



European Women on Boards

***'Gender Diversity on European Boards: Realizing Europe's
Potential: Progress and Challenges'***

Press Pack

Study Report Launch

7th July 2016

Tagungswerk

Berlin

Germany

Follow the launch online, from 15:00, at

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Introduction

In April 2016, European Women on Boards (EWOB) published a quantitative analysis of the largest European-listed companies. The report, entitled ***Gender Diversity on European Boards: Realising Europe's Potential: Progress and Challenges***, provided clear evidence of progress towards greater gender diversity on European boards.

In July of 2016, with a view to clarifying what factors are driving this progress at company level, and to identify the initiatives and best practices that are being used to enable this progress to take place, EWOB is publishing a new report, ***Gender Diversity on European Boards: Realising Europe's Potential: Experiences and Best Practices***. This is the qualitative part of EWOB's wide ranging two-part investigation into the gender diversity of European boardrooms.

This report gathers together insights from 20 of Europe's most important business and governance leaders for whom diversity is not an end in itself, but rather a route to improved company performance.

Many of the business leaders interviewed for the study highlighted the need for organisations to measure gender diversity, establish targets and actively monitor progress. Additionally, business leaders recognised the important role female networks can play in the delivery of improved gender diversity. EWOB continues to make a direct contribution in this area, not only via its publications but also through the launch of its X-BBRW network (a platform for board-ready women), its cross border mentoring programmes, a new platform for best practices, and a soon to be launched "Women Digital Leadership Programme" which will address the need and opportunity for women to lead change in the digital area.

Press Release

Date: 7th July 2016 (Embargoed until 9:00 a.m. CET)

Issued by: European Women on Boards (EWoB)

Brussels, 7th July 2016 – European Women on Boards (EWoB) has today published a major new report which completes its wide-ranging two-part investigation into the gender diversity of European boardrooms.

In the 42-page report published today, undertaken in association with ISS, titled *Gender Diversity on European Boards: Realising Europe's Potential: Experiences and Best Practices*, 20 of Europe's most important business and governance leaders provide wide-ranging qualitative perspectives and practical examples of successful gender diversity practices at board and senior executive level to foster awareness and inspire further innovation.

The role of women in leadership positions is of crucial importance to the future of Europe's economy. The presence of women on the boards of the largest 600 European listed companies has increased from an average of 13.9% to 25% in five years, which shows promising progress has been made. EWoB continues to promote gender equality and diversity in the boardroom, and as underlined by the two reports it has published this year, there is clearly a need to enhance at European level the efficiency of the "market" for board mandates, with corresponding added value in terms of better allocation of talents.

Launching the publication, Marie-Ange Andrieux, Co-Chairwoman of EWoB, Co-Chair of AFECA and co-leader of the study, noted "the originality of this report is to bring together best practices from both companies and investors that will be useful in achieving a more gender-balanced board to face the challenges identified in EWoB's first report *Realising Europe's Potential: Progress and Challenges*. The pragmatic vision which emerges from this report aims to improve long term performance and innovation. It involves embracing a human strategy and culture shift to reach a more sustainable and inclusive growth path".

Ms Andrieux added “A very important message has been conveyed to us by business leaders concerning the need to improve the diversity of the executive pipeline by developing and retaining senior female talent. Female networks like EWoB can also play a valuable role by enhancing the supply of competent female talent in line with board needs. European growth needs access to a wider talent pool in order to realise its potential in terms of innovation and competitiveness”.

Dr Roger Barker, EWoB Director, member of the IoD UK and co-leader of the study, added “Gender Diversity on European Boards: Realising Europe’s Potential: Experiences and Best Practices highlights the widely-accepted fact that a well-diversified board adds value to the company and encourages a higher standard of professionalism”. “Looking to the future” Dr Barker added, “it is important that companies understand that diversity enables boards to approach issues from a broader range of perspectives enabling better decision-making, less group-think and more effective oversight of the company and its management”.

