



RETURN ON DISABILITY

MAY 1, 2016

Translate Different Into Value

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2016 Annual Report:
The Global Economics of Disability

An Emerging Market The Size of China

With an estimated population of 1.3 billion, people with disabilities (PWD) constitute an emerging market the size of China. Their Friends and Family add another 2.4 billion potential consumers who act on their emotional connection to PWD.

Together, PWD control over \$8 trillion in annual disposable income.

The aging Boomer population is adding to the number of PWD daily. As Boomers' physical realities change, their need and desire to remain active in society dovetails with the demands of PWD. This group controls a larger share of the national wealth than any previous generation.





Shift in mindset required

Enterprises seeking new ways to create value for stakeholders have a strong interest in attracting the spending of this increasingly powerful cohort. Companies and investors seeking to make additional returns in a market rewarding innovation are now including disability in their strategies and Environmental, Social, and Governance (ESG) mandates.

In order to create value, focus must shift from charity and accommodation to a plan focused on specific actions to attract customers and talent in PWD markets.

C-suite executives must understand that earning profit from disability is driven by a better customer experience, product development and maximizing human capital – actions that focus on delighting customers.

Our primary research shows that 24% of the largest U.S. companies have publicly observable activity in relation to PWD. Of the 1,136 firms analyzed, only 4% are acting to create material shareholder value. This represents a material opportunity for companies seeking to add shareholder value to be first movers in their sectors. They have the potential to connect with this large market with a low level of additional investment.

**Read the entire report
for an in-depth market
analysis.**



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About The Return on Disability Group

The Return on Disability® Group is a New York-based economic research firm and index provider founded in 2008 by Rich Donovan, who is a person with disabilities (PWD). The Return on Disability Group updates this paper annually to help companies and governments position their products and services in the PWD marketplace.

At the organizational level, The Return on Disability Group helps large companies and governments to understand value drivers specific to their operating environment. Our research and data allow clients to set up the framework, metrics, and change management required to do disability well and increase economic value.

Our primary research, delivered to each client through their Return on Disability Report, allows companies and governments to act in a coordinated effort to best serve the PWD market. Customized to a specific company (or public sector business unit), these 40-page reports help managers understand their organization's performance across disability factors that link directly to profitability. Available globally, Return on Disability Reports include a detailed assessment of a company's individual performance, along with our recommendations for actions that create value.



At the market level, The Return on Disability Group produces various equity indices containing the best performers in disability for global stock markets. These indices, updated and published daily by our financial institution partners, give investors a simple way to identify Environmental, Social, and corporate Governance (ESG) investments that have a higher probability of creating shareholder value over time.

Our methodology is based exclusively on economic business drivers. Each analysis draws from a universe of more than 300 business drivers spanning customer, employee and productivity areas. The Return on Disability Model measures 30 publicly observable data points, which are weighted to reflect their relative importance for a given company or industry. The end result is one number—the company’s actual Return on Disability Result. This Result also determines the company’s inclusion in a market’s Return on Disability Index, a set of indices published and managed by various global financial institutions.

For the past five years, we have independently analyzed over 1,400 companies’ yearly performance across 30 observable disability-related factors. These 210,000 data points have given us the insight required to identify key performance indicators. We then apply a traditional equity index approach to companies that do disability well.

How To Use This Document

In the last thirty years, we have seen people with disabilities (PWD) move from a marginalized population representing a massive net loss to the public purse to the gradual integration of PWD as consumers and employees. This has created identifiable economic value.

While global civil rights legislation¹ has given PWD a platform from which to project economic power, large gaps still exist between aspiration and reality. The next step is to go beyond legal recognition, into market recognition.

The intent of this paper is to inform those grappling with how to position their products and services in the PWD market. We do this by establishing a set of common statistical, economics-rooted measures of the market's size and features, and by describing the top issues facing companies wishing to engage with the PWD market.

Managers should use this document internally to inform their customer- and talent-facing teams, provoke discussion, and to launch fresh products and services serving the PWD market.

At 1.31 billion people globally², PWD represent nearly one person in five on the planet—a market the size of China. Unlocking the potential of this large subset of the global marketplace will have a transformative effect on economic growth, public and private institutional cash flows, and on how economies manage an aging population.

1. 160 countries have signed the UN Convention on the Rights of Persons with Disabilities. 162 have ratified the CRPD.
2. Based on US Census data and respondents' self-identification.

Private sector

Disability is not yet a material contributor to the profitability of the typical company. While firms like Disney and Google are acting in material ways, most organizations are oblivious to the opportunity that PWD represent. Regulations in G-10 nations have set hiring quotas, operating standards and tax measures to create PWD hiring incentives for private business. But this should not be the focus of profit-seeking entities. Rather, marketing to the 53% of the marketplace that disability touches has a greater impact on the creation of both shareholder and social value.

As PWD gain more economic independence and influence over saving and spending decisions, a number of facts are becoming clear:

- PWD and their Friends & Family represent a large group of consumers whose identity goes beyond medical condition when making purchasing decisions.
- Most companies focus on hiring, not value creation, when it comes to PWD. They are missing their biggest value driver: serving PWD as customers.
- 24% of the largest U.S.-based public companies that Return on Disability Group has analyzed indicate an interest in this market. 4% of these 1,136 firms back that interest up with measurable effort that is material to shareholder value.
- 25% of the largest Canadian public companies indicate an interest in this market. 4% of these 320 firms back that interest up with effort that is material to shareholder value.
- There is increasing interest in understanding – and serving – the disability market.

Public sector

From a public sector perspective, an estimated \$350 billion³ is currently spent every year on services to PWD in the United States alone.

More than \$150 billion³ is lost in tax revenue annually due to the limited utilization of PWD in the workforce.

This represents a GDP impact of 2.77%, ignoring any multiplier effects—an amount that exceeds half of total U.S. defense spending.

PWD are clients, employees and taxpayers of global governments. Until today, discussions around PWD have focused almost solely on policy linked to the ‘social safety net’. Governments must begin to shift the conversation to take steps that best deliver services to and leverage the talent of PWD while ensuring protection of taxpayers. This requires a massive shift from a ‘caretaking’ posture to one that focuses on service and maximization of social assets.

3. US BLS statistics on participation rate & unemployment rate. US budget data includes Medicaid/care and other transfers.

Disability Market Snapshot – Top Line Demographics

Identity as disability

Disability begins with identity. An individual with a learning disability may not be deemed ‘medically disabled’, but having to develop alternative methods for interacting with the external environment may cause them to develop an internal identity as having a disability. The ‘tag’ of disability, rooted in medical terms for the last two centuries,⁴ is a matter of self-perception. *Identity is key, as it impacts the relationship between individuals, brands and organizations as customers and employees.*

Raw numbers

The best source of data around self-identification of disability is the U.S. Census. The questions asked do not rely on medical diagnosis, but instead on how the individual assesses their own functionality.

As of 2010, 56.7 million people, representing 18.7% of the non-institutionalized population in the United States above the age of five, identified themselves as having a disability.

Making the logical assumption that disability does not recognize borders, the global estimate of the population of PWD is 1.31 billion people.⁵

Up to 30% of the aggregate income that flows to PWD comes in the form of government

4. The field has a long history in religion and warfare, but for our purposes we focus of 1970 onward.

5. $0.1866 * (\text{global pop} > 5\text{yrs of } 7.0\text{B}) = 1.27 \text{ billion}$ – source: US Census 2010, CIA World Book.

Exhibit 1: Population and income data for PWD and their Friends & Family

	Global	USA	Canada	EU ⁶	Asia ⁶
PWD Population	1.31B	56.7mm	6.2mm	91.0mm	748.0mm
PWD Income⁶	>\$1.97T	\$872.7B	\$113.3B	\$983.9B	NA
PWD Disposable⁶	>\$1.2T	\$645.3B	\$55.4B	\$482.1B	NA
Friends & Family Population	2.42B	105mm	11.5mm	168mm	1.38B
Friends & Family Disposable	>\$6.9T	\$3.9T	\$311.1B	\$2.7T	NA

Source: US Census, US Bureau of Labor Statistics, StatsCan, EuroStat, Return on Disability Group

transfer payments. In the U.S. approximately \$350 billion flows to PWD annually in direct and indirect transfers.⁷ In addition, PWD control approximately \$645 billion in disposable income; almost triple the amount controlled by the U.S. Hispanic community in 1990—the point at which Latinos became an identifiable market segment for corporations to serve.⁸

We estimate that the U.S. disability market population is three times the size of the U.S. Hispanic market.

One size does not fit all

People with disabilities

The PWD market does not consist exclusively of wheelchair users, Braille readers and sign language gurus. Individuals with visible disabilities constitute fewer than 29% of PWD.⁹ They are, however, the group that has received the most public attention: it is easier for legacy programs to use visual cues to deliver a fundraising message.

6. See Endnote 1 and Endnote 2 for methodology changes for Income calculations and EU/Asia changes.

7. A conservative number, based on federal, state and municipal budgets.

8. Latino Families: Consumption and Purchasing Power, Bárbara J. Robles, PhD, Annie E. Casey Foundation.

9. U.S. Census Bureau Current Population Report: Americans With Disabilities: 2002 (P70-107) by Erika Steinmetz.

The vast majority – 71% of PWD – have non-visible disabilities such as a learning or cognitive disability.¹⁰ Those with visible disabilities and those with non-visible disabilities have different identities depending on whether their disability is readily evident. Note that The Return on Disability Group does not break down disability by clinical diagnosis, as it is misleading from a consumer decision-making standpoint. Our breakdown by functionality is far more powerful from an innovation and consumer attraction stand point.

Friends and Family

Often referred to as 'caregivers', this large group represents family, friends, and those that have an innate reason to understand disability and its impact on those with whom they have an emotional connection.

