Is the Netherlands one step closer to gender quotas in boardrooms?

A recent study shows that only 11.7% of management board members and 16.2% of supervisory board members of large companies in the Netherlands are women. This is a slight increase compared to 2016, but still nowhere near the statutory target figure.

As set out in our January 2016 and September 2017 newsletters, large [1] companies must ensure a balanced participation by men and women in their management and supervisory boards. This means that a board must consist of at least 30% men and 30% women. If this target is not met, the management board needs to explain why in the annual accounts. Pursuant to the study, more than half of the companies involved failed to include such explanation, thereby breaching the ‘comply or explain’ principle.

The Dutch Minister of Education, Culture and Science has warned these companies that she can no longer sit on her hands if they refuse to make an effort. The committee monitoring the target figure recommends introducing an enforceable gender quota. In response, the minister has stated that the present law will be evaluated in 2019, noting that she will not be afraid to introduce firm measures if the results continue to be this disappointing.

What this means for you
If your company qualifies as large, you are required to either comply with the target figure or explain why the company does not comply in the annual accounts. At this rate, there is a good chance that the target figure will be replaced by an enforceable quota in a few years’ time.

[1] A company qualifies as large if it meets at least two of the following criteria on two consecutive balance sheet dates:
- the value of the assets, according to the balance sheet and explanatory notes thereto, based on the acquisition and manufacturing price, is more than EUR 20 million;
- the net turnover is more than EUR 40 million; and
- the average number of employees is more than 250.

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