



Top 10 Topics for Directors in 2020: Shareholder Activism

Mar 9, 2020

Reading Time : 2 min

Aim for Board Diversity with ‘Rooney Rule’

The third stage calls on companies to adopt a policy requiring the consideration of both women and minorities for every open board seat and CEO appointment—a version of the National Football League’s (NFL’s) “Rooney Rule.” To start the new initiative, letters were delivered to 56 Standard & Poor’s (S&P) 500 companies that do not currently have a Rooney Rule policy, regardless of the current diversity of their board or CEO.

The comptroller also noted that he will file shareholder proposals at companies with a lack of apparent racial diversity at the highest levels. The comptroller serves as investment advisor to, and custodian and trustee of, the New York City Retirement System (NYCRS), which has more than \$200 billion in assets under management and is a substantial long-term shareowner in more than 3,000 public companies in the United States. Thus, the comptroller’s launch of this initiative represents a broad-based activism campaign that seeks to influence the governance policies of numerous public companies simultaneously.

The comptroller states that “[d]espite the increased focus on diversity by both investors and companies, the data show that CEO and board representation of women and minorities is increasing at a slow rate and remains unacceptably low.” He especially notes the lack of hiring of women and minorities in CEO searches, where in 2018 the proportion of S&P 500 company CEOs who are women was 5.4 percent and fewer than 1 percent of Fortune 500 CEOs were black. In support of his initiative—specifically, the implementation of a Rooney Rule—the comptroller’s office cites the positive impact of the rule on NFL hiring of minority head coaches and general managers. The office also noted studies by McKinsey and the Harvard Business Review finding that the odds of hiring a woman were 79 times greater when there

were at least two women in the finalist pool. The studies found that the odds of hiring a minority were a staggering 193 times greater when there were at least two minority candidates in the finalist pool.

Increase Advocacy Efforts for Women, Minorities

The comptroller's call for a board and CEO Rooney Rule is one of several efforts advocating for increased female and minority representation in boardrooms, including:

- The State of California's legislation (SB 826) requiring a public company whose principal executive offices are in California to have a minimum of: (i) one female on its board of directors by December 31, 2019; and (ii) two female board members at companies with five directors or at least three female board members at companies with six or more directors by December 31, 2021. On July 1, 2019, California issued a report indicating that over 500 public companies are subject to these requirements. One hundred eighty-four reported themselves as being in compliance with SB 826.
- A global investment management company's 2019 proxy voting guidelines state that "[i]n addition to other elements of diversity, we encourage companies to have at least two women directors on their board."
- Glass Lewis's 2020 proxy guidelines state that it will consider recommending voting against the nominating committee chair of a board that has no female members and has not provided sufficient rationale or disclosed a plan to address the lack of diversity on the board.

© 2025 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. Prior results do not guarantee a similar outcome. Akin is the practicing name of Akin Gump LLP, a New York limited liability partnership authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. For more information about Akin Gump LLP, Akin Gump Strauss Hauer & Feld LLP and other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.