



Deere & Co (DE)

Vote Yes: Item #5 – Report on Effectiveness of Efforts to Create a Meritocratic Workplace

Annual Meeting: February 26, 2025

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CIRCUMSTANCES UNIQUE TO THIS RESOLUTION

The proponents acknowledge that the vote related to this request has been muddled by an alternative resolution that presented a request similar to this proposal. We are concerned that investors may be unable to differentiate between the intention of the proposals, and that the Deere & Company (John Deere or Deere) Board may therefore have difficulty in determining the true preferences of its investors.

THE RESOLUTION

Resolved: Shareholders request that Deere report publicly on the effectiveness of its efforts to create a meritocratic workplace where no one is excluded from contributing to the Company's success because of an immutable characteristic, such as gender, race or ethnicity. The report should be done at reasonable expense, exclude proprietary information, and provide transparency on outcomes using quantitative metrics for workforce diversity, hiring, promotion, and retention of employees, including data by gender, race, and ethnicity.

Supporting Statement: Quantitative data is sought so that investors can assess and compare the effectiveness of companies' efforts to ensure meritocratic workplaces through DEI efforts. It is advised that this content be provided through Deere's existing sustainability reporting infrastructure. An independent report on this topic is not requested.

OVERVIEW

The intention of this resolution is to ensure that John Deere's human capital management system enables a meritocratic workplace. A meritocratic workplace is one that effectively removes the barriers to employee success that discrimination and bias create. Effective diversity, equity, and inclusion (DEI) systems do not advantage one group over another, nor do they disadvantage one group over another. Diverse and inclusive workplaces have been extensively linked to stronger businesses and financial returns. However, Deere does not provide quantitative data on the outcomes of its internal efforts to create a meritocratic workplace.

It is essential that investors have access to quantitative inclusion data, as bias and discrimination have been documented within the broader American workforce. John Deere's recent public communications on the diversity strategy of the company have muddled investors' understanding of the company's approach and commitment to a meritocratic workforce.



DISCUSSION

Investors are seeking data to understand if Deere's workplace is a meritocracy where no one is excluded from contributing to a company's success because of an immutable characteristic, such as gender, race, or sexual orientation. Well managed diversity, equity, and inclusion programs do not place people into roles they don't deserve; they are focused on ensuring that the bias and discrimination that exist in America¹ does not harm the company's ability to hire, advance, and retain the best possible employees.

John Deere's July 2024 announcement has muddled investors' understanding of the company's commitment to equity and inclusion

John Deere's management appears to have significantly mismanaged the company's communication of its commitment to a meritocratic workforce, leading to confusion within the marketplace.

On Deere's website, the Company's leader of global talent acquisition and DEI strategies, Johane Domersant, states "The best way to drive innovation to the fullest extent is to ensure we have broad representation of different backgrounds and perspectives in the room because the reality is that diverse companies operate at a faster pace, drive unique solutions, and do so at a higher profit margin. They just do."²

However, in July 2024 John Deere tweeted a statement that was widely represented in the media³ as a significant change to its approach to diversity, equity, and inclusion. While the changes announced may have simply represented an evolution of the company's practices, the statement emphasized that the company was:

- No longer participating in or supporting external social or cultural awareness parades, festivals, or events,
- Auditing all company-mandated training materials and policies to ensure the absence of socially mandated messages,
- Reaffirming that diversity quotas and pronoun identification are not company policy,

¹ <https://www.pewresearch.org/race-and-ethnicity/2024/06/15/racial-discrimination-shapes-how-black-americans-view-their-progress-and-u-s-institutions-2/>, <https://academic.oup.com/qje/article-abstract/137/4/1963/6605934?redirectedFrom=fulltext&login=false>, <https://academic.oup.com/qje/article-abstract/133/1/191/4060073?redirectedFrom=PDF&login=false>, <https://www.pnas.org/doi/full/10.1073/pnas.1706255114>, <https://www.shrm.org/topics-tools/news/inclusion-diversity/gender-bias-2024-survey>

² <https://www.deere.com/en/stories/featured/diverse-talent-contributes-to-a-better-deere/>

