

# Governor's Council on Women and Girls

## Leadership Subcommittee

September 20, 2023

3:00pm-4:00pm

# *Today's Agenda*

- I. Call to Order
- II. OTT Updates and Presentation
- III. Update from Leadership Committee Work Groups
- IV. Other Updates
  - I. October 17 Full Council Meeting Topic
  - II. Remaining 2023 Meeting Schedule
- V. Public Comment Period
- VI. Adjourn

# *Our charge:*

*To promote women leadership in both the public and private sectors, particularly government elected and appointed officials, corporate boards and executive management, educational institutions, non-profit organizations and the media with the ultimate goal of achieving gender parity such that gender in workforce leadership proportionately represents the Connecticut population.*

Co-Chairs:

Lt. Governor Susan Bysiewicz

State Department of Education Commissioner Charlene Russell-Tucker

Department of Administrative Services Commissioner Michelle Gilman

Director of Legislative Affairs, Jennifer Putetti, Office of the State Treasurer

# Updates on Corporate Leadership Advancements

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# Thirty Percent Coalition

The Office of the State Treasurer has been a longstanding member of the Thirty Percent Coalition since its inception in 2011. The coalition is a national organization comprised of institutional investors, private equity, professional services, public companies and advocacy group members that represent over \$8 trillion in assets under management and are all dedicated to increasing gender and racial diversity in the board rooms of public and private companies.



In 2022/23, the coalition took a pause on its “Adopt a Company” campaign to focus all efforts on finding a new Executive Director.

In June 2023, Julie Zuraw was named the new Executive Director of the coalition.

We will be meeting in November to discuss the relaunch of the campaign and the new direction of the coalition.

In the meantime, the coalition is seeking others to comment on the consideration by the SEC of a proposed rule on Corporate Board Diversity. The SEC has an aspirational deadline of April 2024 to propose a rule.

# Northeast Investors' Diversity Initiative (NIDI)

In conjunction with the work of the Thirty Percent Coalition, the Office of the State Treasurer has led the Northeast Investors' Diversity Initiative (NIDI) and encouraged boardroom change by engaging companies based in the Northeast by leveraging corporate relationships and shareholder rights.



In 2022/23, the initiative targeted 11 companies in the Northeast. Letters were sent in November 2022, which resulted in 4 companies adding diverse board members:

- Provention Bio added a diverse woman to the board
- Aspen Aerogels added a woman and diverse male to the board
- CARA Therapeutics added a woman to the board
- Village Super Market Inc. added a diverse male to the board

Since October of 2019, NIDI has engaged with nearly 50 companies -- 17 of which have made changes to their board of directors by adding women and people of color and 10 that have made changes to their corporate governance/nominating charters to reflect their company's commitment to diverse pools of candidates.

# 2023 Proxy Season

The 2023 Proxy Season marked another year of record proposal filings, but also a waning of support.

<b>Top Shareholder Proposals Submitted to Public Companies</b>	
<b>2023</b>	<b>2022</b>
Climate change (17%)	Climate change (15%)
Independent chair (10%)	Special meetings (13%)
Nondiscrimination & diversity (9%)	Nondiscrimination & diversity (11%)
Shareholder approval of severance agreements (5%)	Independent chair (5%)
Special meetings (5%)	Lobbying spending (5%)
	Political contributions (5%)

<b>Top Five Shareholder Proposals by Voting Results<sup>8</sup></b>		
<b>Proposal</b>	<b>2023</b>	<b>2022<sup>9</sup></b>
Simple majority vote (eliminate supermajority voting)	57.9% (13)	84.1% (6)
Report on climate lobbying	38.2% (8)	N/A
Freedom of association	36.4% (6)	N/A
Majority voting for director elections	35.7% (3)	N/A
Workplace health and safety audit	34.0% (4)	N/A

# 2023 Proxy Season

The 2023 Proxy Season marked another year of record proposal filings, with a continued focus on E&S proposals.

