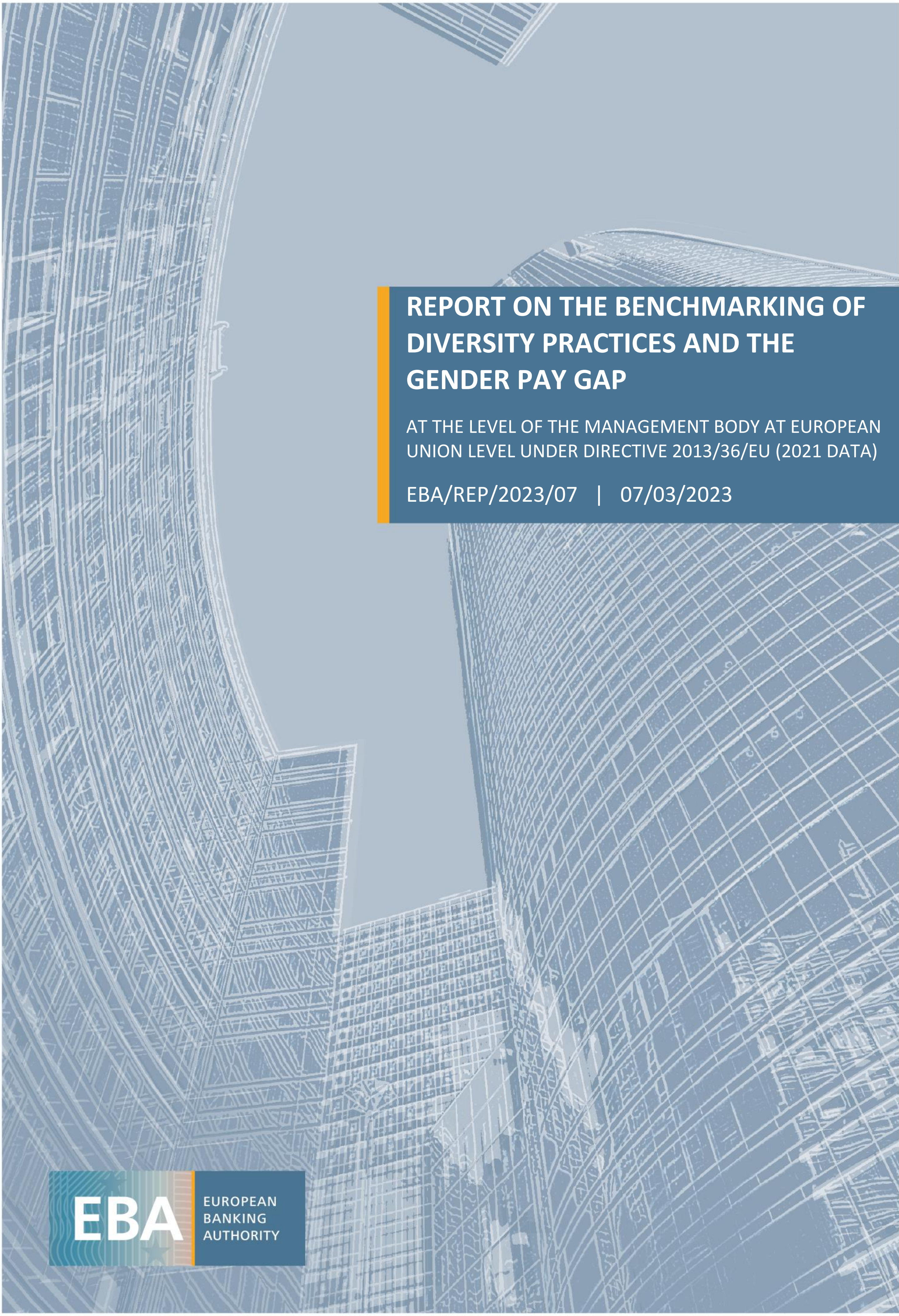

REPORT ON THE BENCHMARKING OF DIVERSITY PRACTICES AND THE GENDER PAY GAP

AT THE LEVEL OF THE MANAGEMENT BODY AT EUROPEAN UNION LEVEL UNDER DIRECTIVE 2013/36/EU (2021 DATA)

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EBA

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1. Executive summary

Directive 2013/36/EU requires that institutions take into account the diversity of the management body when recruiting new members and to implement a diversity policy. The objective is, among others, to achieve diversity within the management body as well as to achieve a more appropriate balance between women and men in management bodies. In addition, significant institutions are required under Article 88(2)(a) of this Directive to set a target for the representation of the underrepresented gender in the management body and to take measures to increase their number.

More diverse management bodies can help to improve their decision-making regarding strategies and risk-taking by incorporating a broader range of views, opinions, experiences, perceptions, values and backgrounds. A more diverse management body reduces the phenomena of 'group think' and 'herd behaviour'. The issue of diversity is not limited to gender; it also concerns other factors, including the age, professional and educational background, and geographical provenance of the members of the management body.

Under Article 91(11) of Directive 2013/36/EU, the EBA and competent authorities are required to benchmark diversity practices in institutions' management bodies. The EBA and the competent authorities are also mandated to collect information on the gender pay gap of members of the management body under Article 75(1) of Directive 2013/36/EU and 34(1) of Directive (EU) 2019/2034.

The data gathered and analysed for this exercise comes from a representative sample of credit institutions and investment firms made of 662 credit institutions and 129 investment firms selected by national competent authorities of all Member States of the European Union and Lichtenstein and Iceland on the basis of common criteria set out by the EBA.

Despite the legal requirements, a significant proportion of 27.05% of institutions (2018: 41.61%) have still not adopted a diversity policy. Already 93.78% of significant institutions have adopted a diversity policy. While the share of institutions that have a diversity policy in place increased, only 76.78% (2018; 69.61%) of institutions and 94.39% of significant institutions that have a diversity policy promote gender diversity by setting a target for the underrepresented gender. Where institutions have not yet adopted and implemented diversity policies, competent authorities should take appropriate supervisory measures to ensure that all institutions comply with this legal requirement.

More than half of the institutions (56%) in the sample and nearly a half of the larger credit institutions have no female executive director.

The representation of women and men in boards is insufficiently balanced. The number of male executive directors by far exceeds the number of female executive directors. Only 11.32% (2018: 8.53%) of 689 CEOs are female. Regarding other executive directors, the level of representation of the female gender has slightly improved, but was with 20.19% (2018, 17.44%) still at a very low level. In total, 18.05% of executive directors, including the CEO, are female (2018: 15.13%, 2015, 13.63%).

The majority of non-executive directors are male. Only 10.43% of chairpersons are female. In the supervisory function of the management body, women held already 27.75% (2018: 24.02%, 2015: 18.90%) of the non-executive director positions (including chairperson and staff representatives). Despite the larger size of the supervisory boards, still 16% of the institutions have no women represented in the supervisory function (including the staff representation) of the management body. In a very small number of institutions men are less represented than women.

The gender balance is gradually, but too slowly improving. The gender balance of newly recruited directors has improved over time but is still insufficient, in particular, with regard to the management body in its management function. Between 2019 and 2021, 24.27% (2015-2016: 18.29%, 2017-2018 21.18%) of vacant executive director positions, 32.39% (2015-2016: 27.65%, 2017-2018: 27.99%) of vacant non-executive director positions and 56.29% (2015-2016: 58.99%, 2017-2018: 64.63%) of vacant positions of staff representatives have been filled with women in the sampled institutions.

The EBA analysed the correlation between the profitability of a credit institution expressed as return on equity (RoE) and gender diversity of executive directors. Other factors that may also influence the RoE have not been taken into account. While the average RoE of the sample is 6.36%, more than half (58.02%) of credit institutions, where gender diversity is present in the management body in its management function, have a higher-than-average RoE. Credit institutions with a gender-diverse management function have on average a RoE of 7.88%, while credit institutions with executive directors of only one gender have on average a lower RoE of 5.27%. A clear correlation has already been identified in the last EBA report on diversity. Several other studies[1] come to the same conclusion.

The data on the gender pay gap show that gender imbalances in the remuneration of directors exist. While there are some institutions in which the remuneration of the female directors is higher than the remuneration of the male directors (indicated by a negative value of the pay-gap), the majority of firms reported figures that show that male directors receive higher total remuneration than female directors. On average[2] female executive directors, even if not considering the pay of the CEO [3] and basing the calculation on their median remuneration, receive 9.43% less remuneration than their male colleagues, for non-executive directors the average gender pay-gap is at 5.90%. Competent authorities, within their supervisory review processes, should review if

[1] Inter alia: International Monetary Fund: Gender Diversity in Senior Positions and Firm Performance: Evidence from Europe, 7 March 2016, https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Gender-Diversity-in-Senior-Positions-and-Firm-Performance-Evidence-from-Europe-43771 and World Economic forum: why diverse companies turn higher profits and reap rewards, 15 March 2017 https://www.weforum.org/agenda/2017/03/why-diverse-companies-turn-higher-profits-and-reap-rewards

[2] Mean pay gap of all institutions, based on the median male and female remuneration divided by the median male remuneration, without the CEO, see Figure 36

[3] Institutions had been asked to calculate the gender pay gap two times, including and excluding the CEO. As the remuneration of the CEO is typically higher than for other board positions, the inclusion of the mainly male CEOs leads to a higher pay gap, the further increase is however driven rather by the position than the gender.

institutions remuneration policies are gender neutral as required under Article 74(1) of Directive 2013/36/EU and Article 26(1)(d) of Directive (EU) 2019/2034.

EBA has looked also into the age-demography of the board, its educational and professional background and geographical provenance, as diversity within these dimensions brings different perspectives into decision making.

The distribution of directors in different age categories, which differs significantly between Member States, does not show a material change since the last exercise. However, with respect to 2015 data, it can be observed that the share of non-executive directors with an age over 60 years has steadily increased in line with the demographic development and increased life expectancy in the EU.

Concerning the educational and professional background, the data show a quite limited diversity. Despite growing importance of information and communication technologies in the financial services sector, there is only little coverage of these areas within the management bodies, 6% of directors have such a background and are mainly located in large institutions.

On the geographical provenance, the data show that there is a relatively high percentage of institutions in which the geographical business activities and the geographical provenance of the directors do not fully match, with slightly better coverage in the supervisory function than in the management function of the management body.

In conclusion, the data presented in the Report make clear that further improvements of the gender balance and, more in general, of the diversity at institutions management bodies are needed. Hence, further work by institutions and CAs is needed to overcome the identified shortcomings. All institutions must adopt a diversity policy and many need to improve the gender diversity of their boards in the short to medium term, including through the setting of appropriate gender balance targets. Other aspects of diversity, e.g. regarding the educational or professional background, could be further improved in particular in larger boards.

It is important that competent authorities review institutions' diversity policies and their implementation, including the recruitment processes for members of the management body and take appropriate measures where shortcomings are identified, e.g. in the context of the supervisory review and evaluation process or of the assessment of fitness and propriety of members of management bodies.

The EBA will continue to monitor diversity in management bodies and issue periodical benchmark studies on diversity and on the gender pay gap at the level of the management body.

2. Background

1. "Gender equality is a core value of the EU, established as a fundamental right in the EU treaties. The EU gender equality strategy for 2020–2025 strives for a union of equality, where women and men can pursue their chosen path in life in a society free from violence and stereotypes, where leadership is shared equally and where individuals thrive in a gender-equal economy."[4]

2. In the European Union, ensuring non-discrimination and equal opportunities of all people, independent of their gender, became increasingly important to the co-legislators following the publication of the European Parliaments Opinion on the Gender equality in European labour markets in 2018[5] and the adoption of the EU Action Plan 2017-2019 - Tackling the gender pay gap[6]. A central aspect is improving the gender balance in political and professional careers. Those measures may also have contributed to the overall positive, although still slow improvements the EBA has identified regarding the representation of women in management bodies. Appropriate gender balance within the management body is of particular importance to ensure adequate representation of the population.

3. Article 91(10) of Directive 2013/36/EU[7] requires that institutions shall engage a broad set of qualities and competences when recruiting members to the management body and for that purpose put in place a policy promoting diversity on the management body. The same Article applies in accordance with Article 9(1) of Directive 2014/65/EU[8] to investment firms.

4. Under Article 88 of the Directive 2013/36/EU, the nomination committee, which is required for significant institutions, should set a target for the representation of the underrepresented gender and prepare a policy on how to increase the number of the underrepresented gender in the management body. Where such a committee does not exist, the management body should consider setting such a target as part of the institution's diversity policy.

