EU Aims To Get More Women In Boardrooms

DON MELVIN,Associated Press

BRUSSELS (AP) — Europe's companies should be required to have more women in the boardrooms — not just because it is fair but as it also makes good business sense, the European Union's executive branch said Wednesday.

Commissioner Vice President Viviane Reding told reporters the target is to have women comprise at least 40 percent of the non-executive directors of publicly traded European companies by 2020, and for state-owned companies to achieve that goal by 2018. The legislation would not apply to companies with fewer than 250 employees or annual economic turnover below €50 million ($63 million). The proposal was approved Wednesday by the European Commission.

Reding said Europe's sputtering economy made the directive more necessary than ever.

"Making use of female talent will improve performance," she said. "Women mean business."

As of 2016, she said, companies where men make up less than 40 percent of the board would have to give preference to qualified women over equally qualified men to fill any vacancies, or face penalties. The penalty would also apply if there were too few men on the board.

Individual EU countries would set the penalties, possibly including fines or the annulment of the appointment of a male board member. But the law, if it is approved also by the European Council and the European Parliament, would require those national penalties to be "effective and dissuasive." If they did not meet that test, Reding said, the Commission could institute legal proceedings against the country involved.

At present, women make up 15 percent of the board membership of listed European companies, even though they make up 60 percent of the university graduates.

"This is a waste of talent," Reding said.

The European Commission cited a 2012 Credit Suisse study showing that companies with at least one female board member outperformed those with no women in terms of share price performance.

Olli Rehn, the EU's monetary affairs commissioner, appeared with Reding at the announcement Friday to underscore the Commission's assertion that more women on boards makes economic sense.

"There is a clear economic and business case to have more women in business

leadership," Rehn said.

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