

**TESTIMONY**

**BY**

**ANDREW SCHWARTZ**

**ACTING COMMISSIONER**

**NEW YORK CITY**

**DEPARTMENT OF SMALL BUSINESS SERVICES**

**BEFORE**

**THE COMMITTEE ON ECONOMIC DEVELOPMENT**

**OF THE**

**NEW YORK CITY COUNCIL**

**THURSDAY, OCTOBER 22, 2015**

Good afternoon Chair Garodnick and members of the Committee on Economic Development. My name is Andrew Schwartz and I am the Acting Commissioner of the Department of Small Businesses Services (“SBS”). I’m joined today by Kerri Jew, Deputy Commissioner of SBS’ Division of Economic and Financial Opportunity (“DEFO”), and my colleagues at the New York City Economic Development Corporation (“NYCEDC”). At SBS, we seek to foster a thriving, equitable economy by connecting New Yorkers to good jobs, creating stronger businesses, and building a fairer economy.

Today, I am pleased to testify on Intros. 704 and 705, which would require contractors submitting Employment Reports to provide certain demographic information regarding the leadership of their company. The intention of this legislation is laudable and in line with the administration’s efforts to fight inequality and promote the economic mobility and social inclusion of all New Yorkers. To support gender parity, this administration is working closely with Speaker Melissa Mark-Viverito on the Young Women’s Initiative, making unprecedented investments in domestic violence response and education through the Mayor’s Office to Combat Domestic Violence, and the Mayor recently launched the Commission on Gender Equity to advise on initiatives and methods to reduce gender-based inequality. Today, we will offer comments on the bills being discussed, and then I will be happy to take your questions.

**Division of Labor Services:**

Currently, SBS’ Division of Labor Services (“DLS”) monitors contractors’ compliance with Equal Employment Opportunity (“EEO”) laws by requiring contractors to submit an Employment Report. The Employment Report contains detailed information on the contractors’ employment practices, policies and procedures, and collective bargaining agreements. The Division reviews submitted documents and works with companies to ensure compliance. However, not all contracts with the City are subject to these requirements. Generally, construction prime contracts in excess of \$1 million and subcontracts in excess of \$750,000 are subject to review. For supply and services, prime and subcontracts over \$100,000 are subject to review when the vendor has more than 50 employees. Supply and service vendors with fewer than 50 employees are exempt. If approved, companies are certified by DLS for a

three-year period. As part of the process, companies can also be certified upon submission of a certificate of Equal Employment Opportunity compliance issued by an appropriate State or federal agency in the prior twelve months.

The proposed legislation, Intros 704 and 705, would require contractors submitting Employment Reports to submit additional information regarding the demographics of their directors, officers and other executive-level staff members and their goals for diversity in their leadership. While it would be administratively possible for SBS to add these new categories of information to an Employment Report, if enacted, the proposals would require significant additional work and analysis by DLS.

Given the varied forms of ownership structure available to businesses, clearer definitions may be needed regarding executive level staff, to limit the requirements to the appropriate categories of the subject businesses. As we consider whether to add new requirements to the Employment Report, it should be noted that many businesses may be reluctant to gather and provide this type of information. The requirement may deter some businesses from competing for contracts with the City.

In addition to potentially deterring bidders, the new requirement would add an additional step to the City's procurement process at a time when efforts are underway specifically to reduce the timeline for agency procurements. The various steps in the procurement process are designed to ensure maximum fairness and competition and to see that the City is getting the best price and quality in its purchases. At the same time, we all look for ways to make each of those steps more efficient and reduce turnaround times as well as burdens that may be imposed on vendors.

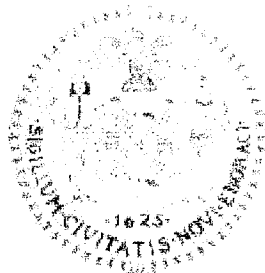
Vendors with the City are also subject to background steps, such as VENDEX, to ensure that bidders and proposers are responsible vendors. VENDEX requires submission of a Vendor Questionnaire and a Principal Questionnaire. Depending on the contractor's ownership structure, the Principal Questionnaire can be required from multiple individuals. The Employment Report would be asking additional questions on these same individuals. As the

City works to speed procurements from end to end, an additional reporting requirement, such as the one required by these intros, could work against that goal.

Finally, there remains a question as to what the City will do with the information once it is collected. Although there is language in the Intros referring to “goals”, it is not clear what these goals are, how they could be established and whether contractors would be required to have them or expected to meet them. From a legal perspective, another concern is whether the information provided would have an impact on the procurement. Selection of a vendor based on the diversity of their leadership could raise issues that conflict with laws governing the City’s procurement process.

Further, contractors may not have numerical diversity goals or specific plans to increase diversity. Even if they do, it is unclear how SBS would be able to track measures that contractors take to achieve their goals or hold them accountable. At this time, we would not be able to aggregate and report on the compiled information because businesses have very different documents and forms for their employment policies and procedures. Furthermore, the reports that are currently required are paper forms so we would require a significant investment in technology and staff to comply with this legislation. As hundreds of contracts may be subject to the new requirements, rules for analysis and reporting will have to be established, staff trained, and systems put in place for the input and analysis of data. We would also be concerned about the timing of the new requirement and instituting a new reporting requirement in several months.

We look forward to working with the Council to address these concerns. Now I am happy to take your questions.



**THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
SCOTT M. STRINGER**

TESTIMONY OF NEW YORK CITY COMPTROLLER  
SCOTT M. STRINGER  
IN SUPPORT OF INTRO 704 AND 705

BEFORE MEMBERS OF THE  
COMMITTEE ON ECONOMIC DEVELOPMENT  
OF THE NEW YORK CITY COUNCIL

OCTOBER 22, 2015

Thank you to Councilmembers Crowley and Mealy for your leadership of the Women's Caucus and your efforts to advance diversity among leadership of companies that do business with the City of New York.

I strongly endorse Intro. 704 and 705, which would require the Department of Small Business Services to collect data on the gender diversity of the boards of directors, officers, and other executive level employees of companies that contract with the City, and publish a report detailing those statistics and the efforts of these vendors to improve diversity within their enterprises.

Reporting initiatives of this kind bring much needed transparency to an area where it is sorely lacking and communicate the City's values to those with whom we do business.

In New York City, over 200 languages are spoken in the five boroughs, with nearly 50 percent of New Yorkers speaking a language other than English at home. Furthermore, nearly 40 percent of our population—3.1 million people—hail from outside the United States. This extraordinary diversity serve us well, not only because it makes New York a vibrant, enriching place to call home, but also because a diversity of thought and perspective leads to better decision making.

However, today, the sad reality is that diversity is lacking in Corporate America, particularly in the boardroom and the executive suite.

Women make up less than five percent of CEOs in S&P 500 companies and among Fortune 500 CEOs, and only five are African-American.<sup>1</sup> A recent study of venture capital firms found that nearly two-thirds of the top 71 investment funds have no women as senior investment team members, and that roughly 30 percent of those funds have a senior investment team that is composed entirely of white members.<sup>2</sup>

We must do more to expand diversity—not only in City government and public procurement, but also in Corporate America, from the boardroom to the factory floor, to the supply chain. This has been a central goal of my administration from day one.

Last year, I appointed the City's first Chief Diversity Officer to focus on diversity in City procurement and in Corporate America.

In conjunction with the trustees of our pension funds, we launched the Boardroom Accountability Project, which leverages the power of our \$160 billion pension funds to foster more diverse, independent and accountable directors by ensuring that shareowners have the ability to nominate directors at U.S. companies.

We are also working to increase transparency around workplace diversity in financial services and advertising, two NYC-based industries with pervasive and persistent under-representation of

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<sup>1</sup> <http://www.catalyst.org/knowledge/women-ceos-sp-500>;

<http://money.cnn.com/2015/01/29/news/economy/mcdonalds-ceo-diversity/>.

<sup>2</sup> <http://www.nytimes.com/2015/10/07/business/dealbook/silicon-valley-still-lacks-diversity-study-shows.html>;  
<http://www.vcdiversity.org/>.

women and minorities, especially in senior positions. And we have expanded the funds' focus on diversity to the corporate supply chain, once again seeking data from 20 of our largest holdings about their supplier diversity programs.

Each of these steps is an important component of our mission to bring equal opportunity to all New Yorkers. But diversifying the C-suite isn't just about equal opportunity—it's about good business practices that promote growth and strengthen our economy over the long run.

Intros 704 and 705 are designed with the same purpose in mind—to bring transparency to diversity among companies doing business with the City and to urge these companies to do more to ensure that their leadership is representative of the city and country that they serve.

Once again, thank you to Councilmembers Crowley and Mealy for introducing these important bills. I urge the Council to pass them into law.

Thank you.

**ORAL TESTIMONY**

**NEW YORK CITY COUNCIL  
PUBLIC HEARING**

**Committee on Economic Development  
Daniel R. Garodnick, Chair**

**OCTOBER 22, 2015**

**Linda C. Hayman  
Of Counsel, Skadden, Arps, Slate, Meagher & Flom LLP  
Co-Founder, DirectWomen**

Good afternoon, Chair Garodnick. My name is Linda Hayman and I was one of the co-founders of DirectWomen in 2007. It is the only organization whose mission is to increase the representation of women attorneys on corporate boards.

We accomplish our mission by identifying leading women lawyers from around the country who have the experience, independence and business judgment to serve on corporate boards. Each year, DirectWomen holds a 3-day Board Institute here in New York where attendees meet with an extraordinary faculty to discuss key issues facing boards. The distinguished Alumnae of the DirectWomen Board Institute provide tangible proof that there are many qualified women who can serve on boards, and they exemplify the unique skill sets that women lawyers can bring to the boardroom. DirectWomen serves as an important resource for companies seeking qualified women board candidates who will improve corporate governance and increase shareholder value. We are very proud of the fact that 22% of our Alumnae now sit on the boards of



public companies. It is also noteworthy that DirectWomen's national network includes over two hundred business leaders, including CEOs and other C-Suite executives, corporate directors, managing partners at law firms, and executive search firm consultants.

DirectWomen is participating in this hearing today to express our support for Bills 704 and 705 and to share our organization's experience and knowledge of this topic with you.

Unfortunately, the number of women on Fortune 500 boards has remained stuck at under 20%. Moreover, women currently account for only 3% of Board Chairs and fewer than 9% of lead directors. Almost 70% of companies in the Russell 3000 have either no women or just one woman on their board. Similarly, 35% of Fortune 500 boards have either no women or just one woman, and 70% have no directors who are women of color. Distressingly, it has been estimated that women will not achieve parity with men on corporate boards until the year 2042.

The business case for increased representation of women on corporate boards is crystal clear. Numerous studies by Catalyst and McKinsey and various academic journals have found that board diversity improves decision-making and shareholder value. Also, gender diversity on corporate boards has a salutary domino effect. It increases both the number and compensation of women executives, officers and senior managers. A recent

study of over 800 public companies found that, on average, the top 5 women executives earned 34% less than their male counterparts. However, the study also found that having at least 2 women on a board's compensation committee eliminated that gender pay gap altogether.

