vigeo eiris

Gender diversity in corporate senior management: glass ceiling yet to be cracked

Vigeo Eiris reviews the level of female representation in corporate senior management functions for almost 4000 listed companies worldwide

SUSTAINABILITY FOCUS

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Key takeaways

- *Gender equality is a question of social responsibility: it involves the prevention of discrimination and active measures to protect and promote women not only in recruitment, remuneration, working conditions, access to training, and social benefits, but also in corporate senior management functions, at board and executive levels.*

- *These principles are enshrined in international authoritative standards, such as the United Nations and International Labour Organisation Conventions, the OECD Guidelines for Multinational Enterprises, and the UN Sustainable Development Goal 5. Gender diversity within corporate senior management is also embedded into the Corporate Governance Codes of several countries that have set gender quotas for Boards (Board of Directors / Supervisory Board).*

- *Vigeo Eiris data shows that less than one fifth of board and executive level positions were held by women in 2016, representing only 18% of directors and 16% of executives.*

- *European companies display the highest - although limited - average rate of female directors (24%), while North American companies have the highest average rate of female executives (17%). Companies listed in Asia Pacific and Emerging Market countries lag behind on both counts.*

- *Significant disparities are observed within regions: the highest average rates of female directors are found in Norway (41%), France (39%) and Sweden (34%). and are the developing countries in which the average rate of female executives is comparable to that of states such as Norway, Sweden and Poland (25%).*

- *The sectors with the highest proportion of women on Boards are Luxury Goods and Cosmetics (28%), Publishing (27%) and Broadcasting (26%).*

- *The disparate levels of female representation in governance and management bodies between different countries illustrate the unequal impact of the regulatory provisions (quotas, regulations and national legislations) on this theme. Whilst gender quotas have an impact on the composition of boards of directors and supervisory boards, they are not enough to influence the composition of companies' executive teams. Female representation in positions of senior management seems to remain, to a large extent, conditional on the discretion of men, amongst other social and cultural circumstances.*

Introduction

Gender equality is a question of social responsibility: it involves the prevention of discrimination and active measures for the protection and promotion of women not only in recruitment, remuneration, working conditions, access to training, and social benefits, but also in corporate senior management functions.

These principles are enshrined in international authoritative standards, such as the United Nations and International Labour Organisation Conventions[1]*, the OECD Guidelines for Multinational Enterprises, and the UN Sustainable Development Goal 5. Gender diversity within corporate senior management is also embedded into the Corporate Governance Codes of several countries that have set gender quotas for Boards (Board of Directors / Supervisory Board).*

Vigeo Eiris analyses companies' commitments to prevent any form of discrimination and to promote gender diversity. The assessment is based on the visibility, exhaustiveness, precision and ownership of the commitments, on the processes and means allocated to their implementation, and key performance indicators resulting from their action. The purpose of the rating is to measure the level to which companies and their senior management intend to integrate to their strategy and operations specific commitments in order to prevent discrimination towards women, and promote equal rights and gender parity in senior management, governance, remuneration, working conditions, and labour relations. Whilst the issue of gender equality has gained visibility as part of the commitments published by companies in their codes of conduct, inequalities are still rife and the information remains limited on the concrete measures implemented to reduce them. In many cases, the issue of gender equality leads to gender-washing rather than effective social responsibility.

This paper is based on the rating of more than 3,800 listed companies worldwide between December 2014 and September 2017. It explores the extent to which women are represented at Board and executive levels in listed companies in 60 countries and 41 sectors of activity. With less than 20% female representation in top-level decision-making positions in 2016, it appears that companies and their governance remain men's business. The principles of non discrimination and promotion of equality are slowly progressing, mostly in Europe and North America. This progress remains limited in the rest of the world.

1 http://www.ilo.org/moscow/areas-of-work/gender-equality/WCMS_249143/lang--en/index.htm

Vigeo Eiris methodology

Gender diversity is assessed by Vigeo Eiris in the Human Rights domain under the sustainability driver 'Non-discrimination and promotion of diversity', while Board diversity is assessed in the Corporate Governance domain under the sustainability driver 'Board of Directors'.

Gender diversity is enshrined in international standards such as the UN Convention on the Elimination of all Kinds of Discrimination Against Women[1], key ILO conventions such as the Equal Remuneration Convention (No.100), Discrimination (Employment and Occupation) Convention (No.111), Workers with Family Responsibilities Convention (No.156) and Maternity Protection Convention (No.183)2, as well as the UN Principles on Business and Human Rights[2], G20/OECD Principles of Corporate Governance[3], the OECD Guidelines for Multinational Enterprises[4] and Sustainable Development Goal number 5[5].