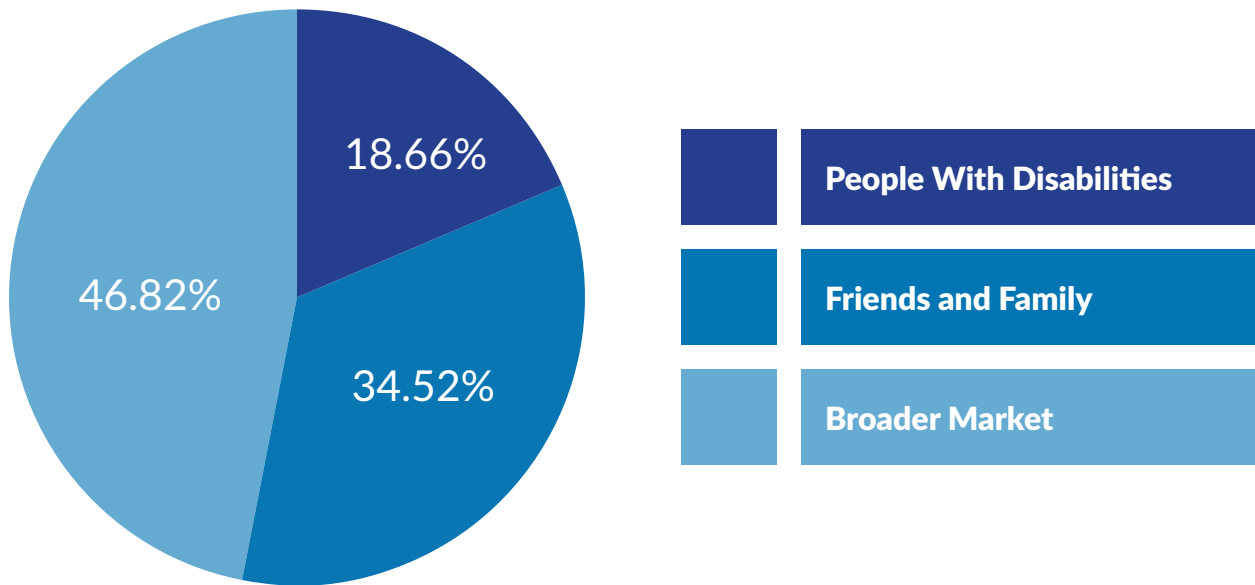
*Our conservative estimate is that this segment represents 2.42 billion consumers and employees worldwide, controlling more than \$6.9 trillion dollars in disposable income annually.*¹¹

These individuals have witnessed first-hand the challenges of interacting with mainstream infrastructure and attitudes that PWD encounter in daily life. They are passionate, driven by a mix of perceived injustice, and inefficient use of the resources that PWD represent. *In formal discussions with this group, The Return on Disability Group has found that Friends and Family are 'evangelists', ready to act and 'preach' to others about the value inherent in PWD.* This has profound ramifications for companies seeking to establish brand loyalty amongst PWD as consumers and to increase retention of PWD as employees.

10. U.S. Census Bureau Current Population Report: Americans With Disabilities: 2002 (P70-107) by Erika Steinmetz.

11. Using a 1.85:1 ratio to PWD. Income assumed using mean levels in United States, EU and Canada.

Exhibit 2: Demographic breakdown of PWD and their Friends/Family



Baby Boomers

In the United States, Boomers account for more than 77 million people between the ages of 48 and 66 with an aggregate annual spending power of over \$2 trillion.¹² In G10 economies this segment controls more wealth than in any previous generation.

Boomers have re-defined every stage of life that they have attained, from creating the ‘teenager’ to launching into middle age with gusto. As people age, their needs change. These same individuals will not fade quietly into retirement, maintaining their identity as consumers and employees well beyond age 65.

The measured prevalence of a disability above age 65 is 51.8%.¹³ Boomers are already demanding products, services and workplaces that adapt to their needs and desires.

As the demands of this influential group change, both the private and public sectors must adapt to attract.

12. <http://www.marketresearch.com/product/display.asp?productid=1466503>

13. US Census Bureau, Americans with Disabilities: 2005 Table 1.

The Broader Market

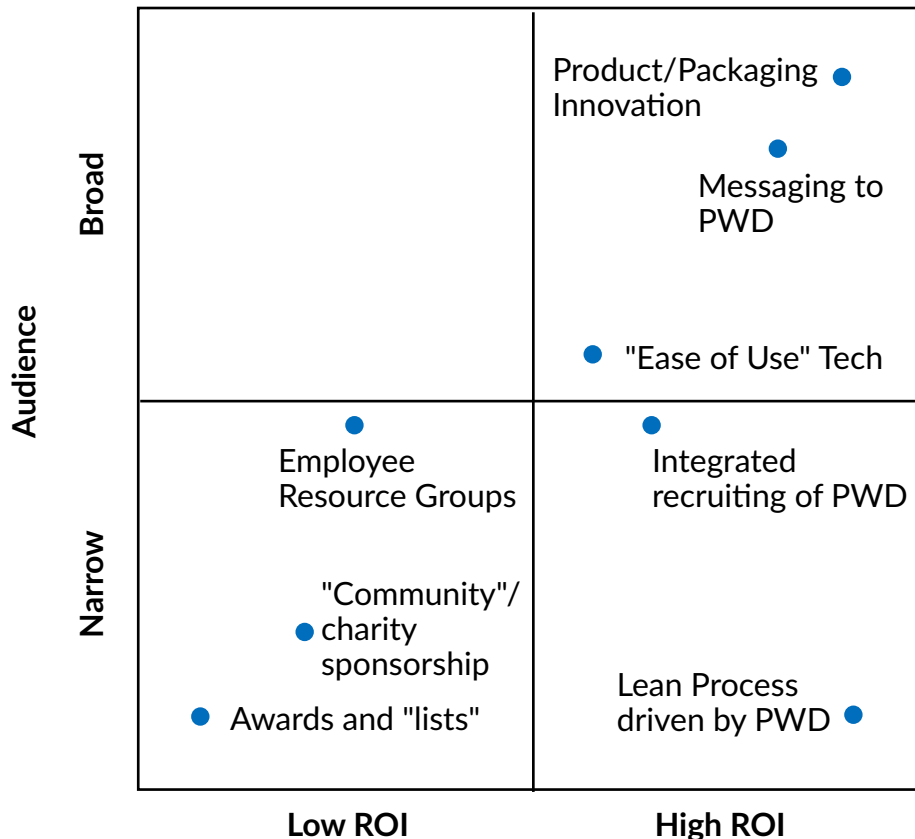
It is critical that disability is not viewed in isolation from the mainstream, but is seen as a part of the broader consumer and employee marketplace.

That's because innovations and insights derived from disability improve the experience for all.

If implemented effectively in terms of product development and customer experience, such innovations are proven to drive firm-wide ROI.

For example, accessible environments are more attractive to stroller-pushing mothers or package-toting buyers at the check-out, improving the retail experience for everyone.

Technology and process that benefits PWD evolves into technology and process that benefits all consumers. When you simplify and shorten a warehouse process for someone with limited mobility, you simplify and shorten for all while driving down cost. Designing a beverage container for someone with limited dexterity makes it easier to open for seniors, children, and your average adult.





Cross-over applications are the 'holy grail' of business/disability efforts, and will drive growth in disability-related capital spending.

Apple's Siri is a good example. It is a voice recognition program originally developed for people who read differently. Siri has become a market-wide application that has since been picked up and copied by all mobile phone manufacturers.



Evolution of the regulatory environment

Governments around the world began widespread implementation of disability-focused laws at both the state and federal levels in the 1970s. These laws range from mandatory educational provisions for PWD to infrastructure benchmarks for the public and private sectors to hiring quotas for PWD (set mainly in the 1990s).

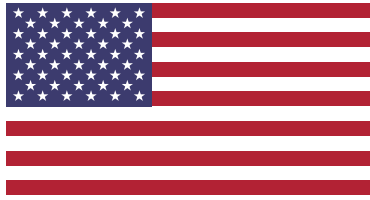
These laws are rigidly enforced in some European countries but have little impact in North America. Penalties and settlements for infractions are infrequent and range from \$6 million in one U.S. suit against a major retailer to daily non-compliance fines of \$100,000 in Ontario.^{14, 15}

These fines have little impact on the firms affected.

Accordingly, the risk of litigation does not warrant a major focus on compliance with disability laws and regulations. Regulation in Canada and the U.S. is, however, gaining some teeth.

14. <http://usefularts.us/2008/09/04/target-ada-accessibility-california/>

15. Accessibility for Ontarians with Disabilities Act, 2005



The U.S. Landscape

Legislation governing PWD hiring practices in the private and public sectors has existed for some time, but has historically lacked teeth. It is possible that could change due to a significant 2013 change to Section 503 of the Rehabilitation Act.

There are three key pieces of disability regulation of which U.S. businesses need to be aware:

- Americans with Disabilities Act – ADA (2009/1990)
- Individuals with Disabilities Educational Act – IDEA (2004/1975)
- Federal Affirmative Action Laws (Section 503 of the Rehabilitation Act)

The Americans with Disabilities Act – ADA (2009/1990)

ADA is a civil rights law intended to provide protections against discrimination to people with disabilities in much the same way that the Civil Rights Act of 1964 provided protection against discrimination based on race.

Ramifications for business

Companies need to be aware of their obligation under Title III, which focuses on the “built environment.” It states that new construction of facilities such as hotels, retail outlets and transportation must ensure “equal enjoyment” of goods and services by PWD. The costs of these modifications must pass the test of reasonableness. Yet awareness of ADA does not in most cases extend beyond firms’ legal departments

today. The level of enforcement, which is low, must be a factor in setting appropriate strategy. Recent Department of Justice and court actions in New York City on accessible taxis may signal a shift in the intensity of enforcement. It should be noted that the primary enforcement vehicle of ADA is civil court. In most cases, the effect of the law on business has not gone beyond General Counsel offices. This is a negative, unintended consequence of the law. In most firms, marketing and product development departments should take ownership of PWD customers.

