

PRIVILEGED AND CONFIDENTIAL

LEVEL 20



TRAVERS SMITH

Diversity In Action – Level 20 Roundtable on European Corporate Diversity Requirements

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The Current Landscape: United States

IBM Reportedly Walks Back Diversity Policies, Citing 'Inherent Tensions': Here Are All The Companies Rolling Back DEI Programs

Forbes

What is the DEI rollback and where will it spread next?

The Guardian UK

The DEI backlash: employers 'reframing not retreating'

FINANCIAL TIMES

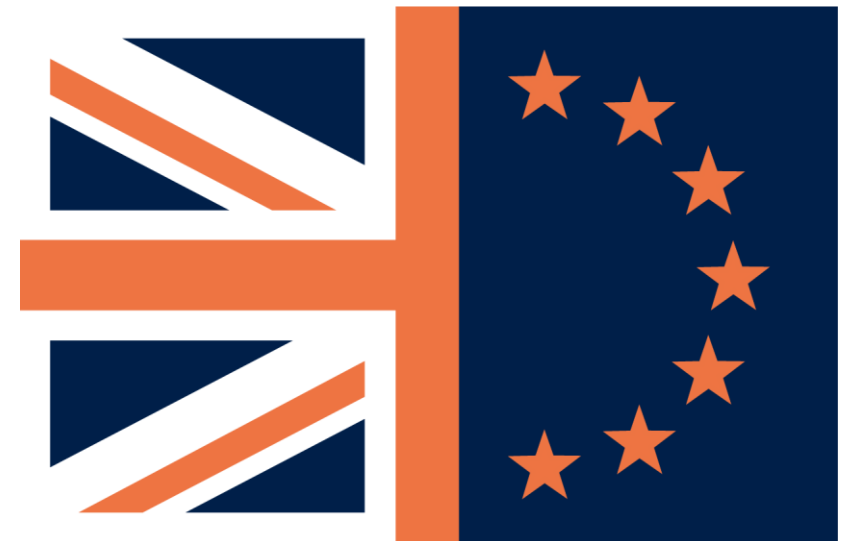
The Current Landscape: UK and Europe

Europe

- No change; underlying legal framework remains the same
- Future evolution:
 - EU pay transparency directive: June 2026
 - EU board diversity directive: June 2026
- Challenges of different rules across Europe

United Kingdom

- No change; underlying legal framework remains the same
- Recent developments: new duty to prevent sexual harassment
- Future evolution: Labour government changes
 - Unfair dismissal
 - Ethnicity and disability pay gap reporting
 - Likely 2026



The Dilemma for Global Businesses

- Businesses which operate across multiple jurisdictions need to comply with increasingly divergent requirements.



➤ US Rules

- Heightened risk of scrutiny, negative publicity and/or litigation driven by political climate
- Evolution of approach towards quotas and “positive discrimination”

➤ EU, UK Rules and frameworks

- Some EU member states impose quotas and material diversity reporting requirements
- UK and EU rules continue to evolve
- UK legal position on quotas remains unchanged
- Beyond the UK/EU levels – additional voluntary corporate reporting standards exist.

What are global businesses doing?

- Consider revising people policies so they are geographically/jurisdictionally tailored rather than global
- Some firms are reviewing public statements/websites to avoid the use of loaded acronyms and terms
 - Some firms are “reframing” their commitments on D&I

EU Regulatory Landscape



Corporate Sustainability Reporting Directive (CSRD)

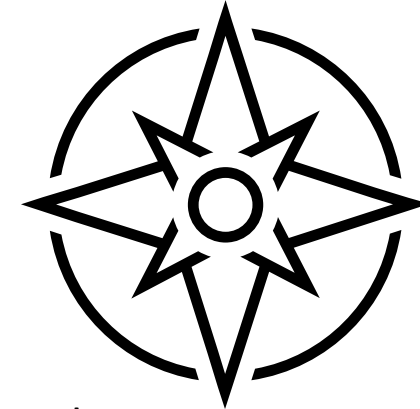
The European Sustainability Reporting Standards (which set the reporting standards under the CSRD) require disclosure of gender pay gap and gender diversity at the level of a company's administrative, management and supervisory bodies (as well as any other aspects of diversity which the company considers). CSRD is subject to phased implementation but both timings, scope and contents of reporting are likely to be amended under the Omnibus proposal.