Overview of Shareholder Proposals Submitted				
Proposal Category	2023	2022	2023 vs 2022 <sup>4</sup>	Observations
Social	297	287	↑3%	The largest subcategory, representing 25% of all social proposals, continued to be nondiscrimination and diversity-related proposals, with 76 submitted in 2023 (though down from 97 submitted in 2022 and 128 in 2021). Of note, 22 proposals related to reproductive healthcare were submitted in 2023, up from only four such proposals submitted in 2022.
Governance	212	246	↓14%	Independent board chair proposals were the most common governance proposal, representing 40% of all governance proposals with 85 submitted (up from 20% in 2022). Proposals related to shareholder special meeting rights represented 20% of governance proposals (down from 46% in 2022).
Environmental	188	169	↑11%	The largest subcategory, representing 80% of these proposals, continued to be climate change proposals, with 150 submitted in 2023 (increasing from 129 in 2022 and 83 in 2021). Of note, there were 37 climate change proposals submitted in 2023 that specifically addressed issues related to climate transition planning.
Civic engagement	97	103	↓6%	Lobbying spending proposals decreased to 34 in 2023 from 45 in 2022, and political contribution proposals decreased to 30 in 2023 from 45 in 2022. New types of civic engagement proposals this season included 12 proposals from an ESG-skeptic perspective focused on the company's political speech or affiliations with certain entities.
Executive compensation	75	36	↑108%	The largest subcategory of executive compensation proposals continued to be those requesting boards seek shareholder approval of certain severance agreements, representing 63% of these proposals, up from 44% in 2022. There were seven proposals requesting that companies include, or report on the possibility of including, social- or environmental-focused performance measures in executive compensation programs (such as greenhouse gas ("GHG") emissions and maternal morbidity) up from just two such proposals submitted in 2022 (but down from 15 proposals submitted in 2021).



# 2023 Proxy Season

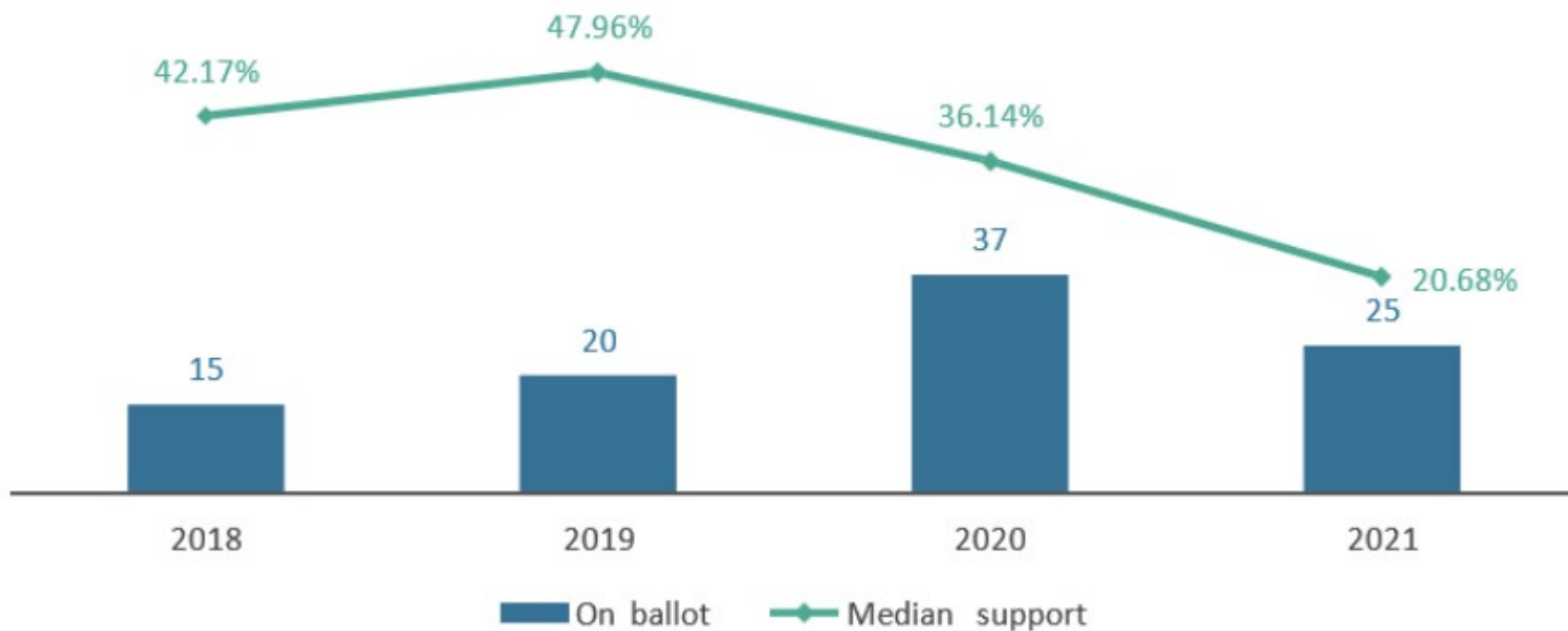
## Key Areas of Focus:

