

Working Paper

The Quota-instrument: different approaches across Europe

**European Commission's Network to Promote Women in Decision-making in
Politics and the Economy**

Text completed in June 2011

The opinions expressed in this paper are the opinions of the Network members and do not necessarily reflect the opinion or position of the European Commission. Neither the European Commission nor any person acting on its behalf is responsible for the use which might be made of the information contained in this document.

Contents

1. Purpose of the working paper	3
2. The situation: significant underrepresentation of women in decision-making	4
3. The position of women in decision-making in politics	6
3.1 National parliaments and governments.....	6
3.2 The European level.....	7
3.3 Conclusions.....	8
4. To quota or not to quota in the economic decision-making positions?	9
4.1 Non-legislative instruments to promote gender balance in decision-making in business	9
4.2 Corporate governance codes can play a positive role	9
4.3 State-owned companies in the forefront.....	10
4.4 The Norwegian good practice	10
4.5 Wide variety of approaches in EU Member States	12
4.6 Elements of the different approaches.....	14
4.7 Conclusions.....	15
5. Key points of advice.....	16
ANNEX 1 – Use of electoral quotas in politics (national parliament’s elections).....	17
ANNEX 2 – Key characteristics of quota debate in corporate sector.....	20
ANNEX 3 – Members of the European Network who participated at the meeting on 26 April 2010 ..	23
ANNEX 4 – List of reference materials	24

1. Purpose of the working paper

One of the actions undertaken by the European Commission under its Roadmap for Equality between Women and Men (2006-2010)¹ was the establishment of the European Commission's Network to promote Women in Decision-making in Politics and the Economy (hereinafter called the European Network) in 2008². The Women's Charter and the European Commission Strategy for Equality between Women and Men (2010-2015) have among their priorities the promotion of equality in decision-making³. The European Network serves as a platform to facilitate European-level cooperation, exchange information and share good practices with its stakeholders, its members, partners and society as a whole.

On 26 April 2010 the European Network discussed the effectiveness of the use of quotas as an instrument to increase the representation of women at decision-making levels in politics and the economy. The discussion concentrated on the situation in parliaments, governments and large corporations. The use of quotas at other levels of power (regional, local) and other institutions in the European Union was not addressed.

Definition: The quota-instrument is a positive measure that establishes a fixed percentage or number for the representation of a specific category of persons. Quotas can be included in legislation (in electoral, equality, labour, and constitutional law) or applied on a voluntary basis (like voluntary political party quotas, soft targets).

This **working paper** serves to present the main results of the discussions, to highlight good practices and to provide reference materials in order to contribute to the ongoing debate. In chapter 2 the business case for women in decision-making is made. Chapter 3 is devoted to the situation in politics and chapter 4 to the situation in the corporate world. Both chapters end with conclusions. In chapter 5 a number of **key points of advice** have been formulated by the European Network.

Annex 1 and 2 contain overviews of the status of the quota debates in politics and the corporate world and the current statistics on the representation of women across Europe⁴. Annex 3 contains the names of the members of the European Network who contributed to the meeting. To facilitate further exchanges of good practices a list with reference materials can be found at the end of the working paper in Annex 4.

¹ http://ec.europa.eu/justice/gender-equality/document/index_en.htm

² Website: http://ec.europa.eu/justice/gender-equality/gender-decision-making/index_en.htm

³ http://ec.europa.eu/justice/gender-equality/document/index_en.htm

⁴ EC Database of women and men in decision-making

2. The situation: significant underrepresentation of women in decision-making

Women’s participation in the European labour market is at a historically high level reaching almost 60%⁵, but the situation between countries differs. Despite this progress, women remain seriously under-represented in decision-making positions in politics and in the corporate sector, in particular in corporate boardrooms⁶:

- Although 35% of European Parliament members are women, their share in national parliaments⁷ of EU Member States is on average only 24%.
- One third of European Commissioners currently in office is female, while only three of the 20 EU countries with a president are led by a woman.
- One out of ten seats (around 12%) in the boardrooms of Europe’s largest companies⁸ has been taken by women but only 3% of the leadership positions (chairs and CEO’s)⁹.

The prevailing arguments for equal representation of women in decision-making are multiple and include:

- **Democratic legitimacy of decision-making**
As a principle of democracy, in which all citizens are equal, the composition of elected bodies representing its citizens should reflect the diversity of the electorate. This ensures that their decisions have legitimacy. Since half of Europe’s population consists of women, their voices should be heard equally at all levels.
- **Economic growth**
A study¹⁰ on the links between economic growth and productivity in the labour market demonstrates that if women’s productivity level would rise to the level of men’s, Europe’s GDP could grow 27%. Women’s participation is of crucial importance to Europe’s economy.

