



Gender balance on company boards

Although the number of women on company boards is growing, they remain under-represented. Whether greater gender balance is needed and how that could be reached remains controversial. The Commission has proposed to set, at EU level, a minimum quota of women among non-executive board members.

Background

In EU companies, women [represent](#) only 16.6% of board members on average. Over the past decade, the percentage of women on company boards in the EU has been steadily growing, by an average of 0.5% per year. In 2011, the Commission [called](#) upon companies to set voluntary targets for women's representation among board members. A year later, it [considered](#) progress achieved through self-regulation to be insufficient.

According to a 2011 Eurobarometer [survey](#), the vast majority of EU citizens (88%) believe that women should be equally represented in leadership posts in business. However, whilst one quarter (26%) would support binding legal measures to achieve this, the majority (51%) expressed a preference for self-regulation.

The Commission proposal

In November 2012, the Commission tabled a [proposal](#) for a Directive setting a minimum objective of a 40% quota for the under-represented sex among companies' non-executive directors. It would require companies with a lower representation to introduce pre-established, clear, neutrally formulated and unambiguous criteria in selection procedures for those positions, in order to attain that objective. A deadline would be set for 2018 (public sector) and 2020 (private sector). The directive would expire by the end of 2028. Non-listed companies and SMEs would be excluded, and MS would also be able to exclude companies employing less than 10% of the under-represented sex. Companies would also have to make individual commitments on the gender balance of their executive directors, but the Directive would not spell

out a quota. Companies would be obliged to apply positive discrimination in favour of the under-represented sex when two candidates of opposite sexes are equally qualified. Companies which fail to meet the objective of gender balance will have to give explanations and make commitments on measures for meeting the objectives. Non-compliant companies would face sanctions: fines as well as annulment of appointments infringing the requirements. The proposal was accompanied by an [impact assessment](#), which has been [appraised](#) by the EP's Impact Assessment Unit.

Stakeholder views

Some stakeholders, like the [European Women Lobby](#), support the idea of a binding quota, and would increase it to 50%. For the [Fawcett Society](#) equal representation of sex on company boards is a matter of equality and of [business performance](#). Other stakeholders, like the [French Private Companies Association](#), whilst supporting gender balance on boards, would prefer self-regulation. Yet others, like the [Law Society of England and Wales](#) believe that quotas should be imposed, but on a 'comply or explain' basis, without harsher sanctions. On the other side of the spectrum, the [Centre for Policy Studies](#) argues that gender imbalance on boards is a consequence of differences in aspirations and life goals of men and women.

EP committees position

The proposal has been dealt with [jointly](#) by the Committee on Legal Affairs (rapporteur: Evelyn Regner, S&D, Austria) and the Committee on Women's Rights and Gender Equality (rapporteur: Rodi Kratsa-Tsagoropoulou, EPP, Greece). They back the proposal, but would introduce changes, such as strengthening the sanctions, deleting the possibility of exemptions for companies employing less than 10% of the under-represented sex, and obliging the Commission to report on the implementation of the principles of the directive in the EU institutions too.