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 14.05 and adding Section 8.12 as follows:

(805 ILCS 5/8.12 new)

Sec. 8.12. Female and minority directors.

(a) Findings and purpose. The General Assembly finds that women and minorities 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 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, 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.

(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.

(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
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 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 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.

(805 ILCS 5/14.05) (from Ch. 32, par. 14.05)
Sec. 14.05. Annual report of domestic or foreign
corporation. Each domestic corporation organized under any
general law or special act of this State authorizing the
corporation to issue shares, other than homestead associations, building and loan associations, banks and insurance companies (which includes a syndicate or limited syndicate regulated under Article V 1/2 of the Illinois Insurance Code or member of a group of underwriters regulated under Article V of that Code), and each foreign corporation (except members of a group of underwriters regulated under Article V of the Illinois Insurance Code) authorized to transact business in this State, shall file, within the time prescribed by this Act, an annual report setting forth:

(a) The name of the corporation.

(b) The address, including street and number, or rural route number, of its registered office in this State, and the name of its registered agent at that address.

(c) The address, including street and number, or rural route number, of its principal office.

(d) The names and respective addresses, including street and number, or rural route number, of its directors and officers.

(e) A statement of the aggregate number of shares which the corporation has authority to issue, itemized by classes and series, if any, within a class.

(f) A statement of the aggregate number of issued shares, itemized by classes, and series, if any, within a class.

(g) A statement, expressed in dollars, of the amount of
paid-in capital of the corporation as defined in this Act.

(h) Either a statement that (1) all the property of the corporation is located in this State and all of its business is transacted at or from places of business in this State, or the corporation elects to pay the annual franchise tax on the basis of its entire paid-in capital, or (2) a statement, expressed in dollars, of the value of all the property owned by the corporation, wherever located, and the value of the property located within this State, and a statement, expressed in dollars, of the gross amount of business transacted by the corporation and the gross amount thereof transacted by the corporation at or from places of business in this State as of the close of its fiscal year on or immediately preceding the last day of the third month prior to the anniversary month or in the case of a corporation which has established an extended filing month, as of the close of its fiscal year on or immediately preceding the last day of the third month prior to the extended filing month; however, in the case of a domestic corporation that has not completed its first fiscal year, the statement with respect to property owned shall be as of the last day of the third month preceding the anniversary month and the statement with respect to business transacted shall be furnished for the period between the date of incorporation and the last day of the third month preceding the anniversary month. In the case of
a foreign corporation that has not been authorized to
transact business in this State for a period of 12 months
and has not commenced transacting business prior to
obtaining authority, the statement with respect to
property owned shall be as of the last day of the third
month preceding the anniversary month and the statement
with respect to business transacted shall be furnished for
the period between the date of its authorization to
transact business in this State and the last day of the
third month preceding the anniversary month. If the data
referenced in item (2) of this subsection is not completed,
the franchise tax provided for in this Act shall be
computed on the basis of the entire paid-in capital.

(i) A statement, including the basis therefor, of
status as a "minority-owned business" or as a "women-owned
business" as those terms are defined in the Business
Enterprise for Minorities, Women, and Persons with
Disabilities Act.

(j) Additional information as may be necessary or
appropriate in order to enable the Secretary of State to
administer this Act and to verify the proper amount of fees
and franchise taxes payable by the corporation.

(k) A statement of whether the corporation or foreign
corporation has outstanding shares listed on a major United
States stock exchange and is thereby subject to the
reporting requirements of Section 8.12.
(1) For those corporations subject to Section 8.12, a statement providing the information required under Section 8.12. The annual report shall be made on forms prescribed and furnished by the Secretary of State, and the information therein required by paragraphs (a) through (d), both inclusive, of this Section, shall be given as of the date of the execution of the annual report and the information therein required by paragraphs (e), (f), and (g) of this Section shall be given as of the last day of the third month preceding the anniversary month, except that the information required by paragraphs (e), (f), and (g) shall, in the case of a corporation which has established an extended filing month, be given in its final transition annual report and each subsequent annual report as of the close of its fiscal year on or immediately preceding the last day of the third month prior to its extended filing month. It shall be executed by the corporation by its president, a vice-president, secretary, assistant secretary, treasurer or other officer duly authorized by the board of directors of the corporation to execute those reports, and verified by him or her, or, if the corporation is in the hands of a receiver or trustee, it shall be executed on behalf of the corporation and verified by the receiver or trustee.

(Source: P.A. 100-391, eff. 8-25-17; 100-486, eff. 1-1-18; 100-863, eff. 8-14-18.)
becoming law.