⁵ 59.1% in 2008; European Commission’s Report on Equality between Women and Men 2010 : <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52009SC1706:EN:NOT>

⁶ EC Database of women and men in decision-making; data collected 03/08/2010 – 27/08/2010

⁷ Single/Lower Houses. EC Database of women and men in decision-making; data collected 02/07/2010 – 21/07/2010

⁸ The largest publicly listed companies in each country are taken to be the nationally registered constituents (max.50) of the primary blue-chip index of the stock exchange in each country

⁹ 18 out of 577 companies are led by men; source: European Commission’s report ‘More women in senior positions’, January 2010

¹⁰ ‘Gender equality, economic growth and employment’, by Asa Löfström, 2009

- **Improved performance**

In the corporate world, an increasing number of reports¹¹ indicate that there is a positive correlation between the share of women at top levels and the companies’ performance.

- **Better utilization of the talent pool**

More than half of the students (59%) graduating from Europe’s higher educational institutes are women¹².

Women’s talents are currently being underutilized at decision-making levels, in particular at top level. Change is necessary in both the political and corporate world to strengthen Europe’s competitiveness, combat the current economic crisis and create a sustainable future in which all talents are used to the full and all voices are heard in decisions shaping Europe’s future.

¹¹ A.o. ‘Women Matter’ by McKinsey; ‘The Bottom Line: Connecting Corporate Performance and Gender Diversity’, by Catalyst, 2004; ‘Women to the Top!’, 2007, by EVA (www.eva.fi)

¹² 59% of graduates in all subjects in 2006 in the EU are women. Source: Report from the European Commission on Equality between women and men 2010

3. The position of women in decision-making in politics¹³

Half of the countries in the world are using some form of gender quotas in politics, some of which are written in the constitution or law (legislated quotas), others are voluntary. In most European countries voluntary quotas have been used by many political parties as an important tool to increase women’s participation in political decision-making. The European Network has reviewed the current situation of women in decision-making in politics in Europe and concluded that much needs to be improved.

3.1 National parliaments and governments

The share of women in EU **national parliaments** is on average 24%¹⁴. Since women make up half of the population, this result violates the democratic principle of equal representation of both sexes and consequently may be seen as jeopardizing the legitimacy of decisions taken in the long term.

A number of European countries have introduced legislated gender quotas for elections of national parliaments, like Belgium, France, Greece, Portugal, Spain, Slovenia and Poland whereas in other countries political parties voluntarily apply quotas, like in Germany, Poland, Sweden and the UK¹⁵. These electoral quotas are generally recognized as an effective way to prevent the ‘gatekeepers’ in the election processes, the political parties, to control the so-called ‘secret garden of nominations’.

The introduction of gender quotas has led to fast and significant increases in women’s political representation but also to some disappointments. Quotas are **no guarantee** for gender balance in political representation because its effectiveness highly depends on the design of the rest of system and in particular the electoral system. The decisive factor is where the quotas are implemented, for instance at the level of the pool of candidates, at the electoral lists or at reserved seats. In the proportional electoral systems, the zipper principle, in which the candidates on the list need to be alternately male and female, may provide an efficient solution to ensure that the candidates lists are built up in a balanced way. However, in some countries (like Greece, the Netherlands) the zipper system still does not provide sufficient safeguards that the outcome will be in line with the gender composition of the candidates list because of the effect of preferential voting for specific candidates on the list. This may result in more votes being cast for men than for women and

¹³ ‘Electoral gender quota systems and their implementation in Europe’, by the European Parliament 2008

¹⁴ Single/Lower Houses. EC Database of women and men in decision-making; data collected 02/07/2010 – 21/07/2010

¹⁵ For complete list see Annex 1

consequently more men appointed to the seats than would be expected based on the gender composition of the candidates list.

In majoritarian systems, like in the UK, ‘women only’ short lists for a quoted number of the safe electoral districts have proven to be an effective instrument.

At the same time legislated quotas have **not been the only way** to achieve more balanced representation in national parliaments. Denmark, Sweden, Finland and the Netherlands have achieved high levels of women in parliament (37%, 47%, 40¹⁶% and 41% respectively) without the use of legislated quotas, although these processes took a long time and resulted from some efficient policies in favour of gender equality and from pressure of the women’s movement.

The application of **sanctions** in case of non-compliance plays an important role in the effectiveness of the tool too. Rejection of electoral lists is reported to be one of the most effective sanctions.

The composition of national governments is far from balanced yet¹⁷. Across the 27 EU countries only 27% of the ministerial posts (senior ministers) are in the hands of women¹⁸. Including the junior ministers the percentage drops to 24%. In EU Member States, there are only 3 female prime-ministers (Germany, Finland and Slovakia) and just three countries, Ireland, Lithuania and Finland, have a female president¹⁹.