The Individuals with Disabilities Educational Act – IDEA (2004/1975)

IDEA 2004 governs how states and public agencies provide early intervention, education and related services to children with disabilities from birth to age 26. The Act interprets Congress' intended outcome for each child with a disability by stipulating the provision of a Free Appropriate Public Education (FAPE) that adequately prepares them for further education, employment and independent living.

Ramifications for business

IDEA has created a generation of PWD who are better educated, have higher expectations, and are readily employable. They rate highly as consumers and as employees. Consumer-facing businesses and large-to-medium sized businesses need to set strategy to attract these individuals and those who identify with them. Similar laws have been enacted across developed nations, creating a 'bulge' of well-educated and economically motivated PWD around the world.

Federal Affirmative Action Laws (Section 503 of the Rehabilitation Act)

This most recent legislative change—one that U.S. businesses would be wise to heed—is a change made to the regulations implementing Section 503 of the Rehabilitation Act. It is a Final Rule published by the U.S. Department of Labor’s Office of Federal Contract Compliance Programs (OFCCP). Effective March 24, 2014 employers in the U.S. that contract with the Federal Government *must take affirmative action* to recruit, hire, promote, and retain people with disabilities.

The Final Rule establishes a nationwide ‘target’ of 7% for the employment of qualified PWD by Federal contractors.

Contractors must apply this ‘target’ to each of their job groups, or to their entire workforce if they have fewer than 100 employees. Contractors must conduct an annual utilization analysis and assessment of problem areas, and establish an action plan to address any identified problems.

Recruiting/Disclosure

Contractors must *invite applicants to voluntarily self-identify as PWD* at the pre-offer stage of the hiring process in addition to the existing requirement that contractors invite applicants to voluntarily self-identify after receiving a job offer. The purpose of this data collection is to provide contractors with useful information about the extent to which their outreach and recruitment efforts are effectively reaching people with disabilities.

Record Keeping

Contractors are required to maintain quantitative measurements and comparisons of the number of PWD who apply for jobs and the number of PWD they hire. The point of this is to create greater accountability for employment decisions and practices. This data will

enable contractors and the OFCCP to evaluate the effectiveness of contractors' outreach and recruitment efforts, and to examine hiring and selection processes related to PWD.

Ramifications for business

The intent of the Department of Labor is to place disability on par with race and gender under affirmative action. Businesses must take these regulations seriously. The tone of Labor officials has been co-operative, signaling that they understand the iterative process ahead for businesses adapting to these rules. This policy is, however, directly supported by the top two Presidential appointments at Labor, both of whom have strong experience in disability and employment law. This would seem to indicate that the policy is more than window dressing.

In other countries, quota/target legislation has not led to large scale hiring. Over 20 years of mandated hiring targets for PWD results have been mixed, with cross-industry results in the range of 1% to 3% on average. The most successful large employers of PWD are the Canadian banks. That said, the banks spent 20+ years trying to bring PWD employees in the door, with initial numbers hovering in the 1% - 2% range. In the last 6 years, the banks have changed their approach, focusing on the business drivers that attract talent to any firm. *Recruiting language changed, as did the owners of the process.* Recruiting has moved from legal/charity departments to recruiting teams headed by senior business champions. Numbers have crept up to the 2% to 5% range, averaging 3.6% amongst Canadian Financial Institutions.

The challenge for U.S. firms is to avoid repeating the first 20 years of poor results experienced elsewhere as well as to avoid incurring similar costs.

Given the Canadian banking precedent, it is clear that simple compliance will not drive results.

Real change requires focusing on the business drivers behind disability from day one.



The Return on Disability Group advises stepping back from the specifics of the law to assess how the spirit of the law positively impacts the value of your enterprise.

Engaging a lawyer and developing process/policy to meet requirements will only result in increased legal fees and administrative costs.

Our approach encourages firms to develop company-wide strategies that first identify the potential for new revenue and reduced costs involved in serving disability as an emerging market and talent source. Innovative and shareholder-focused firms will address the need for compliance by analyzing impacts on revenue and costs driven by disability.

The 7% employment target set by Section 503 of the Rehabilitation Act is without global precedent. European, Japanese and Canadian targets/quotas range from 1.6% to 6.0%. The word 'target' is used intentionally so that those tasked with enforcing the rules can have the flexibility to assist and educate firms that are not PWD-savvy. It is an aggressive but statistically attainable number. To paraphrase government thinking on the matter, 'the ultimate goal is to attain 7%, and we understand it is difficult to achieve. As long as a good faith effort is there to achieve this over time, we will be your partner'.

The Return on Disability Group views the 7% 'target' as a 10-year goal. To achieve this will require a laser beam focus on business drivers first, with 'social' factors in the background.

Messaging is key

The kind of message that an organization projects will affect the extent to which existing employees and new hires disclose the fact that they have a disability. Disclosure is delicate, as it deals with the most intimate part of an individual's identity both inside and outside of the workplace. Firms that project a business-focused message attain higher disclosures rates. Rates increase initially from the existing employee base, then plateau, and can grow over time through new hires.



At the same time as they focus internally, businesses must also build their recruiting power. The best U.S. firms in PWD outreach today are hiring 155 disclosed full time employees per year into a base of 80,000 employees. This is a rate that must significantly improve to attain Rule 503's 'targets'.

Percentages of PWD hired, however, is not the ultimate metric for shareholders.

Businesses do not exist to hire people.

Firms must be able to communicate the success of their efforts to employees and investors in terms of business value created.

'Effective outreach' must be a subset of a broader assessment of how disability impacts the value of the business.



The Canadian Landscape

In Canada there are two key pieces of regulation of which businesses need to be aware:

- Employment Equity Act (1995/1986)
- Accessibility for Ontarians with Disabilities Act – AODA (2005)

Employment Equity Act (1995/1986)

The Employment Equity Act is meant to achieve equality in the workplace. Its stated purpose is to correct conditions of disadvantage in employment experienced by women, aboriginal peoples, people with disabilities, and members of visible minorities. This law is applicable to the public service and all federally regulated private entities (government expenditures in Canada represents 44% of the economy). It sets specific hiring quotas for its target groups and calls for federal government audits of applicable organizations. Stated penalties range from C\$10,000 to C\$50,000 for repeat violations. All tribunal hearings are public.

Ramifications for business

Businesses and government departments are charged with ensuring that their workforce includes a certain percentage of PWD at all levels. As a consequence, strong recruiting and retention strategies are critical to finding, promoting, and retaining talent. In reviewing the law in 2008, the Government of Canada stated that PWD remained under-

represented and that growth in PWD employment was flat between 2001 and 2008.^{16, 17}

Anecdotal evidence indicates that businesses struggle to access PWD talent pools.

As PWD recruiting moves to a market-based relationship, companies need to develop messaging and value propositions to attract PWD talent or risk non-compliance and/or financial underperformance.

To summarize, Canadian firms need to improve their PWD recruiting efforts focusing on attracting as opposed to merely accommodating.

Accessibility for Ontarians with Disabilities Act – AODA (2005)

The AODA explicitly recognizes the history of discrimination against PWD in the province of Ontario. Its primary purpose is to develop, implement and enforce accessibility standards in order to achieve accessibility with respect to goods, services, employment, and the 'built environment' on or before January 1, 2025. Its secondary purpose is to involve PWD within the Government of Ontario and representatives of industries in the development of proposed accessibility standards. The Act is part of a wider effort to 'make Ontario accessible by 2025'.

Ramifications for business

AODA applies to government and businesses operating in Ontario. It represents a different approach to disability regulation: it is the first piece of legislation to focus on the concept of 'standards'. AODA comes with a schedule for the publication, over time, of specific compliance measures for customer service, employment, 'built environments', transportation, and information/communications technology. Penalties for non-compliant corporations are capped at \$100,000 per day.

16. <http://news.gc.ca/web/article-eng.do?m=%2Findex&nid=459759>

17. http://www.abilities.ca/work_money/2009/06/25/employequityact_annualreport2008/



The first set of standards implemented in 2011 affects customer service processes, and has mostly to do with front-line employee awareness of PWD as customers. Adoption has been slow and the results have been mixed. The next standard on the horizon for business is the Employment Standard focused on recruiting and HR policy. The structure of the law has the potential to be replicated globally. It is specific and has teeth on the enforcement side, although practice has yet to match theory.

With the election of a new Federal government in 2015, businesses outside Ontario should prepare for a national law similar in scope to AODA – an election commitment of the federal Liberal party. While it is unclear what this legislation will cover, logic dictates that it will likely apply a similar regulatory framework to federally regulated entities.



The European Landscape

European Union

In the European Union, laws and regulations are formed at the European Union (EU) level as well as at the national level. At the EU level, the Employment Equality Directive 2000/78/EC is important as are various national equality laws. National laws are in general more stringent, yet the aims of both levels are well aligned.

On the legislative front, a Directive implemented in the year 2000 expanded the scope of discrimination beyond race and gender. Council Directive 2000/78/EC established a framework for equal treatment in employment and occupation on the grounds of religion or belief, disability, age and sexual orientation. It aims to:

- Eliminate obstacles preventing PWD from exercising their abilities, mainstreaming disability issues in community policies
- Facilitate active inclusion of disabled people and mobilizing stakeholders through dialogue
- Engage civil society and other stakeholders

In a fashion similar to that of Canada, the EU has set goals that transcend general legal protections available under umbrella rights codes. It is clear that EU efforts are in flux, adapting to both national legal frameworks and pioneering support for the UN Convention on the Rights of People with Disabilities. Given that European culture leans more on courts and mandatory regulation, closer attention needs to be paid to EU business compliance. *As with all global regulation, we believe that if ROI frameworks are properly applied, compliance with disability legislation and regulation are a low hurdle to clear.*



United Kingdom

In the United Kingdom, the Disability Discrimination Act 2005 outlines a framework of laws based on the concept of equal treatment surrounding employment, education, and access to goods, facilities, and services. The Act requires public bodies to promote equality of opportunity for PWD.