The qualitative and quantitative composition of Boards of Directors also plays an important role in the sustainability policies and corporate governance rules recommended by the European Union and the OECD. The European Commission is currently working towards a target of 40% female senior and middle managers through a number of plans including its 2016-19 Strategic Engagement for Gender Equality[6]. The OECD issued Recommendations on Gender Equality in Employment, Education and Entrepreneurship in 2013, and the G20/OECD Principles of Corporate Governance encourage measures that enhance gender diversity on boards and amongst senior management, including voluntary targets, quotas, or disclosure requirements. In France, the AFEP-MEDEF Corporate Governance Code of Listed Corporations states that *"Each Board should consider the desired balance within its membership and within the committees of Board members which it has established, in particular with regards to the representation of men and women, nationalities and the diversity of skills, and take appropriate action to assure the shareholders and the market that its duties will be performed with the necessary independence and objectivity"*[7].

Based on these internationally recognised standards and frameworks, as well as national corporate governance codes, companies are expected to:

- Formalise visible commitments that prevent and prohibit discrimination against women and promote diversity in the workplace, including at senior management and Board levels. These commitments should be specific, exhaustive, and set targets in this respect. The commitments should concern all stages of employment decision making (including recruitment, promotion and redundancies etc.) and working conditions (including working hours, training and remuneration etc.).
- Implement adequate internal controls and processes to prevent discrimination such as risk mapping, monitoring or whistleblowing procedures, as well as initiatives and frameworks that foster gender diversity such as awareness raising, training, the monitoring of diversity data, affirmative action programmes, maternity pay, flexitime initiatives, gender pay equality, etc.
- Be transparent and reactive to stakeholder feedback, and remedy any damages a company may be involved in either directly or indirectly.

1 Convention on the Elimination of all forms of discrimination against women (CEDAW)- (1979)– in http://www.un.org/womenwatch/daw/cedaw/ Gender representation at Board and Executive levels –Sustainability Focus – February 2018

2 http://www.ilo.org/gender/Aboutus/ILOandGenderEquality/lang--en/index.htm

3 UN Guiding Principles of Business and Human Rights, (2011), in http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

4 G20/OCDE Principles of Corporate Governance (2015), in https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf

5 OECD Guidelines for Multinational Enterprises, in http://www.oecd.org/corporate/mne/oecdguidelinesformultinationalenterprises.htm http://www.unwomen.org/en/news/in-focus/women-and-the-sdgs and http://www.unwomen.org/en/news/in-focus/women-and-the-sdgs/sdg-5-gender-equality

6 « Strategic Engagement for Gender Equality 2016-2019 »- European Commission, in https://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/strategic_engagement_for_gender_equality_en.pdf

7 "AFEP – MEDEF Corporate Governance Code of Listed Corporations" - update 2016), in http://www.ifa-asso.com/fileadmin/user_upload/Code_de_gouvernement_d_entreprise_des_societes_cotees_novembre_2016.pdf

Key findings

List of companies with the highest rate of female representation in Boards (Board of Director / Supervisory Board)

COMPANY	SECTOR	COUNTRY	% of women on Board
CYBG	Retail & Specialised Banks	United Kingdom	61%
Kering	Luxury Goods & Cosmetics	France	60%
Fortescue Metals Group	Mining & Metals Asia Pacific	Australia	56%
Macy's Inc,	Specialised Retail	United States of America	50%
Norsk Hydro	Mining & Metals	Norway	50%
Rexel	Specialised Retail	France	50%
Sa Sa International Holdings	Specialised Retail	Hong Kong	50%
Shutterfly	Software & IT Services	United States of America	50%
Sparebank 1 SR Bank	Retail & Specialised Banks	Norway	50%
TGS-Nopec Geophysical	Oil Equipment & Services	Norway	50%
Unilever	Food	United Kingdom	50%
Woolworths	Supermarket	Australia	50%
Catholic Health Initiative	Health Care Equipment & Services	United States of America	50%
L'Oreal	Luxury Goods & Cosmetics	France	46%
Avon Products Inc	Luxury Goods & Cosmetics	United States of America	45%
CGG	Oil Equipment & Services	France	45%
Banca Generali	Retail & Specialised Banks	Italy	44%
Cable One	Broadcasting & Advertising	United States of America	44%
Christian Dior	Luxury Goods & Cosmetics	France	44%
Next	Specialised Retail	United Kingdom	44%

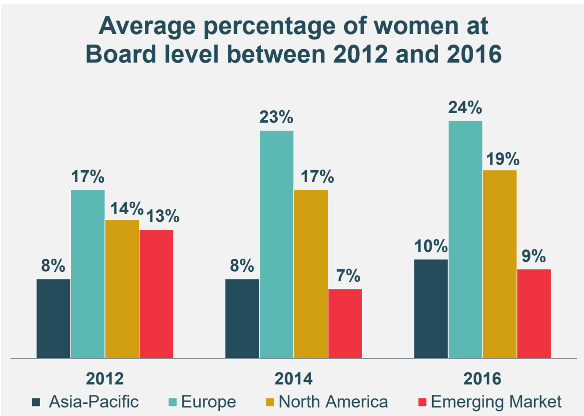
List of companies with the highest rate of female representation at executive level

