

# California has a new law: No more all-male boards

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Companies headquartered in California can no longer have all-male boards.

That's according to a new law, enacted Sunday, which requires publicly traded firms in the state to place at least one woman on their board of directors by the end of 2019 — or face a penalty.

It also requires companies with five directors to add two women by the end of 2021, and companies with six or more directors to add at least three more women by the end of the same year.


It's the first such law on the books in the United States, though similar measures are common in European countries.

The measure was passed by California's state legislature last month. And it was signed into law by Gov. Jerry Brown on Sunday, along with a trove of other bills that look to "protect and support women, children and working families," the governor's office said in a release.


A majority of companies in the S&P 500 have at least one woman on their boards, but only about a quarter have more than two, according to a study from PwC.

California state Sen. Hannah-Beth Jackson told The Wall Street Journal last month when the legislation passed that "one-fourth of California's publicly traded companies still do not have a single woman on their board, despite numerous independent studies that show companies with women on their board are more profitable and productive."


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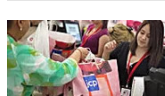


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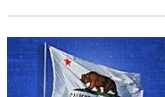
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"With women comprising over half the population and making over 70% of purchasing decisions, their insight is critical to discussions and decisions that affect corporate culture, actions and profitability," she told the outlet.

Some see California's law as a crucial step toward establishing better parity in corporate leadership.

But setting quotas can be controversial, Vicki W. Kramer, lead author of the landmark 2006 study, "[Critical Mass on Corporate Boards](#)," told CNN last month. Opponents argue that pressure from quotas will lead to unqualified female members and potential discrimination against male candidates.

When quotas are not set, however, companies may fail to diversify their ranks. She points to more "aspirational" legislation in other states, like in Pennsylvania, where a 2017 resolution urged both public and private companies to [have a minimum of 30% women on their boards by 2020](#). But without teeth in the law, Kramer said, better numbers won't follow.

Kramer said California's legislation is weak compared to the laws in [Norway and other European countries](#), which require a certain percentage of women on boards. For [larger Norwegian companies](#), the legislation requires that women make up as much as 40% of the board.

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