

October 15, 2023

Vanessa Countryman  
Secretary Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

*Via electronic mail:* [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

Re: Corporate Board Diversity RIN: 3235-AL91, as a comment to File No. 4-787

Dear Ms. Countryman:

I respectfully submit this letter to the U.S. Securities and Exchange Commission (“SEC”) to comment on its consideration of a rule proposal related to corporate board diversity.

I am a member of the Thirty Percent Coalition, a group of institutional investors who represent over \$8 trillion AUM. I have a Ph.D. in Corporate Governance from Case Western Reserve University and currently am affiliated with The Conference Board Human Capital Center as a Distinguished Principal Research Fellow. I am on the TC-260 Committee of the International Standardization Organization (ISO) and have served as a public company board director for 2 organizations (Chairperson of the Audit and Remuneration committees respectively). I currently teach in the Masters of Human Capital Management at Columbia University, NYU, USC, and in the Masters of Information Technology at University of Washington. I have and continue to study the impact of board governance, especially human capital, on corporate sustainability and success.

Decades of research, including my own which has been cited in more than 75 academic papers, has shown that corporations with diverse leadership teams – inclusive of gender, race, and ethnicity – outperform their peers<sup>1</sup>. Given this reality, I believe we have a responsibility to understand the level of diversity of publicly traded organizations as a way to enhance efficient market performance.

There is clearly a pervasive, enduring demand among investors for data and disclosure on board composition, as evidenced by the preponderance of institutional investors, both large and small, that factor corporate board diversity into proxy voting decisions.

Despite broad consensus that board diversity data is decision-useful to investors and widespread demand among investors for such information, the current disclosure framework does not address investor needs and is best characterized as disorderly and inefficient. There is no formal, standardized source of racial/ethnic data regarding board composition among U.S. listed companies, and so gathering this information requires investors to spend crucial time, effort, and money to attempt to locate this data. In addition, this information will be aligned and consistent with other human capital disclosures recently recommended by the IAC<sup>2</sup>.

Given the objectives of the SEC to protect investors and maintain fair, orderly and efficient markets, we respectfully request that the SEC require all companies that trade on U.S. exchanges to disclose diversity metrics in the proxy statement or, if there is no proxy filing, in another appropriate document filed with the SEC.

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<sup>1</sup> [e.g., McKinsey & Company: Diversity Wins – May 2020](#)

<sup>2</sup> <https://www.sec.gov/files/20230914-draft-recommendation-regarding-hcm.pdf>

Additionally, we request that such a rule include provisions to advance transparency, such as:

- Disclosure based on voluntary self-identification; and
- Reporting that disaggregates data by gender and each major ethnic, racial and other major population segments, such as those required by the Nasdaq listing standard (i.e. "Board Matrix"), which enables investors to clearly ascertain the level of ethnic, racial and gender diversity among directors and facilitates comparability across companies.

I appreciate the SEC's consideration of these comments and would be pleased to discuss them in greater detail. If you have any questions or need any additional information, please contact

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Sincerely,



Solange Charas, Ph.D.

cc by email:

