

## CLIENT ALERT

### All Aboard: New York Enacts The Women on Corporate Board Study Act

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On December 30, 2019, New York State Governor Cuomo signed [S4278](#), amending the state's Business Corporation Law in order to conduct a study of the number of women who serve on boards of directors of business corporations. The New York Department of State, in collaboration with the Department of Taxation and Finance, will now require all domestic and foreign business corporations authorized to do business in the state to report the number of women who serve on their board of directors on their Biennial Statement filed with the Department of State. By February 1, 2022, the Department of State will publish a report on the findings of this study on its website, and continue doing so every four years thereafter. The study will include the number of women directors and the total number of directors that constitute the board of each corporation, an analysis of the change in number of women directors from previous years, and the aggregate percentage of women directors on all such boards of directors.

This study is intended to be a step toward increasing inclusion of women in the corporate arena. According to a study by the nonprofit organization [2020 Women on Boards](#), in the United States, women hold about 20% of board seats at companies listed in the Russell 3000 Index.

Some companies have already taken action to increase board diversity. For example, [Goldman Sachs](#) announced that moving forward, it will no longer take companies public unless there's at least one diverse board candidate, with a focus on women. Likewise, [BlackRock](#) stated in a new set of proxy voting guidelines posted on its website that it wants its portfolio companies to have diverse boards and that it would normally expect to see at least two women directors on every board.

A [Peterson Institute study](#) found that the presence of women in corporate leadership positions may improve firm performance, while a study by [McKinsey](#) found that the most gender-diverse companies are 15% more likely to outperform their peers. As the authors of the McKinsey study noted, while correlation does not equal causation (*i.e.* greater gender and ethnic diversity in corporate leadership doesn't automatically translate into higher profits), the correlation does indicate that when companies commit themselves to diverse leadership, they are more successful.

New York is not the first state focused on such diversity initiatives. In 2018, California [passed legislation](#) requiring that all publicly-held domestic or foreign corporations whose principal executive offices are located in California have at least one female director on their boards by December 31, 2019, either by filling an open seat or by adding a seat. Legislation relating to women on boards has also been proposed or enacted in other states, including Illinois, Maryland, Michigan, New Jersey, and Pennsylvania.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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