



EUROPEAN COMMISSION

Brussels, 24.9.2013
C(2013) 5717 final

Dear President,

The Commission would like to thank the Riigikogu for its Opinion concerning 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 {COM(2012) 614 final} and apologises for the long delay in replying.

The analysis and impact assessment of the Commission in preparing this proposal show the case for pursuing a greater representation of women on boards as well as the clear benefits to businesses resulting from a more gender diverse boardroom.

In principle, Member States have the possibility to improve gender balance on boards on their own. In practice, however, a vast majority of Member States of the European Union are not making use of this possibility or their actions are so diverse that they often lead to very divergent results. Moreover, the current figures reveal that decades of self-regulation have failed. The last attempt by the Commission to encourage self-regulation was on 1 March 2011. At that time, the Commission invited listed companies to sign the "Women on the boards pledge for Europe" and to make a credible commitment to raising the number of women on their boards. The results of this initiative were very disappointing as only a handful of companies signed the pledge. The current figures speak for themselves: EU-wide, 85% of non-executive board members and 91.1% of executive board members are men. Despite an intense public debate and some voluntary initiatives at national and European level, the situation has not changed significantly in recent years.

To answer the Riigikogu's question about subsidiarity, after having thoroughly evaluated the present situation in the impact assessment, the Commission has come to the conclusion that action by Member States individually will not achieve the objective of a more balanced gender representation on company boards by 2020 or at any point in the foreseeable future. Consequently, the Commission has proposed action at EU level as it believes this is necessary in order to achieve the objective of significantly improved gender balance on the boards of listed companies.

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