

## Corporate Governance Update

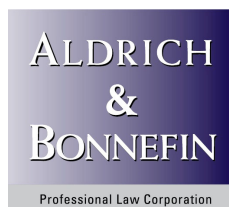
SEPTEMBER 2020

### **CALIFORNIA WILL REQUIRE CERTAIN CALIFORNIA CORPORATIONS TO HAVE BOARD MEMBERS FROM UNDER-REPRESENTED COMMUNITIES IN ADDITION TO WOMEN**

Just days after the bill was passed by the California legislature, Governor Newsom signed AB 979 which will require publicly held domestic or foreign corporations, whose principal executive offices are located in California, to have a minimum of one director from an underrepresented community no later than the close of the 2021 calendar year. Further, no later than the close of the 2022 calendar year, such a corporation with more than four but fewer than nine directors must have a minimum of two directors from underrepresented communities, and those corporations with nine or more directors to have a minimum of three directors from underrepresented communities.

AB 979 will be codified in new Section 301.4 to the California Corporations Code and will take effect on January 1, 2021. In 2021, new Corp. Code Section 301.4(e)(1) will provide that a “[d]irector from an underrepresented community’ means an 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.”

AB 979 follows the passage of SB 826 in 2018 which required publicly held foreign and domestic corporations whose principal executive offices are located in California to have a minimum number of female directors on their boards of directors. Refer to Corp. Code. Section 301.3. Contact Mark Aldrich or Joel Cook at [MAldrich@ABLAWYERS.COM](mailto:MAldrich@ABLAWYERS.COM) or [JCook@ABLAWYERS.COM](mailto:JCook@ABLAWYERS.COM) with questions.



**The Banking & Business Law Firm**

[www.ablawyers.com](http://www.ablawyers.com) 949.474.1944

18500 Von Karman Ave., Suite 300, Irvine, California 92612

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