³ A sample: <https://www.agriculturediver.com/news/deere-rolls-back-DEI-initiatives-after-social-media-backlash/721899/>, <https://www.cnn.com/2024/07/18/business/john-deere-diversity-inclusion-efforts/index.html>, <https://www.nationalreview.com/news/john-deere-distances-itself-from-dei-despite-earlier-commitments/>



- Continuing to track and advance the diversity of the organization⁴

In opposition to this shareholder resolution, John Deere's Board states that it believes "the proposal is primarily intended to advance the political and social views of the proponent, not to add value to the Company's business or its shareholders." However, a company's ability to recruit, advance, and retain employees from varying backgrounds and experiences is not a social or political imperative – it is a business one.

Effective human capital management does not advantage one group over another, nor do they disadvantage one group over another.

The US Supreme Court's June 2023 decision striking down affirmative action in university admissions⁵ has shifted companies' comfort in setting targets related to diversity goals and has led to reviews and modifications of diversity and inclusion program language. Companies obligations to workplaces free of harassment and discrimination have not changed, however. Indeed, companies have a legal obligation⁶ and financial incentive to ensure equal opportunities — and to refrain from creating workplaces that are hostile, unsafe, discriminatory, or enable harassment.

Investors are encouraging Deere to maintain effective inclusion programs for reasons that go beyond legal considerations. Numerous studies have pointed to the benefits of a diverse and inclusive workforce. A small subset of their findings include:

- Whistle Stop Capital and *As You Sow* Researchers reviewed the workforce diversity of 1,641 companies between 2016-2021. Linear regressions found statistically significant positive correlations between increased manager diversity and enterprise value growth rate, free cash flow, return on equity, return on invested capital, and 10-year revenue growth, among other indicators.⁷
- The consultancy BCG found that innovation revenue was 19 percent higher in companies with above-average leadership diversity. In addition, companies with above-average diversity had EBIT margins nine percentage points higher.⁸
- A study of the S&P 500 by the *Wall Street Journal* found that the 20 most diverse companies had an average annual five-year stock return that was 6.0 percent higher than the 20 least-diverse companies.⁹

⁴https://x.com/JohnDeere/status/1813318977650847944?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1813318977650847944%7Ctwgr%5E7e88d8404e81684132c3931c6735680d545842d%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fwww.foxbusiness.com%2Fmedia%2Fjohn-deere-releases-statement-rejecting-dei-policies-committed-our-customers

⁵ <https://www.sidley.com/en/insights/newsupdates/2023/08/us-supreme-court-ends-affirmative-action-in-higher-education--an-overview-and-practical-next-steps>

⁶ <https://www.eeoc.gov/statutes/title-vii-civil-rights-act-1964>

⁷ <https://www.asyousow.org/report-page/2023-positive-relationships-linking-workforce-diversity-and-financial-performance>

⁸ <https://www.bcg.com/en-us/publications/2018/how-diverse-leadership-teams-boost-innovation.aspx>

⁹ <https://www.wsj.com/articles/the-business-case-for-more-diversity-11572091200>



- Research conducted by the World Economic Forum shows that companies with above-average diversity scores drive 45 percent of average revenue from innovation, while companies with below-average diversity scores drive only 26 percent.¹⁰

Researchers have identified benefits of diverse and inclusive teams to include: access to top talent, a better understanding of consumer preferences, a stronger mix of leadership skills, informed strategy discussions, and improved risk management. Diversity and the different perspectives it encourages has also been shown to encourage more creative and innovative workplace environments.¹¹ In contrast, companies where harassment and discrimination exist may experience reduced employee morale and productivity, increased absenteeism, challenges in attracting talent, and difficulties in retaining talent.

