



# Impossible Until It's Done

Corporate Board Diversity  
and Refreshment Practices





# WE ARE NYSE THE NEW YORK STOCK EXCHANGE

At the New York Stock Exchange, we are driven every day to lead through innovation and are proud to be the exchange of choice for those who embrace new thinking and fresh ideas. We are Forever Forward.

Lack of diversity on corporate boards is a well-documented issue and the NYSE is making a proactive step toward progress. In May 2019, the NYSE Board Advisory Council launched to address the critical need for inclusive leadership by connecting diverse candidates with companies seeking new directors.

The Council, which is comprised of 21 Member CEOs from some of the world's largest and most well-established brands, will leverage their own personal networks to identify talented candidates interested in serving on boards. Through an exclusive online network and series of live events, the Council will introduce candidates to NYSE-listed companies seeking to expand diversity on corporate boards.

Please visit the **NYSE ESG Resource Center** for more information:  
[nyse.com/esg/resource-center](https://nyse.com/esg/resource-center)



## WE ARE DILIGENT

Diligent Corporation is the pioneer of modern governance, empowering leaders to serve their stakeholders and shareholders alike and organizations to turn governance into a competitive advantage.

Diligent empowers every leader to be knowledgeable and confident in the way forward – leveraging unparalleled insights from a team of industry innovators, as well as highly secure, integrated SaaS technologies. Diligent Compliance is the first solution in its class to incorporate the World Economic Forums (WEF) International Business Councils (IBC's) globally recognized ESG metrics into the solution.

In 2020, Diligent launched \*Modern Leadership\*, an initiative in partnership with industry leading search firms, private equity firms, and its customers to increase representation of diverse talent at the board level. With support of its 19,000 customers and community of nearly 700,000 directors and leaders using its platform, Diligent is championing diversity and inclusion from the top.

Please visit [diligent.com/esg](https://diligent.com/esg) to learn more.



# INTRODUCTION

## The Purpose of this Report

A lack of diversity in gender, race, ethnicity and other demographics persists at the executive and board levels, underscoring the need for modern leadership. The New York Stock Exchange (NYSE) and Diligent Corporation set out to foster a discussion about the progress and methodologies used to promote diversity, equity and inclusion (DE&I) at the highest levels of the corporate world.

The survey was designed to identify the specific board diversity and refreshment practices companies have implemented and shine a light on any strategies they have yet to embrace.

The survey sought answers to the following questions:

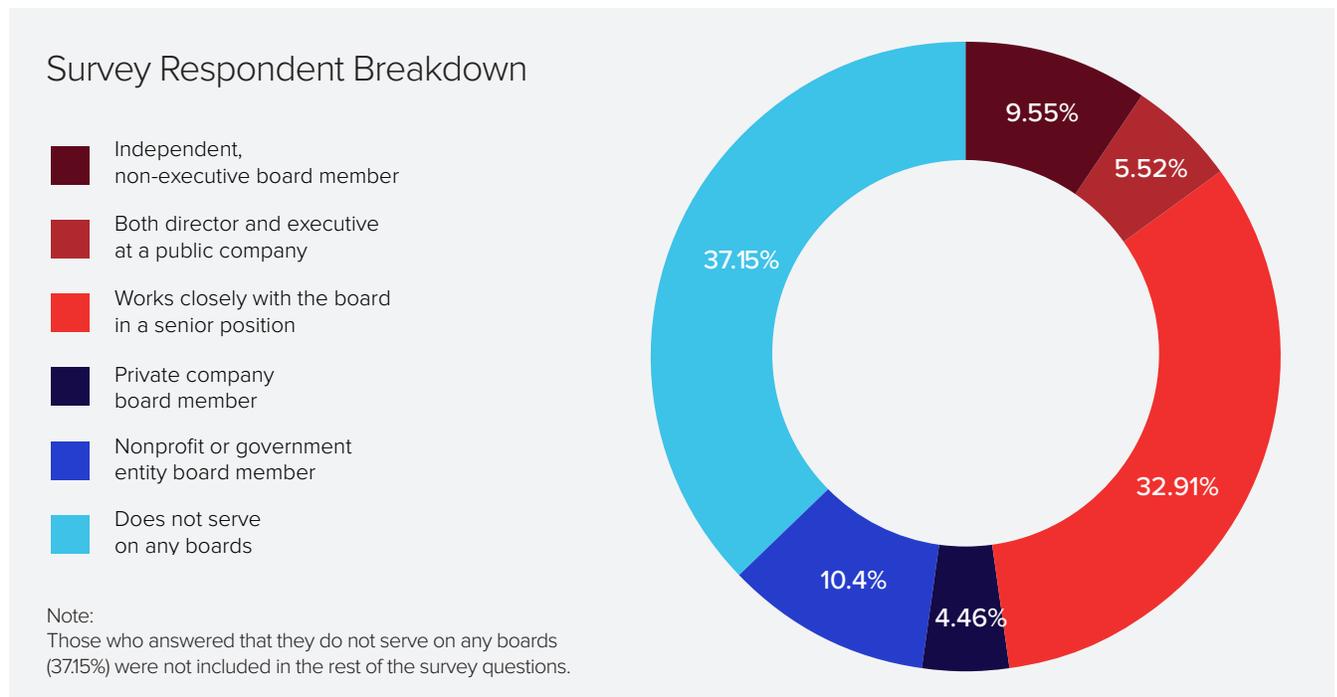
- What goals are companies setting around board diversity?
- What are the time frames within which companies plan to achieve their board diversity goals?
- Which board refreshment strategies have companies already implemented?
- How likely are companies to implement other board refreshment strategies in the future?

