

NASDAQ'S BOARD DIVERSITY RULE

WHAT FOREIGN ISSUERS LISTED ON NASDAQ SHOULD KNOW

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Nasdaq's Board Diversity Rule, which was approved by the SEC on August 6, 2021, is a disclosure standard designed to encourage a minimum board diversity objective for companies and provide stakeholders with consistent, comparable disclosures concerning a company's current board composition.

If you have questions about implementation of the rule, email us at drivingdiversity@nasdaq.com.

BOARD DIVERSITY RULE

Nasdaq's Board Diversity Rule requires companies listed on our U.S. exchange to:

- Publicly disclose board-level diversity statistics using a standardized template; and
- Have, or explain why they do not have, at least two diverse directors, including one female AND one underrepresented individual or two female directors.

If an issuer has five or fewer directors, the company can meet the diversity objective by including one diverse director who is either female or an underrepresented individual.

The Rule defines an "underrepresented individual" as a person who self-identifies as an underrepresented individual based on national, racial, ethnic, indigenous, cultural, religious, or linguistic identity in the country where the Foreign Issuer's principal executive offices are located. The standardized template does not require companies to identify the category of underrepresented individual that each director represents.

Transition periods are the same for all companies that listed on Nasdaq prior to August 6, 2021, as detailed in the table below. Transition periods for companies listing on or after August 6, 2021 are detailed [here](#).

	Initial Board Matrix	One Diverse Director or Provide Explanation*	Two Diverse Directors or Provide Explanation*
Nasdaq Global Select or Global Markets	August 8, 2022 or the date the company files its 2022 proxy, whichever is later	August 7, 2023 (2 years)	August 6, 2025 (4 years)
Nasdaq Capital Market			August 6, 2026 (5 years)
Boards with 5 or fewer directors			N/A

*A company that files its proxy or information statement after these dates in each respective calendar year would have to explain why it meets, or does not meet, the objective at the time of its proxy or information statement filing (or, if the company does not file a proxy, in its Form 10-K or 20-F).

WHAT FOREIGN ISSUERS LISTED ON NASDAQ SHOULD KNOW

1. The Board Diversity Rule applies to all foreign private issuers (regardless of where headquartered) and any Foreign Issuers headquartered outside of the United States.

Nasdaq defines a Foreign Issuer as (a) a Foreign Private Issuer or (b) a company that (i) is considered a Foreign Issuer under Rule 3b-4(b) under the Securities Exchange Act of 1934; and (ii) has its principal executive offices located outside of the United States. Refer to [FAQ 1760](#).

2. Companies need to disclose board-level diversity data annually.

All operating companies listed on Nasdaq's U.S. exchange will need to use the Board Diversity Matrix found [here](#), or a format substantially similar, to annually disclose board-level diversity data. Companies will need to provide this disclosure in the company's proxy statement or its information statement (or if the company does not file a proxy or information statement, its Form 10-K or 20-F), or on the company's website. Examples of acceptable and unacceptable disclosures are provided [here](#).

If your company elects to provide the Board Diversity Matrix on its website, the company will need to:

- **Complete a Board Diversity Matrix template.** Nasdaq provides a [fillable PDF](#) of the Board Diversity Matrix for Foreign Issuers. In lieu of utilizing the fillable PDF, your company may create its own template if the format is substantially similar to the standardized template.
- **Clearly label the disclosure as Board Diversity Matrix on your company's website.** While your company can provide the Board Diversity Matrix anywhere on its website, Nasdaq recommends posting it on your company's Investor Relations webpage or other webpage where Governance documents are housed.
- **Complete Section 10 (Board Diversity Disclosure) of the Company Event Form.** Log in to the [Listing Center](#) and complete Section 10 of the form, which requires your company to provide the Disclosure Date and URL Location of its Matrix.

3. Companies need to meet a board diversity objective or explain their reasons for not doing so, and the explanation could include describing a different approach.

Most Foreign Issuers must have, or explain why they do not have, at least two diverse directors, including one female AND one underrepresented individual or two female directors. Issuers that do not have at least two diverse directors can provide an explanation for not doing so, and their explanation could include a description of a different approach. Nasdaq will verify that the company has provided an explanation, but will not assess the merits of the explanation.

This rule is not a mandate. If a company chooses to explain why it does not meet the diversity objectives, it can provide its explanation in its proxy statement, information statement for its annual shareholder meeting, or on the company's website.

4. Companies with five or fewer directors can meet the diversity objective with one diverse director.

Foreign Issuers with five or fewer directors only need to have one diverse director, who self-identifies as either female OR an underrepresented individual.

As with other Nasdaq-listed companies, a Foreign Issuer may choose to explain why it does not meet the diversity objectives and would provide its explanation in its proxy statement (or if the company does not file a proxy, its Form 10-K or 20-F), information statement for its annual shareholder meeting, or on the company's website.

5. [There is a transition period for companies to meet the diversity objectives, or explain why they do not.](#)

As noted in the chart above, companies have a transition period to meet the diversity objectives or explain their reasons for not doing so.

6. [Nasdaq-listed companies have access to a variety of free and discounted board recruiting services.](#)

Nasdaq is proud to have established partnerships with Equilar, Athena Alliance, Heidrick & Struggles and the Boardlist. We realize one size doesn't fit all, which is why we are building relationships with a growing number of collaborative partners. To learn more about these relationships and how your company can access these resources, please review our guide to [Advancing Boardroom Diversity](#). You can also email your Relationship Manager or Vanessa Mesics at Vaness.Mesics@nasdaq.com.

7. [We are prepared to help.](#)

We maintain a toolkit of resources to help our listed companies and their advisors understand and achieve compliance with these new requirements.

- *FAQs.* A list of Frequently Asked Questions is available on on Listing Center website [here](#). FAQs specific to the treatment of Foreign Issuers under the Board Diversity Rule are available [here](#).
- *Dedicated Mailbox for Questions.* Email your questions to drivingdiversity@nasdaq.com.