



# Claim Your Seat

A Progress Report on Women's Representation  
on California Corporate Boards



California Partners  
PROJECT



**“We are here to ensure women have seats at the tables of power by increasing the number of women on public boards in California. I’m excited to oversee a partnership with the best and brightest in California to expand our work uplifting women, and sustain our state as a leader in equity, innovation, and opportunity.”**

**– Jennifer Siebel Newsom**



REVETA BOWERS



JOHN CHINA

## To Reach Our Full Potential, California Needs Women Directors in the Boardroom

**By Reveta Bowers and John China, California Partners Project Board Members and Co-Chairs of the Women on Boards Advisory Council**

Today, society has realized the benefits of diverse organizational leadership across all sectors. California, recognizing significant under-representation of women, took the lead two years ago in identifying a need for public boards to take advantage of the fact that more female directors could add their experiences, perspectives, and voices to the deliberations and strategic visioning going on in those board rooms.

Research has shown us that companies with women on the board of directors outperform those without them. Women directors are more effective at managing risk, better able to balance long-term priorities, and have a keen sense of what customers, shareholders, and employees need to thrive.<sup>1</sup>

As a technology-forward investor and an educator focused on innovation and inclusion, we know the stories behind these statistics. During our more than 50 years of combined experience in building

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**If all of the companies in the Russell 3000 followed California's lead, over 3,500 women's voices would be added to corporate governance.**

<sup>1</sup> Cristina Banahan and Gabriel Hasson, "Across the Board Improvements: Gender Diversity and ESG Performance," Harvard Law School Forum on Corporate Governance, Sept. 6, 2018.

## INTRODUCTION

In 2018, nearly 30% of California company boards were all male – **now fewer than 3% are.**

30% in 2018

3% in 2020

and serving on corporate boards, we have seen that inclusion of the best talent from all walks of life is the surest path to success for any endeavor.

That's why California's lawmakers took the historic step in 2018 of requiring each publicly-held company headquartered in our state to have at least one woman on its board of directors by the end of 2019. If all of the companies in the Russell 3000 followed California's lead, over 3,500 women's voices would be added to corporate governance.<sup>2</sup>

Our data show that this policy is working. In 2018, nearly 30% of California company boards were all male; now, less than 3% are.

Our research also shows that 669 California board seats have been filled with women since 2018. The vast majority of women added to the boards of public companies in California only sit on one corporate board in our state. Again, our experiences match this data; California has more than enough talent to go around.

To meet our state's full potential, we must engage all of our talent. The California Partners Project is partnering with the Latino Corporate Directors Association to collect and analyze data that takes into account the racial and ethnic diversity of women on California boards.

California is a global economic engine because of our innovation and vision. We invite you to envision what we will accomplish as we lead the world in engaging our full range of talent.

Sincerely,

*Reveta Bowers & John China*



**This study is the first comprehensive progress report on women's representation on all of California's public company boards since the enactment of SB826.**

## About This Report

This report provides a comprehensive analysis of the gender breakdown of the boards of all public companies headquartered in California since 2018, the year California enacted its board gender diversity mandate (SB826). Our data includes:

- Companies in FTE Russell's Russell 3000 Index, a market-capitalization-weighted U.S. equity index.
- For the first time since the enactment of SB826, data about the 192 other publicly traded companies in our state that aren't included in the Russell 3000 Index.

**State legislation requires that the boards of these companies include women**, and that companies report whether they are in compliance with that requirement to the California Secretary of State; however, companies are not required to track or report the gender, race, or ethnicity of individual directors. While the data in this report focuses on the gender breakdown of board seats, future reports by the California Partners Project will analyze other aspects of board diversity, including the racial and ethnic diversity of the increasing number of women serving in these critical business roles.



**At least 665 women need to join California's company boards by the end of 2021 to meet the state's gender requirements.**

## California Leads The Nation

**California became the first state to legally compel public companies to add women directors in 2018** with the passage of SB826, a law authored by State Senator Hannah-Beth Jackson and enacted by Governor Jerry Brown. The law mandates that companies have at least one woman on their board by the end of 2019. In addition, by December 31, 2021, boards with six or more directors must have at least three female directors, boards of five must have at least two, and boards with four or fewer members must continue to have one. Before the bill was enacted, 29% of public companies headquartered in California had zero female corporate board directors.<sup>3</sup> Based on the California Partners Project's recent analysis, that number dropped to 2.3% in 2020.

