



Gender balance quota and targets in the European Union

FOREWORD

Women are underrepresented on the boards of directors of companies in every single Member State within the European Union. Even though we are making progress, it is too slow; boards have been, and continue to be, predominantly not only male, but also white. With this rate of progress, it will take more than three decades to achieve gender parity in the boardroom let alone have diverse boards in the broadest sense.

We have witnessed that the absence of regulation within some Member States does not only lead to the discrepancies in the number of women among non-executive directors and different rates of improvement within the European Union, but also poses barriers to the internal market by imposing divergent corporate governance requirements on European listed companies. Against this background, it is more important than ever to improve gender parity in the boardroom with measures in place in all European Member States

Currently, only six out of 27 Member States took strong measures (so-called hard quotas) in favour of a more balanced representation of men and women at board level. All six Member States with hard quotas in place show a significant higher representation of women in the respective country. This progress is beneficial for the whole economy, since it helps to fully integrated women in the labour market, which ultimately helps to demolish the gender pay gap still present in many European countries. On top of that, more women at board level strengthen visible gender champions and a balanced representation of men and women advocates pushing for gender equality. Targets should be set high enough; a target of 40% can be considered as best practise. Once a target is set, companies tend to overperform which illustrates that hard quotas are actually effective

Ten Member States took soft measures with on average progress as well. The systems differ significantly from country to country, and we observe that the more specific measures are, the better they work.

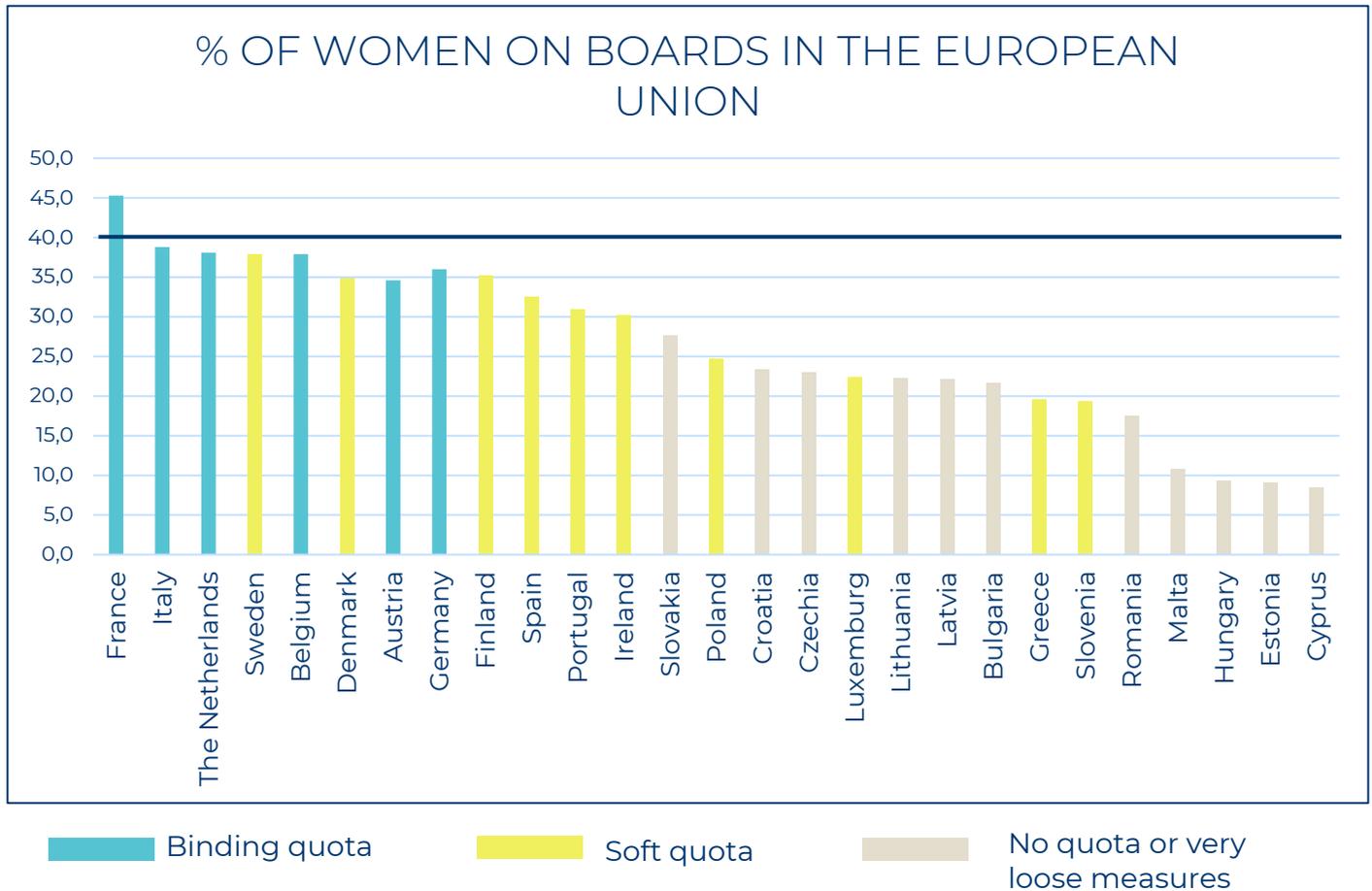
Eleven Member States did not take any measure at all. They all score significantly lower in terms of gender balance at Board level.

