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Women in Business Forum  
Return on Investment

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Panel 2: Gender Equality: Looking Beyond the Board Seat

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Chaired by:

Beatrix Dart, Executive Director, Initiative for Women in Business,  
Canadian Coalition for Good Governance

Speakers:

Anne Tolmunen, Fund Manager, AXA Investment Partners  
Sheri Bronstein, Chief Human Resources Officer, Bank of America  
Kathleen Bochman, Head of ESG Loomin Sayles (Natixis affiliate)

## Introduction

Beatrix Dart, Executive Director,  
Initiative for Women in Business,  
Canadian Coalition for Good Governance

Thank you so much for having us. This must feel like a marathon session because they don't even give us coffee between, and you have two more sessions to go. I'm so sorry. Okay, we'll try our very best. We'll take a break...I think that's perfect. I will try our best to be somewhat entertaining because it's also getting warm in the room which doesn't help either. But thank you so much for staying focused and for paying attention. We really appreciate it. Let me just start off this session...I'm a professor. I can shout as loud as you need me too. I can fill the room to the back. But let me just state that this session really wants to focus on the, not so much on the why do we still need to discuss gender diversity, but rather on the how. How do we do that? And I think as well as in France, Canada and the U.S., we're all at the point now that we understand the why. We don't need to discuss that at length anymore. We rather would like to focus on the how. We had France providing us with a great overview of their government actions. I was deeply impressed by those five actions. I don't know whether they would fly in the U.S. In Canada, not so much. We are much more collaboratively-oriented and don't like too much government action. However, as Phyllis Yaffee pointed out, Canada has also taken a lot of steps and she provided us with an overview of the Canadian initiatives. And perhaps I could just add one more to that, because in typical Canadian fashion, we like to do things collaboratively. And so what we

have started two years ago is to actually bring together the various larger organizations that focus on advancing women. As you know, there are so many out there. I don't know how many you have in the U.S. In Canada, we have over 400 organizations – that's for a country of about 33 million people – 400 organizations. They all want to be supportive advancing women, which is wonderful. But when you have 400 smallish organizations, all with a small budget, having small impact, it doesn't really move the needle forward. So what we created in Canada about two and a half years ago is the Canadian Gender and Good Governance Alliance, short, the Alliance. And we brought together currently seven of the larger organizations that work across Canada and say why don't we collaborate and amplify what we are all doing rather than having that little piecemeal approach that doesn't create enough impact. So what the Canadian Gender and Good Governance Alliance created was bringing these organizations together and saying, okay, what is it that really would create a change? So focusing on the how – to come back to the topic of this session – and what you will have hopefully received when you registered is one of these output pieces that the alliance created, which was generously provided and supported by CIBC, and Jennifer, my partner in crime, is sitting there in the back. So this blueprint is by no means your how-to manual but it gives every CEO hopefully or senior executive a good starting point. And it was targeted predominately at small and medium-sized enterprises. How do we go about creating a gender-balanced organization? And there's also a similar piece for boards, if boards are interested in creating a more gender-balanced board. There's also a output we created that's called the Director's Playbook. And if you're interested, they are all freely available, no charge, no cost. We have little business cards at the registration table with information on how to

download them. So, with that, I'm actually now launching into the session officially. And I would like to just allow my three panelists to introduce themselves a little bit better. You have their bios in the booklet, but really those bios never quite describe the essence of what you are wonderfully providing every day. And so maybe if we could just ask each of you, just in a two minute statement, telling us what your role really entails. How do you advance gender diversity in your organization and in your context? And if I may start with you...

ANNE TOLMUNEN: Yes, sure. Thank you. I'm Anne Tolmunen. I work at AXA Investment Managers, which is the investment arm of the AXA insurance group. So at AXA we have really taken a holistic approach over the years with regard to empowering women. We look at it from the perspective of our customers and really ensuring that we understand the need, particularly of women who are largely an underserved market. The other thing is obviously we've done a lot of things around our female employees ensuring, you know, from creating the talent pipeline to recruitment practices, all the way to ensuring equal opportunity and reward. And I think, you know, one of the ways we've gone about it is ensuring we benchmark ourselves and we identify our gaps. And so, for example, we've been certified by The Edge organization that's really been one of the areas where we've tried to improve ourselves. And then also obviously as the capital manager – and that's on a more personal level where I sit, you know, alongside the organizations you've heard from, we've really engaged with the companies we invest in and in some occasions even used our votes. But also in my personal role, I'm the lead fund manager of our Women Empowerment Fund. And the idea is that with my team we work to identify companies in the

listed equity space that have Best in Class gender diversity practices and work culture. And we allocate capital to those companies. And why do we do that? Well, first of all, as a responsible investor, we think that's the right thing to do, but also we believe that those companies are building for themselves a competitive advantage.

