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STATES TAKE ACTION ON CORPORATE BOARD DIVERSITY

2018 when Governor Gavin Newsom signed SB 826 into law. SB 826 is a California law that requires publicly held corporations that are incorporated in California or that have their principal executive offices there, to have at least one female director on their board by December 31, 2019. **By the close of the year 2021, California public corporations must have at least one female director if their number of directors is four or fewer, at least two female directors if their number of directors is five, and at least three female directors if their number of directors is six or more.**

Since it was enacted in October 2018, SB 826 is credited with adding over 500 women to California public company boards. Unfortunately, mandates that put women on boards do not achieve diversity as ethnic minorities and women of color are left behind, making white women the new face of diversity. LCDA's research of California board appointments revealed that, in a state whose population is 39% Latino, only 3.3% of the seats were filled by Latinas.

California LCDA Member and Former Secretary of the U.S. Small Business Administration, Maria Contreras-Sweet, stated, "Collecting resumes, without a commitment to diversity, will not change the color of California boardrooms. It's past time that Latinas had a seat at the table. There is an ample supply of qualified and experienced Latina directors and C-level Latinas from an array of industry sectors. Companies must be committed to diversifying their boardrooms." LCDA is working with the California Secretary of State, Latino community, elected and business leaders to call attention to the need for ethnic and racial diversity on corporate boards.

Despite legal challenges to SB 826, California's mandate that boards of directors overseeing public companies include women is catching fire as states including Illinois, New York, New Jersey, and Massachusetts consider legislation to promote diversity.

In Illinois, HB 3394, signed into law by Governor Pritzker in August 2019, requires companies to disclose the ethnicity, race, and gender of their board members. LCDA worked with a coalition of state Latino leaders, including the Illinois Hispanic Chamber of Commerce, Hispanic Alliance for Career Enhancement and

Latino Leadership Council to support passage of the law, arguing that corporate transparency regarding the race, ethnicity, and gender of board members would give advocates the information they need to pressure companies to be inclusive, resulting in more diverse boardrooms. The Illinois bill tasks the University of Illinois to grade corporations on their diversity.

New York's Governor Cuomo signed into law S 4278, authorizing a study of the number of women directors on corporate boards in the state. LCDA has urged the Governor Cuomo to include ethnicity and race in the study that will be conducted by his administration. Currently, Latinas hold only 8 of the 1028 board seats that belong to 93 New York based Fortune 1000 corporations.

Lawmakers in New Jersey and Massachusetts looked to their counterparts in California and introduced legislation that requires public corporations to add women to their boards of directors.

New Jersey is considering identical House and Senate bills, A 4726 and S 3469, mandating the appointment of women on corporate boards of companies headquartered in the state. Pointing to the low number of Latinas appointed to boards in California, LCDA is working with LUPE Fund, Inc., to ask New Jersey legislators to include ethnicity and race in their bills.

Massachusetts legislators have also introduced a variety of bills promoting diversity on corporate boards and in executive suites. LCDA is reaching out to these legislators to advocate for the disclosure of ethnicity and race of public company board members and executives.

Research shows that greater diversity on corporate boards gives companies both a competitive business advantage and sound corporate governance. LCDA supports corporate disclosure of the gender, race, and ethnicity of board members so that communities, stockholders, and investors can better evaluate the companies in their state. The Latino Corporate Directors Association will continue to advocate for transparency in reporting and hold corporations accountable in order to further our goal of increasing the number of Latinos serving on corporate boards. ●

LAURENCE "LARRY" FINK, the founder and chief executive of BlackRock, recently told his employees that he is instituting one of the most aggressive diversity programs in corporate America ensuring that, "a bunch of white men", will no longer be running the world's largest money management firm. David Solomon, CEO of Goldman Sachs, also recently made headlines by announcing a new standard for the investment firm, that they would no longer help companies go public unless they had at least one diverse member on their board.

As investors and shareholders push for more corporate board diversity, across the country, federal and state legislators are taking the lead in creating legislation that addresses this need, drafting bills that require disclosure of board composition based on gender, race, and ethnicity. In November, the U.S. House of Representatives passed the Improving Corporate Governance Through Diversity Act of 2019 which "requires certain issuers of securities to disclose the racial, ethnic, and gender composition of their boards of directors and executive officers, as well as the status of any of those directors and officers as a veteran."

As this bill joins the many others that are awaiting a vote in the Senate, a number of states have taken it upon themselves to require that corporations, with headquarters in their jurisdiction, take action on board diversity.

California took action first, mandating numbers of women on boards in September