



## ION Recognized by Security and Exchange Commission in New Governance Disclosure Ruling SEC Ruling Requires U.S. Companies to Consider Diversity in Director Nomination Process

Fort Washington, PA – December 28, 2009 – [The InterOrganization Network \(ION\)](#) was recognized in the [U.S. Security and Exchange Commission's](#) (SEC) December 16, 2009 ruling requiring enhanced information be provided to shareholders to enable them to more easily evaluate the leadership of public companies. [The Governance Disclosure Rule](#), which becomes effective for the 2010 proxy season on February 28, 2010, will require companies to consider diversity in the process by which candidates for director are considered for nomination by a company's nominating committee.

ION sent an [opinion letter](#) to the SEC in September 2009 supporting the proposed rule that would enhance corporate governance disclosures. Along with member organizations the [Board of Directors Network](#) (Georgia), [The Boston Club](#) and [The Forum of Executive Women](#) (Philadelphia) that also sent letters, ION was recognized in the footnotes<sup>1</sup> of the [official SEC document](#). The Proxy Disclosure Enhancements states that, "a significant number of commenters responded that disclosure about board diversity was important information to investors."

"It's rewarding to make an impact on a national level. That the SEC recognized us in the footnotes demonstrates that ION and our member organizations are gaining credibility," said ION President Rona Wells. "Our mission is to advance women to the boardroom, and with that comes a responsibility to see to it that diversity is recognized as a key component of success."

The U.S. Securities and Exchange Commission was established to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation. While the SEC chose not to specifically define diversity in its Governance Disclosure Rule, it recognized the usefulness of investor knowledge about diversity policies and noted that the comments contributed to the ruling expressed a meaningful relationship between diverse boards and improved corporate financial performance. Although the definition of diversity is left to the discretion of each company, the SEC recognized that diversity concepts may include race, gender, differences in viewpoint, education, professional experience, etc. Companies need not disclose the gender or race of board nominees, but are required to disclose how their diversity policy is implemented and whether the nominating committee or board finds it effective.

### About ION

The InterOrganization Network ([www.IONwomen.org](http://www.IONwomen.org)) is a national nonprofit organization representing approximately 10,000 women dedicated to increasing representation of women on for-profit boards and in executive suites. ION creates a national voice for its 13 regional member organizations to influence, build awareness and expand opportunities and connections. Annually in March, the organization publishes a report summarizing regional census data on the status of women in board and executive positions with public companies. ION's founding sponsor is [KPMG LLC](#), the audit, tax and advisory firm and U.S. member firm of KPMG International. KPMG International's member firms have 137,000 professionals, including more than 7,600 partners, in 144 countries worldwide.

**Contacts:** Rona Wells, ION President, 770-401-1764, [ronawells@mindspring.com](mailto:ronawells@mindspring.com) or  
Mar Junge, c3PR, 408-730-8506 [mar@c3pr.com](mailto:mar@c3pr.com)

## <sup>1</sup> Footnotes to the [The Governance Disclosure Rule](#)

**Page 38:** “In the Proposing Release, we also requested comment on whether we should amend our rules to require disclosure of additional factors considered by a nominating committee when selecting someone for a board position, such as board diversity. A significant number of commenters responded that disclosure about board diversity was important information to investors.<sup>116</sup>”

<sup>116</sup> See, e.g., letters from [Board of Directors Network](#), Boston Common Asset Management, CalPERS, CalSTRS, Calvert, Council of Urban Professionals, Ernst & Young LLP (“E&Y”), Greenlining Institute, Hispanic Association on Corporate Responsibility, Interfaith Center on Corporate Responsibility, [InterOrganization Network](#), Latino Business Chamber of Greater Los Angeles, Pax World Management Corporation, Prout Group, Inc., RiskMetrics, Sisters of Charity BVM, Sisters of St. Joseph Carondelet, and Trillium Asset Management Corporation.

=====

**Pages 30-31:** Comments on the proposal were mixed. Individual investors, trade unions, institutional investors and pension funds supported the proposals. Several of these commenters noted that the amendments would be a helpful step forward in providing investors and shareholders with additional information they need to make more informed investment and voting decisions relating to corporate governance and the election of directors.<sup>91</sup>

<sup>91</sup> See, e.g., letters from [Board of Directors Network](#), [Forum of Executive Women](#), Integrated Governance Solutions, Norges Bank Investment Management (“Norges Bank”), and Ralph Saul.

=====

**Pages 102-103:** For example, many commenters noted that our amendments to enhance director and nominee disclosure would provide investors with additional information that would allow them to make better informed investment and voting decisions.<sup>223</sup>

<sup>223</sup> See, e.g., letters from [Board of Directors Network](#), [Forum of Executive Women](#), Integrated Governance Solutions, and Norges Bank.

=====

**Page 38:** Many of these commenters believed that requiring this disclosure would provide investors with information on corporate culture and governance practices that would enable investors to make more informed voting and investment decisions.<sup>117</sup>

<sup>117</sup> See, e.g., letters from the [Boston Club](#), Boston Common Asset Management, CalPERS, Pax World Management Corporation, Trillium Asset Management Corporation, and Social Investment Forum.

### **Excerpt from SEC Ruling:**

Page 38: In the Proposing Release, we also requested comment on whether we should amend our rules to require disclosure of additional factors considered by a nominating committee when selecting someone for a board position, such as board diversity. A significant number of commenters responded that disclosure about board diversity was important information to investors.<sup>116</sup> Many of these commenters believed that requiring this disclosure would provide investors with information on corporate culture and governance practices that would enable investors to make more informed voting and boards and investment decisions.<sup>117</sup> Commenters also noted that there appears to be a meaningful relationship between diverse improved corporate financial performance, and that diverse boards can help companies more effectively recruit talent and retain staff.<sup>118</sup> We agree that it is useful for investors to understand how the board considers and addresses diversity, as well as the board’s assessment of the implementation of its diversity policy, if any. Consequently, we are adopting amendments to Item 407(c) of Regulation S-K to require disclosure of whether, and if so how, a nominating committee considers diversity in identifying nominees for director.<sup>119</sup> In addition, if the nominating committee (or the board) has a policy with regard to the consideration of diversity in identifying director nominees, disclosure would be required of how this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of its policy. We recognize that companies may define diversity in various ways, reflecting different perspectives. For instance, some companies may conceptualize diversity expansively to include differences of viewpoint, professional experience, education, skill and other individual qualities and attributes that contribute to board heterogeneity, while others may focus on diversity concepts such as race, gender and national origin. We believe that for purposes of this disclosure requirement, companies should be allowed to define diversity in ways that they consider appropriate. As a result we have not defined diversity in the amendments.