SFDR PAIs

- Under the SFDR's PAI regime (which is generally voluntary), there are two indicators that are relevant (indicators 12 and 13). These cover:
 - board gender diversity; and
 - unadjusted gender pay gap.
- PAIs are reported on an aggregated basis (at fund-level and/or firm level)
- PAI data continues to be difficult to obtain (due to data gaps)

European Commission's Competitiveness Compass



➤ Simplification Agenda

- Background; Draghi [Report](#) on EU Competitiveness
- In January 2025, the EU launched its "Competitiveness Compass" with a focus on reducing reporting burdens and driving economic growth.
- CSRD "Stop the Clock" – reporting for most entities delayed by 2 years.
- Omnibus Proposals – significant curtailing in scope of CSRD and nature of CS3D reporting
- SFDR 2.0 – simplification of the PAI regime or more of the same?
- Nevertheless, companies owned by private capital managers are still required to publish more people-related data, which will be in the public domain

UK Regulatory Landscape



FCA/PRA D&I Rules

After significant criticism and pushback from industry lobbying groups and the Treasury Select Committee (Sexism in the City) both the FCA and PRA have now publicly agreed to drop their plans to introduce extensive requirements for regulated firms with 251 (or more) employees. These rules would have required such firms to collect and report certain D&I data; establish, implement and maintain a dedicated D&I strategy; determine and set appropriate diversity targets; and integrate consideration of D&I as a non-financial risk into governance and risk management mechanisms.



Non-Financial Misconduct

- FCA has indicated that it will continue to focus on the incorporation of “non-financial misconduct” into its Threshold Conditions for authorisation; fitness and propriety assessments (for senior managers and certification staff) and the FCA’s individual and senior manager conduct rules.
- UK focus on driving D&I remains – though the drive is very much indirect (e.g., a focus on fostering an open and speak-up culture).

UK regulators continue to focus on workplace culture

Roundtable Topics

1

Do you think that global policies and training on employment issues are a thing of the past or are such policies still worth trying to design and deliver?

2

Do you think the European trend for more data and transparency on gender pay issues is going to be controversial for employers and/or investors?

3

Have you seen a change in the labelling of what might otherwise be called “DEI” initiatives and how is that landing with our workforce and/or investors?

