

Saxena White  
in the Community

# WOMEN IN LEADERSHIP

A stylized illustration of a woman in a red dress standing on a mountain peak, holding a large red flag. The background features layered, geometric mountain shapes in shades of blue and teal.

"We cannot all succeed when  
half of us are held back."

- Malala Yousafzai, activist & 2014 Nobel prize winner

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Part 1 of a 3-Part Series on ESG Activism  
(Environmental, Social and Governance)  
Presented by Saxena White's Diversity and  
Social Responsibility Committee.

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# The Fearless Girl Hasn't Backed Down, and Neither Will Investors



*"Fearless Girl," created by artist Kristen Visbal. A plaque at the girl's feet states, "Know the power of women in leadership. SHE makes a difference."*

Written by  
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For International Women's Day 2017, State Street Global Advisors brought a new

wave of investor activism to the forefront, placing its iconic Fearless Girl statue staring down Wall Street's Charging Bull. The statue represents the growing movement for gender parity in the financial sector, including more gender diversity in the boardroom. And while diversity is not a novel concept, it has gained new momentum from leading investors and money managers.

As part of State Street's Fearless Girl campaign (originally meant to highlight its Gender Diversity Index ETF), the money manager called on 3,500 companies in which it invests to increase the number of female board members. In the last year, the money manager sent letters to 787 companies with all-male boards in the U.S., U.K., and Australia, stating its intention to vote against the board members if a company did not adequately respond to State Street's diversity concerns. Ultimately, State Street voted against directors at more than 500 companies that failed to show progress on board diversity. But 152 of the companies it contacted responded more positively, recruiting at least one female director, and 34 companies have pledged to do so in the near term.

Expanding on its Fearless Girl campaign, State Street is adding new target companies this proxy season in Canada, Europe, and Japan, and is also calling for companies to provide more transparency and data on gender diversity throughout their management ranks. The money manager seeks to engage with companies on their diversity practices and policies and hopes to strengthen gender diversity throughout organizations, both in thought and backgrounds.

Among other benefits, investors and money managers like State Street make the case for diversity with a growing body

of research that links a greater number of women in the boardroom with stronger long-term financial performance. Research also shows that all male boards suffer more corporate governance-related scandals than the average board.<sup>1</sup> In other words, investors have started to realize that corporate boards should have a breadth of views and knowledge in order to handle complex business problems, and diversity helps ward off the "echo chamber" or "group think" pitfalls.

While State Street's actions have garnered some much needed attention to the issue of diversity, they aren't the first stakeholders to champion the cause by leveraging their large financial position.

For instance, in 2009, California State Teachers' Retirement System ("CalSTRS") submitted shareholder proposals to eight companies seeking greater board diversity, which resulted in five companies changing their nomination committee charters and one company electing a woman to its board. Later in 2011, CalSTRS and California Public Employees Retirement System ("CalPERS") joined 25 other large institutional investors, and other industry leaders, to form the Thirty Percent Coalition, an organization that engages companies to increase gender diversity in the boardroom. The Coalition launched a "Critical Mass Campaign" to secure a minimum of 30% multicultural women on every US-based publically listed company board of directors. Since then, the coalition has grown in size and success, with 90 members in 2017 heralding the engagement of 81 companies, with 24 companies appointing a woman to its board.

In line with this movement, many other large financial institutions are using their individual clout to push for diversity on boards.

- New York State Common Retirement Fund, another member

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## The Fearless Girl is the New Member of the Board

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of the Thirty Percent Coalition, jumped to the frontlines of the movement by announcing in March that it intends to oppose the re-election of all directors at hundreds of companies with no female board members.