# METHODOLOGY

Throughout August and September 2020, NYSE and Diligent co-hosted two virtual panel discussions with CEOs, corporate directors and thought leaders on the topic of diversity in corporate leadership. The sessions were offered as webinars and promoted to customers of NYSE and Diligent. Registrants were invited to participate in a survey of board diversity practices as part of the webinar registration process. Registrants were provided a link to the survey on a separate website, ensuring the survey responses would remain anonymous.

The survey was open for a period of 5 weeks, from mid-August through late September 2020 and garnered a total of 475 responses, 251 of which were corporate directors, top executives, or other senior staff with direct knowledge of their boards' diversity plans and refreshment strategies.

The results below include the findings from the group of 251 respondents with direct knowledge of their company's approach to board composition, diversity and refreshment practices.



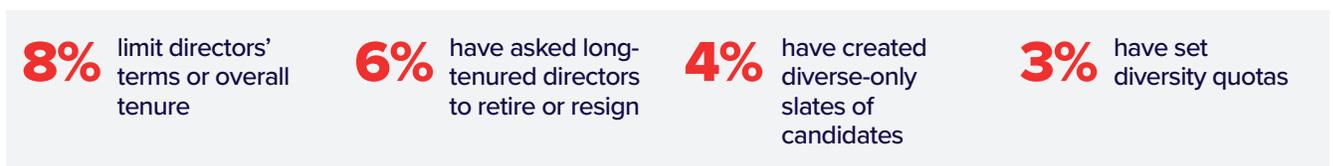
# KEY TAKEAWAYS

Increasing board diversity is on the minds and agendas of the majority of corporate boards. Four out of five respondents (81%) indicated that their board either already has a plan for increasing boardroom diversity or will have one soon. However, nearly half (45%) lacked a specific timeframe for meeting diversity goals.

The following are board refreshment strategies that companies are implementing most frequently when it comes to increasing board diversity. Among respondents:



While the vast majority of respondents have implemented board refreshment strategies, they have not yet embraced the following strategies:



