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**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Commerce and Consumer Protection
Thursday, February 4, 2021
9:30 a.m.
Via Videoconference**

**On the following measure:
S.B. 193, RELATING TO EQUITABLE GENDER REPRESENTATION
ON CORPORATE BOARDS**

Chair Baker and Members of the Committee:

My name is Ty Nohara, and I am the Commissioner of Securities and head of the Department of Commerce and Consumer Affairs' (Department) Business Registration Division. The Department offers comments on this bill.

The purposes of this bill are to: (1) require publicly held domestic corporations to include individuals of all genders among the directors of their corporate boards; and (2) authorize administrative fines for noncompliance.

Subsection (c) on page 4, lines 6 through 10, requires the Department to publish a report on its website no later than July 1, 2022, documenting the number of domestic corporations that have a principal executive office located within the State that have at least one non-male and one non-female director. BREG does not currently maintain this type of information about a corporation, as the division obtains only the information about a corporation that is required by statute. For BREG to obtain the information that subsection (c) requires, BREG would need to change its existing forms or create a new

form, and corporations would need to provide this data to BREG. Therefore, the proposed July 1, 2022, deadline would be difficult to meet.

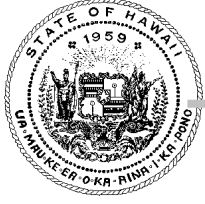
Also, subsection (c) is unnecessarily broad in scope, as it does not distinguish between publicly held corporations and private corporations. The assumption is that BREG must report the requested information for all registered domestic corporations. Since this bill purports to apply only to publicly held domestic corporations, BREG suggests revising the scope of subsection (c) to match the remainder of the bill.

BREG has a high volume of documents that it processes on a daily basis and has been a leader in providing user-friendly online filing and search options for its many customers. While the user experience appears simple and straightforward, the myriad documents and transactions that BREG processes are supported by a highly complex “back end” management and documents processing system. The system adjustments that this bill requires would be extensive and would necessitate revisions to BREG’s basic forms, especially if the work must be completed within a narrow timeframe. Consequently, if BREG will need to revise its forms and collect data in the manner contemplated by this bill, it respectfully requests an appropriation to contract for those services.

This bill also authorizes BREG to impose monetary fines on corporations that do not comply with the provisions of this bill. Therefore, this bill will also require the establishment of new positions, the adoption of administrative rules, and the implementation of procedures to enforce any violations that may result from a corporation’s failure to comply with the provisions of this bill.

If the Committee chooses to pass this measure, the Department strongly urges deferring the first reporting deadline in subsection (c) on page 4, line 6, to July 1, 2024, to allow BREG sufficient time to comply with the requirements of this bill, and accordingly deferring the second reporting deadline in subsection (d) on page 4, line 11.

Thank you for the opportunity to testify on this bill.



HAWAI‘I CIVIL RIGHTS COMMISSION

830 PUNCHBOWL STREET, ROOM 411 HONOLULU, HI 96813 · PHONE: 586-8636 FAX: 586-8655 TDD: 568-8692

February 4, 2021
Rm. 229, 9:30 a.m.

To: The Honorable Rosalyn H. Baker Chair
The Honorable Stanley Chang, Vice Chair
Members of the Senate Committee on Commerce and Consumer Protection

From: Liann Ebesugawa, Chair
and Commissioners of the Hawai‘i Civil Rights Commission

Re: S.B. No. 193

The Hawai‘i Civil Rights Commission (HCRC) has enforcement jurisdiction over Hawai‘i’s laws prohibiting discrimination in employment, housing, public accommodations, and access to state and state funded services. The HCRC carries out the Hawai‘i constitutional mandate that no person shall be discriminated against in the exercise of their civil rights. Art. I, Sec. 5.

S.B. No. 193 would amend the HRS to add a new section to Chapter 414 to require gender diversity on boards of publicly held domestic corporations, requiring these corporate boards to include non-male and non-female individuals among the directors. The bill also would require subject corporations to submit compliance reports to the Department of Commerce and Consumer Affairs, with penalties for non-compliance and failure to report.

The HCRC supports the intent of S.B. No. 193, with concern that the bill is limited in scope to require gender diversity, but does not address racial and ancestry diversity.

The HCRC supports gender diversity in all aspects of social and economic activity, and supports this legislation as a start, by increasing diverse representation on boards of publicly held

corporations. While Hawai'i has only a small number of covered publicly held corporations, increasing gender equity is important, and this is a step towards that goal.

