



Ms Viviane Reding  
Vice-President of the European Commission

Mr Michel Barnier  
Member of European Commission

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Dear Vice-President Reding and Commissioner Barnier

The Danish Government shares the concerns of the Commission with regard to gender imbalance in corporate boards in the European Union. At the moment we are not making optimal use of the existing talent pool of candidates and this may impede the economic growth throughout the European Union and its member states.

The Danish Government finds that measures should be flexible, respect the right of companies to self-management and should avoid unnecessary administrative burdens. Therefore the Danish Government does not support mandatory quotas for women on company boards.

The Danish Government however agrees with the Commission's stance that actions to improve the gender balance in corporate boards are needed, and that the efforts made so far are not enough. Therefore, we would like to inform you that the Danish Government is currently preparing two proposals to amend relevant legislation in order to counteract this imbalance in the proportion of women in boardrooms. The Government's legislative proposal will primarily encompass the 1,100 largest companies which among others include listed companies, state-owned companies and commercial foundations.

These companies will be required to set target figures of the number of the under-represented gender in the corporate boards. By giving the companies flexibility to set their own target figures the model takes into account the differences between various industries and the characteristics of the individual companies. Such an approach balances the promotion of gender equality in governing bodies with the respect for the right of companies to self-management.

Hence, the principle of flexibility allows for the companies to set ambitious and realistic target figures that reflects the broader context of the given industry as well as the current condition of the company itself. This will in turn create a sense of ownership to the process and motivate the companies to further focus on balanced recruitment and other specific initiatives.

The companies will have to report annually on their target figures and progress in the annual report which will be publicly available. The companies have to in-

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form – where appropriate – of the reasons for not meeting with the set target figures. The transparency will create an incentive to be ambitious in setting targets and working towards them.

The 1,100 companies will be required to formulate a policy to increase the number of the under-represented gender when it comes to executives in general within the organisation. This will help to promote a more equal balance and to increase the recruitment base of candidates to company boards.

If the companies do not comply with the requirements of setting a target figure and establish policies, they will be met with sanctions (fines).

State-owned companies and central government institutions must set target figures and prepare a policy to increase the share of women in management as well. State-owned companies should seek an equal gender balance. However there can be reasons why it is not possible to achieve the goal set by law which is why it is a "should" and not "shall" provision. The reason for having this goal is simple: the State should take the lead.

This regulatory approach has already proven its merits in the broader context of corporate social responsibility. Since 2009 the same group of 1,100 Danish companies has been obliged to report on their work with CSR in their annual reports. This initiative has significantly heightened the focus on CSR among the companies and their willingness to incur a social responsibility. The key principles behind this success are flexibility and transparency.

Several Member States of the European Union have expressed concerns about a "one fits all-solution" due to the detrimental effects for European businesses.

In this regard the Danish government would like to underline that a flexible approach which can encompass the variety of businesses is extremely important in order not to interfere vigorously with the responsibility of corporate boards.

The Danish Government finds that the outlined principles can lead to equally successful results if applied in initiatives to promote gender diversity both nationally and in the European Union. We hope the Danish model can be of inspiration, and we would be pleased to give further details and discuss the matter with the Commission.

Yours sincerely

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CC: The European Commission