

GENDER DIVERSITY 2017 **FORUM RECAP**

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The Business Case for Gender Diversity in the Boardroom

As an increasing amount of data shows, gender diversity has emerged as a business imperative and a well-established best practice that strengthens the overall sustainability and governance of global companies. It's not just a nice component to have in a business plan; the data now proves its economic value. In a new political and regulatory landscape, however, one might wonder, is the concept of gender diversity easier said than done?

New data from **Ethisphere's Diversity Survey 2017** suggests that more than half of the respondents indicate that gender diversity is considered when selecting independent directors but not prioritized on the same level as background and experience. The same notion applies to critical senior leadership roles where 53% of the survey participants reveal that education and experience are the deciding factors.

The survey of close to 140 compliance and governance professionals reveals that companies may not be ready to keep up with the growing demand for gender parity. About 65% of those surveyed said there's no formal policy in place that sets out the importance of gender diversity when identifying potential candidates for senior leadership roles.

Consider this; women account for 51% of the population, yet still, in many industries, they struggle to rise to the highest levels. Whether it's gender pay equity or opportunity to reach their highest potential, gender diversity has become a key component of the ethics landscape. Companies who have made a point to address this concern are likely to benefit from what Ethisphere calls the **Ethics Premium**, which illustrates how companies that are ethical (appearing on the WME list), on average, do six percent better financially against the S&P 500. An ethical approach, which places value on equity, is not just the right thing to do, it makes good business sense.



A handwritten signature in black ink that reads "A. Maharaj".

Aarti Maharaj

Executive Editor and Director of Communications
Ethisphere



Diversity: How Companies Are Responding

At a recent gender diversity forum hosted by Ethisphere, in partnership with the **Center for Audit Quality (CAQ)**, **Equilar**, **Voya Financial** and **Norton Rose Fulbright**, several experts were on hand to discuss the emerging value attached to prioritizing equity issues. In fact, one participant, Cindy Fornelli, Executive Director at CAQ, an autonomous, nonpartisan, and nonprofit public policy organization dedicated to enhancing investor confidence and public trust in the global capital markets, noted that almost half of the companies surveyed by Ethisphere are now disclosing their diversity initiatives, highlighting how diversity issues are of growing importance to both consumers and investors.

Hosted at the **NASDAQ** Market Site in New York City on February 7, the inaugural diversity forum aligned members of Ethisphere's Business Ethics Leadership Alliance (BELA) to connect and present interactive discussions on the benefits of and best practices in gender diversity, which Ethisphere's Erica Salmon Byrne noted is not something that can be discussed in a vacuum. "True gender diversity will happen only when both men and women agree that there is a need to address gender issues across the board, from the boardroom to new hires," Byrne said.



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NASDAQ Opening Bell

Earlier in the day of the Gender Diversity Forum, Ms. Byrne and Ethisphere's Executive Vice President for Global Programs, Ty Francis rang NASDAQ's Opening Bell with guests including Fornelli; Leslie Mays, Partner, Talent Management **Mercer**; Jane Sadowsky, Company Director, **Yamana Gold**; and Lopa Zielinski, Senior Vice President and Deputy Corporate Secretary, **HSBC**. NASDAQ was recently applauded for naming Adena Friedman as its next Chief Executive Officer - making her the first woman to lead a major US stock exchange operator.



Video Interview: Behind the Bell with NASDAQ



Cultivating Gender Diversity in the Boardroom

The half-day Gender Diversity Forum attracted more than 70 attendees that ranged from General Counsels, heads of Human Resources, Compliance and Ethics Officers and more. Throughout the event key themes emerged such as retirement, recruiting and retaining diverse employees and the importance of effective and robust disclosures.

"Large companies are developing their talent internally," said Lopa Zielinski, Senior Vice President and Deputy Corporate Secretary, **HSBC**, on the panel Telling Your Story: How Much to Say and Who is Asking. "Companies will be in a better position 10-15 years from now if they keep the momentum going regardless of the political climate and new regulations—my advice would be to keep the diversity initiatives going—especially now."

