



# Office of the City Clerk

City Hall  
121 N. LaSalle St.  
Room 107  
Chicago, IL 60602  
[www.chicityclerk.com](http://www.chicityclerk.com)

## Legislation Text

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**File #:** R2018-1264, **Version:** 1

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Referred to the Committee on Finance Chicago City  
Council November 14, 2018

## RESOLUTION

WHEREAS, Female representation on corporate boards is severely deficient. Smaller companies are much more likely to lack female directors. Nearly one-half of the 75 largest IPOs from 2014 to 2016 went public with NO women on their boards; and

WHEREAS, Progress in increasing female representation on corporate boards is happening incredibly slowly. A 2015 study conducted by the United States Government Accountability Office estimated that it could take more than forty years for the number of women on boards to match men. The 2017 Equilar Gender Diversity Index revealed that it will take nearly 40 years for the Russell 3000 companies to reach gender parity - the year 2055; and

WHEREAS, A 2017 study by MSCI found that United States companies that began the five-year period from 2011 to 2016 with three or more female directors reported earnings per share that were 45% higher than those companies with no female directors at the beginning of the period; and

WHEREAS, A 2016 McKinsey and Company study concluded that companies where women are most strongly represented at board or top-management levels are also the companies that perform the best in profitability, productivity and workforce engagement. When there are at least three women on corporate boards with an average membership of ten directors, performance increases significantly; and

WHEREAS, Credit Suisse found that companies with at least one woman on the board had an average return on equity of 12.2%, compared to 10.1% 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 boards without women. Net income growth for companies with women on their boards averaged 14% over a six-year period, compared with 10% for companies with no women directors. For companies with a market capitalization of more than \$10 billion, those with women directors on boards outperformed shares of comparable businesses with all-male boards by 26%; and

WHEREAS, Other countries have addressed the lack of gender diversity on corporate boards by instituting quotas mandating 30-40% of seats to be held by women directors. Germany is the largest economy to mandate a quota requiring that 30% of public company board seats be held by women. In 2003, Norway was the first country to mandate that there be at least 40% female representation on corporate boards. Since then, other European nations enacting similar quotas include France, Spain, Iceland and the Netherlands; and

WHEREAS, The State of California addressed this problem several months ago in Senate Bill 826 by requiring California corporations to have at least one female board director by the end of 2019. By the end of 2021, corporations with boards of six members or more must have three female directors, those with five must have

at least two and the remainder must have at least one female director; now, therefore,

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BE IT RESOLVED, That we, the Mayor and members of the City Council of the City of Chicago, gathered together this 14<sup>th</sup> day of November, 2018, call upon the Illinois General Assembly to enact legislation similar to California Senate Bill 826 requiring more equitable representation of women on corporate boards.

BE IT FURTHER RESOLVED, That a copy of this resolution be presented to the Governor of Illinois and the leaders of both parties in the Illinois House and Illinois Senate.