

# EU Directive 2022/2381 on improving gender balance among directors of listed companies and related measures

11 Sept 2024



# Context: Gender Equality a Political Priority

## Striving for a Union of Equality

### The Gender Equality Strategy 2020-2025

March 2020  
#UnionOfEquality



*“Gender equality is a core principle of the European Union, but it is not yet a reality. In business, politics and society as a whole, we can only reach our full potential if we use all of our talent and diversity. Using only half of the population, half of the ideas or half of the energy is not good enough.”*

*President Ursula von der Leyen*

# Context: Dimensions of the GE Strategy



***Free from violence  
and stereotypes***



***Thriving in  
a gender-equal  
economy***



***Leading equally  
throughout society***

**Gender Mainstreaming**

Intersectionality



- EU law on work-life balance, equal pay, maternity leave, parental leave
- Gender balance on company boards directive
- EU accession to Istanbul Convention

### Legislation

- SDG5 (UN 2030)
- Gender Equality Strategy
- European Semester
- Barcelona Targets on childcare

### Policy

- Citizens, Equality, Rights and Values Programme
- Funding for gender equality in external action

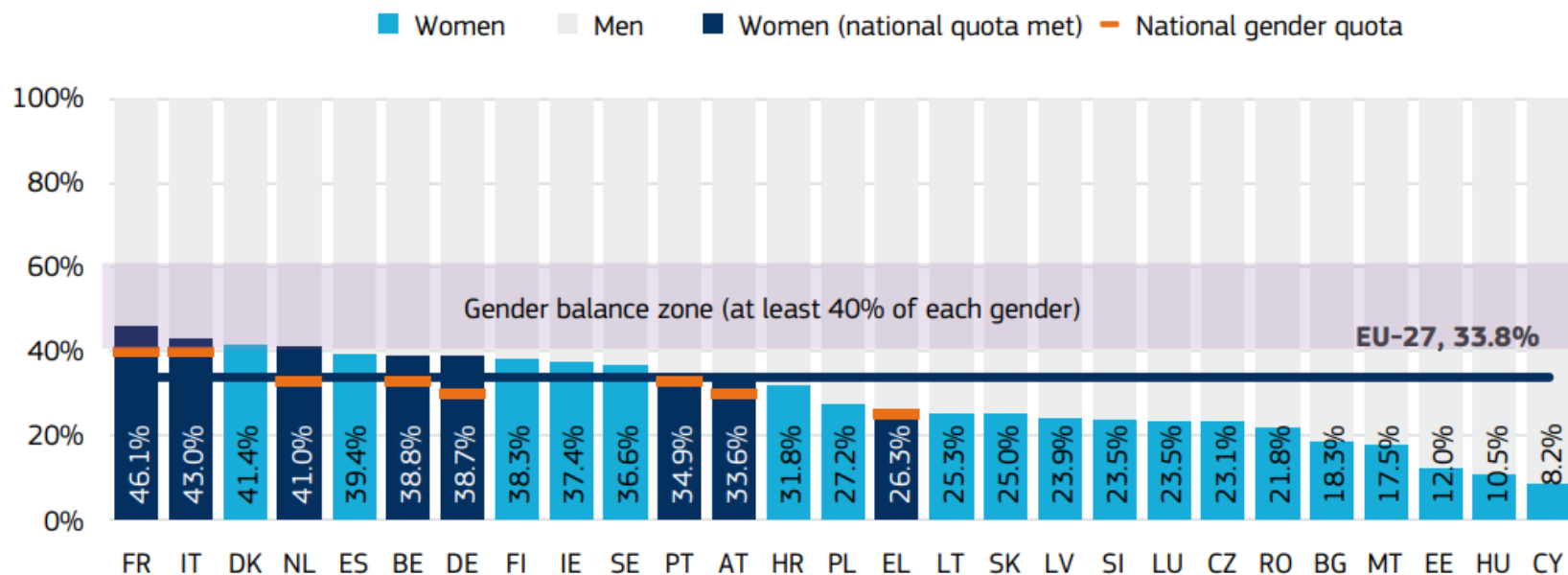
### Funding

- International Women's Day
- International Day of Eliminating Violence against Women
- European Equal Pay Day
- Stereotypes campaign 2023

### Awareness Raising

# Relevant data

**Figure 6:** Share of women and men on the boards of the largest listed companies in the EU, October 2023



Source: EIGE, Gender statistics

# Timeline of the Directive

- 2012: Proposal by the Commission
- 2022: Agreement by co-legislators
- 2024: Transposition deadline (Dec)
- 2026: Deadline for companies to reach targets
- 2038: Expiry date (with possibility to extend)

# Main principles

- Minimum standard Directive
- It speaks of underrepresented sex
- Targets – as condition to apply procedural requirements
- No quotas and no sanctions in case not reached

# Scope

- Large listed companies
- SMEs and non-listed companies are excluded, but MSs are encouraged to put in place policies to support and incentivize SMEs
- Applies to board members (executive director and non-executive directors)
- Unitary boards system and dual board system



# Targets

- 40% for supervisory boards, or 33% for all directors, target for under-represented gender
- These targets are a condition to apply procedural requirements if not attained by June 2026
- Individual quantitative objectives regarding executive directors (in case main target followed by a company concerns only supervisory boards)

# Procedural requirements

- Companies below the applicable target must adjust the process for selecting candidates for appointment or election to director positions
- Candidates must be selected on the basis of a comparative assessment of the qualifications of each candidate.

# Procedural requirements

- Clear, neutral and unambiguous criteria applied in a non-discriminatory manner throughout the entire selection process, incl. the preparation of vacancy notices, the pre-selection phase, the shortlisting phase and the establishment of selection pools of candidates.
- Such criteria shall be established in advance of the selection process.

# Procedural requirements

- Positive action element: in case candidates who are equally qualified in terms of suitability, competence and professional performance, priority is given to the candidate of the underrepresented sex (some exceptions apply)

# Procedural requirements

- Company has to provide information to a candidate who was not selected, on criteria, comparative assessment, other considerations
- Shift of burden of proof: if equally qualified, but not hired, it is for the company to prove that the Directive is not breached

# Reporting by companies

- On annual basis
- To competent MS authorities
- Website (in an appropriate and easily accessible manner) and corporate governance reports
- Where applicable, Listed companies include their reporting under this directive in their corporate governance statement

# Reporting by companies

- General: about the gender representation on their boards, distinguishing between executive and non-executive directors and regarding the measures taken to achieve the targets.
- Remedial: If a company is below the targets, it needs to report on the reasons for not achieving them and provide a description of the measures taken or to be taken to achieve them.

# Penalties

- Penalties for companies that fail to set individual targets or fail to comply with procedural and reporting obligations
- Up to MS to set, such as fines, nullity, annulment, liability, public procurement impact
- Peer-pressure to complement the enforcement
  - Member States publish information on companies that are reaching targets



# Suspension clause

- Directive allows Member States to continue applying their national measures which are equally effective (gender quotas) and where is tangible progress, under specific criteria and conditions



**Thank you  
for your attention**