

## THE ACCESS TO AND REPRESENTATION OF WOMEN IN CORPORATE GOVERNANCE BODIES THE INTERNATIONAL TREND IS GATHERING SPEED...

The 2008 edition of the Gender Gap Report, published every year in Davos by the World Business Council, covering 160 countries, shows that France is exemplary as regards access of women to education and health (equal 1st place with other countries), but that it is way off the pace concerning equal opportunities for men and women in the economic sphere. In fact, France ranks only 53rd on the "economic participation and opportunity" criterion.

Furthermore, the Council conducted a study amongst its representatives in 134 countries, concerning the following question: "in your country, do Businesses provide women the same opportunities as men to rise to positions of Leadership?"

On a scale from 1 to 7, France was relegated to level 4, in 21st place, far behind Finland, Iceland, Norway, Canada and Sweden, which took the first five places, and even behind China.

### SITUATION OVERVIEW

In the United States, the boards of directors of the 500 largest companies in the country do not have more than 15% women on average.

In the European Union, based on a study of the largest public listed companies, boards of directors only have 11% women on average. This study shows that the countries whose companies have the most women are Norway (41%), Sweden (27%) and Finland (20%).

France is slightly below the European average, with 9% women on the board of its major listed companies.

Among the CAC 40, four companies stand out with boards including more than 20% women: BNP Paribas (28.5%), Michelin (25%), L'Oréal (21.4%) and Pernod Ricard (21.4%).

However, five companies have no women: Gap Gemini, EADS, STMicroelectronics, Vallourec and Véolia Environment.

The profile of European directors has been studied by several organizations, including European PWN. The profile is slightly younger for women with similar career paths, trained in law and management for women as opposed to sciences for men. There are few female expatriations (functions exercised abroad) as compared with male colleagues.

The average age of the female European director is 54, as against 60 for men. Women are sometimes found chairing committees (8% of directors), notably those responsible for nominations and remuneration. Men almost always chair audit committees. 28% of women on French boards are employee representatives.

## WHY ARE WOMEN IN THE MINORITY?

In France, the belated opening up of their Grandes Ecoles means that France has accumulated a "mechanical" gap in female representation in corporate decision-making positions.

Furthermore, numerous studies have pinpointed the difficulties facing women who aspire to corporate governance positions.

These include organisational, cultural and behavioural barriers:

- The preponderance of men in key positions excludes women from the networks they establish;
- Corporate culture favouring ambition and availability (traditionally not associated with feminine behaviour);
- Certain HR processes can be discriminatory in practice, etc.

Women have more difficulty adhering to the current "anytime, anywhere" performance model, which is irreconcilable with a double family and professional burden (unbalanced share of household and parental tasks).

Professional ascension depends on "male" codes such as the capacity for self-

promotion, through unselfconsciously speaking of personal performance and ambitions, whereas women have some difficulty identifying with success.

Women may be perceived as a "minority" due to their environment, or behave like a "minority".

Faced with the recognised male/female imbalance in corporate governance bodies, French lawmakers are discussing a possible framework for regulations that would impose a quota of female representation on boards of directors. Legally impossible previously, this is now open since the constitutional reform in 2008.

Other countries are also discussing the issue, and there is much favourable commentary on imposing quotas. For example, Antoinette Hunziker-Ebnetter, the former president of the Swiss Stock Exchange, has declared that "I cannot say it from the heart, but I have acquired the conviction that it is necessary to require a quota of at least 30% women on company boards during a transitional phase. Otherwise, things move too slowly."

## EXISTING LEGISLATION ON THE REPRESENTATION OF WOMEN IN CORPORATE GOVERNANCE BODIES

In some countries, laws or recommendations have been adopted to establish female representation in corporate governance bodies.

In Spain, the Parliament adopted a law in 2007 requiring "balanced" representation of women on boards by 2015.

During parliamentary debate, the Spanish government placed the threshold at 40%.

In Norway: Following on from the application of quotas for women in the public sector since 1985, the Parliament adopted a law in 2003 requiring gender equality on boards by 1 January 2008. It includes rules such as, "if

the board has two or three members, the two genders must be represented; if the board has more than nine members, each gender must have at least 40% representatives."

In Quebec, the Parliament adopted a law in 2006 on parity on the boards of five state-run companies.

Effective date: December 2011.

In Finland, a recommendation was issued to the effect that, from January 2010, public listed companies must have at least one woman on their board of directors.

