

CLAIM YOUR SEAT

Women of Color on California's
Public Company Boards



California Partners
PROJECT



THE MOMENT IS NOW

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THE MOMENT IS NOW

For more than a year, Californians have witnessed a global pandemic, social unrest, and an economic upheaval causing American women to lose over 5.4 million net jobs in the past year. Despite this turmoil, Senate Bill 826 – the law requiring each publicly held company in California to have at least one woman on its board of directors for boards with fewer than five members, at least two women for five-member boards, and three female directors on boards of six or more by the end of this year – has emerged as an inspiring success story of the ability of motivated businesses to adapt, evolve, and grow.

Women on corporate boards have been shown to drive business growth, with a triple bottom line model of environmental responsibility, social responsibility, and strong governance practices. Before us now is the opportunity to fill more board seats with women of color, whose unique perspectives and experiences can lead our state – and the world – into a future of greater equity, prosperity, and health for everyone.

Claim Your Seat: Women of Color on California's Public Company Boards is the second in the California Partners Project's women-on-boards series, and it's an important and personal one for us as a social-justice filmmaker and a lifelong educator. Through our own experiences of serving on boards for corporations and nonprofit organizations, we understand the influence these roles have in driving business and innovation, while finding answers to our most pressing societal problems.

We partnered with the Latino Corporate Directors Association and Equilar for a data-based look at how many women of color are currently in these key positions. We also share the stories of the women who are leading, serving, and breaking new ground in their fields.

THE MOMENT IS NOW

We still have great strides to make to tap all of our talent and achieve racial and cultural equity. **Most women on California's corporate boards are white**, while women of color – especially Latinas – remain severely underrepresented.

California continues to lead the way in focusing on inclusion and diversity in our places of employment and leadership ranks. In the two years before SB 826 was enacted, just 208 corporate board seats were newly filled by women. In the two years since, that number grew to 739. And in the first quarter of 2021, women filled 45% of public company board appointments in California, an indicator that women's representation on boards is on the rise.

Although women now hold 26.5% of California's public company board seats, only 6.6% of board seats are held by women of color, even though females of color comprise 32% of our state's population.¹ When it comes to Latinas, the disparity is truly shocking. Latinas make up more than 19% of California's population and Latinos comprise over 37% of California's workforce,² yet Latinas hold only 1% of the seats on California's public company boards.

We now know what works to correct these kinds of imbalances. Using the same tools and determination that have dramatically increased the number of women on California's public company boards, combined with measures such as Assembly Bill 979's incentives to increase racial, ethnic, gender identity, and sexual orientation/expression of directors, companies can update their practices to benefit from all the resources and leadership available. As a first step, we urge California's companies to strive to fill upcoming vacancies on their boards so that their boards will have at least two people of color to help further shape norms and develop networks to modernize California company boards so we can move to true equity, representation, and economic growth.

¹ Center for the Advancement of Women, Mount Saint Mary's University, [The Report on the Status of Women and Girls in California](#), 2021.

² U.S. Bureau of Labor Statistics, [TED: The Economics Daily](#), 2020.

The end of 2021 is an important deadline for the state’s board-diversity ambitions. While nearly 80% of California’s public companies have either met the requirement or are close, we’re far from done. In this report, we share the 418 companies that need to add women to their boards, and meet some of the amazing women blazing trails through our boardrooms and beyond. We all have a vested interest in diversifying these bodies so that our companies harness the talent and unique approach diverse women bring to their roles. The advancements made by California’s companies, as well as the new voices joining the conversation, give us faith that sustained pressure and progress will move California forward, and set the stage for our competitive advantage for years to come.

Reveta Bowers

Interim Head of School at the Center for Early Education, Board Member, California Partners Project, Board Member, Activision Blizzard, Inc. (Nasdaq: ATVI)



Reveta Bowers

Jennifer Siebel Newsom

First Partner of California and Co-Founder of California Partners Project



Jennifer Siebel Newsom

Claim Your Seat

*If board seats per company remain the same, 2,046 board seats will be filled by women by the end of 2021 to meet the gender requirement of SB 826. **That means California companies have at least 563 more seats to fill with women by the end of 2021.***



Seats still needed to be filled with women

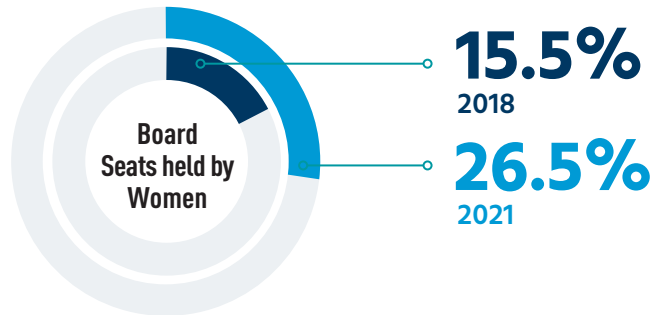
TOPLINE FINDINGS

California Public Companies Board Seats Filled by Women

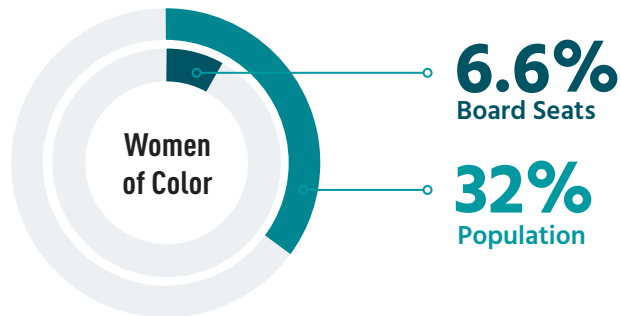
In the two years before SB 826 was enacted, California's public companies filled 208 new board seats with women. In the two years after SB 826, they filled 739.³



Women hold 26.5% of California's public company board seats, up from 15.5% in 2018.⁴



Women of color currently hold 6.6% of California's public company board seats even though they make up 32% of California's population.⁵



Latinas hold 1% of California's public company board seats even though they make up 19% of California's population.⁶



³ This data includes SPACs. The data reflects the number of board seats filled by newly appointed women each year, and does not include those already serving. The data excludes 8 companies with a total of 12 women on their boards for which there is no data on director start dates

⁴ The source for the 2018 data in this report is Annalisa Barrett, [Women on Boards of Public Companies Headquartered in California - 2018, 2019](#).

