

# Interview with Evan Harvey, Director of Corporate Responsibility at NASDAQ US, during TBLI NORDIC FORUM 2016

*Guest Blog Post written by Ariadna Archer for TBLI NORDIC FORUM 2016. Views and opinions are that of the writer and are not the official views of TBLI CONFERENCE™.*



TBLI spoke with Evan Hardy, Director of Corporate Social Responsibility at Nasdaq US, in order to discuss the role of sustainability and gender equality in the boardroom.

**A month ago, you granted an interview to *Inside America's Boardroom* and suggested 3 steps that boardrooms should take when it comes to sustainability. Can you remind us what those 3 steps are?**

**Evan Harvey:** Yeah, the idea behind it was boardrooms are increasingly being asked to be more engaged in the sustainability topic. I suggested 3 ways that they could do so. One was possibly creating a formal sustainability committee rather than letting it be part of their audit committee or finance committee (or some other part of the structure that is already in place) that would formalize the process with boards on a quarterly basis and at every meeting to account for that topic and there will be a Chairman and a Co-Chairman or

some other structure like this. I also suggested that they take reports from people like me in the corporation so, on a quarterly or annual basis, bringing the corporate sustainability person or team to present on special topics that have interest or relevance for boards...task them with special reports...task them with finding out answers to questions that they might have. And then, the third thing I suggested was just be more familiar with the data that drives sustainable decision-making within the organization. It is absolutely within the board's purview to ask these questions because these are long-term operational questions for the company. Don't always take the CEO's word for performance in this area because the Board is specifically tasked with looking outside of the daily routine of management--looking at long term company health. I'd suggest that sustainability is absolutely part of that mission.

**Speaking of data, do you think that there might be a movement towards a more holistic reporting that is not just based on empirical, hard data but also includes an element of integrity like maybe, a score where a company has a 1-5 rating from the least ethical to the most ethical. Do you see something like that happening in the future or is there no room for that at the moment?**

**Evan Harvey:** No, there is certainly room for it. We all would like to get to that kind of sophisticated reporting regimen where we are not just only looking at key performance indicators but actually looking at a narrative that encompasses all of a company's mission values and benefits... we're not there yet. Right now, we're still in the era of trying to get the most basic data into the most basic format in a fairly automatable and reputable form, which is going to take some time. But, you know, you look at standards like the integrated reporting movement, which actually calls for an integrative narrative of financials and quote non-financials into one corporate story where you're telling your story to investors and stakeholders around what you believe in and how you exercise those values

through your business. That is definitely more sophisticated reporting than just tick boxes on a KPI chart. But, I'd suggest we're still a long way from there.

**So, is the ethical part at this moment supposed to trickle from the Board down to the employees? What is the process like?**

**Evan Harvey:** I think it actually works both ways. I think that sometimes you have ethical things that are brought from the employee level up to the Board or trickle up through the Executive team because they raise issues--they are a whistleblower force and a reporting force that's out there looking at the way you operate and increasingly, especially with younger workers, holding employers and employees to a higher expectation of ethical and responsible behavior so, there's very little chance that you can hide that behavior from your work force. But then, from the Board on down in terms of how you evaluate your ethical performance there's really no standard out there that works. There are some companies that would rank entities based on how ethical they are, questionnaires that you fill out, and then they independently judge them. But, I think ethics is a difficult thing to rate if you don't have a reputable third-party that's encompassing all of the world and looking at companies across a broad spectrum like that, you're only looking industry by industry, it would be very hard to evaluate which company was "more ethical than another". I think you need to look at data because data shows us the result of an ethical behavior. If you're acting in a way that is unethical, if you're acting in a way that is irresponsible, eventually the data will bear that out. It may be a little too backward-looking and not too forward-looking but it does give you some indication of what a company is doing right and what's doing wrong.

**Going back to the Inside America's Boardroom interview that I mentioned earlier, another thing that you said is that there is more pressure on investors to work on gender equality. What is the role of women in helping the sustainability movement and CRS move forward?**

**Evan Harvey:** Well, it's a project of mine because I just think that it is an unsustainable behavior. Essentially in the dynamic of this country, in the US, the workforce starts at 50/50 and then it drops to 20% by the time you get to the executive suite and then 10-15% once you get to the boardroom. It's really outrageous how few women make it up the ladder to those other spots. And these are percentage differentials that sometimes are not explained by family and life choices. Sometimes people just say "Oh, you stayed home" or "Oh, you had a child", that was the traditionally more female-choice. Those numbers do not bear out. There's obviously some sort of institutional prejudice going on there that's well beyond that--so that's number one: you're ignoring a vital resource; you're ignoring a talent pool that can really make your company better. Two: the virtue of having diversity in a decision-making body like the Board is because there's virtue that comes from having diverse thought, diverse perspectives, diverse experience levels in terms of when they get to that place. You want to have votes on issues that reflect a wide variety of perspectives and if you eliminate 50% of the human population from that decision pool you are limiting the amount of insight you're getting into any problem or the amount of expertise you bring to the solution to any problem. It really does not make any sense. It is almost the definition of unsustainable to say "we have a resource (in this case a human capital resource) and we're going to willfully ignore half of it because of some traditional mode of business that is totally archaic.