5. Article 91(10) of Directive 2013/36/EU requires institutions and investment firms to adopt a policy promoting diversity in the management body and to take diversity into account when recruiting members to the management body. Those policies should promote diversity regarding several aspects, including gender, age, educational and professional background, and, in particular for internationally active institutions, the geographical provenance of members of the management body.[9] Diverse management bodies include members who have different

[4] Eurofound and EIGE (2021), Upward convergence in gender equality: How close is the Union of equality? Publications Office of the European Union, Luxembourg, page 2

[5] Gender equality in European labour markets, Exploratory opinion Council/EP, Reference: SOC/586-EESC-2018

[6] European Economic and Social Committee, EU Action Plan 2017-2019 - Tackling the gender pay gap, Reference: SOC/571-EESC-2018-00304-00-00-AC-TRA

[7] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions

[8] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments

[9] In a few Member States, the aspect of geographical provenance is not required to be included in diversity policies. The reason for this is that those Member States consider that this requirement would conflict with national laws intended to prevent discrimination against people based on their origin or ethnicity.

skills, knowledge, experiences, backgrounds, values and perceptions, so that different perspectives are brought to discussions between members.

6. The existence of different perspectives can help to improve decision-making, as a more diverse management body reduces the phenomena of 'groupthink' and 'herd behaviour'. Diversity can thus help members of the management body to act more efficiently, to achieve a business and risk strategy that is in the best interests of the institution or investment firm and to ensure sound management of the institution or investment firm and its staff, including ensuring that the institution's or investment firm's policies are gender neutral and provide for equal opportunities for all genders in accordance with Directive 2006/54/EC[10].

7. In accordance with Article 91(11) of Directive 2013/36/EU, competent authorities are to collect the information disclosed on diversity policies, as well as on the extent to which their objectives and targets have been achieved, in accordance with Article 435(2)(c) of Regulation (EU) No 575/2013,[11] and they are to use it to benchmark diversity practices. The competent authorities must provide the EBA with the information collected. The EBA is to use that information to benchmark diversity practices at EU level. For this purpose, the EBA has issued a request for information that specified the information to be collected and submitted.

8. The EBA also analysed information on the gender pay gap of members of the management body under its mandate within Article 75(1) of Directive 2013/36/EU and 34(1) of Directive (EU) 2019/2034.

9. Credit institutions and investment firms are required to apply gender neutral remuneration policies under Article 74(1) of Directive 2013/36/EU and Article 26(1)(d) of Directive (EU) 2019/2034 and to monitor the gender pay gap as further specified in the EBA Guidelines on internal Governance (EBA/GL/2021/5 and EBA/GL/2021/14). The responsibilities of members of the management body are well defined, which allows for a more meaningful calculation of the gender pay-gap. The pay-gap is based on the percentual pay differences between male and female members, based on the average male remuneration. The approach taken ensures that different pay levels in institutions or Member States do not leads to a bias of the results. However, the results of the analysis presented in this report needs to be interpreted with care as the remuneration of members of the management body depends on e.g. the specific position held (e.g. CEO, executive director, chairperson, non-executive director, employee representative), additional responsibilities (e.g. chairing of committees), and the specific expertise and experience that the members have as well as the availability of suitable candidates with the required backgrounds on the labour market. While the gender pay gap identifies differences between the pay levels, is cannot be concluded that they are based on the gender of the individual members of the management body as other underlying factors cannot be fully neutralised based on the available information.

[10] Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation

[11] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions

3. Diversity benchmarking

10. The EBA analysed information on the diversity policies established by individual credit institutions and investment firms, including the targets set for the underrepresented gender, together with data on the composition of management bodies. The data depict the situation as it was on 31 December 2021. In addition, data were collected on the gender pay gap for members of the management body in the management and in the supervisory function, separately for each gender, for the performance year 2021.

11. The EBA collected data from 662 credit institutions and 129 investment firms from all Member States of the European Union, Liechtenstein, and Iceland, and includes information on 2 842 executive directors, 5 494 non-executive directors and 834 staff representatives.

12. Some credit institutions and investment firms did not provide all the requested information. The different tables in the report are based on the credit institutions and investment firms that provided the respective information and therefore the numbers provided in the report differ slightly for different aspects covered in the report. Where the analysis refers to institutions, this includes credit institutions and investment firms. For some aspects separate figures for credit institutions (CIs) and investment firms (IFs) are provided.

13. The slightly reduced sample size of 791 institutions for the 2021 data, compared to the sample of 834 institutions in 2018, results mainly from the fact that the figures do not anymore include data of UK institutions, as United Kingdom is not anymore a Member State of the European Union, and that Norway did not participate in the current exercise.

14. To allow a more granular analysis, credit institutions have been allocated to four different size categories, based on the balance-sheet total (balance-sheet total in EUR: < 1 billion; 1 billion to < 10 billion; 10 billion to < 30 billion; ≥ 30 billion). For each size category, competent authorities collected data, where available, from at least five credit institutions and, separately, most competent authorities[12] collected data from at least five investment firms (regardless of their size). Figures for significant institutions[13] are given separately. Significant institutions should in any case set a quantitative gender representation target in line with joint EBA and European Securities and Markets Authority guidelines on the assessment of the suitability of members of the management body and key function holders [14] and must have a nomination committee.

15. The sample of institutions generally covers at least 10% of all credit institutions in each Member State in each of the different size categories used in this report. Where Member States have more than 500 small institutions (balance sheet total below EUR 1 bn), competent authorities

[12] A few competent authorities are not responsible for the supervision of investment firms and not all of those competent authorities collected the information from the competent authority supervising investment firms.

[13] Significant institutions as defined in EBA GL on internal governance under Directive 2013/36/EU (EBA/GL/2021/05) include global systemically important institutions, other systemically important institutions and other significant institutions as determined by the competent authority)

[14] Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (ESMA35-36-2319, EBA/GL/2021/06)

were asked to limit the sample for this size category to 50 institutions. In addition, where possible, Member States were asked to collect data for at least 5 investment firms.

3.1 Diversity policies

16. Based on information provided by institutions through competent authorities, the present report analyses institutions' practices regarding diversity policies with a focus on gender diversity and the representation of the underrepresented gender.

17. The management body is responsible for adopting an appropriate diversity policy. The nomination committee, where applicable[15], plays an important role in establishing the diversity policy and in setting targets for the representation of members of different genders. The joint EBA and ESMA guidelines on the assessment of the suitability of members of the management body and key function holders specify that significant institutions should set a quantitative gender diversity target; other institutions may set the target in a qualitative manner, if they have fewer than five members of the management body.

18. As expected, having a nomination committee is more common in larger and significant institutions (Figure 1), which also have overall a more balanced representation of female and male members.

Figure 1: Institutions with and without a nomination committee

Frequency	CIs < EUR 1 bn	CIs EUR 1 bn to < EUR 10 bn	CIs EUR 10 bn to < EUR 30 bn	CIs EUR ≥ 30 bn	Investment firms	Thereof significant institutions
Number of institutions responding	175	257	118	112	129	212
Nomination committee in place	49	119	91	107	26	194
No nomination committee in place	123	136	23	5	101	14
Percentage of institutions with nomination committee	28.90%	46.30%	77.12%	95.54%	20.16%	91.51%

19. To better understand the reported diversity policies and practices, and understand the challenges in achieving diversity, it is important to understand the different sizes of management bodies that are composed of a management function (executive directors) and supervisory function (non-executive directors). A more diverse composition of the management body is easier to achieve when they have more members. In many Member States, institutions that have a 1-tier system reported only the CEO as the sole executive director, so that diversity could not be achieved within the management function of the management body. However, Directive 2013/36/EU requires that institutions must have at least two persons directing the

[15] Where the management body has no influence on the nomination of candidates, significant institutions do not need to establish a nomination committee under Article 88(2) of Directive 2013/36/EU.

business, those persons per definition form part of the management body and therefore the requirements on diversity under Article 91(10) of Directive 2013/36/EU apply. Overall, the average number of executive directors in a 1-tier system is lower than in 2-tier systems.

20. Percentiles for the numbers of executive directors (EDs) are provided in Figures 2 and 3 separately for institutions that have a 1-tier system and such that have a 2-tier system. The number of non-executive directors (non-EDs) is depicted in Figures 4 and 5. Staff representatives (SRs) have not been included in Figure 4 as not all Member States require the presence of staff representatives in the management body and therefore the data would not be comparable. When added (Figure 5), their inclusion only leads to an immaterial change of the values at the different percentiles.

Figure 2: Percentiles (p) for the number of members of the management body in its management function (executive directors, 1-tier system, 2021 data)

Institutions	Average	P10	p25	p50	p75	p90
CIs < EUR 1 bn	2.19	1	1	2	3	4
CIs EUR 1 bn to < EUR 10 bn	3.36	1	2	3	5	7
CIs EUR 10 bn to < EUR 30 bn	3.74	1	2	3	5	8
CIs ≥ EUR 30 bn	3.55	1	2	2	5	8
Investment firms	2.39	1	2	2	3	4
Thereof significant institutions	3.41	1	2	2	5	7

Figure 3: Percentiles (p) for the number of members of the management body in its management function (executive directors, 2-tier system, 2021 data)

Institutions	Average	P10	p25	p50	p75	p90
CIs < EUR 1 bn	3.52	2	2	3	4	5
CIs EUR 1 bn to < EUR 10 bn	3.73	2	2	3	5	7
CIs EUR 10 bn to < EUR 30 bn	5.00	3	3	5	7	8
CIs ≥ EUR 30 bn	5.68	3	4	5	7	8
Investment firms	3.21	2	2	3	4	6
Thereof significant institutions	5.75	3	4	6	7	8

Figure 4: Percentiles (p) for the number of members of the management body in its supervisory function (non-executive directors without staff representatives, 2021 data)

Institutions	Average	P10	p25	p50	p75	p90
CIs < EUR 1 bn	5.78	3	4	5	7	9
CIs EUR 1 bn to < EUR 10 bn	7.60	4	5	7	9	12
CIs EUR 10 bn to < EUR 30 bn	8.51	4	6	8	10	12
CIs ≥ EUR 30 bn	9.84	5	7	9	11	14
Investment firms	3.32	0	2	3	5	6
Thereof significant institutions	8.49	5	6	8	10	12

Figure 5: Percentiles (p) for the number of members of the management body in its supervisory function (non-executive directors, including staff representatives, 2021 data)

Institutions	Average	P10	p25	p50	p75	p90
CIs < EUR 1 bn	6.26	3	4	6	8	9
CIs EUR 1 bn to < EUR 10 bn	8.70	4	6	7	11	15
CIs EUR 10 bn to < EUR 30 bn	10.23	5	7	9	14	18
CIs ≥ EUR 30 bn	12.00	7	9	11	14	20
Investment firms	3.50	0	2	3	5	6
Thereof significant institutions	10.01	6	7	9	12	15

21. While all institutions must take into account diversity when recruiting members of the management body and adopt diversity policies in accordance with Article 91(10) of Directive 2013/36/EU, the nomination committee in significant institutions has to prepare in accordance with Article 88(2) of Directive 2013/36/EU a policy on how to increase the number of the underrepresented gender in the management body to meet a specified target.

22. Despite the aforementioned legal requirements, a significant proportion of 27.05% of institutions (2018: 41.61%) have not adopted a diversity policy. While 72.95% of institutions have a diversity policy, only 56.01% of institutions (2018: 40.65%) have a policy that includes the aspect of gender diversity. This includes also a few significant institutions, of which 93.40% have adopted such a policy, but only 88.21% of them have a policy on gender diversity (Figure 6).

23. While the share of institutions that have a diversity policy in place increased, only 76.78% (2018; 69.61%) of institutions that have a diversity policy adopted promote within the policy gender diversity by setting a target for the underrepresented gender. The extent to which institutions have already adopted the required diversity policies, and gender diversity policies in particular, differs significantly between Member States, as shown in Figures 7 and 8.

24. The level of compliance with the respective legal requirements differs between credit institutions and investment firms, the latter show lower ratios of firms that have a diversity policy or gender targets. Only a few investment firms in the sample are considered significant, two out of three of those have adopted gender policies and gender targets.

25. While there is still not a full compliance with the legal requirements on diversity policies, many competent authorities have since the last diversity benchmarking report, where the EBA has called on competent authorities to follow up on the observed issues of non-compliance, integrated a review of diversity practices into their fitness and propriety assessment processes or into their regular supervisory review processes.

