



Chairman Jay Clayton
Securities and Exchange Commission
Washington, D.C. 20549

Sent by email: rule-comments@sec.gov
chairmanoffice@sec.gov

Dear Chairman Clayton:

RE: NASDAQ Listing Requirements on Board Diversity (SR-NASDAQ-2020-081)

Parity.org enthusiastically provides comments to the United States Securities and Exchange Commission (U.S. SEC) regarding SR-NASDAQ-2020-081 relating to listing requirements around board diversity.

Parity.org, a registered 501(c)(3), has a clear mission to close the gender and racial gap in leadership. With 500 partner organizations that have signed our ParityPledge¹, we are helping companies close the gender and racial gap at the very top—the C-Suite and the Board of Directors, where the gap is the widest. Our partner organizations are on six continents and include S&P 500, 1000+ as well as private companies of all sizes. More than one million employees work for a company that has taken the ParityPledge, a commitment to simply interview at least one woman and one person of color for every role VP and higher, including the Board of Directors. We do not require quotas or impose deadlines—we know through experience that when companies make a public commitment, it's powerful. Change happens. When surveying our partners this year, we found that:

- 27% of companies that signed the ParityPledge achieved full gender parity on their executive team (C-suite)
- 72% of companies said they were more intentional about interviewing more women for top roles
- 80% of companies added and retained at least one woman on their executive team (18% added three or more)
- 46% of companies added and retained at least one woman on their Board of Directors

Parity.org offers The Parity Model^{TM2} and the ParityINDEX^{®3} to our partner organizations to support their efforts in closing the gender and racial gap at the Board and executive levels.

¹ See: The ParityPledge: www.parity.org/take-the-pledge

² See: The Parity Model: www.parity.org/the-parity-model

³ See: The ParityINDEX: www.parity.org/wp-content/uploads/2020/12/ParityINDEX-Measure-What-Matters.pdf



Parity.org strongly supports Nasdaq’s proposed listing requirements for board diversity for Nasdaq-listed firms that was filed on December 1, 2020 and encourages the US SEC to approve this.

This is not a random or onerous request of organizations by Nasdaq. It is carefully considered—they know the benefits of doing this. There are multiple, proven studies that point to the benefits of bringing women and people of color to a Board of Directors. Companies with the highest gender and racial balance are more profitable compared to competitors in the bottom quartile of diversity, with the highest profitability increase seen with increased racial representation.⁴ The Peterson Institute for International Economics also found that companies with at least 30% representation of women in corporate leadership see an increase of 15% profitability compared to companies with no women in leadership.⁵ And MSCI found that having at least three women on a corporate board is correlated to higher financial performance than compared to similar boards with no female representation.⁶

The SEC’s support of Nasdaq’s proposal is in keeping with several states, including California, Washington, and Colorado, that have passed resolutions or stricter mandates requiring public companies to balance their boards over a number of years. Nasdaq, in their wisdom, has not mandated but rather *recommended* action that will improve the companies on its exchange. And to keep the focus on the goal each year, they simply ask to know the reasons behind a lack of representation if the situation occurs. This keeps the initiative high on each company’s radar as they recruit and promote women and people of color throughout the year. The strategic focus is on making a public commitment, allowing each company to hold themselves accountable in their own time and way—but get there just the same.

Can companies do this without interventions like those Nasdaq has proposed? Perhaps, but getting there has been excruciatingly slow. The World Economic Forum has predicted that it will take 257 years for women to reach economic gender parity in the world, and 151 years before the United States achieves gender parity. When we began Parity.org three years ago, the prediction was a “mere” 160 years for global equality—we are going backwards. If progress is measured by how quickly women and people of color are represented on the S&P, without impetus like the proposed, the results have been appallingly low numbers. Women make up only 7% of executives at Fortune 100 companies, and 10% of management roles in S&P 1500 companies. Black executives only hold 3.2% of senior leadership roles at large companies in the U.S., though Black workers make up 13% of the labor force. Hispanics, who make up 17% of the U.S. labor force, only comprise 4.3% of

⁴ Hunt, Vivian, et al. *Delivering Through Diversity*, McKinsey.com, McKinsey & Co., January 18, 2018, <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

⁵ Noland, Marcus, Tyler Moran, and Barbara Kotschwar. “Is Gender Diversity Profitable?” Peterson Institute of International Economics, February 2016.

<https://www.piie.com/publications/working-papers/gender-diversity-profitable-evidence-global-survey>

⁶ Eastman, Meggin Thwing. *Women on Boards Progress Report 2017*. MSCI. December 2017.

https://www.msci.com/documents/10199/239004/MSCI_Women+on+Boards+Progress+Report+2017.pdf/b7786a08-c818-4054-bf3f-ef15fc89537a



company executives. Representation gaps for Native Americans, Pacific Islanders, Asians, and other underrepresented groups are similarly dismal.

We applaud Nasdaq going further and recommending the focus not be just on women and people of color, valid goals on their own, but also including the intersection of those demographics with social and sexual orientation. These underrepresented groups have struggled to be heard, included, and treated fairly throughout their careers. When they see themselves represented at the Board level, they see that it's possible for them to succeed. It gives employees hope that they, too, may have a chance at advancing in their company. One study has borne this out showing that when there are more women on the Board, more women become part of the executive team and so on down the line.⁷ Board representation is critical to the success of employees, and ultimately the success of the company.

We believe that this step is just the beginning to closing the gender and racial gap in companies, not in 200+ years, but in two years for some, or five years for others. It will not stop here, either. Other like-minded organizations outside of the Nasdaq family will also sit up and take notice, and a snowball effect is possible.

We hope you will strongly consider and approve Nasdaq's initiative to close the gender and racial gap at the Board level. There is no reason in today's world that this cannot be achieved. Since the 1980's women have been attaining more college degrees than men and have outperformed their male peers in numerous settings—and Black women are the most educated demographic group in the United States.⁸ There are more than enough well-qualified women and people of color waiting to step into open roles as openings become available or as seats are added to company boards to round out their representation. Furthermore, organizations like Equilar Diversity Network and numerous others provide ample qualified candidates to fill open seats. There is no pipeline shortage preventing success; only the intentionality to act is needed to overcome this intractable problem of representation.

Yours sincerely,

A handwritten signature in black ink that reads 'Cathrin M. Stickney'.

Cathrin M. Stickney
Founder and Chief Executive Officer
Parity.org

⁷ Thorne, Sharon and Dan Konigsburg. "Gender Parity in the Boardroom Won't Happen on Its Own." HBR.org, Harvard Business Review, February 12, 2020.

<https://hbr.org/2020/02/gender-parity-in-the-boardroom-wont-happen-on-its-own>

⁸ "Degrees Conferred by Race and Sex." U.S. Department of Education, National Center for Education Statistics, 2018. <https://nces.ed.gov/fastfacts/display.asp?id=72>