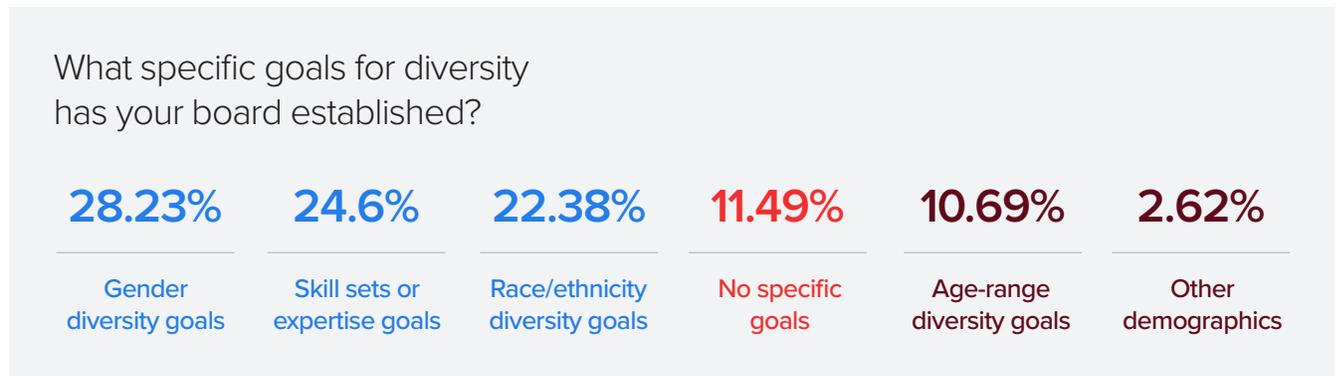
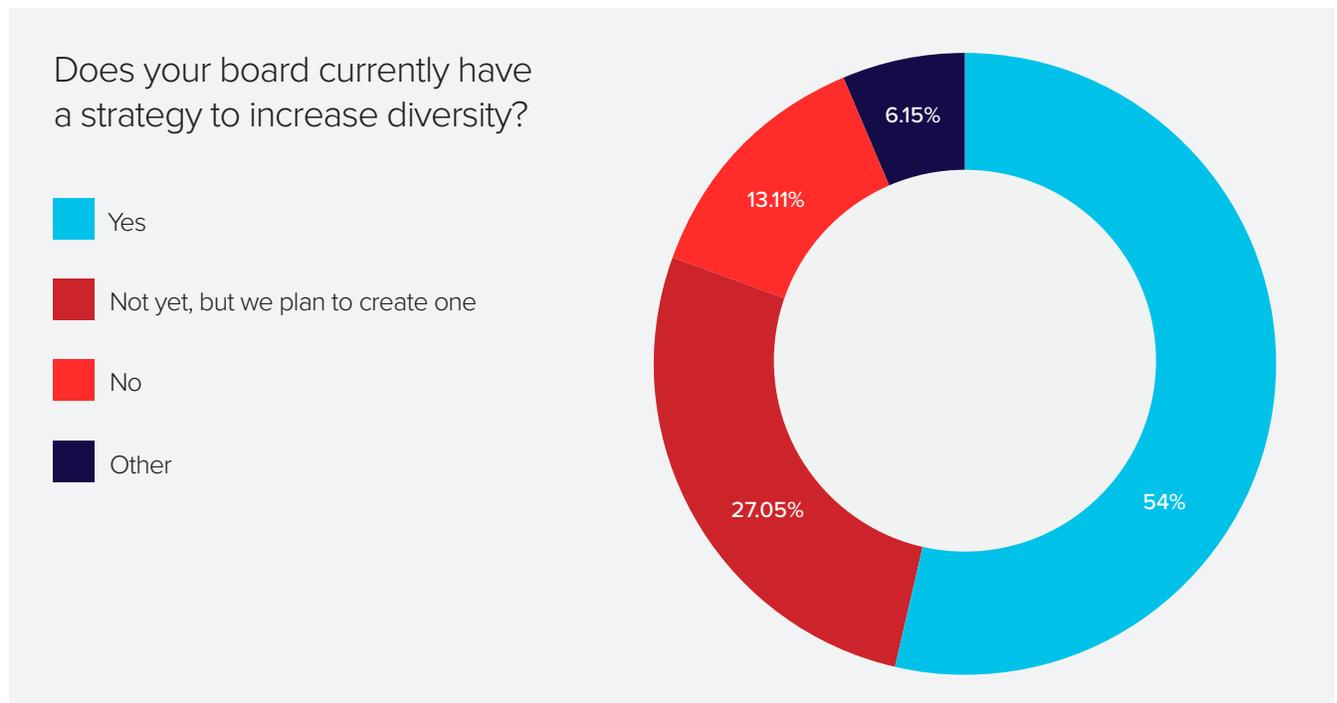
The survey results also indicate specific ways boards can accelerate board diversity efforts. Respondents rated their companies' likelihood to implement board refreshment strategies in the future (ratings are on a 5-point scale):