26. The financial industry has in many Member States reacted to shortcomings in the area of equal opportunities and equal representation of genders at board positions. Throughout the EU many associations have launched specific initiatives to foster the equal representation of genders at boards and also within the whole workforce. Some of those associations recommend to their

members target percentages for the gender representation between 30% and 40%. Despite such recommendations and existing legal requirements regarding diversity policies, the composition of the management bodies show often an insufficient gender balance.

27. Many institutions do not comply with the regulatory requirements regarding the adoption of diversity policies. Where this is the case, competent authorities are expected to take supervisory measures and review the adoption of such policies in the supervisory review and evaluation process or when performing assessments of the fitness and propriety of members of the management body.

Figure 6: Numbers of institutions and percentages of institutions with a diversity policy and gender diversity policy in place, 2021 data, EU total since 2015

Member State	Number of institutions in the sample	Institutions with diversity policy in %	Institutions with gender targets in %	Thereof, number of significant institutions	Significant institutions with diversity policy in %	Significant institutions with gender targets
EU27/EEA 2021	791	72.95%	56.01%	212	93.40%	88.21%
EU28/EEA 2018	834	58.39%	40.65%	241	83.40%	71.37%
EU28/EEA 2015	864	35.53%	24.54%	–	–	–

Figure 7: **Numbers of credit institutions (CIs) and percentages of credit institutions with a diversity policy and gender diversity policy in place, 2021 data of each Member State**

Member State	Number of CIs in the sample	CIs with diversity policy in %	CIs with gender targets in %	Thereof, number of significant CIs	Significant CIs with diversity policy in %	Significant CIs with gender targets
AT	47	70.21%	61.70%	10	90.00%	90.00%
BE	23	86.96%	82.61%	11	100.00%	100.00%
BG	10	90.00%	80.00%	5	100.00%	100.00%
CY	11	81.82%	81.82%	6	100.00%	100.00%
CZ	20	45.00%	15.00%	5	60.00%	40.00%
DE	127	64.57%	44.88%	25	84.00%	80.00%
DK	20	100.00%	95.00%	7	100.00%	100.00%
EE	9	44.44%	33.33%	3	100.00%	100.00%
EL	13	46.15%	38.46%	4	100.00%	100.00%
ES	27	81.48%	70.37%	9	100.00%	88.89%
FI	18	100.00%	88.89%	7	100.00%	100.00%
FR	37	81.08%	78.38%	20	90.00%	90.00%
HR	12	100.00%	58.33%	7	100.00%	100.00%
HU	22	54.55%	40.91%	8	100.00%	87.50%
IE	17	100.00%	70.59%	7	100.00%	100.00%
IS	3	100.00%	100.00%	3	100.00%	100.00%
IT	64	90.63%	89.06%	13	92.31%	92.31%
LI	11	54.55%	27.27%	3	66.67%	66.67%
LT	4	75.00%	75.00%	3	100.00%	100.00%
LU	26	69.23%	30.77%	6	100.00%	83.33%
LV	11	90.91%	54.55%	4	100.00%	75.00%
MT	9	77.78%	33.33%	3	66.67%	66.67%
NL	16	75.00%	68.75%	6	83.33%	83.33%
PL	20	85.00%	60.00%	8	100.00%	87.50%
PT	18	100.00%	88.89%	5	100.00%	100.00%
RO	25	96.00%	80.00%	8	100.00%	87.50%
SE	19	94.74%	52.63%	3	100.00%	66.67%
SI	13	100.00%	76.92%	6	100.00%	66.67%
SK	10	40.00%	40.00%	4	100.00%	100.00%
EU27/EEA	662	77.64%	61.93%	209	93.78%	88.52%

Figure 8: Numbers of investment firms (IFs) and percentages of investment firms with a diversity policy and gender diversity policy in place, 2021 data of each Member State

Member State	Number of IFs in the sample	IFs with diversity policy in %	IFs with gender targets in %	Thereof, number of significant IFs	Significant IFs with diversity policy in %	Significant IFs with gender targets
BE	5	40.00%	40.00%	1	100.00%	100.00%
BG	5	80.00%	60.00%	0	-	-
CZ	5	40.00%	20.00%	0	-	-
DE	6	33.33%	16.67%	1	0.00%	0.00%
DK	5	100.00%	80.00%	0	-	-
EE	6	16.67%	0.00%	0	-	-
ES	5	40.00%	20.00%	0	-	-
FI	7	85.71%	28.57%	0	-	-
FR	8	25.00%	12.50%	1	100.00%	100.00%
HR	5	100.00%	60.00%	0	-	-
HU	10	20.00%	10.00%	0	-	-
IE	8	50.00%	25.00%	0	-	-
IT	5	40.00%	40.00%	0	-	-
LT	6	0.00%	0.00%	0	-	-
LU	10	50.00%	20.00%	0	-	-
LV	4	50.00%	0.00%	0	-	-
MT	5	20.00%	20.00%	0	-	-
NL	8	62.50%	25.00%	0	-	-
PT	5	100.00%	80.00%	0	-	-
SE	4	75.00%	25.00%	0	-	-
SI	2	100.00%	100.00%	0	-	-
SK	5	20.00%	0.00%	0	-	-
EU27/EEA	129	48.84%	27.13%	3	66.67%	66.67%

28. While Directive 2013/36/EU does not specify a minimum level for the representation of the underrepresented gender, many Member States have already implemented such targets in national legislation, ranging between 25% and 40% for the representation of the underrepresented gender at board level in listed companies. [16]

29. **I**nstitutions have used different approaches to set internal gender diversity targets in their policies. Some have set targets separately for the management and supervisory functions of the management body, while the most common approach is to set joint targets for both functions. A limited number of institutions have set targets only for the supervisory function, e.g. as they consider only the CEO as executive director. However, such approaches do not fully reflect the definition of the management body under Directive 2013/36/EU and the requirements on

[16] FR, IT: 40%; BE, PT: 33%, DE, AT: 30%, EL:25%

diversity policies to be adopted to foster diversity at the management body. The use of the different approaches is depicted in Figure 9.

30. The majority of 310 institutions specified the gender target as a percentage, while 106 institutions specified targets as headcount. A minority of 29 institutions have set targets only in a qualitative way. Where targets were set as headcount, on average the resulting target percentage is lower than at institutions that set targets as percentage.

31. Nearly 40% of institutions (36.45% of institutions that set values as percentage and 47.17% of institutions that set targets as headcount) have set very low targets that aim only at a representation of the underrepresented gender of 25%[17] or even less. In addition, compared to 2018, the target values went slightly down on average, which may be linked to changes of the sample and participating Member States. Overall, the targets set for the representation of the underrepresented gender are higher for the supervisory function than for the management function of the management body.

32. Gender targets that aim at a representation of the underrepresented gender of around 40% would be in line with expectations also from a good governance perspective. Targets for the underrepresented gender of 33% for the management body in total and 40% for the management body in its supervisory function are included in Directive (EU) 2022/2381 on improving the gender balance among directors of listed companies and related measures.

33. More than half of the institutions that have set a gender target declared that they had already met their gender targets (2021: 56.18%, 2018: 49.56%), another 31.01% stated that they aim to meet the target at the latest by 2024.

34. Where qualitative targets have been set, most policies state that there should be an appropriate gender balance, and a few specify the intention to improve the representation of women. A good number of institutions stressed that they ensure equal opportunities for all genders and that there is no discrimination between male, female or non-binary candidates for board positions. Some institutions stated that they also applied such policies to key function holders or all staff, which can be considered good practice, as it helps to implement gender diversity in an institution's management and creates a more diverse pool of potential future candidates for positions in the management body in financial sector entities.

35. Article 91 of Directive 2013/36/EU requires that diversity should be taken into account when recruiting members to the management body and that institutions have diversity policies.

36. Institutions must take into account diversity, when recruiting members of the management body. Staff representatives are selected by staff, while other members of the management body are recruited by the institution, i.e. appointed by its shareholders, its owners or its management body in its supervisory function. When setting and implementing diversity policies, it is more practical to focus on the recruitment process for members of the management body who are

[17] The answers are based on ranges provided in the questionnaire, the category referred to was defined as: >0% up to 25%, it can be assumed – based on the typical board size - that values set are in most cases either 20% or 25%.

selected by the institutions' relevant governing bodies (e.g. shareholders, nomination committees, the management body in its supervisory function) and separately to consider the diversity of the whole management body, including the staff representation and to foster an environment where the staff is likely to elect a diverse staff representation.

Figure 9: Level of quantitative gender targets[18] set by institutions based on the representation of women

Number of institutions with gender targets	> 0% to 25%	> 25% to 33.4%	> 33.4% to 50%	> 50%[19]
Joint policy for the management body	60	30	28	3
Joint policy for the management body (excluding staff representatives)	27	31	25	3
Separate policy for the management function (executive directors)	28	13	4	0
Separate policy for the supervisory function (non-exec. directors)	19	22	7	1
Separate policy for the supervisory function (excluding SRs)	24	32	50	0
Policy limited to the management function (executive directors)	5	4	0	0
Total in 2021	163	132	114	7
Total, based on targets set as percentage	113	107	89	1
Total, based on targets set as headcount	50	25	25	6
Distribution in 2021	34.81%	32.04%	31.22%	1.93%
Distribution in 2021 based on targets set as percentage	31.09%	35.58%	32.96%	0.37%
Distribution in 2021 based on targets set as headcount	45.26%	22.11%	26.32%	6.32%
Total in 2018	139	159	143	8
Distribution in 2018	30.96%	35.41%	31.85%	1.78%

37. Diversity policies take not only into account the aspect of gender, but also other aspects, including the educational and professional background, which is also linked to the requirement that the management body collectively needs to have sufficient knowledge and experience,

[18] Percentages, when targets have been set as minimum headcount, have been calculated based on the numbers of the underrepresented gender (in nearly all cases women) compared to the number of members of the management body. A few banks have indicated that they set the target as a percentage as well as a minimum headcount, in such cases the higher resulting percentage has been taken into account when the approaches led to different values.

[19] A very few institutions reported that their target would aim explicitly at a higher representation of women compared to men with regard to their executive directors, resulting in a target percentage of above 50%.

geographical provenance and age (Figure 10). 577 institutions provided detailed information on their policies and their level of compliance.

38. Only a limited number of institutions set concrete policies with regard to the age of members of the management bodies. Those policies limit the age of members of the management body at appointment or specify that not all members should be in the same decade of their lives or required that the management body include at least one younger member.[20]

39. Geographical provenance means the region where a person has gained a cultural, educational or prior professional background. This aspect is of particular relevance for internationally active firms, which should strive to match their main business areas with specific expertise in the relevant markets at the level of the management body, which helps to take into account the cultural values and the legal and market specificities relevant for those areas in decision-making. Only a very limited number of institutions took into account this aspect specifically within their policies, other institutions commented that they would ensure that there is no discrimination with regard to the geographical or ethnical provenance of members of the management body.

40. While a growing number of institutions have adopted policies on all the different aspects, the percentage of institutions meeting such targets has only improved, if compared to 2018, with regard to policies on the gender. Only a very limited number of institutions indicated that they have set a target deadline by when the objectives of the policy on aspects other than gender should be met.

Figure 10: Overview over the different aspects of diversity, 2021 data

Aspect	Number of institutions with a diversity policy for the aspect in question	Institutions having a policy for the aspect in percentage of institutions that have a diversity policy	Number of institutions indicating that they meet the target set	Percentage of institutions that have a policy, who are meeting the target set
Gender	445	77.12%	250	56.18%
Age	341	59.10%	162	47.51%
Educational background	387	67.07%	219	56.59%
Professional background	404	70.02%	232	57.43%
Geographical provenance; cultural or professional immersion	216	37.44%	107	49.54%
Geographical provenance; Ethnicity	112	19.41%	44	39.29%

[20] While such practices may lead to greater diversity in the ages of members, care must be taken to comply with national laws, which in some Member States may view such practices as a form of discrimination.

41. Institutions were asked, regardless of the existence of a diversity policy, which aspects of diversity they take into account when recruiting members of the management body (Figure 11). While the professional background of members is still the aspect that is most commonly taken into account, the aspect of gender diversity became more important since the last analysis. The share of institutions that takes into account gender diversity increased since 2018 to 80.15% (2018: 70.1%). In particular, most significant institutions (2021: 94.54%, 2018: 93.4%) responded that they did take gender diversity into account when recruiting new members of the management body. Several institutions stated that they have implemented policies that ensure non-discrimination of non-binary candidates for management body positions.