Women now have greater participation and importance in the workforce than ever before. In fact, 40% of the sole or primary breadwinners in American families are now women. The tremendous economic clout of women is further demonstrated by the continued growth in the number of women-owned businesses, which represent nearly 30% of all U.S. businesses. Women account for over 50% of all stock ownership; control more than 60% of all personal wealth; and make 85% of all consumer purchasing decisions. Boards and the members of the C-Suite must reflect the growing representation of women among companies' employees, shareholders and in the economy as a whole.

DirectWomen believes that the collection and annual reporting of data concerning the diversity of board members and executive level officers of companies that do business with the City of New York, as well as their diversity policies and practices, is imperative. Such increased transparency will help move the needle towards greater diversity on boards and in the C-Suite. Several other cities and states have passed similar legislation, and DirectWomen urges New York City to join in those efforts.

In light of the diversity of our society and the work place, the continued underrepresentation of women and minorities on corporate boards and in executive level positions must not be allowed to continue. Proposed Bills 704 and 705 will help change this paradigm and we strongly support their adoption by City Council.

On behalf of DirectWomen, I thank this Committee for the opportunity to appear here today.

Ladies and Gentlemen of the Council:

I would like to thank Councilwoman Elizabeth Crowley and Councilwoman Carmen Arroyo and their staffs for facilitating this opportunity for me to come here today to express to you my strong support of Intros. 0704 & 0705, Councilwoman Crowley's proposed amendments to the city charter. This legislation, if approved by City Council, will have a profoundly positive impact on the future of all children of color and ethnic diversity in this era and for many years to come.

I am here to testify as someone who was born and raised in the South Bronx and who has spent most of my adult working life advocating for equal opportunities on behalf of minority owned companies at the local, regional and national levels.

Ladies and gentlemen of the Council: What you are considering is truly historic legislation that will, in my opinion, significantly mitigate the possibilities of discrimination within the workforce and leadership ranks of the city's active and future vendors who, if otherwise left unaccountable, will continue to deny qualified minorities the opportunities we deserve at those companies in management, procurement, and, more importantly, as members of their boards of directors where the policies and cultures of Fortune 500 city vendors are decided and established. For me, leadership diversity is the most important of the two components of the proposed

legislation I am testifying in support of today. Simply put, if we're not at the tables in those board rooms where these corporate decisions are made then we will continue to have very little impact on those decisions that are economically and negatively affecting our communities. I stress to you the significance of mandating leadership diversity at the highest levels of large companies doing business with the city of New York. I urge you to pass this proposed legislation to assure that we, the people, have equal representation at those companies.

In closing, I want to quickly share with you something you may not be aware of. It took me over three months to do the research necessary to compile this data and only after I reviewed every one of the over 18,000 "active NYC vendors" of record did I discover the following. I offer these two examples in support of Intros. 0704 & 0705:

1. Of the more than 1,100 corporate directors within the total of 111 top NYC active vendors whose leadership I reviewed, only 8% (or 103) were, to the best of my determination, minority directors.
2. Many of these companies had either NO minorities on their boards or had no ETHNIC minorities as board members. Some had neither.

Thank you for this opportunity to come before you to urge you to pass this extremely important legislation and to please make sure, before doing so,

that there will be the "teeth" in this new law that will assure compliance by those corporate vendors who will surely test your resolve. Thank you.

Ed Diaz

Former Chairman, Region V

United States Hispanic Chamber of Commerce



**Testimony of Felice Farber, Director of External Affairs  
The General Contractors Association of New York  
NYC Council Committee on Economic Development  
Hearing on Intros 704 and 705  
October 22, 2015**

Thank you Chairman Garodnick and members of the Economic Development Committee, I am Felice Farber, Director of External Affairs for the General Contractors Association of New York. The GCA represents the heavy civil contractors who have built the very foundations of New York City for more than 100 years. GCA members construct and rehabilitate New York's roads, bridges, parks, schools, water, and transit systems.

We appreciate for the opportunity to comment today on two bills that would increase and in many respects, duplicate, existing mandated employment reporting requirements. Intros 704 and 705 would require all contractors and their proposed subcontractors to submit an employment report that includes information on the gender and racial composition of directors, officers, and executive level staff as well as the contractor and subcontractors goals for diversity in its leadership.

First and foremost, let me say that the GCA is committed to ensuring a diverse workforce and we have taken a number of aggressive actions to promote and encourage females and minorities to enter the heavy construction field, whether it be through mentoring programs or educational activities.

That said, there are currently 65 separate federal, state and city laws that govern the employment practices of companies that do business with the City of New York. On top of those requirements, a typical city funded construction project requires the submission of 16 documents and certifications with each payment request for each project. Additionally, some of these documents involve the contractor making subcontractor certifications.

What this means, practically speaking, is that a contractor with just 5 projects with the City of New York has to complete 80 forms and certifications each and every month just to get a single invoice paid. This does not include the time-consuming and costly back and forth between contractors and subcontractors to confirm that their data is accurate.

One of those monthly submissions already includes detailed information on gender and race by trade classification and professional staff. To require additional information about board

composition and diversity goals for what in most instances are privately held, family-run businesses is overly burdensome in terms of administrative cost and ultimate benefit.

According to MOCS agency procurement indicators, in fiscal year 2014 the city awarded 1,411 construction contracts at an average value of \$2.6 million. That amounts of 22,576 documents and certifications contractors must submit monthly in order to get paid.

