



Where Are The Women¹?

Shareholders: Leverage Your Power to Advance Women

You can take action as a shareholder to help increase the number of women serving on public company boards. ION shows you how.

The Picture

In 2006, women held only 16% of the board positions in the 200 largest public companies in America. (Spencer Stuart 2006 Board Diversity Report)

Consider some facts from the eight regions represented by ION's member groups²:

- ◆ The highest percentage of women directors on Fortune 500 boards was 20.5% (Massachusetts).
- ◆ The highest percentage of women directors in all companies researched by the eight ION members was 13.8% (Chicago).
- ◆ More than half the companies in some areas had no women directors.
- ◆ A high of only 8% of the companies in several ION areas had 25% or more women directors.

In 2006 more than two-thirds of the companies in all eight geographic areas had no women among their most highly compensated executives.

ION Wants to Change This Picture and YOU Can Help!

Put Your Mouth Where Your Money Is: Use your position as a shareholder to increase the number of women in leadership at the companies in which you invest your dollars. Studies show that increased diversity among corporate leaders is linked to improved governance practices and financial success. Simply stated, it is good for business.

The following pages tell you how you can make a difference by exercising your proxy and letting those in a position to change the composition of corporate leadership know that you care enough about this issue to take action.

- ◆ If you are ready to act, follow the steps listed in “*Take Action*”.
- ◆ To gain a greater understanding of ways by which individual shareholders can make a difference and how to get the information you need about the companies in which you own stock, see Appendix A: *Understand the Ways by Which (YOU) can Make a Difference*.
- ◆ *Why is Diversity Important at the Top?* See Appendix B to acquaint you with the reasons.

¹ **Where Are The Women** was initially conceived and developed by Women On the Job, a nonprofit organization located in Port Washington, NY. Women On the Job has granted ION permission to use the name.

² ION, Women on Boards: Missed Opportunities. These figures are taken from 2006 data. Go to www.ionwomen.org for a list of ION Member Organizations.

Take Action!

If you directly own shares of stock:

If you, as a shareholder, are unhappy with the representation of women in leadership positions in a company in which you're an investor, here are different steps you can take to express your point of view. *Even if you don't do all of these things, you can make an impact.*

- ◆ If there are too few women on the board, write *"Where Are the Women?"* on the proxy ballot.
- ◆ Cast your vote in a way that records your displeasure: you can vote no on all nominees if all are male or vote yes only for the one or two women if you choose.
- ◆ On the proxy ballot, write your own message or the following:
"Women make up a substantial portion of your shareholders, customers, and employees. I notice there are no (only one, only two) women serving on your board of directors. Why are there no (so few) women? Men and women expect the board to closely reflect your stakeholders. More women directors are good for governance and good for our business. We are looking for you to quickly take steps to make sure the representation of women is improved."
- ◆ If you submit your proxy electronically, write some version of the language provided above before sending it.
- ◆ Write or email any or all of the following individuals, using the same or similar language as you used on your proxy:
 - Non-management directors or lead director
 - Chair of the board
 - Chair of the governance/nominating committee
 - Corporate Secretary

These individuals and their contact information are set forth in the company's proxy statement and often on its website as well. If you choose to do so, you can also include in your letter or email your opinion that there should be more women executive officers.

- ◆ Attend the annual shareholder meeting and ask why there are no or so few women on the board. You should also use this opportunity to state your opinion that more women directors are good for governance and good for business. If you choose to do so, you can also address the absence of women from executive officer level and most highly compensated executive groups.
- ◆ Follow the procedures set out in the proxy statement to nominate one or more women directors for next year's slate of board candidates.

Your feedback is important!

When you take any of these actions, please let us know what you have done and what responses you have received. Contact us by email: proxyvote@ionwomen.org. Your feedback is important to ION's educational and advocacy efforts. It will help us to become more effective in bringing about change in the composition of corporate leadership. Your participation in this effort will also help obtain greater publicity for the important role being played by women investors. Thank you for helping us to make a difference!

Take Action!

