GENDER DIVERSITY
IN EU CORPORATE GOVERNANCE
What is the Goal?
How Far Away is it?
How do we Get There?
BRIDGET COSGRAVE
EVERY EUROPEAN DIGITAL
Introduction

• Awareness
• Amelioration
• Prevention.

Thus, the key policy lesson is Vigilance.

Source: The Gender Gap in Pensions in the EU March 2013
What is the Goal?  PARITY

- LOOKING GOOD!!
- Icelandic Government Cabinet 2011 Gender Parity
What’s the Goal: PARITY
Should be obvious, but just in case ...

• CORPORATE NEED FOR FRESH IDEAS & TALENT

• NATIONAL GENDER DIVERSITY PLANS – VOTE WINNER

• BETTER CUSTOMER PROXIMITY: 70% EU PURCHASING DECISIONS

• BETTER FINANCIAL RETURNS
Thought Leaders:
Viviane Reding (LUX), European Commissioner
Christine Lagarde (FR) IMF President
Angela Merkel (DE) Chancellor
Two European Parliament committees backed the Commission’s proposal to have 40% women on company boards, but failed to extend it to executive boards.

The European Commission’s proposal aimed at ensuring gender balance on company boards in Europe received overwhelming support from two Parliament committees yesterday (14 October 2013).

The women’s rights and gender equality committee and the legal affairs committee approved the proposal for a directive, presented by Justice and Fundamental Rights Commissioner Viviane Reding in November 2012.
Thought Leaders:
European Parliament FEMM Committee (36 members)
European Parliament Legal Affairs Committee
How Far Away is it?
STILL PRETTY FAR

• **PROS**
  • MILLENIAL BOYCHILD SOCIALISATION – they get it ....
  • Granny went to university, Mommy Works, Sister is a Doctor
  • EU Gender Diversity targets 40% of Women Directors by 2015
  • Lots of elections between now and then
  • Talent pipeline - >50% undergrads / < 25% of MBAs

• **CONS**
  • Alpha Male Leadership role model/ in ‘my’ image
  • Pushback from Nomination Committees
  • Too few women accountants / engineers / scientists
How Far Away is it? STILL PRETTY FAR

GERMANY

Regulatory/ Corporate Governance Code
‘Comply or Explain’

• Take Diversity into account /
• Concrete objectives /
• An ‘appropriate’ consideration/
• An appropriate number ???

• Passage Date: May 26, 2010
BOARD DIVERSITY: SIEMENS

Supervisory Board
Management Board

4/20 (GE is 5/18)
0/9 (GE is 5/18)

Guler Sabanci & Barbara Kux (departing)
Brigitte Ederer (departed)
BOARD DIVERSITY : DEUTSCHE TELEKOM

Supervisory Board  \[ \frac{2}{10} + \frac{5}{10} = \frac{7}{20} \]  (AT&T 4/14)
Board of Management  \[ \frac{2}{7} \]  (AT&T 2/11)

Claudia Nemat
- BoM Europe & Technology
- Ex-McKinsey / Academic
- Physics

Marion Schick PhD
- BoM Human Resources
- Ex-Munich Univ/Academic
- Business
Countries with quota legislation remain the motor of change.

The largest increases were recorded in Italy, up 4.9 pp to 11%,

IT quota law requires listed and state-owned companies to appoint 33% by 2015 to management & supervisory boards.

France CAC 40 boards up 2.8pp to 25% Jan–Oct 2012

FR quota law on NEDs in listed & non-listed large companies (> 500 FTEs, Revenues > 50M€).

Quota law passed 2011, target 20% by 2014, 40% by 2017

Source: EC press release
FR is 1st EU country >1 woman on top-level board of all largest listed companies.