At the report’s launch, Ms Cécile Coune, EWoB Co-Chairwoman and CEO of Aviabel, highlighted “the breadth and depth of the report and the corporate experiences and best practices that emerged from the discussions with business leaders”. Furthermore, Ms Coune emphasised “the continued relevance and importance of EWoB’s work, especially in continuing to underscore the importance of setting targets for gender diversity in boards, training to avoid unconscious bias, support for flexible working and career breaks for both genders, mentoring programmes, using the online talent pool of board-ready-women, etc”.

This project was undertaken in collaboration with Institutional Shareholder Services (ISS), the leading provider of corporate governance, ESG data and analytics to investors, globally. Jean-Nicolas Caprasse, ISS’ Head of European Business said: “ISS is delighted to support EWoB’s studies with objective analysis and unparalleled current and historical data coverage for European companies.”



The Report - Executive Summary

Realizing Europe's Potential: Experiences and Best Practices, is a qualitative study on board gender diversity, based on interviews with twenty important business and governance leaders from across Europe, comprised of board members from large listed companies, institutional investors, and others.

Key findings from EWoB's qualitative study on board gender diversity, based on interviews with 20 important business and governance leaders from across Europe, include:

1. Both European companies and investors are increasingly convinced that a well-diversified board adds value to the company. Board members from different backgrounds are more likely to approach issues from a broader variety of perspectives, leading to less 'group-think', better decision-making and more effective oversight of the company and its management. This applies to all types of diversity but board gender diversity continues to be an important area of focus.
2. There is a growing body of evidence which makes the business case that board gender diversity can provide a competitive advantage. Companies with higher levels of board gender diversity can outperform in terms of employee productivity, innovation, customer reach, talent retention and risk management, by gender diverse boards setting the tone at the top in terms of strategy and culture. Diversity in the organization based on gender and other factors is increasingly seen as a key driver of sustainability for the long-term.
3. In addition to implementing best practices to improve overall Board gender diversity, many European companies are now sharpening their focus on developing the executive leadership pipeline for women. They are setting targets and implementing measurement frameworks to monitor and report on progress.
4. Board gender diversity provides a governance and management quality signal for an increasing number of mainstream institutional investors. Recent positive developments in disclosure and the quality and availability of data relating to gender and other aspects of

diversity, is enabling investors to better factor diversity into investment analysis and decision making. Investors exercising their active ownership and stewardship responsibilities are increasingly factoring board gender diversity into their engagement and/or voting policies.

5. Investors report that the focus on gender diversity has contributed to a higher standard of professionalism by encouraging the nomination committee to more fully consider the board's needs in terms of the balance of skills and experience. The focus on gender diversity has been combined with a push for increased international diversity, younger candidates and more diverse profiles with skills often linked to the emerging challenges faced by companies.



The Report - Interviewees:

Realizing Europe's Potential: Experiences and Best Practices, is a qualitative study on board gender diversity. The report is based on interviews with the following twenty important business and governance leaders from across Europe, comprised of board members from large listed companies, institutional investors, and others.

Belgium: Baroness Lutgart Van den Berghe (Executive Director, GUBERNA; Professor, University of Ghent; Board member of Proximus, Ablynx, CSL and SHV); Thomas Leysen (Chairman of KBC Group, Umicore and Corelio)

Denmark: Liselotte Hyeved (Board member of Novo Nordisk - employee representative)

EU: Věra Jourová (Commissioner, Justice, Consumers and Gender Equality, European Commission)

Finland: Risto Siilasmaa (Chairman of Nokia, F-Secure and the Federation of Finnish Technology Industries)

France: Sophie Bellon (Chairwoman of Sodexo and Board member of L'Oreal); Philippe Desfossés (CEO of ERAFP) ; Cédric Lavérie (Head of Corporate Governance, Amundi Asset Management)

Germany and UK: Elizabeth Corley CBE (Vice Chair, Allianz Global Investors; Board member of Pearson and BAE Systems)

Italy: Emma Marcegaglia (Chairman of Eni and President of Business Europe)

Netherlands: Carola van Lamoen (Head of Governance and Active Ownership, RobecoSAM); David Shammai (Senior Corporate Governance Specialist, APG)

