



EUROPEAN COMMISSION

PRESS RELEASE

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Women on Boards: Commission proposes 40% objective

Today the European Commission has taken action to break the glass ceiling that continues to bar female talent from top positions in Europe's biggest companies. The Commission has proposed legislation with the aim of attaining a 40% objective of the under-represented sex in non-executive board-member positions in publicly listed companies, with the exception of small and medium enterprises. Currently, boards are dominated by one gender: 85% of non-executive board members and 91.1% of executive board members are men, while women make up 15% and 8.9% respectively. Despite an intense public debate and some voluntary initiatives at national and European level, the situation has not changed significantly in recent years: an incremental average increase of the number of women on boards of just 0.6 percentage points per year has been recorded since 2003.

It is for this reason that the Commission is today proposing EU legislation to accelerate progress towards a better gender balance on the corporate boards of European companies. The proposal was presented jointly by Vice-President Viviane **Reding** (Justice, Fundamental Rights and Citizenship), Vice-President Antonio **Tajani** (Industry and Entrepreneurship), Vice-President Joaquín **Almunia** (Competition), Vice-President Olli **Rehn** (Economic and Monetary Affairs), Commissioner Michel **Barnier** (Internal Market and Services) and Commissioner László **Andor** (Employment and Social Affairs).

The Commission is today responding to the calls from the European Parliament which, with an overwhelming majority, has repeatedly called for legislation on equality between women and men in business leadership, notably in its resolutions of [6 July 2011](#) and [13 March 2012](#).

The proposed Directive sets **an objective of a 40% presence of the under-represented sex among non-executive directors** of companies listed on stock exchanges. Companies which have a lower share (less than 40%) of the under-represented sex among **the non-executive directors** will be required to make appointments to those positions on the basis of a **comparative analysis of the qualifications of each candidate**, by applying clear, gender-neutral and unambiguous criteria. Given equal qualification, priority shall be given to the under-represented sex. The objective of attaining at least 40% membership of the under-represented sex for the non-executive positions should thus be met **by 2020** while **public undertakings** – over which public authorities exercise a dominant influence – will have two years less, until **2018**. The proposal is expected to apply to around 5 000 listed companies in the European Union. It does not apply to small and medium-sized enterprises (companies with less than 250 employees and an annual worldwide turnover not exceeding 50 million EUR) or non-listed companies.

José Manuel Barroso, President of the European Commission, said: *"Today, with this proposal, the European Commission is answering the strong call of the European Parliament for EU action to bring about gender equality in corporate boardrooms. Today, we are asking large listed companies across Europe to show that they are serious when it comes to gender equality in economic decision-making. At my initiative, the Commission has significantly strengthened the presence of female Commissioners among its members, with one third of Commissioners being women."*

Vice-President Viviane Reding, the EU's Justice Commissioner, added: *"The European Union has been successfully promoting gender equality for over 50 years. However, there is one place where we have not seen any progress: company boardrooms. The example set by countries such as Belgium, France and Italy, who have recently adopted legislation and are starting to show progress, clearly demonstrates that time-limited regulatory intervention can make all the difference. The Commission's proposal will make sure that in the selection procedure for non-executive board members priority is given to female candidates – provided they are under-represented and equally qualified as their male counterparts."*

"I am indebted to the numerous members of the European Parliament who have fought tirelessly for this cause and who have been instrumental in helping me get this proposal on the table."

Slow progress has led to fragmented action in 11 Member States

Just 1 in 7 board members (13.7%) at Europe's top companies is a woman. This is only a slight improvement from 11.8% in 2010. At this slow rate of progress it would still take around 40 years to even get close to gender balance in boardrooms (at least 40% of both sexes).

As a consequence, several EU Member States have started to introduce different types of laws for company boards. **11 Member States** (Belgium, France, Italy, the Netherlands, Spain, Portugal, Denmark, Finland, Greece, Austria and Slovenia) **have introduced legal instruments** to promote gender equality on company boards. In **eight of these countries, legislation covers public undertakings** (see factsheet with country-specific overview). Meanwhile, a further **11 EU countries have neither self-regulation measures nor legislation** in place. This legally fragmented approach risks hampering the functioning of Europe's Single Market, as different company law rules and sanctions for not complying with gender balance laws can lead to complications for businesses and have a deterrent effect on companies' cross-border investments. This is why today's proposal seeks to create an EU-wide framework for such positive action rules.