- CalPERS sent letters to 504 Russell 3000 Index companies that lacked gender diversity, calling on the companies to develop and disclose the companies' policy and implementation plans for board diversity.
- CalSTRS changed its board diversity policy in November so that it could oppose the re-election of directors at 27 companies with all-male boards.
- New York City Pension Funds announced that the comptroller sent letters to 151 companies "calling on them to publicly disclose the skills, race and gender of board members and to discuss their process for adding and replacing board members."
- Glass Lewis & Co. updated its proxy voting guidelines to state that "[b]eginning in 2019, Glass Lewis will generally recommend voting against the nominating committee chair (and, depending on certain other factors, other nominating committee members) if a board has no female members."
- Institutional Shareholder Services ("ISS") has not proposed a U.S. policy regarding board diversity but has proposed a Canadian policy which generally recommends voting "withhold" for the chair of the nominating (or similar) committee, or the chair of the board if no such committee has been established, if the board has not adopted a written gender diversity policy and has no female directors.

All in all, investor-led efforts for more diverse boards, which started nearly a decade ago, are the strongest they have been in years. Until recently, most institutional investors didn't specify the minimum number of diverse members they believe were needed on corporate boards. But in 2018, BlackRock, the world's largest money manager, made the groundbreaking announcement that companies in which it invests should have at least two female directors. In their proxy voting guidelines, the company stated that its portfolio companies should have diverse boards and that "we would normally expect to see at least two women directors on every board." BlackRock's global head of investment stewardship, Michelle Edkins, wrote to nearly 300 companies, each with less than two female board members, asking them to disclose their approach to boardroom and employee diversity and to establish a timeframe in which they will improve their diversity.

Likewise, other institutions have grown impatient with the lack of progress and have called upon companies to meet certain diversity targets. Standard Life Aberdeen Plc, one of Britain's largest fund management groups, said it will vote against boards where men hold more than 80% of seats. Legal & General Investment Management said it will vote against boards that are not at least 25% female. And Hermes, another large British investment management firm, said it believes boards should already have achieved at least 30% female representation.<sup>2</sup>

These recent efforts seem to be accelerating the movement toward diversity on corporate boards. According to research firm Equilar, in the first quarter of 2018, women accounted for 32% of all new board seats at Russell 3000 companies, which is up from 29.4% in 2017 and 21.4% in 2016. But women still only made-up approximately 16.5% of board members at the end of 2017, and at the current rate boards will not achieve gender parity until 2048.<sup>3</sup>

One reason for the slow response is the lack of boardroom turnover, with the average director serving for at least eight years. Despite investors' growing impatience and the recent movement toward reform, the benefits of today's labors may not fully materialize until the next decade. Over time, however, it is likely that more investors will pressure companies to increase board diversity, and the proportion of women in leadership positions will continue to grow. But, only when companies finally embrace the reality that diverse leadership leads to better outcomes will gender diversity become a natural strategy in corporate governance.

This is a change worth standing up for, just like the "Fearless Girl" who faces down the Wall Street bull. More than a year later, and long past the initial planned few weeks, the statue stands in the same spot as arrangements for her permanent home are made. Her popularity among New Yorkers, investors, and tourists has marked her place in history, establishing her as a beloved icon in the financial district. Both the city and investors have realized that SHE was meant to be an enduring figure on Wall Street.

<sup>1</sup> Vanessa Fuhrmans, "How to Get More Women in the Boardroom? Some Try Blunt Force," *The Wall Street Journal* (April 25, 2018).

<sup>2</sup> David Hellier and Emily Chasan, "Big Investors Push Harder for More Women Directors," *Bloomberg* (April 19, 2018).

<sup>3</sup> Joann S. Lublin, "New York State Fund Snubs All-Male Boards," *The Wall Street Journal* (March 20, 2018).