General Observations

The 'quota' system, which originated in Europe, has its roots in a 'social obligation' model, manifested in the form of laws in most nations. These laws state that all companies over a certain size (25 employees), must hire PWD. Germany, Spain, France, Poland and Denmark all have quotas in place ranging from 4% to 6% of the workforce. Quota systems, both quantitatively and qualitatively, do not work. In practice, firms are unable to hire PWD without meaningful change designed to attract talent. The notion that an HR/Recruiting team has simply to open their doors to attract qualified PWD is wrong. Quotas set up a parallel system in which PWD employees are perceived as less talented in the minds of managers and in the minds of the employees themselves.

As companies communicate the value of PWD to the business—both internally and externally—employees with disabilities are more confident at work and disclosure rates jump dramatically.

Major banks that have taken this step have seen their numbers jump by 50% over 3 years.



The UN Landscape

In an effort to codify common objectives in the treatment of PWD across international borders, the United Nations (UN) developed a Convention whose stated aim is for “countries that join in the Convention engage themselves to develop and carry out policies, laws and administrative measures for securing the rights recognized in the Convention and abolish laws, regulations, customs and practices that constitute discrimination” (Article 4).

The UN Convention on The Rights of Persons with Disabilities provides a recognized international legal framework for PWD in one document. It provides a common language for countries to attain minimum standards and best practices in terms of including people with disabilities in public, legal, educational, and political institutions as well as in transportation, technology, and other infrastructures.

Countries that ratify the Convention must report regularly to the UN about the steps they are taking to protect and promote the basic rights of PWD. In most parts of the world, the implementation of rights tends to lag behind established goals. At time of writing, 160 countries have signed the Convention and 162 have ratified it.

The UN being what it is, the Convention cannot be enforced. Its existence, however, is a signal that business must heed. As with gender and race, disability now has an international framework. The convention provides the language and objectives for PWD

in any location to bring pressure to bear—both negative and positive—on firms offering goods and services in their local markets. Activists as well as governments can now use the Convention to campaign for laws where none existed beforehand.

In addition to the UN, The Global Reporting Initiative (GRI) has begun to explore setting 'social accounting' standards for disability. GRI is the leading global body defining sustainability metrics, historically focused on Environmental and Governance issues. There is momentum around material action to add 'Social' metrics to Sustainability. This is the next 'home' for disability in corporate and government action.

There is clear evidence that the sophistication of campaigns targeting the global disability market is approaching that of other key consumer groups. While the vast majority of efforts are being made in the political arena, more attention is being paid by campaigners and their constituents to commercial economics and brand attachment.

The UN and its member states are eager to develop partnerships with multinationals seeking to differentiate and demonstrate 'Performance with Purpose'. Governments are wrestling with the challenge of translating the convention into corporate activity and need to work with pioneers to find ways of doing so.

For multinational companies in particular, this is an opportunity. Global brands that partner within this framework may benefit by being seen as driving its implementation. A global approach benefits them, as well. A purely domestic approach to disability issues is inefficient. Rather, setting global benchmarks that incorporate the broad 'spirit' of the law and business practices—as opposed to adopting narrow compliance checklists—ensures that process is in place in existing markets and upon new market entry.



Public Sector Response

The bureaucratic legacy

A historical perspective is useful in understanding current government approaches to disability. In the first half of the 20th Century, western governments adopted the role of caretaker and protector, due in large part to the high number of war wounded resulting from the First World War.

Programs were set up to sustain PWD without any expectation of integration into society. In the last 30 years, society has come to focus on disability as part of the human experience. Government programs, however, have struggled to catch up with social views. *Bureaucracies continue to focus on service delivery rather than on what is actually being delivered.*

Current government policy/programs can be broken into three general areas:

- Education
- Employment/income support
- Anti-discrimination legislation

Education

Education is one area where governments have seen success with disability. Prior to the 1970s, disability was a badge that sidelined PWD at schools and institutions of higher learning. Today there are 2.2 million declared PWD enrolled in U.S. universities; roughly 11% of the student body.¹⁸ That figure has doubled since 1996. Throughout elementary

18. (U.S. Department of Education, National Center for Education Statistics 2003-2004 Postsecondary Student Aid Study)

and secondary schools, processes have evolved to ensure that the overwhelming majority of PWD get an opportunity to realize their talents. *For governments, this represents a dual fiscal win: less need for program spending on income transfers and a significant new tax base.* Economies reap a further benefit—a new source of consumers with considerable spending power.

Employment/Income Support

Most western governments have some sort of employment/income support system set up for ‘unemployable’ PWD. In the U.S., the approximate annual budget of Social Security Disability Insurance(SSDI) is \$119 billion.¹⁹ This does not include programs such the Vocational Rehabilitation System and a number of non-profit variants. The historical origin of these efforts lies in ‘taking care’ of PWD rather than ‘empowering’ them to chart their own course. Anecdotal evidence suggests that these programs represent a barrier to employment, as individuals who risk building a career must at some point forfeit their benefits.

Governments must focus on the goal of employment for PWD and align incentives accordingly. For this to happen, massive structural change is required.

Anti-discrimination legislation

Western governments have raced to enact various anti-discrimination laws to ‘guarantee’ PWD equal rights with other citizens. These ‘standards’, modeled after civil rights laws, focus on physical access and the workplace. They have had mixed results. There is evidence that they have fostered discussion and awareness around disability. Still elusive, however, are broad behavioral changes within institutions and concrete, measurable results from the increased participation and leadership of PWD in society. Penalties for non-compliance are not burdensome. *These laws have not caused broad societal change, but they do signal social intent.*

19. <http://www.cbo.gov/publication/43432>

Private Sector Response

Disability – Actions that build Shareholder Value

Disney designed its theme parks to move a large number of customers through as quickly as possible, without losing focus on maximizing the customer experience. Built into these parks are design features that make the experience possible, and often superior, for PWD. The most impressive aspect of how Disney deals with disability is the way in which it talks about it. It is not a compliance issue, but part of the customer experience.

The company has tapped into the cross-over effect, adapting innovations created for PWD for all customers. These include hand-held park guides, scooters, and alternative paths that are barrier-free. Parents that can help children with disabilities onto Hyperspace Mountain without difficulty will have a more positive image of the company, as will aging Boomers who have difficulty navigating stairs. Disney believes that including PWD at the planning stage translates into higher sales of Mickey hats, Goofy dolls and Pixar movie tickets.

There are many such examples, but by and large businesses have yet to discover disability as an emerging market.

While the concept of diversity has permeated the corporate world, most business leaders view diversity as an end in itself with skepticism. They struggle to link a diverse workforce with improved financial performance.

Risk versus reward

Any good manager understands the balance between risk and reward. The ideal approach is to attain the greatest return while keeping risk as low as possible. Risk is a big factor in

the decision to engage with PWD. One can't ignore the possibility of ending up on the wrong side of an anti-discrimination lawsuit, producing an unintended cultural slight, or simply not realizing that the constituency exists and failing to plan appropriately.

At the same time, the for-profit business that ignores identifiable consumer wants and needs faces increased competitive pressure and reduced earnings. As disability becomes what one publication calls 'The New Green,'²⁰ missteps and omissions will attract more press attention, with consequent impact on consumer perceptions and policymaking bodies. We have seen several lapses in serving PWD consumers garner adverse press headlines in developed markets, causing household brands embarrassment on shows such as Good Morning America and NBC Nightly News.

Back to dollars and cents

In order to change attitudes and to capitalize on rewards that outstrip risks, corporate perceptions of disability must translate into shareholder value that can be measured in a traditional manner: revenue and cost.

Profit-seeking entities now drive shareholder value in part by keeping pace with the evolving appetites of consumers for companies that add environmental, social, and governance (ESG) components to their products and services. Consumers who value the ESG component are no longer in the minority. People of all ages and backgrounds now prefer brands that are inclusive, socially aware, and that act in-line with their values as consumers and employees. General Electric realized more than \$10 billion in wind turbine sales in 2014—a business that did not exist prior to the Exxon Valdez incident.²¹ On the revenue side, value creation in disability revolves around product development, superior experiences, and selling to PWD and their Friends and Family. Leaders in the field have adopted a variety of techniques, including:

20. Disability and Business: The New Green, The Economist. September 8, 2012

21. <http://www.windpowermonthly.com/article/1155853/ge-expects-wind-revenues-drop-40>

- **Attract and Delight**

For established brands, finding a new way to engage a mature market is a valuable opportunity. Since PWD touches 53% of the global consumer marketplace, it represents a highly attractive demographic. A tiny minority of the value-add of marketing to the PWD demographic comes from the positive reputational effects of talking about inclusion, empowerment, and innovation. The bulk of the opportunity comes from the market's sheer size. Since no company is yet unabashedly seeking to bond the PWD market to its brands, a meaningful opportunity exists for first movers. The disability opportunity is comparable with that of the “green” marketing opportunity of recent decades.

- **Capture Innovation and Lean Process**

Innovation is born of the need to solve a problem outside the norm. Since PWD do things in ways that average consumers tend not to think about, they are extreme users of technology and infrastructure.

The company that can solve barriers facing extreme users will improve usability for the average user.

For example, creating a process that helps a young mother—who happens to have one hand and limited vision—to locate a product in a grocery store, buy it, open it, and consume it—makes it easier for all consumers to locate, buy, open, and consume products. *This represents a powerful opportunity for companies to advertise their innovative capabilities and have increased pricing power for commoditized products.* These types of opportunities are rare, yet with PWD they exist in every product vertical.

