



### Fortune 500 CEOs now include 41 women. What is the significance?

The number of female CEOs in the Fortune 500 grew from 37 at the end of 2020 to 41, or 8.1%, in the first months of 2021. There are two Black women serving as CEOs for the first time. The only other non-interim Black female CEO in the history of the list stepped down in 2017. In another first, a top-five company (CVS Health, #4) now has a woman CEO. In another milestone, a woman holds the top post at Citigroup, the 13<sup>th</sup> largest global bank.

Ongoing evidence of superior financial and stock price performance by companies with higher levels of women in leadership (WIL) has led to a suite of publicly traded gender lens equity and fixed income funds and vehicles. Research has also demonstrated wide-ranging corporate benefits beyond performance, including productivity, efficiency, and risk management, as well as the costs to companies who lag on diversity. Despite the benefits of gender-diverse corporate leadership, progress has been slow. One reason is that women CEOs are not often replaced by women. Any departures from the ranks is a setback. [Contact us for WIL analysis on the 41 Fortune companies with a female CEO.](#)

### Recent launches of public-sector gender lens and diversity investment vehicles?

There has been a flurry of recent developments around gender bonds in the Middle East and Asia. Taiwan launched a sustainable bond market, which has the potential to include the issuance of gender bonds. Egypt is taking steps to develop a gender bond framework. Pakistan issued guidelines for the issuance of gender bonds to support increased economic participation by women. In addition, the Asian Development Bank (ADB) recently launched back-to-back gender bonds: A CAD750 million 7-year bond in the Canadian dollar maple market, and an AUD700 million (around \$542 million) 4.5-year bond in the Australian dollar kangaroo market. In Colombia, Bancamía, a local Colombian bank, announced it will issue COP200 billion in gender bonds in Colombia within a social bond framework. [See performance and stats of gender lens fixed income funds and vehicles here.](#)

The LGBTQ+ ESG 100 ETF (NASDAQ: LGBT) began trading on May 18. The fund tracks an index provided by LGBTQ Loyalty Holdings, a financial services firm that measures corporate equality related to LGBTQ+ communities, including leadership, employees, suppliers, and customers. ESG screens are incorporated. Earlier this year [we published an article on investing with an LGBTQ+ lens](#). Research indicates that LGBTQ equality in the workplace tends to result in better employee recruitment and stronger consumer perception for companies. [See performance of gender lens funds here and D&I funds here.](#)

### What is the impact of board diversity mandates?

In 2018 the State of California issued requirements for all publicly traded companies to have at least one woman on their boards by the end of 2019. Depending on company size, one or two additional women directors are required by the end of 2021. At the time the state law was passed, a quarter of California's public companies had no women on their boards. In less than 3 years since the law was enacted, [female corporate directors have nearly doubled.](#)

Despite legal challenges, more than ten other states have also enacted or introduced legislation to promote board diversity. Some are centered on mandatory disclosure of board diversity information, with five states considering mandatory requirements similar to California's. In the face of persistently slow progress for women in corporate leadership, we believe government mandates can play a role in achieving board gender parity, especially when combined with investor activism and mandates by stock exchanges and other stakeholders. [Contact us for a discussion of U.S. and European board diversity mandates.](#)

## How will the recent string of corporate diversity commitments stand up?

A rush of corporations to announce diversity commitments and initiatives. How should these be assessed? We believe gender lens investors, particularly gender lens equity funds, have a role to play in demanding data transparency and board accountability following commitments to corporate diversity, equity, and inclusion (DEI). Notable recent initiatives include:

- ❖ Amazon, Starbucks, and Microsoft, Zillow and other brands have announced support for the Black Boardroom Initiative, which has a goal of 1 in 8 corporate board seats to be held by a Black director by 2028. The candidate support program will launch in Washington State. We look forward to tracking how many Black women are appointed.
- ❖ In order to meet its goal of 30% women in its senior executive ranks by 2025, it is estimated that Deutsche Bank will need 50% of its openings to be filled by women.
- ❖ HP Inc has made a public commitment to achieve gender parity in leadership by 2030.
- ❖ A range of companies in Australia and New Zealand, have announced commitments to gender parity at the executive level. Following several high profile sexual harassment scandals, major investors have stated they will vote against Australian boards without parity in the next decade. We believe the Australia/New Zealand market is well positioned for a gender lens equity fund.

*[Connect with us for analysis of which gender lens equity funds hold shares of these companies.](#)*

## How are gender diversity proposals faring in the current proxy season?

Highlights on diversity-related 2021 shareholder proposals, including pay transparency resolutions and calls for the reporting of DEI data:

- ❖ Amazon proposal to disclose median pay gap data gained close to 30% support.
- ❖ IBM Corp.'s shareholders approved a resolution calling for an annual DEI report with a 94% vote.
- ❖ Union Pacific's shareholders voted 86% in favor of reporting on EEO-1 data and 81% in favor of an annual DEI report.
- ❖ Moody's Investors Service kept an EEO-1 reporting proposal off its meeting docket for 2021, while promising to release DEI data on its global workforce beginning next year.
- ❖ Walmart agreed to publish EEO-1 data in order to remove a proposal from its line-up.
- ❖ Nike also agreed to publish EEO-1 data in response to a shareholder proposal.

Visit us at [parallelefinance.com](https://parallelefinance.com)

Contact us at [info@parallelefinance.com](mailto:info@parallelefinance.com)



**Disclaimer: The data and analysis shared in this document is for informational purposes only and is not to be construed as investment advice.**

Parallele® and Parallele Finance® are registered trademarks of Parallele Finance, LLC.

© 2021 Parallele Finance, LLC. All rights reserved.