

AN ACT concerning business.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Business Corporation Act of 1983 is amended by changing Section 8.12 as follows:

(805 ILCS 5/8.12)

Sec. 8.12. Female, ~~and~~ minority, and LGBTQ directors.

(a) Findings and purpose. The General Assembly finds that women, ~~and~~ minorities, and LGBTQ people are still largely underrepresented nationally in positions of corporate authority, such as serving as a director on a corporation's board of directors. This low representation could be contributing to the disparity seen in wages made by females and minorities versus their white male counterparts. Increased representation of these individuals as directors on boards of directors for corporations may boost the Illinois economy, improve opportunities for women, ~~and~~ minorities, and LGBTQ people in the workplace, and foster an environment in Illinois where the business community is representative of our residents. Therefore, it is the intent of the General Assembly to gather more data and study this issue within the State so that effective policy changes may be implemented to eliminate this disparity.

(b) As used in this Section:

"Annual report" means the report submitted annually to the Secretary of State pursuant to this Act.

"Female" means a person who is a citizen or lawful permanent resident of the United States and who self-identifies as a woman, without regard to the individual's designated sex at birth.

"Minority person" means a person who is a citizen or lawful permanent resident of the United States and who is any of the following races or ethnicities:

(1) American Indian or Alaska Native (a person having origins in any of the original peoples of North and South America, including Central America, and who maintains tribal affiliation or community attachment).

(2) Asian (a person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent, including, but not limited to, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam).

(3) Black or African American (a person having origins in any of the black racial groups of Africa). Terms such as "Haitian" or "Negro" can be used in addition to "Black" or "African American".

(4) Hispanic or Latino (a person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race).

(5) Native Hawaiian or Other Pacific Islander (a person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands).

(6) "Publicly held domestic or foreign corporation" means a corporation with outstanding shares listed on a major United States stock exchange.

(c) Reporting to the Secretary of State. As soon as practical after the effective date of this amendatory Act of the 101st General Assembly, but no later than January 1, 2021, the following information shall be provided in a corporation's annual report submitted to the Secretary of State under this Act and made available by the Secretary of State to the public online as it is received:

(1) Whether the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois.

(2) Where the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois, data on specific qualifications, skills, and experience that the corporation considers for its board of directors, nominees for the board of directors, and executive officers.

(3) Where the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois, the self-identified gender of each member of its board of directors.

(4) Where the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois, whether each member of its board of directors self-identifies as a minority person and, if so, which race or ethnicity to which the member belongs.

(5) Where the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois, the self-identified sexual orientation of each member of its board of directors.

(6) Where the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois, the self-identified gender identity of each member of its board of directors.

7 ~~(5)~~ Where the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois, a description of the corporation's process for identifying and evaluating nominees for the board of directors, including whether and, if so, how demographic diversity is considered.

8 ~~(6)~~ Where the corporation is a publicly held domestic or foreign corporation with its principal executive office located in Illinois, a description of the corporation's process for identifying and appointing executive officers, including whether and, if so, how demographic diversity is considered.

9 ~~(7)~~ Where the corporation is a publicly held

domestic or foreign corporation with its principal executive office located in Illinois, a description of the corporation's policies and practices for promoting diversity, equity, and inclusion among its board of directors and executive officers.

Information reported under this subsection shall be updated in each annual report filed with the Secretary of State thereafter.

(d) Beginning no later than March 1, 2021, and every March 1 thereafter, the University of Illinois Systems shall review the information reported and published under subsection (c) and shall publish on its website a report that provides aggregate data on the demographic characteristics of the boards of directors and executive officers of corporations filing an annual report for the preceding year along with an individualized rating for each corporation. The report shall also identify strategies for promoting diversity and inclusion among boards of directors and corporate executive officers.

(e) The University of Illinois System shall establish a rating system assessing the representation of women, ~~and~~ minorities, and LGBTQ people on corporate boards of directors of those corporations that are publicly held domestic or foreign corporations with their principal executive office located in Illinois based on the information gathered under this Section. The rating system shall consider, among other things: compliance with the demographic reporting obligations

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in subsection (c); the corporation's policies and practices for encouraging diversity in recruitment, board membership, and executive appointments; and the demographic diversity of board seats and executive positions.

(Source: P.A. 101-589, eff. 8-27-19.)

Section 99. Effective date. This Act takes effect January 1, 2022.