



Washington state to require gender diverse boards

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Public companies subject to the Washington Business Corporation Act (WBCA) face new gender-based diversity requirements for their boards, under [legislation](#) effective June 11, 2020. By Jan. 1, 2022, 25% of company board members must self-identify as women. This requirement must be met for a period of 270 days or more in the fiscal year preceding the company's annual meeting of shareholders. If not, they must provide their shareholders with new board diversity disclosure information. Certain companies — such as emerging growth or smaller reporting companies — are exempt from the WBCA's diversity requirements.

Highlights of disclosure requirement

Companies that don't reach the 25% female gender threshold by Jan. 1, 2022, will have to post a "board diversity discussion and analysis" on their website, or include it in the annual proxy statement to shareholders. The discussion and analysis must include:

- How the company considers the representation of diverse groups when identifying and nominating board candidates, or explain why diverse representation wasn't considered.
- Company policies used to identify and nominate board candidates who are members of any diverse group, or the reasons why such policies weren't used.
- Measures aimed at refreshing board membership, for example, the limitation on terms of office and requiring mandatory retirement.

Companies that don't publish a diversity discussion and analysis could be ordered to do so by a superior court if a voting shareholder requests it.

Related resource

[SB 6037 \(Washington State Legislature\)](#)

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