The HCRC notes that the terms “non-male” and “non-female” are not in common usage, and suggests the terms, “male, female and non-binary” which are more widely used.

The HCRC supports the intent of S.B. No. 193.



of Hawaii

To: Hawaii State Senate Committee on Commerce and Consumer Protection

Hearing Date/Time: Thursday February 4, 9:30AM

Place: Hawaii State Capitol, Room 229

Re: Testimony in STRONG SUPPORT of S.B. 193

Dear Chair Baker, Vice Chair Chang, and Members of the Committee,

Members of AAUW of Hawaii are grateful for this opportunity to testify in strong support of S.B. 193, which would require publicly held domestic corporations to include non-male and non-female individuals among the directors of their corporate board.

Corporations have much to gain with gender diversity in leadership - better profit, better employee job satisfaction and productivity, better reputation to name few.¹ Yet, women hold only 20% of corporate board positions.² For Asian, black, and Hispanic women, the problem is even more acute. Fewer than 3% of board directors at Fortune 500 companies are women from these groups. Statistics about lesbian, bisexual, and transgender (LBT) women leaders are not readily available, but a recent study found that women whose resumes indicated they were LBT received 30 percent fewer callbacks than other women, which suggests that LBT status may further limit leadership opportunities.³

Why? It's not the pipeline problem. Women are now the majority in U.S. labor force and college educated labor force: 50.04% of U.S. labor force is women and in 2019⁴, 29.5 million women in U.S. labor force had at least a bachelor's degree compared to 29.3 million men.⁵ Blatant gender discrimination is still a problem, as data from the U.S. Equal Employment Opportunity Commission shows. Unconscious or implicit bias is also the problem. Negative stereotypes about women in

¹ <https://www.catalyst.org/research/why-diversity-and-inclusion-matter/>

² <https://www.catalyst.org/research/women-on-corporate-boards/>

³ <https://www.aauw.org/resources/research/barrier-bias/>

⁴ <https://www.wsj.com/articles/women-overtake-men-as-majority-of-u-s-workforce-11578670615>

⁵ <https://www.pewresearch.org/fact-tank/2019/06/20/u-s-women-near-milestone-in-the-college-educated-labor-force/>

leadership, hostile work environment, lack of flexibility all keep women out of top leadership spots but the policymakers can make the difference.⁶

Please join California legislators who passed a law⁷ in 2018 and Illinois legislators who passed a law⁸ in 2019 to require all publicly traded companies to include women. Not only would gender diversity on corporate boards lead to better profit, it would lead to flexible work environment which would benefit all working families and it would challenge harmful gender stereotypical ideas.

The American Association of University Women (AAUW) of Hawaii is a state-wide organization made up of six branches (Hilo, Honolulu, Kauai, Kona, Maui, and Windward Oahu), and over 3800 members and supporters statewide. As advocates for gender equity, AAUW of Hawaii promotes the economic, social, and physical well-being of all persons.

Please pass this important measure, for businesses, for women leaders, and also for all working families. Mahalo.



Younghee Overly
Public Policy Chair, AAUW of Hawaii
publicpolicy-hi@aauw.net

⁶ <https://www.aauw.org/resources/research/barrier-bias/>

⁷ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB826

⁸ <https://legiscan.com/IL/bill/HB3394/2019>



February 2, 2021

Senator Rosalyn Baker, Chair
Senate Committee on Commerce and Consumer Protection

Re: S.B. 193, Relating to Equitable Gender Representation on Corporate Boards

Hearing: February 4th, 2020, 9:30 a.m. via Zoom

Dear Chair Baker and Members of the Committee:

Hawaii Women Lawyers (“HWL”) submits testimony **in support** of S.B. 193, Relating to Equitable Gender Representation on Corporate Boards, which would require publicly held domestic and foreign corporations to include certain numbers of non-males and non-females among the directors of their corporate boards.

HWL is a 501(c)(6) nonprofit corporation founded in 1982. HWL’s core mission is to improve the lives and careers of women in all aspects of the legal profession, influence the future of the legal profession, and enhance the status of women and promote equal opportunities for all. HWL is currently comprised of approximately 300 members.

HWL supports efforts to create gender equity on boards and to provide equal opportunities for women in leadership positions. As part of HWL’s education and professional development efforts, we have hosted forums regarding gender parity both within the legal profession and on corporate boards.

We support the intent of this bill, which highlights that as a community, we still have a long way to go to achieve gender equity on corporate boards. HWL firmly believes that we should continue to affirmatively pursue opportunities to promote gender balance in leadership positions. There are many talented and capable women in our community who are ready and able to serve.

