

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

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The Council was **not able to reach a general approach** on a directive improving the gender balance on company boards.

To recall, the proposed directive would set a quantitative objective for the proportion of the under-represented sex on the boards of listed companies of 40% by 2020 (by 2018 in the case of public undertakings). The companies would be obliged to work towards that objective by, inter alia, introducing procedural rules on the selection and appointment of nonexecutive board members.

In order to reach a **compromise** on this proposal, the presidency has introduced:

- **a flexibility clause:** this clause would allow Member States to pursue the aims of the directive by means of their own choosing and to suspend the procedural requirements, provided that they have already taken equally effective measures or attained progress coming close to the objectives set in the directive. To combine flexibility with maximum legal certainty, scenarios are defined which would be deemed by law to guarantee "equal effectiveness." It also leaves open the possibility that Member States might be entitled to use the flexibility clause in other legitimate cases where equal effectiveness or sufficient progress had been demonstrated;
- **revised implementation and reporting calendar:** the revised implementation calendar would require the Member States to transpose the directive no later than three years after its adoption. In the current text, the reporting deadlines have also been extended in line with this new implementation date. The revised calendar would give Member States and companies more time to prepare their own measures and to make progress, including any preparations for applying the flexibility clause.

The European Parliament has already adopted its position at first reading.