

THE DANISH BUSINESS AUTHORITY'S GUIDE ON TARGET FIGURES AND POLICIES FOR THE GENDER COMPOSITION OF MANAGEMENT

14 December 2012, the Danish Parliament adopted an amendment of the Danish Companies Act, the Danish Financial Statements Act and the Danish Act on Gender Equality, among others, with the joint purpose of creating a more equal distribution of women and men in the management of the approximately 1,100 largest Danish companies. For a detailed review of the new rules, please see Moalem Weitemeyer Bendtsen post of 17 December 2012 [here](#).

By extension, the Danish Business Authority published a guide on targets and policies for the gender composition of management which aims at explaining and clarifying the new rules. The guide also gives some practical examples to help companies set target figures and policies.

Companies covered

The new rules, which target large companies where either men or women make up less than 40% of senior management, require that companies as of 1 April 2013 set a target for the share of the underrepresented gender in the management and develop policies to increase the proportion of the underrepresented gender on the other levels of the management of the company.

The guide states that the calculation of the target figures must be based on the directors who are elected by the general meeting, and the employee representatives should not be included in the calculation. The guide also states that a distribution of 40/60% gender representation in management is not an expression of a legal quota, and that it remains crucial that leadership positions are filled on the basis of the skills needed in the individual company.

Target Figures

The purpose of the target figures is that companies need to focus and monitor the work of women and leadership. It is clarified that the targets can be adapted to the conditions and the sector of the company, thus taking into account the industry and the conditions under which the company operates. The target figures may be quantitative or qualitative; however there can be no doubt as to when they are met and how they are measured. There must be transparency in the area, and in this context and when creating the objective, the management must to clarify, (i) how employee involvement and commitment to the goals is ensured, (ii) the activities needed to achieve the objectives, (iii) the prerequisites needed in order for the goals to be achieved, (iv) where and how the objectives will be "measured" and documented, and (v) follow-up.

Policies

As regards the policies to increase the proportion of the underrepresented gender in the remaining management of the company, the guide clarifies that the company's other management levels are the governing bodies that exist in the company, apart from the supreme governing body which is responsible for the daily operations and includes directors, financial directors, team leaders, heads of depart-

ments, etc.

The policy must include a description of the actions taken by the company. This might be (i) mentoring, (ii) the framework for career development through networking and (iii) collaboration with other companies.

Reporting

The target figures and policies of the companies, along with a status on how far they are in the process of achieving them, must appear from the company's annual report. In this context, particular attention must be paid to the fact that although the reporting rules are based on the rules of the report on corporate social responsibility, which is based on a "comply or explain" principle, it is not sufficient for the companies to state in their annual reports that there are no targets or policies on the gender composition of the management. Companies are obliged to follow the rules.

The requirement to include a statement in the annual report applies to any annual periods beginning on 1 January 2013 or later.

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