Basic information

2012/0299(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Directive	Procedure completed
Gender balance among non-executive directors of companies listed on stock exchanges See also 2015/2967(RSP) **Subject** 3.45 Enterprise policy, inter-company cooperation 3.45.01 Company law 4.10.04 Gender equality 4.15.08 Work, employment, wages and salaries: equal opportunities women and men, and for all **Legislative priorities** Joint Declaration 2021 Joint Declaration 2022	

Key players

	Joint committee responsible	Rapporteur	Appointed
European Parliament	JURI Legal Affairs	WOLTERS Lara (S&D)	02/03/2022
	FEMM Women's Rights and Gender Equality	REGNER Evelyn (S&D)	02/03/2022
		Shadow rapporteur CARVALHO Maria da Graça (EPP) NIEBLER Angelika (EPP) RAFAELA Samira (Renew) MELCHIOR Karen (Renew) REINTKE Terry (Greens/EFA) HAUTALA Heidi (Greens/EFA) MOŻDŻANOWSKA Andżelika Anna (ECR) DZHAMBAZKI Angel (ECR) ANDERSON Christine (ID) JORON Virginie (ID) AUBRY Manon (The Left) KOUNTOURA Elena (The Left)	

Former joint committee responsible	Former rapporteur	Appointed
JURI Legal Affairs	REGNER Evelyn (S&D)	18/01/2013
FEMM Women's Rights and Gender Equality	KRATSA-TSAGAROPOULOU Rodi (PPE)	18/01/2013
	Shadow rapporteur NIEBLER Angelika (PPE) THOMSEN Britta (S&D) KOCH-MEHRIN Silvana (ALDE) WIKSTRÖM Cecilia (ALDE) CORNELISSEN Marije (Verts/ALE) YANNAKOUDAKIS Marina (ECR) KARIM Sajjad (ECR) LIOTARD Kartika Tamara (GUE/NGL)	

Former committee for opinion	Former rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	SCHMIDT Olle (ALDE)	14/01/2013
EMPL Employment and Social Affairs	CORNELISSEN Marije (Verts/ALE)	12/12/2012
IMCO Internal Market and Consumer Protection	PARVANOVA Antonyia (ALDE)	18/12/2012

Council of the European Union

Council configuration	Meetings	Date
Employment, Social Policy, Health and Consumer Affairs	3548	2017-06-15
Employment, Social Policy, Health and Consumer Affairs	3280	2013-12-09
Employment, Social Policy, Health and Consumer Affairs	3247	2013-06-20
Employment, Social Policy, Health and Consumer Affairs	3357	2014-12-11

European Commission	Commission DG	Commissioner
	Justice and Consumers	REDING Viviane

European Economic and Social Committee

Key events

Date	Event	Reference	Summary
14/11/2012	Legislative proposal published	COM(2012)0614	Summary
22/11/2012	Committee referral announced in Parliament, 1st reading		
17/01/2013	Referral to joint committee announced in Parliament		
20/06/2013	Debate in Council		
14/10/2013	Vote in committee, 1st reading		
25/10/2013	Committee report tabled for plenary, 1st reading	A7-0340/2013	Summary
19/11/2013	Debate in Parliament		
20/11/2013	Decision by Parliament, 1st reading	T7-0488/2013	Summary
20/11/2013	Results of vote in Parliament		
09/12/2013	Debate in Council		
11/12/2014	Debate in Council		Summary
15/06/2017	Debate in Council		
16/03/2022	Committee decision to open interinstitutional negotiations after 1st reading in Parliament		
23/03/2022	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 73)		
16/06/2022	Approval in committee of the text agreed at early 2nd reading interinstitutional negotiations		
17/10/2022	Council position published	10521/1/2022	Summary
20/10/2022	Committee referral announced in Parliament, 2nd reading		
17/11/2022	Vote in committee, 2nd reading		
17/11/2022	Committee recommendation tabled for plenary, 2nd reading	A9-0275/2022	
22/11/2022	Decision by Parliament, 2nd reading	T9-0393/2022	Summary
22/11/2022	Results of vote in Parliament		
22/11/2022	Debate in Parliament		
23/11/2022	Final act signed		
07/12/2022	Final act published in Official Journal		