3.2 The European level

Currently²⁰ women take up 35% of the seats of the European Parliament. Looking at the distribution of sexes by country, 8 countries (30%) have reached almost or even surpassed parity (40% of more women representatives). Denmark now has 46% female members of European parliament, Estonia 50%, France 47% and the Netherlands²¹ 41%. In Finland and Sweden the majority of members of European parliament are women (with 62% and 56% respectively). However, in 70% of EU-countries parity in this respect has not been reached by far. In a number of countries the situation is far below average, like in the Czech Republic (18%), Italy (22%), Luxembourg (17%) and Poland (22%).

¹⁶ www.quotaproject.org

¹⁷ For an overview see Annex 1

¹⁸ EC database of Women and Men in decision-making; data collection between 08/07/2010 and 21/07/2010

¹⁹ EC database of Women and Men in decision-making; data collection between 08/07/2010 and 21/07/2010

²⁰ Single/Lower Houses. EC Database of women and men in decision-making; data collected 02/07/2010 –

21/07/2010 Per 12/07/2010 - EC database

²¹ Per October 25 2010: <http://www.houseofrepresentatives.nl/>

At the European Commission 1/3 of members are female. In the Committees of the Regions and the Economic and Social Committee women are still severely underrepresented with 19% and 23% respectively.

3.3 Conclusions

- The members of the European Network noted that legal gender quotas are more effective than voluntary party quotas but the situation may vary between countries.
- There are a number of technical solutions to ensure that women candidates are successful in being elected for a certain quoted share of eligible places. However, the application of these instruments will depend on the political will in the countries.
- The main challenge remains how to create political will for the acceptance of effective, legally binding solutions if necessary. The developments in many countries show that a strong women's movement advocacy is needed and that it is crucial to find at least one major parliamentary party that pushes for it.
- Since equal representation of women in political decision-making in many European countries has not been reached yet, **more efforts are needed to make further progress. Moreover, when quotas are used, it remains necessary to improve the effectiveness** of the current electoral systems by:
 - Optimization of the **compatibility** and applicability of the quota-instrument within the electoral systems;
 - Monitoring of **compliance** and implementation of effective sanctions for non-compliance.

4. To quota or not to quota in the economic decision-making positions?

4.1 Non-legislative instruments to promote gender balance in decision-making in business

A variety of instruments have been developed in the corporate world to promote gender balance in companies at all levels including at top levels. A recent study²² commissioned by the European Commission on non-legislative initiatives for companies to promote gender equality at the workplace reported on the most frequently used non-legislative instruments:

- **Labels:** process based on audit involving elements of self-assessment and/or external evaluation, involvement of an independent jury and participation in a consulting process with the aim of improving gender equality in the organization. Labels are granted for a limited period of time and renewal depends on improvements of the company's equality policy.
- **Prizes and Awards:** mostly annual prizes for companies promoting gender equality. They often address different target groups, such as Women in Leading Positions. The selection process often involves a questionnaire and a review by an external committee or jury.
- **Charters:** by signing a charter companies (and other organizations) show their commitment to the common values described in the charter. Activities and progress are normally not assessed by external bodies. Charters often have a special focus, like women in top management²³.
- **Rankings:** result of a comparison of enterprises based on the assessment of different criteria, like women in management positions. Rankings can be based on publicly available information or questionnaires.
- **Compendium of good practices:** companies with an outstanding record in promoting gender equality are presented in detail in a publication or on a website, with the aim to share knowledge and inspire other companies to follow their example.

4.2 Corporate governance codes can play a positive role

*Corporate governance is the basis of accountability in companies, institutions and enterprises, balancing corporate economic and social goals on the one hand with community and individual aspirations on the other*²⁴.

²² 'Study financed by the European Commission on Non-legislative initiatives for companies to promote gender equality at the workplace', Vienna, March 2010, by KMU Forschung Austria

²³ Dutch Charter 'Talent to the Top': <http://www.talentnaardetop.nl/charter-en.htm>

²⁴ www.ecgi.org (European Corporate Governance Institute)

Corporate governance codes play an increasingly important role in addressing gender balance on corporate boards. In many countries the private sector has responded to the potential threat of legislated gender quotas by including reference to the need for (gender) diversity related to board composition in their corporate governance codes. Corporate governance codes typically do not carry penalties like legislation does. Instead they rely on peer pressure within organizations and outside pressures from stakeholders and the media. The popular principle of ‘comply or explain’ places an obligation on companies that violate the code to address the reasons for it and to announce corrective actions in their annual report. This high level of level of transparency puts further pressure on companies to comply.

4.3 State-owned companies in the forefront

In Norway, Denmark and Finland a minimum representation of women on boards of (majority) state-owned companies had been mandated by law since many years²⁵. In Norway quota were first introduced in the Gender Equality Act in 1981 as a demand for at least 40% of each gender on publicly appointed boards, councils and committees; in 2004 the quota were extended to boards of publicly owned enterprises and in 2006 (in effect as from 2008) to large joint stock companies in the private sector.