⁵ LCDA Q1 2021 Scorecard.

⁶ LCDA Q1 2021 Scorecard.

“

At HP, we have seen firsthand that **boardroom diversity helps drive company performance**. And building a diverse board is just a start. Diversity, equity, and inclusion must be top priorities at all levels of all companies. As an industry, if we are able to finally shatter the barriers that have prevented true equality and fairness, we won't simply be doing what is right — we'll be strengthening and creating more innovation for the future.

Enrique Lores

President and CEO of HP Inc. (NYSE: HPQ)

THE LATEST NUMBERS

Update on SB 826

In 2018, California enacted Senate Bill 826, the first law in the country to legally compel public companies to diversify their boards with more women directors.

LAW REQUIREMENTS BY THE END OF 2021:⁴

BOARD SIZE	WOMEN DIRECTORS REQUIRED
6 or more	minimum of 3
5 directors	minimum of 2
4 or less	minimum of 1

⁴ As of the close of the 2019 calendar year, all public companies with headquarters in California must have at least one woman on their board to meet the gender requirement of SB826.

With less than one year left, where do California companies stand?

- **PROGRESS, BUT NOT THERE YET.** As of March 1, 2021, there are 717 public companies headquartered in California (678 excluding special purpose acquisition companies), a more than 10% increase since June 30, 2020. Of the 5,599 board seats on California's public company boards, 1,483 or 26.5% are held by women, compared to 15.5% held by women in 2018.⁸ California Partners Project's analysis suggests that 38% of California's public companies already meet the end of 2021 gender requirement, and 41% need to add one more woman director to do so.
- **WE'RE SEEING THE IMPACT OF SB 826 ON CALIFORNIA'S SMALLEST PUBLIC COMPANIES,** which historically include the fewest women on their boards and are the least diverse.⁹ Today 93% of California's 142 publicly traded microcap companies have at least one woman on their board, up from 47% in 2018.¹⁰
- **SPACS NEED MORE ACCOUNTABILITY.** California's 39 SPACs lag other California companies in board gender diversity; 12.8% of SPACs have no women on their board compared to 1.3% of other companies. Given the short life cycles of SPAC deal boards, many of these boards will likely not exist in their current form by the end of 2021. Nonetheless, all are currently required to have at least one woman director to comply with SB 826's current gender requirement.
- **AS CALIFORNIA PUBLIC COMPANIES OF ALL SIZES CONTINUE TO ADD WOMEN TO THEIR RANKS,** tracking and spotlighting the law's progress and spreading the word to board-ready women candidates can maximize this competitive edge. California companies have at least 563 more seats to fill with women by the end of this year. Those who are curious about board openings at California's public companies can find a list of the 418 companies with opportunities for women directors this year on CPP's website at calpartnersproject.org/cacompanies.

7 As of the close of the 2019 calendar year, all public companies with headquarters in California must have at least one woman on their board to meet the gender requirement of SB826.

8 Data excludes SPACs, except whether otherwise indicated.

9 [California Senate Bill 826, 2018](#)

10 Microcap is defined here as companies with a market capitalization of less than \$300 million.

WHERE WE STAND

678

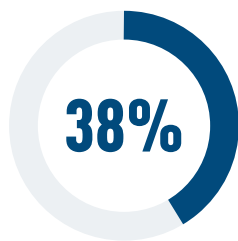
Public companies headquartered in California as of March 1, 2021¹¹

5,599

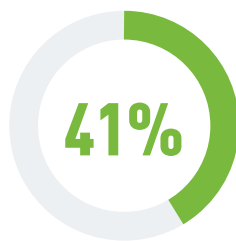
Total board seats on California's public company boards

Meeting the 2021 Gender Requirement

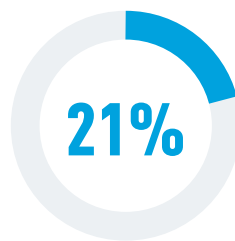
79% of companies either already meet the 2021 gender requirement or need to add one woman director to do so.¹²



38%
Meet the end of 2021 gender requirement



41%
Have one woman to add



21%
Need to add two or more women

1.3%

of California public companies have all male boards, down from 29% in 2018.

1.5%

of California's public companies have majority women boards while 96.9% are majority men, and 1.6% have gender parity.

Since 2018, the number of public company board seats held by women has increased 93.6%.¹³



SPACs

39

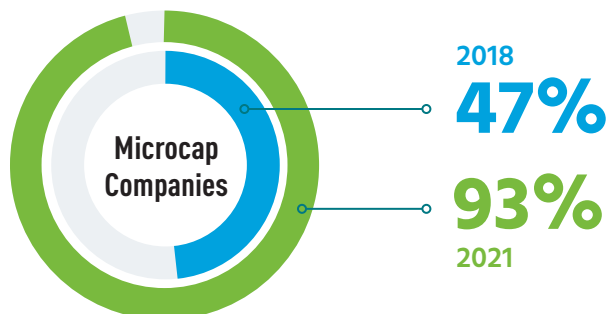
Special purpose acquisition companies (SPACs) are headquartered in California, as of March 1, 2021.

