Gender balance among non-executive directors of companies listed on stock exchanges

2012/0299(COD) - 20/11/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 459 votes to 148, with 81 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures.

The European Parliaments position at first reading under the ordinary legislative amended the Commission proposal as follows:

Gender policy: Parliament maintained that listed companies should develop a gender-balanced model of decision-making at all levels within the company while also ensuring the elimination of the gender pay gap.

That policy may include:

- a description of the relevant measures implemented in that company, such as nominating both a female and male candidate for key positions, mentoring schemes and career development guidance for women, and human resource strategies to encourage diverse recruitment;
- offering flexible working conditions for all employees, for example assistance for parental leave, as well as providing assistance for housework and childcare.

Objectives with regard to non-executive directors: Listed companies in the Union should aim to attain the objective of having at least 40 % of non-executive directors of the under-represented sex by 1 January 2020 at the latest.

Companies are obliged to:

- select the most qualified candidates for a board position from a gender-balanced selection pool and on the basis of a comparative analysis of the qualifications by applying pre-established, clear, neutrally formulated, non-discriminatory and unambiguous criteria;
- at least disclose to an unsuccessful candidate, the number and gender of the candidates in the selection pool. An unsuccessful candidate of the under-represented sex who considers him- or herself wronged may establish, before a court or other competent body, facts from which it may be presumed that the candidate was equally qualified as the appointed candidate of the other sex.

Where the selection is made through a vote of shareholders or employees, companies shall ensure that voters are properly informed regarding the measures provided for in this Directive, including sanctions for non-compliance by the company.

Additional measures taken by the companies and reporting requirements: listed companies must publish information about the gender representation on their boards in an appropriate and easily accessible manner on their website and in their annual report.

A listed company shall provide a statement of the reasons for its failure to attain those objectives or to fulfil those commitments.

Sanctions: Parliament proposed to add to the sanctions applicable to infringements of the national provisions adopted pursuant to this Directive: i) the exclusion from public call for tenders; and ii) partial exclusion from the award of funding from the European structural funds.

Reports: the Commission shall submit an evaluation report by 1 July 2017 on the implementation of the requirements for listed companies on the basis of the reports submitted by the Member States. The Commission shall also present a report on the way in which the principles of this Directive are applied by all Union institutions and agencies and are incorporated into the rules governing their internal staffing procedures.

The Commission's report shall also examine whether the scope of this Directive should be extended to cover non-listed public undertakings which do not fall within the definition of SME, non-listed large undertakings and executive directors of listed companies.