



OECD WORK ON WOMEN IN BUSINESS

LEGAL AFFAIRS COMMITTEE OF THE EUROPEAN PARLIAMENT

HEARING REGARDING “WOMEN ON BOARDS”

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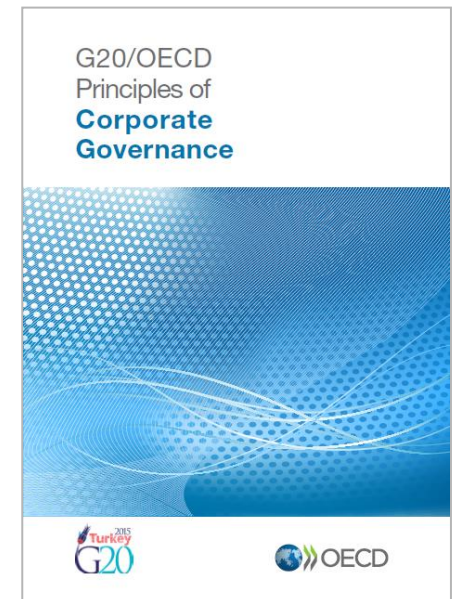
The OECD Gender Recommendation

- Adopted by OECD Council on 29 May 2013
- Recommends that OECD Member Countries adopt policies that increase the representation of **women in decision-making positions** by:
 - encouraging measures such as voluntary targets, disclosure requirements, and private sector initiatives that enhance gender diversity on boards and in senior management of listed companies;
 - complementing such efforts with other measures to support effective board participation by women and expand the pool of qualified candidates;
 - continuing to monitor and analyse the costs and benefits of different approaches – including voluntary targets, disclosure requirements or boardroom quotas – to promote gender diversity in leadership positions in private companies.



The G20/OECD Principles of Corporate Governance

- Chapter 6 of the Principles outlines **key responsibilities and functions of the board**. Specific sections are:
- In Principle D5, the key responsibilities of the board include ensuring a formal and transparent board nomination and election process.
 - Shareholders have an active role but the board actually is responsible for the procedures which should be transparent and respected
 - The board defines the general or individual profile of members
 - The board has a special responsibility to identify candidates
- In Principle E4, boards should regularly carry-out evaluations to appraise their performance and assess whether they possess the right mix of backgrounds and competencies.
- Countries may wish to consider measures such as voluntary targets, Disclosure requirements, boardroom quotas, and private initiatives that Enhance gender diversity on boards and in senior management.



