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Black Women Are Making Big Gains On Corporate Boards

The increase is partly the result of pressure and mandates from regulators and investors

BY RAY A. SMITH AND EMILY GLAZER

COMPANIES in the S&P 500 added more Black women to their boards in 12 months spanning 2021 and 2022 than in any similar period in at least the past 15 years, as a push to diversify corporate leadership gathered momentum.

As of April 30, 2022, 46 of the 395 new directors named since May 1, 2021, or 12%, were Black women, according to Spencer Stuart, the executive and board recruitment firm, up from 2% in 2008, when the firm began tracking race and ethnicity among board members. Since the beginning of last year, Black women have joined the boards of large public companies including Abbott Laboratories, Delta Air Lines Inc., Lowe's Cos. and Bed Bath & Beyond Inc., according to governance-data firm Equilar Inc.

In part, the trend reflects the fact that companies are increasingly seeking board members who reflect their workforce, customer base and other stakeholders, says Sarah Van Steenburg, a consultant with Spencer Stuart.

But the increase in Black women directors is also being driven by pressure and, in some cases, mandates from state legislators, regulators and investors. In California, for instance, a state law initially required publicly traded companies based there to have at least one female board director, as well as to meet requirements for racial and ethnic minorities or people who identify as gay, lesbian, bisexual or transgender on boards, starting in 2021.

In addition, the Securities and Exchange Commission in 2021 approved a Nasdaq listing requirement that companies in coming years must explain publicly if they don't have at least one woman on their board, in addition to a director who is a racial minority or one who self-identifies as lesbian, gay, bisexual, transgender or queer. And some large institutional investors— including BlackRock Inc., State Street Corp. and Fidelity Investments— are taking boardroom diversity into account when deciding how much to invest in companies.

After court setbacks, California is no longer enforcing its requirements, and Nasdaq's requirements have also faced

legal challenges. Still, corporate-governance professionals say the regulatory efforts, together with investor interest, have led most large companies to meet the requirements, and many smaller ones as well.

Carla Harris, a senior client adviser at Morgan Stanley, who serves on the boards of Cummins Inc., MetLife Inc. and Walmart Inc., recalls being able to point out the same handful of Black female directors at various companies. "Now when I look at board appointments, I say to myself, 'Oh, I didn't know her,'" she says. "I'm thrilled about it."

A network is born

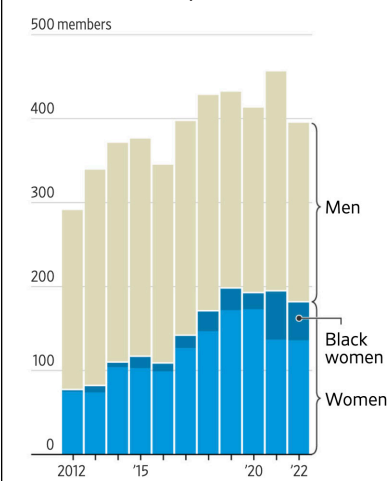
Efforts to diversify companies at the top accelerated after George Floyd's murder by police in 2020. Georgette Kiser, an operating executive at Carlyle Group, and director at companies including Aflac Inc. and NCR Corp., recalls being bombarded with calls for board posts in the wake of Mr. Floyd's death.

"I couldn't go on those boards because I already had four corporate boards that I sit on," she says, adding that she did recommend various people in her network with the skill set and diversity component the companies were looking for.

Merline Saintil and Robin Washington also received an influx of calls after Mr. Floyd's death, asking them what experienced women of color they could recommend as corporate directors.

Diverse Directors

Black women make up a growing share of independent board members appointed at S&P 500 companies.



Note: Figures are for new board members in the 12-month periods ended April 30 of each year
Source: Spencer Stuart

The two friends, Black women who between them hold board seats at companies including Google parent Alphabet Inc., Honeywell International Inc. and Gitlab Inc., decided to form Black Women on Boards to boost awareness of the issue of board composition and create a more cohesive network for Black women leaders.

The two founders both knew "amazing Black women who just weren't getting the calls" to join boards, Ms. Saintil says.

She and Ms. Washington initially convened 18 people in October 2020. Just over two years later, the group has grown to 200 Black businesswomen around the world.

It has helped place 30 Black women on private, public and advisory boards, Ms. Saintil says.

Several Black women directors stress that they aren't on boards primarily to help foster workplace diversity and inclusion. They are there to lend their expertise. Valerie Jarrett, who was a senior adviser to President Obama and is now CEO of the Barack Obama Foundation, joined the boards of Ralph Lauren Corp., Sweetgreen Inc. and Walgreens Boots Alliance Inc. in 2020 after previously serving on other boards. Most boards ask her to join the audit committee because of her financial and audit expertise, she says.

But Black women also say they bring an often unique perspective to the boards they join. Ms. Kiser of Carlyle Group says she proposed at one company that it offer training sessions on 401(k) investing for employees of color. In her experience, workers of color were generally underinvested in such programs.

Work to do

A gathering of the Black Corporate Directors Conference last year showed both the gains Black women have made in board positions and some dissatisfaction with the pace of that progress.

John W. Rogers Jr. is the founder and co-CEO of Ariel Investments, which created the conference in 2002 with Russell Reynolds Associates, an executive-search and management-consulting firm, to increase representation and encourage the promotion of civil rights in boardrooms. He says that at last year's gathering of Black, Latina and Latino Fortune 500 directors he noticed far more female Black directors. That marked a shift, he says, from previous years, when he was "struck by the fact that the vast majority of the Black directors were men."

Still, while 99% of directors who attended the conference said diversity, equity and inclusion are very important or somewhat important to their board's leadership team, only 77% of female directors said their board addresses diversity-related concerns in a way that is meaningful to them, according to an online poll conducted by Momentive, the maker of SurveyMonkey.