Rather than increasing the administrative burden on companies that do business with the City of New York, the GCA believes there are other, more productive actions that the City could support to encourage and promote diversity.

Take for example the two paths the GCA is already taking in this regard. The first is for professional staff hired directly out of engineering programs both locally and across the country. The second is for trades workers who are hired exclusively from New York City's unions as GCA members are proud to be union contractors.

Attracting students of all genders and races to the engineering profession has been challenging, for sure. As of 2011, the last year for which information is available, 18.6 % of the nation's engineering degrees were awarded to women; 12% were awarded to Asians, 8.5% were awarded to Hispanics and 4% to African Americans. The engineering discipline continues to suffer from the perception that only students who excel in math should apply and that the major is much more difficult, with hours spent in science labs and lengthy homework assignments.

The good news is that the numbers are inching up each year. That said, more needs to be done to expose students to the positive side of the engineering profession. We need to excite them about the career options, and attract students to the problem-solving and teamwork aspects of the profession as early in their educational tenure as possible.

In that regard, we have undertaken other initiatives, such as working with industry partners to publish two books: Those Amazing Engineers, and Those Amazing Builders, which have been distributed at public schools throughout the City and to all students participating in the Brooklyn Community Services youth programs.

More recently, the GCA has focused on New York City's high schools to encourage more females and minorities to attend college and pursue engineering degree programs. The GCA is serving as a curriculum advisor for the innovative City Polytechnic High School "9-14" program that will enable high school students to also earn associate's degree credits in construction management, civil engineering, and architectural technology from CUNY's New York City College of Technology. This innovative program will provide the students with a structured roadmap that will lead to careers in the engineering and construction fields.

The GCA also serves as the chair of the Department of Education's industry task force to examine the citywide pre-engineering high school curriculum and are recommending class exercises and course content to expose students to current technology and industry topics with



the goal of bringing industry practitioners into the schools to mentor prospective students and expose them to the career opportunities that the construction industry provides.

The GCA sponsors numerous programs geared to exposing women and minority high school students to STEM fields and many GCA members serve as mentors. Programs such as the ACE Mentor Program and Manhattan College's Summer Engineering Awareness Programs seek to engage, excite and enlighten high school students to pursue careers in architecture, construction, and engineering. These programs are proving to be successful. Students who participate in these programs are more likely to graduate high school and many choose to pursue undergraduate engineering degrees. Indeed, over 97% of Manhattan College's program graduates pursue degrees in STEM fields.

At the same time, the GCA works closely with Non Traditional Employment for Women, Construction Skills and Helmets to Hardhats to open up opportunities in the union construction workforce.

There is no question that these programs are helping to change the face of union construction. Apprentices—who are the future of the construction industry—are 65% Black, Hispanic or Asian, of which 11% are women, three times the national average. Moreover, 75% of union apprentices live in New York City.

Finally, the GCA promotes training, mentoring and networking opportunities to help grow minority and women owned heavy construction companies in New York City. Our members also serve as mentors in the School Construction Authority and MTA mentor programs as well as participate nationally in federally sponsored mentor programs.

The bottom line is that rather than amending the law to further burden businesses, the focus instead should be on assisting organizations like the GCA in getting to the heart of efforts that work to promote diversity in the professional and trades workforce, rather than simply requiring them to spend time and money on preparing reports.



**Testimony Before the  
NYC Council Committee on Economic Development  
October 22, 2015 at 1:00PM  
By Beverly Neufeld, President of PowHer New York**

I am Beverly Neufeld, President of PowHer New York, a statewide network of organizations and individuals working together to accelerate economic equality for New York's women. Our signature project is the Equal Pay Campaign, an ongoing, eight year effort for stronger policies to end gender wage and opportunity discrimination. I am also a board member of 2020 Women on Boards, a national campaign to expand board diversity.

Thank you for the opportunity to address the New York City Council Committee on Economic Development regarding Int. 704 and Int. 705, presented by Council member Elizabeth Crowley, which address reporting of board and leadership diversity as a requirement of bidding and obtaining a contract with the City of New York.

Yesterday, Governor Cuomo signed the Women's Equality Act, eight bills to guarantee new rights which will expand opportunities for economic and personal security for New York women. We are gratified one is a wage transparency law to promote equal pay.

The Governor's and NYS Legislature's action speak to the importance of creating a level playing field for women and the responsibility legislators have to do everything in their powers to promote equity, diversity, access and opportunity.

The question is "How?"

Int. 704 and Int. 705 offer an innovative and effective approach to creating transparency, increasing women's access to leadership, and make clear that diversity is our gold standard. They also reflect a national trend to leverage the contracting process to influence positive societal change.

Int. 704 and Int. 705 mirror federal and state action that requires data reporting by contractors:

- First instituted in New Mexico under Democratic leadership, and continued under a new Republican administration, state contractors are required to submit data regarding pay equity and the wage gap.
- President Obama, by Executive Orders, banned federal contractors from retaliating against workers who talk about their salaries; required the collection of wage data from federal contractors, including the race, sex, and national origin of employees, to help identify patterns of discrimination and support voluntary compliance; and banned discrimination based on sexual orientation. This affects approximately 22% of the U.S. workforce
- In New York State, S.5709 (Savino)/A. 2028A (Rosenthal) was introduced during the 2015 session. It would amend the state finance law, in relation to requiring that bidders and all others seeking state contracts disclose their percentage and number of female executives and board members. Philadelphia passed similar legislation in 2013.
- In fall 2015, Senator Brad Hoylman and Assembly member Deborah Glick introduced a bill to require companies seeking a contract or doing business with the state to publicly report their wage gap based on gender, race and ethnicity. Assembly member Linda Rosenthal has similar legislation and goes a step further with A.8385 which issues certificates of compliance to employers who achieves a gender pay gap of 10 percent or less.
- In New York City, Int. 752: Public Advocate Letitia James, CM H. Rosenthal, M. Chin, Mendez, Miller requires the City's chief procurement officer to publish an annual report that provides employment details regarding vendors that contract with the City, including hours worked, number employed, total compensation, and number of women and minorities.

