



NEW LEGISLATION ON STRICTER REQUIREMENTS FOR TARGET FIGURES AND POLICIES FOR THE UNDERREPRESENTED GENDER

20 April 2022

Introduction

The Danish Parliament has passed new legislation on stricter requirements for target figures and policies for the underrepresented gender.

Stricter Requirements for Target Figures and Policies in the Top Management Body and at the other Management Levels

Requirements are introduced to set targets for the proportion of the underrepresented gender at the companies' other management levels. Thereby, the companies will have to set targets for both the supreme governing body and for the company's other management levels.

A statutory definition of other levels of management is introduced. Other management levels mean two management levels under the supreme governing body, i.e. in companies that have an executive board and a board of directors, and in companies that have an executive board and a supervisory board, the first management level under the supreme management body comprises the executive board and the persons who are organizationally at the same management level as the executive board.

The second management level includes persons with personnel responsibilities who report directly to the first management level. In companies that only have an executive board, the persons who are organizationally at the same management level as the Executive Board are not covered by the other management levels.

Whether there is a level of management is the hierarchical frame of reference. For example, this means that in companies that have an executive board and a board of directors, and in companies that have an executive board and a supervisory board, the executive board and the persons who are organizationally at the same management level as the executive board, which is located under the supreme management body, the first management level, and the second management level are persons with personnel responsibilities who refer to the first management level.

The new rules apply to large, limited companies, listed limited companies, state-owned limited companies, and certain additional companies comprised by the Act on Commercial Enterprises, commercial foundations and financial legislation. Companies that have employed fewer than 50 employees in the past financial year may refrain from setting targets for the top management body as well as targets for the other management levels and draw up a policy to increase the proportion of the underrepresented gender at the company's other management levels.

Introduction of Requirements for New Target Figures until an equal Gender Distribution is achieved

An obligation is introduced for the supreme governing body to set a new and higher target for the proportion of the underrepresented gender in the supreme governing body and at the other levels of management when the previously set target has been reached or a new target when the time horizon for the expected fulfilment has expired.

Thus, companies that do not have an equal gender distribution will be obliged to set new and higher target figures when the previously set target figure has been reached until an equal gender distribution of 40/60 per cent has been achieved, respectively of either women or men, or a new target figure when the time horizon for the expected fulfilment

has expired. The requirement will cover both the company's top management body and the company's other management levels.

The scheme does not introduce a legal quota. The scheme does not set a time commitment in relation to when the companies covered must have reached an equal distribution, but a target figure must be both ambitious and realistic.

Increased Transparency about current Figures and Target Figures for the Underrepresented Gender

Information on target figures for the underrepresented gender as well as the current figures for the gender composition of the management must be given in an overview with figures for the current year and the four previous years. This corresponds to the way in which the financial ratios are given in the companies' annual reports. A transitional rule is also introduced so that the comparative figures are not to be given from the first year but only in the future.

Our Comments

The new legislation will increase the focus on an even gender distribution at management levels of companies. This should be seen in connection with a requirement for increased transparency.

If you have any questions or require further information regarding any of the above, please do not hesitate to contact us:



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