Explicit Selection Criteria: Female Board Director

- University Graduate
- Proven experience in management
- Good understanding of electronics & technology
- Ideally in semiconductor, telecoms, automotive equipment
- Strong Finance background cope with USGAAP & IFRS (nice to/not musthave
- International / multi-country experience
- CEO or CFO dimension – do not exclude near-retirees, time to devote
- Experienced NED of intntl listed companies

- Cultural FIT / Tactical Sense / Strong Ethics
- Collegiality / Non-Confrontational Mindset
BOARD DIVERSITY: L’OREAL

Board of Directors 4/14  (Avon is 6/10)
Executive Committee 3/15
Complex Situation: Family / Nestlé/ publicly quoted
• applying the principle of balanced representation between women and men

“The Board of Directors has a total of 5 women among its 15 members. Apart from the directors elected from among the employees, who are not taken into account by the French Law of January 27, 2011 on the balanced representation of women and men on boards of directors and supervisory boards and gender equality at work, the Company’s Board has three women out of 12 members, which exceeds the 20% target set by the aforementioned law.”

ORANGE WEBSITE
How Far Away is it? STILL PRETTY FAR

<table>
<thead>
<tr>
<th>UK</th>
<th>Voluntary Target</th>
<th>25% WBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>FTSE 350 (FTSE 100 &amp; FTSE 250)</td>
<td></td>
</tr>
<tr>
<td>Deadline</td>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>Mechanism</td>
<td>Annual Report disclosure</td>
<td></td>
</tr>
<tr>
<td>Sanctions</td>
<td>no progress in one year, regulatory action possible</td>
<td></td>
</tr>
<tr>
<td>Proponent</td>
<td>Lord Mervyn Davies’ review</td>
<td></td>
</tr>
<tr>
<td>Chairmen</td>
<td>to have WBD target 2015</td>
<td></td>
</tr>
<tr>
<td>CEOs</td>
<td>to have WEXCO target 2013/15</td>
<td></td>
</tr>
<tr>
<td>PLCs</td>
<td>to publish % of WBDs, WEOs, W employees</td>
<td></td>
</tr>
<tr>
<td>Advertise</td>
<td>board openings</td>
<td></td>
</tr>
</tbody>
</table>

Gender Diversity in EU Corporate Governance
BOARD DIVERSITY:

VODAFONE

Board of Directors

2/13

Board of Directors

Executive Committee

1/11 Legal

(AT&T 4/14)

(AT&T 2/11)

Renee James

Anne Lauvergeon

Rosemary Martin
Scope of Application The Policy applies to the Board. It does not apply to diversity in relation to employees of the Barclays Group, which is covered by Barclays Equality and Diversity Charter.

Policy Statement
Barclays recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.
A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors.
These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

The Board Corporate Governance & Nominations Committee (‘the Committee’) reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors. The Committee also oversees the conduct of the annual review of Board effectiveness.

In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board.

In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and knowledge of Barclays on the Board and the diversity representation of the Board.
• **Measurable Objectives**
  - discuss and agree annually all measurable objectives for achieving diversity
  - recommend them to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.
  - aiming to ensure that at least 20% women by the end of 2013
  - to have exceeded 25% by the end of 2015

• **Monitoring and Reporting**
  - Report annually, in the corporate governance section of the Barclays Annual Report, on the process it has used in relation to Board appointments.
  - include a summary of this Policy, the measurable objectives set for implementing the Policy and progress made towards achieving those objectives.

• **Review of the Policy**
  - The Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

• **Policy Governance**
  - Policy Sponsor: Group Chairman / Date approved: 19 April 2012
  - Approved by: The Board / Date last revised: April 2012
  - Responsibility for document management: Barclays Corporate Secretariat
Barclays has wasted no time getting Wendy Lucas-Bull on to its board. She only became chairwoman of its growing Africa business in April, but yesterday joined a group of directors at the top of the bank whose numbers swell to 15. 20/9/13

The South African national becomes the third woman on the board, alongside other luminaries such as Dambisa Moyo, a one-time Goldman Sachs banker.
How Far Away is it? STILL PRETTY FAR