COMPANY	SECTOR	COUNTRY	% of women at executive level
Nordstrom	Specialised Retail	United States of America	**69%**
L'Oreal	Luxury Goods & Cosmetics	France	**62%**
Sa Sa International Holdings	Specialised Retail	Hong Kong	**60%**
Imperial Holdings	Specialised Retail	South Africa	**60%**
Empresa Nacional de Telecomunicaciones	Telecommunications	Chile	**57%**
Wolters Kluwer CVA	Publishing	Netherlands	**55%**
Lansforsakringar Bank	Retail & Specialised Banks	Sweden	**50%**
Oesterreichische Kontrollbank	Retail & Specialised Banks	Austria	**50%**
XL Axiata	Telecommunications	Indonesia	**50%**
OP Financial Group	Retail & Specialised Banks	Finland	**49%**
Northrop Grumman	Aerospace	United States of America	**46%**
Alibaba Group Holding	Specialised Retail	China	**45%**
Spirit Aerosystems	Aerospace	United States of America	**44%**
Puget Energy	Electric & Gas Utilities	United States of America	**44%**
Galenica	Specialised Retail	Switzerland	**44%**
SBM Offshore	Oil Equipment & Services	The Netherlands	**43%**
NYU Hospitals Center	Health Care Equipment & Services	United States of America	**43%**
Michael Kors Holdings Limited	Specialised Retail	United States of America	**43%**
Gaztransport et Technigaz SA	Oil Equipment & Services	France	**43%**
Enbridge Income Fund Holdings	Oil Equipment & Services	Canada	**43%**

The lack of women at corporate decision-making level

Overall, less than one fifth of top-level decision-making positions were held by women in 2016, representing only 18% of directors and 16% of executive members. However, differences are observed amongst geographical zones and sectors.

Female representation at Board level by geographic zone



In 2016, the average percentage of female directors in European companies was 24%, an increase of 7 percentage points of percentage compared to 2012 (17%). However, the pace of growth has been marginal over the last two years, with a rate of 23% in 2014.

In 2012, the European Commission proposed a target of 40% women in non-executive board-member positions in publicly listed companies, with the exception of small and medium enterprises[1]. This proposal was however blocked by Germany, the Netherlands and Sweden overs fears that the European Commission would become too involved in domestic affairs. Hungary and Poland also opposed the proposal on ideological grounds. Nevertheless, the European Commission reiterated its proposal in 2017[2]. It is worth noting that in Europe, the proportion of all-male boards declined from 9.4% in 2014 to 7.3% in 2016.

In North America, women held 19% of Board seats in 2016 compared to 17% in 2014 and 14% in 2012. North America ranks second after Europe, which could be a reflection of U.S. business culture that tends not to favour compulsory measures like quotas, but could also be explained by the length of tenure of U.S. board members compared with most European countries.

Although 87% of the rated Canadian and U.S. companies have adopted formal policies to increase the proportion of women on their Boards, only a small minority (2.5%) report on specific gender diversity targets. In North America, the proportion of all-male Boards decreased from 13% in 2014 to 9.3% in 2016 in response to investor pressure demanding greater gender diversity, and a more hard-line approach to companies with male-dominated Boards.

The figures for companies listed in Asia Pacific and the Emerging Markets are largely unchanged as these were around 9% and 10% respectively between 2014 and 2016[3].

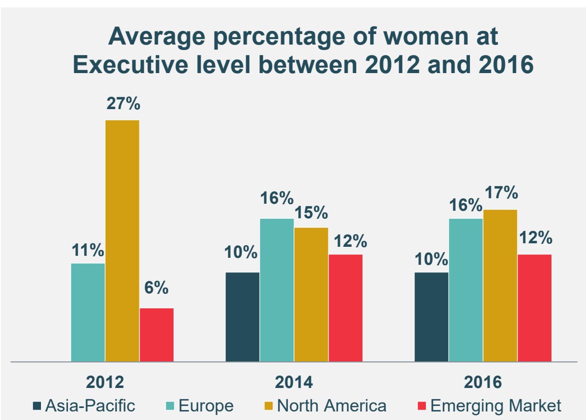
Asia Pacific comes behind Europe and North America with 48% of company Boards led entirely by men in 2016, compared to 50% in 2014. Only a few countries in Asia, including Malaysia and India, have specific targets or approaches to address the issue.

Board diversity does not seem to be a priority issue for major Emerging Market listed companies, despite the economic growth observed in the region.

The limited and slow progress observed amongst both Asia Pacific and Emerging Market listed companies could be explained by broad social disadvantages faced by women in many of those countries, the cultural and demographical differences compared to other regions, and the limited supply of female talent's pipeline among other factors.

Female representation at Board and executive level: breakdown by country

Overall, the inclusion of women at executive level does not seem to attract the same level of attention as it does at Board level; female representation at executive level is therefore even lower.