All these bills are mechanisms to ensure taxpayers that their hard earned money is spent with companies who promote the community's values of diversity, inclusion and transparency.

Passage of Int. 704/705 by the New York City Council will be a groundbreaking, concrete response to the lack of women and minorities in corporate leadership. The legislation offers no "carrots or sticks" but it does encourage self-examination by contractors of their current policies and affords New York City information about the diversity in leadership of the companies benefiting from public funds.

Testimony before the New York City Council Economic Development Committee  
October 22, 2015  
Submitted by Deborah Gillis, President and Chief Executive Officer, Catalyst

Thank you, Council Member Dan Garodnick. It is a distinct honor for me to be here today. I am Deborah Gillis, President and CEO of Catalyst. Founded in 1962, Catalyst is the leading nonprofit organization expanding opportunities for women and business. With operations in the United States, Canada, Europe, India, Australia, and Japan, and more than 800 member organizations, Catalyst is the trusted resource for research, information, and advice about women at work. Catalyst annually honors exemplary organizational initiatives that promote women's advancement with the Catalyst Award.

I would like to focus my comments on the primary objective of bills 704 and 705, which were introduced to further promote transparency concerning the composition of leadership at the many companies New York City procures goods and services from each year. Transparency and disclosure are two actions that allow for accurate measurement of progress toward gender parity on boards of directors and in leadership positions in business. Research shows that these types of requirements, in combination with other policies, such as director term limits and consideration of diverse slates in the director and executive officer identification and selection processes, have made a difference in other countries. Canada and Australia adopted such measures, and the attached chart illustrates the number of women on public boards in Canada and Australia relative to the regulatory and legislative changes (Canadian regulations enacted in December 2014 haven't been in place long enough to determine their impact). Clearly, these actions can considerably accelerate the pace of change when it comes to women's representation on boards and in senior leadership.

#### The business case for change

This leads me to a very simple point: what is good for women is good for business. I say this because the issue of gender parity on boards and in leadership is not driven simply by questions of fairness and equity. This is an issue that speaks directly to New York City's ability to compete and flourish in a global economy. How effectively businesses leverage diverse talent, starting with women, is critical to the city's, state's and country's long-term competitiveness. These bills are timely. They represent an important next step in the ongoing conversation about how business can best leverage all available talent.

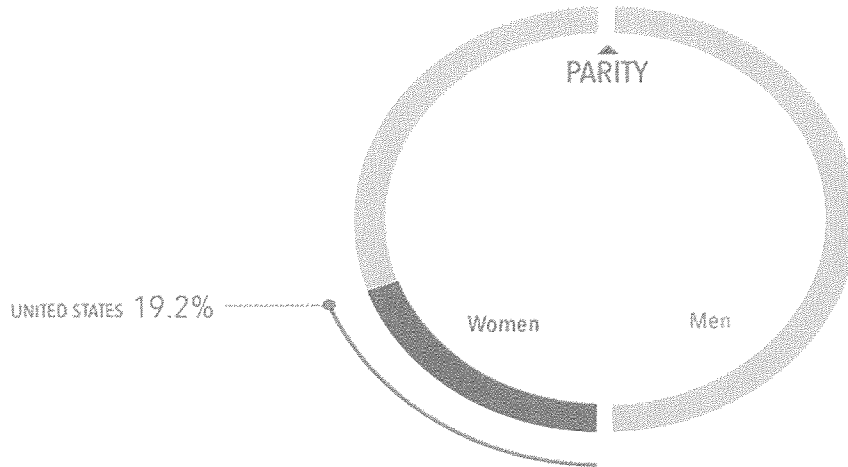
The business case for gender diversity is well-established: Catalyst research shows that Fortune 500 companies with more women on their boards and in senior leadership, on average, financially outperform those with fewer women and are linked with better corporate social performance and philanthropic initiatives. Research also suggests that companies with greater diversity on their boards and in senior leadership increase their ability to draw from top talent, better serve their customer base by reflecting diverse perspectives, and enjoy higher levels of innovation, creativity, and effectiveness. Governments and business leaders around the world

now recognize that they need to draw from all talent to be successful. In other words, diversity is now undeniably seen as a competitive advantage.

Despite all we know about the benefits of gender diversity, progress over the last 20 years has been notably sluggish. Nationally, women hold less than 20% of S&P board seats, and the numbers are even worse for women of color.

### WOMEN'S SHARE OF BOARD SEATS AT US STOCK INDEX COMPANIES

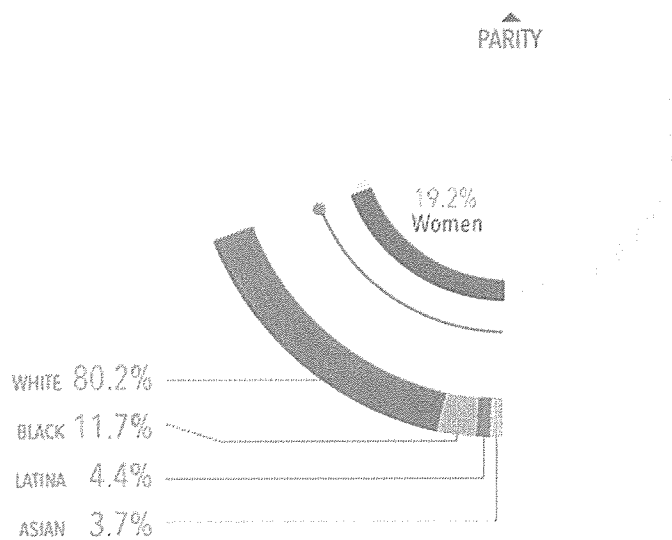
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Data from October 2014. The United States is represented by the S&P 500 index and includes the percentage of board seats held by women across 500 companies. Data are provided by and published under license from Data Morphosis.

