



## Push to Diversify Boards Picks Up Steam

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The push towards greater gender diversity on boards is also picking up steam internationally. Several countries in Europe already impose mandatory gender quotas on public company boards, and the EU is considering a European-wide initiative to address gender imbalance in the boardroom. In addition, in recent years many countries, including Australia, Ireland and the United Kingdom, have implemented disclosure requirements regarding gender diversity,<sup>7</sup> and the Ontario Securities Commission is currently considering adding disclosure requirements for listed companies. This summer India enacted legislation requiring listed companies to have at least one woman director.<sup>8</sup>

Several recent studies show a positive correlation between women in the boardroom and company financial performance, particularly during times of economic stress.<sup>9</sup> Other recent studies show that diverse groups make better decisions than homogeneous groups,<sup>10</sup> and that companies with women in the boardroom have stronger corporate governance practices.<sup>11</sup> Consumer products companies may particularly benefit from the input of women in the boardroom since it is estimated that women control about 70 percent of global consumer spending.<sup>12</sup>

*This post was excerpted from our Top 10 Topics for Directors in 2014 alert. To read the full alert, please [click here](#).*

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<sup>1</sup> See, e.g., N. Kristoff, "Twitter, Women and Power," *The New York Times* (Oct. 23, 2013).

<sup>2</sup> ISS, 2013 U.S. Proxy Season Review: E&S Issues (Sept. 2013).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> ISS, *supra*; The Thirty Percent Solution – Members.

<sup>6</sup> The Thirty Percent Solution “Coalition contacts 127 Russell 100 Companies” (Feb. 5, 2013).

<sup>7</sup> Catalyst, “Increasing Gender Diversity on Boards: Current Index of Formal Approaches” (2013).

<sup>8</sup> KPMG, “New Companies Act, 2013” Insight Series – Vol. V (Sept. 2013).

<sup>9</sup> *See, e.g.*, Thomson Reuters, “Mining the Metrics of Board Diversity” (July 2013); Credit Suisse Research Institute, “Gender Diversity and Corporate Performance” (Aug. 2012); M. Schwartz-Ziv, “Does the Gender of Directors Matter?” (Sept. 7, 2012); Catalyst, “The Bottom Line: Connecting Corporate Performance and Gender Diversity” (2007).

<sup>10</sup> *See* Ernst and Young, Groundbreakers Study, Diversity an Equation for Success (2009); Credit Suisse Research Institute, *supra*.

<sup>11</sup> *See* studies cited in Credit Suisse Research Institute, *supra*.

<sup>12</sup> Boston Consulting Group, press release (Sept. 8, 2009).

## Categories

Corporate Governance

Board Governance

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