- **SPAIN** Legislative Quota:
- 40% of each gender
  - Companies: Publicly traded with >250 FTEs
  - Passage Date: March 2007
  - Compliance Date: March 2015
  - Sanctions: No penalty, but gender diversity taken into account for public subsidies & state contracts
BOARD DIVERSITY: TELEFÓNICA

Chairwoman and CEO of Telefónica Europe.
Chairwoman of Supervisory Board of Telefónica Czech Republic
Telefónica Deutschland Holding, AG
Board of Dir of Telefónica, S.A. since 2008
Board of Directors of Bankia
Patronate of the Telefónica Foundation
Board of the Comillas-ICAI Foundation.
Head Merrill Lynch Global Wealth Management (EMEA) until 2009.

Eva Castillo Sanz
How Far Away is it? STILL PRETTY FAR

- **BELGIUM** Quota: 33% WBD
  - Companies: Publicly traded and SOEs
  - Interim: Efforts Disclosure in Annual Report
  - Passage Date: June 30, 2011 (signed September 14, 2011)
- Compliance Date: Varies, based on company type and fiscal year start.
  - State Owned Enterprises: 2011-2012;
  - Publicly traded: 2017-2018;
  - Small publicly traded 2019-2020

**Sanctions:** Post compliance date, if the board comprises fewer than the minimum number of each gender, any newly (re)appointed director of the majority gender is void.
- 1 yr grace period before comp. & ben. for board suspended until compliant.
NEW BARRIERS EMERGING

- Professionalization of the NED role
- NED is now a role that needs new ‘qualifications’
- Financial rewards vs reputational risk
- 50+ cohort over supply – guys are having to hunt for mandates
- Informal networks persist – recruitment not that open
- Most lucrative mandates PE dominated by alpha-males
How do we get there?
HARD DATA, PERSUASION, PIPELINE

• Data requires More Research

• Eg. Wage Disparity Study by Trivetti, University Milano-Bicocca
  – What is the function, variables, data set?
  – WAGEGAP = f(HC, EMPL, CONC, HRS, RDISC)

• Board Watch [www.boardsforum.co.uk/boardwatch.html]

• McKinsey/ Women’s Forum  WOMEN MATTER Report

• When do we see the GOLDMAN SACHS definitive view?
HARD DATA – PIPELINE NOT FULL

- Only 4 Chairwomen in the FTSE 350
- 139 companies (46%) have exclusively male boards
- Fewer WBDs in the Mid 250 (115) than the FTSE 100 (132)
- Another 523 women to be found & brought through to the board

Grant Thornton 2011

Gender diversity (% director positions held by women)

<table>
<thead>
<tr>
<th>FTSE rank</th>
<th>Chairman</th>
<th>Executive Director</th>
<th>NED</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE 100</td>
<td>2.0</td>
<td>4.9</td>
<td>17.2</td>
<td>12.2</td>
</tr>
<tr>
<td>Mid 250</td>
<td>1.0</td>
<td>4.1</td>
<td>9.8</td>
<td>6.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.3</td>
<td>4.4</td>
<td>12.9</td>
<td>8.8</td>
</tr>
</tbody>
</table>
Hard Data
Women in Accounting Profession –
CATALYST www.catalyst.org est.1962!!

49.4% of all auditors, accountants, investment professionals in Canada.
60.9% of all accountants and auditors in the United States

2011 Study:
50% of newly hired accounting graduates and
40% of all CPAs.
21% of all partners at firms, although they are
45% of all accounting employees at accounting firms.

2010 study in the ‘Big Four’ ONLY 18.1% of all equity partners

By firm, Deloitte 18.8% equity partners vs 44% employees
KPMG 18.8% / 48.3%
Ernst & Young 17.9% / 49.2%
PWC 16.9% / 48.6
PERSUASION – try it and see...