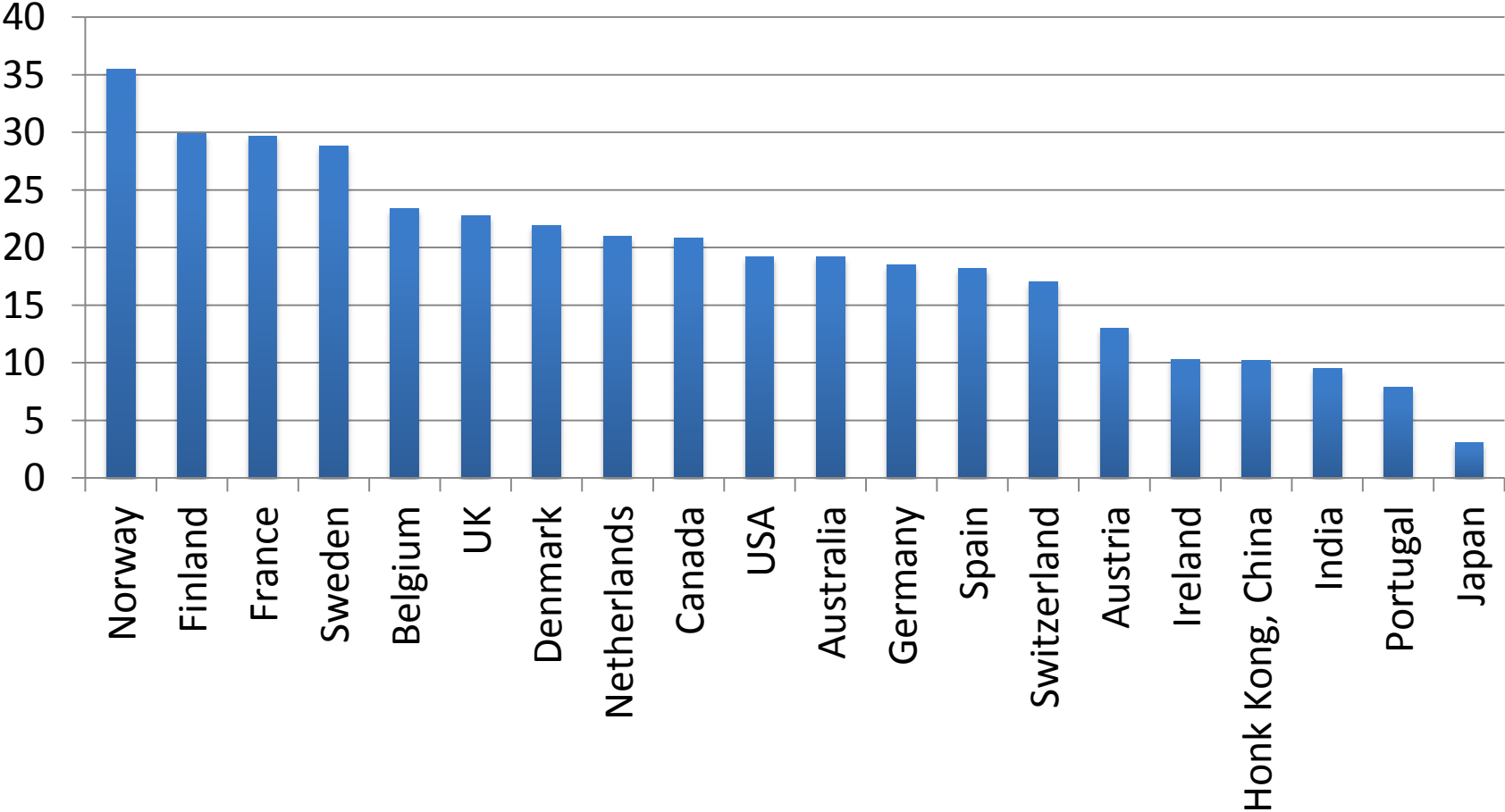
Closing the gender gap on corporate boards

- A greater proportion of women on boards may positively affect the governance of badly performing companies; there are correlations but no evidence of causality in terms of company performance.
- Governments should consider how corporate governance codes can effectively improve gender balance on boards.
- Women are still underrepresented in top corporate jobs. In October 2014, women on average occupied **20.2% of board seats of large listed companies** in the EU-28 member states.