Main elements of the proposal:

- The Directive sets a minimum objective of **40% by 2020 for members of the under-represented sex** for **non-executive members** of the boards of publicly listed companies in Europe, or 2018 for listed public undertakings.
- The proposal also includes, as a complementary measure, a "**flexi quota**": an obligation for listed companies to set themselves individual, **self-regulatory targets** regarding the representation of both sexes among **executive directors** to be met by 2020 (or 2018 in case of public undertakings). Companies will have to report annually on the progress made.
- **Qualification and merit will remain the key criteria** for a job on the board. The directive establishes a **minimum harmonisation of corporate governance requirements**, as appointment decisions will have to be based on objective qualifications criteria. Inbuilt safeguards will make sure that there is no unconditional, automatic promotion of the under-represented sex. In line with the European Court of Justice's case law on positive action, preference shall be given to the equally qualified under-represented sex, unless an **objective assessment taking into account all criteria specific to the individual candidates** tilts the balance in favour of the candidate of the other sex. Member States that already have an effective system in place will be able to keep it provided it is equally efficient as the proposed system in attaining the objective of a presence of 40% of the under-represented sex among non-executive directors by 2020. And Member States remain free to introduce measures that go beyond the proposed system.
- Member States will have to lay down appropriate and dissuasive **sanctions** for companies in breach of the Directive.
- **Subsidiarity and Proportionality** of the proposal: The 40% objective applies to **publicly listed companies**, due to their economic importance and high visibility. The proposal does not apply to small and medium enterprises. The 40% objective is focused on **non-executive director posts**. In line with better regulation principles, **the Directive is a temporary measure and is set to expire** in 2028.

"This measure is there to swiftly bring about gender equality in Europe's corporate boardrooms. It will no longer be needed once progress in this area has been achieved," added Vice-President Viviane Reding.

Background

The EU's competence to legislate in gender equality matters dates back to 1957 (see [SPEECH/12/702](#)). Council Recommendations on promoting the balanced participation of men and women in the decision-making process date back to 1984 and 1996. In addition, the European Parliament has called for legally binding quotas at EU level in several Resolutions.

Promoting more equality in decision-making is one of the goals in the European Women's Charter (see [IP/10/237](#)), which was initiated by President José Manuel Barroso and Vice-President Viviane Reding in March 2010. The Commission followed through on these commitments by adopting a Strategy for Equality between Women and Men in September 2010 for the next five years (see [IP/10/1149](#) and [MEMO/10/430](#)).

A [report by the Commission](#) in March 2012 showed that, across the EU, company boards are currently dominated by one gender. There are also big differences between countries, with women making up 27% of board members in the largest Finnish companies and 26% in Latvia, but only 3% in Malta and 4% in Cyprus.

Progress in improving the gender balance in Europe's boardrooms over the past year has been the best it has been for a long time (a 1.9 percentage point increase from October 2010 to January 2012, compared to a long-term average rise over the last decade of 0.6 percentage points per year). This increase can be attributed to calls from the Commission and the European Parliament ([MEMO/11/487](#)) and a number of national legislative initiatives in the Member States. But overall, change remains stubbornly slow. The number of women chairing major company boards has even declined, falling to 3.2% in January 2012 from 3.4% in 2010.

Tangible progress is the exception and not the rule. Progress is only visible in countries that have introduced legally binding laws for company boards. France, which introduced a legal quota in January 2011, accounts alone for more than 40% of the total EU-wide change recorded between October 2010 and January 2012.

In March 2011, EU Justice Commissioner Viviane Reding challenged publicly-listed companies in Europe to voluntarily increase the number of women in their boardrooms by signing the '[Women on the Board Pledge for Europe](#)' ([MEMO/11/124](#)). The pledge called on companies to commit to raising female representation on their boards to 30% by 2015 and 40% by 2020. However, after a year, only 24 companies across Europe had signed the Pledge.

To identify appropriate measures for addressing the persistent lack of gender diversity in boardrooms of listed companies in Europe, the Commission launched a [public consultation](#) (see [IP/12/213](#)). Following a large number of responses, the Commission then assessed the different policy options for addressing the situation.

A growing number of studies suggest gender balanced boards have the potential to improve the financial performance of companies. Having more women in top jobs can contribute to a more productive and innovative working environment and improved company performance overall. This is mainly due to a more diverse and collective mind-set which incorporates a wider range of perspectives and therefore reaches more balanced decisions. In addition, women account for 60% of new university graduates but only few make it to the top of companies. Opening the door to senior positions will act as an incentive for women to enter and stay in the workforce, helping to raise female employment rates. Having more women in the workforce will help achieve the target set by the [Europe 2020 Strategy](#) – the EU's growth strategy – to raise the employment rate for women and men aged 20-64 to 75% by 2020.