1 « Women on Boards : Commission proposed 40% objective »- EU Commission press release- 14/11/2012, in http://europa.eu/rapid/press-release_IP-12-1205_en.htm

2 « EU to push for 40% quota for women on company boards »– The Guardian – 20/11/2017, in https://www.theguardian.com/world/2017/nov/20/eu-to-push-for-40-quota-for-women-on-company-boards

3 « EU to push for 40% quota for women on company boards »– The Guardian – 20/11/2017, in https://www.theguardian.com/world/2017/nov/20/eu-to-push-for-40-quota-for-women-on-company-boards

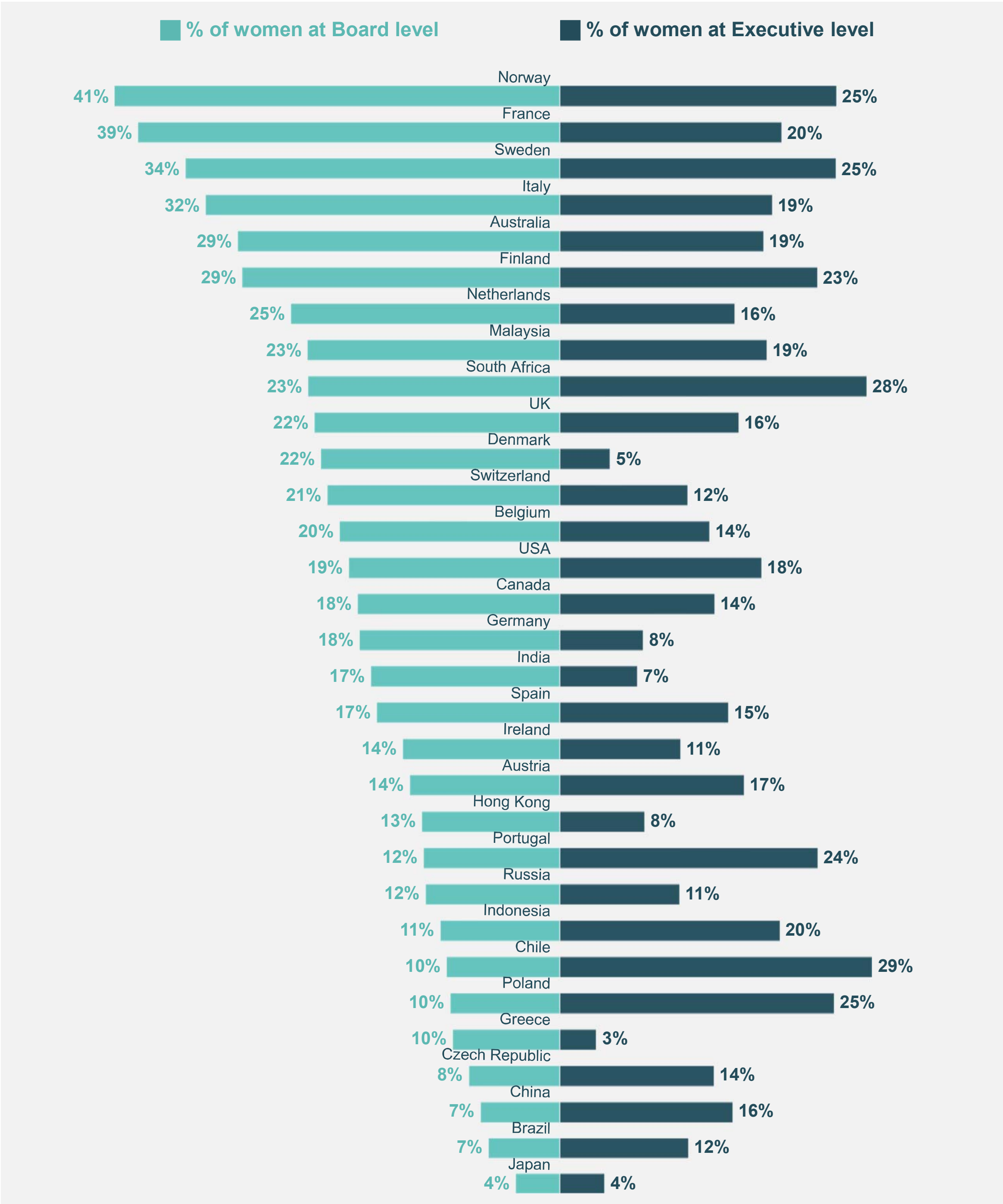
In 2016, women were under-represented at senior management level worldwide: the average percentage of women at executive level was 16% in Europe, 17% in North America, 10% in Asia Pacific and 12% in Emerging Market countries. No major progress was observed between 2014 and 2016 in any region, and the average percentage of women on executive committees remained largely unchanged.

With an average 17% female executives in 2016, North America is the region with most female representation at senior management level. European companies are struggling to implement gender balance into their executive teams with just 16% female representation. Asian and Emerging Market companies lag behind with a significant number of companies led exclusively by male executive teams: this rate is 48% in Asia Pacific and 46% in Emerging Markets.