Technical information

Procedure reference	2012/0299(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	See also 2015/2967(RSP)
Legal basis	Rules of Procedure EP 59 Treaty on the Functioning of the European Union TFEU 157-p3
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	CJ02/9/08476

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	IMCO	PE507.984	04/06/2013	
Committee draft report		PE514.670	21/06/2013	
Committee opinion	EMPL	PE508.089	16/07/2013	
Amendments tabled in committee		PE516.871	02/09/2013	
Committee opinion	ECON	PE508.237	27/09/2013	
Committee report tabled for plenary, 1st reading/single reading		A7-0340/2013	25/10/2013	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0488/2013	20/11/2013	Summary
Committee draft report		PE737.462	24/10/2022	
Committee recommendation tabled for plenary, 2nd reading		A9-0275/2022	17/11/2022	
Text adopted by Parliament, 2nd reading		T9-0393/2022	22/11/2022	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position	10521/1/2022	17/10/2022	Summary
Draft final act	00059/2022/LEX	23/11/2022	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2012)0614	14/11/2012	Summary
Document attached to the procedure	SWD(2012)0348	14/11/2012	

Document attached to the procedure	SWD(2012)0349	14/11/2012	
Commission response to text adopted in plenary	SP(2014)87	30/01/2014	
Commission communication on Council's position	COM(2022)0534	18/10/2022	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2012)0614	11/01/2013	
Contribution	CZ_SENATE	COM(2012)0614	08/04/2013	
Contribution	RO_CHAMBER	COM(2012)0614	18/04/2013	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES2444/2012	13/02/2013	
CofR	Committee of the Regions: opinion	CDR0242/2013	30/05/2013	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency

Name	Role	Committee	Date	Interest representatives
WOLTERS Lara	Rapporteur	JURI	22/02/2022	WO=MEN Dutch Gender Platform
MELCHIOR Karen	Shadow rapporteur	JURI	02/02/2022	European Women on Boards
MELCHIOR Karen	Shadow rapporteur	JURI	15/12/2021	Government of Finland
MELCHIOR Karen	Shadow rapporteur	JURI	03/05/2021	KVINFO

Final act

Directive 2022/2381
OJ L 315 07.12.2022, p. 0044

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

2012/0299(COD) - 14/11/2012 - Legislative proposal

PURPOSE: ensuring more balanced representation of men and women among non-executive directors of companies listed on stock exchanges.

PROPOSED ACT: Directive of the European Parliament and of the Council.

BACKGROUND: company boards in the EU are characterised by persistent gender imbalances, as evidenced by the fact that only **13.7% of corporate seats in the largest listed companies are currently held by women (15% among non-executive directors)**. Progress in increasing the presence of women on company boards has been very slow, with an average annual increase in the past years of just 0.6 percentage points.

The divergence or the absence of regulation at national level does not only lead to the discrepancies in the number of women among executive and non-executive directors and different rates of improvement across Member States, but also poses barriers to the internal market by imposing divergent corporate governance requirements on European listed companies.

- The European Commission reaffirmed its support for an increased participation of women in positions of responsibility, both in its Women's Charter and its Strategy for Equality between Women and Men 2010-2015.
- In the **European Pact for Gender Equality 2011-2020**, adopted on 7 March 2011, the Council acknowledged that gender equality policies are vital to economic growth, prosperity and competitiveness and urged action to promote the equal participation of women and men in decision-making at all levels and in all fields.
- The European Parliament, in its resolutions of 6 July 2011 and 13 March 2012, called upon companies and Member States to increase female representation of women in decision-making bodies and invited the Commission to propose legislative quotas to attain the critical threshold of 30 per cent female membership of management bodies by 2015 and 40 per cent by 2020.
- The **European social partners** have reaffirmed their commitment to further action in this area in their work programme for 2012-2014.

IMPACT ASSESSMENT: the Commission analysed **five policy options**:

- **Option 1**: the baseline scenario (i.e. no further action at EU level);
- **Option 2:** a Commission Recommendation encouraging Member States to achieve the objective of at least 40% of board members of each gender by 2020;
- **Option 3:** a Directive introducing a binding objective of at least 40% of each gender by 2020 for non-executive directors;
- **Option 4:** a Directive introducing a binding objective of at least 40% of board members of each gender by 2020 for non-executive directors and a flexible objective for executive directors, which would be set by the companies themselves;
- **Option 5:** a Directive introducing a binding objective of at least 40% of board members of each gender by 2020 for both executive and non-executive directors.