Figure 11: Numbers of credit institutions (CI) and investment firms that take diversity into account when recruiting members of the management body

Institutions	Gender	Other genders considered	Age	Educational background	Professional background	Geographical provenance	Ethnicity
CIs < EUR 1 bn	125	22	120	128	135	76	36
CIs EUR 1 bn to < EUR 10 bn	211	39	184	203	211	126	66
CIs EUR 10 bn to < EUR 30 bn	106	17	82	97	99	67	30
CIs ≥ EUR 30 bn	110	14	90	104	110	88	40
Investment firms	82	16	57	94	102	50	35
Total	634	108	533	626	657	407	207
Total in % of all 791 institutions	80.15%	13.65%	67.38%	79.14%	83.06%	51.45%	26.17%
Thereof significant institutions	202	37	163	188	197	149	79

3.2 Diversity practices

42. All credit institutions and investment firms were asked to provide information regarding the actual composition of their management bodies in terms of the number of members, their gender and age category as of 31 December 2021. The percentages were calculated based on the sample of institutions that provided the relevant information to the respective questions.

43. The analysis of diversity practices differentiated between the members of the management body in its management function (executive directors (EDs)) and in its supervisory function (non-executive directors (non-EDs)). As far as possible, the diversity of staff representatives (SRs), who are elected by staff rather than appointed by shareholders, was taken into account separately.

44. Gender diversity is a key aspect of diversity, as different typical attitudes and behaviours can be observed in persons of different genders. The same holds true for the age of a person, as the period during which a person grew up influences the person's values, behaviour and attitude to risk. Educational and professional background are relevant to the fitness and propriety of the

members of the management body, and it is required that the management body collectively understands all relevant economic, legal, managerial and procedural aspects of the institution's activities. Geographical provenance is also important to ensure that the management body has a direct understanding of the cultural values, market specificities and legal frameworks present in the main business hubs that the institution is active in, and to facilitate well-informed decision-making regarding the business strategy in those countries and areas.

3.2.1 Gender diversity

45. Establishing diverse management bodies can be particularly challenging when the management body or its functions have a low number of members. The appropriate number of members depends not only on the nature, size and complexity of an institution, but also on the chosen governance structure and cultural differences between Member States, e.g. in some banks the management function is represented by the CEO who is supported by a wider executive board, whereby the executive board is not subject to the fitness and propriety and diversity requirements under Directive 2013/36/EU. In a 2-tier structure, all members of the management body in its management function are considered as executive directors. In some jurisdictions the supervisory function relies more extensively on the work of committees, which requires a slightly larger membership of this function. Sometimes, small investment firms are allowed to have only one executive director, other small investment firms do not have a separate supervisory function. However, the wider sample ensures that those aspects do not lead to a bias of the analysis towards a certain governance-structure.

46. The report examines gender representation in various dimensions, looking for differences corresponding to governance system, size of institution and age bracket. The data collected allowed to categorise the gender as male, female or other genders (non-binary). In the whole sample no member of the management body has been reported as having a non-binary gender.

Gender representation and governance structures

47. The sample is nearly equally populated by institutions using one-tier structures (332) and two-tier structures (459). Overall, it can be observed that for credit institutions the overall size of the management body (both functions) is, even without staff representation, larger in a two-tier system with an average of 11.91 members (2018: 12.31) than in a one-tier system with an average of 10.66 members (2018: 10.04). Moreover, in countries with two-tier systems, the requirement to have staff representatives is more common and including the staff representation the average size of the management body is 13.63 members compared to 11.15 members in a 1-tier structure. For investment firms, the management bodies are on average much smaller with an average size in total of 5.62 members (2018: 6.07) for firms that have a one tier system and 6.95 (2018: 5.59) for firms that have a two-tier system. Given different board sizes information is provided separately in Figure 12 for credit institutions and in Figure 13 for investment firms.

48. The representation of female directors in credit institutions' management bodies differs significantly between Member States and between credit institutions and investment firms and governance systems or board structures.

49. The EBA is aware that there are different board systems in Europe that cannot be clearly mapped to the 1-tier or 2-tier system, as they include sometimes different sub-structures, e.g. have additional executive boards, audit, remuneration or nomination committees or as they have an executive body in addition to the board of directors. For the purpose of this report, a 1-tier system should be understood as a system where all members of the management body in its management function (executive directors) and all members of the management body in its supervisory function (non-executive directors) form one management body with the responsibility to set the institution's strategy, objectives and overall direction. Where there is in addition to this unitary body a mandatory executive board, institutions are still categorised as 1-tier system. A 2-tier system should be understood as a system, where the management body in its management function (executive directors) forms a distinct body from the body that consists only of the members of the management body in their supervisory function (non-executive directors), i.e. a unitary board does not exist at all. The report in Figures 12 and 13 depicts the composition of the management body as defined within Directive 2013/36/EU of an institution in terms of its gender diversity separately for institutions that have a 1-tier system and institutions that have a 2-tier system based on the considerations set out above.

50. At the EU level some gradual improvements regarding the representation of women can be seen, in particular, in the supervisory function of the management body, while there is still a very low percentage of women in the management function of the management body. Overall, the representation of women and men in management bodies is not sufficiently balanced.

51. In credit institutions using a 1-tier system 16.65% (2018: 14.65%) of executive director positions and 28.62% (2018: 24.36%) of non-executive director positions were held by women. In credit institutions that have a 2-tier system 18.87% (2018: 15.80%) of executive director positions and 25.03% (2018: 21.02%) of non-executive director positions were held by women. The representation of women in the staff representation is with 34.85% (1-tier) and 37.61% (2-tier) higher than in other roles within the management body. Overall, for credit institutions there is no material difference in the gender balance between the different governance systems.

52. The representation of female executive directors in investment firms is overall similar to credit institutions, but much lower for non-executive directors. The representation varies considerably between Member States. One-tier investment firms have a higher level of representation of female executive directors (2021: 19.35%, 2018: 13.92%) and non-executive directors (2021: 21.39%,2018: 21.53%) than investment firms with a two-tier structure (2021: 15.12% and 20.70%, 2018: 11.43% and 14.10%).

Figure 12: Numbers of credit institutions (CIs) by Member State and governance system and their average numbers of EDs, non-EDs and SRs

Member State	Governance system	Number of CIs	Average number EDs	Female executive directors	Average number non-EDs without SRs	Female non-EDs without SRs	Average number SRs	Female SRs
AT	1-tier	6	2.50	6.67%	7.50	20.00%	6.83	14.63%
AT	2-tier	41	2.98	10.66%	8.56	23.65%	3.22	37.12%
BE	1-tier	23	4.61	17.92%	8.26	33.68%	0.00	
BG	2-tier	10	5.50	36.36%	5.00	26.00%	0.00	
CY	1-tier	11	1.82	15.00%	7.18	22.78%	0.00	
CZ	2-tier	20	4.90	20.41%	4.25	22.35%	1.00	60.00%
DE	1-tier	9	2.78	8.00%	8.22	31.08%	1.89	29.41%
DE	2-tier	118	3.32	9.18%	10.42	20.50%	3.41	34.58%
DK	2-tier	20	2.75	14.55%	6.60	27.27%	2.50	40.00%
EE	1-tier	2	3.50	14.29%	5.00	0.00%	0.00	
EE	2-tier	7	6.00	28.57%	6.57	23.91%	0.00	
EL	1-tier	13	2.62	2.94%	8.00	15.38%	0.08	0.00%
ES	1-tier	27	2.04	14.55%	10.22	31.88%	0.37	40.00%
FI	2-tier	18	6.78	32.79%	6.83	34.96%	0.28	60.00%
FR	1-tier	21	2.71	10.53%	9.19	36.79%	0.86	44.44%
FR	2-tier	16	3.69	20.34%	11.88	41.05%	1.63	42.31%
HR	2-tier	12	4.17	20.00%	5.42	27.69%	0.00	
HU	2-tier	22	6.14	20.74%	4.64	29.41%	0.68	60.00%
IE	1-tier	17	1.76	23.33%	6.88	34.19%	0.00	
IS	2-tier	3	8.00	41.67%	6.33	47.37%	0.00	
IT	1-tier	63	2.35	8.78%	6.92	27.52%	0.02	100.00%
IT	2-tier	1	7.00	14.29%	8.00	12.50%	0.00	
LI	1-tier	7	3.57	16.00%	5.29	10.81%	0.00	
LI	2-tier	4	4.50	11.11%	5.00	15.00%	0.00	
LT	2-tier	4	5.75	26.09%	6.50	34.62%	0.00	
LU	1-tier	17	4.59	16.67%	7.00	24.37%	1.29	31.82%
LU	2-tier	9	3.89	14.29%	5.11	26.09%	0.22	100.00%
LV	2-tier	11	5.00	34.55%	5.27	29.31%	0.00	
MT	1-tier	8	1.88	0.00%	6.38	11.76%	0.00	
MT	2-tier	1	2.00	0.00%	11.00	27.27%	0.00	
NL	2-tier	16	4.44	22.54%	5.50	35.23%	0.31	40.00%
PL	2-tier	20	6.20	17.74%	7.80	28.21%	0.00	

Member State	Governance system	Number of CIs	Average number EDs	Female executive directors	Average number non-EDs without SRs	Female non-EDs without SRs	Average number SRs	Female SRs
PT	1-tier	8	5.75	21.74%	7.75	29.03%	0.00	
PT	2-tier	10	4.30	13.95%	6.80	17.65%	0.00	
RO	1-tier	16	4.38	27.14%	5.63	24.44%	0.00	
RO	2-tier	9	4.56	29.27%	5.56	30.00%	0.00	
SE	1-tier	19	5.05	30.21%	7.47	35.92%	1.16	68.18%
SI	1-tier	1	2.00	100.00%	5.00	40.00%	0.00	
SI	2-tier	12	3.08	24.32%	6.42	23.38%	0.33	100.00%
SK	2-tier	10	4.30	11.63%	3.60	8.33%	1.70	23.53%
EU27/EEA 2021	1-tier	268	3.09	16.65%	7.57	28.62%	0.49	34.85%
EU27/EEA 2021	2-tier	394	4.20	18.87%	7.71	25.03%	1.72	37.61%
EU28/EEA 2018	1-tier	324	3.01	14.65%	7.03	24.36%	0.31	42.42%
EU28/EEA 2018	2-tier	371	3.99	15.80%	8.32	21.02%	1.94	35.05%

Figure 13: Numbers of investment firms (IFs) by Member State and governance system and their average numbers of EDs, non-EDs and SRs

Member State	Governance system	Number of IFs	Average number EDs	Female executive directors	Average number non-EDs without SRs	Female non-EDs without SRs	Average number SRs	Female SRs
BE	1-tier	5	3.80	15.79%	5.20	26.92%	0.00	
BG	1-tier	5	2.00	20.00%	1.80	11.11%	0.00	
CZ	2-tier	5	4.20	9.52%	3.80	10.53%	0.20	100.00%
DE	1-tier	2	3.00	16.67%	0.00		0.00	
DE	2-tier	4	3.75	6.67%	5.00	35.00%	0.00	
DK	2-tier	5	1.40	0.00%	4.00	10.00%	0.00	
EE	1-tier	4	2.00	37.50%	2.25	33.33%	0.00	
EE	2-tier	2	2.50	20.00%	3.50	14.29%	0.00	
ES	1-tier	5	1.20	33.33%	3.40	11.76%	0.00	
FI	2-tier	7	5.71	25.00%	4.57	18.75%	0.00	
FR	1-tier	1	2.00	0.00%	6.00	50.00%	0.00	
FR	2-tier	7	3.57	28.00%	6.43	24.44%	0.29	50.00%
HR	1-tier	1	2.00	0.00%	3.00	0.00%	0.00	
HR	2-tier	4	2.00	37.50%	2.25	22.22%	0.25	100.00%