Women on boards : only 9 countries have passed the 20% benchmark

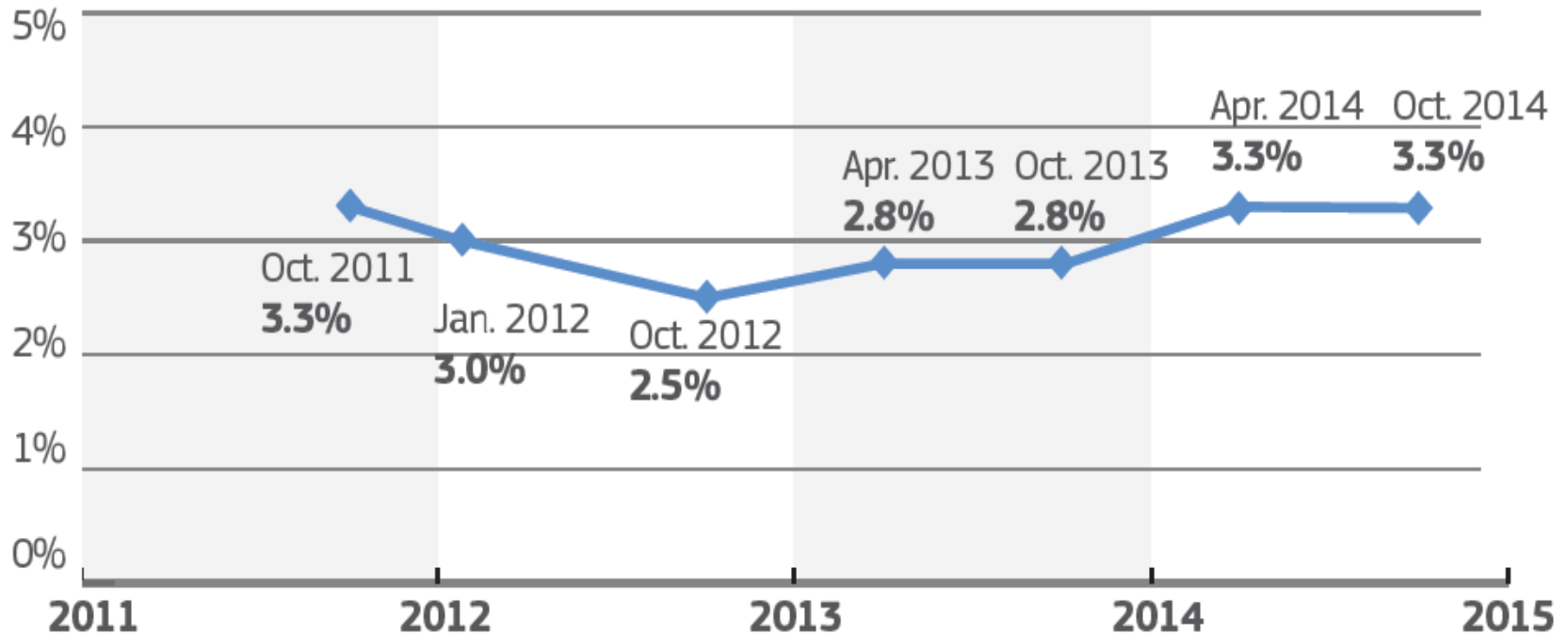
Percentage of board seats held by women in 2014



Source - 2014 Catalyst Census: Women Board Directors

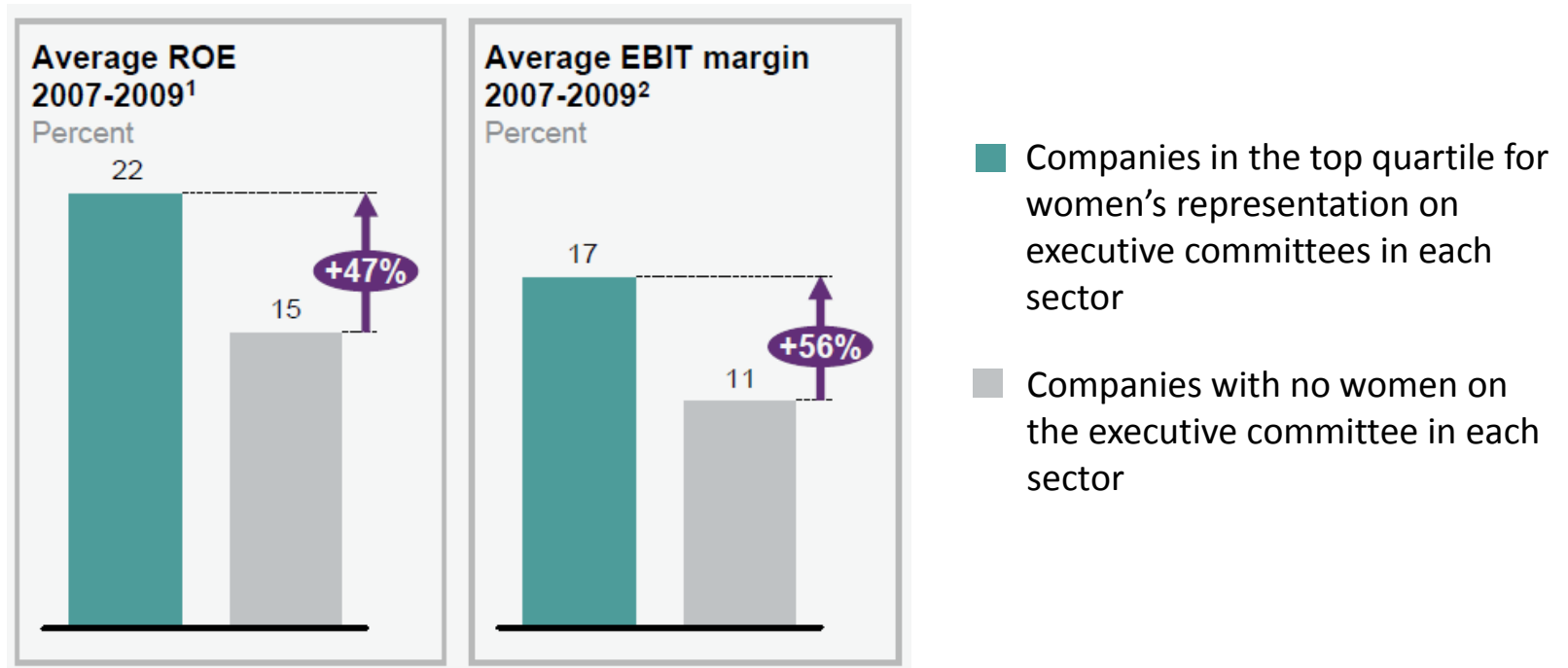
Little change in the top executive positions