California Partners Project data suggests that more than 665 women still need to join California's public company boards by the end of 2021 to meet the gender requirement of the state's groundbreaking legislation. There are immense opportunities to add women to boards beyond California's borders as well, and California's law has already inspired related proposals in other states.

# OUR FINDINGS

# 650

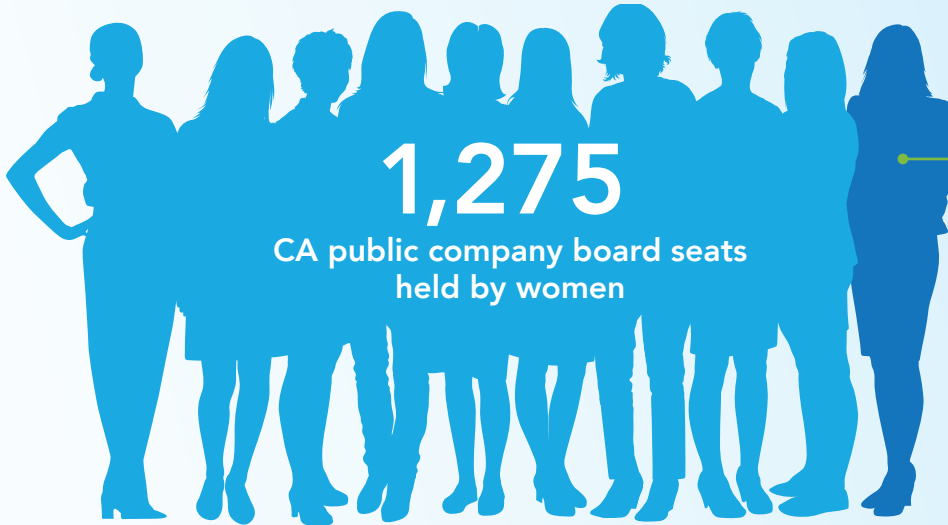
Public companies are headquartered in California and subject to SB826.<sup>4</sup>

## 183 companies (29%)

had zero women on their boards of directors in 2018.<sup>5</sup>

## 15 companies (2.3%)

have zero women on their boards of directors in 2020.



There are **137 women directors** – about **one in ten** – serving on more than one California public company board.

There are **1,115 individual women** serving on California public company boards.

**766 California public company board seats were held by women in 2018 and 1,275 are today – an increase of 66.5%**

JAN 2018

# 66.5%

# 52.2%

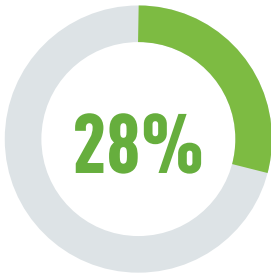
DEC 2021

If board seats per company remain the same, a total of **at least 1,940 California public company board seats will be filled by women** by the end of 2021 to meet the gender requirement of the law – an increase of 52.2%

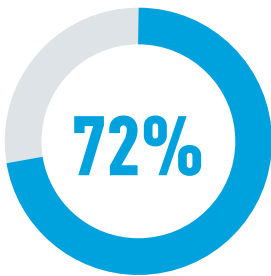
<sup>4</sup> Total number of companies is a comprehensive list of all companies subject to SB826, including companies in the Russell 3000 Index along with companies not included in the Index, for example microcap companies.

<sup>5</sup> This number was calculated based on the 632 public companies headquartered in California in 2018 from the report "Women on Boards of Public Companies Headquartered in California 2018 Report," Board Governance Research LLC.