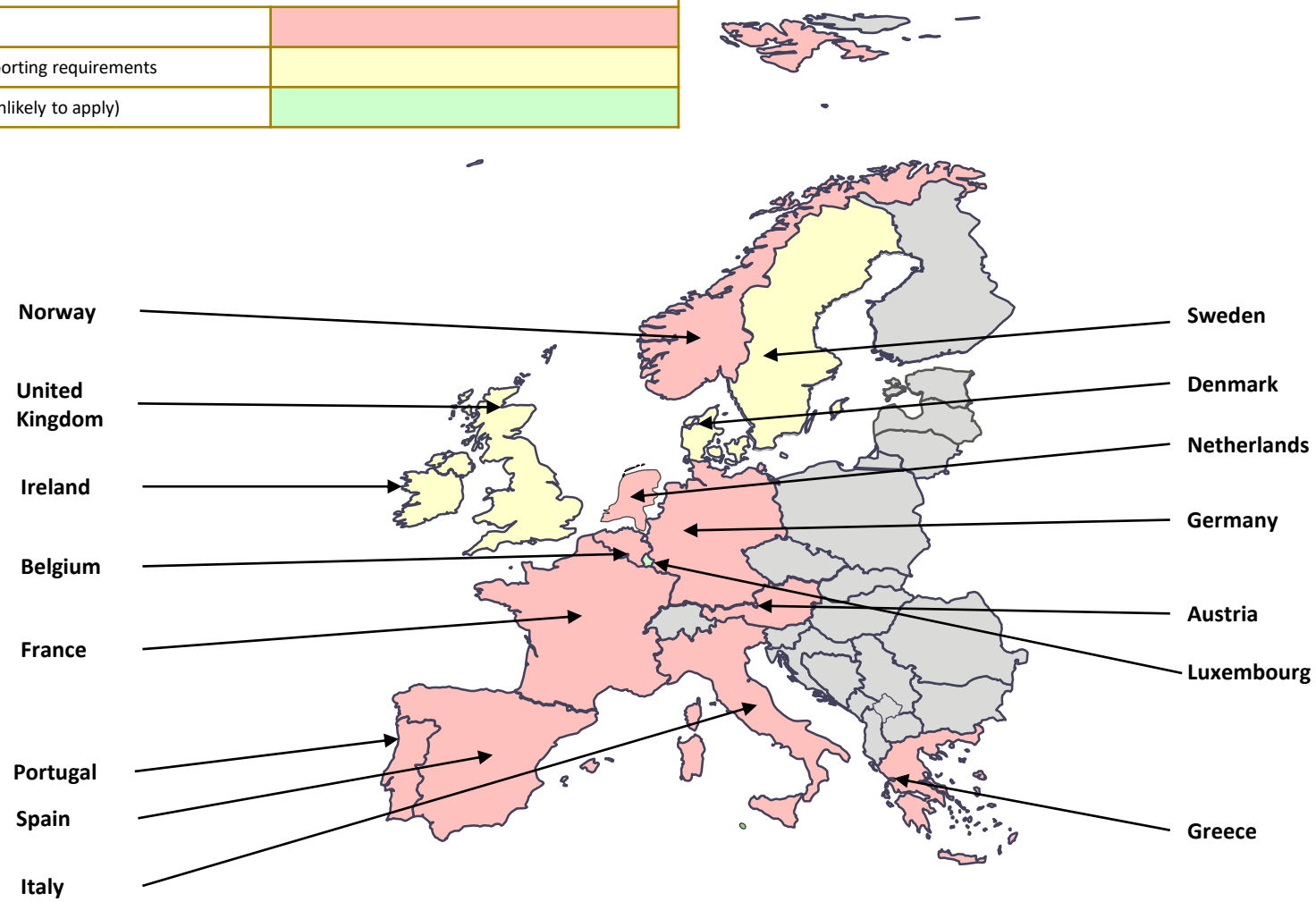
4

What do you think about the FCA’s change in direction to pivot away from introducing detailed rules on D&I targets etc. to focus on non-financial misconduct and workplace culture?