Change in the share of women CEOs (in the EU-28)



Companies with more women on executive committees perform better than those with no women at the top

Proportion of women on executive committees vs. financial performance



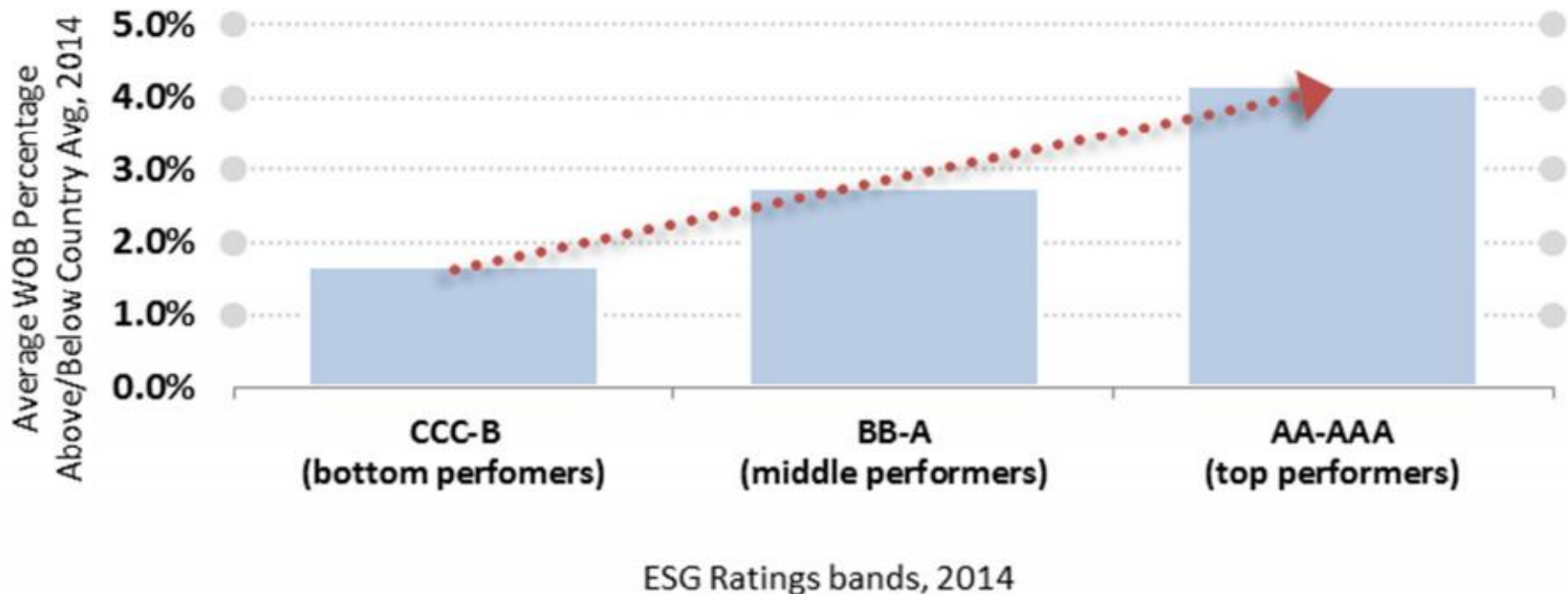
Return on Equity (ROE): Average calculated on 2007-2009 period for 279 companies