For more information

[MEMO/12/860](#)

Press pack – Women on boards:

http://ec.europa.eu/justice/newsroom/gender-equality/news/121114_en.htm

Eurobarometer survey on gender equality:

http://ec.europa.eu/public_opinion/archives/ebs/ebs_376_en.pdf

Factsheets on gender equality:

Gender Equality in the European Commission

http://ec.europa.eu/justice/gender-equality/files/womenonboards/factsheet-general-4_en.pdf

Gender Equality in the Member States

http://ec.europa.eu/justice/gender-equality/files/womenonboards/factsheet-general-2_en.pdf

The Legal Basis for a European initiative

http://ec.europa.eu/justice/gender-equality/files/womenonboards/factsheet-general-3_en.pdf

The Economic rationale of Gender Legislation

http://ec.europa.eu/justice/gender-equality/files/womenonboards/factsheet-general-1_en.pdf

Video on Gender Balance in corporate Boards:

<http://youtu.be/OTIP4Ek3WP8>

Homepage of Vice-President Viviane Reding, EU Justice Commissioner:

<http://ec.europa.eu/reding>

European Commission database on women and men in decision-making:

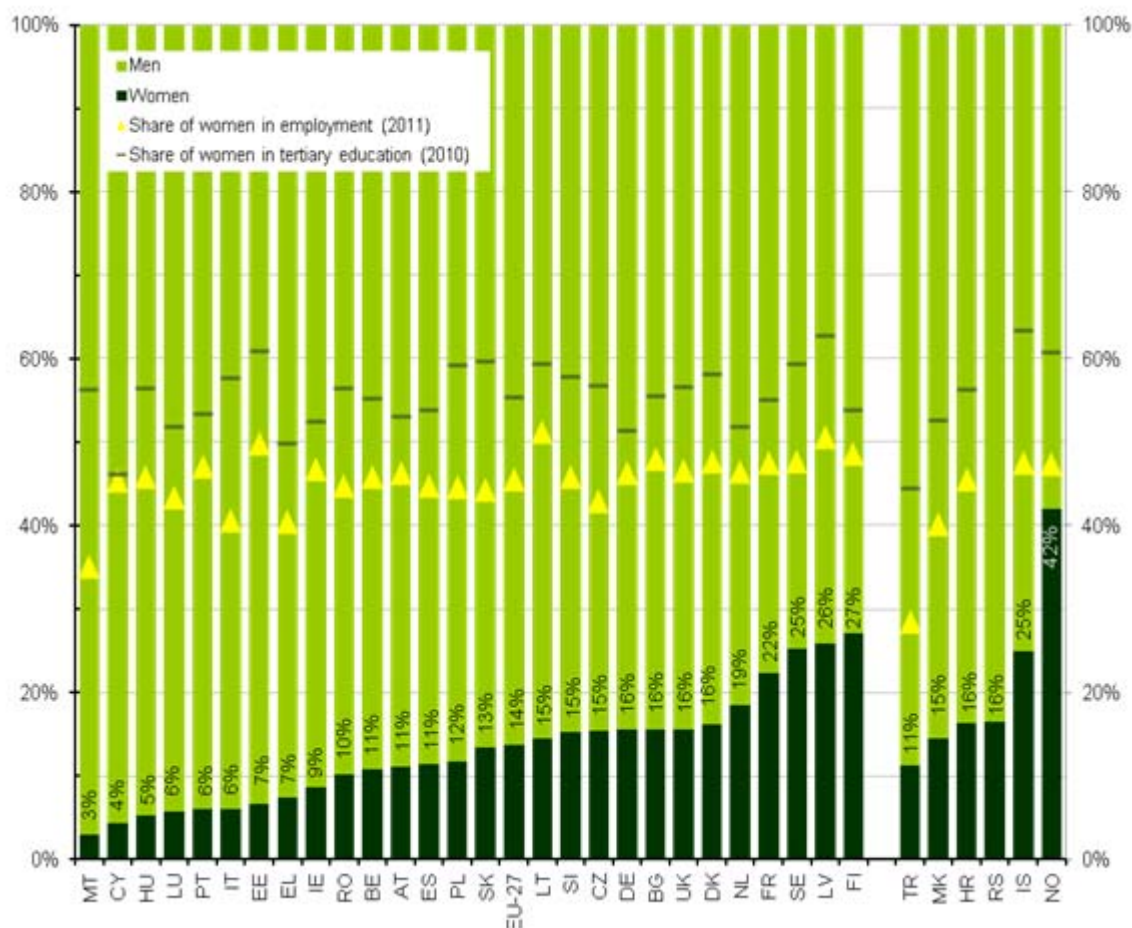
http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/index_en.htm