SCHEDULE

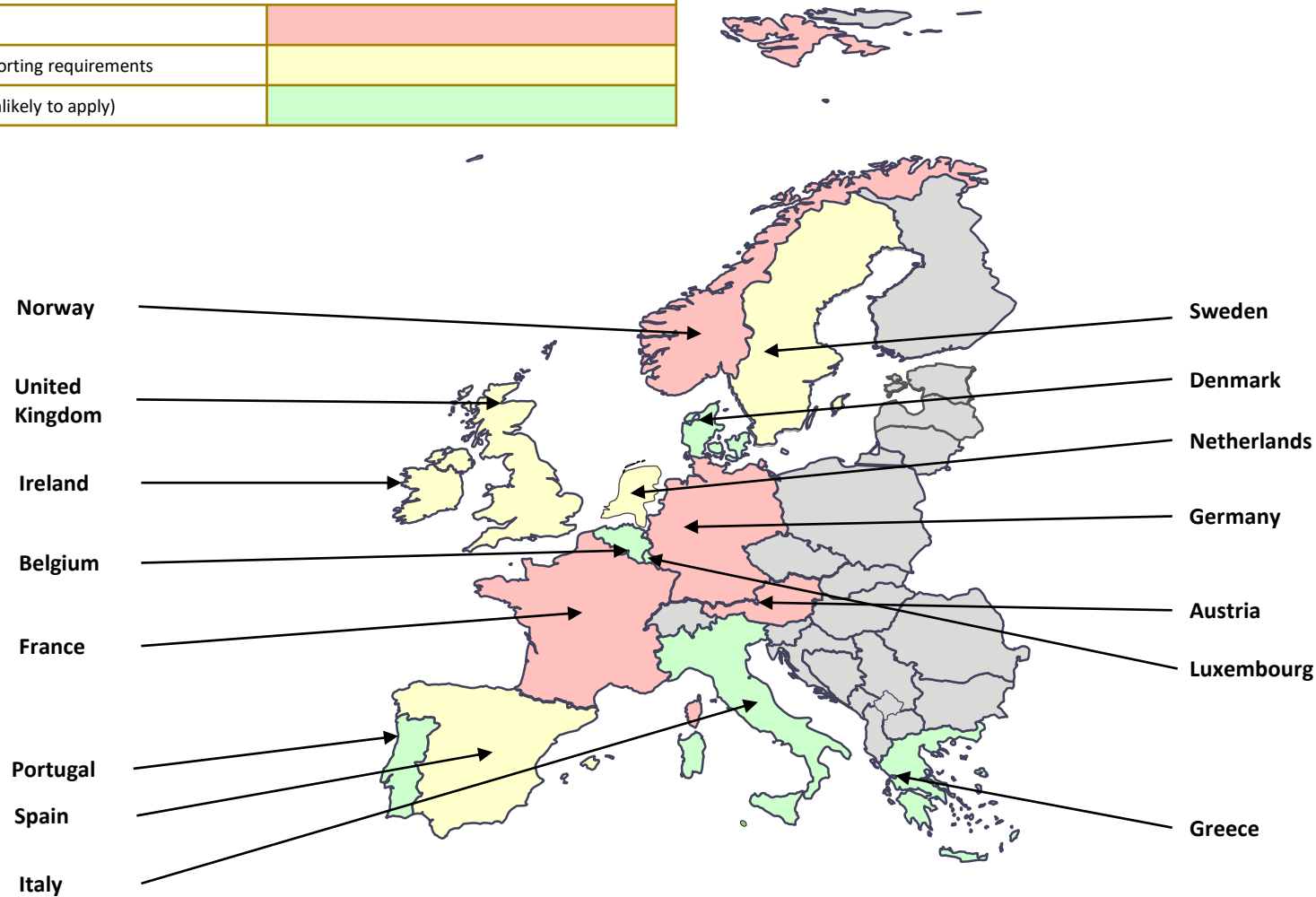
Listed Companies – Overview of European diversity requirements

Key	
Diversity quota	
Diversity targets or material reporting requirements	
No material requirements (or unlikely to apply)	


















Private Companies – Overview of European diversity requirements




Key	
Diversity quota	
Diversity targets or material reporting requirements	
No material requirements (or unlikely to apply)	