This broad disparity between Member States shows that we need regulation at European level. European Women on Boards calls upon the European Parliament and the Council of the European Union to approve the Board Directive on Gender Balance. This Board Directive is setting a target of 40% for men and women at Board level, with clear objectives to be set by each stock-listed company and a transparent selection process ensuring the best candidate is appointed. Companies will have to publish their numbers and actions on their website. We have been waiting for 10 years to get this Directive in place. **Time is now.**

Hedwige Nuyens & Maria Boerner

On 14 March 2022, the Council of the European Union has adopted a “general approach” regarding the *Women on Boards* directive, thereby paving the way for the next steps in the legislative process towards its adoption.¹ The directive that was initially proposed by the European Commission in 2012² lays down measures to ensure a more balanced representation of men and women among the non-executive directors (i.e. of the supervisory board or other highest non-executive board) of listed companies (i.e. not state owned), by establishing measures aimed at accelerated progress towards gender balance.

The following table sets out an overview of the gender balance quotas and targets which are currently in force in the member states of the European Union.



¹ <https://www.consilium.europa.eu/en/press/press-releases/2022/03/14/les-etats-membres-arretent-leur-position-sur-une-directive-europeenne-visant-a-renforcer-l-egalite-entre-les-femmes-et-les-hommes-dans-les-conseils-d-administration/>

² <https://eur-lex.europa.eu/legal-content/DE/TXT/?uri=celex:52012PC0614>.

No.	Member state	Applicable Law	Target quota in the national legislation	Current data ³	Affected companies	Sanctions	Comment
1.	Austria	Gleichstellungs-gesetz von Frauen und Männern im Aufsichtsrat, entry into force 01 January 2018	33% on supervisory boards (<i>Aufsichtsrat</i>)	34,6%	Listed companies and companies with over a 1000 employees whose boards consist of at least six seats. Exemption for "single gender" companies (workforce with less than 20% employees of one sex).	Empty Chair.	Identifiability of affected companies rather difficult.
2.	Belgium	Law of 28 July 2011, inserting a new article (518) in the Belgian Companies Code	33% on boards of directors (<i>Conseil d'administration</i>) in a one-tier system. 33% on supervisory boards (<i>conseil de surveillance</i>) only in a two-tier system.	37,9%	Listed and state owned companies	Empty chair; after one year suspension of the payment of attendance fees.	Wide scope. The Belgian government has announced that the quota law will be amended by 2024 in order to increase the quota.
3.	Bulgaria	n/a	None.	21,7%	n/a	n/a	n/a
4.	Croatia	n/a	None.	23,4%	n/a	n/a	n/a
5.	Czech Republic	n/a	None.	23%	n/a	n/a	n/a
6.	Denmark	Recommendations on Corporate Governance	Obligation to set up goals for gender equality on their boards.	34,9%	Listed companies.	Comply or explain.	Soft Quota.

³ According to the European Institute for Gender Equality on its gender statistics database (2021). The percentage refers to female members of the supervisory boards of companies where corporate management and supervision are performed by different boards (executive and supervisory boards) as well as to all board of directors members (both executive and non-executive) at companies where both functions are combined in one board; https://eige.europa.eu/gender-statistics/dgs/indicator/wmidm_bus_bus_wmid_comp_compbm.