We encourage the discussion on this topic to continue, and respectfully request that the Committee pass this measure.



February 3, 2021

LATE

Senate's Committee on Commerce and Consumer Protection
Hawai'i State Capitol
415 South Beretania Street, Room 229
Honolulu, HI 96813

RE: Senate Bill 193 - RELATING TO EQUITABLE GENDER REPRESENTATION ON CORPORATE BOARDS

Aloha Chair Baker, Vice Chair Chang and Committee Members,

I am writing to provide COMMENTS for Senate Bill 193 on behalf of the LGBT Caucus of the Democratic Party of Hawai'i, Hawaii's oldest and largest policy and political LGBTQIA+ focused organization. SB 193 would require publicly held domestic corporations to include non-male and non-female individuals among the directors of their corporate board. Establishes reporting requirements for the Department of Commerce and Consumer Affairs and penalties.

The LGBT Caucus appreciates that SB 193 seeks to ensure gender diversity on corporate boards and we would like to provide the following thoughts on this subject.

- Instead of seeking gender equity the State that LGBT Caucus believes that the State should be advocating for gender diversity on corporate boards, in fact all boards in the state of Hawai'i.
- The State should lead by example in this area by requiring all State and County boards, advisory, cabinet members, and commissions have a gender diverse membership.
- The State, Counties and others need to do more to educate the general public about gender diversity and that the gender binary is a fallacy.

The LGBT Caucus would recommend that should this bill move forward that the terms "non-male" and "non-female" be replaced with "gender diverse" or another term that do not advance the gender binary fallacy. We also request that instead of trying to setting gender goals on boards, set a requirement that no gender should have a majority or at the very least super-majority on any board.

We appreciate the opportunity to share these thoughts on SB 193 and given these thoughts the LGBT Caucus neither supports or opposes this bill at this time.

Mahalo nui loa for your time and consideration,

Michael Golojuch, Jr.
Chair
LGBT Caucus of the Democratic Party of Hawai'i

SB-193

Submitted on: 1/29/2021 3:33:38 PM

Testimony for CPN on 2/4/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Rosalyn H. Baker and Vice Chair Stanley Chang,

Please pass this bill to promote equitable gender representation on corporate boards in Hawaii.

Corporations have much to gain with gender diversity in leadership – better profit, better employee job satisfaction and productivity, better reputation to name few. A 2017 study by MSCI found that the U.S. companies with three or more female directors reported earnings per share that were 45% higher than earnings for companies with no female directors.

Despite of women’s impressive gains in education and the workplace over the past 50 years and despite of all the business benefits, men greatly outnumber women in leadership. Women make up only 28.9% of all state legislators nationwide; women held 20% of corporate board positions in 2019, an increase from 15% in 2016 and a ripple effect of California’s new law requiring female directors; while small nonprofit boards are packed with women, only 33% of boards of nonprofits with incomes of \$25 million or more are women.

For Asian, black, and Hispanic women, the problem is even more acute. Fewer than 3 percent of board directors at Fortune 500 companies are women from these groups. Statistics about lesbian, bisexual, and transgender (LBT) women leaders are not readily available, but a recent study found that women whose résumés indicated they were LBT received 30 percent fewer callbacks than other women, which suggests that LBT status may further limit leadership opportunities.

I believe that Hawaii must be a leader in policies that promote equitable gender representation especially in the workplace. We need laws to ensure that everyone, irregardless of their gender identity, has opportunities to rise through the ranks of the corporate world.

Pease support SB193.

Mahalo,

Caroline Kunitake

Hearing Date: Thursday, February 4, 2021, Room 229, 9:30 AM

To: COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Stanley Chang, Vice Chair

From: Jean Evans, MPH (Individual) jevans9999@yahoo.com, 808-728-1152
99-1669 Hoapono Pl., Aiea, Hi 96701

RE: TESTIMONY IN SUPPORT OF SB 193, RELATING TO EQUITABLE GENDER REPRESENTATION ON CORPORATE BOARDS

My name is Jean Evans. I retired after 40 years holding executive positions in several Hawaii non-profit agencies and received both my baccalaureate and graduate degrees from the University of Hawaii at Manoa.

I am in strong support of SB 193, Relating to Equitable Gender Representation of Corporate Boards in Hawaii.