"The real estate industry is always slow to catch on with trends," said Marilyn Wasser, Executive Vice President, General Counsel and Corporate Secretary, **Realogy Holdings Corp.** "There's an enormous amount of change and the board is cognizant of that and they are looking around the room and at themselves and saying 'this isn't good enough' and it's not going to get us where we need to go. There needs to be more diversity of talent, thought and perspectives."



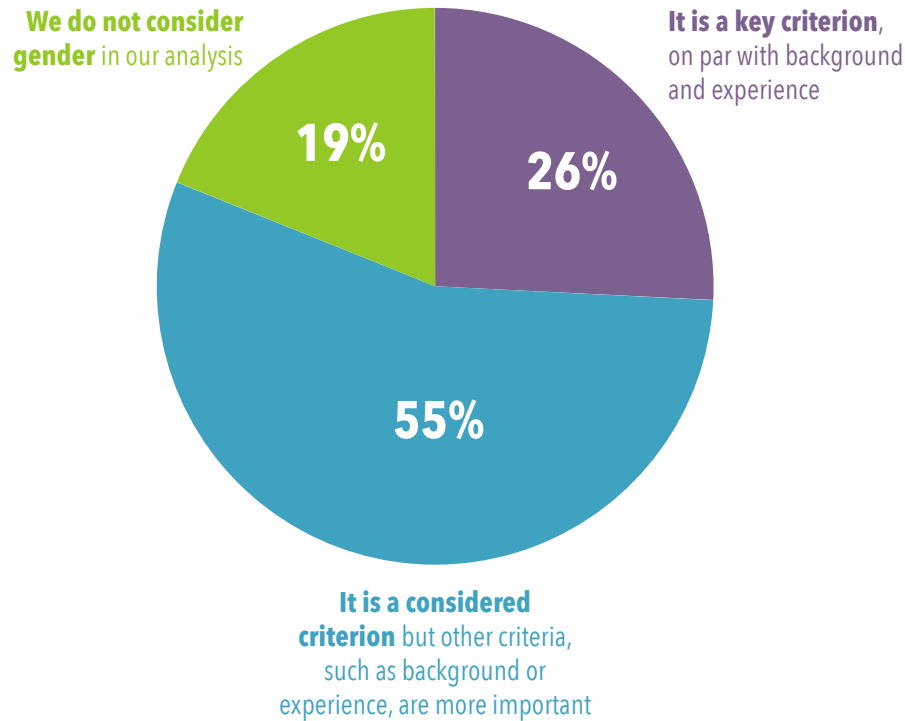
Diversity is an opportunity for companies to differentiate themselves and break away from the pack... but here you have opportunity to voluntarily use the data from your company to tell your story."

Cynthia M. Fornelli

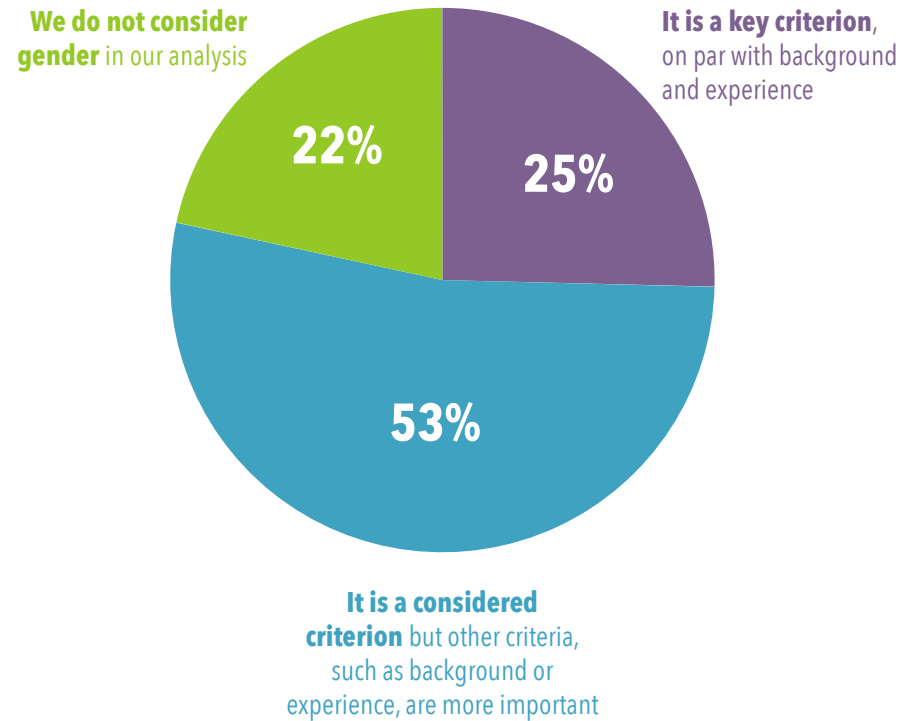
Executive Director, Center for Audit Quality