Member State	Governance system	Number of IFs	Average number EDs	Female executive directors	Average number non-EDs without SRs	Female non-EDs without SRs	Average number SRs	Female SRs
HU	2-tier	10	2.80	10.71%	3.00	20.00%	0.90	33.33%
IE	1-tier	8	1.75	21.43%	3.88	38.71%	0.38	33.33%
IT	1-tier	5	1.60	12.50%	5.40	14.81%	0.00	
LT	1-tier	5	2.00	50.00%	1.40	14.29%	0.00	
LT	2-tier	1	1.00	0.00%	3.00	33.33%	0.00	
LU	1-tier	9	3.22	17.24%	3.89	25.71%	0.11	0.00%
LU	2-tier	1	3.00	0.00%	4.00	25.00%	0.00	
LV	1-tier	3	2.67	12.50%	0.67	50.00%	0.00	
LV	2-tier	1	3.00	0.00%	0.00		0.00	
MT	1-tier	5	2.20	0.00%	2.00	0.00%	0.00	
NL	1-tier	1	5.00	20.00%	1.00	0.00%	0.00	
NL	2-tier	7	3.00	9.52%	0.71	20.00%	0.00	
PT	1-tier	1	5.00	0.00%	0.00		0.00	
PT	2-tier	4	2.50	20.00%	3.25	15.38%	0.00	
SE	1-tier	4	3.00	25.00%	4.50	16.67%	0.00	
SI	2-tier	2	2.50	0.00%	2.50	80.00%	0.00	
SK	2-tier	5	2.60	0.00%	3.00	6.67%	1.40	71.43%
EU27/EEA 2021	1-tier	64	2.42	19.35%	3.14	21.39%	0.06	25.00%
EU27/EEA 2021	2-tier	65	3.15	15.12%	3.49	20.70%	0.31	55.00%
EU28/EEA 2018	1-tier	108	2.93	13.92%	3.14	21.53%	0.08	11.11%
EU28/EEA 2018	2-tier	26	2.69	11.43%	3.00	14.10%	0.42	54.55%

Gender representation and age

53. The role and position of women in society and their involvement in occupational activities has changed over time. The share of female students has grown over time and since the end of the last century exceeds the number of male students in the EU[21]. This development should enable institutions to identify a gender balanced set of candidates when recruiting new members of the management body.

[21] Data published by the Worldbank: https://data.worldbank.org/indicator/SE.TER.ENRR.MA?locations=EU

54. The EBA Guidelines on internal governance under Directive 2013/36/EU require that 'institutions should ensure equal opportunities[22] for all staff independent of their gender, including with regard to career perspectives and aim to improve the representation of the underrepresented gender in positions within the management body as well as in the group of staff that have managerial responsibilities as defined in the Commission's Delegated Regulation 2021/923 of 25 March 2021 (regulatory technical standards on identified staff).[23]

55. For both reasons, the pool of suitable female candidates for positions in management bodies is expected to grow over time. Gender representation is to some extent more balanced in Scandinavian and some Eastern European Member States. No further analysis of the underlying factors has been done.

56. Institutions' inclusion and diversity policies for all staff and the facilitation of equal opportunities by institutions and Member States should help to improve over time the representation of women not only in institutions' management bodies but also in other managerial and key positions. However, further supervisory scrutiny by competent authorities is also needed with regard to institutions recruitment processes, in order to ensure that diversity is appropriately taken into account, e.g. by making sure that the pool of candidates for board positions, but also senior management positions is appropriately gender balanced.

57. The representation of women and men in boards is insufficiently balanced. In the EU/EEA, the number of male executive directors by far exceeds the number of female executive directors. Only 11.32% (2018: 8.53%) of 689 CEOs are female. With regard to other executive directors, the level of representation of the female gender has slightly improved, but was with 20.19% (2018, 17.44%) still at a very low level. In total 18.05% of executive directors, including the CEO, are female (2018: 15.13%, 2015, 13.63%).

58. The improvements result mainly from an increased number of women with an age between 30 and 50 years, where the strongest increases of the representation of women can be seen.

Figure 14: Numbers and percentages of CEOs and EDs (other than the CEO) for different age and gender categories, 2021 and totals since 2015

Role/gender	< 30	30-40	41-50	51-60	61-70	> 70	Total
CEOs	0	24	187	349	120	9	689
Male CEOs		79.17%	84.49%	90.83%	90.83%	88.89%	88.68%
Female CEOs		20.83%	15.51%	9.17%	9.17%	11.11%	11.32%
EDs, without CEO	2	139	841	910	232	40	2 164
Male	100.00%	76.98%	74.55%	81.43%	90.52%	100.00%	79.81%
Female	0.00%	23.02%	25.45%	18.57%	9.48%	0.00%	20.19%
Total male 2021	100.00%	77.30%	76.36%	84.03%	90.63%	97.96%	81.95%

[22] See also Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation

[23] EBA Guidelines on internal governance (EBA/GL/2021/05), page 37

Role/gender	< 30	30-40	41-50	51-60	61-70	> 70	Total
Total female 2021	0.00%	22.70%	23.64%	15.97%	9.38%	2.04%	18.05%
Total male 2018	100.00%	80.56%	81.00%	86.40%	92.28%	97.44%	84.87%
Total female 2018	0.00%	19.44%	19.00%	13.60%	7.72%	2.56%	15.13%
Total male 2015	88.33%	79.75%	83.20%	89.10%	93.75%	96.88%	86.37%
Total female 2015	16.67%	20.25%	16.80%	10.90%	6.25%	3.13%	13.63%

59. The majority of non-executive directors are male. Only 10.43% of chairpersons are female. In the supervisory function of the management body, women held already 27.75% (2018: 24.02%, 2015: 18.90%) of the non-executive director positions (including the chairperson and staff representatives). The representation of women in the staff representation is exceeding with 39.03% (2018: 35.82%) the representation of women in other positions within the supervisory function and is further growing.

60. Within the group of younger non-executive directors, the representation of women is higher than in the higher age brackets and reaches a maximum for all non-executive directors with a total of 61.11% in the age category below 30 (only 18 members) followed by 37.23% (280 members) in the age category between 41 and 50 years.

Figure 15: Numbers and percentages of chairpersons, non-EDs and SRs for different age and gender categories, 2021 data and totals since 2015

Role/gender	< 30	30-40	41-50	51-60	61-70	> 70	Total
Chairpersons	0	10	104	246	289	99	748
Male chair		70.00%	79.81%	87.80%	92.73%	96.97%	89.57%
Female chair		30.00%	20.19%	12.20%	7.27%	3.03%	10.43%
Non-EDs, excl. chairperson	13	204	913	1 834	1 451	338	4 753
Male non-EDs	38.46%	66.67%	61.66%	68.81%	77.74%	89.05%	71.43%
Female non-EDs	61.54%	33.33%	38.34%	31.19%	22.26%	10.95%	28.57%
SRs	5	66	240	401	89	1	802
Male SRs	40.00%	62.12%	59.58%	60.85%	65.17%	100.00%	60.97%
Female SRs	60.00%	37.88%	40.42%	39.15%	34.83%	0.00%	39.03%
Total male 2021	38.89%	65.71%	62.77%	69.41%	79.50%	90.87%	72.25%
Total female 2021	61.11%	34.29%	37.23%	30.59%	20.50%	9.13%	27.75%
Total male 2018	60.00%	67.49%	67.80%	73.15%	83.97%	92.75%	75.98%
Total female EDs 2018	40.00%	32.51%	32.20%	26.85%	16.03%	7.25%	24.02%
Total male 2015	60.00%	72.42%	73.55%	78.89%	89.89%	95.50%	81.10%
Total female 2015	40.00%	27.58%	26.45%	21.11%	10.11%	4.50%	18.90%

Recently appointed directors

61. Institutions provided information on the numbers of directors recruited in recent years. The figures exclude reappointments of members of the management body.

62. The gender balance is gradually, but too slowly improving. The gender balance of newly recruited directors has improved over time but is still insufficient, in particular, with regard to the management body in its management function. Between 2019 and 2021, 24.27% (2015-2016: 18.29%, 2017-2018 21.18%) of vacant executive director positions, 32.39% (2015-2016: 27.65%, 2017-2018: 27.99%) of vacant non-executive director positions and 56.29% (2015-2016: 58.99%, 2017-2018: 64.63%) of vacant positions of staff representatives have been filled with women in the sampled institutions.

Figure 16: Numbers and percentages of recently recruited EDs and non-EDs and recently selected SRs

Gender	EDs 2015-2016	EDs 2017-2018	EDs 2019-2021	Non-EDs 2015-2016	Non-EDs 2017-2018	Non-EDs 2019-2021
Total	809	883	1 166	1 501	1 597	2 223
Male	81.71%	78.82%	75.73%	72.35%	72.01%	67.70%
Female	18.29%	21.18%	24.27%	27.65%	27.99%	32.30%

Gender	SRs 2015-2016	SRs 2017-2018	SRs 2019-2021
Total	178	229	286
Male	58.99%	64.63%	56.29%
Female	41.01%	35.37%	43.36%

63. The majority of recently appointed directors are male in most Member States. However, in a few Member States a strong increase in the percentage of women being recruited can be observed. A few Member States instead reported that fewer women were being recruited than it had been the case in previous years (numbers shown in red in Figure 17). However, some volatilities of those numbers are expected within small jurisdictions that report a relatively low number of new appointments[24]. The recruitment practices are more gender balanced in the Northern and some Eastern European countries compared to other parts of the EU/EEA.

[24] In Figure 17 this is relevant in particular for the interpretation of the reduced numbers of CY, EE; IS, LI, LT, SK, while in France the ratio for non-executive directors went down, but remained far above average.

Figure 17: Percentages of recently recruited female executive and non-executive directors (excluding staff representatives, SRs) by Member State

Member State	Female executive directors (%)	Female executive directors (%)	Change (percentage points)	Female non-executive directors without SRs (%)	Female non-executive directors without SRs (%)	Change (percentage points)
	2019-2021	2017-2018		2019-2021	2017-2018	
AT	19.57	12.12	7.45	34.00	17.69	16.31
BE	23.40	14.29	9.11	39.24	34.55	4.69
BG	42.86	23.53	19.33	26.09	15.38	10.71
CY	27.27	23.53	3.74	27.59	36.84	-9.25
CZ	22.81	-	-	21.82	-	-
DE	16.30	10.77	5.53	27.78	21.78	6.00
DK	18.52	16.67	1.85	30.51	26.67	3.84
EE	30.00	34.78	-4.78	21.43	19.05	2.38
EL	7.14	0.00	7.14	20.55	15.79	4.76
ES	23.53	15.00	8.53	42.27	33.85	8.42
FI	39.39	33.33	6.06	33.70	36.36	-2.66
FR	26.47	26.53	-0.06	39.64	49.52	-9.88
HR	17.24	11.76	5.48	24.14	20.00	4.14
HU	24.07	8.33	15.74	25.49	25.00	0.49
IE	19.05	20.00	-0.95	45.24	28.13	17.11
IS	33.33	50.00	-16.67	36.36	66.67	-30.31
IT	10.00	11.29	-1.29	34.04	28.13	5.91
LI	13.33	20.00	-6.67	15.38	16.67	-1.29
LT	27.27	60.00	-32.73	40.00	27.27	12.73
LU	22.45	14.63	7.82	37.78	20.00	17.78
LV	40.63	33.33	7.30	44.44	32.50	11.94
MT	0.00	0.00	0.00	15.79	0.00	15.79
NL	23.64	32.50	-8.86	37.21	27.78	9.43
NO	-	33.33	-	-	45.95	-
PL	25.64	15.25	10.39	32.65	25.40	7.25
PT	26.47	15.63	10.84	25.45	24.62	0.83
RO	36.73	17.95	18.78	33.33	24.53	8.80
SE	33.93	35.71	-1.78	44.71	29.41	15.30
SI	23.53	22.73	0.80	23.26	23.68	-0.42
SK	10.00	25.00	-15.00	9.52	30.00	-20.48
EU/EEA	24.27	21.18	3.09	32.30	27.99	4.31

Gender representation and size of institutions

64. While overall the representation of women has slightly improved, most institutions do not have any female executive directors. The representation of women is particularly low in investment firms and small credit institutions. 59.24% of small credit institutions (2018: 68.57%) and 64.00% (2018: 71.97%) of investment firms do not have any female members of the management body in its management function.

65. In total, 56% of institutions and nearly half of the larger credit institutions have no female executive directors. In a very few institutions men are less represented than women. Overall, the number of institutions that have a gender balanced executive function, with a representation of women between one quarter and two third of the members of the board, is still low (2021: 23.00%; 2018: 20.47%), but overall, slightly improving over time. It needs to be considered that for some institutions the imbalance in the gender representation is connected to the small size of the management body in its management function or that only one executive director has been considered as member. The latter concerns 63 institutions.