## PUBLIC INITIATIVES AIMING TO PROMOTE THE PLACE OF WOMEN IN CORPORATE GOVERNANCE BODIES (reports, parliamentary bills)

In France, a female member of the lower house of Parliament (Mrs. Zimmermann) tabled a Bill in October 2008 relating to the access of women to social and professional responsibilities. It would require the board of directors of all companies covered by the Code of Commerce to have "not less than 40%" representatives of each gender.

In Belgium, a Bill was tabled in February 2007 aiming to "promote balanced representation of women and men on the boards of various companies". It would establish the obligation for company boards to have at least one third of members of each gender, which also comes down to imposing 33% women on boards.

In any case, many governments have made the issue a subject of public debate by publishing reports or by affirming their interest (Switzerland, Great Britain, Luxemburg, Sweden,

Australia,..). The debate has been launched...

### International bodies are also mobilizing

The European Commission has adopted a "road map" presenting its commitments in favour of gender equality over the 2006/2010 period. Equal representation in decision-making is included among the priority issues.

The European Parliament adopted a document in January 2008 on the role of women in industry, in which it requests, in particular, the commission and member States to promote a balanced presence between women and men on corporate boards of directors, especially when State members are shareholders in these companies.

The UN and the ILO are also interested in the issue and have also published studies.

## INITIATIVES LAUNCHED BY MAJOR FINANCIAL PLAYERS (PENSION FUNDS...) TO INCREASE FEMALE REPRESENTATION

In addition to numerous internal corporate initiatives in recent years (requesting reports on the gender diversity on company boards, recommendations for the promotion of women, etc.), some more original action has also emerged.

In the United States, a major pension fund, Calpers, has made a stand (through investment recommendations) in favour of companies that promote greater gender diversity.

Dedicated investment funds for the representation of women in companies have been established: the "Women's Equity Mutual Fund", based in San Francisco, proposes investments to its members in companies demonstrating their will and capacity to improve the corporate status of women;

The "Love Me Premium", a Japanese fund, has been established for the same purpose; The Swiss fund "Amazon Euro Fund" gives priority to companies with significant representation of women in their executive teams; Similarly, the establishment of a dedicated stock index must be mentioned. The "North America Women Investment Index" (NAWI), set up in 2009, includes 216 Canadian and US companies from a range of sectors that promote professional equality.

As part of this trend towards "socially responsible investment", shareholder activism is growing, with an active strategy of exercise voting rights on the issue of representation of women in the executive bodies of listed companies.

Although gender diversity on corporate boards can be recommended for legal reasons (affirmation of the principle of gender equality), it can also be promoted on the basis of economic and financial considerations.

Many studies have been published in recent years showing the relation between diversity and corporate performance. In particular, "Planning tomorrow's boardroom: making room for women", published in 2009 by the Inter Organization Network (ION), notes for example that:

- greater diversity on boards results in more constructive strategic discussion and a different attitude towards risk;
- women are playing an increasingly important role in the marketplace (for business as well as consumer purchases);
- women have a different management style;
- women respond differently, and earlier, to danger signals than do men;

- senior corporate women are better equipped "to tackle the tough issues which their male colleagues may avoid."

Some studies have shown that the presence of women on a board of directors had a favourable impact on financial performances of the company.

A 2007 study of the results of the 89 European companies with the strongest representation of women in their decision-making bodies notes that, as compared with their industry average, their financial performance was above average as regards average ROE (11.4% as against 10.4% on average), average EBIT (11.1% as opposed to 5.8%) and stock exchange capitalization (stock price growth from 2005 to 2007: 64% as against 47% on average).

Others studies indicate that a threshold of at least three women is needed before their advice can fully be taken into account.

## (NON-LEGISLATIVE) TOOLS FOR INCREASING THE PRESENCE OF WOMEN IN CORPORATE GOVERNANCE

There are many ways of "facilitating" the presence of women in corporate governance bodies, for example:

- Awareness-raising action aimed at the chain of directly concerned players;
- Influential leaders making a stand;
- The establishment of "pools" of women eligible to act as directors. In Canada, for example, a national directory of 800 women has been created;
- The development of professional, expertise and other networks (implantation facilitated by new technologies);
- Setting up accompaniment programs (such as training, coaching and mentoring).

Such action can be supported by public authorities (Canada...), business organizations (Norway) or female networks in partnership with the university sphere (Switzerland), and other partners...

It is worth noting the FTSE 100 Cross-Company Mentoring program in Great Britain, with the mentoring of women by around one hundred business leaders.

International experience shows that the convergence of several players on this issue allows the chains that can prevent individual candidacies from emerging to be cut.