If you own shares in a mutual fund:

If you are ***unhappy with the number of women on the board of the fund***, here's how to express your point of view:

- ◆ If you receive a proxy statement and ballot, take the same actions as described in the case of direct investments in companies, but use the following (or similar) language for your comments:

“Women make up a substantial portion of your investors and employees. I notice there are no (only one, only two) women serving on your board of trustees. Why are there no (so few) women? Men and women expect the board to closely reflect your stakeholders. More women trustees are good for governance and good for business. We are looking for you to quickly take steps to make sure the representation of women is improved.”

- ◆ If you are not given an opportunity to elect fund trustees, write to the non-management trustees using similar language. These individuals and the manner in which you can communicate with them are identified in mutual fund annual reports and proxy statements. Even if you have a say in elections, a letter such as this also can be effective.

If you are ***unhappy with the number of women on the board of one or more of the companies in which the fund has major investments***³, here's how to express your point of view:

- ◆ Write or email the fund, using the following (or similar) language for your comments:

“I note that the fund has invested heavily in the stock of [name of company]. That company has no (only one, only two) women serving on its board of directors despite the fact that women make up a substantial portion of its shareholders, customers, and employees. Why are there no (so few) women? Men and women expect the board to closely reflect the company's stakeholders. More women directors are good for governance and good for business. We are looking for you to exercise your proxy in [name of the company]'s board elections in a way that will make sure the representation of women is improved.”

If you are ***unhappy that the fund's proxy voting guidelines***⁴ ***do not take board diversity into account***, here's how to express your point of view:

- ◆ Write or email the fund, using the following (or similar) language for your comments:

*“I have read the fund's proxy voting guidelines and am dismayed that none of them address the issue of diversity in corporate leadership positions. Women make up a substantial portion of most companies' shareholders, customers, and employees, and men and women today expect boards and executive suites to closely reflect company stakeholders. More women in leadership positions are good for governance and good for business. You are in a position to improve the representation of women in the leadership of the companies in which the fund invests by adopting and implementing proxy voting guidelines such as one of the following*⁵:

³ Refer to your mutual fund annual reports to identify the top ten holdings of each fund.

⁴ Mutual fund annual reports and proxy statements tell you how to find proxy voting guidelines and voting history.

⁵ Other useful guidelines have been proposed by Domini Social Investments, Calvert Investments, Citizens Funds, Trillium Asset Management, Walden Asset Management, Pax World Funds and others.

The Fund will oppose slates of directors that result in a board that does not include women and may oppose slates of directors that include women if the Fund concludes that the few number of women on the board is not a fair representation.

The Fund will normally withhold votes from a slate of board nominees if the board does not include any women.

The Fund will support shareholder proposals to increase diversity on the board of directors or that ask the company to take steps to nominate more women to the board.

I hope that you will do so promptly.”

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When you take any of these actions, please let us know what you have done and what responses you have received. Contact us by email: proxyvote@ionwomen.org Your feedback is important to ION's educational and advocacy efforts. It will help us to become more effective in bringing about change in the composition of corporate leadership. Your participation in this effort will also help obtain greater publicity for the important role being played by women investors. Thank you for helping us to make a difference!

Understand How You Can Make a Difference As an Individual Shareholder

1. You can determine from the annual report and proxy statement of each company whether there are any women directors, whether there are any women executive officers, and whether any of the most highly compensated executives are women. You can also tell how many women are included in each of these groups.

Every person who owns shares of stock in a publicly traded company receives an annual report and proxy statement with information about the company and its management, including its board of directors and executive officers. The proxy statement also contains materials relating to the election of directors. In some companies, the entire board is elected every year; in others, directors serve multiple-year terms and only a few of them are nominated for election each year. All director nominees and all continuing directors whose terms will expire in future years are identified in the proxy materials by age, date of first election to the board, occupation and other board positions they hold. Elsewhere in the proxy statement, in the sections dealing with the compensation of the most senior executives, the most highly compensated executives are identified. In some companies, additional executive officers are identified in their annual reports.

2. When you vote your proxy, you can let the company know how you feel about the number of women directors.

As a shareholder, you are asked to vote for those directors who are up for election. There are instructions for how to exercise the proxy by mail or electronically.