Opposition’s arguments against quota law

Fierce opposition has emerged in countries where parliament or governments are threatening or preparing to implement quotas for boards of private companies in which the state does not hold shares. Main argument against quota law is that it violates the companies’ autonomy and the right of owners to select their own board members based on their own criteria. Another argument frequently used is the lack of qualified women, which may well be a *perceived* lack based on prejudices about women’s abilities and their roles in business and the fact that talent pools often do not include female talents.

4.4 The Norwegian good practice

The Norwegian quota law requires all public (limited) companies listed at the Norwegian Stock Exchange as well as state-owned, municipal, inter-municipal and cooperative companies to appoint at least 40% women on their boards per 2008. The law led to a dramatic and fast increase from 6% women on boards of public limited companies in 2002 to 36% in 2008²⁶. Despite this progress, women are lagging behind in leadership positions

²⁵ Norway since 1981; Denmark since 2000

²⁶ Paper by Ms Mari Teigen: ‘Gender Quotas in Norwegian Corporate Boards’, April 2010

(presidents) at 11%²⁷. In addition, the impact on private (non-listed) limited companies has been less impressive since the share of women on boards grew from 15% (2004) to 17% (2009) only. This may be caused by the high demand for qualified women for public companies' boards and the attitude of private companies' management that the quota law will not become applicable to them²⁸.

A combination of factors contributed to the success of the Norwegian approach:

- The introduction of the law by the Minister of Economic Affairs, emphasizing the argument that it was '**good for business**'. Other arguments referred to women's democratic rights and the need to use all talents available for economic growth.
- The '**Norwegian quota tradition**' to address inequality by using the tool of quota created willingness by politicians to go this route after having given companies ample opportunity to correct the imbalance themselves.
- Professional **preparation** (identification, mentoring and training) of a large pool of qualified female candidates to take up board responsibility²⁹.
- **Cooperation** between all stakeholders (like government, employers, companies, unions, women's organizations) to create the necessary support systems.
- Availability of **female role models** in society since more than 40% of the senior positions in government and state owned companies had already been taken by women.
- Implementation of legal **sanctions** in case of breach of the quota law, ranging from official warnings and financial penalties to ultimately delisting of the company from the Stock Exchange.

Impact of the Norwegian quota law

A reliable analysis of the impact of the law on companies' performance in Norway can only be carried out after a statistically relevant number of years. However, the preliminary results of a survey among current board members by the Institute for Social Research in Oslo³⁰ indicate that the initial resistance against the law's applicability to the private sector has now disappeared and that '**boards just get on with business like before**'³¹.

The law has had some *unintended consequences*. Some companies changed their legal status with the aim to either prevent or choose to comply with the new legislation. In addition, the power concentration of some women holding multiple board memberships (like men)

²⁷ EC Database of women and men in decision-making; data collected 03/08/2010 – 27/08/2010

²⁸ Presentation by Dr. Mari Teigen (Institute for Social Research, Oslo) on April 26 2010 in Brussels.

²⁹ The Female Future program of NHO (Confederation of Norwegian Business and Industry):

http://www.nho.no/getfile.php/filer%20og%20vedlegg/In_response_to_ilo_-_Female_Future_doc_short_version1.pdf

³⁰ www.socialresearch.no

³¹ Presentation by Dr. Mari Teigen (Institute for Social Research, Oslo) on April 26 2010 in Brussels

reinforced the need to impose general limitations on the number of board positions a person can hold.

4.5 Wide variety of approaches in EU Member States

The Norwegian example inspired some EU countries to introduce legislation to improve gender balance on boards. Moreover, a wide variety of approaches has been developed³².

In 2007, **Spain** adopted a Law on effective equality between women and men, which recommends to large companies with more than 250 employees and IBEX 35 to gradually appoint women on their boards, until an even number of male and female members has been achieved. These companies should, within eight years, gradually modify the composition of their boards until a proportion of between 40 % and 60 % of each gender has been reached. There is no sanction for failure to comply with obligations, but it will be taken into account when companies want to, for example, obtain the equality label, public subsidies or state administration contracts.

In January 2011, **France** adopted a quota law that obliges listed companies and companies employing at least 500 employees and with revenues over € 50 million to appoint at least 20% women on their boards within 3 years and 40% within 6 years. Main penalty of the law is that an appointment of a board member that does not meet the criteria in terms of gender will render the appointment invalid.

In May 2011, **the Netherlands** adopted a legal target of minimum representation of 30% of each gender on boards (executive and supervisory) for large companies (250 employees, listed and not listed) per January 2016. Failure to meet this legal target must be reported on in the annual report. There are no further sanctions. The law is a temporary measure, to be reviewed in 2016. In 2016 the relevant articles will be rendered void.

