

Chair Warner, Vice Chairs Drazan & Holvey, and Members of the Committee:

My name is Jacqueline Swanson. I reside in House District 46, Senate District 23. I'm an attorney in private practice who fights for the rights of survivors of sexual, gendered and domestic violence, and those who have been victimized by unlawful discrimination. I write to you today in support of HB 3110.

According to 2018 data from Deloitte and the Alliance for Board Diversity (<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/center-for-board-effectiveness/us-cbe-missing-pieces-report-2018-board-diversity-census.pdf>), the percentages of Fortune 500 company board seats held by people identified as African American/Black, Hispanic/Latinx, and Asian/Pacific Islander were 8.6%, 3.8%, and 3.7%, respectively. Those numbers further decrease when you separate out the percentage of minority women in those specific groups, to 2.7%, 1.1%, and 0.8%, respectively. The same study showed that 84% of board seats were held by people identified as white (60% white men, 17.9% white women), which over-represents the group's share of the general population by 22 percentage points.

This relative lack of diversity may have consequences that negatively affect all stakeholders in a corporation, including workers, customers, and investors. Workers from communities that are not represented on the board may find limited opportunities for advancement through the executive ranks, as boards hire CEOs who look like themselves and CEOs surround themselves with other executives who also look like them. With a lack of diversity throughout the board and senior management, customers or potential customers from underrepresented communities may find that products or services offered by the corporation do not consider the preferences of their communities. A failure to capitalize on a diverse range of consumer preferences harms investors who would benefit from higher returns if corporations were meeting their full potential.

In contrast, numerous data sources show the positive impact diverse boards have on market and company performance. For example:

\* Shares of companies with a market capitalization of more than \$10 billion and with women board members outperformed comparable businesses with all-male boards by 26 percent worldwide over a period of six years, according to a report by Credit Suisse Research Institute. Credit Suisse Research Institute, *Gender Diversity and the Impact on Corporate Performance 2005–2011* (Zurich: Credit Suisse, 2012).

\* When boards include women, they see success in their critical role of risk oversight and other legal responsibilities. Companies with gender-diverse boards have fewer instances of controversial business practices such as fraud, corruption, bribery, and shareholder battles. Linda-Eling Lee, Ric Marshall, Damion Rallis, and Matt Moscardi, *Women on boards: Global trends in gender diversity on corporate boards* (New York: MSCI, 2015).

\* Gender-diverse boards are also associated with better collection and transparent disclosure of stock price information, as well as fewer financial reporting mistakes. Ferdinand A. Gul, Bin Srinidhi, and Anthony C. Ng, "Does board gender diversity improve the informativeness of stock prices?" *Journal of Accounting and Economics* 51, no. 3 (2011): p. 314–38; Aida Sijamic Wahid, "The effects and the mechanisms of board gender diversity: Evidence from financial manipulation," *Journal of Business Ethics* (2018).

The lack of diversity in corporate America is not a product of happenstance; rather, it is a product of systemic discrimination and bias that affects so many facets of our society – housing, education, criminal justice, and employment. This bill seeks to remedy one specific discriminatory outcome by ensuring that corporate boards meet a minimum standard of diversity.

For all these reasons, I ask for your support of HB 3110. Thank you.

Sincerely,  
Jacqueline K. Swanson