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SRI investors vote against entire board at accounting software firm Intuit over lack of diversity

Research cited linking board diversity to higher returns

by **Jan Wagner** | January 9th, 2015

US-based responsible investors Calvert Investments, Trillium Asset Management and Christian Brothers Investment Services (CBIS), which represent almost \$20bn (€17bn) in assets, plan to vote against the entire board of directors at accounting software firm Intuit over a lack of diversity.

Intuit's board, which includes two female directors, is up for election at Intuit's annual meeting on January 22 at its headquarters in Mountain View, California. But Calvert, Trillium and CBIS have already declared that they will oppose their election because Intuit's board as a whole lacks "racial diversity." Such diversity is defined as including members with a Latino, Asian or African-American background.

Said Trillium, which manages \$1.7bn in assets: "Our proxy voting guidelines stipulate that we vote against an entire board slate for lack of diversity, where diversity is defined as at least one woman and one person of colour." It cited research from Swiss bank Credit Suisse linking board diversity to higher returns on equity, lower leverage (i.e. indebtedness) and higher stock valuations.

Added CBIS, which has \$5bn under management: "It is our expectation that corporations, particularly those of

Intuit's size (8,500 employees, \$4.1bn in revenue), should have a board that reflects the diversity of the markets it serves. CBIS has withheld support from Intuit's board for several years now due to the lack of that."

Calvert, the biggest of the three US asset managers with \$13bn in assets, said that while Intuit says it considers diversity when evaluating directors, "the company does not specify that it seeks candidates which would contribute to the gender and racial diversity of the board in its governance guidelines." A spokesman for Intuit could not be reached for comment on the investors' criticisms.

The two women on Intuit's board are Suzanne Nora Johnson, who has served since July 2007 and Diane Greene, who joined in August 2006. Johnson spent 22 years at US investment bank Goldman Sachs, including a stint as head of global investment research.

Greene is the former Chief Executive of VMware, another software firm based in Silicon Valley and also a board director at Google. Intuit's board is chaired by Bill Campbell, a former CEO of the company.

The investors released their voting intentions via the Proxy Democracy site.

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