Inequality may also threaten the total portfolio return of diversified investors by slowing economic growth: for example, one study determined gender and racial gaps reduced GDP by \$2.6 trillion in 2019.¹²

Despite the politicization of “DEI” as a term, there appears to be only a small subset of Americans believe that corporate diversity and inclusion efforts are harmful. A January 2025, Harris/Axios Vibes Poll found that most Americans are indifferent to DEI efforts, with 84 percent of White respondents indicating that they believed that DEI efforts had either benefited or had no impact on their career. Eighty-one percent of men responded similarly. However, for younger and diverse Americans, there was strong active support for DEI efforts, with over 1/3 of LGBTQIA+, Gen Z, Black and Hispanic respondents stating that DEI initiatives had benefited their careers.¹³

Unfortunately, corporate initiatives intended to ensure workplace meritocracy vary in quality. Companies need to be intentional in ensuring that negative stereotypes against gender, race, or other diversity characteristics do not harm their workplace; and investors must have the data needed to monitor and compare their companies’ effectiveness in meeting this important goal.

John Deere does not provide transparent quantitative data on the outcomes of its efforts to create a meritocratic workplace.

Deere’s disclosure of key inclusion factor data – hiring, promotion and retention rates by gender, race and ethnicity categories established by the Equal Employment Opportunity Commission –would allow investors and potential employees to understand the extent to which the company is successfully building, managing, and retaining an effective workforce.

¹⁰ <https://online.uncp.edu/articles/mba/diversity-and-inclusion-good-for-business.aspx>

¹¹ https://images.forbes.com/forbesinsights/StudyPDFs/Innovation_Through_Diversity.pdf

¹² <https://www.frbsf.org/wp-content/uploads/wp2021-11.pdf>

¹³ <https://www.axios.com/2025/01/17/diversity-initiatives-workers-trump>



Deere lags its peers in the disclosure and transparency it provides to investors on the effectiveness of its diversity and inclusion programs. At the date of the filing of this document, the company currently shares only its overall turnover rate.¹⁴

Deere is lagging other leading companies. Below are examples of inclusion factor data that Deere's peers are disclosing, or have committed to disclose, as of January 1st, 2025:

- 54 percent of the S&P 100 release, or have committed to release, at least one hiring statistic related to gender.
- 37 percent of the S&P 100 release or have committed to release, at least one hiring statistic related to race/ethnicity.
- 29 percent of the S&P 100 release or have committed to release, at least one promotion statistic related to gender.
- 21 percent of the S&P 100 release or have committed to release, at least one promotion statistic related to race/ethnicity.
- 23 percent of the S&P 100 release or have committed to release, at least one retention or turnover statistic related to gender.
- 22 percent of the S&P 100 release or have committed to release, at least one retention or turnover statistic related to race/ethnicity.

Companies that release more diversity and inclusion data than Deere include, but are not limited to Ford, General Dynamics, General Motors, Union Pacific, and Raytheon Technologies.

In its statement of opposition, Deere states that it already shares workforce diversity data and that "the data is available for at least three most recently completed years, allowing the reader to assess changes over time." The diversity of the company's employees is insufficient data to understand the meritocratic nature of its organization. Unchanging diverse composition at a company may indicate strong retention rates of existing employees (a positive indicator) or it may mask significant turnover and replacement costs (a negative indicator).

CONCLUSION

Vote "Yes" on this Shareholder Proposal 5.

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For questions, please contact Meredith Benton, As You Sow, benton@asyousow.org

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¹⁴ <https://www.deere.com/assets/pdfs/common/our-company/sustainability/data-book-2023.pdf>



AS YOU SOW

2025 Proxy Memo

Deere & Co | Shareholder Proposal Requesting a Report on Effectiveness of Efforts to Create a Meritocratic Workplace

INVESTMENT ADVICE OR AS A SOLICITATION OF AUTHORITY TO VOTE YOUR PROXY. THE COST OF DISSEMINATING THE FOREGOING INFORMATION TO SHAREHOLDERS IS BEING BORNE ENTIRELY BY ONE OR MORE OF THE CO-FILERS. PROXY CARDS WILL NOT BE ACCEPTED BY ANY CO-FILER. PLEASE DO NOT SEND YOUR PROXY TO ANY CO-FILER. TO VOTE YOUR PROXY, PLEASE FOLLOW THE INSTRUCTIONS ON YOUR PROXY CARD.