

# Client Alert

March 2017

## Lack of Gender Diversity on Corporate Boards May Lead to Negative Stockholder Votes

Last week, a statue entitled “Fearless Girl” was placed in front of the “charging bull” statue in New York City, generating significant attention. The statue was sponsored by State Street Global Advisors (State Street), a prominent institutional investor, in connection with its newly announced initiative to drive greater gender diversity on boards of directors. Importantly, State Street said it may vote against the chair of a nominating and/or governance committee of a company that fails to take action to increase the number of women on its board.

State Street’s [guidance](#) identifies several factors that it believes negatively impact gender diversity and must be addressed in board recruiting efforts, including excessive reliance on existing director networks and requirements that directors have CEO experience. State Street also proposed a framework to facilitate gender diversity on boards, such as having a “diversity champion” on the board and within management; giving female directors more leadership positions on key committees; and reporting to investors on a company’s progress toward established diversity goals.

State Street indicated that it considers boards with less than 15% female representation to be “problematic.” It further stated that it will vote against the chairs of nominating and/or governance committees of companies that, despite State Street’s best efforts to actively engage with them, fail to take action to increase the number of women on their boards.

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