Gender balance on company boards

In line with the Commission's increased emphasis on improving gender equality in leadership positions, and after unsuccessful calls for voluntary measures, in 2012 the Commission proposed a directive aimed at increasing female presence on company boards. Despite support from the European Parliament and efforts by several Council presidencies, this proposal has not yet been adopted. On 7 December, the Council is due again to discuss the topic.

State of affairs

The latest data show that in October 2015 on average 21.2% of board members on publicly listed companies in the EU-28 were women. This is an improvement from 11.9% in 2010, but still insufficient and very uneven across Member States. Only eight Member States have on average more than 25% of women on company boards: France, Latvia, Finland, Sweden, the UK, Denmark, Italy and Germany. In some Member States, the percentage of women in these positions is very low indeed, and goes down to a mere 2.5% in Malta.

Apart from the human rights argument, including more women in decision-making would also have economic benefits. The lack of women in leadership positions was seen as problematic by the Commission because it is a failure to fully utilise the EU's human capital. In a review of research on the effect on economic performance of more balanced boards, the OECD concludes that, although the data on economic performance are not conclusive, more gender-diverse company boards may suffer less from narrow 'group think' in decision-making, challenge management decisions more, and monitor conflicts of interest more closely. The divergence in national laws may also pose problems for companies functioning across borders.

EU action

In its Strategy for equality between women and men 2010-2015 the Commission made equality in decision-making one of its priority areas. After voluntary targets and measures had failed, in November 2012 it proposed the directive on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures (2012/0299 (COD)), a measure which could ensure compliance from companies. The directive would be based on Article 157(3) TFEU, which ensures the application of the principle of gender equality in employment and occupation. Article 157(4) TFEU and Article 23 of the Charter of Fundamental Rights of the EU recognise positive action as a method of achieving gender equality. The proposal set the aim of a minimum of 40% of non-executive members of the under-represented sex on company boards, to be achieved by 2020 in the private sector and by 2018 in public-sector companies. Companies would have to make appointments on the basis of pre-established, clear and neutral criteria. If candidates were equally qualified, advantage would be given to the under-represented sex. Member States would require companies to issue annual reports on the composition of their boards and impose sanctions in the event of negative evaluations. The directive would not apply to SMEs.

Reiterating past support (resolutions from 2011 and 2012 calling for legislation to improve gender equality in business leadership), Parliament passed the proposal at first reading in November 2013. The Council has discussed it repeatedly since then but has not formed a common position. Seeking a compromise, the Italian Presidency suggested a flexibility clause and extending the deadlines. The Latvian Presidency supported the proposal but was unsuccessful in reaching an agreement. The Luxembourg Presidency stated in its programme that it would give special attention to gender-balanced representation in political and economic decision-making as factors in competitiveness, and has made efforts to reach an agreement on the proposal. Before the end of its term, the Council is to have another discussion on the proposal on 7 December 2015.

The Parliament debated the issue on 13 January 2015. More recently, the JURI and FEMM committees held a joint hearing on 12 November 2015, at which participants expressed concern over the directive's fate.

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