12.8%

of SPACs have no women on board compared to 1.3% of other companies.

Smaller Companies

Microcap companies (market cap of less than \$300m) have made remarkable progress. Today, 93% have at least one woman on their board up from 47% in 2018.



¹¹ Data excludes SPACs, except whether otherwise indicated.

¹² These calculations assume that board seats per company remain the same.

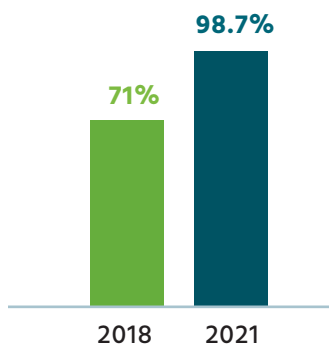
¹³ The source for the 2018 data is Barrett, [Women on Boards of Public Companies Headquartered in California, 2018](#).

WOMEN OF COLOR: BY THE NUMBERS

In just three years, we've seen huge gains in women's leadership on California's corporate boards. But are companies really tapping all our talent?

Using Equilar's cutting edge data, our partner Esther Aguilera, CEO of LCDA, shares data analysis and insights on the continued exclusion of women of color – and how that might change.

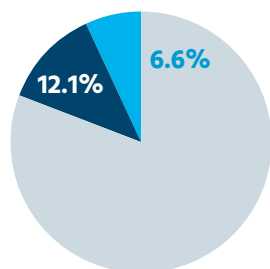
CA public companies with at least one female director



I am honored to serve as an advisor to the Women on Boards initiative of the California Partners Project and contribute critical data and analysis on the status of women of color on public company boards headquartered in the state.

SB 826 has helped women make impressive inroads on California public company boards, as reported by the California Partners Project. 98.7% of public companies now have at least one female director, a significant jump from 2018 when only 71% of companies had at least one woman director. The arrival of AB 979 has begun to move the needle for women of color as new appointments are made, with gains for Asian and Black women, in particular. The data reveal a dismal number of Latinas among new appointments.

CA public companies, directors of color



12.1% seats held by men of color

6.6% seats held by women of color

Today 18.75% of California company board seats are held by a director of color. Nearly two-thirds of those directors are men: 12.1% of seats are held by a man of color and 6.6% of seats are held by a woman of color.¹⁴

Among women, White women continue to be appointed at the highest rate compared to other racial groups, with Latinas gaining the smallest percentage of new board seats compared to their percentage of California's population.

The diverse racial and ethnic groups that make up California's population are still dramatically underrepresented on the public company boards headquartered in the state. White directors continue to command a majority of board seats, representing 81.2% of directors. White women hold the highest percentage of seats for any racial group of women, with 20.2% of all board seats. Our 2021 Q1 scorecard shares that 25.7% of California companies operate with all White boards, a decrease of 5.5% from the previous quarter.

¹⁴ Unless otherwise indicated, all data in this section comes from LCDA's Q1 2021 Scorecard.

We clearly have work to do, particularly when it comes to adding more Latino voices to corporate boards. Nationally, **Latinos contribute 25 percent to the U.S. GDP, but we hold just 3 percent of the board seats for Fortune 1000 companies.** Among Fortune 1000 tech companies, 85 percent do not have a single Latino on their board, male or female.¹⁵

In California, Latinas hold only 1% of board seats and constitute just 4.5% of women directors newly appointed since July of 2020. Their background, perspective, and expertise is severely missing from corporate bodies. As Gabriela Chavez-Lopez, President of the Latina Coalition of Silicon Valley shares, “We engage talented, executive-level Latinas every day. The question is not do they exist – the question is who wants to benefit from their insights and experience next. Latinas are ready to lead.”

While representation itself is important to measure and track, it is only a first step toward building companies that truly value diverse and inclusive leadership. Successful boards will update their recruiting practices to access all talent. Truly successful companies will also examine and update their governance practices to develop inclusive board norms that foster better decision-making. These changes will prepare California companies to lead for another generation.

At LCDA, we will continue to advocate for the greater representation of Latinos on corporate boards and for transparency about the race and ethnicity of public company directors so that investors, shareholders, and other stakeholders can make informed decisions about the companies they invest in and do business with. In the meantime, LCDA is filling the gap with its [quarterly scorecards](#) sharing the best available data on the gender, race, and ethnicity of California’s new public company board appointments. We will continue to champion this important analysis as we grow a much more representative corporate directors landscape.