# THE MAJORITY OF BOARDS HAVE DIVERSITY PLANS

More than half of respondents (54%) have plans in place to increase the diversity of their boards. Survey respondents cited their top three goals for board diversity include gender representation (28%), directors' skillsets (25%), and race/ethnicity (22%).

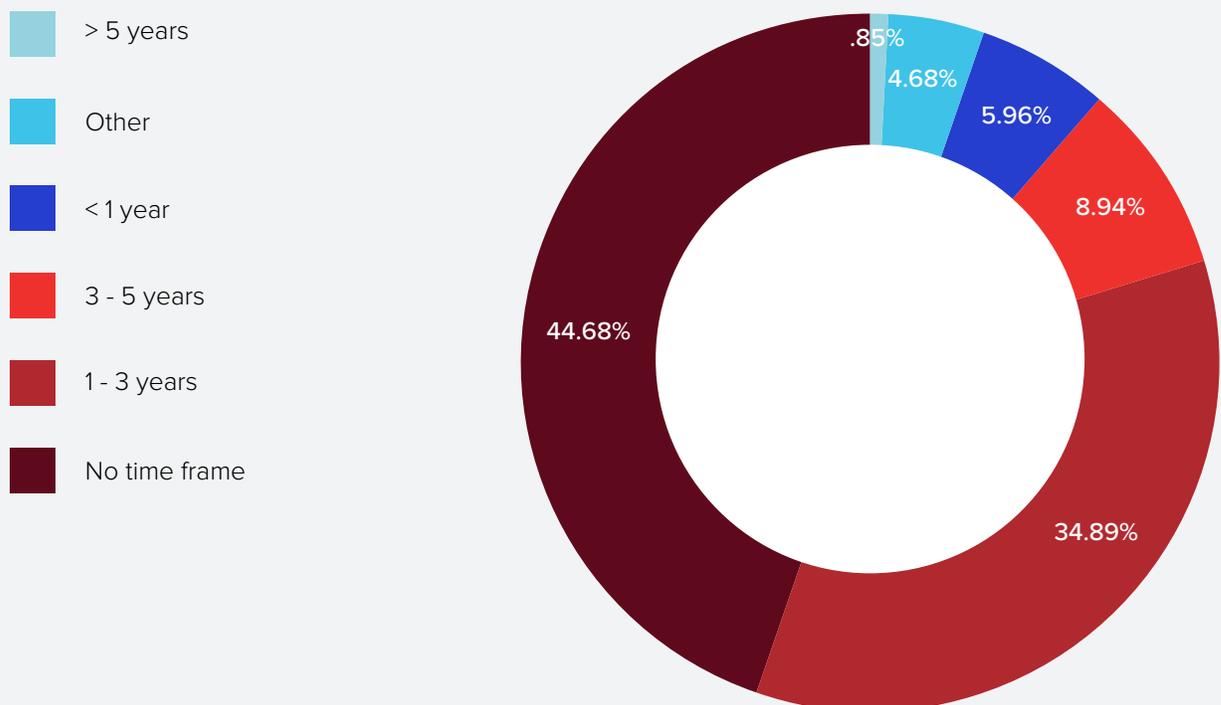
Of note, a handful of respondents (3%) indicated "Other demographics" are part of their board diversity goals, including factors such as directors' regional/geographic location and aboriginal/indigenous status.



## BOARDS SET AMBITIOUS TIME FRAMES, OR NONE AT ALL

How urgently are boards and corporate executives working toward diversity goals? Nearly half (45%) of respondents indicated they had set no time frame within which they plan to meet diversity goals. For those who have set a time frame, the most popular response was 1-3 years (35%).