These figures raise concern and demonstrate that beyond commitments, companies have insufficient career development strategies for women. Efforts should be more focused on specific recruitment policies, the monitoring of gender management disparities and salary gaps, and dedicated programmes that promote women to executive positions. Overall, significant differences exist between countries in the same regions and sectors.

Female representation at Board and executive level: breakdown by country

Women on Board of Directors vs. Executive Teams per country



Norwegian companies have the highest level of female representation with 41% women on company Boards. This is mainly the result of the introduction of quotas and significant regulatory measures in cases of non-compliance. For example after a period of two years, listed companies' that fail to achieve the 40% quota will be delisted.

France and Sweden rank second and third with 39% and 34% female board members respectively. It is worth noting that in Norway, gender diversity mandates were established in 2003 whilst in France they were not established until 2010. In both Norway and France, companies face fines and other sanctions for non-compliance. In Norway, for example, the Brønnøysund

Registration Centre may refuse to register a board that does not meet specified quotas. Ongoing non-compliance can result in dissolution of the company by court order. Special circumstances may allow companies to pay a compulsory fine until compliance is achieved.

In Germany, women only hold about 18% of Board seats despite the 2016 law requiring them to hold 30%. Companies that fail to find women to fill board seats have to keep them empty until they do. The country's midsized companies had until 2017 to set their own quotas.

The level of female representation on Boards outside Europe is often lower because in the majority of EU states, quotas are either mandatory or a 'comply-or-explain' rule exists. However, in some cases, the opposite can be observed. For instance, Malaysia ranks in the top 10 countries worldwide with 23% of women holding Board seats, despite its 2011 mandatory quota of 30% women on Boards of companies with at least 250 employees by 2016. In this regard, Malaysia ranks higher than the UK which has an average women on Boards rate of 22%.

At the bottom of the scale, Czech Republic, China, Brazil and Japan have less than 10% females on the Boards of their largest companies.

However, companies located in some countries with no mandatory quotas still perform better than those located in countries with quotas. Examples of these countries include Denmark (22%) and Finland (29%). U.S. companies have an average of 19% female directors compared to 18% in Canada. Neither country has mandatory legislation in this regard, but a 'comply-or-explain' rule exists. Although quotas seem to work for certain countries, for others, it is either too soon to fully assess their impact, or reinforcement mechanisms need to be reviewed.

In Asia Pacific, Australia ranks first with an average of 29% female Board members, suggesting that the country is on target to achieve its voluntary quote of 30% by 2018. Australian companies have been encouraged to appoint more female directors following large national debates about the lack of gender diversity on corporate boards and the importance of gender balance. Attracting more women into the talent pool has increased incrementally, driving the necessary cultural and workplace changes.

There is still a considerable number of companies with all-male Boards, or Boards with only a single woman in each country. Overall, countries with mandatory quotas tend to have a higher percentage of women at Board level compared to countries that adopt voluntary or organic approaches. Debates continue over whether quotas are a good way of addressing gender imbalance on Boards or not, but the Norwegian example shows that mandatory quotas and sanctions provide the necessary incentive to increase the number of women on Boards dramatically, although this is not a general rule.

On the other hand, fewer women seem to be in executive positions. A recent article from the New York Times explains that stereotypes tend to prevail: *"Women are often seen as dependable, less often as visionary. Women tend to be less comfortable with self-promotion — and more likely to be criticized when they do grab the spotlight. Men remain threatened by assertive women. Most women are not socialized to be unapologetically competitive'* [1].

