

CAPITAL MARKETS



NEWSLETTER

FEBRUARY 27, 2025

## Law 5178/2025 – Transposition of the Women on Boards Directive into Greek Law

Our Capital Markets team has put together a summary of the key changes brought by Law 5178/2025, transposing Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed entities and related measures (Women on Boards Directive) into Greek law.

The adoption of the Women on Boards Directive introduced amendments to Laws 4706/2020, 4548/2018, and 3429/2005, aiming to ensure the application of the principle of gender equality and achieve a more balanced representation of women and men among the directors of listed and non-listed entities as well as public enterprises and organizations.

### 1. Listed entities - Changes to Law 4706/2020

#### **Quota for the representation of the underrepresented sex on the Board of Directors (Article 3A)**

Under the currently applicable regime, members of the underrepresented sex must hold at least 25% of all director positions. In case of a fractional number, this is rounded down to the closest integer number.

With effect from 30 June 2026, members of the underrepresented sex shall hold at least:

- a. 33% of all director positions, rounded to the nearest integer number in case of a fractional number, if the listed entity meets both of the following criteria:
  - i. it employs 250 or more persons; and
  - ii. it has an annual turnover of at least €50 million or an annual balance sheet total of at least €43 million.
- b. 25% of all director positions, rounded to the nearest integer number in case of a fractional number, if the listed entity does not meet the above criteria.

In listed entities which are obliged to comply with the 33% quota described above and whose Boards of Directors have 3 or more executive members, at least 1 executive member must belong to the underrepresented sex within the 33% quota. This obligation shall apply starting from the first, after 30.06.2026, expiration of the Board of Director's term, or of the next term, in case of renewal or replacement of an already serving executive director.

The Hellenic Capital Market Commission (HCMC) shall publish guidelines for the implementation of the above-mentioned provisions within 5 months from the date of publication of Law 5178/2025, *i.e.* by 14.07.2025.

#### **Suitability Policy of the Board of Directors: Criteria and selection process for members of the Board of Directors regarding gender balance in the Board of Directors (Article 3B)**

The Board of Directors Suitability Policy of Article 3 of Law 4706/2020 shall now include, *inter alia*, the criteria and the description of the selection process of the members of the Board of Directors, in compliance with the quotas for the

balanced representation of sexes in the Board of Directors. Such criteria shall be established in advance of the selection process, and they shall be applied throughout the entire selection process.

When selecting candidates for appointment or election to director positions, priority should be given to the equally qualified candidate of the underrepresented sex. Such priority should not, however, be automatic and unconditional. Exceptional reasons might override the preference which should, otherwise, be accorded to the candidate of the underrepresented sex.

Moreover, within 20 days from the request of a candidate who was considered during selection of candidates for appointment or election to a director's position, listed entities are now obliged to inform that candidate in detail about:

- a. the selection criteria upon which the selection was based;
- b. the objective comparative assessment of the candidates under those criteria; and
- c. where relevant, the specific considerations exceptionally tilting the balance in favour of a candidate who is not of the underrepresented sex.

Under the newly introduced provision of Article 24.3(a) of Law 4706/2020, the decision of the corporate body on the appointment or election of a member of the Board of Directors that was made in breach of the above procedure is invalid. Within 6 months from the registration of the decision in the General Commercial Registry (GEMI), the candidate of the underrepresented sex who was not selected for appointment or election as a member of the Board of Directors may challenge the invalidity and claim compensation.

The listed entity bears the burden to prove that it has complied with the above-described obligations.

The HCMC shall publish guidelines for the implementation of the above-mentioned provisions of article 3B of Law 4706/2020, within 5 months from the date of publication of Law 5178/2025, *i.e.* by 14.07.2025.

#### **Reporting about gender balance in the Board of Directors (Article 3C)**

Starting from 2025, listed entities that employ 250 or more persons and have an annual turnover of at least €50 million or an annual balance sheet total of at least €43 million shall prepare an annual report, which includes:

- a. information on the application of the quota for the representation of the underrepresented sex on the Board of Directors with reference to the number of executive and non-executive members of the Board of Directors who belong to the underrepresented gender;
- b. information on compliance with the obligation of having at least 1 executive member of the Board of Directors belonging to the underrepresented sex within the 33% quota, as long as they have 3 or more executive members of the Board of Directors; and
- c. the measures applied or planned to be taken to improve

gender-balanced representation on their Board of Directors.

This annual report shall be published on the listed entity's website and be submitted by September 30 of each year to:

- a. the HCMC;
- b. the Documentation, Research, and Digital Support Department (Gender Equality Observatory) of the General Secretariat for Equality and Human Rights of the Ministry of Social Cohesion and Family; and
- c. the Greek Ombudsman.

Additionally, a summary of this annual report's key information must be included in the corporate governance declaration of Article 152 of Law 4548/2018.

***Reward for balanced gender representation on the Board of Directors (Article 24A)***

Listed entities that comply with the obligations set out in Articles 3A and 3B may be awarded, upon application, a "Gender Equality Seal" as a reward for implementing equal treatment policies, which is registered in the GEMI.

The General Secretariat for Gender Equality and Human Rights may also sign cooperation memoranda with those entities and their associations, to promote gender equality and combat discrimination in corporate environment.

**2. Non-listed entities & Public enterprises and organizations - Changes to Laws 4548/2018 and 3429/2005**

***Expansion of gender balance rules to non-listed entities and public enterprises and organizations (Article 87 of Law 4548/2018 - Article 3 of Law 3429/2005)***

National law (Law 5178/2025) has extended the application of certain provisions of the Women on Boards Directive to non-listed entities and public enterprises and organizations, if they elect so.

In specific, the provisions of Law 4706/2020 regarding the representation of the underrepresented sex on the Board of Directors and the respective selection process may also apply accordingly to non-listed entities and public enterprises and organizations that employ 250 or more persons and have an annual turnover of at least €50 million or an annual balance sheet total of at least €43 million, provided that this is stipulated in their articles of association. In this case, those entities shall also be eligible for the reward described above.

**3. Other provisions**

***Competent body for the promotion of gender balance in listed entities: General Secretariat for Equality and Human Rights***

The General Secretariat for Equality and Human Rights of the Ministry of Social Cohesion and Family is designated as the competent authority responsible for promoting, analyzing, monitoring, and supporting gender balance on the Boards of Directors of listed entities.

The General Secretariat for Equality and Human Rights is responsible for designing, implementing, and monitoring policies to promote gender equality in listed entities. Its key responsibilities include:

- a. Annual Reporting: Publishing a list of listed entities complying with gender balance obligations under Law 4706/2020.
- b. EU Compliance: Submitting a biannual report to the European Commission (starting December 29, 2025) on the implementation of the Women on Boards Directive, including measures taken, gender representation data, and compliance with legal obligations.
- c. Collaboration & Initiatives: Organizing actions with the HCMC to support gender equality in corporate governance.
- d. Best Practices & Partnerships: Exchanging best practices with European and international organizations and working with public authorities, professional bodies, and civil society to promote gender balance in corporate boards.

***Incidents of violence and harassment***

If an incident or conduct involving violence and harassment is reported during the appointment or election of Board of Directors members, affected individuals are afforded the protection to which employees are entitled under Law 4808/2021.

***Gender Equality Fund***

Fines for non-compliance with gender equality obligations and funds from donations and sponsorships are recorded in a special Analytical Revenue Account of the State Budget and are allocated to the General Secretariat for Equality and Human Rights. The allocated funds are used to support initiatives promoting gender equality and combating violence against women through programs, interventions, and measures to eliminate gender-based discrimination.

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