# OUR FINDINGS

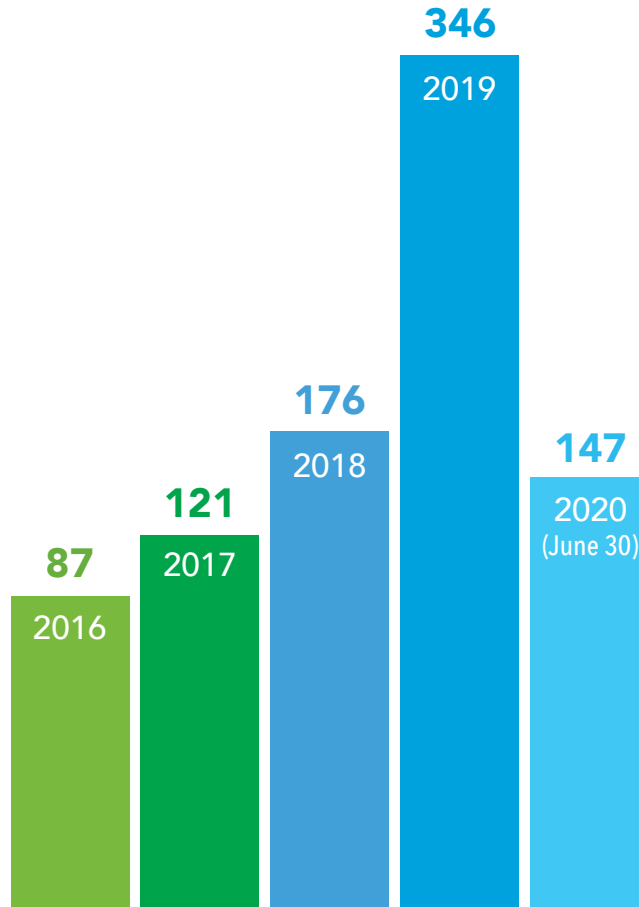


**183 companies (28.2%) already meet the gender requirement** that will come into effect on December 31, 2021.



**467 companies (71.8%) need one or more women** to join their boards by the end of 2021 to meet the gender requirement of SB826.

## Women Corporate Directors Added to California's Public Company Boards<sup>6</sup>



**Xiaoying Mai, 32, is the youngest woman on a board.** She was added to the Board of Twist BioScience Corp in 2019.



**Gap, Inc. and e.l.f. Beauty are the only California owned companies with 5+ women on their boards.**

<sup>6</sup> This data reflects the number of board seats filled by newly appointed women each year, and does not include those already serving. The data excludes six companies with a total of 11 women on their boards for which there is no data on director start dates.





## BEHIND THE NUMBERS

**“Women belong in all places where decisions are being made. It shouldn’t be that women are the exception.”**

– Justice Ruth Bader Ginsburg

## Why We Care

Expanding the presence of women on corporate boards matters. Research and case studies from around the globe show that gender diversity at the executive and board levels increase profitability, stability, and innovation, and contribute to building more inclusive workplaces. Boards are increasingly called upon to respond to external economic and social forces. The best boards simultaneously provide strategic insight and hold management accountable, and a diverse team in this critical role can help management make the best decisions.

**Large-cap companies with women directors on their boards outperformed shares of comparable businesses with all-male boards by 26%.**

### **Driving Profit, Innovation & Sustainability**

Research shows the financial benefit and enhanced innovation that comes with an increased presence of women on boards and in leadership roles. A few studies illustrate the research findings:

- Credit Suisse conducted a six-year global research study showing that women on boards improve business performance for key metrics, including stock performance; the shares of large-cap companies with women directors on their boards outperformed shares of comparable businesses with all-male boards by 26%.<sup>7</sup>
- A 2016 McKinsey & Company study showed nationwide 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.<sup>8</sup>
- A 2012 University of California, Berkeley study found that companies with 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.<sup>9</sup>

<sup>7</sup> “Gender Diversity and Corporate Performance,” Credit Suisse Research Institute, 2012.

<sup>8</sup> “Women Matter 2016,” McKinsey & Company, 2016.

<sup>9</sup> “Women Create A Sustainable Future,” UC Berkeley Haas School of Business, 2012.



## A Priority for Investors

Investors see the link between board diversity and better corporate performance and are increasingly insisting that companies add diverse directors. As examples, the investment manager BlackRock recommends at least two women directors serve on boards of companies in which it invests, and earlier this year Goldman Sachs instituted a policy that requires diversity on the boards of companies that want its support to go public.<sup>10</sup> Right here at home, both CalSTRS and CalPERS have led efforts to diversify board leadership because the research shows the financial imperative to do so.



**“As a former investor advocate and now board member, I am seeing firsthand how critical greater gender representation is to companies’ success. Investors have long made a business case for encouraging all forms of diversity, and it is encouraging that many more California companies will begin to see those benefits because of SB826.”**

– Anne Sheehan, Director of Corporate Governance at CalSTRS (Retired)

10 “BlackRock Investment Stewardship,” BlackRock, 2020; “Goldman Sachs’ Commitment to Board Diversity,” Goldman Sachs 2020.

**“Equilar is proud to partner with the California Partners Project to increase diversity in corporate leadership. As we carefully collect and track diversity trends, we’re excited to help companies move the needle in California and across our great country.”**

– David Chun, CEO of Equilar



## Workforce and Consumer Expectations

Generation Z and millennials dominate our workforce, with millennials representing the largest generation in the U.S. labor force.<sup>11</sup> These generations care about the diversity of the leadership where they work. A Deloitte study found that millennials are both purpose-driven in their careers and want to see new and innovative leaders at the top.<sup>12</sup> Attracting the best talent is paramount for California companies to compete globally for top workers and build resilient and innovative companies. A diverse board also helps companies better understand and meet the expectations of their customers in a world where customers increasingly “shop their values.”<sup>13</sup> Building diversity at the board level grows competitiveness for companies in our state.



