

MOTION BY SUPERVISORS HILDA L. SOLIS AND
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Supporting SB 826: Women on Corporate Boards

Currently, one-fourth of California’s public companies in the Russell 3000 index have no women on their boards of directors. Among the rest of the companies, women hold only 15.5 percent of the board seats. Smaller companies are much more likely to lack female directors. Among the 50 California-based companies with the lowest revenues, with an average of \$13 million in 2015 revenues, only 8.4 percent of the director seats are held by women. nearly half, or 48 percent, of these companies have no women directors. California Senate Bill 826 (Jackson and Atkins) seeks to change this. Under SB 826, there must be at least one woman be on the board of publicly held companies in California by year end 2019 with increasing numbers required, depending on the size of the board, by December 31, 2021. Existing male board members would not be replaced. If there is no turnover of board seats in 2019, held by men, then a new seat would be added for a woman.

There is significant research demonstrating that in companies where women are

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most strongly represented at board or top-management levels, those companies perform the best in profitability, productivity, and workforce engagement. In 2014, Credit Suisse found that companies with at least one woman on the board had an average return on equity (ROE) of 12.2 percent, compared to 10.1 percent for companies with no female directors. Additionally, the price-to-book value of these firms was greater for those with women on their boards: 2.4 times the value in comparison to 1.8 times the value for zero-women boards. Moreover, according to a University of California study, companies with more women on their boards are more likely to “create a sustainable future” by, among other things, instituting strong governance structures with a high level of transparency.

Many countries have addressed the lack of gender diversity on corporate boards by instituting quotas mandating 30 to 40 percent of seats to be held by women directors. Germany is the largest economy to mandate a quota requiring that 30 percent of public company board seats be held by women; in 2003, Norway was the first country to legislate a mandatory 40 percent quota for female representation on corporate boards. As a state, California has the world's fifth-largest economy; enhancing the number of women in corporate governance would continue to advance the economy and therefore benefit the residents and constituents of LA County.

WE, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Office to:

1. Send a five-signature letter in support of SB 826, which would promote Corporate Board Gender Diversity, to the Los Angeles County State Legislative Delegation; and

2. Send a five-signature letter to the authors of SB 826, Senators Hannah-Beth Jackson and Toni Atkins, and co-author Senator Connie Leyva thanking them for their leadership and attention toward improving gender equity in the workplace.

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