BEATRIX DART: Thank you Anne. Sheri...

SHERI BRONSTEIN: Hello, I'm the Chief Human Resource Officer – my name is Sheri Bronstein – for Bank of America. And if you think about, you know, our strategy that Brian has laid out for the company, we talk about responsible growth and how we think about serving or making financial lives better every day, which is really our purpose. A big part of us delivering on that strategy is making sure we're sustainable in all aspects of sustainability and a big part of that is being a great place to work. And, you know, 60+ percent of our costs and our assets are our people. And so we have to think about the talent part of what we do and our human capital strategy every day. And clearly, a huge piece of that is women – how we acquire talent, how we acquire women, how we develop women, how we retain women. And so it's so core to our business strategy. We are blessed with a very supportive board. We have over 30% women on our board, 45% women on our management team, over 40% of our managers are women. And that really has started with a tone from the top from the board and Brian about making, again how we invest in women just a key part of everything we do. I'll talk a little bit maybe later how we use data and analytics. Peter spoke about it. We've talked about it really on every panel. But a

key investment we've made has been in our data and analytics so we know exactly what's going on, how we pull all the levers, and we embed that into every business process we have from strategic planning through our quarterly business reviews, through our talent planning. So we're constantly talking about diversity and, within that, around women.

BEATRIX DART: Great. Thank you. Kathleen...

KATHLEEN BOCHMAN: Thank you. My name is Kathleen Bochman. I am the Director of ESG at Loomin Sayles. It's a global asset manager owned by French bank, Natixis. And as the Director of ESG, gender diversity is one piece of my role. We think about ESG within three different areas of the firm. First, the firm itself, the governance, our values, our fiduciary duty to our clients. Secondly, from an investment performance standpoint where we do integrate ESG across all of our research and portfolio teams. And then lastly, client solutions and meeting client needs. I guess I'll leave it at that for now.

BEATRIX DART: Okay, thank you. Well, so let's get to a little bit the meat of things. We only have about 20 minutes so I want to make sure we actually really talk about the how, how things are getting done. And so, Anne, you described, you're looking at companies. You look at how well they do in terms of gender diversity. Could you elaborate a little bit, what exactly it is you're looking at? What kind of KPIs are you taking into account? What kind of long-term sustainability efforts are you measuring? What really matters for companies when you look at it

from an investment side?

ANNE TOLMUNEN: Yes, sure. And so increasingly we have access to data, and that's thanks to Bloomberg. As you heard before, I'm a big user of their gender equality index, but also other data providers like Equileap or Reuters. And also everything that governments are doing, whether it's in the U.K., we've heard of the French Minister of Labor where now we have a new index that's going to give us more depth to really understand what companies are doing and how they compare to one another. So I think when I look at those KPIs, obviously you know the board is one KPI I look at. But, you know, we go way beyond that and we really look at the representation of women particularly in the leadership team. And you'd be surprised, our hurdle is 20%. And you'd be surprised how few companies meet that hurdle. It's anything between 80 to 90% of companies do not meet that hurdle globally. And then really it's important to put that data in context. So that's what I do. When I look at the data, I look at it obviously at a country level but also women and industry and comparing an industry to one another. Because if you have 50 to 70% of your workforce that is female, then, you know, 20% at the top, that's not actually a great achievement. On the other hand, if you are in the mining or technology sector, you obviously need to work on increasing your pipeline, but if you have 20 to 30% of female employees and then 20 to 30% women at the top, it tells me that you're doing something right. The other thing that I do is that when I meet companies and I meet CEOs, CFO level, I always ask the question where does the ownership of the gender diversity agenda lie in the company? Is it left solely in the hands of HR? Or is there a C-suite executive that is pushing this agenda and preferably male?

Because it's more likely that, you know, progress will happen if it's, you know, signaled at the top. And the last thing is obviously, you know, and that's been actually said on a few occasions already is what gets measured gets done. So if a company has targets that they've publicly pledged to achieve and time lines, then I have this increased confidence that, you know, progress will happen. So these are some of the things that I look at or talk with the companies.

BEATRIX DART: Great. Thank you. Now, maybe Kathleen, that's a question for you. You know I have certainly come across a lot of companies where the CEO and the executive team will set the vision – we should become a gender equality organization – and it doesn't trickle through to the bottom. It just gets stuck. And usually it is somewhere stuck in the middle because the implementation of that is actually not easy. It is challenging to get everybody committed. It's the day-to-day interaction. It is sitting at a table at a meeting room where maybe somebody gets not heard probably or where somebody might be talked over, etc. It's the implementation that is really the challenge and a lot of money is spent on a lot of training. Have you come across organizations that have done it actually well? Do you have any best practice examples for us?

