



# National Council of Women

Affiliated to the International Council of Women

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The challenge of gender imbalance on corporate boards in EU Member States

## Background

Addressing the challenge of gender imbalance on company boards is a matter of importance for all Member States. In September 2010, the Commission once again addressed the issue with the adoption of its new Strategy for Equality between women and men (2010-2015). The first steps were taken on 1 March 2011 by Viviane Reding, Vice-President of the European Commission responsible for Justice, Fundamental Rights and Citizenship, with the launch of the Women on Board Pledge for Europe - a call for publicly listed companies in Europe calling for all stakeholders to sign a voluntary commitment on an increase of 30% by 2015 and 40% by 2020. This was followed by the strong support from the European Parliament in July 2011

## Why the need for more women on boards?

A number of reasons were put forward: an untapped potential of skilled human resources; the contribution of women to the economy at National and EU level and last but not least barriers women still face on the way to the top. Research findings reveal that companies with more women on their boards were found to outperform their rivals with a 42% higher return. A gender balanced board is more likely to pay attention to managing and controlling risk combined with strong organisational and financial performance.

Initiatives (through self-regulation) to address gender imbalance were taken by National governments, EU social partners, individual businesses and other stakeholders. These include legislative measures such as quotas with or without sanctions, and voluntary initiatives, such as corporate governance codes, charters, training, mentoring and databases promoting female candidates.

However, between 2003 and January 2012, the share of women on boards rose slightly from 8.5% to 13.7% - that is 5% in a little over 8 years. Following this poor performance, the Commission Work Programme for 2012 announced 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 exchanges and related measures COM(2012) 614 final – 2012/0299(COD))

## The directive in a nutshell

The proposed directive makes provisions for a 40% target for non-executive directors, (excluding SMEs) with rules setting a transparent selection process, based on qualifications and merit and with a preference rule only in cases of equal qualifications. It also provides for flexibility and subsidiarity for Member States, that have in place effective measures before the coming into force of the directive, with possible exemption for companies where the under-

represented sex makes up less than 10% of the workforce. The directive is of a temporary nature – sunset clause in 2028

A public dialogue organised by the National Council of Women in collaboration with The European Parliament Information Office in Malta will be held on **Friday 13 September 2013 at 9.30am at Ewropa House, St Paul Street, Valletta. (Attendance is free)**

The aim of the public dialogue is to discuss the proposed directive and to reach consensus by all stakeholders in addressing the Maltese situation, before the end of 2013 which is the target for the adoption of the Directive

Grace Attard, Vice-President NCW, Member of the EESC