- **Racial Equity/Civil Rights Audit and Nondiscrimination Proposals**
  - *55 shareholder proposals that addressed issues of racial equity and civil rights compared to 51 similar proposals submitted in 2022 and 38 in 2021*
- **Diversity, Equity, and Inclusion Efforts and Metrics**
  - *16 proposals up from nine proposals submitted in 2022*
- **Reproductive Rights**
  - *22 such proposals submitted in 2023, up from four comparable proposals submitted in 2022, including three resubmissions to companies that received these proposals last year*
- **Human Rights**
  - *37 human rights proposals (up from 16 proposals submitted in 2022)*
- **Climate Transition Plans**
  - *37 shareholder proposals submitted that related to issuing a climate transition report disclosing the company's GHG emissions reduction targets as well as policies, strategies, and progress made toward achieving those targets*
- **Continued Focus on GHG Emissions**
  - *52 proposals submitted related to measuring GHG emissions/adoption of GHG emissions reduction targets*

# Overall Trends

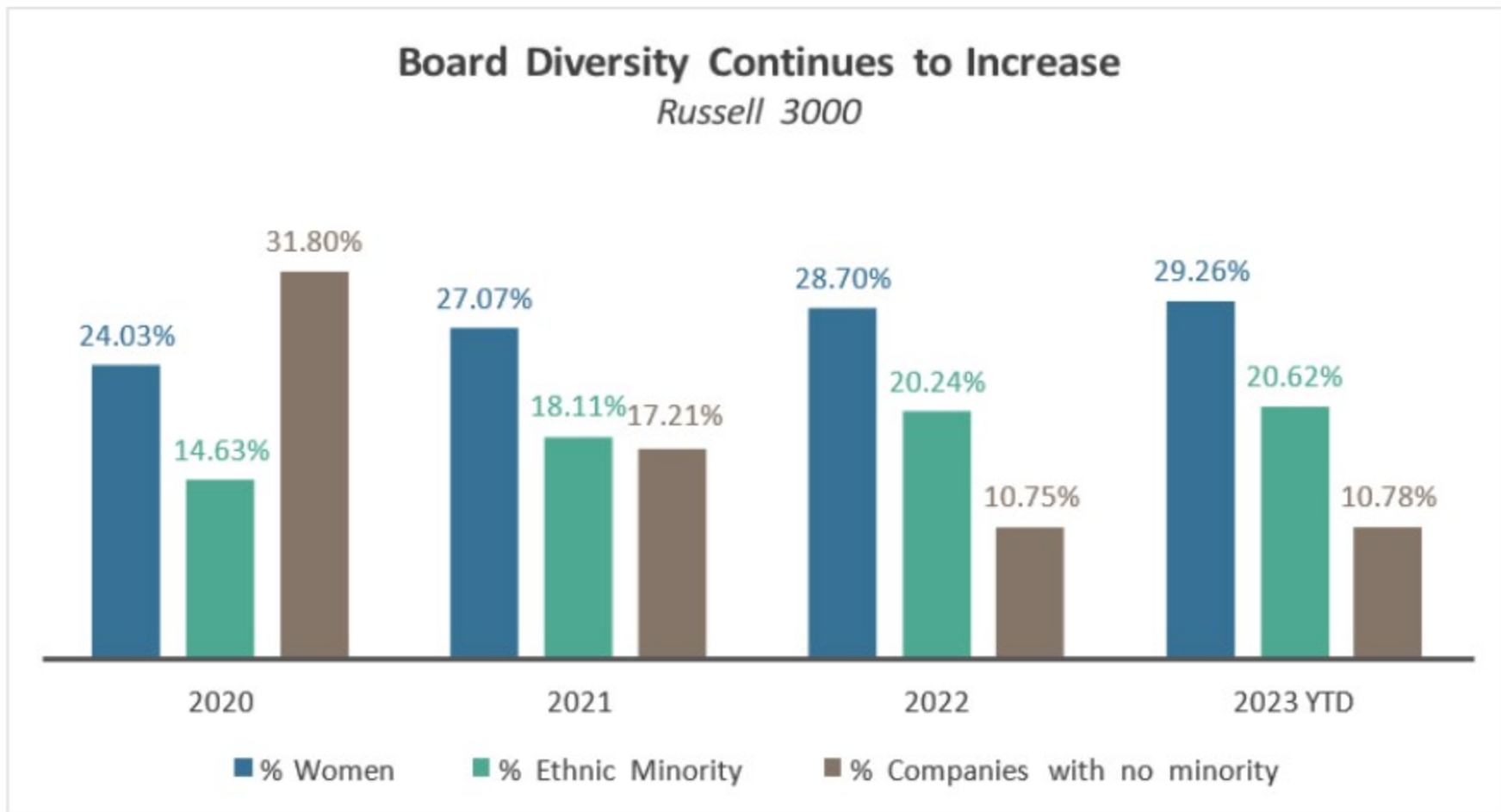
## Support and Volume of Diversity, Equality, and Inclusion Shareholder Proposals Erodes