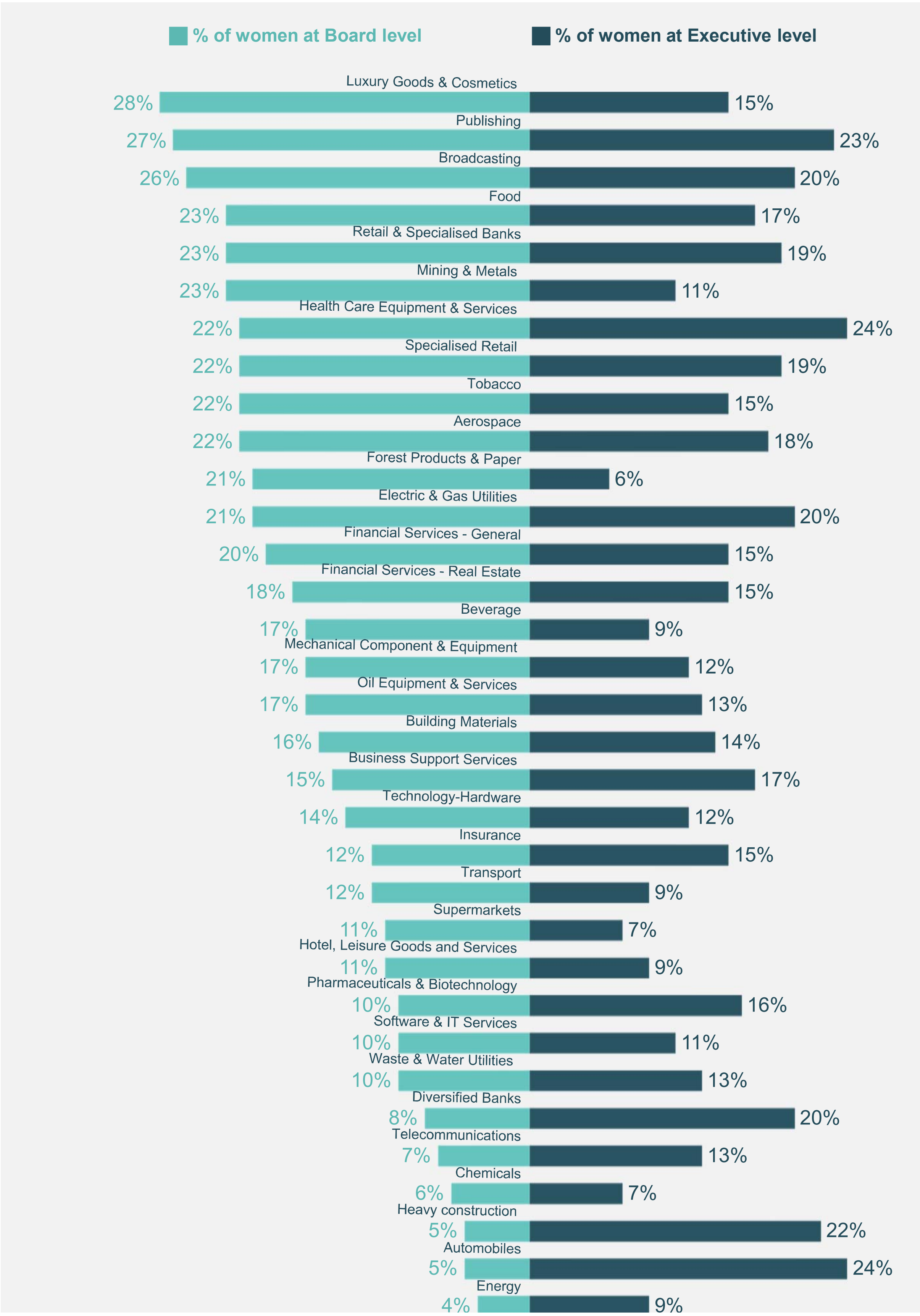
According to Vigeo Eiris' findings, Chile tops the ranking with an average of 29% women at executive level, though it only has an average 10% of women at Board level. Norway, Poland and Sweden come second with an average of 25% while Portugal displays an average of 24%. Finland comes fourth with 23% followed by France and Indonesia (20%). The remaining countries all have rates of below 20% including Italy, Australia, Malaysia (19%), Netherlands and United Kingdom (16%), Belgium and Canada (14%), Hong Kong (13%), Germany (8%) and Denmark (5%). It is worth noting that even some countries with mandatory quotas that demonstrate a relatively high percentage of women at Board level seem to lag behind when it comes to women at executive and senior management roles.

The focus should be on improving female representation within executive roles to put them at the centre of strategic decision making processes.

1 "Why women aren't CEA according to women who almost were" - New York Times - 21/07/2017

Female representation at Board and executive level by industry

Women on Board of Directors vs. Executive Teams by industry



As an industry that promotes female purchasing power, the Luxury Goods and Cosmetics industry ranks at the top of the list with an average rate of 28% women on Boards. However, this figure represents a number of discrepancies: of the 38 companies assessed in this sector, 60% either do not disclose this indicator or have no women at all on their Board. 13% of companies have less than 30% women on their Board (between 5% and 27%) and 26% of companies have between 33% and 46% female directors. Only one ompany (Kering) has 64% women sitting on the Board. 20% of these companies report affirmative action rogrammes or specific career development networks for women.

With one fifth of companies reporting on affirmative action programmes designed for women development, the Automobile industry ranks at the bottom of the scale with only 5% women on Boards on average amongst the companies under review. Conversely, the industry also ranks first in terms of female representation in executive teams, with an average rate of 24%. A similar percentage of female executives is observed in the Healthcare Equipment sector, which has a rate of 22% women at Board level.

Efforts remain to increase female seniority in sectors such as Insurance, Transport, Supermarkets, Hotels and Leisure, Telecommunications, Waste management, Software and Chemicals; sectors which all have up to 15% female representation at Board and executive levels.

Industries exceeding an average of 20% women at Board level include Publishing, Broadcasting, Food, Retail and Specialised Banks, Mining, Specialised Retail, Tobacco and Aerospace. In the Publishing sector for example, 97% of companies report a commitment to non-discrimination, and two companies set relevant targets in this respect: *Axel Springer* aims to double the proportion of women in management positions from 6% in 2010 to more than 30% by 2018, and *IHS Markit* aims to increase the number of women on Boards by 50% by 2018. In the Broadcasting industry, 25% of companies report affirmative action programmes designed to include more women at management level.

