

BOARDS WITH WOMEN

ONLY TALENTS MATTER. NOT GENDER.

A campaign initiated by BPW Europe

Business and Professional Women (BPW) Europe is a women's organisation representing 20,000 business women across Europe, advocating for Gender Equality and Equal Opportunities worldwide since 1930.

BPW Europe is part of the **International Federation of Business and Professional Women**, which was founded in 1930 in Geneva by Lena Madisen Philips. Until today, the federation has grown to an international network of 30,000 members on five continents in 100 countries. BPW International has consultative status at the ECOSOC/United Nations.

Furthermore, BPW International develops the professional, leadership and business potential of women on all levels through our mentoring, networking, skill building and economic empowerment programs and projects around the world.

On March 15, 2016, BPW Europe launched the campaign BOARDS WITH WOMEN promoting diverse company boards and advocating for measures increasing the share of women in boards. The evidence is clear: a higher share of women in boards and fostering diversity does not only improve corporate cultures, but also promotes fairness, attracts best workers and creates economic value for companies. Underlining the striking business case for women in boards, this paper presents key figures, legislation and best practice examples for women on boards.

**THERE ARE MANY CREATIVE WAYS TO DIVERSIFY BOARD COMPOSITION...
BUT ONLY ONE MAKES SENSE: NOMINATE MORE WOMEN**



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1. KEY FIGURES ON WOMEN ON BOARDS

The figures for women on boards reveal a strong yet alarming picture. Generally speaking, in all European countries more men than women inherit positions in boards (see figure 1). Even more striking is the comparison of the share of seats in boards held by women with the labour market participation and the tertiary education rate for women (see figure 2).

The current composition of company boards does not reflect societal reality; thus, unmask the unused potential of women in the labour market. Hence, a strong business case for gender equality and women on boards can be drawn from the data. As the campaign highlights focussing on talents and leaving traditional gender roles aside increases both the share of women in boards and the economic value of the respective company. In recent years, an increase in the share of women on boards has been identified; however, the numbers change at a slow pace and the total number of women on boards remains in most countries small. The countries with policy measures promoting women in boards perform generally better, still, the difference in shares remains at significant and unacceptable high levels.

BPW Europe states that this situation has to be changed – now!

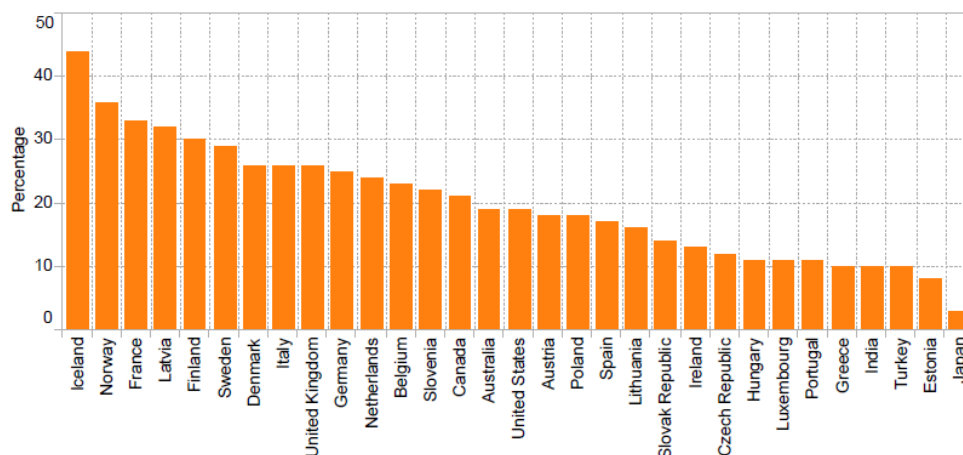
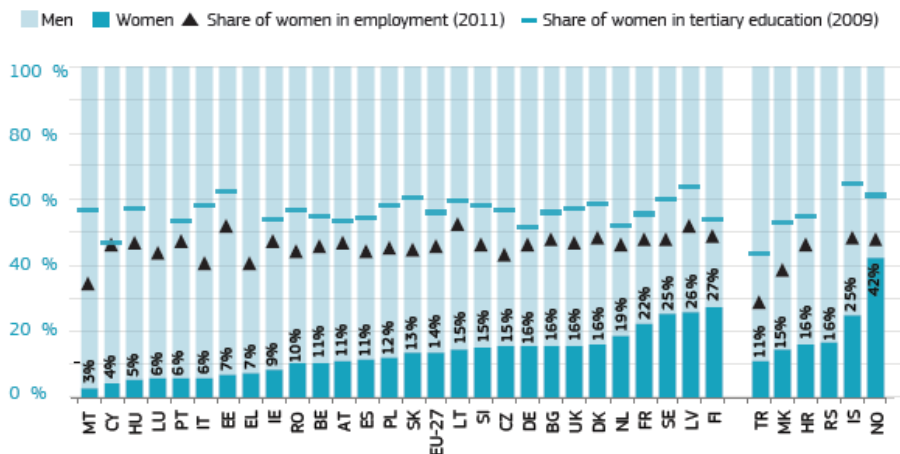