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7.	Estonia	n/a	None.	9,1%	n/a	n/a	n/a
	Finland	Finnish Corporate Governance Code	Private (listed) companies shall only ensure that both genders be represented in the boards. 40% for state owned companies.	35,2%	State owned and listed companies.	Comply or explain.	Soft Quota.
8.	France	Loi n° 2021-1774 du 24 décembre 2021	40% for non-executive directors. Additionally 30% of all boardroom positions by 2027, 40% by 2030.	45,3%	All companies with at least 1000 employees.	Nullity of appointments and suspension of attendance fees.	n/a
9.	Germany	Zweites Führungspositionengesetz, entry into force 12.08.21	30% on supervisory boards (<i>Aufsichtsrat</i>) and (from 01.08.22 onwards) there must be at least one women on management boards (<i>Vorstand</i>), provided that the board consists of at least four members. Additionally, companies that are either listed or fully co-determined are required to set their own targets for the representation of women on supervisory and management boards.	36%	Listed companies to which full co-determination law applies (more than 2000 employees). Companies that are either listed or fully co-determined.	Empty Chair	Narrow scope, rather small number of companies (i.e. 66) affected.
10.	Greece	Law 4706/2020, Nr of the Gazette 136/A/17-7-2020	25% on management board ⁴	19,6%	Listed companies (i.e. all companies registered at the Athens Stock Exchange).	Fines up to 3 million Euro (not to exceed 5% of its annual turnover).	Additional requirements of the new legislation are that boards will have to specify criteria on diversity, which

⁴ <http://ripeers.eu/2020/07/new-greek-law-on-gender-balance-in-the-composition-of-management-boards/>.

No.	Member state	Applicable Law	Target quota in the national legislation	Current data ³	Affected companies	Sanctions	Comment
							goes beyond just gender equality.
11.	Hungary	n/a	None	9,4%	n/a	n/a	n/a
12.	Ireland	Irish Corporate Governance Annex (to the UK Corporate Governance Code)	Obligation to set up goals for gender equality on all boards.	30,2%	Listed companies	Comply or explain.	<p>The quota of women on boards increased significantly lately.</p> <p>In September 2021, a bill to establish mandatory gender quotas on company boards (40% within three years) was submitted to the Irish Parliament. Whether the bill will actually enter into force remains to be seen.</p>
13.	Italy	Legge 12/07/2011 no. 120, amended in 2019	40% on supervisory (<i>Collegio sindacale</i>) and management boards (<i>Consiglio di Amministrazione</i>)	38,8%	Listed and state owned companies.	- Fines amounting 1.000.000 € in case of non-compliance after four months. Dissolution of the board after another three months.	Rather narrow scope.
14.	Latvia	n/a	None	22,2%	n/a	n/a	n/a
15.	Lithuania	n/a	None	22,3%	n/a	n/a	n/a

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16.	Luxembourg	The X Principles of Corporate Governance of the Luxembourg Stock Exchange	Among the criteria to select for the appointment or re-appointment of directors, listed companies shall take account of diversity criteria, including gender.	22,4%	Listed companies.	Comply or explain.	Soft quota.
17.	Malta	n/a	None	10,8%	n/a	n/a	n/a
18.	Poland	Code of Best Practice for WSE Listed Companies	30% on each of a company's governing bodies	24,7%	Listed companies.	Comply or explain.	Soft quota.
19.	Portugal	Law 62/2017, entry into force 01.01.2018	33% on supervisory boards (<i>conselho geral e de supervisão</i>) and directory boards (<i>conselho de administração</i>)	31%	Listed companies.	Mandate is considered temporary.	n/a
20.	Republic of Cyprus	n/a	None	8,5%	n/a	n/a	n/a
21.	Romania	n/a	None	17,5%	n/a	n/a	n/a
22.	Slovakia	n/a	None	27,7%	n/a	n/a	n/a
23.	Slovenia	Slovene Corporate Governance Code	Obligation to set up goals for gender equality that are appropriate for the company.	19,4%	Listed companies.	Comply or explain.	Very soft quota.
24.	Spain	Act for the Effective Equality of Women and Men, Ley Orgánica 3/2007, de 22 de marzo.	40% on boards of directors (<i>consejo de administración</i>). Listed companies are obliged to specify a target for the representation of women and to prepare a pol-	32,6%	All companies that have a minimum size as measured by assets, turnover or headcount and all types of directors.	None. The government may show preference in awarding public contracts to firms that have gen-	Soft quota.

No.	Member state	Applicable Law	Target quota in the national legislation	Current data ³	Affected companies	Sanctions	Comment
			icy on how to increase the number of women on the company's boards.			der-balanced boards.	
25.	Sweden	The Swedish Corporate Governance Code	Requirement to strive for gender balance on all boards.	37,9%	Listed companies.	Comply or explain.	Soft quota.
26.	The Netherlands	Act on balanced gender diversity at the top of large companies, entry into force 01 January 2022	33% on supervisory boards (<i>raad van commissarissen</i>) of listed companies. Other large companies are required to set up an appropriate and ambitious gender target to balance out the gender ratio in the (sub)top of the company, which includes an annual progress reporting duty.	38,1%	Listed companies; other large companies (balance sheet of more than €20 million, net turnover of more than €40 million and 250 or more employees averaged over the financial year).	Empty chair; comply or explain regarding the self-set targets.	n/a
