



January 3, 2020

Vanessa Countryman
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609
rule-comments@sec.gov

Re: CPP Supports Nasdaq Listing Requirements on Board Diversity (SR-NASDAQ-2020-081)

Dear Secretary Countryman:

We are writing to express the California Partners Project's support for Nasdaq's proposed listing rules related to board diversity.

The California Partners Project (CPP) is a non-profit co-founded by California's First Partner Jennifer Siebel Newsom and Olivia D. Morgan in part to increase the number of women on corporate boards. The work of our organization, our state, and Nasdaq's proposed rules, are all part of a broader, global movement recognizing the importance of diverse organizational leadership across all sectors.

Research demonstrates that more diverse boards are good for all stakeholders. Numerous studies show that companies with women on the board of directors financially outperform those without women.¹ Studies also demonstrate that boards with women directors perform better on long-term priorities such as sustainable environmental practices, human resource investment, and good governance.² Nasdaq refers to dozens of studies in its proposal that link board diversity with better corporate governance and financial performance, all suggesting that board diversity leads to improved decision making, oversight, and internal corporate controls.

Recognizing that diverse boards improve corporate performance and boost our economy, in 2018 California lawmakers enacted a law requiring that every publicly traded company with headquarters in our state have at least one woman on its board of directors by the end of 2019.³ The law, SB 826, further

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https://infocus.credit-suisse.com/data/_product_documents/_articles/360157/cs_women_in_leading_positions_FINAL.PDF

² https://www.eticanews.it/wp-content/uploads/2012/11/Report-Women_Create_Sustainable_Value.pdf

³ https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB826

requires that by the end of 2021 companies with six or more directors have at least three women directors, and companies with five directors have two women directors.

Earlier this year, CPP undertook research measuring the impact of SB 826 in adding women to public company boards in California. Our *Claim Your Seat* report provides a comprehensive progress update on women's representation on California public company boards since the enactment of SB 826.⁴ Our report shows that California companies have been able to add women to their boards in a time frame similar to that required by Nasdaq's proposed rules. While in 2018 nearly 30% of California's corporate boards were all male, now less than 3% are. Our research also shows that 669 California board seats have been filled by women since 2018, and the vast majority of women added to these boards sit on only one corporate board in our state, demonstrating that there are more than enough qualified women to go around.

Our experiences match these findings. In November, CPP convened a series of focus groups with c-suite level executives, corporate board members, investors, academics and advocates to learn their views on board diversity. The participants universally shared experiences and perspectives highlighting the importance of diverse boards, and confidence that the hurdles to adding women can and should be overcome as part of good corporate governance. There was also agreement that board diversity is good for business and that the primary barriers to diversity are unconscious bias and the discomfort of extending board searches beyond board members' primary networks. Nasdaq's proposed rules directly address these concerns raised by California investors and business leaders and provide a reasonable, disclosure-based framework for companies to begin identifying and removing the barriers that prevent them from having more effective boards.

Our focus at CPP is adding women to corporate boards, however we also recognize and embrace the idea that diversity has many dimensions and understand there are unique challenges in seeking board seats for people of color and people who identify as LGBTQ+. For example, as our partners at the Latino Corporate Directors Association have shown, while California companies are adding record numbers of women to their boards, those women continue to be predominantly white.⁵ Unfortunately, there are great swaths of talent that are still being overlooked and woefully underrepresented in board rooms. Nasdaq's proposed diversity rules rightly encourage companies to examine *all* dimensions of board diversity and the Board Diversity Disclosure rule is a crucial transparency initiative in an area where data is sorely lacking. That information stands to benefit investors, who are increasingly seeking information about board composition, as well as employees who care about the diversity of leadership where they work, not to mention those conducting further research on the impacts of board diversity.⁶

⁴ <https://www.calpartnersproject.org/claimyourseat>

⁵ https://latinocorporatedirectors.org/latinas_on_ca_public_boards_si.php

⁶ <https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-guidelines-us.pdf>;
<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/about-deloitte/us-the-millennial-majority-is-transforming-your-culture.pdf>

We applaud Nasdaq for its leadership on this important issue. The extensive body of research, California's experience with diversifying its boards, and the views shared by investors, directors and executives in CPP's focus groups all suggest that diversity is an essential component of the modern corporate board. Nasdaq's proposed rules are a sensible and reasonable step in the right direction toward making sure companies maximize shareholder value by tapping into all available talent for their boards.

Sincerely,

A handwritten signature in black ink, appearing to read "Olivia Morgan".

Olivia D. Morgan
Executive Director and Co-Founder
California Partners Project
www.calpartnersproject.org