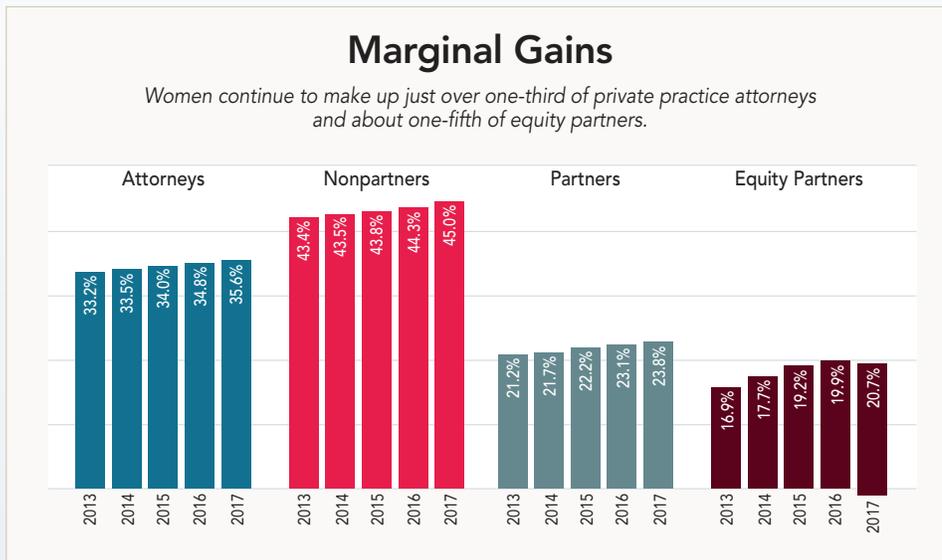
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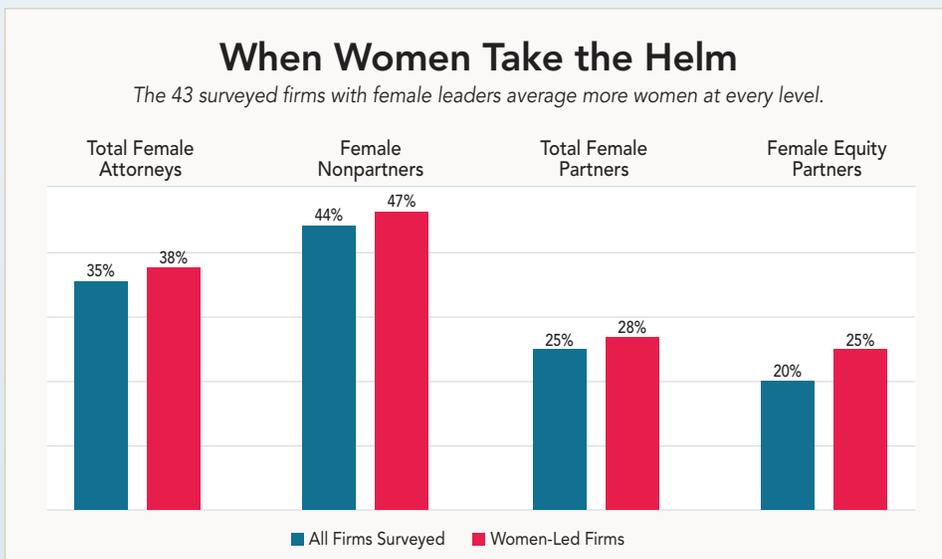
## Women in Law

Like corporate boardrooms, females are also underrepresented in the legal workforce, especially in the partner and senior leadership ranks.

Presented below are excerpts from Law360's Glass Ceiling Report<sup>1</sup>, an annual look at the gender breakdown of attorneys in private practice. The report surveyed more than 300 law firms on the demographics of their lawyer workforce.



- Women make up just over 35% of all attorneys surveyed, meaning that men still constitute almost two-thirds of private practice.
- And the disparity is wider at the top levels. Women account for only 21% of equity partners and 12% of the highest firm leadership roles.
- These numbers differ from the pipeline of female legal talent. According to the American Bar Association, women have made up more than 40% of law school students for decades, and they're now more than half of the student body.



- Just over 40 of almost 350 law firms surveyed have a female lawyer in a top leadership role — managing partner, chairman or CEO.
- This dearth of female representation in leadership roles means that women have less of a say in firm direction and workplace policy.
- But Law360's data suggests that having a female leader sets an example for younger associates that they have a future and a path at the firm. In fact, the Glass Ceiling Report found that the 43 firms with women in a leadership role averaged a better representation of female attorneys across the firm.