Figure 18: Percentages of female EDs in credit institutions by size (balance-sheet total) and investment firms, 2021 data and totals since 2015

Institutions	0	> 0 to 25	> 25 to 33.4	> 33.4 to 50	> 50 to 66.7	> 66.7 to 100
CIs < EUR 1 bn	59.62	12.82	8.97	11.54	3.21	3.85
CIs EUR 1 bn to < EUR 10 bn	58.73	17.86	9.92	9.92	0.79	2.78
CIs EUR 10 bn to < EUR 30 bn	49.14	27.59	7.76	11.21	3.45	0.86
CIs ≥ EUR 30 bn	42.86	29.46	8.04	16.96	0.89	1.79
Investment firms	64.00	8.80	8.80	13.60	2.40	2.40
Thereof significant institutions	56.95	18.85	9.09	12.30	2.01	0.80
Total 2021	55.98	18.53	8.94	12.09	1.97	2.50
Total 2018	64.39	14.52	7.32	10.30	1.86	1.61
Total 2015	68.57	9.05	5.71	12.38	2.38	1.90

66. Gender diversity should be achieved in the supervisory function not only by the selection of staff representatives, but also by appointing candidates to positions in a balanced way. Despite the larger size of the supervisory boards, still 16% of institutions had no female non-executive director (including staff representatives).

67. In a very few institutions men are less represented than women. Overall, the number of institutions that have a gender balanced supervisory function with a representation of women between one quarter and two thirds of the members of the board, is still showing some imbalance (2021: 47.68%; 2018: 28.36%), but also a material improvement. Still, several institutions should aim to improve the representation of the underrepresented gender.

68. In the largest credit institutions, the representation of women in the supervisory function is significantly higher than in smaller credit institutions and investment firms; this may also be correlated to the larger size of the management body that can very often be found in larger institutions.

Figure 19: Percentages of female non-EDs (without SRs) in institutions by size (balance-sheet total), 2021 data and totals since 2015 (including SRs)

Institutions	0	> 0 to 25	> 25 to 33.4	> 33.4 to 50	> 50 to 66.7	> 66.7 to 100
CIs < EUR 1 bn	26.47%	31.18%	12.94%	19.41%	5.88%	4.12%
CIs EUR 1 bn to < EUR 10 bn	17.90%	39.69%	14.79%	20.23%	5.45%	1.95%
CIs EUR 10 bn to < EUR 30 bn	11.11%	26.50%	22.22%	26.50%	12.82%	0.85%
CIs ≥ EUR 30 bn	6.25%	20.54%	13.39%	48.21%	8.93%	2.68%
Investment firms	51.43%	12.38%	10.48%	13.33%	4.76%	7.62%
Thereof significant institutions	22.12%	29.76%	15.01%	24.66%	7.24%	1.21%
Total, excluding SRs, 2021	21.68%	29.17%	14.72%	24.18%	7.10%	3.15%
Total, excluding SRs, 2018	25.84%	37.64%	14.53%	18.14%	2.48%	1.37%
Total, including SRs, 2021	16.19%	32.25%	14.64%	23.32%	9.72%	3.89%
Total, including SRs, 2018	22.65%	37.62%	16.58%	19.18%	2.60%	1.36%
Total, including SRs, 2015	33.63%	39.91%	11.66%	13.00%	1.35%	0.45%

69. At national level, the representation of members of different gender in management bodies differs significantly, as shown in Figure 20. Increasing the representation of women in management positions is the responsibility not only of institutions but also of Member States in terms of developing a social framework that supports equal opportunities, e.g. by removing the glass ceiling and providing equal education and career opportunities and appropriate support for families.

Figure 20: Representation of genders in management bodies separately for executive directors, non-executive directors (without SRs) and SRs (%)

Member State	Male executive directors	Female executive directors	Male non-executive directors	Female non-executive directors	Male SRs	Female SRs
AT	89.78%	10.22%	76.77%	23.23%	61.54%	38.46%
BE	82.40%	17.60%	67.13%	32.87%		
BG	66.15%	33.85%	76.27%	23.73%		
CY	85.00%	15.00%	77.22%	22.78%		
CZ	81.51%	18.49%	79.81%	20.19%	38.10%	61.90%
DE	90.87%	9.13%	78.68%	21.32%	65.63%	34.37%
DK	87.10%	12.90%	75.00%	25.00%	60.00%	40.00%
EE	72.58%	27.42%	79.17%	20.83%		
EL	97.06%	2.94%	84.62%	15.38%	100.00%	0.00%
ES	83.61%	16.39%	69.28%	30.72%	60.00%	40.00%
FI	69.33%	30.67%	68.39%	31.61%	40.00%	60.00%
FR	81.20%	18.80%	62.00%	38.00%	56.52%	43.48%
HR	78.33%	21.67%	74.03%	25.97%	0.00%	100.00%
HU	80.98%	19.02%	72.93%	27.07%	50.00%	50.00%
IE	77.27%	22.73%	64.86%	35.14%	66.67%	33.33%
IS	58.33%	41.67%	52.63%	47.37%		
IT	90.80%	9.20%	73.46%	26.54%	0.00%	100.00%
LI	86.05%	13.95%	87.72%	12.28%		
LT	67.65%	32.35%	69.44%	30.56%		
LU	84.14%	15.86%	75.00%	25.00%	64.00%	36.00%
LV	69.70%	30.30%	70.00%	30.00%		
MT	100.00%	0.00%	87.50%	12.50%		
NL	80.41%	19.59%	66.67%	33.33%	33.33%	66.67%
PL	82.26%	17.74%	71.79%	28.21%		
PT	82.69%	17.31%	77.62%	22.38%		
RO	72.07%	27.93%	73.57%	26.43%		
SE	70.37%	29.63%	66.25%	33.75%	31.82%	68.18%
SI	75.00%	25.00%	72.41%	27.59%	0.00%	100.00%
SK	91.07%	8.93%	91.67%	8.33%	62.50%	37.50%
EU27/EEA 2021	81.95%	18.05%	73.88%	26.12%	60.97%	39.03%
EU28/EEA 2018	84.89%	15.11%	77.66%	22.34%	64.05%	35.95%

3.2.2 Gender diversity and profitability of credit institutions

70. The EBA analysed if there is a correlation between the profitability of a credit institution expressed as return on equity (RoE)[25] and gender diversity of executive directors. Other factors, that may also influence the ROE, have not been taken into account.

71. The analysis has been made only for credit institutions as investment firms have other own funds requirements and in general smaller board sizes. The sample of investment firms is also much smaller than for credit institutions. Therefore, any derived results would be statistically less sound as for the much bigger sample of credit institutions. For the sample of credit institutions, some needed to be excluded as not all data has been provided. 625 credit institutions were included in the sample analysed, 262 of which had executive directors of both genders, 363 of which had only executive directors of one gender.

72. The average RoE of the sample is 6.36%. While more than half (58.02%) of credit institutions, where gender diversity at the management body in its management function is present, have a RoE at or above 6.36%, only 38.29% of credit institutions with executive directors of just one gender have a RoE at or above 6.36%. Institutions that have a gender-diverse management function have an average RoE of 7.88%, while credit institutions with executive directors of only one gender have a lower average RoE of 5.27%. A clear correlation has already been identified in the last EBA report on diversity. Several other studies[26] come to the same conclusion.

73. Credit institutions that have executive directors of both genders have more often a RoE at or above average than credit institutions with executive directors of only one gender. Despite a clear correlation between gender diversity and profitability, it cannot be concluded that the higher level of diversity is the cause for their on average higher profitability. This correlation seems to be relatively stable, the same analysis based on 2018 data showed similar results.

74. Figure 21 shows the distribution of the RoE of credit institutions with executive directors of only one or both genders. Figure 22 provides an overview of the distribution of RoE for credit institutions of different sizes.

[25] The equity was determined based on the definition of own funds in Regulation (EU) No 575/2013.

[26] Inter alia: International Monetary Fund: Gender Diversity in Senior Positions and Firm Performance: Evidence from Europe, 7 March 2016, https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Gender-Diversity-in-Senior-Positions-and-Firm-Performance-Evidence-from-Europe-43771 and World Economic forum: why diverse companies turn higher profits and reap rewards, 15 March 2017 https://www.weforum.org/agenda/2017/03/why-diverse-companies-turn-higher-profits-and-reap-rewards

Figure 21: Percentage of credit institutions with a given RoE (in percent-brackets) and gender balance of executive directors

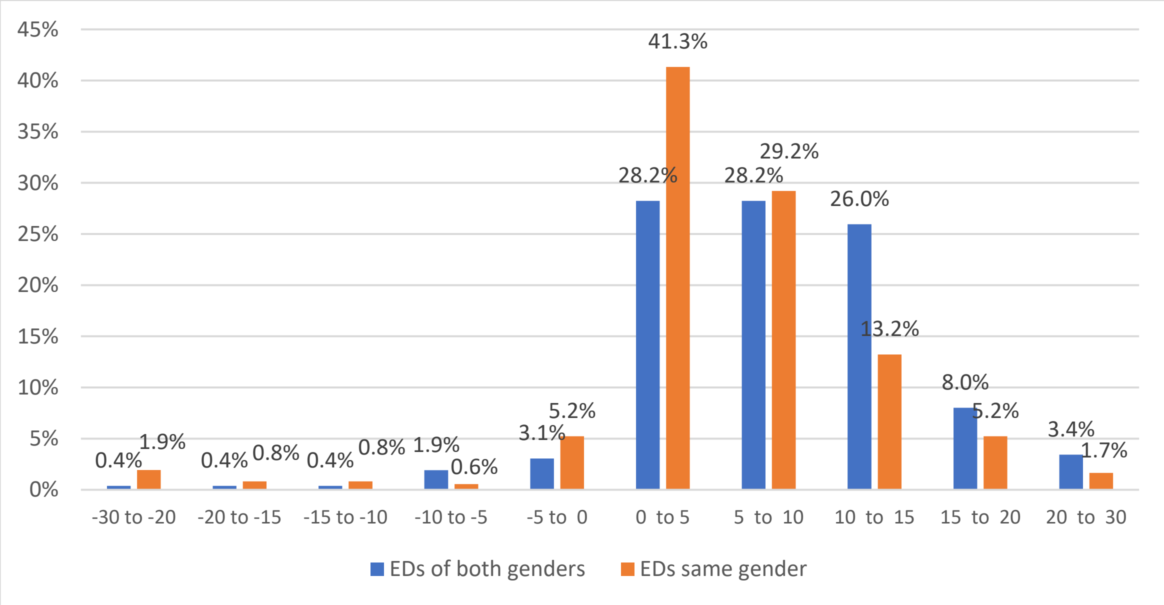

Figure 22: Distribution of ROE for credit institutions by gender balance of executive directors and size of credit institution (balance-sheet total)

Credit institution size and gender balance of directors	RoE > 10%	RoE 0% to 10%	RoE < 0%
< EUR 1 bn, both genders represented	25.00%	58.93%	16.07%
< EUR 1 bn, all directors one gender	14.81%	74.07%	11.11%
EUR 1 bn to < EUR 10 bn, both genders represented	37.63%	59.14%	3.23%
EUR 1 bn to < EUR 10 bn, all directors one gender	16.13%	75.48%	8.39%
EUR 10 bn to < EUR 30 bn, both genders represented	48.21%	50.00%	1.79%
EUR 10 bn to < EUR 30 bn, all directors one gender	22.81%	64.91%	12.28%
≥ EUR 30 bn, both genders represented	36.07%	59.02%	4.92%
≥ EUR 30 bn, all directors one gender	36.73%	59.18%	4.08%

3.2.3 Diversity regarding the age of directors

75. Smaller credit institutions with a balance-sheet total of less than EUR 10 billion have a slightly higher number of executive directors in the lowest and the highest age bands compared with larger and significant institutions (Figure 23). Correspondingly, large and significant institutions have a higher percentage in the medium to high age brackets. Overall, investment firms have on average a younger population of executive directors than credit institutions. The same holds true with regard to non-executive directors (Figure 24). The population of staff representatives is, as expected, younger than the population of other non-executive directors as this group consists only of active employees that have not yet reached the retirement age (Figure 25). For all of the different categories, hardly any person that is below 30 years of age has been reported.

