

# Moving the Needle on Gender Parity Through Active Ownership

## CHALLENGE

A lack of women in board-level corporate leadership positions at public companies.

## SOLUTION

We vote proxies to support resolutions calling for greater gender parity and board diversity.

## RESULTS

Majority of year-to-date resolutions on board diversity have received strong support and positive corporate responses.

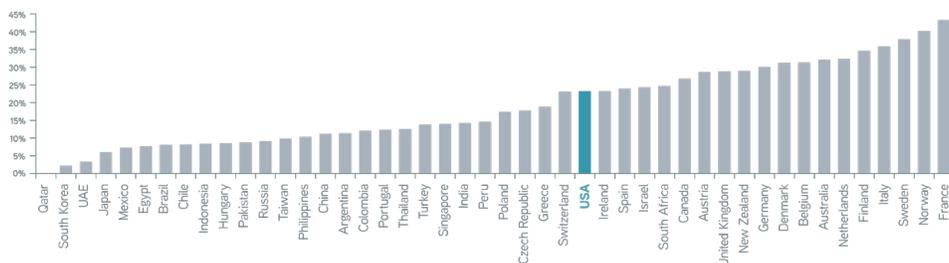
### Challenge

Investors are increasingly concerned about the lack of women in corporate leadership positions, particularly on boards of directors. In addition to concerns surrounding equal opportunity, investors worry about the potentially detrimental impact on corporate performance from homogeneous decision-making teams.

The challenge is plain to see when you look at the numbers. When it comes to women on boards, the United States lags nearly all other developed countries. As of June 2018, according to MSCI ESG Research, women occupied only 23% of board seats at large-cap US companies. If you include small- and mid-cap companies, the average drops to 18%. Amazingly, 14% of the companies in this broader-cap universe had no women board members (seen predominantly at small- and mid-cap companies).

Investors want to see more women in corporate leadership positions, but they can't always engage directly with management on this issue.

Average share of board seats occupied by women (%)



Average share of board seats occupied by women

Source: MSCI ESG Research as of June 2018, based on MSCI ACWI Index constituents domiciled within each country.

Although larger institutional asset owners may be able to directly influence companies on this matter via corporate engagement, smaller institutional or individual asset owners may not have the bandwidth or sway to monitor or act on this issue. So how do they influence change?

## Parametric solution

Although some investment managers recommend avoiding companies with few or no women on their boards, Parametric believes that **owning and then attempting to influence companies** on this issue is necessary to most effectively inspire change.

Our **proxy-voting guidelines** support shareholder resolutions that ask management to improve the state of gender parity on their boards, especially at US companies. For example:

- Asking the board to make greater efforts to find qualified women and minority candidates for board nominations
- Endorsing a policy of board inclusiveness
- Support reporting to shareholders on a company's efforts to increase board diversity

Parametric also generally supports requests for reporting on a company's policies and goals to reduce any gender pay gap. This bolsters the objective of gender parity beyond the most senior level.

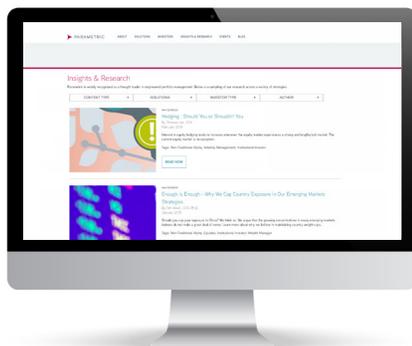
## Results

According to research provider Si2, 33 shareholder resolutions were put forward on board diversity and reporting as of June 2018. Of these, 25 were successfully withdrawn after receiving a positive response from the company, which meant no vote from shareholders was required. Of the eight remaining, four went to a vote and received double-digit support from shareholders. With regard to gender and minority pay disparity, there were 31 resolutions filed at US companies through June 2018. Of these, 23 were successfully withdrawn after positive company responses and four received double-digit support.

While there's no level of support that requires a company to act on shareholder resolutions, double-digit support is typically considered noteworthy, and 50% support begins to reach a level where companies are expected to respond.

Parametric generally supports requests for reporting on a company's policies and goals to reduce any gender pay gap.

Owning and voting, rather than divesting, is the more effective way to influence change.



Find more insights and research at  
[parametricportfolio.com](https://parametricportfolio.com)

Investment advisory services offered through Parametric Portfolio Associates® LLC ("Parametric"), an SEC registered investment advisor. The information on this website is for US residents only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities in any jurisdiction to any person to whom it is not lawful to make such an offer. Investing entails risks, and there can be no assurance that Parametric (and its affiliates) will achieve profits or avoid incurring losses. All investments are subject to potential loss of principal. Parametric does not provide

tax or legal advice. Prospective investors should consult with a tax or legal advisor before making any investment decision. Please refer to the disclosure page for important information about investments and risks.

Charts, graphs and other visual presentations and text information were derived from internal, proprietary, and/or service vendor technology sources and/or may have been extracted from other firm data bases. As a result, the tabulation of certain reports may not precisely match

other published data. Data may have originated from various sources including, but not limited to, Bloomberg, MSCI/Barra, FactSet, and/or other systems and programs. Parametric makes no representation or endorsement concerning the accuracy or propriety of information received from any other third party.

©2019 Parametric Portfolio Associates® LLC. All rights reserved. 800 Fifth Avenue, Suite 2800, Seattle, WA 98104.