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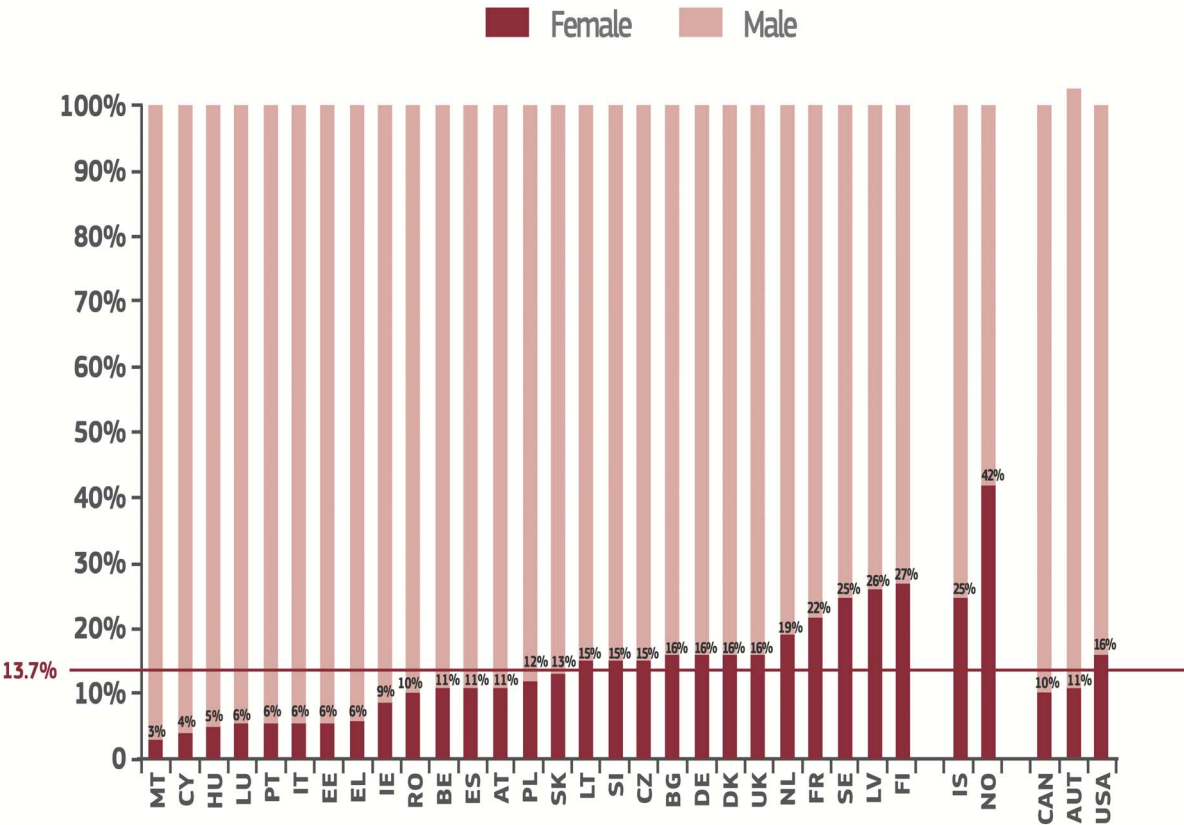
Figure 1: Women and men on the boards of the largest listed companies, January 2012



Source: European Commission, [Database on women and men in decision-making](#) and Eurostat, Labour Force Survey. Notes: . Data [refer to members of the board of directors \(supervisory board in case of separated supervisory and executive functions. Count includes the chairperson\).](#)

Data on share of employment not available for RS; data on tertiary education not available for LU, EL and RS.

Figure 2: Women on the boards of the largest listed companies: executive and non-executive members (January 2012)



Source: European Commission's Database on women and men in decision-making

Note: In a one-tier system data on non-executives refer to non-executive members of the board. and data on executives refer to executive members of the board. In a two-tier system data on non-executives refer to members of the supervisory board and data on executives to members of the executive/management board. Occasionally, it is possible for the supervisory board to include one or more executive members (e.g. CEO and CFO). In this case these are included in the executive figures, though individuals participating in both boards are counted only once. Non-executive figures in this case still refer to the total members of the supervisory board and could, therefore, include some executives but the numbers concerned are not significant and should not affect the final result.