- **Source Talent**

The competition for talented employees is real, and PWD represent a new

pool of talent. PWD talent sourcing is not simple to address. Diversity recruiting, however, offers valuable lessons in approaching the PWD labor market. First, parallel employment systems do not work. Employees must be fully included. Second, passive approaches (websites/job boards) are a waste of resources. Third, recruiting diverse populations uncovers new talent and becomes a self-sustaining effort. *It is critical for companies to open their employee base to PWD in a robust way, which is initially a high touch effort.*

- **Models with a Visible Disability**

Employing models with a disability is an easy way for a firm to signal its interest in the PWD market. This includes visual and/or auditory cues of—and for—PWD in external communications such as advertisements and websites. Approximately 7% of our

Exhibit 3: Observed activity at large U.S. firms

Visible Effort	# Firms							% Change
	2010	2011	2012	2013	2014	2015		
Employee Resource Groups (PWD & Friends/Family)	26	43	59	83	88	92	11%	
Visible evidence of accessible website	26	44	86	109	137	139	28%	
Accommodations statement for recruiting	17	31	144	275	387	444	61%	
Accessibility statement for web access	8	26	34	65	69	69	6%	
Dedicated site for PWD	7	20	37	77	96	104	35%	
Models with visible disability	6	16	28	58	71	74	28%	
Affinity with National Business Focused Group	5	10	10	11	13	13	18%	
Specific recruiting outreach to PWD	3	10	12	13	14	14	8%	
Business Unit focused on PWD	2	6	8	14	18	18	29%	
Specific mention in Diversity section of PWD	2	8	20	21	24	24	14%	
Product development for Customers with disabilities	2	17	41	71	88	96	35%	
Community/NGO employment partnerships	1	0	1	2	2	2	0%	
Disclosure invitation	1	1	2	2	12	16	700%	
Evidence of business related lawsuit (EEOC/Customer)	n/a	n/a	101	167	183	215	29%	

research universe engages in the practice today, up from 1% in 2010. Given the size of the market and the ease with which this can be done, stepping up efforts in this area represents a good opportunity for businesses that engage in marketing. The one caveat is that there is currently no data on how best to speak to this market. In our experience, advertising agencies and brand professionals tend towards philanthropic rather than consumer-driven messages. Consumer research is needed to assess the best messaging strategy.

- **Visible Evidence of an Accessible Website**

This is the lowest hanging fruit for firms in the PWD market. Making websites accessible is a well-known, extremely capital-efficient endeavor that has observable results. In our U.S. research universe, 139 firms have visibly accessible websites, including text size modifiers, accessibility statements, standard adherence ‘marks’ (WAI, W3C etc.) and a text version of the website.

It should be noted that this is one area where there is a high risk of litigation for large organizations without accessible websites, because lack of accessibility is relatively simple to prove. High profile lawsuits against retail brands have settled out of court for amounts in the range of \$6 million.²² The settlement amount is small relative to the damage done to the brand by adverse publicity. It follows that an accessible website should be a high priority for firms looking to invest in disability markets. It should also be noted that there is a shift away from ‘standards’ and towards ‘use case approaches’ as technology is evolving faster than regulatory bodies can adapt. The key is to focus on functional user experience as opposed to obsolete out-of-the-box standards. This requires a shift away from traditional approaches, whose results can only be described as poor.

- **Accommodations Statement for Recruiting**

Accommodations statements are usually linked to career pages and state that a

22. <http://usefularts.us/2008/09/04/target-ada-accessibility-california/>



company will provide accommodations to job applicants who require them. They are usually accompanied by a contact phone number or email. There has been a dramatic uptick in this practice, probably in a poor attempt to satisfy new affirmative action regulations. On the surface, these statements seem like a good idea. However, it is a more complex and nuanced undertaking than it appears. After analyzing these statements, we concluded that the vast majority of such statements are aimed at legal compliance, not attracting talent. One such statement reads as follows:

In accordance with applicable federal and state laws, Firm XYZ will attempt to reasonably accommodate qualified individuals with known disabilities unless doing so would create an undue hardship on Firm XYZ.

This is a clear example of an attempt to comply with the letter of the law. It has the opposite of its intended effect—it makes companies bigger targets for campaigners—and provides no legal cover. Yet such ‘negative pledges’ still dominate.

Beginning in 2012 we included an analysis of the *number of customer or employee-driven lawsuits* as an indicator of responsiveness to stakeholders and potential for negative brand impact. Without using a legal database—to mirror stakeholders’ interactions—we uncovered evidence of 215 firms with legal actions filed by individuals, the Equal Employment Opportunity Commission (EEOC) or the United States Department of Justice. *This represents 19% of our research universe.* While not an extremely high number, it does represent a legitimate risk and should be included in the decision making process.

United States: Large Companies That Do Disability Well

U.S. companies that do disability well reward shareholders for buying their stock.

For the fifth consecutive year, The Return on Disability Group has analyzed the largest publicly traded U.S. companies (1,136 this year), independently assessing each with regards to how disability impacts corporate profitability.

We accomplished this with the help of the Return on Disability (RoD) Model, a proprietary tool that measures firm activities relative to PWD that create shareholder value. The RoD Model covers 30 publicly observable data points, each of which is weighted to reflect its relative importance in creating value for the specific individual firm. The output is a single number—the RoD Result.

The most striking part of the analysis of the 1,136 firms is that 867 companies do not register a result at all.

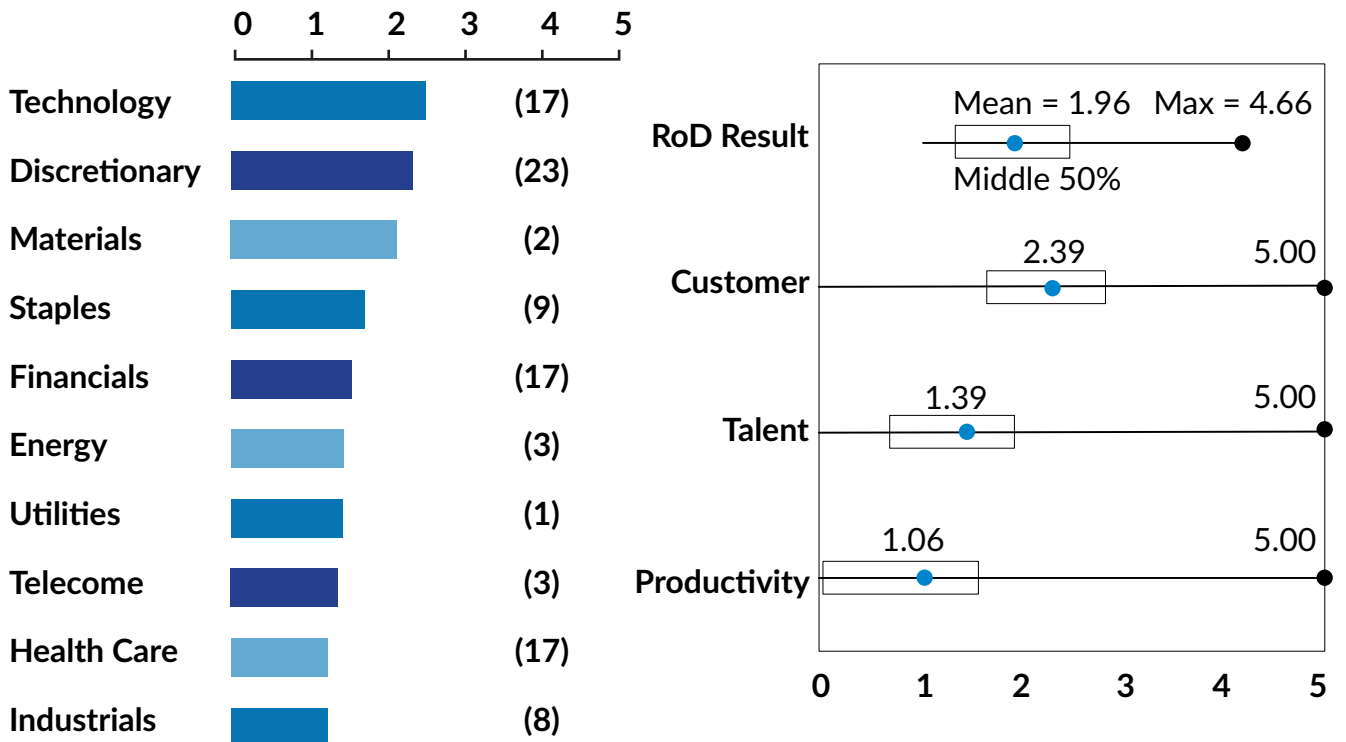
This is because there is no publicly observable activity in relation to disability. Exhibit 4 displays the aggregate analysis of the top 100 of the 269 companies that do register a result. A result of 0 is low, while 5 is high. The data shows that, even amongst the top 100 companies, there is significant room for increased value creation and enhanced competitive advantage.

One interesting observation is that the level of activity in the ‘Customer’ category now outpaces activity in the ‘Talent’ category, proving that active companies are now

focusing on PWD as consumers as much as employees. This contradicts the mainstream conversation: companies are overwhelmingly focused on recruiting talented PWD, indicating a disconnect between message, action, and result.

The top 25 companies are clustered tightly around a result of 3.0, up from 2.5. This sets a short term benchmark for company activity relative to PWD while providing ample room to gain competitive advantage in the PWD marketplace. It is clear that improving results would not require much effort, especially for the 867 companies that do not register a result at all. Given the size of the PWD market and the low level of initial investment required to be in the top 100, our view is that competition drives these results higher. Note that the top score in North America is held by a U.S.-based innovation firm, Alphabet Inc. (the firm formerly known as Google).