Very few industries exceed an average of 20% women at executive level. The laggard with the lowest average rate in this respect is Forest Products and Papers sector with an average rate of 6%. However findings show that companies' performance can be largely unequal even within the same industry.

Examples of Best Practice:

At *L'Oréal*, women represent 70% of the company's 89,331 employees worldwide, 62% of the Group's Executive Committee and 46% of the Board of Directors (7 out of 15 members) as at the end of 2016. Furthermore, on 31st January 2017 L'Oréal received the Grand Prize for Gender Diversity in the CAC 40 Category, as well as the Gender Diversity Award in the Consumer Goods and Services category, at the 1st Gender Diversity Awards held by the Ethics & Boards Observatory and the Institute for Responsible Capitalism. In addition, in recognition of its progress on workplace gender equality, L'Oréal has received both GEEIS (Gender Equality European and International Standard) and EDGE (The Global Business Certification Standard for Gender Equality) certifications in 30 countries.

With women making up 51% of its managers, 29% of the Executive Committee and 64% of the Board of Directors in 2016, the luxury group *Kering* is positioned as a leader in gender equality among companies in the French CAC 40 and Vigeo Eiris universe. Kering's gender equality statistics exceed those required by French Law as well recommendations by the Afep-Medef Code of Corporate Governance. These figures reflect Kering's commitment to employing women at all levels across the group, and the aim of its human resources department to make the company a 'benchmark employer for women'.

In June 2016 *Credit Suisse* joined 71 other financial services organisations in the UK and signed the Women in Finance Charter: a pledge to support the progression of women into senior roles across UK legal entities. The Executive Committees of UK legal entities and the leadership teams of each respective Executive Committee member will aim for a minimum 35% female representation by 2020.

Munich Re Group, a DAX 30 German insurance company, committed to increasing its quota to 25% women in management positions by 2020 before the requirement became mandatory. By December 31st 2016, this figure had reached 23.6%. In addition, Munich Re Company already exceeds the mandatory 30% minimum quota for women on the Supervisory Board, with 45% women on its Supervisory Board since January 2017.

Munich Re signed the Diversity Charter in 2011, emphasising its commitment to employee diversity. The company deployed affirmative action programmes consisting of special support and mentoring programmes for women in addition to whistleblowing mechanisms and training to promote diversity. Furthermore, ERGO, (part of Munich Re) participates in the Logib-D project: a program through which companies in Germany can voluntarily and anonymously analyse their salary structures from a gender perspective. The Company monitors diversity indicators such as the percentage of women in management positions and gender equality.

Snapshot of the regulatory framework

Existing international law and global commitments

The elimination of all forms of discrimination against women is a fundamental human right enshrined in international and regional law. The Charter of the United Nations (1945)[1], the 1948 Universal Declaration of Human Rights, the 1967 Declaration on the Elimination of Discrimination against Women[2] and the UN Convention on the Elimination of All Kinds of Discrimination against Women (1976)[3] are among the international standards outlining women's rights to equality and fair treatment. The International Labour Organisation also adopted several conventions to improve women's rights at work, such as the Equal Remuneration Convention (No.100), Discrimination (Employment and Occupation) Convention (No.111), Workers with Family Responsibilities Convention (No.156) and Maternity Protection Convention (No.183).

In the United Nations' 2030 Development Agenda that sets out 17 Sustainable Development Goals (SDGs), Goal 5 looks to *'Achieve gender equality and empower all women and girls'*[4]*, specifying that 'Gender equality by 2030 requires urgent action to eliminate the many root causes of discrimination that still curtail women's rights in private and public spheres'*, and that *'discriminatory laws need to change and legislation adopted to proactively advance equality'.* This includes eliminating all forms of discrimination and violence towards women, as well as ensuring that women have better access to paid employment, sexual and reproductive health and reproductive rights, and real decision-making power in public and private spheres.

In Europe, a number of gender equality treaties, directives and regulations have been adopted to ensure equal opportunities and treatment for men and women, and to combat any form of discrimination on the grounds of gender[5], such as the Directive on equal treatment of men and women in employment (2006/54/EC). The principle of equal pay for men and women was initially introduced in 1957 as an article within the Treaty of Rome. Within the scope of the following steps on the road to European integration, additional treaty provisions further consolidated and expanded the basis for a European approach. In March 2010, the EU Commission presented a 'Women's Charter' in the form of a policy declaration. The Charter states five key areas for action: the promotion of equal economic independence through more equality in the labour market, equal pay for equal work and work of equal value, the promotion of equality in decision-making, a comprehensive policy to protect human dignity and eradicate violence against women, and the promotion of gender equality beyond the EU to other countries and international organisations.

In October 2017, the European Parliament adopted a resolution on women's economic empowerment in the private and public sectors for EU women[6], and in November 2017 the European Commission adopted an action plan for 2017-2019 to tackle gender pay gaps[7].

