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NY Common will vote against all-male boards

The \$209bn system said that a lack of board diversity is often correlated with lower company performance

Dietrich Knauth | 26 Mar 2018

The \$209bn **New York State Common Retirement Fund** plans to vote against all board directors at companies without a single woman on their boards, according to State Comptroller **Thomas DiNapoli**.

The Comptroller's office also announced agreements with four companies that agreed to formally include gender and racial diversity in their considerations of board candidates after engagement with the Common Retirement Fund. DiNapoli commended **Bristol-Meyers Squibb**, **Leucadia National**, **Packaging Corp. of America** and **PulteGroup** for their actions, saying that the Common Retirement Fund had withdrawn shareholder proposals it had filed at the companies.

While the retirement fund will continue to pressure companies to diversify their boards, its board votes will give additional force to those efforts, DiNapoli said.

"It is unconscionable that hundreds of publicly-held U.S. companies have no women directors," DiNapoli said in a prepared statement. "We're putting all-male boardrooms on notice - diversify your boards to improve your performance."

The retirement fund owns shares in 400 public companies that have no women on their boards and more than 700 companies with just one woman on their boards. A lack of diversity is often correlated with lower company performance, and companies also expose themselves to reputational risk if they have all-male boards, DiNapoli said. The Common Retirement Fund has filed 29 shareholder proposals related to board diversity since 2013, and those actions have led to 20 agreements with portfolio companies, according to the Comptroller's Office. The Common Retirement Fund is a member of the **Thirty Percent Coalition**, which seeks to reach 30 percent female representation on publicly-held corporate boards.

All-male boards have become a focus for pension plans around the nation, with the **California Public Employees' Retirement Plan** recently reporting on its efforts to engage with companies on that same issue. The \$353bn retirement system sent letters to 504 companies that had all-male boards in August 2017 (*MMR*, **8/28/2018**) and reported on its followup efforts at the megafund's March investment committee meeting. **Simiso Nzima**, CalPERS head of global equity, said that only 38% of the companies had responded to CalPERS' initial question, causing the pension to warn companies that it might vote against their proposed board of directors if they show a continued lack of engagement. About 13% of the companies added a female director to their board or are in the process of adding one within a year, Nzima said. (*MMR*, **3/20/2018**).

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