Earnings before Interest and Taxes (EBIT): Sample of 231 companies; financial services have been excluded

Scope: 6 European countries (UK, France, Germany, Spain, Sweden, Norway) and BRIC countries

Companies with more women on boards tend to have fewer governance related controversies

Percentage of women on boards (WOB) vs. ESG risk management ratings

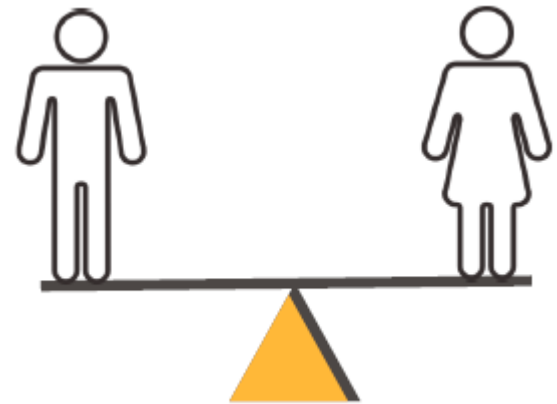


Scope: More than 6,500 company boards (WOB data) and nearly 1,600 constituents of the MSCI World Index (ESG data). The MSCI World Index includes 23 developed market economies in Europe, North America and Asia-Pacific

Source – MSCI ESG Research, 2014

Shareholders are becoming more active in promoting gender diversity on boards

- As the body of research indicates that more gender balanced boards perform better, the push by investors for diversity on boards has intensified.
- In the United Kingdom, three large investors said in 2014 that they will start to reject board proposals at the annual meetings of FTSE 250 companies with all-male boards.
- In the United States, CalPERS includes diversity in its engagement topics with companies. In 2014, the public pension fund engaged with 126 of the largest companies in California that did not have any women on their board of directors.



Quotas and targets : many countries are adopting policies for achieving gender balance on boards

Selected Countries	Compliance Year	Gender Quota / Target	Mandatory vs. Voluntary
Norway	2008	40%	Mandatory
France	2016	40%	Mandatory
Italy	2015	33%	Mandatory
Germany	2016	30%	Mandatory
Malaysia	2016	30%	Mandatory
India	2015	At least one woman director	Mandatory
Spain	2015	40%	Voluntary
Netherlands	2016	30%	Voluntary
United Kingdom	2015	25%	Voluntary
Denmark	2013	Target fixed by each company	Voluntary
Finland	2008	Both genders should be represented	Voluntary
Sweden	n.a.	Strive for more equal gender balance	Voluntary

*Data refers to non-executive boards of publicly listed companies

Source – Boardex, as of March 2015

Future work

- Monitor progress of the OECD Gender Recommendation
 - Survey of member countries of the Corporate Governance Committee
 - Analysis on the effects of soft targets, disclosure requirements and quotas in achieving gender balance objectives
- ‘Women in Business: talent at the top of listed companies’ project
 - Literature review, data portal, company level research and recommendations
 - Implementation of the G20/OECD Principles of Corporate Governance
- ‘Women in high-level decision-making’ project proposal
 - Objective: to move beyond the quota debate and take a new perspective on existing barriers and missing opportunities for women in decision-making positions
 - Programme of work: Forces shaping change, policy choices, best practices, lessons learned