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Securities and Exchange Commission
rule-comments@sec.gov
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Re: Proposed interagency policy statement establishing joint standards for assessing the diversity policies and practices of entities regulated by the agencies and request for comment

Catalyst appreciates the opportunity to comment on the Securities and Exchange Commission's and other agencies' proposed policy statement establishing joint standards for assessing the diversity policies and practices of entities regulated by these agencies.

Founded in 1962, Catalyst is the leading nonprofit organization expanding opportunities for women and business. With offices in the United States, Canada, Europe, India, and Australia, and more than 600 members, Catalyst is the trusted resource for research, information, and advice about women at work. Catalyst annually honors exemplary organizational initiatives that promote women's advancement with the Catalyst Award.

The following recommendations and descriptions of available resources are Catalyst's response to the questions posed in the agencies' official request for comment.

Catalyst is confident that U.S. companies can one day become global leaders in expanding opportunities for women and business—*if* they are held accountable for achieving measurable, organization-wide progress within a specific time frame.

1. Comments on the proposed joint standards

Are the proposed joint standards effective and appropriate to promote diversity and inclusion? Why or why not? If not, what standards would be appropriate and why? How would such standards support or hinder the objectives of section 342?

We strongly support the SEC's and other agencies' proposed joint standards to promote diversity and inclusion.

Our research shows that women held only 14.6% of executive officer positions and 16.9% of board seats at Fortune 500 companies in 2013. In both 2012 and 2013, less than one-fifth of companies had 25% or more women directors, and one-tenth of companies had no women at all on their boards. Women of color held only 3.2 % percent of all board seats in 2013—yet they make up nearly one-third of the workforce. For the eighth consecutive year, Catalyst sees no significant uptick in the year over year percentage of women board directors and, for the fourth consecutive year, virtually no increase in the year over year percentages of executive officers and top earners. With this rate of change, it's clear that "give it time" has not proven to be an effective strategy.

Catalyst unequivocally shares the beliefs and goals of the SEC and other agencies, which hold that:

- Promoting transparency and awareness of diversity policies and practices within the entities regulated by the agencies is in the best interests of the entities themselves, as well as of the people they serve.

- The establishment of concrete standards will make it easier for the regulated entities to assess their own diversity policies and practices.
- By facilitating greater awareness and transparency of the diversity policies and practices of regulated entities, the standards will allow the public to more meaningfully assess the diversity policies and practices of regulated entities.
- Expanded diversity and inclusion efforts lead to stronger, more effective, and more innovative businesses, as well as opportunities to serve a wider range of customers.
- Transparency and assessment standards such as those the agencies are proposing enable investors and shareholders to make more informed decisions about companies.

Catalyst further believes that, although the proposed standards are reasonable and appropriate, they won't significantly accelerate the pace of change when it comes to women's representation on boards and in senior leadership unless the SEC and other agencies impose consequences for failure to implement them.

Are the proposed joint standards sufficiently flexible but still effective to allow meaningful assessments of entities with a wide range of particular characteristics or circumstances (for example, asset size; number of employees; contract volume; income stream; and number of members and/or customers)?

Catalyst finds the proposed joint standards sufficiently flexible. We recognize that no single approach will be effective for every entity and in every context, but we strongly believe that the proposed standards are flexible enough that no organization could reasonably consider them burdensome.

What other factors, if any, would be useful in assessing the diversity policies and practices of the regulated entities, and why should such factors be considered? How would such factors support or hinder the objectives of section 342?

Is the proposed model approach to assessment effective and appropriate to promote diversity and inclusion? Why or why not? If not, what approach would be appropriate and why? How would such approach support or hinder the objectives of Section 342?

Would there be potential advantages or disadvantages of the proposed model approach to assessment? If so, what would they be?

Although Catalyst believes that the proposed approach to assessment is perfectly appropriate and advantageous to both entities and their stakeholders, we urge the SEC and other agencies to be more active in strengthening diversity and inclusion efforts. The most serious disadvantage of the current proposal is that those entities which fail to assess—and, if necessary, to overhaul—their diversity policies face no consequences.

The agencies involved in drafting this proposal successfully avoided being too broadly prescriptive. Catalyst now urges them to set some minimal criteria for efficacy—and insist that all regulated agencies' diversity policies meet those criteria. Many entities have had diversity policies and practices in place for decades. But if the policies in question do not meet the minimal standards we are urging the agencies to set, that's a sign that they are failing to improve diversity and inclusion, which is the ultimate goal of these proposed standards.

