



California to require director from underrepresented communities

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Publicly traded companies headquartered in California and foreign corporations with principal executive offices located in the state must appoint at least one director from an underrepresented community by Dec. 31, 2021, under measures in Assembly Bill 979 signed by the governor on Sept. 30, 2020. California already requires public companies to appoint at least one female board member — representation will increase to a minimum of two female board members by the end of 2021, depending on the size of the board.

Highlights

- A director from an underrepresented community includes anyone 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.
- From Dec. 31, 2022, larger boards face increased quotas — a minimum of two directors from an underrepresented community for boards with five to eight directors and three for boards with nine or more directors.
- Companies that do not comply could be fined US\$100,000 for the first violation and US\$300,000 for all later violations. Companies that fail to provide information to the state could be fined US\$100,000.

Related resources

- [Assembly Bill No. 979](#) (California Legislative Information, Sept. 30, 2020)
- [Senate Bill No. 826](#) (California Legislative Information, Sept. 30, 2018)

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