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# Empowering Equality:

The EU Directive on gender balance on corporate boards  
and its role in bridging the gender gap

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# Agenda

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- 2** Why do we need women on boards?
- 3** The Directive
- 4** Opt-Outs for Member States
- 5** Opportunities and challenges





# The Background



The lack of gender diversity on corporate boards has been at the forefront of intense public debate during the last 20 years.



Norway was the first country in the world to adopt a binding quota law in 2005. Women now make up more than 40% of board members in the Norwegian companies covered by the law.



In the course of 2011, four EU member states, France, Belgium, Italy and the Netherlands, adopted legislative measures to increase the representation of women in corporate boardrooms.





In early 2011, European Commission launched an initiative aiming to increase women's representation on boards to 30% by 2015 and 40% by 2020.



An incremental average increase of 0.6% per year was observed since 2003.



In November 2012, European Commission submits the Proposal for a Directive.

2012 Board representation in EU

Non-executive directors



■ Women 15% ■ Men 85%

2012 Board representation in EU

Executive directors



■ Women 9% ■ Men 91%



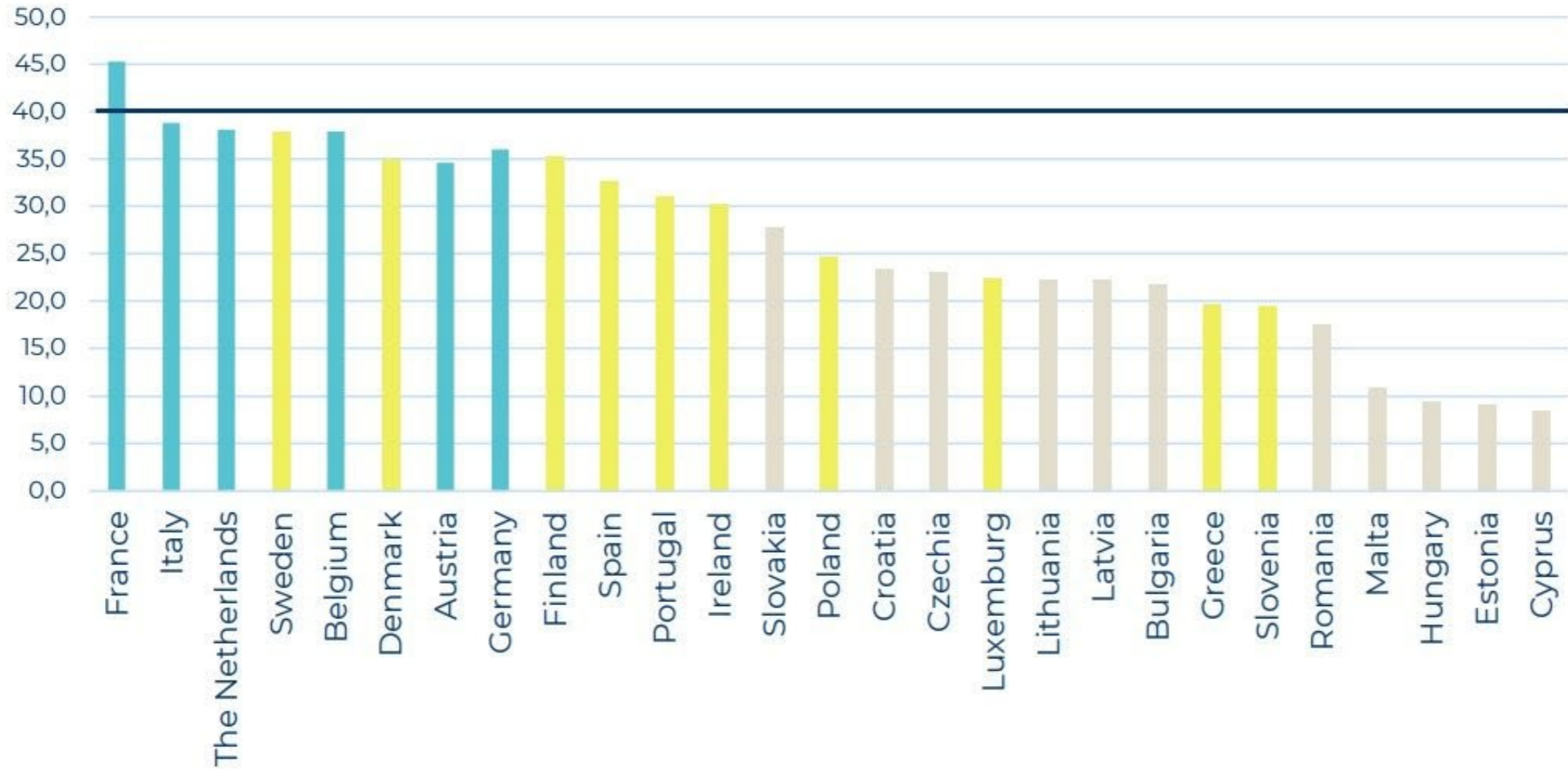
# Why do we need women on boards?

- 1 To further equality between men and women and the participation of women in decision-making.
- 2 Presence of women on boards improves corporate governance, company's financial performance and profitability.
- 3 A higher share of women on boards is expected to contribute on closing both the gender employment gap and the gender pay gap.
- 4 Better use of the talent pool has a positive impact on economic growth in society in general.





# % OF WOMEN ON BOARDS IN THE EUROPEAN UNION



Binding quota

Soft quota

No quota or very loose measures





# The current situation



The share of women on the boards of the listed companies registered in the EU reached a high of 32.3% in 2022.



France with a share of 46.3% of women on boards is currently the only Member State to have reached gender balance.

Compared to 2011, the proportion of women on boards rose:

- **23%** in the Member States that took legislative action (quotas),
- **17.3%** in the Member States that implemented soft measures, such as recommendations, and
- **2.8%** in the Member States that took no action.



# The Directive 2022/2381



The EU Directive 2022/2381 was adopted by The Council and the European Parliament in November 2022 and is set to expire on 31 December 2038.



By 30 June 2026, large listed EU companies will need to have 40% of the underrepresented sex among non-executive directors or 33% among all directors.



Companies failing to meet objectives must modify the candidate selection process for director positions. This involves conducting a comparative assessment of each candidate's qualifications, utilizing clear, neutral, and unambiguous criteria throughout the entire process.



Companies must annually report gender representation on boards. If objectives are unmet, they must explain reasons and detail measures taken or planned to achieve them.





# Opt -Outs for Member States

Member States may suspend the application of

- the measures required to achieve the set quotas; and
- individual quantitative objectives with a view to improving the gender balance among executive directors by 30 June 2026 **under specific conditions** →

The national law shall also ensure that all listed companies (not covered by the law) should set individual quantitative objectives for director positions.

## Conditions

Women hold at least 30% of non-executive or 25% of all director positions

The national law requires that women hold at least 30% of non-executive or 25% of all director positions

The national law includes effective, proportionate and dissuasive enforcement measures



# Opportunities and challenges

- 1 The Directive does not only focus on the non-executive board members, but also aims to improve the gender balance among executive directors.
- 2 The stipulation for a 33% diversity requirement for the broader board would typically result in diversity among executives only in exceptional situations.
- 3 Opting-out alternative - it is intriguing why lower target levels should be accepted if set by the national laws of the Member states.
- 4 Failure to achieve the quantitative objectives set by the Directive shall not be penalized, so long as the companies comply with other obligations.





# Any questions?

Thank you!

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