KATHLEEN BOCHMAN: Well, we think of it holistically as well at Loomin and have gathered a lot of the work that we've done from other firms that have best practices or even good practices because I think, as we've heard throughout today, we're not at 50% or 55% women, so we still have, we all have a long way to go. We think about it in terms of recruiting, development and promotion, and retention, as well as culture. So on the recruiting side we realized about five years



ago we had a problem. We have a large credit research group, an equity research within our firm that was looking to hire a lot of research associates each year. But about 18% of our pool in 2014 was women and that had been pretty stable for many years. Our Director of Credit Research decided to do something about it and reached out to two of our local universities in Boston and suggested we create a Loomin Sayles Program. We call it UWIN. It's the Undergraduate Women's Investment Network. And we're open to sharing with any other firms, if you have interest in seeing the framework, and helping you all to implement it at your firms. But it really allowed us to bring in undergraduate women each year and provide them with two really important things. One is a rotational internship program for the year and the second is mentoring. And what we expect will happen is this will improve the pipeline. We don't hire that many research associates each year. So a lot of these people are going to be looking for jobs at other firms. Hopefully, at some of yours. But we think this is a way to help improve the pipeline overall and let young women know that this is a great industry to work in. On the retention, or rather the development side and the promotion side of the business, we found there are a lot of issues with that stuck in the middle group and frozen in the middle group as people call it. We hadn't had a women's network at our firm. And as we grew, we realized that was something that really we could benefit from. So we developed the Women at Work Network. It's for women at the firm. It includes not just networking but development opportunities, speakers, a number of different activities in terms of mentoring and the like. And that's been very successful and I think has helped – as a lot of people say, you know, raise people beneath you as you climb – it's really set up a nice pipeline and a nice group of mentors and sponsors for younger women at the firm.

On the retention side, I think that's even trickier. We spend a lot of time and money developing women and it's disheartening and expensive to lose them. So we've been working on a number of different opportunities to help increase retention. Some include men. We've increased our paternity leave to the same as what our women get, which might seem to not be helping women but it really does from the perspective that the women don't feel guilty taking their full maternity leaves. And then men are actually taking advantage of it as well. We recently signed up to be an experimental partner with the CFA Institute. They've started a diversity inclusion program. And that's something that we hope will help us as we look at diversity inclusion as well as communication across the firm. And then the last thing I would say is the culture. The best firms we look at, the best companies – whether it's financial institutions or corporates – they always have a strong culture. And it's usually one built on values, profitability, but sometimes doing good. And that can be tough in an asset management company when the fiduciary duty is generally to shareholder return or returns of our clients. So that's something we're working and talking a lot about and trying to make sure that as we grow, the culture remains a good culture.

BEATRIX DART: There has been certainly quite a bit of research done lately on sort of the effectiveness of these various diversity programs and inclusion programs. Some of you might have come across, Frank Dobbs from Harvard actually has been publishing on that quite extensively in the *Harvard Business Review* and has shown that, you know, companies spend a lot of money on a lot of these programs and not all of them are actually effective. One of the worst culprits is unconscious bias training, believe it or not. You should read it. It's really

interesting to follow. Actually, in our CEO blueprint we have sort of a couple of them listed, sort of which ones really work, which ones are okay, and which ones you'd rather not waste your money, because there is various effectiveness on various program. Now, as you pointed out, the mentoring and sponsoring programs actually really can make a difference, like there is really support. The ones where it's mandatory, anything that's mandatory training, people rather go to the dentist. (Laughter) It just does not really work. Right? It actually creates a very defensive reaction and it actually rather creates an in-the-club and out-of the-club kind of mentality that will turn people off. So there's a lot of research that you might want to review as well on what works. But we also have practical examples and I know, Sheri, that you have had some success with quite a few of the various initiatives you have implemented. Maybe you can elaborate a bit on that.

SHERI BRONSTEIN: Sure. So I think, you know, a couple of things. We've already talked about this so I won't spend too much time. But the tone from the top and embedding diversity metrics and measurement, you know, in the business strategy process and in the business review process has proved very successful for us. So we've had a longstanding commitment to diversity, but when we really got very tactical and down deeper, to your point about getting down a couple of levels in the organization and seeing exactly what was going on and which levers we needed to pull, so was it a recruitment issue? And again in different lines of business or different geographies, it may be a different issue. So, in our business reviews, the CEO sits down with each of his DRs and then this process goes down a few levels. And we're saying, okay, tell me