Exhibit 4: Aggregate data of RoD Results for the Top 100 Companies in the U.S.



The Return on Disability Group has identified firms that are best in class for PWD.

Listed below are the top large U.S. public companies in their sector as per the Return on Disability Model as of December 31, 2015.

Consumer Discretionary – Walt Disney Companies

A Disney theme park is an excellent example of through-put efficiency. The company has designed its theme parks to process a large number of customers as quickly as possible, without losing focus on maximizing the customer experience. As mentioned previously, there are numerous design features incorporated that make the experience possible, and often superior, for PWD.

The most impressive aspect of how Disney deals with disability is the way in which they talk about it. It is not a compliance issue, but part of the customer experience. The company has tapped into the cross-over effect, adapting innovations created for PWD for all customers.

Adapting PWD innovations to serve all customers improves the customer experience.

Disney garnered attention this cycle for changing its entry policies to access rides in the parks—due to low levels of ‘abuse’ of the policy. While we feel that management overreacted to press coverage, the firm handled a tricky situation well.

Consumer Staples – PepsiCo

The Super Bowl is the biggest advertising event of the year. In 2008, Pepsi chose to use one of its slots to air a silent commercial aimed directly at the disability market. The commercial, called ‘Bob’s House,’ has collected over 4.5 million YouTube hits as well as

positive coverage inside and outside of the PWD community. The company followed up that success with a Gatorade advertisement that included Jason McElwain (“J-Mac”) alongside other celebrity athletes. These advertisements clearly signaled that PepsiCo is interested in making inroads into the PWD market.

PepsiCo has made efforts in another area: they have formed public relationships with leading third party PWD talent recruiters. This signals interest in attracting talented PWD candidates. At the 2013 Super Bowl, PepsiCo sponsored the ASL interpreter for the national anthem. The individual chosen epitomizes the brand ethos of the firm—fun/sexy/cool—and upstaged Alicia Keys and Jennifer Hudson, earning 60 million+ additional views. Most recently, they have redesigned the Food Services terminals with PWD at the core of the process – in stark contrast to their competition.

Energy – Chevron Corp

With a sizeable retail business through its Texaco brand, Chevron was an early adopter of process change to facilitate serving PWD at the pump. While their efforts are mandated by law, we found Chevron to be more consistent than other energy companies in its execution, with the best customer focus amongst its peers. The company also has a PWD-focused ERG.

Financials – American Express Co.

AmEx has used PWD models in its advertising both online and off. The creative use is on-brand and avoids sports-themed efforts that tend to be less effective. The firm has an ERG focused on PWD and senior management has an understanding of the space. While there is some evidence of efforts on the product development front—tap cards—the messaging of such is unclear.

Health Care – Molina Healthcare Inc.

The Health Care industry tends to get disability wrong simply because people with disabilities are viewed as patients first, customers second. Molina begins to differentiate its approach with customer-centered messaging and a targeted program called Bridge2Access. While there is evidence of a pipeline of talent being built, the results of these efforts are unclear.

Industrials – CSX Corporation

CSX, a leading provider of transportation services in the U.S., partners with leading third party recruiters to build a recruiting pipeline for PWD. The company has made numerous public statements about its executives' commitment to both hiring people with disabilities and to being inclusive of all stakeholders.

Information Technology – Alphabet Inc. (Google)

Alphabet has become the #1 firm for disability in our 2015 research cycle. The firm has a robust approach to leveraging PWD in their innovation pipeline across product verticals. Our research indicates PWD components in the majority of R&D efforts. In 2015, Alphabet announced a \$20mm Google Impact Prize focused on disability. While limited to non-profits, this is the largest on-brand commitment to this market that we have seen – a strong message backed by the core brand values of the company. Alphabet has been the leader in PWD talent for years because of how they attract talented PWDs, but the \$20mm Impact Prize vaulted them to our #1 position.

Materials – Dow Chemical Co.

The Dow Chemical Company has evidence of activity relative to PWD on their website, including an access statement and visible evidence of accessibility. They speak about their ERG called DEN. Dow also uses models with visible disabilities to signal to PWD that they are valued as potential and current employees.

Telecommunications Services – Sprint

Given its retail business, it is critical that Sprint be attractive to consumers. Not only does it succeed in this respect with PWD, but the firm proudly pushes its PWD efforts to the front—overtly touting the hiring of PWD as a business advantage. Its customer online experience is one of the best in existence and its overall service experience is outstanding. Former CEO Dan Hesse used to talk about the business potential of PWD—of attracting both new customers and great people to the firm. Sprint has leveraged PWD in product development and messages in-line with its core brand.

Utilities – Duke Energy Corp

Duke has an ERG called DO-IT focused on PWD. It has a process to provide its customers with access to billing statements in alternative formats and uses customer-centric language to alert them to their availability. Duke has made clear efforts to improve its branding/messaging around disability and deserves credit for making those changes.



Canada: Large Companies That Do Disability Well

An analysis of the largest 320 publicly traded companies in Canada demonstrates that 25% show any kind of business-related mention of disability. Exhibit 5 is a corollary of best practices currently being employed by large companies in Canada as evidenced by their websites, marketing materials, and in conversation with their agents. As with U.S. firms, our experience shows that these efforts are rarely backed up by strategy, process, or budget. Of the 320 firms we analyzed, 4% have meaningful external representation of interest in PWD as measured by expressions of intent and in publicly observable efforts to back up stated intent vis-à-vis disability.

This research is based on publicly observable efforts in company materials, retail audits, and 10 years of observation. As mentioned in the previous section on the U.S., if a firm does not 'talk' about what they do, it does not exist.

With Canadian firms especially, we note that activity in Canada is primarily driven by regulation rather than by the business case.

Observations reveal a remarkable focus on legal compliance in Canada thanks to national and provincial laws that cover employment and customer service practices. The culture of diversity is also less developed in Canada than in the United States. This is due in part to the smaller size of consumer markets and the perception amongst most individuals that disability is a niche market.

Activity on the Web is higher in Canada. Both visible activity that caters to PWD and the number of dedicated sites for PWD are greater than in the United States. It is also clear from the language and from the dearth of visual appeal in these sites that this activity is driven by compliance.

The biggest challenge for Canadian companies is to avoid the ‘compliance trap’, which is that mere compliance will not lead to outstanding business results. Ironically, even full compliance with existing laws fails to meet the ‘correct’ public policy goal of equal opportunity and enjoyment. To achieve this goal, businesses must be incented to act in ways similar to those that led to the success of ‘green’ energy production and electric vehicles. A mix of incentives to spur existing firms to develop sustainable models and invite robust disruption is an approach that disability—and indeed many other social verticals—is ready to embrace.

Exhibit 5: Visible best practice currently employed by large Canadian firms

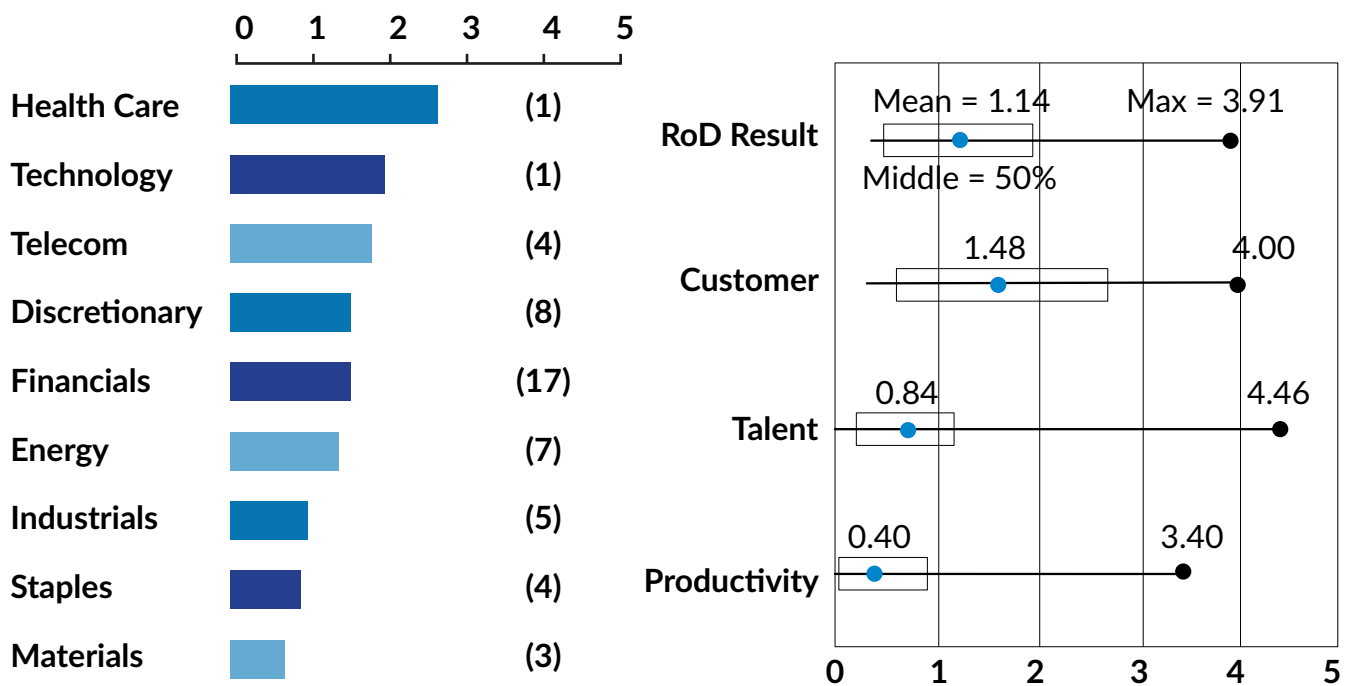
Visible Effort	2011	2012	2013	2014	2015	% Change
Employee Resource Groups (PWD + Friends/Family)	6	6	7	7	7	0%
Visible evidence of accessible website	38	58	61	61	61	0%
Accommodations statement for recruiting	4	5	12	15	16	33%
Accessibility statement for Web access	14	21	24	25	26	8%
Dedicated site for PWD	22	34	48	42	42	-13%
Models with visible disability	17	12	14	14	17	21%
Affinity with National Business Focused Group	7	7	7	7	12	71%
Specific mention in Diversity section of PWD	7	7	7	7	7	0%
Business Unit focused on PWD	0	1	1	1	1	0%
Specific mention in Diversity section of PWD	8	9	9	9	9	0%
Product development for Customers with disabilities	5	5	7	7	8	14%
Community/NGO employment partnerships	1	1	1	1	1	0%
Disclosure invitation	0	0	0	0	0	0%
Stated Executive commitment	1	1	1	1	1	0%
Statement on leadership efforts within Community	0	0	0	0	0	0%
Evidence of AODA Compliance					65	n/a

The Return on Disability Group analyzed the largest 320 firms listed on the TSX, scoring each company on disability with respect to corporate profitability using the same Return on Disability (RoD) Model as used with U.S. companies.