<sup>1</sup> Cristina Violante and Jacqueline Bell, "Law 360's Glass Ceiling Report, By The Numbers," Law360, May 28, 2018, [https://www.law360.com/securities/articles/1047285/law360-s-glass-ceiling-report-by-the-numbers-?pk=2e84b251-23e2-4ac4-8eb8-87dec0703b89&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=securities](https://www.law360.com/securities/articles/1047285/law360-s-glass-ceiling-report-by-the-numbers-?pk=2e84b251-23e2-4ac4-8eb8-87dec0703b89&utm_source=newsletter&utm_medium=email&utm_campaign=securities).

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As part of Saxena White's Commitment to Diversity, the firm's Diversity and Social Responsibility Committee is always looking for opportunities to team up with clients, key community leaders, and charitable organizations to address pressing social issues. Initiatives that empower women in the workplace and support greater representation of women in leadership are not only gaining popularity and media recognition, but they also hit close to home. As a certified women-owned business and law firm, we know firsthand the value of gender diversity and also witness the gender disparity in the legal community. Wanting to capitalize on the growing momentum for diversity, and in particular gender equality in the workplace, this year we've affiliated with additional women's organizations and

associations, and doubled our support to the beloved charity Dress for Success.<sup>1</sup>

Our firm has made it an annual tradition to support Dress for Success of the Palm Beaches, a local chapter of the national non-profit organization by sponsoring their "Style for Hope" luncheon and silent auction at the Kravis Center in West Palm Beach, Florida. This year, it was fittingly held on International Women's Day, making the event even more in vogue for local professional women. As always, the lunch, guest speakers, and company left us feeling inspired. And we used this positive motivation to kick off our annual Dress for Success "Check Your Purse" donation drive with fantastic results! Both male and female members of our firm generously donated new and used purses, as well as much needed personal items, cosmetic and hygiene products, and monetary gifts, which filled the purses to the brim. We collected more than double than we did last year, and Saxena White matched the total monetary donations made by employees.

<sup>1</sup> Dress for Success provides professional and personal development services to disadvantaged women to help them achieve financial independence, economic equality, and break the cycle of poverty.

## Saxena White's Women Initiative Fundraiser

Saxena White is partnering with a national organization to bring women to the forefront. Through a special initiative targeting strong female attorneys, we are working to bridge the gender gap in leadership positions.

On August 15, 2018, Saxena White will be kicking off the support for this initiative with a fundraiser at The Addison in Boca Raton, Florida. The fundraiser will consist of a cocktail hour, hors



d'oeuvres, and a CLE screening of a very powerful and issue-based documentary called "Balancing the Scales."

For questions regarding this publication, please contact Adam Warden at [awarden@saxenawhite.com](mailto:awarden@saxenawhite.com).

## Upcoming Events

FLORIDA ASSOCIATION  
OF WOMEN LAWYERS  
ANNUAL MEETING  
OF THE ASSOCIATION  
Orlando, Florida  
June 13, 2018

FLORIDA PUBLIC PENSION  
TRUSTEES ASSOCIATION  
34TH ANNUAL CONFERENCE  
Orlando, Florida  
June 24-27, 2018

NATIONAL ASSOCIATION  
OF PUBLIC PENSION FUND  
ATTORNEYS 2018 LEGAL  
EDUCATION CONFERENCE  
Savannah, Georgia  
June 26-29, 2018

MISSOURI ASSOCIATION  
OF PUBLIC EMPLOYEE  
RETIREMENT SYSTEMS  
2018 ANNUAL CONFERENCE  
Osage Beach, Missouri  
July 25-27, 2018

GEORGIA ASSOCIATION  
OF PUBLIC PENSION TRUSTEES  
9TH ANNUAL CONFERENCE  
Savannah, Georgia  
September 17-20, 2018

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