Figure 3: Break-down: Share of Executive and Non-Executive Female Board Members, January 2012

Member State	Executives (women/total) %women	Non-executives (women/total) %women	Women CEOs (women/total)
EU-27	8.9%	15%	2.7%
AT	2.2%	11.2%	0%
BE	3.7%	11.7%	0%
BG	14.8%	15.1%	6.7%
CY	8.2%	3.3%	5.6%
CZ	4.7%	15.4%	0%
DK	11%	16.1%	5.6%
EE	13.9%	6.7%	0%
FI	14.9%	27.9%	0%
FR	3.3%	24.2%	0%
DE	4.2%	15.6%	0%
EL	5.8%	8.1%	0%
HU	1.4%	5.4%	0%
IE	6.8%	9.4%	0%
IT	0.8%	7.1%	0%
LV	21.4%	25.9%	3.2%
LT	13.3%	17.5%	7.7%
LU	0%	7.2%	0%
MT	11.1%	2.7%	5.3%
NL	8.8%	18.8%	10%
PL	8.2%	11.8%	0%
PT	7.6%	5.4%	0%
RO	30.6%	10.5%	9%
SK	13.5%	13.5%	10%
SI	19.7%	15.9%	0%
ES	2.6%	13.1%	2.9%
SE	4%	26.5%	3.8%
UK	6.5%	18.7%	6%

Figure 4: Share of women on the boards of the largest publicly listed companies, 2010-2012

	(% total board members)		
	2010 (Oct)	2011 (Oct)	2012 (Jan)
EU-27	11.8	13.6	13.7
BE	10.5	10.9	10.7
BG	11.2	15.2	15.6
CZ	12.2	15.9	15.4
DK	17.7	16.3	16.1
DE	12.6	15.2	15.6
EE	7.0	6.7	6.7
IE	8.4	8.8	8.7
EL	6.2	6.5	7.4
ES	9.5	11.1	11.5
FR	12.3	21.6	22.3
IT	4.5	5.9	6.1
CY	4.0	4.6	4.4
LV	23.5	26.6	25.9
LT	13.1	14.0	14.5
LU	3.5	5.6	5.7
HU	13.6	5.3	5.3
MT	2.4	2.3	3.0
NL	14.9	17.8	18.5
AT	8.7	11.1	11.2
PL	11.6	11.8	11.8
PT	5.4	5.9	6.0
RO	21.3	10.4	10.3
SI	9.8	14.2	15.3
SK	21.6	14.6	13.5
FI	25.9	26.5	27.1
SE	26.4	24.7	25.2
UK	13.3	16.3	15.6

Source: European Commission database on women and men in decision-making: http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/index_en.htm

Data refer to members of the board of directors (supervisory board in case of separated supervisory and executive functions. Count includes the chairperson).

Figure 5: Nearly nine Europeans out of ten agree that, given equal competence, women should be equally represented in positions of leadership in companies.

QE2. Do you agree or disagree with the following statement: Given equal competence, women should be equally represented in positions of leadership in companies.

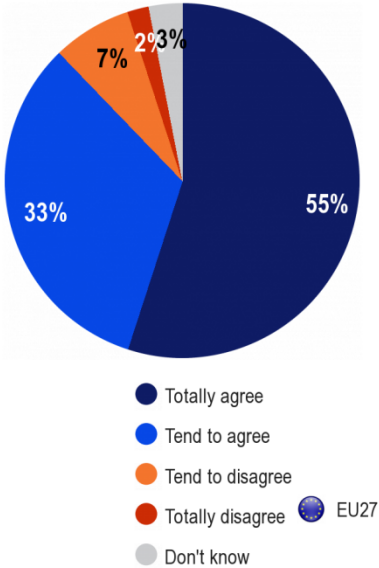


Figure 6: Three-quarters of Europeans are in favour of legislation on gender balance on company boards

QE5. Some European countries (e.g. France, Spain, the Netherlands, Italy, Belgium and Norway) have already taken legal measures to ensure a more balanced representation of men and women on company boards. Are you in favour or opposed to a legislation on this matter under the condition that qualification is taken into account without automatically favouring one of either gender?