Highlights from Ethisphere's 2017 Diversity Survey

What role does gender diversity play in your analysis of potential candidates for independent directors?



What role does gender diversity play in your identification of potential candidates for critical senior leadership roles?



Closing the Retirement/ Investment Gap: A Place of Systemic Change

In the panel session, Catching Up: How Do We Close the Retirement/ Investment Gap, moderated by Erica Salmon Byrne, Executive Vice President, Governance and Compliance, Ethisphere, with speakers Carolyn M. Johnson, Chief Executive Officer, Annuities and Individual Life, **Voya Financial** and Leslie Mays, Partner, Talent Management, **Mercer**, it seems that successful diversity initiatives start with a commitment from the top.

Voya, for example, which spun off from the ING Group in 2014, had the unique opportunity to select its own board members and hit a complete “reset” said Johnson. To date, four of Voya’s nine independent directors are women, surpassing DiversityInc’s Top 50 best practice benchmark of 25 to 28 percent. As part of its ongoing commitment to advance the dialogue around board diversity, Voya’s diversity initiatives include working with external partners, publications and forums to amplify a shared vision for greater diversity in boardrooms. Chairman and CEO Rodney O. Martin penned a white paper titled “**Board Diversity by Design at Voya Financial**,” which was published in *Corporate Compliance Insights*. Earlier this year, Voya was also recognized in the 2017 Bloomberg Financial Services Gender-Equality Index (BFGEI) for creating an environment and culture of inclusion.



Much more recently there has been a development of the executive committee and that now has 7 of the 11 members who are diverse and 5 of the 7 present are women.”

Carolyn M. Johnson
CEO, Annuities and Individual Life
Voya Financial

Closing the Retirement/ Investment Gap: A Place of Systemic Change

Unfortunately, for some companies starting fresh is not always an easy feat. A recent study by Mercer titled, **"When Women Thrive: 2016 Report"** shows that only 29 percent of companies surveyed are currently reviewing their performance data to find gender-based anomalies.

"Many organizations we've worked with have made significant progress over the years and from my observation and our research it can be seen that it's only so far up the board level diversity initiatives could reach," said Mays. "For companies that struggle with this, they should keep in mind that it should start from a place of systemic change, linked to business priorities and this is the biggest differentiator that we've seen."

The speakers contend that what really works are diversity initiatives that are embedded throughout each fiber of the business. "If it starts as a program, it will also end as a program...nothing more," added May.



Many organizations we've worked with have made significant progress over the years and from my observation and our research it can be seen that it's only so far up the board level diversity initiatives could reach."

Leslie Mays
Partner, Talent Management
Mercer

Read More: Voya's Board Diversity by Design



 **Board Diversity By Design**
Rodney O. Martin, Jr.

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Finding the Fit: Recruiting Qualified Diverse Candidates

Data from **Equilar's Gender Diversity Index (GDI)** shows that it will take nearly 40 years for the Russell 3000 boards of directors to reach gender parity. If the current rate of growth remains the same, Russell 3000 boards would reach 50% male and 50% female representation in Q4 2055. The Equilar GDI is an index that measures 50% representation of both males and females on Russell 3000 boards as "1." As of December 31, 2016, Russell 3000 boards were at 0.30 on the index, nearly one-third of the way toward parity. The data reflects that 15.1% of board seats at Russell 3000 companies were occupied by women as of year end. This shows an increase from 13.9% at the same point in 2015, which was up from 13.2% in 2014.

