

# Gender Balance on Corporate Boards

April 2024  
Vanessa Knapp O.B.E.



1

## What I will cover

- Which companies are affected
- The goals to be met by June 2026
- Requirements on selecting candidates
- Challenging decisions
- Reporting requirements
- Penalties
- Member States that already comply
- Supporting bodies



2

## Background



- November 2012 Commission originally proposed Directive
- 2013 European Council could not reach agreement
- March 2022 Employment and Social Affairs Committee agreed position
- June 2022 European Parliament + Council reached political agreement
- 7 December 2022 Directive published in Official Journal
- 28 December 2024 Member States must adopt national rules implementing the Directive

3

## Which companies are affected?



- Listed companies
  - if have registered office in a Member State + shares traded on an EU regulated market
- NOT SMEs
  - company that employs less than 250 persons + annual turnover €50m or less or annual balance sheet €43m or less
- Member State will regulate listed companies with registered office there

4

## A choice of objectives



- To be reached by 30 June 2026
- Either:
  1. 40% of non-executive director positions and
  2. company must set individual quantitative objectives to improve gender balance among executive directors + aim to achieve them
- Or:
  1. 33% of all director positions, including both executive + NEDs

5

## Process for selecting candidates



- Applies to listed companies that do not achieve the objectives
- Adjust the process for selecting candidates
- Clear, neutrally formulated and unambiguous criteria applied in a non-discriminatory manner in selection process
- Priority for underrepresented candidate if equally qualified
  - limited exceptions
- Shareholders/employees voting must be properly informed of Directive measures and penalties for non-compliance

6

## Treatment of candidates



- Must inform candidate, if requested,
  - qualification criteria as basis for selection
  - objective comparative assessment of candidates
  - specific considerations tilting the balance (if relevant)
- If unsuccessful candidate establishes facts to show equally qualified, listed company must prove no breach

7

## Reporting



- Provide information annually to competent authority on gender representation
  - distinguish between executive directors and NEDs
  - measures taken to achieve objective
  - reasons for not achieving objective + comprehensive description of measures taken/to be taken
- Publish information on website – appropriate + easily accessible manner + in corporate governance statement
- Central list of listed companies that have achieved objectives

8

## Penalties/other measures

- Adequate administrative or judicial procedures so obligations can be enforced
- May comprise:
  - fines
  - annul decision to select directors or declare it null + void
- Notify Commission by 28 December 2024 + of any changes



9

## Member States that met the requirements

- Underrepresented sex at least 30% of NEDs or 25% of all directors in listed companies at 27 December 2022 or
- National law at 27 December 2022:
  - requires this
  - enforcement measures for non-compliance +
  - all listed companies not covered by law set individual quantitative objectives for all director positions
- May suspend process requirements + requirement to set individual quantitative objectives for executive directors + reporting obligations
- Requirements reapply if conditions no longer met
- Reporting



10

## Bodies to promote gender balance

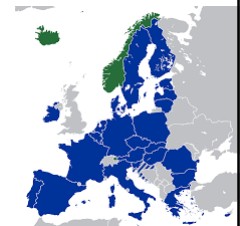
- Member State must designate one or more body to promote, analyse, monitor + support gender balance on boards



11

## The current position?

- 33% of board members of largest listed EU companies are women
- 41% of board members in Nordic companies
- Binding gender quotas in France & Italy (40%), Belgium, Netherlands and Portugal (33%), Germany and Austria (30%) and Greece (25%)
- EEA States above 40% include Denmark, France, Italy, Belgium, Austria and Norway
- Only 15% of chairs are women
- Change predominantly in NEDs, not executive directors



12

## Review by December 2025



- Member States must report to Commission on implementation
  - measures taken, information reported, individual quantitative objectives
  - if obligations suspended, whether/how conditions met + progress to more balanced representation
- Commission report by December 2026 for MS where obligations suspended
- Commission review and report to Parliament + Council by December 2030

13

Any questions?



14