What is the time frame your board has set to meet diversity goals?



# BOARD REFRESHMENT PRACTICES

The survey asked respondents which board refreshment strategies they have already implemented and also to rate the likelihood that their boards would implement each strategy in the future.

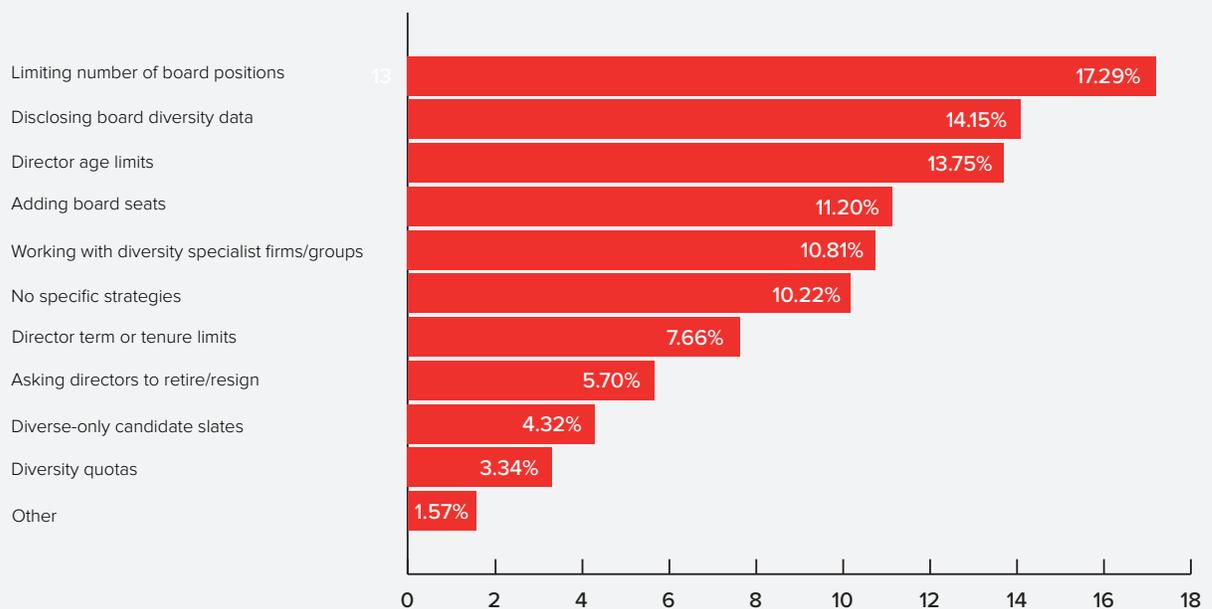
## What Board Refreshment Practices Have Corporate Boards Implemented?

Respondents indicated that the following methods are the most popular: 17% of respondents limit the number of board positions a director may hold, 14% have implemented board member age limits, and 11% have added board seats.

Only 8% of respondents have implemented director term or tenure limits, 6% have asked long-tenured directors to retire or resign, 4% have created diverse-only slates of board candidates, and 3% have set diversity quotas or targets.

One encouraging result: 14% of respondents report disclosing data on board diversity. This is a notable step toward greater transparency for board composition.

We asked respondents what current refreshment strategies they had already implemented.



