

State Street Calls for Board and Workforce Diversity Data

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by Cam C. Hoang

Companies that count State Street Global Advisors as an investor should review its CEO Cyrus Taraporevala's [just-released annual letter](#) on its proxy voting agenda, which has significant updates on voting policies with regard to board and [workforce](#) diversity. Indicating that State Street's primary challenge as an investor is the lack of publicly available racial and ethnic diversity data, the CEO states:

- In 2021, we will vote against the Chair of the Nominating & Governance Committee at companies in the S&P 500 and FTSE 100 that do not disclose the racial and ethnic composition of their boards;
- In 2022, we will vote against the Chair of the Compensation Committee at companies in the S&P 500 that do not disclose their EEO-1 Survey responses; and
- In 2022, we will vote against the Chair of the Nominating & Governance Committee at companies in the S&P 500 and FTSE 100 that do not have at least 1 director from an underrepresented community on their boards.

Diversity voting policies at State Street and other investors are prompting companies to expand disclosure of board demographics in their proxy statements, with many considering the [matrix disclosure](#) from the Nasdaq proposed listing standard. And the attention to workforce diversity continues to grow. State Street's request for EEO-1 Survey responses is likely to result in expanded human capital management disclosure in annual reports on Form 10-K.

On sustainability, starting in 2020, State Street began voting against companies in the bottom 10% of R-Factor scores that could not articulate a plan to improve their score — its R-Factor scoring system is based on the Sustainability Accounting Standards Board (SASB) framework, which focuses on financially-material, industry-specific ESG risks. The CEO also reiterated State Street's support for climate risk disclosure using the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

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