In June 2011, **Italy** approved the introduction of gender quotas of one third of each gender by 2015 (one fifth in a transitional period of one year) for boards of directors and statutory auditors’ boards of listed companies and state-owned companies. Sanctions are progressively: warning; fine; forfeiture of the offices of all members of the board. The rules are applicable to boards appointed starting from the first year following the coming into force of the new law.

In June 2011, **Belgium** adopted a law imposing one third of each gender in management boards of state and publicly listed companies. State companies are granted one year to comply, listed companies five years and small to medium-sized (listed) firms eight years. Sanctions: loss of benefits by board members until the quota law has been complied with.

³² See Annex 2 for full overview

In some countries, like Austria, Denmark, Finland, France, Germany, the Netherlands, Poland, Spain, Sweden, UK, the inclusion of reference to gender in the self-regulation tool of corporate governance codes are deemed to have some influence on the composition of boards in the private sector. However, the situation differs between countries. Although these corporate governance codes typically apply to large listed companies only and do not carry penalties, they represent the voice of the private sector; shareholders and the media will demand accountability which in turn will create transparency.

Finland has relied on a different strategy than quota laws to increase the number of women on boards. Over the last few years the composition of the traditional all-male boards has changed dramatically to include 24% women in 2009³³. In addition, the number of companies without women on their boards decreased significantly from 49% in 2008 to 41% in 2009 and 30% in 2010³⁴. The Finnish strategy consisted of four components that interacted and strengthened each other:

- **Research and studies:** ‘Female Leadership and Firm Profitability’ by the Finnish Business and Policy Forum EVA³⁵ demonstrated that firms led by women are more profitable (10-20%) than those led by men.
- **Corporate governance code:** the recently (2008) updated code³⁶ includes the recommendation that ‘...both genders shall be represented on the board’. The code is applicable to large listed companies.
- **Quick governmental action:** government has set the right example by putting forward a target of appointing at least 40% women on boards of state-owned companies and achieving it quickly, in 2006.
- **Active role of the media:** the Finnish media have actively published both positive stories of companies that made a difference and bad examples of companies with all-male boards. This has put pressure on companies to make the necessary changes and avoid negative publicity.

Sweden also relied on a different strategy than quota legislation. Currently 21% of board seats of the 50 largest enterprises are occupied by women³⁷ and 18% of companies listed at the Stock Exchange (2008). Boards of wholly owned governmental enterprises contain 49% women. A corporate governance code was adopted in 2004 and amended regularly. It states that companies need to ‘...strive for equal gender distribution on the board’. The requirement that middle size and large companies need to disclose in their annual accounts the percentage of women in top management has also helped in making the issue more transparent.

³³ EC Database of women and men in decision-making; data collected 03/08/2010 – 27/08/2010

³⁴ Source: presentation by Leena Linnainmaa of the European Women Lawyer’s Association on April 26 2010.

³⁵ www.eva.fi; this study includes 14,020 Finnish companies

³⁶ <http://www.cgfinland.fi/index.php?lang=en>

³⁷ Women and Men in Sweden 2008, Statistics Sweden (www.scb.se)

However it remains disturbing that in a large number of European countries, in which the underrepresentation of women on boards is low, the debate is completely absent or has not reached parliament yet (see Annex 2).

Vice President of the **European Commission** Viviane Reding, concerned about the slow rate of progress regarding the representation of women on boards of Europe’s listed companies, has launched a new initiative on March 1 2011. CEO’s and/or Chairs of listed companies are encouraged to sign a **Pledge** by which they commit to reach the target of 30% female board members by 2015 and 40% by 2020 by actively recruiting qualified women to replace outgoing male board members.

4.6 Elements of the different approaches

The various approaches differ on a number of elements:

Legal form of the company: (Majority) state or municipally-owned, public and listed companies seem to be in the forefront of legislation or soft targets. So far no law proposal includes all private companies, regardless of size, legal status.

Company’s size: In some proposals applicability depends on the size of the company in terms of numbers of employees (e.g. above 50, above 250) or financial criteria (turnover, assets).

Penalties non-compliance: The Norwegian penalty-system is the most elaborate.. An example of positive encouragement can be found in the Spanish proposal: compliance may lead to the status of preferred supplier for government contracts.

Arguments used: These vary from the human and women’s rights perspective, to more business oriented arguments like the business case, full use of all talents and economic growth potential. Especially the business case and economic arguments are proving to be the most successful arguments to convince business leaders.

Implementation planning: Most proposals (targets and quotas) include a phased implementation over a number of years. For instance in France a two stage approach is applicable with 20% progress over 2 three-year periods (till 2016).

4.7 Conclusions

The members of the European Network concluded that a **wave of quota-debates** is sweeping over Europe, creating more awareness with the public and putting pressure on companies and governments to make fast and fundamental changes in the representation of women in decision-making.

