KB REMARKS FOR CONGRESSIONAL FORUM ON GENDER PARITY IN CORPORATE LEADERSHIP 10.24.17

Benefits of and impediments to achieving gender parity in corporate leadership

The business case for gender diversity is not new, and yet neither is the glacial pace of change. There are challenges we need to solve for from the schoolroom to the boardroom, but I will focus my remarks on the boardroom. Despite the substantial amount of research out there that demonstrates gender diversity on boards is highly correlated with stronger financial performance, most U.S. boardrooms are full of older, white men. The average age of an S&P 500 company director is 63. 79% of them are men.

Just to further illustrate the challenge we are here to talk about – is anyone here named John, Robert, William or James?
You are in luck because you are more likely to be appointed to a public company board than all of the women in this room combined. That's right, there are more men with these four names in S&P 1500 board seats today than there are women of any name. And for every woman CEO, there are FOUR Johns, FOUR Williams, FOUR James, FOUR Roberts….

I am here today in my capacity as Steering Chair of the U.S. 30% Club. For those of you who are not familiar, the 30% Club is a group of chairmen and CEOs that are committed to driving better gender balance in leadership positions – specifically at the board and senior management level. U.S. members include heavyweights such as Warren Buffett, Sheryl Sandberg, Brian Moynihan from Bank of America, John Chambers from Cisco, and the CEOs of three of the world's largest asset managers: Blackrock, Vanguard and State Street. These chairs and CEOs understand that diversity in the boardroom yields greater shareholder return as well as a more positive corporate image – and are on a mission to drive change.

Since the launch of the U.S. 30% Club in 2014, US membership has nearly tripled and now includes more than 70 chairmen and CEOs of large U.S. companies. In those three years, our members have dramatically increased the average representation of women on their boards from 22% women to 29%-- a testament to what business leaders are able to achieve when they make a commitment to driving change. They're also leading a larger cultural shift among their peers and changing the conversation from a women's issue or diversity issue to a business issue and mainstream talent management imperative. In that same three year period, the percentage of female S&P100 directors rose 4% points and today, all S&P100 boards have at least one female director.

How are our members making progress? They are challenging their existing biases, asking why things are still being done a certain way, and if the reasons behind them still make sense. They're breaking old rules and re-evaluating obsolete, irrelevant guidelines around directorships and candidates. They are leading the trend away from "professional directors" (former CEOs that sit on 3,4,5 boards for 8,9,10+ years) and focusing more on board composition. They are creating opportunities for refreshment through stricter board evaluation processes, instituting term limits or simply adding more seats to their boards. They're holding themselves accountable to diverse slates and engaging executive search firms rather than simply looking to fill seats with people they know. They understand that a board's effectiveness is measured in terms of the breadth and depth of the board members' collective functional expertise, and that women are more likely to possess skills and knowledge that differs from their male counterparts. And, at a time when the external environment has never been more challenging, they understand that it is more critical than ever to have a strong board.

Our members are also contributing directly to the pool of qualified women by sponsoring their own executive female talent for public company directorships.

In short, the 30% Club members are identifying the key barriers preventing women from taking a seat in the boardroom and finding solutions. These are the people who have the power to do so. I'm proud to share that of all the new directors our members appointed last year, nearly 50% of them were women. To put it in perspective, during the same period, only 32% of the 345 new S&P 500 directors were women.

One thing I would like to highlight here is that while our members filled half their open seats with women, one of the most persistent, destructive myths stalling progress towards gender parity in the boardroom continues to be the belief that there simply aren't enough board-qualified women to fill available seats.

The data tells us this simply isn't true. A 30% Club study with Equilar looked at more than 8,500 females at the executive committee level of public U.S. companies: women with some of the most sought-after backgrounds and experiences for corporate directorships. Yet just 14% of these women are currently serving as board members and only 21% have experience as a director. Nearly 78% of women with CFO/financial executive experience — the second most commonly desired background for board members - have yet to sit on a board. The numbers are similar across females in traditionally valued leadership roles like operations as well as those in technology and marketing, two increasingly desired skill sets in today's boardrooms.

The lack of term limits and mandatory retirement ages in the U.S. limits board turnover, meaning we have to view every open seat as an opportunity to drive meaningful change. As leaders, we can no longer be complacent with the status quo or continue to propagate damaging myths about the competency of our female colleagues. Until our country's corporate leaders fully recognize the thousands of qualified, board-ready women waiting in the wings, the myth — and our stagnant board numbers — will persist.
The myth isn't just damaging to the accomplished and enormously capable women seeking directorships; it's damaging to the companies that continue to operate by it. A board of directors that fails to consider candidates beyond their usual network of "pale, male and stale" peers denies their organization the greater cognitive diversity and more effective risk mitigation associated with gender-diverse boards. It's a matter of good corporate governance.

Our members have proven that it is possible to build better-balanced boards, and I'm confident that all will tell you they did not have to sacrifice talent or competencies to do so. Instead, most will point to the gains they have made by appointing women of color, first-time public directors and individuals under the age of fifty, adding significant dimensions of diversity to their company leadership. They will cite the ease in which they eliminated outdated rules or mandates in their boardrooms that prevented the right talent from filling the seats. These voluntary, solutions are not extraordinary – yet they are driving significant change forward. Each example demonstrates the importance of leadership and setting the tone from the top, the necessity of re-evaluating priorities in an evolving landscape and how powerful the exchange of ideas can be among leaders and influencers like members of the 30% Club. We need to continue to change the mentality of existing board leadership and underscore the sense of urgency. In the midst of an incredibly intense war for talent, it's clear to me that inclusive and diverse boards like those of our members will prove to be the new models of success.