The outcome of the comparison of the consequences of the different policy options was that (i) binding measures are more effective in meeting the policy objectives than non-binding measures, (ii) measures that target both executive and non-executive board members are more effective than measures only targeting one group and (iii) binding measures will generate more societal and economic benefits than non-binding measures. **The proposal is therefore based on Option 4**.

LEGAL BASIS: Article 157(3) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the purpose of the proposal is to substantially increase the number of women on corporate boards throughout the EU by setting a **minimum objective of a 40% presence of the under-represented sex among the non-executive directors** of companies listed on stock exchanges and by requiring companies with a lower share of the under-represented sex among the non-executive directors to introduce pre-established, clear, neutrally formulated and unambiguous criteria in selection procedures for those positions in order to **attain that objective by 1 January 2020**. A shorter deadline for achieving the objective (1 January 2018) is set for listed companies which are **public undertakings**.

The proposal:

- specifies the **method of calculation** of the exact number of non-executive director positions necessary to meet the 40% objective;
- imposes **a preference rule** with the aim of meeting the objective: in the presence of equally qualified candidates of both sexes, priority shall be given to the candidate of the under-represented sex unless an objective assessment taking account of all criteria specific to the individual candidates tilts the balance in favour of the candidate of the other sex. This procedural requirement is necessary to ensure that the objectives comply with the case-law of the Court of Justice of the European Union concerning positive action;
- imposes **a disclosure obligation** and a burden of proof rule applicable in cases of challenges to the selection procedure by an unsuccessful candidate;
- provides for a **possibility of justifying non-compliance with the objective** where the members of the under-represented sex represent less than 10 per cent of the workforce;
- provides that the 40% objective can also be met where the members of the under-represented sex hold at least one third of all director positions, irrespective of whether they are executive or non-executive;

- imposes an obligation for listed companies to **undertake individual commitments** regarding the representation of both sexes among executive directors;
- imposes an obligation for listed companies to **provide and publish information on the gender composition** of their boards;
- imposes on listed companies which fail to meet the objectives concerning the non-executive directors or commitments concerning executive directors an additional obligation to **explain** the reasons and to include the description of measures taken and planned in order to meet the objectives or commitments in the future;
- obliges Member States to lay down rules on **sanctions** applicable in case of breach of this Directive.

BUDGETARY IMPLICATION: the proposal has no implications for the Union budget.

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

2012/0299(COD) - 25/10/2013 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Legal Affairs and the Committee on Women's Rights and Gender Equality, working jointly, adopted the report by Rodi KRATSA-TSAGAROPOULOU (PPE, EL) and Evelyn REGNER (S&D, AT) 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.

It recommended that the European Parliament's position at first reading under the ordinary legislative should be to amend the Commission proposal as follows:

Gender policy: Members maintained that listed companies should develop a gender policy in order to attain a more balanced gender representation throughout the company concerned. 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.

Furthermore, it may include 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 are obliged to 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: the Members propose 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.

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 Parliament's 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.

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

2012/0299(COD) - 11/12/2014

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.

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

2012/0299(COD) - 17/10/2022 - Council position

The Council adopted its 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 proposed directive aims to achieve a **more balanced representation of women and men among the directors of listed companies** by establishing effective measures to accelerate progress towards gender balance, while allowing listed companies sufficient time to make the necessary adjustments to achieve this. It applies to listed companies and does not apply to micro, small and medium-sized enterprises (SMEs).

Objectives for gender balance on boards

Member States should ensure that listed companies are subject to either of the following targets, to be achieved by 30 June 2026:

- members of the under-represented sex occupy **at least 40%** of non-executive board positions

- members of the under-represented gender hold **at least 33%** of all directors, both executive and non-executive.

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 Council's position clarifies that 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. In practice, these Member States could suspend the application of the requirements of the Directive relating to the selection of candidates for appointment or election as directors and, where appropriate, those relating to the setting of individual quantitative objectives, provided that the conditions for suspension set out in the Directive are met.