As with the U.S. markets, many companies within the Canadian universe—240 to be precise—do not register a result at all because there is no publicly observable activity relative to disability.

Of the 70 companies that do register a score, Exhibit 6 displays the aggregate analysis of the top 50. It is clear that even amongst the top 50 companies there is significant room for increased value creation and enhanced competitive advantage.

Exhibit 6: Aggregate data of RoD Scores for the Top 50 Companies in Canada



The average result in Canada is 0.82 points lower than in the U.S., reflecting a greater focus on regulatory compliance. Talent scores can only be described as poor, in line with anecdotal evidence from recruiters who struggle to fulfill legal mandates. It goes without saying that attracting talent is hampered by messaging that infers or proclaims that ‘the law requires us to hire you’. Our hypothesis is that this gap will begin to narrow as U.S. based firms’ results degrade due to their increased focus on compliance and Canadian firms improve by moving beyond the law.

As with the U.S., the top 10 companies are clustered tightly around a score of 2.5. The majority of these are financial institutions that have struggled to comply with government mandates for more than 20 years and are just now learning how to approach PWD as a market and as employees. The percentage of companies acting on the PWD market in Canada is slightly higher than that of the U.S., but the results of the top firms are lower. This suggests that the business case trumps regulatory demands, which has potentially profound implications for policy in the future. Governments must learn from their successes in other verticals like the environment and technology. Applying similar structures will both promote a problem-solving mindset and ‘prime the pump’ with material incentives for business, encouraging disruptive talent to enter the space. India has acted to incentivize firms to engage disability. Canada is well positioned to adopt and expand on this model, showing the world the results that accrue from moving beyond regulation and quotas.

Our analysis of the largest publicly traded Canadian firms identifies best-in-class performers in a given sector. The following are leading firms in their sectors as indicated by the Return on Disability Model as of December 31, 2015.

Consumer Discretionary – Whistler Blackcomb Holdings Inc.

This resort company has roared into the research universe with strong messaging that is fiercely on-brand and customer-focused. The firm has multiple avenues for customers to book vacations and goes out of its ways to provoke an experience for PWD that is equal to or better than that of the core customer. The messaging employed makes it clear that PWD form a strong contingent of Whistler's core customers.

Consumer Staples – Loblaw Cos Ltd.

Loblaw has engaged in activity in the PWD market, signaling that it understands the opportunity exists and is 'testing' execution strategies. Messaging aimed at children's charity is evident, albeit off-brand. There is also evidence of a hiring pipeline and efforts to further content creation with other firms and the federal government. There is a clear push to improve the customer experience both in-store and online.

Energy – Imperial Oil Limited

Imperial Oil has a well-defined strategy to attract PWD as customers and employees. The company seeks explicitly to attract motorists with disabilities to their gas stations and stores by the simple device of inviting them to honk their horns to be served. Imperial Oil also makes explicit mention of recruiting PWD, although the proportion of PWD at the company still amounts to only 1% of their workforce.

Financials – Toronto-Dominion Bank

The Toronto Dominion Bank (TD) global recruiting website used to feature a video invitation from CEO Ed Clark that is open-captioned. The video can also be replaced by an ASL translator. The new site has images that carry forward Mr. Clark’s legacy – to a degree. By this means, TD not only declares its intention to recruit PWD, but backs this declaration with concrete steps to do so. This is one of the best signals for PWD engagement that we have come across.

TD partners with leading third party recruiters in disability. They understand the subtleties of disclosure, using business-focused messaging to increase rates of disclosure among employees. They foster ERGs to serve as a laboratory for innovation and connection to their employees. They also consistently place PWD and Boomers in their ads—and have done so for many years. As TD and the other Canadian banks engage in disability-related financial product development, new products such as Registered Disability Savings Plans begin to gain traction. TD is well positioned for growth in the PWD marketplace and sets an excellent example for firms in any vertical keen on accelerating their progress. TD’s challenge is to resist the complacency that leadership brings, as its competitors are catching up quickly. TD must shift gears to focus on the customer to get beyond ‘the basics’.

Industrials – Air Canada

In an industry dominated by poor disability performers, Air Canada is an exception. Its attention to PWD as customers is impressive, as is its clear process for handling the unexpected. In a highly competitive vertical, the company has found a way to serve as opposed to merely complying with the law.



Information Technology – Blackberry Inc.

Blackberry devices incorporate tools aimed at helping PWD gain access to the mobile world. It is clear—they openly talk about it—that the company’s developers have not only designed for disability, but that they have also learned from disability in order to improve design for all mobile users.

Materials – CCL Industries Inc.

This company’s website contains accessible elements, clearly signaling that PWD are part of their plans.

Telecommunications Services – BCE Inc.

Bell has recently begun to employ customer-centered language in its PWD and Family/Friends engagement. Bell has gone beyond compliance mandates in its evident decision to simply address all of its customers. Competitors have yet to follow this example.

Utilities – Northland Power Inc.

The Northland website contains accessible elements, signaling their willingness to engage with PWD.

Disability as Sustainability

The causal connections in serving the disability market are clear: paying attention to customer demands, leading to stronger brand connections, and ultimately higher transaction quantity and quality. Ultimately, these actions grow revenue from attracting the \$8 trillion in disposable income attached to PWD.

Despite this, the current Environmental, Social, and Governance (ESG) market practice is to measure 'diversity' or 'sustainability' practices that are not directly linked to value creation for shareholders. It should come as no surprise that executives and investors struggle to tie 'good social practices' to measurable profit increases.

We believe that specific actions must ultimately lead to increased shareholder value in one of the two following forms:

1. Additional net revenue (above the cost of acquisition)
2. Reduced costs

Both add value to an investment. The Return on Disability Group engages in research that establishes a direct link between observable activity that engages PWD as customers and/or employees and one of the above forms of value creation.

For example, a consumer packaged goods firm that reaches 95% of the consumer base in a broadly defined market can increase market share by including PWD in its advertising and/or packaging development. If executed effectively and at minimal cost, the changes increase market share via greater loyalty and/or an increase in transaction volume.

By isolating the factors that drive shareholder value and linking them to the outcome of serving the PWD market, The Return on Disability Group uses stock price as the ultimate indicator of value creation with respect to disability market engagement.



Our research demonstrates that the firms with the highest results in disability-driven value creation outperform their competitors in terms of long-term stock price.

We attribute this fact to the following :

1. Current outperformance – The Return On Disability Group has found overlap between high performers in disability and the concurrent existence of a ‘great franchise’. These firms are highly responsive to their customers, innovative, process-driven, and generally well managed. In other words, disability is a proxy for better performance.
2. Future outperformance – These firms are positioned to build value as PWDs emerge as a powerful market force.

These dual objectives allow for value measurement based solely on stock price. The Return on Disability Group uses an ‘enhanced beta’ approach to prove that positive, value-linked action in disability is a viable way for any company to deliver greater financial value (as well as a positive social value) to shareholders.

The Return on Disability Model measures only those factors that lead to net revenue increases and/or cost reductions, and those factors vary in their impact from firm to firm. While proven at the portfolio level, further research is required at the firm specific level – alpha generation driven specifically by disability.

It is the Return on Disability Group’s hypothesis that as the disability market matures and materially affects revenue and cost over the next five to ten years, firm-specific effects will become evident, enabling us to build an active portfolio strategy.

Portfolio Construction and Results

Every year, The Return on Disability Group publishes various stock market indices including the Return on Disability US LargeCap ETN Total Return USD Index and the Return on Disability Canada 50 Index. By analyzing the data that we collect on over 1,400 U.S. and Canadian companies, we generate constituent lists consisting of companies that outperform not only in terms of disability but also in terms of shareholder value.

Calculated daily in real time and broadcast by our global financial institution partners, these indices encompass the best performers using the Return on Disability Model. The Return on Disability Group equity indices give investors a simple way to identify Environmental, Social, and Corporate Governance (ESG) investments that have a higher probability of outperforming in a given sector. In addition, the indices help investors to improve portfolio performance by providing a new financial lens through which to evaluate new and existing investments.

Our portfolios are equally weighted to avoid size biases and constructed so as to ignore sector balancing. While financial fundamentals are ignored in the model, our Index Methodology considers aspects of financial stability and liquidity to ensure that each Index is investable.