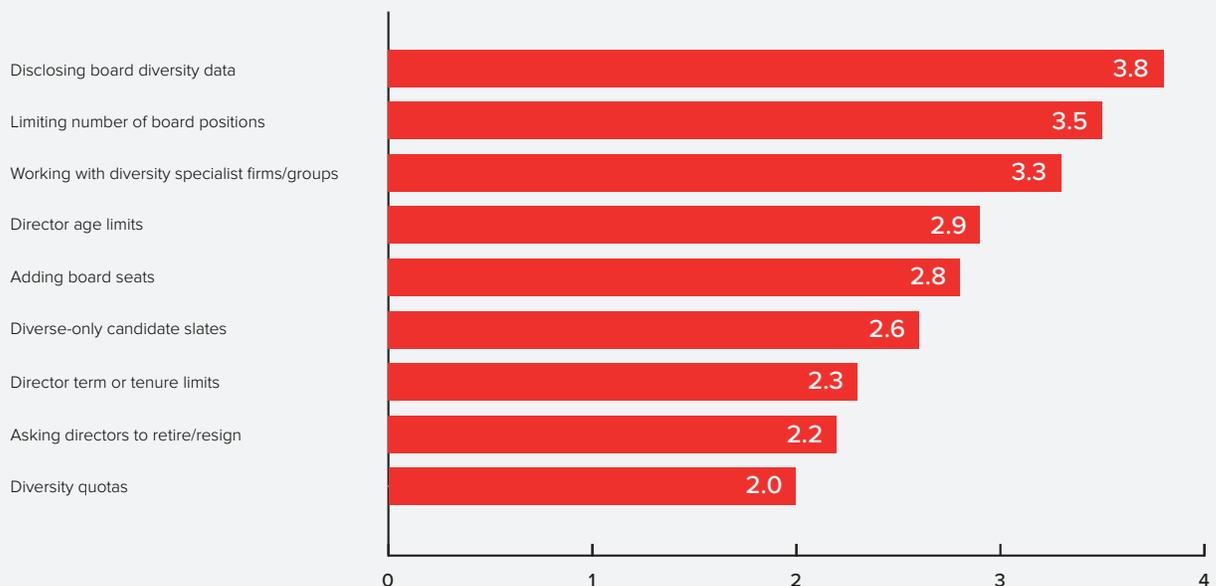
# BOARD REFRESHMENT PRACTICES

## How Likely Are Corporate Boards to Implement Board Refreshment Strategies to Increase Diversity?

The survey asked respondents to rate (on a five-point scale) their companies' likelihood to implement each of the board refreshment strategies in the future. Respondents indicated they were more likely than not to implement three of the strategies shown to help increase diversity: disclosing board diversity data (3.78), working with search firms and groups specializing in diversity (3.26), and creating diverse-only slates of board candidates (2.61).

Directors and corporate executives responded they were more likely to begin disclosing board diversity data than any other strategy. This finding, along with the percentage of respondents who indicated that their companies already disclosed board diversity data, indicates that directors and corporate leaders in this survey are moving in favor of diversity disclosure.

On a scale of 1 to 5, please rate your board's likelihood to adopt each refreshment strategy, with 1 being "not likely" and 5 being "very likely."



# DIRECTORS SOUND OFF ON BOARD DIVERSITY

## Diversity brings prosperity

*"Diversity across corporate boards, especially within the REIT industry, is long overdue. I welcome these changes and look forward to seeing how companies prosper with more lenses through which to view their respective companies. This is the pathway to better corporate self-awareness."*

*"Diversity improves the strategies that companies have, and it is critical that it is embraced and enhanced from the highest echelons of business leadership."*

## Progress on board diversity has been slow and uneven

*"We have a lot of work to do. We have a relatively diverse board, but the focus had been on gender diversity exclusively until we recently added one person of color who also happens to be female. Our board, and I'm sure other boards, have a long way to go in improving diversity and inclusion at the board and C-suite levels within the organization."*

*"I embrace the concepts of sustainability and ESG, but other than very large name-brand companies, I continue to be concerned that most boards mostly give lip service to the concepts and appreciate the long-term value of those concepts, including the diversity element."*

*"Strategies around board diversity too often focus on only gender and ethnicity to the detriment of skills to meet 'check the box' ratings."*

*"Because there is no real playbook on diversity, directors are being cautious or delaying learning more about this. Some may see this as an added task versus an ongoing initiative and an opportunity to get it right."*

## Finding diverse candidates poses a challenge

*"In addition to the strategies that were part of your survey, there's nothing better than leadership that leads by example—for example, having each member nominate a diverse candidate."*

*"These strategies are good. However, the reality is that boards are looking for people who have had previous board experience. This criterion is a conundrum since historically board members haven't been diverse. So, the same person of color or woman is recycled constantly, essentially closing the ecosystem for new people of color entrants."*

# ACKNOWLEDGEMENTS

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