The variety in approaches to address the situation, ranging from voluntary systems, soft targets to those with serious legal penalties (Norwegian quota law), clearly reflects the diversity of European cultures and the **absence of a ‘one-size-fits-all’ – solution.**

By far the most effective approach, the Norwegian law, has served as an inspiration for a variety of approaches **adapted to local legal systems and national cultures.**

Other **relatively effective strategies** can be found in Finland and Sweden and contain elements of corporate governance codes, leading to transparency, an active role of the government (effective target-setting for state-owned companies’ boards), a constructive role of the media and global policies in favour of gender equality. It shows that close cooperation between all stakeholders is a prerequisite for success.

The **major challenge** in many countries is how to overcome resistance from the public and the corporate sector against quantified voluntary targets and legal quotas. In some countries senior women are reported to be more negative than men and quotas are rejected outright. Interestingly, the Norwegian experience learns that after the implementation of quotas the resistance fades away and boards ‘just get on with business like before’.

5. Key points of advice

The impact of the quota debate on society has been significant. It is changing the perceptions of the role of women. It increases the visibility of female role models as decision-makers. The role of civil society, also represented by the European Network to Promote Women in Decision-making in Politics and the Economy, remains crucial in moving the topic forward and increasing the speed of progress. Through raising awareness at national and EU levels the European Network will continue to actively promote good practices and strategies that work.

Based on its discussions on 26 April 2010, the **European Network to Promote Women in Decision-making in Politics and the Economy** formulated a list with key points of advice to improve the representation of women in decision-making functions in politics and on corporate boards:

1. In most European countries equal representation of women and men in parliament has not been reached yet. Governments and political parties should increase their efforts to make rapid progress. When quotas are used, it is necessary to focus on **further optimization of the compatibility and applicability of the quota-instrument** (either voluntary or legislated) within the electoral systems. This includes monitoring of compliance and implementation of sanctions for non-compliance with quota-systems.
2. In most European countries governments women do not fulfil leadership positions or have significant portfolios. Governments need to take an active role in ensuring **more gender equality in quality portfolios** the future.
3. **Quota legislation** has proven to be the most effective tool to accelerate board diversity and reach meaningful levels of women’s representation on companies’ boards. It should therefore be **encouraged** widely.
4. **Data collection and benchmarking** about the numbers of women on boards create transparency and make it possible to track progress and backlog. Countries in which those data are not yet available are encouraged to take immediate action.
5. **Best practices on corporate governance codes** need to be shared, especially in countries where the debate has not started yet. Involvement of the private sector is crucial and can be the precursor to significant change without legislation.
6. **Women’s organizations** need to (continue to) play an active role to support the debate on gender balance in corporate boards.

ANNEX 1 – Use of electoral quotas in politics (national parliament’s elections)

Country	%Women in parliament ³⁸	Type of quota	Provisions	Penalties
Austria	28%	Voluntary political party quotas	Ranging from 33.3% to 50% women on party lists	
Belgium	40%	Legislated candidate quotas (Electoral Law)	On electoral lists, the number of candidates of either gender cannot be greater than the other Top two candidates cannot be of the same gender	Non-compliance leads to refusal of list by electoral authorities
Czech Rep.	22	Voluntary political party quotas	25 percent of those elected by the party must be women (Social Democratic Party only)	Failure to nominate 25 percent women among its top candidates provokes the right of the Social Democratic Women's Organization to nominate extra women
Denmark	37%	No quotas		
Finland	40%	Voluntary party quotas ³⁹		
France	19%	Legislated quotas (Constitution and Electoral Law) and Voluntary Party quotas	Political parties instructed to contribute to equal access of men and women to elective positions	Non-compliance for national assembly lists leads to financial penalties. Non-compliance for Senate lists leads to invalidation of list
Germany	33%	Voluntary political party quotas	Ranging from 1/3 (CDU) till 50% (Alliance/The Greens)	Non-compliance in CDU list leads to internal elections to be repeated
Greece	17%	Legislated candidate quotas (Electoral Law) ⁴⁰ and Voluntary Party Quotas	At least 1/3 women on lists 40% women on party list (PASOK)	

³⁸ EC Database of women and men in decision-making; data collected 02/07/2010 – 21/07/2010

³⁹ www.quotaproject.org

⁴⁰ Article 3, L3636/2008 (which comes from L3231/2004)

Working Paper
“The quota-instrument: different approaches across Europe”
 European Commission’s Network to Promote Women in Decision-making in Politics and the Economy