### 2014 S&P 500 BOARD SEATS HELD BY WOMEN BY RACE/ETHNICITY

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## Common myths impeding progress

What accounts for the persistent dearth of gender diversity on boards and in senior leadership—in the United States and around the world?

Many argue that there aren't enough qualified women to go around. But our research shows that:

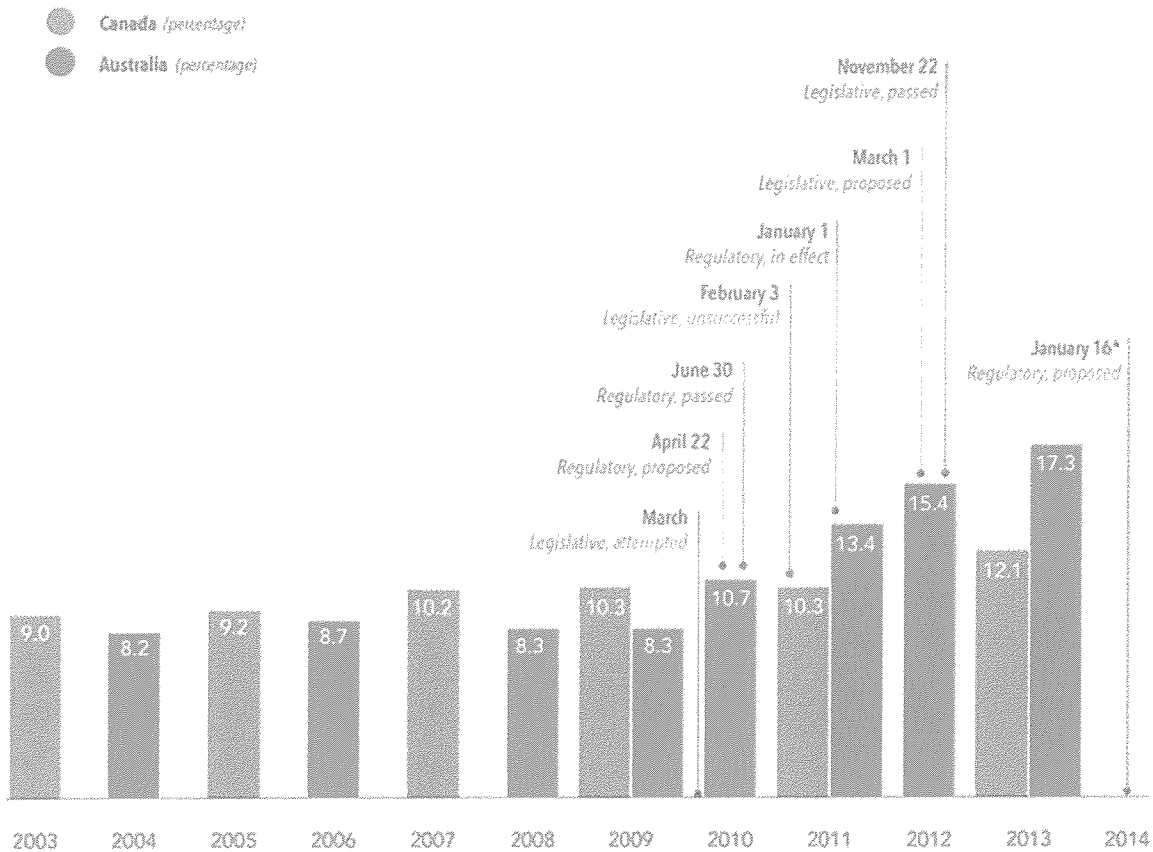
- There is no supply problem. Although women's representation in business leadership is still far from equal, there are large numbers of women senior officers who could potentially be candidates for board service—more than enough to fill every open board seat. The pool of qualified women is even broader when former senior officers and non-corporate employees are included.
- CEO experience isn't required for board service. Many high-profile board seats are currently occupied by directors without CEO experience.

## Catalyst solutions and resources

Catalyst has long been at the forefront of identifying obstacles to diversity and inclusion in the corporate world—and offering solutions. We have evidence and optimism that closing the gender gap on corporate boards is possible. To help organizations address a lack of diversity and inclusion and support their efforts to combat it via more effective talent development strategies, Catalyst produces a wide array of research and tools, such as the Catalyst Corporate Board Resource, which identifies and connects CEO-sponsored women to opportunities for board service. CEOs of Catalyst member companies personally sponsor women executives they feel are ready for board service by adding them to our directory. The Catalyst Corporate Board Resource serves companies that see board service as effective executive leadership training for senior women. Furthermore, Catalyst's Women on Board<sup>®</sup> initiative pairs women corporate director candidates with board chairs who act as champions. After our success in Canada, where almost half of program alumnae have been appointed to corporate boards, the program has expanded to the United States.