Esther Aguilera

Esther Aguilera

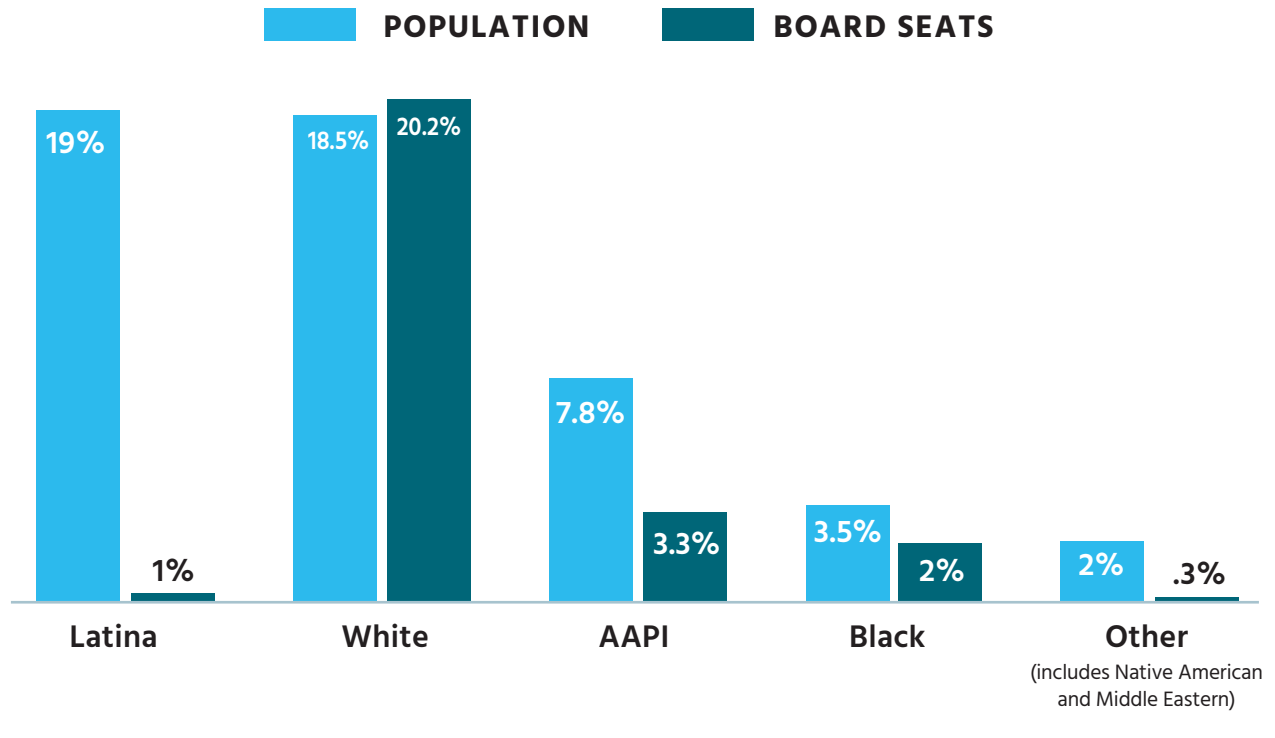
CEO of Latino Corporate Directors Association

¹⁵ KPMG Board Leadership Center and Latino Corporate Directors Association, [Latino representation on Fortune 1000 boards, 2021](#).

DATA AND ANALYSIS FROM LCDA

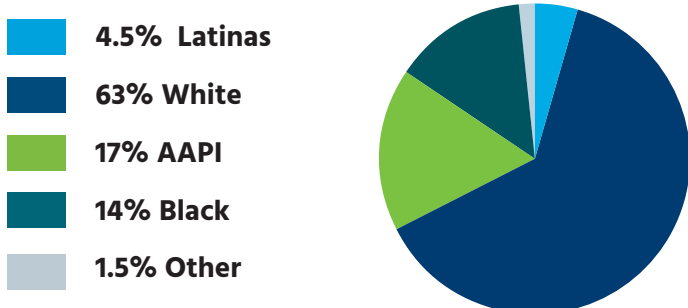
Demographics of Females in California Compared to Women on California Public Company Boards

Women of color collectively hold 6.6% of California’s public company board seats, despite making up 32% of the state’s population.¹⁶



NEW APPOINTMENTS FROM JULY 1, 2020, THROUGH MARCH 31, 2021

AB 979 has helped move the needle for women of color, with gains for Asian and Black women in particular. Latinas gained the smallest number of board seats compared to their percentage of California’s population.



25.7%

25.7% of California’s public companies operate with all White boards, down 5.5% from Q4 2020. Since Q3 2020, all White boards have decreased by 11.1%.

56%

of companies lack a woman of color on their board.

¹⁶ LCDA’s data tracks women on California’s public company boards through March 31, 2021, while CPP’s data is as of March 1, 2021. For more information, please see the Methodology section.

A note about the data: Part of the challenge in reporting accurate data on women of color is that companies are not required to collect or report demographic information about board directors' race or ethnicity. This data has been painstakingly collected by Equilar and LCDA through self-reporting by directors and other methods and reflect the best available data about the race and ethnicity of the women serving on California's public company boards. Please see our methodology section at the end of this report for more details.

“

California corporate directors are benefiting from a new lens that takes into consideration Environmental Sustainability, Social Impact, and Transparency in Governance (ESG) when evaluating the composition of their boards. **Understanding that California is a plurality with no majority and with Latinos approaching 40% of the population, we must consider ethnic and racial inclusion as we strive toward gender balance.**

This rich board diversity offers corporate leaders insights to the marketplace and the diverse employee pension base that contributes to the capital markets.

Honorable Maria Contreras-Sweet

24th Administrator, U.S. Small Business Administration

Board Member, Sempra Energy (NYSE: SRE)

Board Member, Trinet Group, Inc. (NYSE: TNET)

THE TALENT AT THE TABLE

As corporate boards evolve to embrace diversity, these board directors share how their presence, insights, and expertise are shaping the boardroom.



“

I was inclined to join certain boards because I could tell during the interview process that the company truly valued diversity. For them it was beyond a “check the box” exercise, it was about valuing my success in business AND my perspective as a Black woman. **On the boards that I serve, we have tough conversations about diversity and inclusion, but those conversations are more fluid, productive, and lead to meaningful change — not just for the board as we tackle big challenges but also for the entire company.** What this is about is creating a board that reflects the people in the company — when you do this the employees are motivated to perform at their best and build better products for customers.

