Confidential** and **optional** identification questions on gender identity and sexual orientation should be included in **at least one of the following**:

- Anonymous employee engagement or climate surveys conducted on an annual or biennial basis.
- Data collection forms that collect employee race, ethnicity, gender, military and disability status – typically recorded as part of employee records with strong privacy and confidentiality safeguards.

Helpful Resources

- ➔ Coming March 2009: Best practices to collect and safeguard LGBT employee input in engagement surveys and employee records in same way as gender, race and ethnicity data.
<http://www.hrc.org/issues/8460.htm>

EXTERNAL ENGAGEMENT

CRITERION 4: DEMONSTRATED FIRM-WIDE COMMITMENT TO LGBT COMMUNITY

Businesses must demonstrate ongoing LGBT-specific engagement that extends across the firm, including **at least three of the following**:

- LGBT employee recruitment efforts with demonstrated reach of LGBT applicants (required documentation may include a short summary of the event or an estimation of the number of candidates reached)
- Supplier diversity program with demonstrated effort to include certified LGBT suppliers
- Marketing or advertising to LGBT consumers (e.g.: advertising with LGBT content, advertising in LGBT media or sponsoring LGBT organizations and events)
- Philanthropic support of at least one LGBT organization (e.g.: financial, in kind or pro bono support)
- Demonstrated public support for LGBT equality under the law through local, state or federal legislation or initiatives

Helpful Resources

- ➔ Conference call April 2009: Supplier diversity (with NGLCC)
<http://www.hrc.org/issues/7012.htm>
- ➔ Recruiting LGBT employees
<http://www.hrc.org/issues/4834.htm>
- ➔ Marketing to LGBT consumers
<http://www.hrc.org/issues/4841.htm>
- ➔ Philanthropic support of LGBT organizations
<http://www.hrc.org/issues/12197.htm>
- ➔ Legislative/ballot support
<http://www.hrc.org/issues/4761.htm>