**“e.l.f. Beauty is one of only nine public companies with a Board that is 67% female, and our employees are 73% female, 60% millennial, and 45% diverse. Our talented board and team represent the diverse consumers we serve and drive our mission to make the best of beauty accessible to every eye, lip, and face.”**

– Tarang P. Amin, CEO, e.l.f. Beauty

11 “Millennials are the Largest Generation in the U.S. Labor Force,” Pew Research Center, 2018.

12 “The Millennial Majority is Transforming Your Culture,” Deloitte University, 2015.

13 “All In: How Inclusion and Diversity Drive Shoppers’ Behavior,” Accenture Research, 2019.



**“Looking at the race and ethnicity of the women on California boards is essential to understand the full picture of who leads our top businesses. We are excited to partner with the California Partners Project on this important data tracking and analysis.”**

– Esther Aguilera, Executive Director of Latino Corporate Directors Association

## We Measure What Matters

In order to understand the effects of California’s pioneering law, we need to keep accurate and up-to-date data on board appointments, not just for the Russell 3000 Index companies, but for all companies that are subject to the legislation. Robust information on corporate compliance with the gender requirement of SB826 will give us insights into variations in board membership by region, industry sector, and company size, as well as insights into the profiles of the women serving on California’s public company boards. Through data collection and tracking, we can ensure that the law’s impacts are accurately measured, widely understood, and celebrated.

For our next report, the California Partners Project will work in coalition with Latino Corporate Directors Association to build on their existing research and compile a comprehensive database that identifies the latest trends on race and ethnicity for all of California’s public company boards.





JENNIFER SIEBEL  
NEWSOM



OLIVIA MORGAN

## The World Needs Women to Claim Their Seats

### **Jennifer Siebel Newsom and Olivia D. Morgan Co-Founders, California Partners Project**

Earlier this year, we launched the California Partners Project to promote gender equity and child well-being in this state we love and believe so much in. As our new non-profit's very first project, we took on measuring the progress of SB826 in adding women to public company boards in California because we recognized how important the success of this landmark, first-in-the-nation law is both to California and the rest of the world.

Across the globe, the strongest economies value women and girls. As the World Economic Forum states: *Gender parity has a fundamental bearing on whether or not economies and societies thrive. Developing and deploying one-half of the world's available talent has a huge bearing on the growth, competitiveness, and future-readiness of economies and businesses worldwide.*<sup>14</sup>

Women make up half our workforce, and most American families depend on women's salaries to keep the lights on and put food on the table. So anyone who cares about their community is going to make sure women are thriving, have access to good jobs, get equal pay for their labor, and are respected for all of their unpaid labor as their families' main caregivers, too. Decisions made in corporate boardrooms radiate through companies and communities: they influence what companies prioritize, and how they plan for the future. Women belong at the table where those decisions are made.

Because we know how important this issue is, we are going to keep measuring it, too, ensuring our companies, shareholders, employees and consumers know that

We know including women at all levels of leadership is **key** to a **successful future**.

California businesses are tapping into all of the talent that is available to them. With our network of partners, we will help them find that talent, if they need help, and encourage the inclusion of all our state's diverse talent. Next month we begin a series of focus groups with our state's experts, advocates, and business leaders to pinpoint how we can most effectively support our companies, large and small, in meeting their diversity goals.

We know the progress companies are making in adding women to their boards will have a snowball effect as those women are able to tap into and recruit new networks of talent with diverse life experiences and skill sets. And, it can't happen soon enough: research shows that boards with women on them perform better on long-term priorities such as sustainable environmental practices, human resource investment, and good governance. Our state – and our world – need our businesses to be full partners in visionary leadership, where employees, communities, and the planet are as important to companies as their quarterly profits.

Even as we are heartened to see that the number of women on California boards has increased dramatically since 2018, we know great swaths of talent are still being overlooked. Latinas in particular are woefully underrepresented in California's boardrooms. We also know that our diversity is our state's competitive advantage – and it's imperative that we leverage that strength. That's why, in partnership with the Latino Corporate Directors Association, we are developing a dataset that tracks the race and ethnicity of women on California boards. We will continue to track comprehensive data on women's representation on boards because we know we have to measure what we value if we are going to make the case for substantive change.