Overview of European company diversity requirements

Country	Listed companies subject to material diversity quotas/targets/reporting?	Private companies subject to material diversity quotas/targets/reporting?
 Austria	Gender diversity quota	Gender diversity quota applies to companies with more than 1,000 employees
 Belgium	Gender diversity quota	No notable requirements
 Denmark	Gender diversity targets apply to large (>250 employees or both turnover >EUR 50mn and balance sheet > EUR 43mn) listed companies	No notable requirements
 France	Gender diversity quota. Separately, companies with at least 50 employees must publish their "Gender Equality Index"	Companies with at least 250 employees and either turnover or balance sheet > EUR 50mn are subject to a gender diversity quota. Separately, companies with at least 50 employees must publish their "Gender Equality Index"
 Germany	Gender diversity quotas and targets	Certain German companies with >2,000 employees are subject to gender diversity quotas and targets
 Greece	Gender diversity quota	No notable requirements
 Ireland	Gender pay gap reporting is mandatory for employers with at least 150 employees (reducing to 50 employees in June 2025)	Gender pay gap reporting is mandatory for employers with at least 150 employees (reducing to 50 employees June 2025)
 Italy	Gender diversity quota	Gender diversity quota requirements apply to non-listed publicly controlled companies (as per listed companies). Voluntary "gender certification" that all companies can apply for
 Luxembourg	Must take into account diversity criteria (gender and other) on a 'comply or explain' basis, certain related disclosure requirements	No notable requirements
 Netherlands	Gender diversity quota. If "large" (two or more of: balance sheet >EUR 20mn, turnover >EUR 40mn or >250 employees) must also set diversity targets	Diversity targets apply if large (two or more of: balance sheet >EUR 20mn, turnover >EUR 40mn or >250 employees)
 Norway	Gender diversity quotas apply to companies with income over NOK 100 million, phased extension of scope to include companies with over 50 employees (June 2025) and over 30 employees (June 2026)	
 Spain	Gender diversity quota	Gender diversity quota for public interest entities (e.g. banks, insurers) with more than 250 employees and either annual turnover >EUR 50mn or balance sheet >EUR 43mn
 Sweden	Gender pay gap reporting is mandatory for employers with at least 10 employees	
 Portugal	Gender diversity quota	No notable requirements
 UK	Gender and other diversity requirements on a 'comply or explain' basis. Separate rules for companies with >250 employees on gender pay gap reporting (likely to be extended to cover ethnicity and disability in 2026)	Gender pay gap required for companies with >250 employees (likely to be extended to cover ethnicity and disability in 2026)
Key		
Diversity quota		
Diversity targets or material reporting requirements		
No material requirements (or unlikely to apply)		




Detailed requirements (1)

Country	Who the requirements apply to	Requirement	Penalty for non-compliance
Austria 	Listed companies and companies with more than 1,000 employees	Where the supervisory board consists of six or more members, at least 30% of the supervisory board must be men and at least 30% must be women	Any appointment in breach of the quota is void and if no woman is found the position remains vacant
Belgium 	Listed companies	<ul style="list-style-type: none"> 33% of the board must be of different sex. If the listed company has opted for a two-tier system with a supervisory board and a management board, 33% of the supervisory board must be of different sex In their annual management report, listed companies must report on the efforts made to achieve the quota and more generally on their diversity policy applied to the board of directors, the supervisory board, the management board, other executives and daily managers, as well as the results of those efforts 	<ul style="list-style-type: none"> If the quota is not met, this must be remedied at the next general meeting If it is not remedied, subsequent appointments in breach of the quota can be declared void by a court and all other financial or other benefits accruing to the directors (e.g. remuneration, shares) are suspended until the board composition is remedied
Denmark 	Large (>250 employees or both turnover >EUR 50mn and balance sheet > EUR 43mn) listed companies	<ul style="list-style-type: none"> Targets apply to boards and other management levels and are based on the size of the board/other management level. The target is the number that would make the proportion of the underrepresented gender closest to 40% but not exceed 49% If the target is not met for the board, where there are equally qualified candidates for a board position, preference must be given to the candidate from the underrepresented gender. If the target is not met for other management levels, the company must set a target and develop a policy to increase the proportion of the underrepresented gender 	Fines may be imposed for non-compliance of up to DKK 30,000 in the first instance but can increase to DKK 120,000





Detailed requirements (2)