Sweden: Eva Halvarsson (CEO of AP2)

Switzerland: Peter Brabeck-Letmathe (Chairman of Nestlé; Board member of Exxon Mobil Corporation)

UK: Lady Barbara Judge CBE (Chairman of U.K. Institute of Directors); Paul Lee (Head of Corporate Governance, Aberdeen Asset Management); Helena Morrissey CBE (CEO of Newton Investment Management; Chair of U.K. Investment Association); Sir Michael Rake (Chairman of BT Group, Worldpay Group, Majid Al Futtaim Holdings and Board member of McGraw Hill Financial); Ian Richards (Head of Responsible Investment, EMEA Columbia Threadneedle Investments); Sacha Sadan (Director of Corporate Governance, Legal & General Investment Management)



The Report - Quotes:

“The originality of this report is to bring together best practices from both companies and investors that will be useful in achieving a more gender-balanced board to face the challenges identified in EWoB’s first report *Realising Europe’s Potential: Progress and Challenges*. The pragmatic vision which emerges from this report aims to improve long term performance and innovation. It involves embracing a human strategy and culture shift to reach a more sustainable and inclusive growth path” **Marie-Ange Andrieux, Co-Chairwoman of EWoB, Co-Chair of AFECA**

“A very important message has been conveyed to us by business leaders concerning the need to improve the diversity of the executive pipeline by developing and retaining senior female talent. Female networks like EWoB can also play a valuable role by enhancing the supply of competent female talent in line with board needs. European growth needs access to a wider talent pool in order to realise its potential in terms of innovation and competitiveness” **Marie-Ange Andrieux, Co-Chairwoman of EWoB, Co-Chair of AFECA**

“The breadth and depth of the report and the corporate experiences and best practices that emerged from the discussions with business leaders highlight the continued relevance and importance of EWoB’s work, especially in continuing to underscore the importance of setting targets for gender diversity in boards, training to avoid unconscious bias, support for flexible working and career breaks for both genders, mentoring programmes, using the online talent pool of board-ready-women, etc.” **Cécile Coune, EWoB Co-Chairwoman and CEO of Aviabel**

“Gender Diversity on European Boards: Realising Europe’s Potential: Experiences and Best Practices highlights the widely-accepted fact that a well-diversified board adds value to the company and encourages a higher standard of professionalism. Looking to the future it is important that companies understand that diversity enables boards to approach issues from a broader range of perspectives enabling better decision-making, less group-think and more effective oversight of the company and its management” **Dr Roger Barker, EWoB Director, member of the IoD UK**

“The proposed directive focuses its quantitative target of 40% on non-executive directors which are not involved in the daily management of the company. Nevertheless, the proposed directive gives Member States an alternative option – to set a target of 33 % for both types of directors combined” **Věra Jourová, EU Commissioner for Justice, Consumers and Gender Equality**

“One initiative encapsulates all of our efforts: the governance body we have put in place called SWIFt (Sodexo Women’s International Forum for Talent). SWIFt underpins Sodexo’s strategy for improving gender balance within our Group” **Sophie Bellon, Chairwoman of Sodexo**

“Female candidate directors should be very critical about

accepting the board mandates offered to them, and satisfy themselves they can effectively bring value to the table” **Lutgart Van den Berghe, Executive Director of GUBERNA**

“As Nestlé’s former chairman told me, one woman on the board is an alibi; two women on the board is a policy and three women of the board is a strategy” **Peter Brabeck-Letmathe, Chairman of Nestlé**

“Statistics matter a lot at AllianzGI. We were already tracking and reporting gender information before our shareholder Allianz SE began asking for this as it is now required to disclose under the German laws” **Elizabeth Corley, Vice Chair of Allianz Global Investors**

“The search community now take the requirements on the skills matrix more seriously but there is still an issue that their criteria are pretty narrow and you tend to see the same women put forward on all the lists. There is still a tendency to fish in the same pool” **Helena Morrissey, CEO of Newton Investment Management**