Stacy Brown-Philpot

Board Member, HP Inc. (NYSE: HPQ)

Board Member, Nordstrom, Inc. (NYSE: JWN)

Former CEO, TaskRabbit



“

I served on government, non-profit, and private company boards before I ever served on a public board. Those experiences shaped my understanding of effective board dynamics and prepared me for my board work today. The boards I serve on view my age (I'm 30!), my identity, and my experience as a competitive advantage. I understand technology, digital marketing, and our customers, but I also approach problems differently from my colleagues. **That's the point – I bring a perspective that no one else has.** We all learn from each other and that makes for excellent outcomes and stronger company leadership.

Nanxi Liu

Board Member, Carparts.com (Nasdaq: PRTS)

Board Member, Kindred Biosciences, Inc. (Nasdaq: KIN)

CEO and Co-founder, Enplug



“

Boards searching for new members should expand the way they think about board qualifications. It doesn't have to be someone who served as CEO, or someone who has had P&L responsibility. **Optimal board composition requires thinking broadly about a number of skills and experiences that are critical to the success of a company** — for example, relevant technical, commercial, strategic, or operational leadership, or international experience. This includes cultural diversity and background which enhances the ability of a company to address specific markets or situations. Expanding our criteria does not “lower the bar” — it actually “raises the bar” because boards with diverse individuals result in better performance. Building intentionally inclusive boards is a best practice for an industry-leading board.

Grace E. Colón, Ph.D.

Board Member, CareDx, Inc. (Nasdaq: CDNA)

CEO & President, InCarda Therapeutics, Inc.

Executive Chairman and former CEO, ProterixBio



“

As a Black female CEO, diversity and inclusion isn't a concept that I've just begun thinking about. I'm a firm believer that building a team of people with diverse backgrounds is crucial for any business' success and I've seen and experienced it firsthand. While it might start with executive leadership, creating a diverse team should be prioritized at every level and at the brand's start. When building Good American, I made sure that my first key hires were representative of the customers we are serving and scaled the business from there. As a board member of The RealReal, we are also driving further change for the industry by championing diversity and female empowerment.

I firmly believe that women are true disruptors and are the most equipped to lead during times of great challenge. **To compete in a global marketplace you have to think differently, park your ego and bring people around you who will challenge assumptions and take intelligent risks.** That is what women have always done. Companies will either get that or fail.

Emma Grede

Board Member, RealReal, Inc. (Nasdaq: REAL)

CEO and Co-Founder, Good American

SKIMS Founding Partner



“

Insightful board members add value by leveraging a diverse set of professional and life experiences. **The path to a board does not have to be linear and not necessarily through the c-suite.** As the Chair of Nominating and Governance Committees, I ensure our board considers an array of qualifications — and it makes us better.

Shehnaaz Suliman, M.D., M.Phil, M.B.A.
Board Member, 10x Genomics, Inc. (Nasdaq: TXG)
Board Member, Ultragenyx (Nasdaq: RARE)
President & COO, Alector

OPENING DOORS: KEYS TO INCLUSION

Last fall the California Partners Project convened focus groups that brought together 46 business leaders, investors, and experts in board diversity and governance. The focus groups were led by members of CPP's board and advisory council, including CPP board chair and co-founder, and CEO of Hello Alice, Elizabeth Gore, and CPP board member and president of Silicon Valley Bank Capital, John China.

California's corporate boards boast 26.5% women compared to 22.6% nationally.¹⁷ That's great news for the California economy, and is thanks in large part to SB 826. Research shows that companies with gender diverse boards consistently outperform those without them. This is critical for the future of our businesses, as their leadership and governance attract the next generation of an ambitious workforce to drive creativity and growth.

Company executives are expressing that they are still facing hurdles in adding women to their boards – especially women of color – even when they set it as an internal goal. As technology-forward investors and advisors to purpose-driven companies, we know how corporate board diversity pays off in the real world. So, what's getting in the way? To look for solutions and new strategies, we posed the following questions in focus groups:

- **What are the true hurdles preventing companies from diversifying their boards?**
- **What are the most relevant and persuasive messages and data to convince companies to add women, and particularly women of color, to their boards?**
- **What are the most effective ways for California companies to remove those hurdles and benefit from all available talent?**

On the plus side, cultural awareness of the importance of diversity, equity, and inclusion is growing every day. According to participants, SB 826 has become a linchpin for a long overdue conversation about the need for modernizing the boardrooms of companies headquartered in California with people who represent the demographics of the state. The result is that many investors, employees, and customers have an expectation of gender diversity at all levels of business. As one participant put it, "it's nice to see your equity statement, but show me your boardroom."

¹⁷ Study of companies in the Russell 3000 Index, 50/50 Women on Boards, [When Women Lead](#), 2020.

Despite this momentum, companies can become stalled in institutionalized thinking that impedes forward progress. Chief among these, according to the focus group participants, is the tendency to see talent only when it comes in familiar packaging. Anything new, different, or untested feels too risky. Also, when boards are considering new candidates, they tend to rely on their existing networks – artificially restricting their candidate pool to a group that is mostly white men. They’ve also been slow to search beyond the c-suite and other boards for talent. For all of these reasons, they overlook a “waiting room” full of talented, qualified women who have the credentials, training, and skills to serve.

For California’s companies to remain competitive, tapping into this diverse waiting room of talent is absolutely critical. From our own experience of advising entrepreneurs and investing in new companies, we know that board diversity is an excellent indicator of future success. It shows a company is willing to do the work to arrive at the best decisions. And beyond that, it signals smart and intentional leaders willing to hold themselves accountable to finding unique candidates instead of relying on the status quo.