why you're having an entry level issue or tell me why you're having a multi-cultural women retention issue. And what is your plan to address it? So using that data to get very specific to come up with plans and to hold people accountable and continuing to monitor has proven to be very effective. And just as an example, you know, we've gone from the low 30s on women into our entry level programs to over 40% in ten years. And we've really increased the percentage of multi-cultural women within that. And again, it's just been, you know, moving one percentage each year by continuing to measure. But one thing I'd also share is we talked about paternity leave before, we actually get about 40% of our leaves, men take, so about 40% of the parental leaves men take, which is great because I think it speaks to the culture of the importance of people being able to live their whole lives. And so one of the unique things we started doing as part of our great place to work strategy is about five years ago we realized that our employees – not just women, but we know the disproportionate amount of life issues tend to fall to women – that we needed better support in the moments that matter. And so we actually, I have about 80 people on my team – we have 200,000 employees – but that are there to help support all of our employees in the moments that matter most. So whether it's been a death in the family, a sick parent, a child who is having mental health issues, domestic violence, all the things that can impact our lives, we have a case management process around that. And what we found is that, again while that's for all of our employees, we've had 85,000 of our employees that have gotten assistance through that process and the disproportionate amount are women and people of color. So we know that, again having that support for people's whole lives around our diverse population is really important.

ANNE TOLMUNEN: Can I just add something? I think, you know, when you see progress, it's really when you move from having policies for women or initiatives for women and, you know, moving that to having initiatives for everyone. So we talk about our parental leave policy and we talk about the main carer and it could be a man, it could be a women, it could be any situation. And I think, you know, increasingly that ensures that all employees, including White men, feel included. And actually those female-friendly policies, we see that they answer needs from millennials, from divorced dads, from all sorts of life situations. And I think it's just, it removes that antagonistic, you know, situation that we are now facing, sometimes in companies where there's fatigue around women initiatives. And I think we should talk more broadly about, you know, global, parent or whatever the issue is, talk it from a more holistic point of view, how to better serve the needs of all of our employees, all of our customers.

BEATRIX DART: So I think the biggest progress that I've seen certainly over the last few decades is that we started off with let's fix the women, women have to lean in, women have to be more confident, women have to be more like men, basically, to oh, no, no, we all have biases, we all carry stereotypes, we all should be working on this to, this is actually a societal issue. And I think this is where we have landed, just to summarize what you just said. We are now recognizing this is a society issue. And the best experiment that I've noticed how to fix a society issue, is anyone from Scandinavia here, is of course as always in Scandinavia, the most progressive ones, so they implemented a mandatory parental leave for men and women. And it has to be of substantial length, right? So they implemented a six-month minimum for both

parenting. Because if it's only six weeks, come on, it's like vacation. So it has to be of substantial length. Six months, both parties so that it's actually impactful. And it has really changed how society sees parenting and that it is normal that a baby gets comfort from both parent parts. It is not a caretaking job of the mother only. It is a parenting role that suits both parents, father and mother. And you have to change society almost to that level to really have an impact. I mean we can have as many company policies as we want, if that societal thinking is she will be a mother and she will be stay-at-home, it is very difficult to really change the outcome.

SHERI BRONSTEIN: But I think, Beatrix, too, you've heard a lot of people talk about it today really on every panel that you are, human capital is our biggest asset, and so being able to retain that talent, you know, diverse, but also White men, all types of people, it's just critical to all of our business strategies. And, you know, we've just found that more we invest in our employees and being a great place to work, the more we're driving turnover down and the more that our customer satisfaction is going up. And then it repeats itself, and I know that, you know, for all the investors, that's what they're looking for in good corporations.

BEATRIX DART: Right. Absolutely.

ANNE TOLMUNEN: Yes, and I very much heard that, a couple of years ago when journalists asked me, are you worried that, you know, at the pace that things are progressing, you're going to lose your job in the next few years? And I said, unfortunately no. But I would love for what I do,

gender-lens investing, to become just investing. Because it's just investing in good companies with solid business models, but just adding one criteria, which is looking at the working culture and the ability for men and women to have equal opportunities. And I think it's a competitive advantage but, you know, it works for a strategy with a long-term horizon. It's not something that's going to drive results on a quarterly basis.

KATHLEEN BOCHMAN: I think that's, and that's one of the challenges of ESG. I expect we'll see that proof over time, but it's going to take time. So my hope, as you said, is that you'll be out of a job or your title will change. I'll be out of a job because everybody will be thinking about long-term sustainable factors, whether it's gender diversity, water usage, carbon transition, what have you, and that that will all be a part of fundamental investing. The language may change, but it will really be fully integrated.

BEATRIX DART: And let's hope we can get there rather sooner than later. So, thank you very much for your comments. We are out of time. So thank you very much to the panelists.

(Applause)