Country	Who the requirements apply to	Requirement	Penalty for non-compliance
France 	Companies with at least 50 employees	Must publish the overall score of their "Gender Equality Index" annually, as well as the score for each of its component indicators. Relevant indicators include: <ul style="list-style-type: none"> • Gender pay gap • Gap between men and women when it comes to individual pay rises • Gap in promotions (in companies with more than 250 employees) • Number of female employees receiving a raise after returning from maternity leave • Parity among the 10 highest earners. 	In the event of failing visible results, non-implementation of the necessary initiatives or ineffective measures, a company is liable to a financial penalty of up to 1% of its annual payroll
	Listed companies and companies with at least 250 employees and either turnover or balance sheet total of at least EUR 50 million	Required to appoint at least 40% women to their executive boards and supervisory boards	Where a company fails to reach the 40% quota, the appointment or designation not complying with the gender parity obligation will be null and void, deliberations by boards of directors or supervisory boards not complying with the gender parity requirement will be null and void and payment of directors' fees will be suspended
Germany 	Listed companies and companies with "equal codetermination" (these are certain German companies with more than 2,000 employees)	<ul style="list-style-type: none"> • Listed companies with more than 2,000 employees: must ensure executive and administrative boards with more than three members have at least one woman and one man. This applies to stock corporations (AG) as well as to European Companies (SE). An appointment contrary to these requirements is void • Listed companies or companies with equal codetermination: must appoint at least 30% of both genders on supervisory boards and must publish targets for the proportion of women for the supervisory board and the two management levels below the executive board and co-determined limited liability companies must publish targets for the proportion of women for the two management levels below the management board. The targets must describe the targeted proportion of women at the respective management level. If companies plan not to hire any women at one of the management levels, they must justify the setting of this "zero" target 	A breach of the reporting obligation or the obligation to substantiate the reasons for a "zero" target may result in fines of up to EUR 10 million or 5% of total annual turnover may be imposed




Detailed requirements (3)

Country	Who the requirements apply to	Requirement	Penalty for non-compliance
Greece 	Listed companies	Must ensure at least 25% representation of the underrepresented gender on their boards	Appointments that do not comply with these quotas are invalid and administrative sanctions may also apply
	Large (those with >250 employees and either turnover >EUR 50mn or balance sheet >EUR 43mn) listed companies	Must ensure at least 33% representation of the underrepresented gender on their boards and appoint at least one executive member of the underrepresented gender if the executive board has 3+ members	
Ireland 	Employers with 150 employees or more (reducing to employers with at least 50 employees from 1 June 2025)	Gender pay gap reporting	There are no financial sanctions for failure to comply with gender pay gap reporting, but the Workplace Relations Commission can order compliance
Italy 	Listed companies and non-listed publicly controlled companies	<ul style="list-style-type: none"> 40% of the elected members of managing and controlling boards of listed companies must be made up of the underrepresented sex. The same provisions apply to non-listed publicly controlled companies, but only in respect of managing boards (not controlling boards) For non-listed publicly controlled companies with a sole director, quota requirements are assessed by reference to the entirety of the nominations/designations made annually in all controlled companies by the same public controlling company 	Failure to comply with quotas may lead to notice to comply by the public authorities and fines ranging from EUR 20,00 – 200,000. In the event of non-compliance with a notice to comply, the board will be dissolved and then reappointed
	All companies	There is a voluntary "gender certification" that all companies (including private companies) including can apply for which, if granted, can lead to a tax exemption equal to 1% of the regularly assessed amount of social security tax, with a maximum limit of EUR 50,000 per year. Certified companies will be given an "award score" which will give them an advantage when bidding on public contracts or applying for regional, national, or EU-wide funding	N/A

Detailed requirements (4)

