



BETTY T. YEE
California State Controller

December 21, 2020

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

SUBJECT: SR-NASDAQ-2020-081 – NASDAQ Diversity Initiative

Dear Ms. Countryman:

I write to strongly support Nasdaq's corporate board diversity initiative. As California State Controller, I serve on the boards of CalPERS and CalSTRS, the two largest public pension funds in the nation with combined assets over \$700 billion. As long-term investors, both funds have worked diligently over the past decade to increase the gender and ethnic diversity on corporate boards because research shows diverse perspectives lead to stronger governance and better financial performance for shareholders and secure retirement benefits for our members.

On their own and in partnership with other public and private sector institutional investors and stakeholder groups, CalPERS and CalSTRS have engaged with U.S.-based corporations using updated proxy voting language and allowing investment staff to vote against nominating committee and governance board members who do not respond to diversity engagement efforts. As you know, the funds have petitioned the Securities and Exchange Commission to require publicly traded companies to disclose board nominees' gender, racial, and ethnic diversity, as well as their mix of skills, experience, and attributes that fulfill the corporation's mission. We have even created a database of diverse director candidates, now owned by Equilar's Diversity Network, which has been used by more than 150 companies to source board candidates.

But the progress to diversify corporate boards has moved at a glacial pace, with women and ethnically diverse directors holding 19 percent and 10 percent of Russell 3000 board seats respectively. This is why I believe Nasdaq's proposal to require companies listed on their exchange to have at least one woman and one ethnically diverse director will help make meaningful progress in improving board diversity related to race, ethnicity, sexual orientation, and gender identity. Nasdaq's proposed definition of diversity will also improve transparency and comparability of disclosures across companies, which is important to ensure the strongest governance for our investments.

I commend Nasdaq for providing companies with the opportunity to increase board diversity through a disclosure-based, business-driven approach rather than a quota. I do not believe these

Ms. Vanessa Countryman

December 21, 2020

Page 2

requirements will be overly burdensome or coercive, especially since Nasdaq will implement a phase-in period for companies to adhere to the new listing standards. Nasdaq's proposal also recognizes that there is no one-size-fits-all approach to board diversity and provides enough flexibility to companies to explain why they do not meet the minimum objective of two diverse directors is reasonable.

Thank you for your consideration of Nasdaq's initiative to promote corporate board diversity and better governance. If my office can be of additional help, please do not hesitate to contact Lynn Paquin, Deputy Controller Investments and Financial Management, at (916) 324-9756.

Sincerely,

A handwritten signature in blue ink, appearing to read "Betty T. Yee". The signature is fluid and cursive, with the first name "Betty" being the most prominent.

BETTY T. YEE