

Client Alert

October 2020

California Governor Signs Bill That Will Require Each Public Company Headquartered in the State to Include a Minimum Number of Directors from Underrepresented Communities on Its Board

On September 30, 2020, California Governor Gavin Newsom signed into law California Assembly Bill (AB) 979 that will require each publicly held corporation whose principal executive offices are located in California to have a minimum of one director from an “underrepresented community” on its board of directors no later than December 31, 2021. The bill defines “underrepresented community” to include any individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian or Alaska Native, or who self-identifies as gay, lesbian, bisexual or transgender. The requirements of AB 979 can be found in our previous [client alert](#) discussing in further detail this unprecedented legislation.

As was anticipated by many, the bill is already subject to legal challenge similar to the challenges currently being faced by California Senate Bill (SB) 826 requiring female inclusion on boards of publicly held California corporations. On the day AB 979 was signed into law, Judicial Watch commenced litigation, claiming that the new law’s requirement that corporations appoint “a specific number of directors based upon race, ethnicity, sexual preferences, and transgender status is immediately suspect and presumptively invalid” under the California Constitution and seeking an injunction permanently prohibiting the California Secretary of State from using taxpayer funds and resources to ensure compliance with the law.

Please contact the Olshan attorney with whom you regularly work or one of the attorneys below if you would like to discuss further or have questions.

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Practice

Shareholder Activism

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