

1 year, such corporations comply with the following:

- 2 • boards of nine or more directors must have a minimum of three directors from  
3 underrepresented communities;
- 4 • boards of more than four but fewer than nine directors must have a minimum of  
5 two directors from underrepresented communities; and
- 6 • boards of four or fewer directors must have a minimum of one director from an  
7 underrepresented community.

8 10. For purposes of AB 979, “director from an underrepresented community” means “an  
9 individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander,  
10 Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or  
11 transgender.”

12 11. According to the Senate Floor Analysis of AB 979, AB 979 is “based very closely on SB  
13 826,” which created a gender-based quota for publicly held, domestic or foreign corporations based in  
14 California. Specifically, SB 826 requires these corporations to have at least one female director on their  
15 boards by December 31, 2019, and, depending on the size of the board, up to three female directors by  
16 December 31, 2021. SB 826 also directs the Secretary of State to prepare and publish an annual report,  
17 starting on March 1, 2020, documenting the number of corporations that are in compliance with SB 826,  
18 the number of corporations that moved their headquarters out of California, and the number of  
19 corporations that are no longer publicly held. On August 6, 2019, Plaintiffs filed a lawsuit in Los  
20 Angeles County Superior Court challenging the Secretary of State’s expenditure of taxpayer funds and  
21 taxpayer-financed resources in furtherance of and to ensure compliance with SB 826’s gender-based  
22 quota. *See Crest et al. v. Padilla*, LASC Case No. 19-27561. The SB 826 lawsuit is ongoing.

23 12. To ensure compliance with SB 826, prior to March 1, 2020, the Secretary of State revised  
24 the Corporate Disclosure Statement that publicly held domestic or foreign corporations headquartered in  
25 California are required to file each year to include questions about the number of female directors on  
26 their boards. The Secretary of State also mailed letters to these corporations advising them of their  
27 annual filing obligation (the Corporate Disclosure Statement) and SB 826’s requirements. He then  
28 created a spreadsheet to track which corporations complied or did not comply with SB 826’s