Catalyst research and analysis suggest that unless actions such as those in the proposed legislation are taken, the representation of women on companies' boards and within senior leadership teams will remain unchanged for decades to come. At the end of the day, while there are many ways to increase women's representation, what's essential is that we do so—and quickly. Catalyst strongly believes that by implementing this legislation and making use of the many resources currently available to expand diversity in corporate leadership, organizations can achieve gender parity at every level.

# Women on Public Company Boards in Canada and Australia



\*Data not yet available

## SOURCES

Data is for public companies of the Financial Post 500 in Canada and for the ASX 200 in Australia.

Canada: Catalyst, *Financial Post 500 Board Seats Held By Women—Public Companies (Percent)* (March 2014); "OSC Proposes Rule Amendments Regarding Disclosure of Women on Boards and in Senior Management," Ontario Securities Commission press release, January 16, 2014; Parliament of Canada, Senate Public Bill S-206: An Act to Establish Gender Parity on the Board of Directors of Certain Corporations, Financial Institutions and Parent Crown Corporations (proposed March 9, 2010, did not pass 07/03/2011).

Australia: Australian Institute of Company Directors, "Appointments to S&P/ASX 200 Boards"; Equal Opportunity for Women in the Workplace Agency, *EOWA 2008 Australian Census of Women in Leadership* (2008); Parliament of Australia, *Equal Opportunity for Women in the Workplace Amendment Bill 2012, 2013*; ASX, "Corporate Governance Council"; ASX Corporate Governance Council, *Proposed Amendments to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, Exposure Draft* (April 22, 2010).



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## Testimony of Christiane Neumayer, Chair, 2020 Women on Boards New York Campaign Committee in Support of Int 0704---2015 and Int 0705---2015 October 22, 2015

Dear Chairman Garodnick and New York City Council Members

As Chair of 2020 Women on Boards New York Campaign Committee, I am writing to express mine and the Committee's support for the two transparency bills of Council Members Elizabeth Crowley and Diane Mealy.

2020 Women on Boards is a national campaign to advance gender diversity on corporate boards. Our mission is to have **a minimum of 20%** women on public company boards by the year 2020. The campaign redefines successful corporate governance, gender diversity standards, and creates a cultural imperative for corporate action. [www.2020wob.com](http://www.2020wob.com). We publish annually the Gender Diversity Index which identifies the gender composition of the boards of the Fortune 1000. Using social media, we encourage those boards with less than 20% women to add women to their boards. To those who would say, why add more women, we already have one or two, our answer is, "Yes, but you already have eight or ten men", or whatever the number.

2020 Women on Boards supports the above two transparency bills because we know based on extensive research (see Appendix on corporate performance data) and on our own efforts, that transparency leads to increased diversity and companies with highly diverse boards perform better than those with less transparency. Countries other than the US have been leading the way toward transparency and greater gender balance (see Appendix) and the US as a major economic power has fallen behind. Encouraging more women and minorities on boards and senior leadership roles is not just the right thing to do, or the fair thing to do – it is the best thing to do for New York City's economy.

We are amazed that in 2015 companies are not embracing gender and racial diversity more fully, even in such a progressive city as New York. There is often inertia and complacency on boards of directors, corporate leaders and sometimes they need legislative encouragement to do what is best for their companies, the economy and society at large. The City of New York has

been a leader on many issues in the past and we wish the City to be a leader on gender and racial transparency as well.

We would also like to thank Council Member Crowley and Mealy for their leadership on gender and racial diversity and for introducing the bills and Council Member Garodnick for scheduling this hearing to consider these bills.

We hope that 704 and 705 can count on the support of the New York City Council.

Sincerely,



Christiane Neumayer  
Chair, 2020 Women on Boards New York Campaign Committee  
2020 Women on Boards  
[cneumayer@wjmassoc.com](mailto:cneumayer@wjmassoc.com)  
646-257-2480

## **APPENDIX**

### **ACHIEVING DIVERSITY IN CORPORATE LEADERSHIP**

#### **Corporate Performance Research**

**Credit Suisse Research Institute:** 2014 report which looks at over 3,000 companies in 40 countries across all major sectors of the economy confirms its prior findings that greater gender diversity on boards of directors and in management “are empirically associated with higher returns on equity, higher price/book valuations and superior stock price performance.” [www.credit-suisse.com/us/en/news-and-expertise/research/credit-suisse-research-institute/publications.html](http://www.credit-suisse.com/us/en/news-and-expertise/research/credit-suisse-research-institute/publications.html).

**Thomson Reuters (2013), Credit Suisse (2012) and McKinsey (2007, 2010, 2013), Catalyst, and Governance Metrics International,** among others, have substantiated the correlation between greater gender diversity at the top and enhanced corporate performance.

**McKinsey Quarterly - September 2014:** “The business case for women in leadership gets better every year: women bring improved decision making at the top, more creativity and innovation, and better problem solving, stemming from greater cognitive diversity...And when three or more women make it to the top team, a company’s organizational health appears to improve on every one of the nine dimensions McKinsey tracks. Moreover, women propel economic growth.” Joanna Barsh, director emeritus, *Can Women Fix Capitalism?* [http://www.mckinsey.com/insights/leading\\_in\\_the\\_21st\\_century/can\\_women\\_fix\\_capitalism](http://www.mckinsey.com/insights/leading_in_the_21st_century/can_women_fix_capitalism).