*Russell 3000*



*As of 18 August 2023*

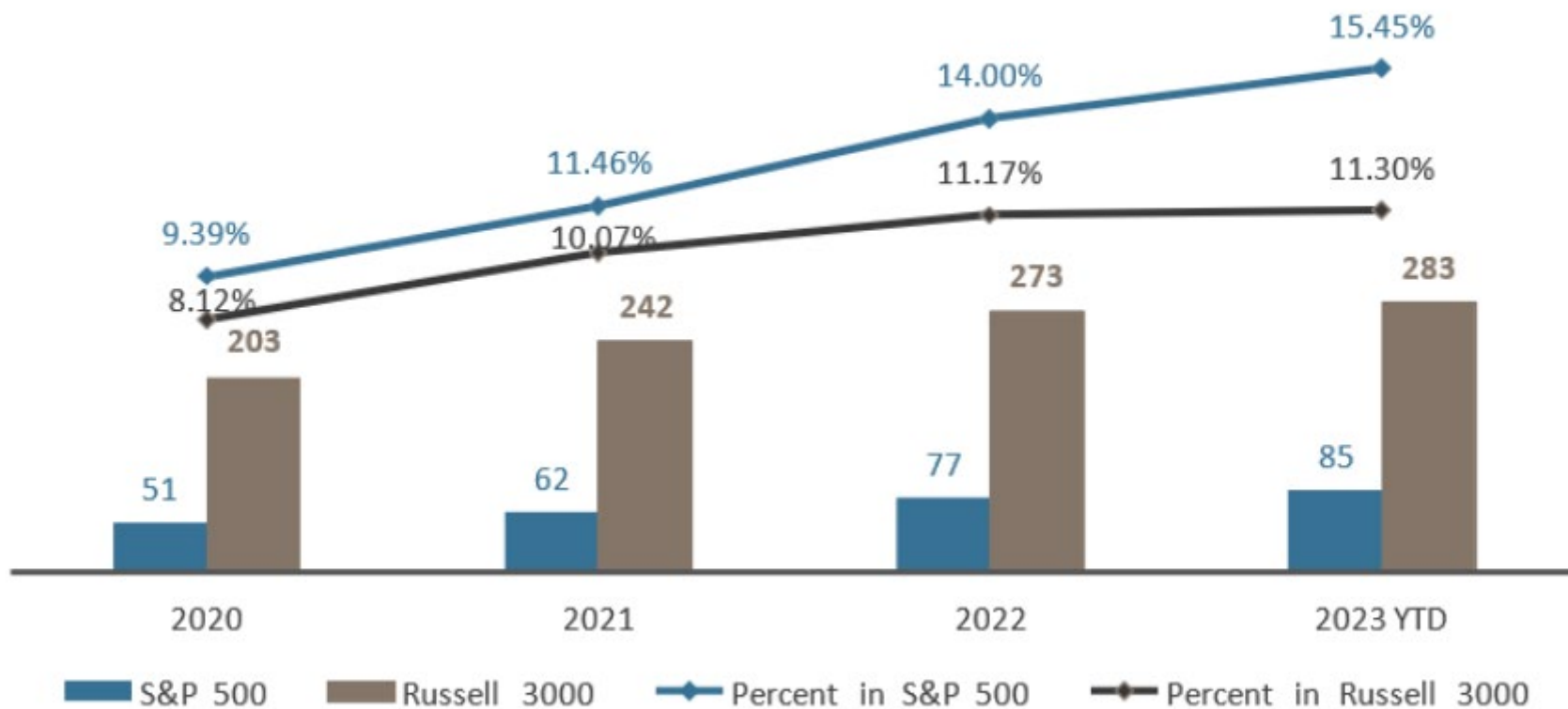
# Overall Trends



*As of 18 August 2023*

