



The Search for Board Diversity: Practical Tips, Statistics on Progress

Corporate governance thought leaders offer pragmatic suggestions for companies and directors aiming to diversify their boards, C-suites and employee ranks.

A panel of corporate governance thought leaders and public company directors at a recent webinar on diversity and inclusion within corporate boards offered practical guidance for boards on ways to meet their companies' goals, as well as some statistics about the progress made in recent years.

Suggestions To Improve Diversity and Inclusion

- Don't begin your search for new directors by polling the existing board for people they might recommend and assessing candidates supplied by recruiters who have not received direction on diversity criteria. This approach may limit the potential range of candidates at the outset.
- Don't restrict the search to current or former CEOs and chief financial officers. Companies can tap into a much larger, more diverse pool of candidates if they consider people who have held other executive positions that involve contact with boards.

- Use recently created databases that include tens of thousands of candidates, sourced in part from groups promoting diversity. Consider instructing recruiters to focus on diversity criteria or engaging recruiters who make diversity and inclusion a priority.
- Consider adopting a version of the "Rooney Rule," following the NFL's lead, and require that diverse candidates be included in at least the first round of any management hiring process.

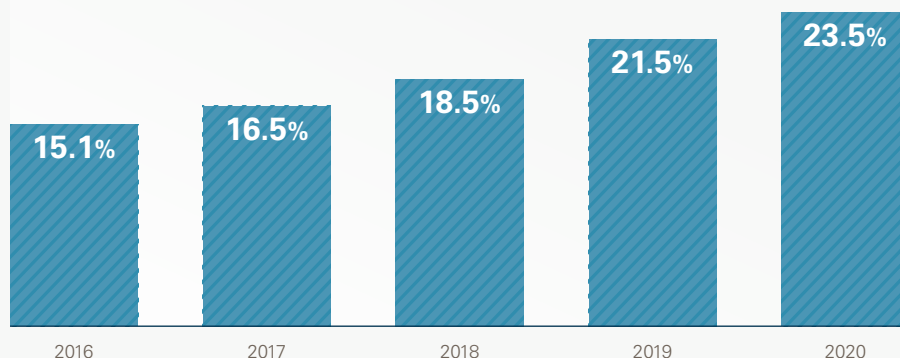
Statistics

- Women now comprise about 23% of directors at Russell 3000 companies, up from 15% three years ago, according to data from Equilar, and underrepre-

The Proportion of Women Directors Has Risen

■ Women Directors

Source: Equilar Board Factbook
Figures for Russell 3000, Q4 of each year



sented racial groups hold 12.5% of all seats. New board appointments are currently about 50-50 men and women.

- The gender balance at California companies has improved since the state enacted a law mandating diversity on boards of public companies headquartered there. California has risen from 35th place to 13th place nationally, based on the number of women on California corporate boards. Assuming all California companies are in full compliance with the law by the end of 2021 and there are no major changes in other states, California is projected to move up to second place.
- At least 11 other states have passed or are considering laws similar to California's, though most have less rigid targets, in part because of concerns that California's law may be vulnerable to a constitutional challenge.

Panelists:

Raquel Fox, SEC Reporting and Compliance partner at Skadden (moderator), and former director of the Office of International Affairs at the Securities and Exchange Commission (SEC) and senior adviser to then-SEC Chairman Jay Clayton.

David Chun, founder and CEO of Equilar, which provides corporate leadership data and is a source of potential board candidates.

Joseph Grundfest, professor, Stanford Law School, a former SEC commissioner and current director of KKR & Co. Inc. who specializes in capital markets, corporate governance and securities litigation.

Robin Washington, a director of Alphabet, Inc., Honeywell International, Inc. and Salesforce Inc., and former executive vice president and CFO of Gilead Sciences, Inc.

[Click here for audio of the webinar.](#)

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One Manhattan West / New York, NY 10001
212.735.3000