

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

REVISED

LLS NO. R17-0977.01 Rebecca Hausmann x2172

HJR17-1017

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HOUSE JOINT RESOLUTION 17-1017

101 **CONCERNING THE PRESENCE OF WOMEN ON CORPORATE BOARDS.**

1 WHEREAS, The Women's Leadership Foundation study,
2 conducted July 15, 2016, which included a census of the 106 Colorado
3 publicly traded companies plus Fortune 1000 companies, found the
4 following:

- 5 (1) Only 11% of the board positions are held by women;
6 (2) Only one company has a gender-balanced board;
7 (3) 48% of Colorado's companies have no women directors;
8 (4) 30% of Colorado's companies have only one woman
9 director;
10 (5) Little variation by geography in the percentage of women
11 directors, with Greenwood Village having the highest at
12 13% and Denver the lowest at 10%;
13 (6) Finance, health, and consumer industries have
14 above-average inclusion of women board directors whereas

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
Final Reading
March 8, 2017

HOUSE
Final Reading
March 8, 2017

1 technology, energy, and capital goods industries have less
2 than 5% of board positions filled by women; and

3 WHEREAS, In 2016, Colorado was 24th out of the 25 states that
4 have 10 or more Fortune 1000 companies headquartered in their states,
5 with women holding 14.2% of board seats, compared to Washington and
6 Massachusetts, where women in each state hold 24% of board seats; and

7 WHEREAS, The Missing Pieces Report, which included a 2016
8 census of diversity on Fortune 500 corporate boards, found that minority
9 women face even broader disparities, with only 2.2% of board seats held
10 by African American women, 0.81% held by Asian women, and 0.75%
11 held by Latina women; and

12 WHEREAS, A McKinsey & Company study entitled "Women
13 Matter" showed that companies where women are most strongly
14 represented at board or top-management levels are also the companies
15 that perform the best; companies with three or more women in senior
16 management functions score more highly, on average, on the
17 organizational performance profile than companies with no women at the
18 top; and company performance increases significantly once a certain
19 critical mass is attained: Specifically, when there are at least three women
20 on management committees with an average membership of ten people,
21 performance improves dramatically; and

22 WHEREAS, An Oklahoma State University study found that board
23 diversity, including gender and ethnicity, is associated with improved
24 financial value and that a significant positive relationship exists between
25 the fraction of women or minorities on the board and the value of the
26 firm; and

27 WHEREAS, A report entitled "Women Directors on Corporate
28 Boards" found that:

- 29 (1) Gender diversity on corporate boards contributes to more
30 effective corporate governance and to positive governance
31 outcomes through a variety of board processes as well as
32 through individual interactions;
- 33 (2) Women directors contribute to important firm-level
34 outcomes as they play direct roles as leaders and mentors,
35 as well as playing indirect roles as symbols of opportunity
36 for other women, and inspire those women to achieve and
37 stay with their firms; and

1 (3) More recognition is needed for the valuable contribution of
2 women directors to the value of a firm; and

3 WHEREAS, Commencing in 2006, Credit Suisse conducted a
4 six-year global research study of more than 2,000 companies worldwide
5 that showed that women on boards improve business performance by key
6 metrics, including stock performance, as demonstrated by the fact that
7 companies with a market capitalization of more than \$10 billion, whose
8 boards have women, outperformed shares of comparable businesses with
9 all-male boards by 26%; and

10 WHEREAS, The Credit Suisse report included the following
11 findings:

- 12 (1) There has been a greater correlation between stock
13 performance and the presence of women on a board since
14 the financial crisis in 2008;
- 15 (2) Companies with women on their boards significantly
16 outperformed others when the recession occurred;
- 17 (3) Companies with women on their boards tend to be
18 relatively risk-averse and carry less debt, on average; and
- 19 (4) Net income growth for companies with women on their
20 boards averaged 14% over a six-year period, compared
21 with 10% for those with no women directors; and

22 WHEREAS, According to a study entitled "Women Directors on
23 Corporate Boards: From Tokenism to Critical Mass" and a report entitled,
24 "Critical Mass on Corporate Boards: Why Three or More Women
25 Enhance Governance", attaining critical mass – going from one or two
26 women directors to at least three women directors – creates an
27 environment where women are no longer seen as outsiders and are able
28 to influence the content and process of board discussions more
29 substantially, and boards of directors need to have at least three women
30 to enable them to interact and exercise an influence on the working style,
31 processes, and tasks of the board, in turn positively affecting the level of
32 organizational innovation within the firm; and

33 WHEREAS, Since 2004, a series of Catalyst studies have shown
34 that companies that achieve diversity in their management and on their
35 corporate boards attain better financial results, on average, than other
36 companies; and

37 WHEREAS, Catalyst found a clear and positive correlation

1 between the percentage of women board directors in the past and the
2 percentage of women corporate officers in the future;

3 WHEREAS, Catalyst found that women board directors appeared
4 to have a greater effect on increasing the percentage of line positions held
5 by women than they did on staff positions, and line experience is
6 necessary for advancement into chief executive officer and top leadership
7 positions, and Catalyst's annual censuses show that, historically, women
8 are underrepresented in those roles; now, therefore,

9 *Be It Resolved by the House of Representatives of the Seventy-first*
10 *General Assembly of the State of Colorado, the Senate concurring herein:*

11 That we, the Colorado General Assembly, encourage equitable and
12 diverse gender representation on corporate boards and urge that, within
13 the three-year period from January 2018 to December 2020:

- 14 (1) Every publicly held corporation in Colorado with nine or
15 more director seats have a minimum of three women on its
16 board;
- 17 (2) Every publicly held corporation in Colorado with five to
18 eight director seats have a minimum of two women on its
19 board; and
- 20 (3) Every publicly held corporation in Colorado with fewer
21 than five director seats have a minimum of one woman on
22 its board.

23 *Be It Further Resolved*, That a copy of this Joint Resolution be
24 sent to Governor John Hickenlooper, Lt. Governor Donna Lynne, each
25 member of Colorado's Congressional delegation, the Colorado
26 Association of Commerce and Industry, the Colorado Women's Chamber
27 of Commerce, and each chamber of commerce in Colorado.