# Overall Trends

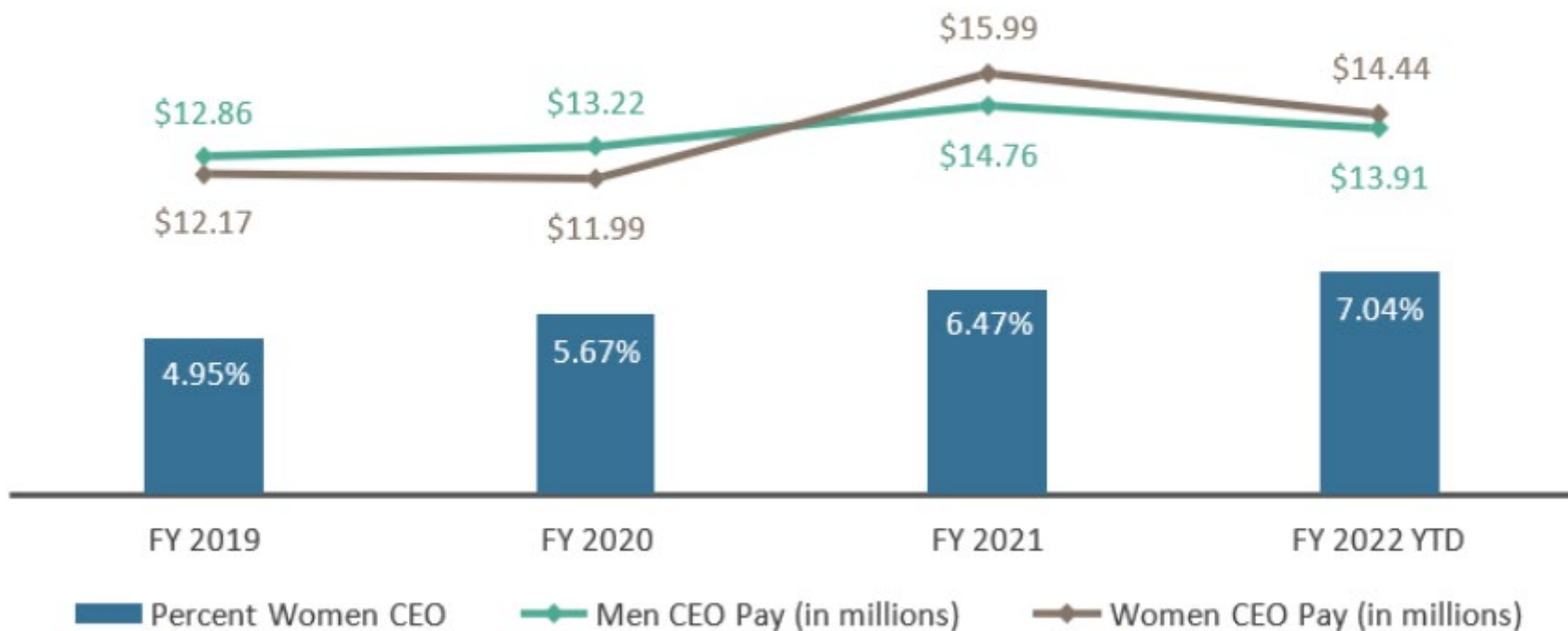
**Women Directors in Leadership Roles**  
*S&P 500 vs Russell 3000*



