California Court Strikes Board Gender Law on Constitutional Grounds

Last week, a California Superior Court in Los Angeles County delivered this <u>Crest v. Padilla decision</u> that found that the California law requiring that California-headquartered companies have a minimum number of women directors – known as "SB 826" - violates the California Constitution's Equal Protection Clause. This decision comes on the heels of a lengthy non-jury trial.

This decision – combined with <u>last month's decision</u> by another judge in the same court that struck down California's other board diversity law ("AB 979") - means that California no longer has any currently effective board diversity laws. It's unknown whether either of these court decisions will be appealed by the State of California.

Of course, investors – and proxy advisors – are still keen that boards be diversified on gender and racial grounds, so this pair of court decisions may not really impact much in terms of current board diversification trends.

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