76. The distribution of directors in different age categories, which differs significantly between Member States, does not show a material change since the last exercise. However, with respect to 2015 data, it can be observed that the share of non-executive directors with an age over 60 years has increased from 31.49% to 38.22% in 2018 and reached 39.57% in 2021. This development is not surprising as in the EU the demographic development and increased life expectancy led to an increase of the share of the older population and an on average higher age[27].

77. Overall, there is a good representation of directors of different age, which should facilitate a diverse composition of boards with members of different ages.

Figure 23: Percentages of executive directors in certain age categories by institution size (balance-sheet total) and for investment firms

Institutions	< 30	30-40	41-50	51-60	61-70	> 70
CIs < EUR 1 bn	0.00%	7.05%	36.40%	38.16%	13.89%	4.50%
CIs EUR 1 bn to < EUR 10 bn	0.00%	5.30%	37.73%	41.84%	13.19%	1.95%
CIs EUR 10 bn to < EUR 30 bn	0.00%	2.98%	38.36%	48.23%	9.87%	0.56%
CIs ≥ EUR 30 bn	0.00%	1.93%	27.75%	54.53%	15.22%	0.58%
Investment firms	0.55%	14.40%	39.61%	37.40%	7.48%	0.55%
Thereof significant institutions	0.00%	3.54%	38.74%	47.10%	9.93%	0.69%

[27] Eurostat report on the impact of demographic change, https://ec.europa.eu/info/files/report-impact-demographic-change-reader-friendly-version-0_en

Figure 24: Percentages of non-executive directors (without staff representatives) in certain age categories by institution size (balance-sheet total) and for investment firms

Institutions	< 30	30-40	41-50	51-60	61-70	> 70
CIs < EUR 1 bn	0.69%	4.94%	21.52%	31.49%	29.81%	11.55%
CIs EUR 1 bn to < EUR 10 bn	0.31%	4.14%	19.58%	37.93%	30.27%	7.77%
CIs EUR 10 bn to < EUR 30 bn	0.00%	3.98%	17.63%	41.33%	31.18%	5.88%
CIs ≥ EUR 30 bn	0.00%	1.18%	11.80%	39.20%	39.93%	7.89%
Investment firms	0.00%	7.04%	25.59%	40.38%	21.83%	5.16%
Thereof significant institutions	0.00%	2.51%	16.39%	38.68%	34.78%	7.64%

Figure 25: Percentages of staff representatives in certain age categories by institution size (balance-sheet total) and for investment firms

Institutions	< 30	30-40	41-50	51-60	61-70	> 70
CIs < EUR 1 bn	0.00%	20.37%	27.78%	42.59%	7.41%	1.85%
CIs EUR 1 bn to < EUR 10 bn	1.08%	7.89%	35.84%	43.73%	11.47%	0.00%
CIs EUR 10 bn to < EUR 30 bn	0.00%	9.85%	26.60%	53.69%	9.85%	0.00%
CIs ≥ EUR 30 bn	0.83%	3.72%	23.55%	58.26%	13.64%	0.00%
Investment firms	0.00%	16.67%	58.33%	25.00%	0.00%	0.00%
Thereof significant institutions	0.63%	5.96%	22.57%	57.05%	13.79%	0.00%

78. The demographic structures of directors differ significantly between Member States, as shown in Figure 26. A few Member States, in particular the Baltic states, have on average significantly younger directors in institutions and therefore have a much more diverse age structure within the overall population of directors. The Member States with a younger population of directors are often also having a higher level of representation of female directors.

79. On average, non-executive directors are older than executive directors. However, in a few Member States there are more non-executive directors than executive directors who are under the age of 40. There are a few Member States with notably higher average ages of directors than other Member States. Greece, Italy, and Malta show the highest share of executive directors with an age of over 60 years.

Figure 26: Percentages of executive directors and non-executive directors (without staff representatives) in certain age categories by Member State

Member State	Age of executive directors (years)			Age of non-executive directors (years)		
	≤ 40	41-60	> 60	≤ 40	41-60	> 60
AT	5.11	87.59	7.30	6.06	56.06	37.88
BE	2.40	88.00	9.60	1.85	48.15	50.00
BG	4.62	86.15	9.23	3.39	52.54	44.07
CY	5.00	85.00	10.00	5.06	44.30	50.63
CZ	6.72	87.39	5.88	4.81	69.23	25.96
DE	1.14	80.82	18.04	5.29	55.78	38.93
DK	0.00	79.03	20.97	3.29	61.84	34.87
EE	19.35	77.42	3.23	11.11	68.06	20.83
EL	0.00	44.12	55.88	4.81	35.58	59.62
ES	0.00	70.49	29.51	3.41	51.19	45.39
FI	11.66	82.21	6.13	3.23	69.03	27.74
FR	5.88	69.93	24.18	2.27	53.74	43.99
HR	6.67	90.00	3.33	5.19	62.34	32.47
HU	3.68	79.14	17.18	3.01	68.42	28.57
IE	0.00	93.18	6.82	0.68	56.08	43.24
IS	16.67	75.00	8.33	5.26	63.16	31.58
IT	3.68	50.92	45.40	3.40	51.17	45.44
LI	6.98	83.72	9.30	1.75	59.65	38.60
LT	26.47	67.65	5.88	19.44	55.56	25.00
LU	4.14	86.21	9.66	2.45	63.24	34.31
LV	25.76	74.24	0.00	1.67	50.00	48.33
MT	10.71	57.14	32.14	5.56	40.28	54.17
NL	7.22	85.57	7.22	1.04	55.21	43.75
PL	4.03	91.94	4.03	4.49	64.10	31.41
PT	5.77	79.81	14.42	2.80	49.65	47.55
RO	1.80	93.69	4.50	2.86	65.71	31.43
SE	8.33	81.48	10.19	3.75	55.00	41.25
SI	9.09	79.55	11.36	4.60	75.86	19.54
SK	12.50	87.50	0.00	10.42	70.83	18.75
EU27/EEA 2021	**5.78**	**80.16**	**14.06**	**4.13**	**56.30**	**39.57**
EU28/EEA 2018	**6.37**	**81.38**	**12.25**	**4.13**	**57.65**	**38.22**
EU28/EEA 2015	**11.32**	**77.61**	**11.07**	**6.80**	**61.71**	**31.49**

3.2.4 Professional experience and educational background

80. Institutions provided information on the different professional and educational backgrounds of their members of the management body. The EBA provided relevant categories in the questionnaire and gave institutions the possibility to select for each member multiple backgrounds, where the length of the experience was at least three years.

81. Concerning the educational and professional background, the data show a quite limited diversity. Many institutions have members of the management body that display only one educational or professional background, this is more frequent for the management function of the management body. While this is sometimes related to a small board size, it is considered beneficial to have members with diverse backgrounds to ensure that decision-making is informed by different perspectives.

82. As expected, the categories banking and activities in other financial institutions and investment firms where the most relevant professional backgrounds, in particular for executive directors and staff representatives. The share of non-executive directors that declared a background in banking or investment firms (61%) is relatively low, but for non-executive directors an academic background can be sufficient and because of their position non-executive directors that have not yet a long-standing experience in finance, will gain over time more professional experience in this area. Many directors have background in consulting or auditing. Despite growing importance of information and communication technologies in the financial services sector, there is only little coverage of these areas within the management bodies, 6% of directors have such a background and are mainly located in large institutions. In the supervisory function, there is a relatively high representation (15%) of non-executive directors with a public service background, which is linked to the legal form of some institutions.

Figure 27: Percentages of directors with a given professional experience

	EDs	Non-EDs, excluding SRs	SRs	Non-EDs, including SRs
Banking	81.44%	45.70%	90.29%	51.58%
Other financial institutions (Investment firms, UCITS, AIF)	18.24%	15.64%	5.52%	14.30%
Payment institutions	3.62%	2.91%	1.56%	2.73%
Insurance, occupational pension schemes	6.09%	6.59%	2.04%	5.99%
Information and communication technology	5.45%	6.55%	2.88%	6.07%
Energy Sector	1.13%	2.57%	0.48%	2.29%
Environment (e.g. urban planning, ecologist, meteorologist, forestry, coastal preservation, sustainability management)	0.74%	3.13%	0.60%	2.80%

	EDs	Non-EDs, excluding SRs	SRs	Non-EDs, including SRs
Human Resources, Sociology, Psychology and similar	2.25%	4.11%	2.64%	3.92%
Legal services	3.38%	8.77%	2.40%	7.93%
Consulting, Auditing, Tax advice	11.08%	15.80%	3.36%	14.16%
Marketing	2.74%	2.38%	0.60%	2.15%
Public service other than financial supervisor	2.57%	11.81%	1.56%	10.46%
Public service (financial supervisor)	1.51%	3.00%	0.00%	2.61%
Industrial production	1.72%	6.93%	0.96%	6.15%
Agriculture	1.16%	4.79%	0.12%	4.17%
Medical services	0.32%	2.28%	0.12%	1.99%
Other	7.07%	18.40%	6.83%	16.88%

83. The representation of different professional backgrounds within the management body is a highly relevant factor for its diversity. The EBA looked at the number of different backgrounds being present within the management and supervisory function and within the staff representation. The number of present backgrounds is clearly correlated to the size of the management body, but also to the age of directors.

84. For the management function 303 institutions (39.92%) have only one professional background represented at the management function. It needs to be considered that 63 institutions reported only one executive director in the management function. Another 20.55% of institutions have reported two different professional backgrounds present. For the supervisory function most institutions have several different professional backgrounds represented, this is correlated to the number of members of the different functions.

85. The absence of diversity of the professional background in the management function for a good part of institutions seems to be inconsistent with the fact that this aspect is the most present in diversity policies adopted by institutions. Moreover, having different professional experiences present at the management body in its management function could improve its decision making.

Figure 28: Percentages of institutions and number of different professional background in the management body (MB) in its management function, supervisory function, and staff representatives

Number of different professional backgrounds	MB management function	MB supervisory function	Staff representatives
1	39.92%	9.27%	58.25%
2	20.55%	10.57%	22.82%
3	15.42%	16.06%	10.19%
4	8.83%	14.75%	3.40%
5	5.27%	11.75%	2.91%
6	4.74%	11.23%	0.49%
7	1.58%	7.31%	0.97%
8	1.32%	5.09%	0.49%
9	1.32%	4.57%	0.00%
10 and more	1.05%	9.40%	0.49%

86. Institutions provided information on the educational background of the members of their management bodies. Some members have multiple degrees. Business administration and economics are the most common educational backgrounds. The distribution of educational background of non-executive directors is more diverse than the one of executive directors. Compared with 2018, there were no material changes.

Figure 29: Educational backgrounds of executive directors, non-executive directors (without staff representatives) and staff representatives

Educational background	Percentage of executive directors	Percentage of non-executive directors	Percentage of staff representatives
Law (master's, bachelor's or comparable)	9.32%	14.04%	6.30%
Business administration or economics (master's, bachelor's or comparable)	63.22%	46.72%	32.36%
Mathematics, physics, engineering, other natural science (master's, bachelor's or comparable)	8.98%	11.05%	1.94%
Information technology	2.72%	2.05%	1.70%
Degree in another subject (master's, bachelor's or comparable)	7.88%	11.40%	6.67%
Other experience – professional background in the financial sector, e.g. professional training in banking (only directors for whom none of the above educational backgrounds apply)	5.89%	5.49%	42.91%
Other experience (only directors for whom none of the above educational backgrounds apply)	1.99%	9.24%	8.12%

87. In many institutions, all executive directors have the same educational background. Larger institutions show greater diversity in this regard than smaller institutions. Having multiple perspectives can improve decision-making in the management body. However, as knowledge is gained over time and not only based on educational background, having executive directors of only one educational background does not necessarily lead to question the collective suitability of the management body.

Figure 30: Percentages of institutions with a management body where, among the executive directors, a given number of different educational backgrounds are present

Institutions	Number of different educational backgrounds					
	1	2	3	4	5	6
CIs < EUR 1 bn	38.85%	40.13%	13.38%	6.37%	1.27%	0.00%
CIs EUR 1 bn to < EUR 10 bn	43.03%	33.86%	15.54%	5.58%	1.99%	0.00%
CIs EUR 10 bn to < EUR 30 bn	30.17%	37.07%	17.24%	12.93%	1.72%	0.86%
CIs ≥ EUR 30 bn	25.00%	24.11%	31.25%	15.18%	4.46%	0.00%
Investment firms	46.77%	32.26%	16.94%	3.23%	0.81%	0.00%
Thereof significant institutions	25.84%	30.62%	25.84%	12.44%	4.78%	0.48%

88. The educational backgrounds of non-executive directors are more diverse than those of executive directors. This is partly caused by the higher number of non-executive directors. However, in some institutions only one educational background is present in the management body in its supervisory function. This is more often the case in small credit institutions and investment firms.