Outside Europe, different regional standards have also been developed such as the 1981 African (Banjul) Charter on Human and Peoples' Rights, or the 1969 American Convention on Human Rights[8]. Other Regional political organisations including the Association of Southeast Asian Nations, the South Asian Association for Regional Cooperation, the Economic Community of West African States and the Southern African Development Community have also adopted protocols and resolutions and issued declarations related to women's human rights.

1 Charter of the United Nations (1945), in http://www.un.org/en/charter-united-nations/index.html

2 « Declaration on the Elimination of Discrimination against Women »- United Nations - 07/11/1967, in http://www.un-documents.net/a22r2263.htm

3 « The Convention on the Elimination of All Forms of Discrimination against Women" – United Nations- 18/12/1979- in http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm

4 http://www.unwomen.org/en/news/in-focus/women-and-the-sdgs/sdg-5-gender-equality

5 http://www.genderequality.ie/en/GE/Pages/WP13000032

6 European Parliament resolution of 3 October 2017 on women's economic empowerment in the private and public sectors in the EU , in http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P8-TA-2017-0364

7 « EU Action Plan 2017-2019 Tackling the gender pay gap »- 20/11/2017, COM (2017) 678

8 https://www.cidh.oas.org/basicos/english/basic3.american%20convention.htm

Mandatory gender quotas vs 'soft-law':

In 2012 the European Commission announced a proposal for a directive related to gender representation on Boards, with mandatory quotas of 40% for all EU companies. Although it was not approved by the European Commission, the proposal remained a top priority for many European countries and the European Union itself. In the autumn of 2013, the EU Parliament voted in favour of mandatory quotas. Germany – a country that was previously reluctant to enforce gender law - decided to implement a mandatory 30% quota on German DAX companies.

A mandatory quota is defined as a regulation where non-compliance results in company sanctions. In November 2017 the EU Commissioner for Justice and Gender Equality published new legislative proposals to address the gender pay gap in Member States' businesses through a push to increase the number of women on company Boards. Under these proposals, companies whose non-executive Boards are more than 60% male would be required to 'prioritise' women when candidates of 'equal merit' are being considered for a position[1].

During the last decade, several countries have implemented gender equality regulations for Boards of their largest companies. In 2006, Norway was the first country to implement a 40% mandatory quota, which took full effect in 2008. To date, compulsory percentages of female participation on Boards have been implemented in Iceland (40%), Italy (33%), Israel and India (at least one woman on each board). By the end of 2016, several other nations also implemented mandatory quotas, for example France (40%), Germany (30%) and Malaysia (30% for new appointments). Furthermore, many countries have mandatory requirements for the Boards of state-owned companies - all of which range from 30 to 50% female inclusion.

Whilst mandatory quotas are common around the world, they remain unpopular in some countries such as the United States, Australia and Canada. The United Kingdom opted for voluntary participation, encouraging companies to set their own goals and work towards them. In particular, some countries have introduced 'soft-law' regulations, guidelines for good corporate governance, and 'comply-or-explain' rules. These rules require companies to either comply with or, if failing to do so, provide justification on an annual basis about why that is the case. In 2017 Sweden rejected quota legislation, preferring to encourage gender distribution at Board level through other means. Views on quotas for female directors are divided: major arguments revolve around the practicalities of adopting such systems, and the potential counter productivity verses corporate structures that are based on meritocracy.

1 https://www.natlawreview.com/article/new-eu-proposals-women-boards-contains-positive-disadvantages
https://www.theguardian.com/world/2017/nov/20/eu-to-push-for-40-quota-for-women-on-company-boards

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Conclusion

Increasing female representation at Board and executive levels will better reflect the demographics of the working world. Whilst progress has been observed in some companies over the past year, greater efforts still need to be made, as indicated by the low percentages reported in this paper.

Recent regulations have placed the issue of gender diversity onto the agenda of company Boards and senior management teams, making them address the issue by reviewing their strategy and setting dedicated targets to progressively review the composition of their team. However, mandatory quotas are not the only solution since companies from countries adopting a voluntary approach may also perform well. This demonstrates the intricacy of the issue, and also reveals the extent to which company directors and senior managers decide, on a voluntary basis or not, to be accountable for their social responsibility by ensuring improved gender equality and increasing the participation of women in strategic decision making processes.

Only a minority of companies have a good gender equality at top decision-making levels. These companies have formalised strong non-discrimination and diversity commitments and set targets in this respect. They have also adopted managerial processes such as training, mentoring and affirmative action programs to engender a culture change that empowers women and gives them access to positions traditionally kept by men. They also publicly measure and report on their progress and accomplishments.

Companies that neglect the issue of gender diversity amongst senior corporate positions and on Boards face the risk of lagging behind their competitors in attracting, developing, and retaining the best candidates. They may also face legal or regulatory risks depending on the country where they are listed.

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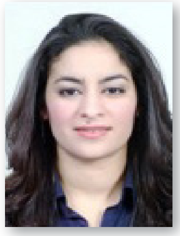

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