With that in mind, we agree wholeheartedly with focus group participants that we need to reframe the conversation by focusing on the opportunity that diversity presents, rather than the misperceptions about the risks of diversity. The smartest, most forward-thinking companies and leaders know that diversity isn’t a “nice to have” it’s a “must have” for a successful business and higher return on investment. And, for companies to secure diverse talent, they must be deliberate about connecting the talent in the waiting room with open board seats.

Looking ahead, we believe that the tools we’re employing to get more women on public company boards can also work with private companies. If we start early in the venture capital cycle when companies are just starting to build their boards, the numbers will be profound. When you start with diverse women out of the gate, it makes wider board diversity easier later on. We all want greater profitability in our companies and increasing women on boards from a diversity of backgrounds, identities, and experience is the way to achieve it.

Elizabeth Gore

Co-founder and President, Hello Alice, Chair, CPP Board

John China

President, Silicon Valley Bank Capital, CPP Board Member



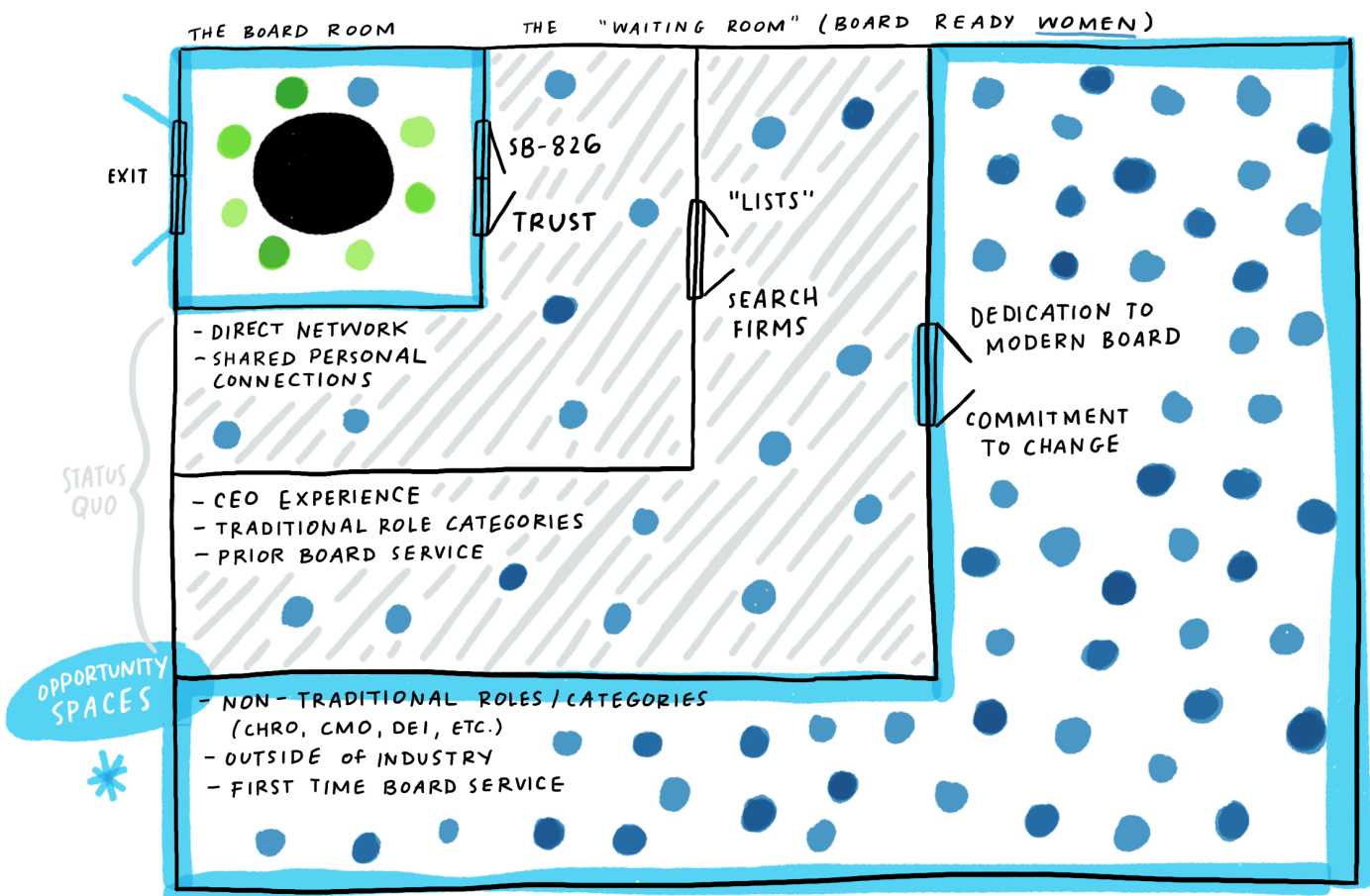
Elizabeth Gore



John China

Winning Ideas for Opening the Boardroom to Women of Color

Strategies directly from CPP's focus groups



CHANGING CULTURAL NORMS & BOARD DYNAMICS



We heard many ideas and recommendations in the focus groups that help to create new doors, or remove the dividers between the status quo and the opportunity space.

Beyond the "waiting room", we heard a lot about the need for modernizing board practices, which included several mentions of term limits and the re-evaluation of roles.

STRATEGIES TO DIVERSIFY BOARD



LOCKED DOOR : **Insular Networks**

Search committees are most comfortable with candidates who are “known and vouched for,” leading boards to recruit new directors from their existing networks.