**Catalyst: Why Diversity Matters Infographic** charts 39 benefits of diversity. <http://catalyst.org/knowledge/diversity-matters>

**2020 Women on Boards Gender Diversity Index of Fortune 1000 Companies -2014**  
<https://www.2020wob.com/companies>



## Public Sector Initiatives

**Ernst & Young - July 2014 Point of View:** Increased attention to gender diversity by public officials puts pressure on the private sector and results in faster change. <http://www.ey.com/GL/en/Issues/Governance-and-reporting/Public-policy/EY-public-policy-viewpoints>

**Disclosure standards** require companies to report on gender diversity policies and progress toward diversity goals. In many cases they also require companies to disclose the gender composition of their boards of directors and senior management teams. Examples include the following:

### International:

- In March 2015, Germany became the latest and most significant country so far to commit to improving the representation of women on corporate boards, passing a law that requires some of Europe's biggest companies to give 30 percent of supervisory seats to women beginning next year.
- In December 2014 the securities regulatory authorities in Canada implemented amendments (the Rule Amendments) to National Instrument 58-101 Disclosure of Corporate Governance Practices (the Rule) that require non-venture issuers to disclose on an annual basis: 1. the number and percentage of women on the issuer's board of directors (the board) and in executive officer positions; 2. director term limits or other mechanisms of board renewal; 3. policies relating to the identification and nomination of women directors; 4. consideration of the representation of women in the director identification and nomination process and in executive officer appointments; and 5. targets for women on boards and in executive officer positions.
- In 2010, Australia committed to a target of 40% women on the boards of government-owned companies by 2015. In June 2013, the government reported reaching its goal two years early. In addition, Sex Discrimination Commissioner Elizabeth Broderick created the "Male Champions of Change" initiative to accelerate private sector efforts to recruit and promote women. [http://www.ey.com/Publication/vwLUAssets/ey-women-on-boards-pov-july2014/\\$FILE/ey-women-on-boards-pov-july2014.pdf](http://www.ey.com/Publication/vwLUAssets/ey-women-on-boards-pov-july2014/$FILE/ey-women-on-boards-pov-july2014.pdf)
- In the United Kingdom, following Lord Davies Report in 2011, the Financial Reporting Council amended the UK Corporate Governance Code to require companies to disclose gender diversity policies and progress towards meeting their objectives (including the Davies report recommendation that FTSE 100 companies' boards are 25% female by 2015). Although voluntary, the London Stock Exchange limited "Premium Listing" to companies that comply. Since the 2011, women directors among FTSE 350 companies has increased from 10.4% to 18.5%.
- In 2003 Norway became the first country in the world to introduce a quota requiring 40% of each gender to be represented in public company boardrooms or else be shut down.

Comparable measures have been adopted or proposed in New Zealand, Hong Kong, Malaysia, the European Union and Canada, some include disclosures of gender of senior management as well as boards of directors

### United States:

#### Resolutions on Board Diversity:

- **States - California** passed Concurrent Resolution 62 in 2013, which urges public companies to diversify their boards by increasing the number of women directors. The Resolution sets specific targets that the Senate hopes companies with boards of different sizes will reach by December 2016.  
**Illinois, Massachusetts and the City of Philadelphia** passed similar legislation in 2015.

- **Federal** - On September 28, 2015, Rep. Don Beyer (D-VA) announced the introduction of a congressional resolution on women on boards.

**Municipal Contractors and Reporting Gender Diversity of Boards:**

- **New York State** - Bill: S.5709 (Savino)/A. 2028A (Rosenthal)  
<http://open.nysenate.gov/legislation/bill/S5709-2015>  
An act to amend the state finance law, in relation to requiring that bidders and all others seeking state contracts disclose their percentage and number of female executives and board members.

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 704 705 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

Name: Carra Wallace (PLEASE PRINT)

Address: 1 Centre St Room 510B

I represent: Comptroller Scott Stringer

Address: 1 Centre St. Room 510B

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 10/22/15

Name: Eleni Barinaris (PLEASE PRINT)

Address: 110 William St.

I represent: NYCEDC

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 704 705 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

Name: Linda Hayman (PLEASE PRINT)

Address: 4 Times Square

I represent: Direct Women

Address: 4 Times Square NY 10036

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card



I intend to appear and speak on Int. No. 704/5 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 10/22/15

(PLEASE PRINT)

Name: BEVERLY NEFFELD

Address: ~~921~~ 370 LEXINGTON, 10017

I represent: POWERS NY

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card



I intend to appear and speak on Int. No. 704/705 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 10/22/15

(PLEASE PRINT)

Name: Felice Farber

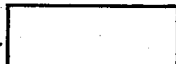
Address: \_\_\_\_\_

I represent: The General Contractors Association of NY

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card



I intend to appear and speak on Int. No. 704/705 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: JANET HANCOCK

Address: 30 WASHINGTON PLAZA

I represent: 2020 WOMEN ON BOARDS TAX

Address: BOSTON MA

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**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 704/705 Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Francesca Orsac

Address: 118 E 60 St NYC 10022

I represent: Enterprising + Professional Women - NYC

Address: PO Box 1137 NYC 10150

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Kerri Jew, Dep. Commissioner SBS

Address: 110 William St. NYC

I represent: SBS

Address: 110 William St NYC

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Andrew Schwartz

Address: SBS 110 William

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 704 Res. No. \_\_\_\_\_

in favor  in opposition

Date: Oct 22/15

(PLEASE PRINT)

Name: Deborah Gillis

Address: 120 Wall St, 15th floor, NY 10005

I represent: Catalyst

Address: As above

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 704 & 705 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 10/22/

(PLEASE PRINT)

Name: Ed Diaz

Address: 509 North Eighth St., Allentown, PA 18102

I represent: Diverse Visions Group

Address: 589 Fifth Ave, N.Y., N.Y. 10017

Please complete this card and return to the Sergeant-at-Arms