

Legislation Text

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Authorizing the City Council to hold hearings on the lack of diversity and inclusion on corporate boards in Philadelphia.

WHEREAS, A 2020 Institutional Shareholder Services survey revealed that the boards of the 3,000 largest publicly traded companies in the United States remain overwhelmingly white. Underrepresented ethnic and racial groups make up 40% of the U.S. population but just 12.5% of board directors, up from 10% in 2015. Black directors make up just 4% of the total, up from 3% in 2015, while Black women make up just 1.5% of the more than 20,000 directors included in the analysis. The survey also revealed that the few non-white individuals who became corporate directors are then in demand, with 30% of individual Black directors serving on more than one board, compared to 19% of white directors; and

WHEREAS, According to a report by Heidrick & Struggles, as of 2019, the number of racially and ethnically diverse appointments to boards had plateaued at 23% for the third year in a row. Companies have made significant progress on placing more women on boards over the past decade, but have not put the same effort into improving diverse ethnic representation; and

WHEREAS, A 2013 Urban League of Philadelphia survey of the top 108 (by revenue) public companies in the Greater Philadelphia region highlighted the lack of diversity present on Philadelphia corporate boards. Of the respondent companies, there were a total of 30 (4%) African American board directors. 26% of the respondent companies had one African American board member, and less than 2% of the respondent companies had more than one African American board member; and

WHEREAS, African Americans make up 44% of Philadelphia's population. However, their level of participation on the Greater Philadelphia region's corporate boards is not nearly representative of the population; and

WHEREAS, Wells Fargo CEO Charlie Scharf blamed the lack of diversity at the bank on "a very limited pool of Black talent to recruit from." Scharf later went on to recant these insensitive statements, saying, "It's clear to me that, across the industry, we have not done enough to improve diversity, especially at senior leadership levels. And there is no question Wells Fargo has to make meaningful progress to increase diverse representation." Scharf's original comments are representative of a pervading attitude toward diversity and inclusion on the part of corporations at large; now, therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Hereby authorizes City Council to hold hearings on the lack of diversity and inclusion on corporate boards in Philadelphia.