Country	Who the requirements apply to	Requirement	Penalty for non-compliance
Luxembourg 	Listed companies	Listed companies are required to take account of diversity criteria, including gender, in the appointment or re-appointment of directors. The obligation applies on a comply or explain basis	N/A
Netherlands 	Listed companies	The supervisory board must consist of at least 33% men and 33% women	Any appointment to the supervisory board in breach of the quota is void (subject to exceptions)
	Large companies - a company is large if it meets at least two of these criteria: (i) a balance sheet of more than EUR 20 million, (ii) turnover of more than EUR 40 million and (iii) at least 250 employees.	Large public and private limited companies are also required to set appropriate and ambitious targets in order to achieve gender balance in the management board and supervisory board and managerial level below board. The company's management report must include the progress regarding the targets and the plans to achieve them.	No sanctions
Norway 	Companies with income over NOK 100 million (extending to companies with more than 50 employees from 30 June 2025 and companies with more than 30 employees from 30 June 2026)	<ul style="list-style-type: none"> The gender diversity requirements are based on the size of the board: <ul style="list-style-type: none"> 3-4 board members: maximum of 2 of the same gender 5-6 board members: maximum of 3 of the same gender 7 board members: maximum of 4 of the same gender 8 board members: maximum of 5 of the same gender 9 or more board members: maximum of 60% of the same gender 	Failure to comply with the quotas could lead to rejection of registration of the company or compulsory liquidation of the company
Spain 	<ul style="list-style-type: none"> Listed companies Public interest entities (e.g. banks, insurers etc) with more than 250 employees and either annual turnover over EUR 50 million or assets over EUR 43 million 	<ul style="list-style-type: none"> At least 40% of the company's board must be from the less represented gender The company must publish annually on its website information regarding the representation of the less represented gender on the company's board 	<ul style="list-style-type: none"> Failure to comply with the quota or the reporting obligation is a serious offence and may result in fines of up to the greater of (i) three times the gross profit obtained as a result of the relevant act or omission, (ii) 2% of the company's resources, (iii) 2% of the total funds used in the offence or (iv) EUR 300,000 Non-monetary penalties may also be imposed

Detailed requirements (5)

Country	Who the requirements apply to	Requirement	Penalty for non-compliance
Sweden 	Employers with at least 10 employees	Annual gender pay gap reporting is mandatory for employers with at least 10 employees (with additional requirements for employers with at least 25 employees)	The Swedish Anti-Discrimination Board can order compliance and also impose financial penalties for failures to report on the gender pay gap
Portugal 	Listed companies	<ul style="list-style-type: none"> • Must have women representing 33% of their executive and non-executive board members • Must also design, implement and monitor a gender equality action plan and publish this on their websites 	Financial penalties apply
UK 	Listed companies	<ul style="list-style-type: none"> • Premium and standard listed UK and overseas companies, including closed-ended investment funds, must (1) publish an annual "comply or explain statement" in relation to prescribed board diversity targets (including having at least 40% women on boards, at least one senior board member who is a woman and at least one board member who is from a minority ethnic background); and (2) include numerical data on the sex or gender identity and ethnic diversity of a company's board and senior management • UK listed issuers must also disclose how the company's diversity policy has applied to its remuneration, audit and nominations committees, having regard to diversity aspects such as ethnicity, sexual orientation, disability and socio-economic background 	N/A
	Companies with 250 or more employees	Gender pay gap reporting obligations. This will be extended to cover ethnicity and disability pay gaps (likely from 2026)	The Equality and Human Rights Commission (EHRC) may take enforcement action if companies do not report on the gender pay gap on time or report inaccurate data. This can lead to court orders and fines

EU requirements – the details



EU listed companies

From 30 June 2026, all **EU listed companies** with either over 250 employees or both turnover >EUR 50mn and balance sheet >EUR 43mn will have to ensure that 40% of non-executive director posts and 33% of senior roles (including directors, NEDs, CEOs and COOs) are held by women. In addition, some individual EU countries have "gold-plated", going beyond the minimum requirements and setting their own diversity targets or quotas. Some EU countries have already implemented these requirements – reflected in the tables in the preceding slides



Corporate Sustainability Reporting Directive (CSRD)

The European Sustainability Reporting Standards (which set the reporting standards under the CSRD) require disclosure of gender pay gap and gender diversity at the level of a company's administrative, management and supervisory bodies (as well as any other aspects of diversity which the company considers). CSRD is subject to phased implementation but both timings, scope and contents of reporting are likely to be amended under the Omnibus proposal.



EU Pay Transparency Directive

- The EU Pay Transparency Directive will introduce gender pay gap reporting obligations from 2027.
- The timing and frequency of the reporting requirements depends on the size of the employer:
 - employers with 250 or more workers will be required to report gender pay gap figures from 2027 and annually thereafter;
 - employers with 150-249 workers will be required to report from 2027 and every three years thereafter;
 - employers with 100-149 workers will be required to report from no later than 2031 and every three years thereafter.



