

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

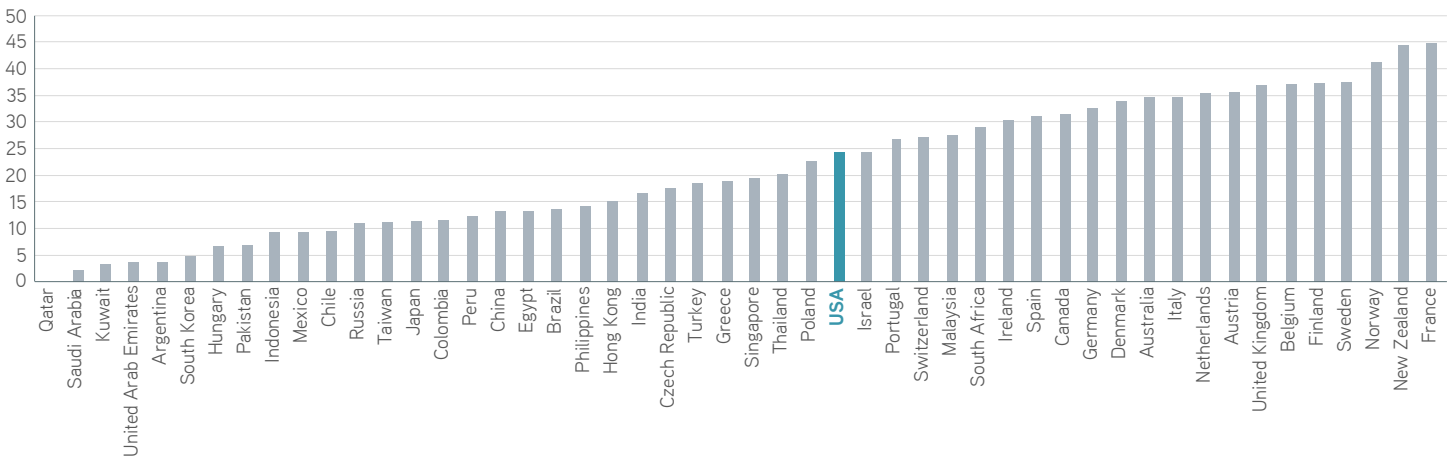
Investors are increasingly concerned about the lack of women in corporate leadership positions, particularly on boards of directors. In addition to concerns surrounding equal opportunity, investors worry about the potentially detrimental impact on corporate performance from homogeneous decision-making 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 May 2021, according to MSCI ESG Research, women occupied only 28.9% of board seats at large-cap US companies. If you include small- and mid-cap companies, the average drops to 24.3%.

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?

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 (%)



Source: MSCI ESG Research, 5/1/2021. Based on MSCI ACWI Index constituents domiciled within each country.

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
- › Supporting reports to shareholders on a company's efforts to increase board diversity

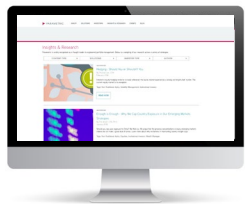
Parametric also generally supports requests for reporting on a company's policies and goals to reduce any gender pay gap. This bolsters the objective of gender parity beyond the most senior level.

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Results

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.

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



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