Hungary	9%	Voluntary political party quotas	20% women on party list (MSzP)	
Italy	21%	Voluntary political party quotas	50% women, placed with strict alternation on electoral list (PD)	
Ireland	14%	No quotas		
Netherlands	41%	Voluntary political party quotas	Alternated between men and women unless other concerns (age, ethnicity) (PvdA); unspecified quota (Green)	
Norway	38%	Voluntary political party quotas	40 or 50% of both genders; both genders represented in first two positions	
Poland	20%	Legislated candidate quotas (quota adopted in January 2011) Voluntary political party quotas	35% of women on lists 30% women on lists	The list will not be registered
Portugal	33%	Legislated quotas (Electoral Law)	Min. 33% of each sex	Publication and financial sanctions
Slovenia	16%	Legislated quotas (Electoral Law) and voluntary political party quotas	Min. 35% of each gender (in transitional period 25%) Soft quota of 40% at SD party	Rejection of the list
Spain	37%	Legislated quotas (Electoral Law) and voluntary political party quotas	Min. of 40% and max. 60% of either sex. Applied to every five posts Parties adopt 40% quota for either sex	Rejection of the list
Sweden	47%	Voluntary political party quotas	Min. 50% of women Zipper system (one sex alternates the other) at SDP	

Switzerland	28% ⁴¹	Voluntary party quotas	40% women	
UK	22%	Voluntary party quotas	Labour party introduced all-women shortlists in 30 safe constituencies	

⁴¹ www.quotaproject.org

ANNEX 2 – Key characteristics of quota debate in corporate sector

Country	%Women on boards ⁴²	Status and applicability	Minimum representation and penalties
Austria	7%	15 March 2011: quotas for boards of companies owned by 50% or more by the State. Corporate governance code ⁴³ 2009 refers to ‘representation of both genders’ on supervisory boards	25% by 2013 and 35% by 2018. No sanctions.
Belgium	8%	Federal law proposal approved (June 2011) Corporate governance code (2009) refers to gender diversity	Min. 33% women on boards of state and publicly listed companies. Transitional periods: one year for State companies; five years for listed companies and eight years for small-medium sized listed companies. Sanctions: loss of benefits by board members until the quota complied with
Denmark	18%	Quota in Equality Act applicable to state-owned companies (public boards and commissions) since 2000 Corporate governance code 2010 refers to diversity in terms of gender	30% of each gender
Finland	24%	2004 : target set by government applicable to state-owned companies, government committees, working groups, advisory boards, commissions and municipal bodies Soft quotas used in private sector for companies over 30 employees (adherence to Equality Act) 2008 Corporate governance code includes reference to gender, applicable to listed companies	40% of each gender No penalties ‘...both genders shall be represented on the board’ No penalties
France	10%	Law adopted in January 2011. Applicable to listed companies and companies with more	At least 20% women on board in 3 years and 40% in 6 years from the first

⁴² EC Database of women and men in decision-making; data collected 03/08/2010 – 27/08/2010

⁴³ See: http://www.ecgi.org/codes/all_codes.php

		<p>than 500 employees or turnover/asset of more than € 50 mln: in total +- 2000 companies</p> <p>Corporate Governance code 2010 includes reference to board diversity in terms of gender</p>	<p>Annual Meeting since implementation of the law</p> <p>Appointment of a board member that does not meet the gender criteria leads to annulment of the appointment of the board member</p>
Germany	13%	<p>No quota law but intensive debates on the under-representation of women in leadership positions ongoing</p> <p>Corporate governance code (2010) refers to diversity and representation of women</p>	
Greece	5%	<p>No quota law or proposal underway</p> <p>No reference to gender diversity in corporate governance code (2001)</p>	
Iceland	16%	<p>Quota law was passed in 2010. Applicable to publicly owned and publicly limited companies with more than 50 employees</p> <p>Corporate governance code (2009) refers to gender ratios on the board</p>	40% of each gender per September 2013
Ireland	8%	No quota law or proposal for private companies underway	
Italy	5%	Draft law adopted in June 2011. Applicable to listed companies, statutory auditors’ boards and state-owned companies	<p>Min. 33% of each gender by 2015 (one fifth in a transitional period: of one year). Sanctions: progressively: warning; fine; forfeiture of the offices of all members of the board</p> <p>Rules applicable to boards appointed starting from the first year following the coming into force of the law</p>
Netherlands	15%	<p>May 2011, legal target approved and applicable to companies with more than 250 employees regardless of listing</p> <p>Corporate governance code (2008) includes reference to gender</p>	<p>Target of min. 30% of each gender at both board levels (executive and supervisory) per Jan 2016.</p> <p>No sanctions. Comply or explain</p> <p>Law is temporary until 2016</p> <p>No penalties. Comply or explain</p>

Norway	42%	Quota incorporated into Companies’ Law (in 2003). Applicable to listed companies (approx.400), inter-municipal, state-owned, municipal and cooperative companies Corporate governance code (2009) makes reference to gender	Min. representation of each gender of 40% per 2008 Penalties: warnings, fines, ultimately delisting
Slovenia	10%	No quota law or proposal underway Corporate governance code (2009) makes no reference to gender	
Spain	10%	Recommendation on Gender Equality Act. Applicable to public companies with more than 250 employees and IBEX-35 Corporate governance code (2006) refers to board diversity in terms of gender	Representation of 40% of each gender by 2015 No penalties, but possibility of priority status for government contracts
Sweden	27%	No quota law or proposal underway Corporate governance code (for listed companies) includes reference to gender	‘...strive for equal gender distribution on the board’. No penalties
UK	12%	No quota law or proposal underway Corporate governance code (2010) refers to gender diversity	