SFDR PAIs

- Under the SFDR's PAI regime (which is generally voluntary), there are two indicators that are relevant (indicators 12 and 13). These cover:
 - board gender diversity; and
 - unadjusted gender pay gap.
- PAIs are reported on an aggregated basis (at fund-level and/or firm level)

UK Voluntary requirements – the details



UK FTSE Women Leaders Review

- The FTSE Women Leaders Review is published annually: this is an independent business-led framework supported by the Government, to build on the Hampton-Alexander Review. It will monitor women's representation in senior leadership positions in FTSE 350 companies from 2021 to 2026.
- The 2022 report recommended that by end of 2025: (1) FTSE 350 boards and leadership teams should have at least 40% women's representation; and (2) FTSE 350 companies to have at least one women in the Chair, Senior Independent Director role and/or CEO or FD role.



UK Parker Review

- The Parker review has an ethnic diversity target for FTSE 250 companies of there being at least one director of colour on each FTSE 250 board by 2024.
- It has also recommended that FTSE 350 companies set targets for senior management positions to be occupied by ethnic minority executives by December 2027 and that the 50 largest private companies set a target of having at least one ethnic minority director on the board by December 2027.



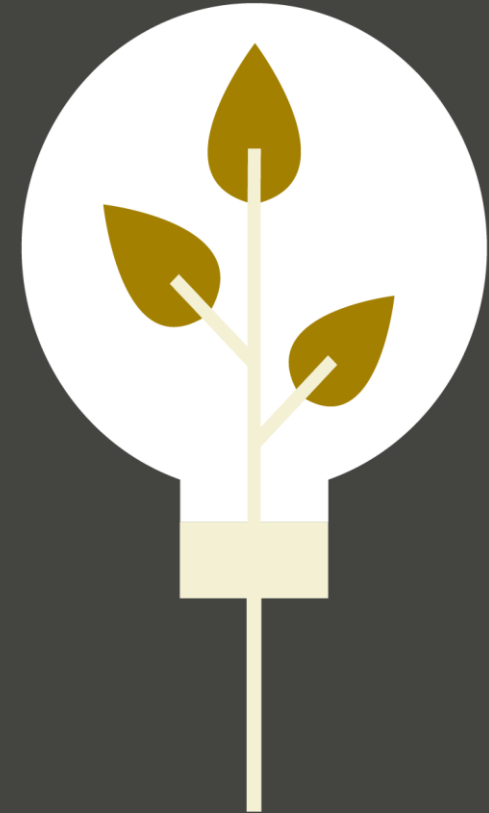
UK Walker Guidelines for Disclosure and Transparency in Private Equity

- The Guidelines are voluntary, although compliance is required for BVCA member firms.
- **Scoping:** UK Portcos with an enterprise value of more than £500m (up from £210m) and either more than £200m of revenue, of which at least 50% is UK generated, or more than 1,000 full-time UK employees
- In-scope Portcos should publish an annual narrative report which includes the following:
 - whether the company has an established DEI policy and details of this policy, including:
 - clear and measurable objectives
 - consideration of Government and industry initiatives, e.g., the Investing in Women Code, the Women in Finance Charter, the FTSE Women Leaders Review and the Parker Review and whether the company has become a signatory to any of these DEI initiatives
 - a breakdown of the number of persons of each gender who were directors, senior managers and employees

Other considerations

ESG ratings

- Another potential repercussion of non-compliance with gender/diversity targets is ESG ratings.
- Methodology used by agencies to evaluate companies for the purpose of determining ESG ratings is not unified however it can include consideration of, amongst other things, diversity of company boards amongst a number of other metrics on the "S" and "G" side of ESG. Most ESG rating services have good coverage of companies listed on public markets but, coverage of private companies is expanding.



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