Catalyst research suggests that unless action is taken, the representation of women on companies' boards and within senior leadership teams will remain unchanged for decades to come.

An effective first step would be for the SEC and other agencies to strongly urge each Fortune 500 company—*particularly those with zero women board members*—to add just one woman to its board. If every Fortune 500 company added a single woman board member, the overall representation of women on boards would increase considerably.

Ultimately, Catalyst recommends that most companies appoint three or more women directors to their boards—our research suggests that ensuring that three or more women hold leadership positions within an organization creates a tipping point that leads to lasting culture change.

2. Business case for change

The SEC's proposed standards are timely. They represent an important next step in the ongoing conversation about how business can best leverage all available talent. The United States' greatest resource is its talent—much of which is currently untapped. The exclusion of women and minorities from corporate boards and senior leadership teams is a problem for women and minorities *and* a problem for the United States, which lags behind other global economic leaders in drawing on all available talent.

The business case for gender diversity is well-established: Catalyst research shows that Fortune 500 companies with more women on their boards and in senior leadership, on average, financially outperform those with fewer women and are linked with higher quality corporate social responsibility programs and philanthropic initiatives. Research also suggests that companies with greater diversity on their boards and in senior leadership increase their ability to draw from top talent, better serve their customer base by reflecting diverse perspectives, and enjoy higher levels of innovation, creativity, and effectiveness.

Despite all we know about the benefits of gender diversity, progress over the last twenty years has been notably sluggish.

To address this critical issue, Catalyst urges the federal government to require companies to set clear and reasonable goals for increasing diversity in business leadership, both in the boardroom and in executive suites; press companies to make a public commitment to those goals; and push for measurable progress within a clearly defined time frame.

3. Common myths impeding progress

What accounts for the persistent dearth of diversity on boards and in senior leadership—in the United States and around the world?

Many argue that there aren't enough qualified women to go around. But our research shows that:

- There is no supply problem. Although women's representation in business leadership is still far from equal, there are hundreds of women senior officers who could potentially be candidates for board service—more than enough to fill every open board seat. The pool of qualified women is even broader when former senior officers and non-corporate employees are included.
- CEO experience isn't required for board service. Many high-profile board seats are currently occupied by directors without CEO experience.

4. Catalyst solutions and resources

Catalyst has long been at the forefront of identifying obstacles to diversity and inclusion in the corporate world—and offering solutions.

Our research shows that Fortune 500 companies with more women board directors are directly connected to, on average, an increase in the number of women on their senior management teams five years later. As previously mentioned, our research also shows that Fortune 500 companies with more women in senior leadership, on average, financially outperform those with fewer women. Companies need to strengthen their pipeline of female talent up to and including the executive level in order to increase gender diversity on boards—and reap the benefits of having more diverse senior leadership teams.

To help organizations address a lack of diversity and inclusion and support their efforts to combat it via more effective talent development strategies, Catalyst produces a wide array of research and tools, including the annual *2013 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners* and *2013 Catalyst Census: Fortune 500 Women Board Directors*.

We have also launched the Catalyst Corporate Board Resource, which identifies and connects CEO-sponsored women to opportunities for board service. CEOs of Catalyst member companies personally sponsor women executives they feel are ready for board service by adding them to our directory. Catalyst member companies have access to this uniquely curated directory when directorships become available. The Catalyst Corporate Board Resource serves companies that see board service as effective executive leadership training for senior women.

Catalyst strongly believes that by implementing these recommendations and making use of the many resources currently available to expand diversity in corporate leadership, organizations within the United States can achieve gender parity at every level.

Transparency and disclosure are important, but actions beyond diagnosing the problem must be taken for lasting change to occur. Accountability is the key ingredient missing from the agencies' current proposal. Unless the SEC and other agencies insist that all regulated entities commit to meeting minimal standards for progress, this proposal may have no impact.

Thanks in large part to the resources outlined above, making change is easier than many organizations think. But it requires the will to do so—and, in many cases, pressure from above. Catalyst urges the SEC and other agencies to exert that pressure.

We appreciate the opportunity to comment on this critical challenge and we hope you will contact us with any further questions.

Sincerely,

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