While women make up over half of the US labor force and earn more college and graduate degrees than men, the make-up of corporate boards consists predominately of males - the majority of whom are white. While women have made some gains, the trend is very slow. According to the 2018 Board Diversity Census from the Alliance for Board Diversity and the consulting firm Deloitte, women held just 22% of Fortune 500 seats in 2018, compared to 20% a year earlier and 16% in 2010. White men held 66% of Fortune 500 board seats in 2018. Black people held nearly 9% of seats in 2018, compared with nearly 8% in 2010.

It makes good business sense for corporate boards to have gender parity. It is unlikely that businesses can understand their customers and employees' needs, wants and challenges and continue to thrive unless those sitting at the board table actually reflect these groups. Many companies understand this and have taken steps toward achieving gender parity; however, the majority need a bit of a push.

As a positive step, the Nasdaq filed a proposal in December of 2020 with the U.S. Securities and Exchange Commission on Tuesday, that would require all companies listed on the exchange to publicly disclose consistent, transparent diversity statistics about their board of directors. It would require those companies to have, or explain why they don't have, at least two diverse directors. This includes having one board member who self-identifies as female and one who self-identifies as either an underrepresented racial minority or LGBTQ.

It is time Hawaii assists corporations with a push in achieving board gender parity by passing this important measure.

Mahalo for allowing me to submit my testimony today.

Jean Evans

SB-193

Submitted on: 1/30/2021 5:09:14 PM

Testimony for CPN on 2/4/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Katherine Buckovetz	Individual	Support	No

Comments:

As a kapuna in Kailua Kona, BI, I yearn for equal representation through equitable gender on corporate boards. Over 50% of the workforce are wahine, but they are severely underrepresented on corporate boards. Stats show equitable gender representation increases corporation and shareholder income while expanding sensitivity of their business to needs of all customers. It will provide additional opportunities for our ohana to grow, acquire skills and impact a corporation's business brand, product/service and earnings. Equal and fair representation builds strength and creativity. I experienced prejudice in seeking Board positions for not being part of the Old Boys Network. You can fix it and support your constituents by requiring equitable gender representation on corporate boards. Make us proud. Mahalo nui.

SB-193

Submitted on: 1/30/2021 9:23:36 PM

Testimony for CPN on 2/4/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Hansen	Individual	Support	No

Comments:

Please support this important bill.

Mahalo

Elizabeth Hansen

Hakalau HI 96710

SB-193

Submitted on: 1/31/2021 6:09:47 PM

Testimony for CPN on 2/4/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
cathy lee	Individual	Support	No

Comments:

I support SB193

SB-193

Submitted on: 2/2/2021 9:25:01 AM

Testimony for CPN on 2/4/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Janet Morse	Individual	Support	No

Comments:

Bill Number - SB 193

Committee: Senate Committee on Commerce and Consumer Protection

Hearing Date, Time, Room: Thursday, February 4, 2021, 9:30am, Room 229

Testimony in support of SB 193 Equitable Gender Representation on Corporate Boards

Dear Senator Rosalyn H. Bakeri, Chair; Senator Stanley Chang. Vice Chair and Members of the Committee:

I am writing in support of SB 193.

What the Gender Equity on Corporate Boards Bill Will Do:

Require publicly held domestic and foreign corporations to include non-male and non-female individuals among their boards of directors.

Why Gender Equity on Corporate Boards is Beneficial :

Corporations have much to gain with gender diversity in leadership: better profit, better employee job satisfaction and productivity, and better reputation, to name a few.

A 2017 study by MSCI found that the U.S. companies with three or more female directors reported earnings per share that were 45% higher than earnings for companies with no female directors.

Why the Gender Equity on Corporate Boards Bill is Needed:

Despite women's impressive gains in education and the workplace over the past 50 years, men greatly outnumber women in leadership positions.

women held 20% of corporate board positions 3.

Despite all the business benefits, the leadership gender gap is significant, persistent, and systemic. Women's representation in leadership will not increase substantially without major changes in the culture, policies, and practices of the organizations where women learn and work.

We need public policies to ensure that employers do the right thing. We need SB 193 to advance gender equity on corporate boards in Hawaii

Thank you for the opportunity to testify.

Janet Morse

AAUW Hawaii member

SB-193

Submitted on: 2/2/2021 1:22:12 PM

Testimony for CPN on 2/4/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ann S Freed	Individual	Support	No

Comments:

Aloha Chair, Vice Chair and members,

I strongly support this bill, Nothing will change for women unless there are more women at the corporate table.

Please pass.

Mahalo, Ann S. Freed