

## SSGA urges companies to articulate their diversity measures

By James Comtois

[State Street Global Advisors](#) is calling on the companies it invests in to become more racially and ethnically diverse — and to disclose their strategies for doing so.

In an [open letter](#) published Thursday, Richard F. Lacaille, SSGA's global chief investment officer and executive vice president, wrote that effective 2021, SSGA "will ask companies in (its) investment portfolio to articulate their risks, goals and strategy as related to racial and ethnic diversity, and to make relevant disclosure available to shareholders."

Mr. Lacaille warned about the risks inherent to companies lacking racial and ethnic diversity within their workforces and senior leadership, noting that groups with people from similar backgrounds tend to refrain from challenges to prevailing or outdated views, while more diverse management teams tend to be more profitable.

In addition, he argued that "companies that promote workforce diversity and inclusion through transparent hiring, promotion and wage practices have seen improved productivity, revenues and market share," while firms that either lack or have "limited diversity are more likely to underperform their peers and face reputational risks."

In the letter, SSGA mapped out five ways U.S. companies (and non-U.S., wherever possible) in its portfolio can show shareholders how they're addressing



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diversity and inclusion issues: articulate the role diversity plays in the firm's human capital management practices and long-term strategy; describe their diversity goals and how they're progressing; provide measures of the diversity within the firm's employee base and board; articulate goals and strategy related to racial and ethnic representation at the board level; and describe how the board executes its oversight role in diversity and inclusion.

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