3. You can express your views on the number of women directors and executive officers by writing to the independent directors, to the chair of the board, chair of the nominating committee or corporate secretary.

The proxy statement also tells you how you may contact the non-management members of the board of directors, both by mail and electronically. The members of a company's nominating and governance committee are independent (non-management) directors. The proxy statement also identifies committee members and chairs and provides information for contacting them.

4. You can express your views on the number of women directors and executive officers by attending the annual shareholder meeting and speaking up.

The proxy statement also tells you when and where the annual shareholder meeting will take place and invites you to attend if you wish. Typically, you are asked to indicate whether you plan to attend.

5. You can express your views by voting on shareholder resolutions. In addition, you can contact any resolution proponent who you think might share your interest in diversifying the board to explore the possibility of future action.

Very often, the proxy statement also asks you to vote on one or more shareholder resolutions. Some of these resolutions are proposed by an individual or group of shareholders who seek some change in corporate governance practices or want the company to take some action related to an environmental or social issue. In the past, some shareholder resolutions have sought to increase the diversity of the company's workforce and corporate leadership, including its board. The proxy statement sets forth the text of the resolution, the identity of its proponent(s), a summary of the arguments for the resolution, and a statement of the company's position on the resolution.

6. You can help the company's leadership become aware of qualified women candidates for the board.

Finally, the proxy statement also tells you how shareholders can nominate their own candidates for election to the board. You can use this opportunity to bring to the attention of the company's leadership talented women whose skills and experience you believe can add significant value to the board.

Understand How You Can Make a Difference As a Mutual Fund Investor

If you invest in mutual funds, in addition to or as an alternative to investing directly in individual companies, you are faced with a different set of circumstances and options for action.

There are two ways in which you can encourage mutual fund trustees to serve as your surrogates in bringing about change in leadership of the companies in which the mutual funds are invested. Both require some additional research on your part.

1. You can identify from the mutual fund's annual report the ten companies in which the fund has invested particularly large amounts of money. The annual report identifies the top ten holdings of each fund. You can then research the composition of the boards and executive suites of those companies by looking at the company's website or obtaining its proxy statement online from the SEC (www.sec.gov). Armed with your findings about those companies that lack enough women in leadership positions, you can bring those facts to the attention of the mutual fund trustees and ask them to exercise their proxies in the same way that you would were you a direct shareholder of the companies.
2. You can read the proxy voting guidelines that the trustees have adopted. The fund's annual report and proxy statement tells you how and where to find them. In most cases, except if your fund is managed by a socially responsible investment firm, the guidelines followed by the managers of your mutual funds will indicate that they will vote with management on uncontested board elections. However, you can urge the trustees to amend their proxy voting guidelines to reflect a more activist approach to board composition.

Proxy votes, letters and attending the annual meeting are options for mutual fund investors as well. However, the focus of these actions is on the composition of the mutual fund board and not the leadership of the companies in which the mutual funds are invested.

As in the case of publicly held corporations, mutual funds issue annual (and often semi-annual) reports that identify the members of their boards of trustees. Some mutual funds also give you the right to vote for nominees as trustees of those funds and issue proxy statements that contain the same kinds of information about the trustees as company proxy statements contain about directors. Similarly, those proxy statements include information about how to contact the non-management trustees and about the annual meeting of the fund. Whether or not you have the right to vote for mutual fund trustees, you can contact the non-management trustees.

Comparable information about fund trustees and how to contact non-management trustees is provided in the annual reports of mutual funds that do not offer you the opportunity to vote on trustee nominations. In this situation, letters are the only effective way to express your opinion.

Why Diversity at The Top Is Important⁶

Women in leadership goes hand in hand with superior financial performance.

Numerous studies⁷ show a correlation between the presence of women in corporate leadership and higher shareholder returns, company profitability, revenues and profits, firm value, returns on assets and investment, return on equity and total return to shareholders, on the one hand, and lower volatility on the other.

