

## “WOMEN ON BOARDS” PROPOSED DIRECTIVE

### A significant step towards gender equality on boards

Luxembourg, 29 July 2022

#### LuxCMA views on the proposed Women on Boards Directive

LuxCMA welcomes the political agreement on the proposal for a Directive on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures, the so-called **Women on Boards Directive**.

After a decade-long wait, the proposed Women on Boards Directive is finally moving forward after a political agreement reached between the European Parliament and the Council on 7 June 2022. Originally proposed in 2012, the Women on Boards Directive aims to increase the presence of women on corporate boards.



The text of the proposed Women on Boards Directive is available [here](#).

#### Gender Balance on Boards

Under the Women on Boards Directive, listed companies must comply with one of the below objectives by **30 June 2026**:

- (a) members of the underrepresented sex hold at least **40% of non-executive director positions**; or
- (b) members of the underrepresented sex hold at least **33% of all director positions**, including both executive and non-executive directors.

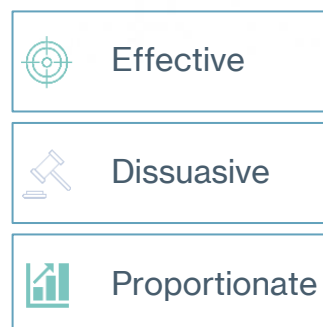
In order to attain these objectives, Member States must ensure that listed companies put in place clear and transparent appointment procedures with clear, neutral and unambiguous criteria, which are applied in a non-discriminatory manner.

Additionally, in situations where candidates are equally qualified, priority must be given to the candidate of the underrepresented sex.

Member States will also require listed companies to provide annual information about the gender representation on their boards, distinguishing between non-executive and executive directors and the measures taken to attain the applicable objectives. This information will also be publicly available on the company's website. Based on the information provided, a list of the listed companies that have reached one of the objectives will be published and regularly updated by Member States.

### "Effective, Dissuasive and Proportionate" Penalties

The proposal calls for "effective, dissuasive and proportionate" penalties for companies that fail to comply with the clear and transparent appointment procedures. In the event of non-compliance with the Directive's objectives, companies will be required to disclose reasons for their lack of compliance and the measures taken to remedy it. Penalties for breaches also include fines or having the appointment of the board director in question annulled.



### Next Steps

Following the formal approval by the European Parliament and the Council, the Directive will enter into force 20 days after it has been published in the EU's Official Journal. Member States will then have two years to implement the Directive. It is also worth noting that while the Directive currently applies to listed companies only, but as they may serve as a model for the private sector, the European Commission shall assess whether there is a need to extend the scope of the Directive and may extend it to non-listed undertakings in the future.

**LuxCMA strongly supports increasing gender diversity on boards within the capital markets community.**

All those who would like to become a LuxCMA member should visit [www.luxcma.com](http://www.luxcma.com) or contact [info@luxcma.lu](mailto:info@luxcma.lu).

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