ANNEX 3 – Members of the European Network who participated at the meeting on 26 April 2010

Name and function	Organization	Website
Jocelyne Bougeard , <i>President</i>	Committee of Women Elected Representatives of Local and Regional Authorities (Council of European Municipalities and Regions)	www.ccre.org
Gabriella Canonica , <i>Regional Coordinator</i>	Business and Professional Women – Europe	www.bpw-europe.org
Helena De Felipe Lehtonen , <i>President</i>	Association of Organizations of Mediterranean Businesswomen	www.afaemme.org
Sophia Economacos , <i>President</i>	Eurochambres Women's Network	www.eurochambres.eu
Julia Harrison , <i>representative</i>	Women's Forum for the Economy and the Society	www.womens-forum.com
Marianne Karlberg , <i>Coordinator</i>	European Network to Promote Women's Entrepreneurship	http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/women/wes-network/
Leena Linnainmaa , <i>former President</i>	European Women's Lawyers Association	www.ewla.org
Sonja Lokar , <i>Coordinator South East Europe Office</i>	CEE Network for Gender Issues	www.europeanforum.net/gender_network/cee_network_for_gender_issues
Brigitte Mühlenbruch , <i>President</i>	European Platform of Women Scientists	www.epws.org
Irene Natividad , <i>President</i>	Global Summit of Women	www.globewomen.org
Bola Olabisi , <i>Director</i>	European Women Inventors and Innovators Network	www.euwiin.eu
Myriam Schevernels , <i>Project Coordinator</i>	Femanet - Eurocadres	www.eurocadres.org
Brigitte Triems , <i>President</i>	European Women's Lobby	www.womenlobby.org
Mirella Visser , <i>Independent expert</i>	Centre for Inclusive Leadership	www.centreforinclusiveleadership.com

ANNEX 4 – List of reference materials

- European Network of Women in Decision-making in Politics and the Economy:
http://ec.europa.eu/justice/gender-equality/index_en.htm
- More women in senior positions – Key to economic stability and growth, by the European Commission, January 2010: http://ec.europa.eu/justice/gender-equality/gender-decision-making/index_en.htm
- Database on women and men in decision-making, European Commission, DG Employment: http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/index_en.htm
- Women’s Charter of the European Commission: http://ec.europa.eu/commission_2010-2014/president/news/documents/pdf/20100305_1_en.pdf
- Section 4.7 (pages 92 – 104) of the Report "Beijing+15" on “Women in Power and decision-making”: <http://ec.europa.eu/social/main.jsp?catId=765&langId=en>
- Factsheet and more information by the Council of Europe:
http://www.coe.int/T/E/Human_Rights/Equality/03_Women_and_decision-making/
- Gender equality, economic growth and employment, by Asa Löfström 2009:
http://www.se2009.eu/polopoly_fs/1.17994!menu/standard/file/EUstudie_sidvis.pdf
- Strategy for Equality between Women and Men (2010-2015), September 2010:
http://ec.europa.eu/justice/gender-equality/document/index_en.htm

Politics

- Link to the database on quotas in politics: <http://www.quotaproject.org/index.cfm>
- Electoral gender quota systems and their implementation in Europe, by the European Parliament, 2008 (in English, French, German, Italian and Spanish):
<http://www.statsvet.su.se/forskning/wip/publications.htm>

Economy

- European Pledge for CEO’s and Chairpersons of European listed companies:
http://ec.europa.eu/commission_2010-2014/reding/womenpledge/index_en.htm
- Women Matter, by McKinsey, 2007:
http://www.mckinsey.com/careers/women/social_sector_impact/women_matter.aspx

- The Bottom Line: Connecting Corporate Performance and Gender Diversity, by Catalyst, 2004: <http://www.catalyst.org/publication/82/the-bottom-line-connecting-corporate-performance-and-gender-diversity>
- Female Leadership and Firm Profitability, 2007, by EVA: www.eva.fi (study on 14,020 Finnish corporations)
- Study on Non-legislative initiatives for companies to promote gender equality at the workplace, Vienna, March 2010, by KMU Forschung Austria on behalf of European Commission: http://ec.europa.eu/justice/gender-equality/document/index_en.htm#h2-7
- Corporate Women Directors International 2010 report: <http://www.globewomen.org/CWDI/CWDI.htm>
- Developments in the UK (corporate and public boards): http://equalities.gov.uk/news/diversity_in_the_boardroom_a.aspx
- European Corporate Governance Institute: http://www.ecgi.org/codes/all_codes.php