Figure 31: Percentages of institutions with a management body where, among the non-executive directors (including staff representatives), a given number of different educational backgrounds are present

Institutions	Number of different educational backgrounds					
	1	2	3	4	5	6 and more
CIs < EUR 1 bn	10.84%	36.14%	31.93%	15.66%	5.42%	0.00%
CIs EUR 1 bn to < EUR 10 bn	6.27%	25.10%	27.84%	23.92%	15.69%	1.18%
CIs EUR 10 bn to < EUR 30 bn	5.98%	17.95%	31.62%	28.21%	12.82%	3.42%
CIs ≥ EUR 30 bn	1.79%	9.82%	23.21%	34.82%	21.43%	8.93%
Investment firms	30.97%	37.17%	23.01%	7.08%	1.77%	0.00%
Thereof significant institutions	3.79%	17.06%	28.91%	32.23%	12.32%	5.69%

3.2.5 Geographical provenance

89. Institutions that are internationally active should have a management body that is diverse in terms of the geographical provenance of its members. For the data collection, the EBA specified the following areas: EU/EEA; Europe (non-EU/EEA); Africa; North America; South America; Asia and Australia.

90. Figures 32 and 33 show the extent to which the professional and cultural backgrounds of the executive directors and non-executive directors match the areas in which institutions conduct business activities. Main business areas should be covered by having directors who have an appropriate understanding of the relevant specificities of those areas.

91. The majority of institutions had directors with a geographical provenance that matches their business activities. It appears that smaller institutions that on average have a lower number of executive directors could not always have directors with a geographical provenance that is consistent with their scope of their activities. However, it can be assumed that their level of international activity is limited and consequently for them geographical provenance is a less relevant factor.

92. Institutions that have material international business activities should have directors who are familiar with the cultures, languages, market specificities and legal frameworks of the regions they are active in. Among large and significant credit institutions and in investment firm, there is a relatively high percentage of institutions in which the geographical business activities and the geographical provenance of the directors do not fully match, with slightly better coverage in the supervisory function than in the management function of the management body. Where there is a sufficient size of the management body and where institutions have material international business activities, a composition of the management body that reflects the international spread of the institutions business activities is expected.

Figure 32: Percentages of institutions covering business areas in terms of the geographical provenance of executive directors – Cultural background

Institutions	All areas covered	All but 1 area covered	All but 2 areas covered	All but 3 areas covered	4 or more areas not covered
CIs < EUR 1 bn	78.29%	20.00%	1.14%	0.00%	0.57%
CIs EUR 1 bn to < EUR 10 bn	86.38%	10.51%	0.78%	1.56%	0.78%
CIs EUR 10 bn to < EUR 30 bn	84.75%	10.17%	1.69%	0.00%	3.39%
CIs ≥ EUR 30 bn	60.71%	22.32%	9.82%	4.46%	2.68%
Investment firms	76.74%	13.18%	5.43%	2.33%	2.33%
Thereof significant institutions	72.64%	17.45%	5.19%	2.36%	2.36%

Figure 33: Percentages of institutions covering business areas in terms of the geographical provenance of non-executive directors (including staff representatives)

Institutions	All areas covered	All but 1 area covered	All but 2 areas covered	All but 3 areas covered	4 or more areas not covered
CIs < EUR 1 bn	84.57%	14.86%	0.57%	0.00%	0.00%
CIs EUR 1 bn to < EUR 10 bn	87.55%	10.12%	0.78%	1.17%	0.39%
CIs EUR 10 bn to < EUR 30 bn	87.29%	5.93%	3.39%	1.69%	1.69%
CIs ≥ EUR 30 bn	69.64%	14.29%	8.04%	6.25%	1.79%
Investment firms	70.54%	20.16%	4.65%	2.33%	2.33%
Thereof significant institutions	80.19%	9.43%	4.72%	4.25%	1.42%

3.3 Gender pay-gap at the management body

93. Under Article 74(1) of Directive 2013/36/EU and Article 26(1)(d) of Directive (EU) 2019/2034, credit institutions and investment firms must establish gender-neutral remuneration policies. As part of the diversity benchmarking exercise, information on the gender pay gap[28] in institutions has been collected. To avoid any bias to the gender pay-gap caused by different pay levels in Member States, the different complexity of institutions or their performance, each institution had to calculate the pay gap as percentage on the basis of the mean and the median total annual gross remuneration of men and women divided by the remuneration of men.

94. When analysing the existence of a pay gap, it needs to be considered that members of the management body have different functions (CEO or chairperson, member of a committee, etc.) and may receive different pay levels for this reason. For this reason, data was collected separately for members of the management body in its management function and its supervisory function. Data was also collected for the group of all executive and non-executive directors, including and also excluding the CEO and chair to further analyse if the pay gap is driven by those functions.

95. To provide an overview of the existence of pay gaps, percentiles for the pay gap were calculated based on the institutions' that have reported male and female directors. While data was collected from 791 institutions, some did not provide the requested data on the gender pay gap or did not report data, because they do not have the respective function. Where there were only members of one gender, the institution has not been considered when calculating percentiles. The pay gap for members of the staff representation have not been included in the report as in many cases they do not receive a specific remuneration for their role as members of the management body in its supervisory function and in other cases they receive an equal fee

[28] The gender pay gap is defined as the difference between the average gross hourly earnings of men and women expressed as a percentage of the average gross hourly earnings of men. No adjustments to take into account the length of professional experience, educational background or other factors are made.

for the participation in meetings on top of their regular remuneration. Figure 34 details the number of institutions where there was only one gender present in a given function.

Figure 34 Number of institutions that could not be taken into account in the calculation of gender pay gap figures

	Number of institutions that did not report any person in the category	Number of institutions reporting only male directors	Number of institutions reporting only female directors
Executive Directors including CEO	30	426	16
EDs excluding CEO	94	409	36
Non-EDs including chair	20	158	8
Non EDs excluding chair	29	165	16

96. While there are some institutions for which the remuneration of the female directors is higher than the remuneration of the male directors (indicated by a negative value of the pay-gap), the majority of firms reported figures that show that male directors receive higher total remuneration than female directors. Other factors that may influence the pay of executive directors, e.g. their specific responsibilities, the length of professional experience or their professional background, have not been considered.

97. As it can be expected, the gender pay gap is lower when the CEO or Chairperson is excluded from the calculation as those positions usually are higher remunerated than other positions within the management body. On average female executive directors, not considering the pay of the CEO, receive 9.43% less remuneration than their male colleagues, for non-executive directors the average pay gap is at 5.90%, when based on the calculation on the median remuneration of male and female directors (respectively, 11.83% and 7.93% if the calculation is based on the mean). At higher percentiles, material differences in pay exist. In 2021, the pay gap has been for executive directors, including the CEO, 15.96% (2018: 16.71%) and non-executive directors, including the Chair, 22.96% (2018: 18.69%). No clear trend is visible regarding the development of the pay-gap.

Figure 35: Percentiles (p) for gender-related pay gaps observed for executive directors and non-executive directors (%), calculated based on the mean remuneration of men and women

Role	Mean	p10	p25	p50	p75	p80
all ED incl. CEO	15.96%	-25.89%	3.49%	19.12%	36.66%	42.00%
all ED excl. CEO	11.83%	-17.70%	-0.88%	9.59%	30.77%	35.71%
non-ED incl. Chair excl. SRs	22.96%	-16.86%	4.72%	23.43%	43.00%	48.75%
non-ED excluding Chair and SRs	7.93%	-30.65%	-4.00%	8.20%	24.99%	29.00%

Figure 36: Percentiles (p) for gender-related pay gaps observed for executive directors and non-executive directors (%), calculated based on the median remuneration of men and women

Role	Mean	p10	p25	p50	p75	p80
all ED incl. CEO	11.28%	-33.61%	-3.64%	14.52%	34.89%	37.69%
all ED excl. CEO	9.43%	-22.01%	-3.64%	8.16%	27.06%	32.60%
non-ED incl. Chair excluding SRs	13.29%	-25.32%	-1.86%	13.89%	33.05%	37.19%
non-ED excluding Chair and SRs	5.90%	-36.25%	-7.51%	7.86%	23.22%	27.50%

3.4 Main findings and conclusions

98. To facilitate independent opinions and critical challenge, management bodies of institutions should be sufficiently diverse as regards age, gender, geographical provenance and educational and professional background to include a variety of views and a wider range of experiences. All institutions are required under Directive 2013/36/EU to adopt a diversity policy for its members of the management body. This regulatory requirement has been further specified in the Joint EBA and ESMA Guidelines on the assessment of the suitability of members of the management body.

99. Despite the legal requirement, a significant proportion of 27.05% of institutions (2018: 41.61%) have still not adopted a diversity policy. Disregarding those provisions is not only an issue of non-compliance with regulatory requirements, but also detrimental to an institution's reputation. Where institutions have not yet adopted and implemented diversity policies, competent authorities should take appropriate supervisory measures to ensure that all institutions comply with this legal requirement.

100. The present report, in line with many other studies, identifies the existence of gender inequalities, in particular, regarding the female representation in managerial positions. In fact, 56% of institutions have no female executive director and while the representation of women in the management function of the management body keeps improving slowly (2021:18.05%, 2018: 15.13%, 2015, 13.63%), it is still at a low level. In the supervisory function overall a better representation of women of already 27.75% (2018: 24.02%, 2015: 18.90%) exists, also here the gender balance can be further improved.

101. Overall, the gender balance of newly recruited directors has improved over time, but is still insufficient, in particular, with regard to the management body in its management function. Only 24.27% (2015-2016: 18.29%, 2017-2018 21.18%) of vacant executive directors' positions and 32.39% (2015-2016: 27.65%, 2017-2018: 27.99%) of vacant non-executive director positions have been filled with female directors, while 56.29% (2015-2016: 58.99%, 2017-2018: 64.63%) of vacant positions of staff representatives have been filled with women.

102. However, the observed representation of the underrepresented gender is still below the target percentage of 40% for non-executive directors or 33% of all board members, which have been set within the Directive (EU) 2022/2381 on improving the gender balance among directors of listed companies and related measures for boards of listed companies and is to be complied with by those companies by mid of 2026. To further improve the observed ratios, institutions need to implement more ambitious policies; nearly 40% of institutions have set very low targets within their policies that do not even aim at a 25% representation of women.

103. Further work by institutions and competent authorities is needed to overcome such shortcomings, starting with the adoption of diversity policies and the inclusion of appropriate gender balance targets as well as taking measures to ensure compliance with them in the short to medium term.

104. Another aspect of inequalities is the existence of a gender pay gap, which is also driven by the fact that positions of the CEO are to a very wide extent filled by men. The CEO position is usually higher remuneration than other positions within the board. But even when neutralising the CEO 'bias'[29] and computing the gender pay gap on the median of the remuneration of men and women in the management body, the EBA found that women that hold positions as executive director earn on average 9.43% less than their male colleagues.

105. Competent authorities should check, e.g. in the context of the supervisory review and evaluation process or of the assessment of fitness and propriety of members of management bodies, if institutions have implemented diversity policies that are in line with regulatory requirements and if they appropriately consider diversity, including gender balance, when recruiting members of the management body. Another aspect for the supervisory review is to investigate if remuneration policies are gender neutral, as required under Article 74(1) of Directive 2013/36/EU and Article 26(1)(d) of Directive (EU) 2019/2034, including at the level of the management body.

106. Institutions that do not have a diverse representation of members of their management body in terms of gender, but also of age, educational, professional and geographical background, should take effective measures to establish a diverse composition of the management body.

107. In the longer run, a more diverse pool of suitable candidates for positions within the management body should be established, e.g. by considering the appropriate gender balance within institutions and investment firms senior management. Institutions should also monitor the gender pay gap and ensure that there are gender neutral remuneration policies, including at the level of the management body.

[29] Institutions had been asked to calculate the gender pay gap two times, including and excluding the CEO. As the remuneration of the CEO is typically higher than for other board positions, the inclusion of the mainly male CEOs leads to a higher pay gap, the further increase is however driven rather by the position than the gender.

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