

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

2012/0299(COD) - 22/11/2022 - Text adopted by Parliament, 2nd reading

The European Parliament adopted a legislative resolution **approving the Council position at first reading** with a view to the adoption of a directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures.

The Directive aim to **achieve a more balanced representation of women and men among the directors of listed companies**.

Objectives for gender balance on boards

The Directive provides that at least **40%** of non-executive director posts or **33%** of all director posts should be occupied by the under-represented sex by the end of June 2026. If Member States choose to apply the new rules to both executive and non-executive directors, this target will be 33% of all director posts by 2026.

Means to achieve the targets

Listed companies that do not meet the targets for gender balance on boards should adapt the process for selecting candidates for appointment or election as directors. Clear criteria, formulated in neutral and unambiguous terms, should be applied in a non-discriminatory manner throughout the selection process.

In choosing between candidates who are equally qualified in terms of ability, competence and professional performance, **priority** should be given to the candidate of the under-represented sex, unless, in exceptional cases, there are legally overriding reasons, such as the pursuit of other diversity policies, which tilt the balance in favour of the candidate of the other sex.

Suspension clause

The suspension clause would only be available to Member States that have adopted national measures that are demonstrably 'equally effective' as those provided for in the Directive. These Member States could suspend the application of the requirements of the Directive relating to the selection of candidates for appointment.

Publication of information

Listed companies should provide the competent authorities once a year with information on the gender representation on their boards and the measures taken to attain the gender balance objectives. Based on the information provided, Member States should publish and update, in an easily accessible and centralised manner, a list of **listed companies** that have met either of the objectives.

Where a listed company has not met any of the objectives, the information should include the reasons why the listed company has not met those objectives and a full description of the measures it has already taken or intends to take to meet those targets.

Penalties

Member States should lay down rules on penalties applicable to breaches by listed companies of the national provisions adopted pursuant to the Directive. Sanctions may include fines or annulment declared by a judicial body of the appointment or of the election of non-executive directors made contrary to the national provisions adopted under the Directive.