Figure 1: Proportion of Women on Boards of the Largest Publicly-Listed Companies in 2015; Source: OECD



Source: European Commission, Database on women and men in decision-making and Eurostat, Labour Force Survey.
Note: Data on share of employment not available for RS; data on tertiary education not available for LU, EL and RS.

Figure 2: Share of Women on Boards, in the Labour Market (2011) and in Tertiary Education (2009);
Sources: European Commission / Eurostat

2. LEGISLATIVE CONTEXT

Various policy instruments are practiced across Europe to boost female participation in boards. Among these instruments are binding and voluntary quotas, diversity policies or corporate governance codes. The following section gives a short overview of different legislative strategies promoting women on boards in Europe.

BINDING QUOTAS

Belgium: In 2011, Belgium adopted a law promoting the balance in boards of directors. The law is also applicable to government owned companies. At least one third of the board members have to be of different gender compared to the other members of the board. This target has to be reached in 2017 for Bel-20 companies, and in 2019, for small and medium sized listed companies. In this matter, Belgium sets the example in contrast to the European proposal, as also small and medium sized listed companies are involved. The law also contains sanctions which apply to members of the board of directors and newly appointed members respectively. Non-compliance is sanctioned by the suspension of the directors' benefits, financial or otherwise. When the number of directors from the opposite gender is less than the required minimum, the next general meeting must appoint a new board of directors which complies with the legal quota. If the new board of directors remains non-compliant, every benefit received by directors in their performance as such, be it financial or otherwise, is frozen. The profits are re-distributed from the moment the legal quota is respected. Non-compliance is also sanctioned by the nullity of the next director's appointment.

France: In 2008, the French constitution has been amended now stating 'law will promote equal access to women and men for professional and social responsibilities'. In 2011, the Coppe Zimmermann law has been passed stating that in 2017 40 per cent of board members have to be women. A mid-term target of 20 per cent women on boards should be reached by 2014. The law covers all listed companies and companies with more than 500 employees and revenue of 50 Million Euros. In 2014, the law has been renewed reinforcing the target and extending the quota for companies in the range of 250-499 employees and revenue of 50 Million Euros.

Germany: Quota regulations have been discussed for years in the German Parliament. All forms of quotas, i.e. voluntary, flexible and binding quotas, have been debated. After severe struggles, the coalition government passed a law introducing a statutory and binding quota of 30 per cent unanimously (!). The quota came into force in 2016 is binding for supervisory boards for listed and fully co-determined companies. In case of non-compliance, the seat in the board will stay empty. In addition, approx. 3.500 companies are obliged to set and publish individual targets annually for the participation of women in supervisory and executive boards and in top-management level. The regulations for state owned companies and civil service shall be adapted accordingly.



Greece: In 2000, it has been decided that at least one third participation of each gender in official boards and collective bodies of government, public institutions and local governments is mandatory. In addition, it one third participation of each gender as candidates on the lists of Prefectural and Municipal elections was made compulsory in 2001.

Iceland: In 2013, a law was passed stating that companies with more than 50 employees should report annually whether gender are represented in the board. Furthermore, companies must ensure that the proportion of each sex is not lower than 40 per cent. The same applies to alternate Directors in such companies, the proportions of control and alternates shall be as even as possible.

Spain: The Law for Equality between Women and Men of 2007 establishes that stock companies shall include in its Board of Directors a number of women that would achieve a balanced representation of women and men. Under “balanced composition”, the law indicates that the presence of women and men should be so that, the people of each sex does not exceed 60 or less 40 per cent. In addition, companies with more 250 workers are bound to have an Equality Plan promoting equal opportunities between women and men.

VOLUNTARY MEASURES

Croatia: In 2013, policy guidelines for the active promotion of employment have been adopted. These include measures of active employment and of fiscal policies. Strengthening women's position in the labour market and women's positions in boards are also included in the policy package; however, statistical data does not show significant improvement.

In 2003, upon the proposal of the Croatian Government, the first Gender Equality Ombudsperson was appointed by the Croatian Parliament in accordance to the Gender Equality Act adopted in 2003 for the first time. In 2008, Croatian Parliament adopted a new Gender Equality Act according to which the Gender Equality Ombudsperson performs the tasks of an independent body in charge of combating discrimination in the field of gender equality.

