

How to Set Yourself Apart on Diversity

CORPORATE BOARD MEMBER

10.07.2021

In this article, co-authors Ann Sultan, Alejandra Montenegro Almonte, and Katherine Pappas discuss the new Nasdaq Stock Market diversity reporting rule and provide three practical tips for Boards and organizations to move forward in their diversity and inclusion initiatives. Investors' attention to environmental, social, and governance factors continues to grow, along with a desire for reliable data to effectively measure company performance on these factors. In August, the U.S. Securities and Exchange Commission approved a disclosure rule for the Nasdaq requiring a listed company to have, or explain why it does not have, at least two members of its board of directors who are diverse, and to disclose board level statistics on gender identity and demographic background. "The combination of the increasing regulator expectations and accompanying shareholder interest will likely compel high profile companies to become more intentional in diversifying their boards," the authors wrote, adding that "[B]oards that lead by example, hold management to account on objectives, and set a tone for their organizations will have the opportunity to set themselves apart from the pack." Starting in 2022, listed companies will be required to disclose this board-level diversity data.