

Resolved: Shareholders request that First Solar, Inc. (First Solar) report to shareholders on the outcomes of the Company's diversity, equity, and inclusion efforts by publishing quantitative data on workforce composition, and recruitment, retention, and promotion rates of employees by gender, race, and ethnicity. The reporting should be done at reasonable expense and exclude proprietary information.

Supporting Statement: Quantitative data is sought so that investors can assess, understand, and compare the effectiveness of companies' diversity, equity, and inclusion programs and apply this analysis to investors' portfolio management and securities' selection process.

Whereas: Numerous studies by respected organizations such as *The Wall Street Journal*, Credit Suisse, Morgan Stanley, McKinsey, PwC and BCG have pointed to the material benefits of a diverse workforce.

Companies should look to hire the best talent. However, Black and Latino applicants face recruitment challenges. Results of a meta-analysis study of 24 field experiments, dating back to 1990, found that, with identical resumes, White applicants receive an average of 36 percent more callbacks than Black applicants and 24 percent more callbacks than Latino applicants."¹

Promotion rates show how well diverse talent is nurtured at a company. Unfortunately, women and non-White employees experience "a broken rung" in their careers. For every 100 men who are promoted, only 86 women are. Non-White women are particularly impacted, comprising 17 percent of the entry-level workforce and only 4 percent of executives.²

Morgan Stanley has found that: "Employee retention that is above industry peer averages can indicate the presence of competitive advantage. This advantage may lead to higher levels of future profitability than past financial performance would indicate."³ Companies with high employee satisfaction have also been linked to annualized outperformance of over two percent.⁴

First Solar has not yet committed to release standardized workforce composition data through its consolidated EEO-1 form, which is best practice in diversity data reporting, nor has it shared sufficient recruitment, retention, and promotion data to allow investors to determine the effectiveness of its human capital management programs.

Eighty-one percent of the S&P 100 have released, or have committed to release, their EEO-1 forms. The number of S&P 100 companies releasing this form increased 239 percent between September 2020 and September 2021. The number of S&P 100 companies releasing recruitment rate data by gender, race and ethnicity increased by 234 percent; companies releasing retention rate data increased by 79 percent, and companies releasing promotion rate data increased by 379 percent. First Solar is increasingly a laggard in its decision to continue to withhold these data sets.

¹ <https://hbr.org/2017/10/hiring-discrimination-against-black-americans-hasnt-declined-in-25-years>

² https://wiw-report.s3.amazonaws.com/Women_in_the_Workplace_2021.pdf

³ https://www.morganstanley.com/im/publication/insights/articles/article_culturequantframework_us.pdf

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https://www.institutionalinvestor.com/article/b1tx0zzdhnf5x/Want-to-Pick-the-Best-Stocks-Pick-the-Happiest-Companies?utm_medium=email&utm_campaign=The%20Essential%20II%20100721&utm_content=The%20Essential%20II%20100721%20CID_eb103a9e15359075f72a85f7ff534c79&utm_source=CampaignMonitorEmail&utm_term=Want%20to%20Pick%20the%20Best%20Stocks%20Pick%20the%20Happiest%20Companies

First Solar needs to provide clear, quantitative data on workforce composition, promotion, and retention rates so that investors are able to compare First Solar's diversity programs to those of its peers.