Board Composition & Recruiting Trends: Women in the Boardroom

June 17, 2020
Agenda

- Board Composition & Recruiting Trends
- Q&A with Olu Beck and Aedhmar Hynes
- Equilar Diversity Network & BoardEdge Profile Resources
- Attendee Questions
The Current Environment

● The COVID-19 pandemic has shifted the global landscape
  ○ National health emergency
  ○ Shelter-in-place orders across the nation
  ○ 30 million Americans filed for unemployment since mid-March
● Social equality comes into question
● The impacts on corporate America
  ○ Supply chain and production disruption
  ○ A move towards remote work
  ○ Executive pay cuts/adjustments
    ■ Over 500 U.S. public companies have adjusted executive salaries to some extent (Equilar data as of May 2020)
Current Trends in Board Diversity
Women Continue to Make Strides in the Boardroom

- According to the Q1 2020 Gender Diversity Index (GDI), women occupy 22% of all Russell 3000 board seats.
- The GDI is now 0.44, where 1.0 represents parity among men and women.
- Factors driving this trend:
  - Investor pressure
- Effects of current environment.

1 = 50% representation of both males and females on Russell 3000 boards.
Almost 50% of New Board Members Are Women

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Legislation on Board Diversity

- U.S. states have passed legislation that require women on public boards
  - California had just under 17% representation of women on boards when SB826 passed – Now sits at 24%
  - Washington has mandated requirements
  - Illinois requires disclosure around board diversity
  - New York and Massachusetts may follow suit
Gender Diversity: Challenges Remain

- Women represent a small proportion of board leadership roles
- 41.6% of male directors across the Equilar 500 have CEO experience, compared to 13.1% of women
Director Tenure Declines

- Median director tenure has declined steadily since 2015 across Equilar 500, reaching 8.1 years in 2019
- Boards place a stronger emphasis around refreshment
Calls for Ethnicity Disclosure Increases

- Increased number of companies including gender and ethnicity in their board composition
  - Usually general terms and not specific to individual board members

Disclosure Trends, Equilar 100
Calls for Ethnicity Disclosure Increases

- Minority women continue to hold the lowest percentage of board seats
  - Source: Deloitte Board Census
Societal Representation on Boards

- The importance of diverse perspectives in the boardroom
  - Stronger representation of consumer/client base
  - Fresh perspectives outside of the “traditional” approach
  - Alignment with societal movements such as BLM

- Goldman Sachs CEO David Solomon recently announced the firm would not take a company public unless it had a diverse board member
  - Will this set a standard for IPOs going forward?
  - Required preparation of companies looking to go public
Moving Forward: Board Composition

- Boards are focused on a number of issues, but gender diversity continues to remain a top priority.
- Crisis management
  - Contingency plans during the unfortunate event that the CEO or a board member contracts COVID-19
    - Identifying a person(s) who can step in immediately
- The addition of new skill sets in light of current times
  - Experience in crisis management
Q&A with Olu Beck and Aedhmar Hynes
BoardEdge Database Featuring +500,000 profiles
Thank you