NO REGULATIONS

Sweden: In the current situation there are no binding laws or regulations designed for affirmative action in Sweden.

Cyprus: There are no binding laws in Cyprus imposing an obligatory quota either in public life or in private companies; however, there are initiatives undertaken to encourage public awareness and encourage the participation of women but mostly towards participation in political life.

Estonia: Until now, there are no binding laws or regulations designed for affirmative action in Estonia. In public debates, there is either low awareness or negative reactions to gender quota or other strict measures. Still, women's organisations, among them BPW Estonia, call for a special committee on gender issues in Estonian Parliament.

Switzerland: No quotas and binding measures have been introduced so far. New quota legislations and consultations by the parliament are issued in 2016. However, the chance whether a quota law remains passed is uncertain.

European Union: The discussion on a European Quota of 40 per cent has been vital. The European Commission proposed a quota regulation, which has been repelled by a number of member states. A second proposal has been submitted by the European Commission reducing the binding quota of 40 per cent to a voluntary quota and which allows for diverging national legislation. Despite the second watered-down proposal, the directive was rejected in the European Council in December 2015 leaving a policy vacuum in regard to promoting women on boards.

3. BEST PRACTICES

Iceland: The Icelandic Confederation of Employers (ICE) has repeatedly called for the diversification of industry leaders. The ICE has itself increased the share of women on boards of pension funds systematically where the ICE appointed directors in recent years. Women represent now 44 per cent of the members in designated ICE pension funds. Gender parity will be reached in the coming ten years when the next ten seats are to be nominated.



Greece: The Corporate Governance Code is a voluntary and self-regulated part of the regulatory framework being incorporated in the Greek company law. The governance code guides business operations and calls for greater diversity in companies. In this regard, the promotion of women in boards is seen in a broader perspective. Companies are encouraged to formulate policy plans promoting women within the whole company – from nominating women on boards to increase the share of women in middle managements.

Estonia: Based on the Survey of Estonian Management Practices (2015), 80 per cent of the Estonian companies do not take any measures to balance gender in boards and 19 per cent implement some internal measures to support gender balanced boards (internal recruitment, talent programs, work and life balance measures). Only one per cent of the companies implement organisationally binding internal gender quotas. Yet, larger and international companies have higher awareness and more internal organisational measures to support diversified boards and nominate women on boards.

Belgium: According to recent research by the Hasselt University, directors of stock market-listed companies still feel that the government should not impose quotas on the number of women in their board of directors. However, the majority of them admit that quotas have led to many positive results. The criticism on the quota has decreased sharply since the regulation was introduced. Although three-quarters of the companies currently do not meet the requirements yet, a mentality change has clearly taken place. Companies are reflecting on their staffing policies much more than before. To find a new director, for instance, they are looking beyond the usual – mostly male – networks. They are also turning to other sectors, like the academic world, to find female candidates. Furthermore, common assumptions companies held about the lack of women candidates have turned out to not be the case. Women on Board, a Belgian NGO, has put forward two primary goals: to create a pool of talented women ready to take up board positions, and to facilitate access to this pool for Belgian enterprises searching for female directors. In 2013 Women on Board co-initiated the creation of the European Women on Boards network, linking up "best of class" associations sharing the same goals and values throughout Europe.

Germany: The best practice example in Germany demonstrates the strengths of advocacy. The organization FidAR (*Frauen in die Aufsichtsräte*) in cooperation with BPW Germany collects and presents data on women in boards and actively pushes for a higher share of women in boards. In addition, six NGOs, among them BPW Germany, and six MPs gathered to sign the BERLINER ERKLÄRUNG in 2011 demanding a quota regulation for women on boards.

Spain: BPW Spain has organized a public media campaign calling for a binding law including punitive actions for those breaching the law. Every BPW clubs in Spain participated demonstrating a broad regional alliance for stronger regulations.

Switzerland: BPW Switzerland is active in stimulating cultural change within companies, encouraging women to enter boards, facilitating networking between interested women and experienced board members and encouraging executive searchers to focus on more women on board and facilitate network between interested women and executive searchers

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4. FURTHER LINKS

BPW Europe: <http://bpw-europe.org/>

BPW International: <http://www.bpw-international.org/>

European Commission on Gender Equality: http://ec.europa.eu/justice/gender-equality/index_en.htm

OECD Data on Gender Equality: <http://www.oecd.org/gender/data/>

OECD 30 Per Cent Club: <http://30percentclub.org/>

World Economic Forum Women and Work: <http://www.weforum.org/collections/women-and-work>

McKinsey Women Matter: <http://www.mckinsey.com/global-themes/women-matter>

Catalyst Women on Boards: <http://www.catalyst.org/knowledge/women-on-boards>