Why it Matters - *Your networks may not be as broad or diverse as needed for you to bring new ideas and resources to your board.*



KEY : **Expand Your Network**

Keep a constant recruiting mindset and make the effort to connect with networks that include women of color, such as the groups included in [CPP's Resource Hub](#). When you meet compelling candidates, particularly women of color, introduce them to other directors even when an active board search is not currently underway. Your introduction will confer credibility and help board members meet prospective directors they might not otherwise reach.



When it comes to building a board, relationships matter. Directors and CEOs naturally look to their own networks when they need to fill a board seat because those networks confer credibility and trust. While those connections have traditionally benefited white male candidates, technology can help directors find relevant professional connections to a far broader group of candidates. By surfacing those connections, we can expand trust outside the traditional network and help companies tap into more diverse talent.

David Chun

Founder and CEO, Equilar, Inc.

To stay relevant and effectively navigate the global opportunities in front of us, we believe board-level diversity is very important. For us this means our board must reflect the diverse markets and customers we serve. To approach building our board in this manner isn't a risk, it is an opportunity. The diversity of culture, background, identity, and expertise of our board members has kept us the industry leader.

Garry O. Ridge

Chairman & CEO, WD-40 Company (Nasdaq: WDFC)

STRATEGIES TO DIVERSIFY BOARD



LOCKED DOOR : Artificial Limitations

When boards limit their searches to CEOs, CFOs and public company directors, it creates the misperception that there aren't enough qualified women candidates.

Why it Matters - Boards miss out on the diversity of talent they need to maximize their effectiveness and mitigate the new risks companies face.



KEY : Expand Your Definition of Qualified

Creating an effective, modern board requires taking an inventory of your needs and adding new directors that have a diversity of experiences. Consider the skill sets rather than the job title you need in a new director. Could someone with expertise in diversity, equity, and inclusion or with deep knowledge of employee management or corporate engagement strengthen your board? Keep in mind that there are many different paths to leadership and that your goal is to find additive leaders for your board, not to replicate who is already there.

“ Innovation and transformation occur when capable, diverse voices are in the room. Yet, women of color are often steered away from strategic financial roles and into roles like diversity, marketing, and communications. They have the leadership expertise, knowledge and experience your board needs, but it may be circuitous or untraditional. That shouldn't be disqualifying, especially in establishing a pipeline for board service.

Meesha Rosa

Vice President, Corporate Board Services, Catalyst

“ At Equinix, promoting diversity and building a culture of inclusivity is a top business priority and foundational to our core values as a company. As an individual, I have always believed in the power of the collective. And I have learned again and again that the collective doesn't have nearly enough power without women at the table; this starts at the top – a strong board must represent women's powerful voices and encompass their diversity of thought, experience and expertise.

Charles Meyers

CEO, Equinix, Inc. (Nasdaq: EQUIX)

STRATEGIES TO DIVERSIFY BOARD



LOCKED DOOR : Misperceived Risks

Even when boards expand their candidate pool to include women, narrow networks and unconscious biases about gender and race create heightened scrutiny of women candidates, particularly women candidates of color.

Why it Matters - *Boards fail to optimize their performance when they overestimate the risks of diverse candidates and underestimate the risks of homogeneous thinking.*



KEY : Diversity as an Opportunity

Boards think more deeply, work harder, and make better decisions when they have a full, diverse roster of talent to question assumptions, combat groupthink, and bring every possible resource and perspective to the table. The risk of missing out on that optimized decision-making is a far greater risk than the “risk” of adding someone to your board who has less overlap with existing directors, especially when facing the complex problem solving that the next few decades will require.

When selecting a director, establish the skills and competencies you need in a new director and stick to it. If diversity of experiences and opinions is important, make sure they are incorporated into the criteria. Notice and hold each other accountable to that criteria and make sure you do not add extra requirements for women candidates.



At PagerDuty, we believe that individuals and teams empowered with the right information at the right time to take action can change the world. With this vision, we understand the responsibility we have in building a board that reflects diversity of thought, expertise, experience, and backgrounds to best represent and serve our shareholders.

While we’ve been able to build a relatively diverse board, we understand how much more work there is to do to ensure representation of underrepresented talent across all leadership positions. *By building a diverse board at this stage as a high-growth company, we’re able to put measures in place to hold ourselves accountable to recruiting diverse talent at every level, allowing us to truly innovate, focus on product-led growth, and become the ubiquitous platform for digital operations.*

Joe Militello,
Chief People Officer, PagerDuty, Inc. (NYSE: PD)

STRATEGIES TO DIVERSIFY BOARD



LOCKED DOOR : Cultural Fit

Directors tend to select candidates with similar backgrounds because they see them as a better cultural fit and more likely to go with the flow.

Why it Matters - *Cultural fit is often a euphemism for conformity and limits the effectiveness of your board.*



KEY : Seek Difference Over Conformity

Rather than looking for cultural fit, source new directors who will strengthen your team's decision-making by bringing diversity over conformity to your board.

The desire for a cultural fit can itself ward off qualified candidates. Women of color in particular are reluctant to join boards where they don't feel that their experience and credentials are valued in the same way as their peers – and decline offers to serve as a result.



Without representation you lack the awareness and the prioritization of important areas just by their absence. Having diversity in the boardroom offers fresh perspectives that empower us to think differently about how we speak to our diverse consumer base and how we cultivate a diverse company of employees.

That perspective is invaluable, never more so in the last year of navigating multiple critical issues, from the pandemic to the wave of social unrest. The board helped us prioritize those issues and fully championed our decisions to accelerate creation of a DEI team and release public statements—their support gave me the confidence to lead with empathy and compassion. It would have been a very different conversation with a more homogenous board.