• European Commission open invitation to EU Chairmen - underwhelming

• Self-formation:
• EDHEC, GTWN, McKinsey Brussels, EU B-Schools, WBDs

• Out of this GBRW was born...
HARD DATA, PERSUASION, PIPELINE

GBRW – Global Board Ready Women

http://www.linkedin.com/groups/Global-Board-Ready-Women-4677558/about

Women on Board - federation of national initiatives

http://www.womenonboard.be/
LinkedIn Groups

- **Group: Global Board Ready Women**

- **Subject: Announcement from GBRW:**

- **Become a GBRW BlueSteps Member and**

- **Strengthen the GBRW Impact at the Upcoming AESC European Conference!**

- [https://www.bluesteps.com/partners/GBRW.aspx](https://www.bluesteps.com/partners/GBRW.aspx)
GBRW & AESC in ISTANBUL

AESC European Conference:
"East Meets West –
The Executive Talent Challenge
in Rapid Growth Markets"


Save The Date! Date: November 21, 2013

Time: 12:00pm — 10:30pm

Location: SWISSOTEL, The Bosphorous,

GBRW member discount: send request to jmclay@aesc.org
HARD DATA, PERSUASION, PIPELINE
Fill the Pipeline

- Girls into STEM/MBA
- HUMANITIES/MBA
- Gender stereotypes
- Traineeships
Les étudiants du Master de gestion publique ENA-Dauphine sont heureux de vous annoncer

la naissance de
la promotion Jacques Delors

et vous souhaitent
une très belle année 2013

How do we get there?
BUZZ / ‘NOISE’

- **Board quotas harm cause for women**
  - Blue-chip boards still lack women
  - Quota for women directors is necessary
  - FTSE firms ‘failing women bosses’

- **Drive for more women on boards stalls**
  - Levels of women in FTSE boardrooms flat for three years
  - EU plans 20% women quota for boardrooms

- **Minister calls for women on boards**
  - Club aspires to give women 30% role on boards

- Source: Grant Thornton
What will it look like?
Thank you!

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- +32.479.999.909

- Boards: SES (Euronext LUX) STERIA (Euronext Paris)
- EUSKALTEL (private)
• October 2013, European Parliament Committee on Legal Affairs & Women’s Rights

• European Parliament Gender Equality Committee

• adopted their report on the so called “women on board” European Commission Directive proposal.

• European Commission released new report on women in decision making and its mid term review of its broader gender equality strategy;

• Action plan: to further advance the role of women in the European society.

• The Gender Equality debate in Europe, which includes equal pay, remedies against unfair treatment at work, unequal representation of women in politics, has again gained momentum.

• Women on boards at only 16.6% even though 60% of university graduates are women and despite the widespread agreement on the necessity of taking action against this situation.

• The figures are striking, however the EU equality debate remains controvertial.

• Dispute on methods by which women’s presence in key decision-making roles should be increased has led to a wider discussion upon the obstacles to convergence among different national strategies,

• on the ways to balance merit and gender belonging, as well as on the outcomes of already visible quota systems in some EU member states.

• Furthermore, the issue of gender balance in business has governed the debate within Europe on matters such as the possibility of balancing work and family life.

• Aware of these dynamics, European Institutions are increasingly taking action to tackle inequalities and unfair treatment of women, nevertheless, commentators often disagree on the opportunity and the effectiveness of the measures which should be adopted
EU GENDER EQUALITY STRATEGY

• EC Work program aligned with EU Pact for Gender Equality

• Dual approach of specific actions & gender mainstreaming in five priority areas and one area addressing cross-cutting issues.

• The five priority areas of the Strategy are:
  • equal economic independence for women and men;
  • equal pay for work of equal value;
  • equality in decision-making;
  • dignity, integrity and ending gender violence;
  • promoting gender equality beyond the EU.
NEW BARRIERS EMERGING

Women on boards to 15.8%, up from 13.7% in January 2012.

Average of 17% of non-executive board members (up from 15% in January 2012)

10% of executive board members (up from 8.9%).

Increased share of women on boards in all but 3 EU countries Bulgaria, Poland and Ireland
What is the Goal? PARITY

• EU Population 503.5 million

• Pension Fund Beneficiaries

• Taxpayers

• Employee Base