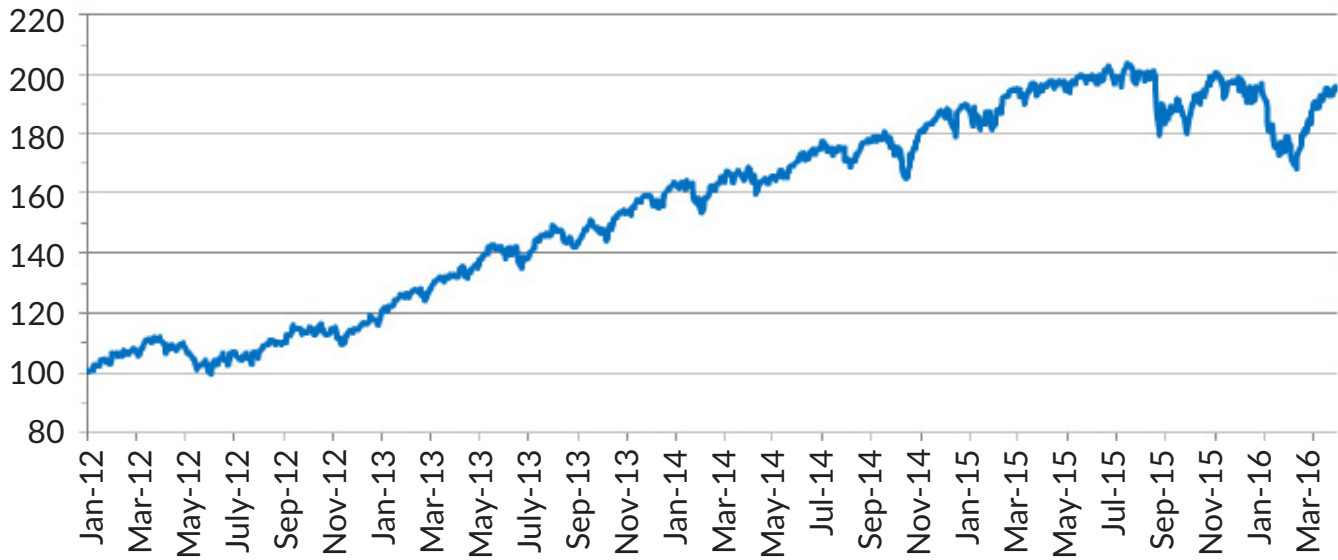
Exhibit 7 (see page 54) charts the performance of two of our tracking indices since their inception in March, 2012. The Return on Disability US LargeCap ETN Total Return USD Index listed on the New York Stock Exchange on September 11, 2014 under the ticker RODI. It is the world's first investable index based on disability. The Exchange Traded Note is offered by Barclays Capital.



Exhibit 7: Stock market performance of an equal weighted portfolio of the top performers in PWD markets



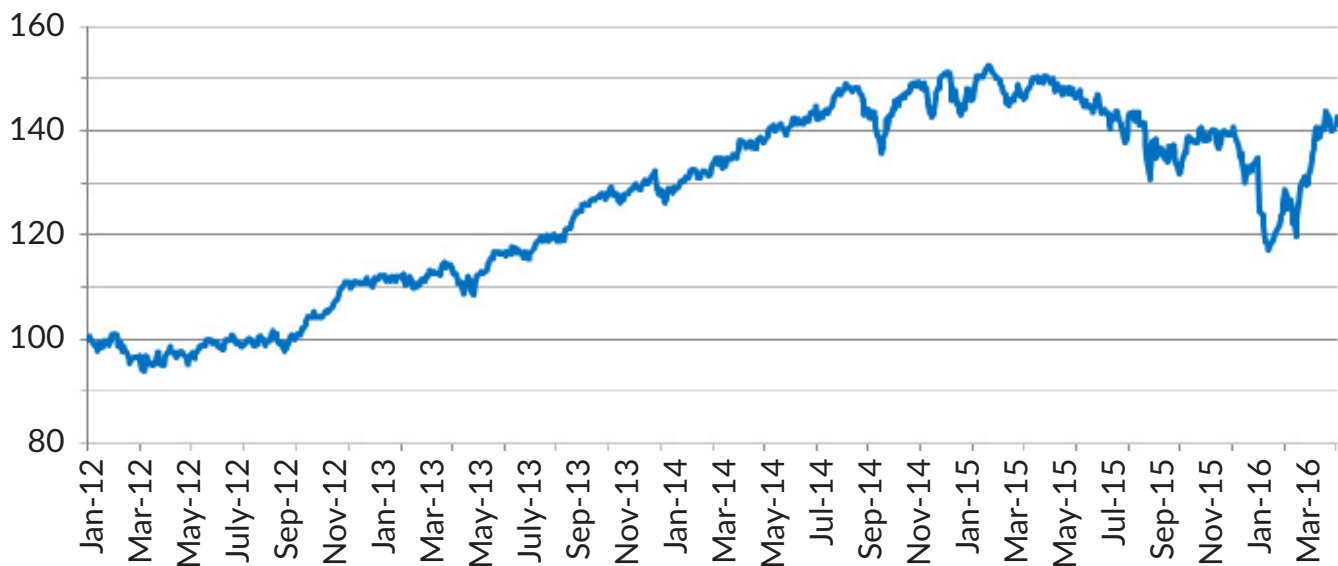
Ticker:
RODITR



Source: Bloomberg LP



Ticker:
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Source: Bloomberg LP

What's Next?

The Need For Business-Driven Process

At senior management levels, the picture painted of value creation within the PWD market is easily understood. The macro data to back up increased shareholder value is both well tested and compelling.

CEOs and brand gurus have no need to resist engaging a sizable market, especially one so easily engaged at an emotional level.

The information gap

The greater challenge is to integrate disability into the daily operations of businesses. How do you integrate disability into the annual objectives of managers in each department?

Companies both large and small work in hierarchies. As much as middle to senior level managers want to fulfill the goals set for them by their supervisors, they need a framework that:

- is built of insights and analysis regarding the way that consumers act relative to disability
- involves milestones that indicate progress towards measurable goals
- include a personal financial performance incentive component

No firm that we have analyzed has such a disability-related framework today. Diversity budgets for disability are rarely larger than \$150,000—an amount that would make only a small dent in amassing the knowledge required to create a framework for comprehensive corporate action focused on disability.

Creating sustained value

Market leaders in disability typically attain such a position through the efforts of an ad hoc group of 'champions' within the company. Such groups often have an informal agenda in one specific

area such marketing or recruiting.

Disability touches multiple areas within any organization—areas that differ from firm to firm. Marketing, HR, R&D, technology, facilities management, legal, and other departments have specific characteristics, mandates, and goals to achieve. If only one department does disability well—or, as is more often the case, one small part of one department—can an organization be expected to substantially improve disability efforts, despite the desires of the executive team? *Until disability-related objectives and actions are mapped and measured across a firm, sustained economic value creation is unattainable.*

Research and analysis required

The first step in creating a framework for disability is research. What makes PWD and their Friends and Family buy? What is the psychology and science behind reaching them as both customers and employees? How does one account for differences and segments within the group? What turns them on? What turns them off? Nobody knows. This increases the risk of diving head-long into the PWD market for brand managers and product developers. Good managers act on observable facts.

Today there are many hypotheses, hunches, and intuitive theories of how PWD act and think, but there is no rigorous research to prove or disprove them.

The kind of research that we are talking about is applied daily to segments outside disability. The most likely reason for the dearth of research is that there is no budget for it. Disability does not have budget allocations in most firms today. Even those that do allocate budget set aside nothing close to proportionate to the potential revenue opportunity. Logic dictates that a market with disposable income worth an estimated \$645 billion in the U.S. alone would have at least an eight figure allocation.

Tapping An Emerging Market

What if someone gave you the opportunity to invest in China in 1975? With the knowledge that you have now, would you have taken it? Successful investing in China over the last 40 years took research, a budget, and execution, in addition to good timing. It certainly did not happen overnight. One could say the same thing today about disability.

Here is a summary of our findings regarding the disability market today:

1. The market is large and complex. Disability does not come down to a simple medical diagnosis.
2. With few large firms already acting on the opportunity that disability represents (4%), there is substantial unmet demand.
3. The returns realized by early adopters demonstrate the potential for revenue gains and cost reductions.

For those businesses that are interested in seizing the opportunity that disability represents, it is essential to:

- 1. Do the research** To understand the markets, their participants and what drives their behavior.
- 2. Formulate a strategy** Act based on a clear understanding of why disability is important to your organization, as opposed to other organizations, or in general. The value proposition is different every time.
- 3. Define success** Set clear benchmarks and measure progress against those benchmarks.

The PWD market is a large emerging market. At 1.31 billion people globally, it represents



a population the size of China. Unlocking its potential has serious ramifications for GDP, public and private institutional cash flows, and how economies grapple with an aging population.

The question is, when does this market tip? When does the global platform of disability mirror the scope and revenue generating power of the Green Revolution?

Knowledge is the first step. Great business minds will provoke what comes next.

End Notes

1. The Return on Disability Group had been using a widely accepted study published in 1999 by the United States Department of Labor stating that the disposable income for PWD was \$220 billion in the U.S. At time of publication, that implied a per capita disposable income for PWD of approximately \$3,500. Our analysts felt that number did not reflect the average person with a disability. We decided to build our own income data.

A 2014 income survey performed by Cornell University found that the average income for PWD was 90.7% of the average income for the total population. The Return on Disability Group then applied that percentage to market-specific income breakdowns to arrive at total and disposable incomes for the U.S., Canada and the EU.

The U.S. example is below:

U.S. average income	49,777
U.S. average disposable income	36,808
Disposable/Total income	74%
PWD/Total population income	0.907
% of PWD working age	67%
# PWD age 16-65	37,705,500.00
Implied PWD average income	45147.74
Implied PWD disposable income	33,384.86
Historical participation rate	59%
Historical employment rate	86%
# of PWD Employed	19,328,669
Aggregate PWD income	872,645,695,147.95
Aggregate PWD disposable income	645,284,825,260.78

2. European population and income data reflects European Union political treaties. Previous report versions had included Russia and other countries not covered by EU mandates.



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Translate Different Into Value

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