The board has to reflect your values and aspirations for the company. If we want our company to be diverse and equitable, we need to have a board that not just understands this theoretically but also lives it and represents it.

Dave Powers

President and CEO, Deckers Brands (NYSE: DECK)

NETWORKS, ADVOCATES & BRAND NEW RESOURCE HUB

We've outlined California's progress in diversifying its publicly held boards, shared recommendations to promote change, and identified the obstacles that still stand in the way. Through our partnerships with the Latino Corporate Directors Association and Equilar, plus our focus groups and the many perspectives expressed in this report, we heard loud and clear that in order to meet the 2021 deadline boards and aspiring directors need a way to find each other. With this report, California Partners Project is launching a robust resource hub to connect women seeking board positions with companies looking to diversify their talent. The hub includes specialized programs and organizations for women of color, some of which are highlighted below, as well as a current list of public companies in California that are required by SB 826 to add women directors by the end of 2021.

CPP Resource Hub

“ Women, and especially women of color, tend to be underrepresented within the personal networks that CEOs and directors rely on to identify board candidates. Him for Her bridges that network gap by providing companies with free board referrals drawn from our talent network of nearly 3,000 board-ready women, a third of whom are women of color. A quarter of the new directors appointed through our referrals identify as Black or African American.

Jocelyn Mangan

Founder & CEO, Him for Her



NEW REPORT

A report released this year by Him for Her, Crunchbase, and Kellogg School of Management, analyzed the representation of women on private company boards. The study found that only 3 percent of private companies' board seats were held by women of color and shared that 81 percent of private companies do not have a woman of color on their board.

[View Report >](#)

“ How Women Lead has never held a search where we couldn’t find qualified women of color for top public and private boards. She is out there!”

Julie Castro Abrams

Founder & CEO, How Women Lead

“ We often discount the influence we have as role models. As a corporate director, I recognize how important it is to share my journey to the boardroom so other women can envision it for themselves and aspire to that position. Being an Asian American woman at the highest levels of business has an additional influence both in what I bring to the boardroom discussions and also what my presence conveys to our employees, investors and other stakeholders— that my contributions are needed and valued.



Janet S. Wong, CPA

*Board Director, Lumentum Holdings
(Nasdaq: LITE)*

Board Director, Enviva Partners (NYSE: EVA)

*Board Director, Allegiance Bancshares
(Nasdaq: ABTX)*

*Board Member, Women Corporate
Directors*

DIVERSE CORPORATE DIRECTORS COALITION (DCDC)

A coalition of diversity focused organizations supporting underrepresented groups to achieve representation in the boardroom. DCDC includes:

- › Ascend Pinnacle
- › Black Corporate Directors Conference
- › Latino Corporate Directors Association
- › Quorum
- › Women Corporate Directors

METHODOLOGY

This study examines the gender diversity of the boards of the 717 publicly traded companies headquartered in California that are publicly traded on the NYSE, Nasdaq, or NYSE American exchanges. Companies are included in the study if their “Principal Executive Offices” reported on their most recent Form 10-K or 424B4 was in California. Of the 5,817 board seats at these California companies, 1,528 are held by women. 162 women serve on two California boards, and an additional 35 women serve on three or more California boards, so the study includes 1,410 female directors.

The director data for the companies in the study are based on information in regulatory filings (e.g. proxy statements and Form 8-K) submitted to the U.S. Securities and Exchange Commission (SEC) as of March 1, 2021, and were provided by Equilar, Inc., an executive and director data firm. All assessments of compliance with the provisions of California Senate Bill 826 were based on the composition of the boards studied as of this date. Every effort was taken to identify all public companies that are headquartered in California and traded on the NYSE or Nasdaq. Any omissions are unintentional.

The race and ethnicity data were provided by The Latino Corporate Directors Association (LCDA). In partnership with Equilar, LCDA compiled the data by identifying individuals based on gender and race/ethnicity serving on California public boards listed on NYSE, NASDAQ and AMEX. The data do not include special purpose acquisition companies (SPACs) or public funds. Equilar data, along with publicly available information, was used to identify companies and director race/ethnicity based on the director’s self-identification, name, biography, affiliations, and other resources. Calculations in this report are based on data as of March 31, 2021.

Thank You to Our Partners



MINE THE GAP

The indispensable Jessica N. Grounds and Kristin Haffert of Mine the Gap once again led the data collection and analysis for this report. Thank you both for your insights, dedication, and true partnership.



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California Partners Project worked with Equilar, Inc., an executive compensation and corporate data governance firm, to compile and analyze our data. Thank you to Dave Chun, Courtney Yu, and team for your deep knowledge of the data and your guidance in helping us think through the numbers.



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Betsy Berkhemer-Credaire – CEO of 50/50 Women on Boards

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Julie Castro Abrams – CEO and Chair of How Women Lead

John China – CPP Board; President of Silicon Valley Bank Capital

David Chun - CEO & Founder of Equilar, Inc.

Hannah-Beth Jackson - California State Senator (Retired) and author of SB 826

Amanda Packel – Managing Director of the Rock Center for Corporate Governance at Stanford University

Anne Sheehan – Director of Corporate Governance at CalSTRS (Retired)

California Partners Project Board of Directors, thank you for your dedication and for your unflagging support for our work. Our Chair, Elizabeth Gore, along with Reveta Bowers, John China, Janet Keller, Lisa Ling, Olivia Morgan, Joyce Newstat, Norah Weinstein, and Thomas Willis.



Learn More about the California Partners Project

www.calpartnersproject.org