*As of 18 August 2023*

# Overall Trends

**Women CEO Prevalence Remains Low Even Though Median CEO Pay For Women Exceeds Men**  
*S&P 500*



*As of 18 August 2023*

# A Look Ahead

The future of Board Diversity will continue to be a key focus at OTT and our coalition partners:

- Continued look at NASDAQ rule
  - Impact on disclosure, overall diversity, and LGBTQ+ policies
- Implications of Affirmative Action Rulings
- Action on engagement regarding senior leadership and talent pipeline
- Overall goals to parity- not just 30%

Demographic	Actuals <sup>14</sup>	Projections <sup>15</sup>			
	2022	2030	2040	2050	2060
<b>Date to parity for total UR&amp;EG</b>					
F500 Total UR&EG	22.2%	29.4%	37.9%	44.7%	50.4%
Total UR&EG population	40.6%	44.2%	48.3%	52.2%	55.7%
<b>Date to parity by racial and ethnic demographic</b>					
F500 African American/Black	11.9%	15.1%	19.3%	22.7%	25.5%
African American/Black population	12.6%	13.8%	14.2%	14.6%	15.0%
F500 Asian/Pacific Islander	5.4%	8.0%	10.7%	12.9%	14.7%
Asian/Pacific Islander population	5.7%	6.9%	7.7%	8.4%	9.1%
F500 Hispanic/Latino(a)	4.7%	5.9%	7.2%	8.3%	9.2%
Hispanic/Latino(a) population	18.4%	21.1%	23.5%	25.7%	27.5%
F500 White	77.8%	70.6%	62.1%	55.3%	49.6%
White population	74.5%	74.2%	72.2%	70.1%	68.0%
<b>Date to parity by gender</b>					
F500 women	30.4%	41.4%	53.1%	62.7%	70.6%
Women population	50.5%	50.7%	50.6%	50.5%	50.3%
F500 men	69.6%	58.6%	46.9%	37.3%	29.4%
Men population	49.5%	49.3%	49.4%	49.5%	49.7%

- Year when F500 board diversity for indicated demographic meets/exceeds general population
- There is no year through 2060 where F500 board diversity will meet/exceed general population

# Other Updates

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# Public Comment

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**Thank you, everyone!**

**Next meeting: Wednesday, December 20<sup>th</sup> 3-4 p.m.**

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