"We have the benefit of tracking all public boards so we are looking at the entire Russell 3000 in this new research," said David Chun, CEO and Founder, Equilar, and moderator of the session Finding the Fit: Recruiting Qualified Diverse Candidates, which highlighted thought leadership and best practices from Angela Brock-Kyle, Company Director, **Infinity Property and Casualty Corporation** and Jane Sadowsky, Company Director, **Yamana Gold**.

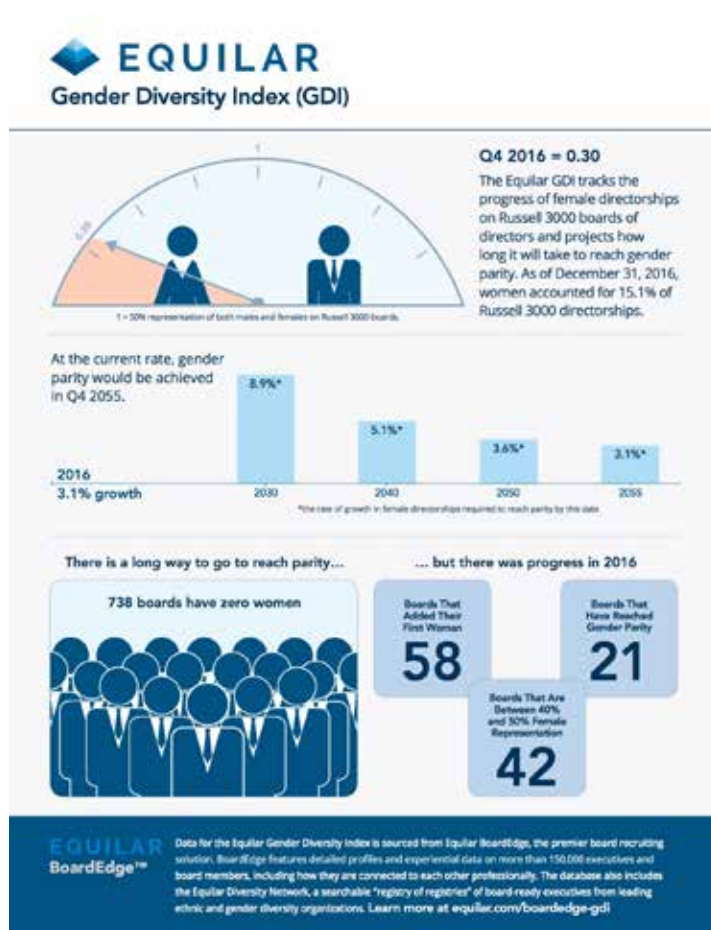
Throughout the panel, Chun echoed Zielinski's sentiments of making diversity a constant drumbeat—one that should be championed. "If you don't make it part of your ongoing commitment and strategy it will fall off the radar and you'd revisit it again next year," said Chun.



The second board, which I joined for Guggenheim there were two females who joined at the same time which was terrific because the rest of the board withone exception was over age 70 and all male."

Angela Brock-Kyle
Company Director
Infinity Property & Casualty Corp

Learn More: Equilar's Gender Diversity Index



Equilar Gender Diversity Index: Q1 2017

About 25% of New Board Members Were Female, Showing Progressive Gains

Gender diversity on public company boards has become a hot-button issue in recent years, as investors and other governance advisors have shined a spotlight on the low representation of women in the boardroom.

Because progress has been slow, and women still only account for a fraction of the total board seats available, the discussion surrounding board diversity has been contentious at times. It's not without good reason. In the latest Equilar Gender Diversity Index (GDI)—a quarterly update of female directors in the Russell 3000—just 15.9% of board seats belonged to women as of March 31, 2017, up from 15.1% for the full year 2016.

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The Ethisphere® Institute is the global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust and business success. Ethisphere has deep expertise in measuring and defining core ethics standards using data-driven insights that help companies enhance corporate character. Ethisphere honors superior achievement through its World's Most Ethical Companies® recognition program, provides a community of industry experts with the Business Ethics Leadership Alliance (BELA) and showcases trends and best practices in ethics with Ethisphere Magazine. Ethisphere is also the leading provider of independent verification of corporate ethics and compliance programs that include: Ethics Inside® Certification and Compliance Leader Verification®. More information about Ethisphere can be found at <http://www.ethisphere.com>.



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