Women in leadership enhances the quality of corporate governance. Diversity of experience and perspective enriches boardroom discussion, produces constructive debate, ensures the identification of the full range of strategic risks facing the company, and ultimately results in clearer direction and better decisions. Researchers⁸ have found that companies with women directors are better managed and function in a manner consistent with the best of good governance practices. Furthermore, it is only when a board includes at least three women directors⁹ that the full benefits of enhanced governance are realized.

Women directors increase the likelihood that companies will correctly “read” their actual and potential markets. Diverse boards also send powerful affirming messages to the women who make the buying decisions that drive sales and profits.

- ◆ Women dominate the marketplace as consumers of goods and services, including housing, electronics, automobiles, travel and healthcare. Women make over 85% of consumer purchases and influence 95% of all purchases of goods and services.
- ◆ Women-owned and controlled businesses constitute a growing segment of the economy. Women own over 46% of privately held companies in the U.S. In 2004, women-owned businesses employed more than 19 million people and generated \$2.46 trillion in sales.

Diversity at the leadership level says a lot about a company’s culture and commitment to building a workforce of the best and brightest. This message is not lost on investors. Nor is it lost on talented and ambitious women seeking to advance their careers.

- ◆ Women control substantial assets and investments. Women constitute 47% of all investors. They comprise 41% of those reporting incomes of \$500,000 or more, and they control \$14 trillion of assets. In addition to handling 75% of all household finances, women make more than 53% of all investment decisions.

⁶ Additional data and references for those data, as well as for those cited here, can be found in the annual reports of the eight ION members (links to these reports are found on the “Who We Are” page of www.ionwomen.org and in the articles cited on the “News and Resources” page of the same site.

⁷ These studies are summarized and referenced in Wolfman, Toni G., “The Face of Corporate Leadership: Finally Poised for a Change?” *New England Journal of Public Policy*, Vol. 22, Spring 2007, pp. 47-48 and footnotes 42-48. A PDF of this article can be accessed from the “News and Resources” page of www.ionwomen.org

⁸ This research is summarized and referenced in Wolfman, *supra*, pp. 48-49 and footnotes 51-57.

⁹ Kramer, Vicki W., Konrad, Alison M., Erkut, Sumru, “Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance,” Wellesley Centers for Women, 2006. The Executive Summary of The Critical Mass Study is downloadable from the “Our Work, Projects”: www.wcwoonline.org. The full report can also be purchased. A PDF version of an article that appeared in *Directors Monthly* (February 2007) summarizing the study can be found at the ION site in the “News and Resources” section.

Appendix B

- ◆ Women will make up nearly half of the U.S. labor force. Women constitute 52% of the adult U.S. population. In 2005, women comprised 46.4% of all full-time wage and salaried workers. In 2003, they earned nearly 60% of all bachelor's and master's degrees and more than 47% of all doctorates.

From both a business and a governance perspective, it makes good sense to include women on corporate boards. The days of homogeneous boards are – or certainly should be – over.

The pool of talented women is large, and organizations such as ION are ready and willing to help identify and recruit qualified board candidates. The women who serve as directors and executive officers of the public companies researched by ION's members¹⁰ are representative of the talent pool that is largely untapped by U.S. companies.

The opportunities are there as well – board turnover is relatively high, resulting in open seats that can be filled by women directors. See the 2007 ION Report, available at www.ionwomen.org, which analyzes board turnover in the eight ION regions and the rates at which vacancies were filled by women.

The pipeline of women who are qualified to take their places in the boardrooms and executive suites of American companies is strong and expanding. Women today are CEOs, COOs, Division Presidents, and hold other senior executive positions with significant profit and loss responsibility. Women are CFOs, CIOs, Chief Marketing Officers, Chief Medical or Scientific Officers, Chief Human Resource Officers and hold other senior executive positions calling for expertise in critical functional areas. Women are Presidents of colleges and universities, Deans of medical schools and executive directors of large non-profit organizations. Women hold key positions in government, are partners in accounting and law firms, play important roles in business consulting firms and in the financial services sector; upon retirement, they, too, are excellent board candidates.

¹⁰ These reports can be access from the “Who We Are” page of www.ionwomen.org