Furthermore, according to the Council's position, for a Member State to be able to rely on the suspension clause, the conditions must be fulfilled at the latest by the date of entry into force of the Directive. The text includes a closed list of conditions that Member States must fulfil in order to qualify for suspension, as well as a clearer description of the core elements that national legislation should include.

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 the rules on penalties applicable to breaches by listed companies of the national provisions adopted pursuant to the Directive. They should ensure that there are adequate administrative or judicial procedures to enforce the obligations under the Directive. These sanctions should be effective, proportionate and dissuasive. They could include **fines and nullity 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.

A general provision on public procurement has also been included, obliging Member States to ensure that, in the performance of public contracts and concessions, listed companies comply with applicable social and labour law obligations, in accordance with relevant EU law.

Review

The Council position invites the Commission to review, in its **2030 report**, the effectiveness of the Directive, the possible need to extend the scope of the Directive, at a later stage, to non-listed companies which are not SMEs, as well as one of the conditions of the suspension clause, namely the one based on progress made.

In addition, Member States making use of the suspension clause will also be required to report not only on whether and how they have fulfilled the applicable conditions, but also on whether they are making further progress towards a more balanced representation of both sexes.

Lastly, the Council added a **technical annex** specifying the exact number of director positions deemed necessary to achieve the quantitative objectives that are expressed as percentages in the Directive.

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

2012/0299(COD) - 07/12/2022 - Final act

PURPOSE: to improve the gender balance among directors of listed companies.

LEGISLATIVE ACT: Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures.

CONTENT: the Directive is aimed at ensuring the application of the principle of equal opportunities between women and men and **achieving a gender-balanced representation among top management positions** by establishing a set of procedural requirements concerning the selection of candidates for appointment or election to director positions based on transparency and merit.

In its resolution of 6 July 2011 on women in corporate governance, the European Parliament urged companies to reach the critical threshold of 30% of women in top management by 2015 and 40% by 2020.

Objectives for gender balance on boards

The Directive provides that **by 2026**, listed companies should aim to have members of the under-represented sex occupy at least **40%** of non-executive directors.

Member States may choose to apply these rules to both executive and non-executive directorships. In these countries, the aim is to ensure that members of the under-represented sex occupy 33% of all board positions.

Scope and applicable law

The Directive applies to listed companies. It does not apply to micro, small and medium-sized enterprises (SMEs). The Member State competent to regulate the listed company is the one where the company has its registered office. The applicable law will be that of the country where the listed company has its registered office.

Criteria for the selection and appointment of board members

Listed companies that do not meet the objectives set by the Directive will have to **adapt the process of selecting candidates** for appointment or election as directors. These candidates will be selected on the basis of a comparative assessment of the qualifications of each candidate. To this end, clear criteria, formulated in neutral and unambiguous terms, shall be applied in a non-discriminatory manner throughout the selection process.

In the selection of candidates for appointment or election as directors, priority will be given to the equally qualified candidate of the under-represented sex, unless, in exceptional cases, there are legally overriding reasons to favour the candidate of the other sex.

Listed companies will be required to inform the applicant of the criteria relating to qualifications on which the selection was based and of the objective comparative assessment of the applicants against these criteria.

Suspension clause

A Member State which has come close to meeting the objectives or which has put in place equally effective legislation before the entry into force of the Directive will be able to suspend the application of the requirements set out in the Directive relating to the selection of candidates for appointment or election as directors and, where appropriate, those relating to the setting of individual quantitative objectives, provided that the conditions for suspension set out in the Directive are met.

Member States also remain free to introduce measures that go beyond the proposed system.

Publication of information

Once a year, companies will have to provide information on the representation of men and women on their boards and the measures they are taking to reach the 33% or 40% targets. Also once a year, Member States will publish a list of companies that have met the objectives set by the Directive.

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.

Sanctions

Member States will 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.

By 29 December 2025, and every two years thereafter, Member States will report to the Commission on the implementation of the Directive.

ENTRY INTO FORCE: 27.12.2022. The Directive expires on 31.12.2038.

TRANSPOSITION: no later than 28.12.2024.

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.