The greatness of this state is its diversity and inclusivity. It's in breaking out of old ways of thinking. The idea that some people, based on their gender, or the color of their skin, or where they grew up, make for better or worse leaders, is an old way of thinking. Governor Newsom likes to say that California is where the future happens first. We agree – and we know including women at all levels of leadership is key to a successful future.



**119 women serve on two California boards, and an additional 18 women serve on three or more California boards.**

## Our Comprehensive Approach

This study examines the gender diversity of the boards of the 650 publicly traded companies headquartered in California that are traded on the NYSE or Nasdaq. Companies are included in the study if their “Principal Executive Offices” reported on their most recent Form 10-K was in California. Of the 5,225 board seats at these California companies, 1,275 are held by women. 119 women serve on two California boards, and an additional 18 women serve on three or more California boards, so the study includes 1,115 female directors.

The data for the Russell 3000 companies are based on information filed by the companies with the Securities Exchange Commission (SEC) as of June 30, 2020, and were provided by Equilar Inc., an executive compensation and corporate governance data firm. The data for the microcap companies and other companies not included in the Russell 3000 Index on June 30, 2020 were collected by the California Partners Project in July and August 2020 using publicly available information provided in the companies’ regulatory filings submitted to the U.S. Securities and Exchange Commission (e.g., proxy statements, Forms S-1 and 8-K) and company websites. All assessments of compliance with the provisions of California Senate Bill 826 were based on the composition of the boards studied as of these dates.

Every effort was taken to identify all public companies that are headquartered in California and traded on the NYSE or Nasdaq. Any omissions are unintentional.



We owe much gratitude to everyone who embraced the significance of this report and answered questions that provided us with the insights needed to get us to the finish line.



**MINE THE GAP**



## Partners on Corporate Directors Initiative

Jessica Grounds and Kristin Haffert of Mine The Gap led the data collection and analysis, and have been strategists, visionaries, and true partners in every aspect of this work.

California Partners Project's data collection team worked with Annalisa Barrett, a Senior Advisor at KPMG's Board Leadership Center; Amanda Packel, the Managing Director of Stanford's Rock Center for Corporate Governance; and David Chun, founder and CEO of Equilar, an executive compensation and corporate governance data firm, to compile our corporate board composition data set.

## Additional Thanks

This report would not have been possible without the expertise and time of Annalisa Barrett and Amanda Packel, who were believers in the importance of this work from the outset.

The California Partners Project team is simply the best. Special thanks to Orlena Perez Watson and Leigha Weinberg, our data queens, for spending literally hundreds of hours scouring SEC filings and corporate websites. Laura Sanders Morris, Holly Teliska, and Marina Castellanos, we are making magic!

Kelly Stiles, thank you for your vision and flexibility and, along with Brittaney Carter and Black Coffee Creative, for making us look good.

The thoughtful guidance from our Women on Boards Advisory Council has been immeasurable.

**Esther Aguilera** – President & CEO, Latino Corporate Directors Association

**Annalisa Barrett** – Senior Advisor, KPMG Board Leadership Center

**Betsy Berkhemer Credaire** – CEO, 2020 Women on Boards

**Reveta Bowers** – CPP Board; Common Sense Media Board Chair, Head of School, the Center for Early Childhood Education

**Julie Castro Abrams** – CEO and Chair, How Women Lead

**John China** – CPP Board; President, SVB Capital


**David Chun** – CEO & Founder, Equilar

**Amanda Packel** – Managing Director, Rock Center for Corporate Governance at Stanford University

**Anne Sheehan** – Director of Corporate Governance, CalSTRS (Retired)

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**California Partners Project Board of Directors**, we are grateful for your full-on embrace of this work and tireless dedication to fulfilling our mission. Our fearless leader and Chair, Elizabeth Gore, along with Reveta Franklin Bowers, John China, Janet Keller, Lisa Ling, Olivia Morgan, Joyce Newstat, Norah Weinstein, and Tom Willis.



**“When women are shut out of the boardroom, their insights, expertise, and experience are left out of corporate decision-making. Women should have a seat at the table not just because it is the right thing to do; it also makes good business sense. Bringing women into the boardroom is good for employees, shareholders, and customers. When women lead, we all benefit.”**

– Hannah-Beth Jackson



# Claim Your Seat

Learn More about the California Partners Project

[www.calpartnersproject.org](http://www.calpartnersproject.org)