“A great benefit of the focus on diversity is that companies are now drawing from a much larger pool of candidates, especially those with backgrounds such as human resources directors or in the charitable sector, two areas traditionally more populated by women” **Paul Lee, Head of Governance at Aberdeen Asset Management**

“I’ve encountered some non-executive directors new to a board, being rather overbearing in their style of contribution, for instance, particularly those with purely executive backgrounds. Professional board induction programmes help all new non-executive directors gain both sector-specific knowledge and behavioural self-awareness to add value” **Lady Barbara Judge, Chairman of the U.K. Institute of Directors**

“I attended [board] training both to learn more about specific areas which were new to me such as the production side of our business and, more particularly, to network with the newly elected board members. A solid understanding of the diversity of board members’ competencies and personalities in my view increases board effectiveness” **Liselotte Hyeved, employee representative board member of Novo Nordisk**

“Companies could focus on developing female senior managers in their late 30s and 40s, who are at the level below the executive committee and suggest they find placements on mid or small cap boards to broaden the talent pool” **Thomas Leysen, Chairman of KBC Group**

“Eni promoted two events in early April 2016, to encourage female students in the last two years of high school to pursue studies in science, technology, engineering and mathematics (STEM). Eni’s equal opportunity policies and initiatives were illustrated at the events. The entry-level positions and the university studies typical of the Oil & Gas industry plus the masters’ programmes organized by Eni were also presented” **Emma Marcegaglia, Chairman of ENI**

“Quality at board level is important for the sound management of the company. As a result [of board diversity] decisions will be more balanced and taken from a broader perspective. This increases board effectiveness” **Carola van Lamoen, Head of Governance and Active Ownership at RobecoSAM**

“Laggards in terms of board gender diversity also often have low overall diversity and less transparency on nomination and succession policies” **Cédric Lavérie, Head of Corporate Governance at Amundi**

“For some companies where language is seen as a barrier to diversify board selection, perhaps it makes sense to have non-nationals as directors, even if they are non-native, yet fluent, speakers of the national language” **David Shammai, Senior Corporate Governance Specialist, APG**

“We look to understand the quality of the leadership of the business. If there is an entrenched board with little diversity, this is one of a series of red flags” **Iain Richards, Head of Responsible Investment, EMEA at Columbia Threadneedle**

“By producing this information for the Female Representation Index we can contribute to a more fact-based discussion on the issue of women within boards and management. The reason that we wanted to gather these facts was not from a political

perspective or to pursue gender issues, but rather that we were worried about missing out on competence” **Eva Halvarsson, CEO of AP2**

“Christine Lagarde of the International Monetary Fund in the wake of the financial crisis said that Lehman Brothers had been Lehman Sisters, the economic crisis might have looked quite different. I agree and I am convinced that boards make better decisions when their composition is diverse, with different perspectives balancing power struggles and assessing risk” **Philippe Desfossés, CEO of ERAFP**

“The real key to gender parity would be to get more female executives. That’s what we really should be focused on” **Risto Siilasmaa, Chairman of Nokia, Finland**

“If, over the next ten years, we are able in society to have an environment where it is increasingly easier for women to pursue a career and family, for example, or where it becomes increasingly the case, that the woman is the primary wage earner and the man less so, you could start to move up to 40-45% [levels of board gender diversity]” **Sir Michael Rake, Chairman, BT Group**

“There is a world of difference between a company saying “it’s really hard, there are no women in mining to pick from,” as opposed to “it’s really hard but we’re trying to move female representation from 5% to 15% of the workforce” **Sacha Sadan, Director of Corporate Governance at LGIM**

About EWoB:

European Women on Boards (EWoB) is a non-profit organization founded in 2013. Its vision is to create a unique network of first tier associations, located in European countries, working towards a common purpose: a balanced representation of women on boards of directors. The EWoB network project is co-founded by the European Union.

With 10 member associations in 9 countries already participating (Women on Board/Belgium, Odyssey/Czech Republic, Board Professionals/Finland, Association Femmes Diplômées Expertise-Comptable Administrateurs and Financières/France, FidAR/Germany, Valore D/Italy, Talent Naar De Top/Netherlands, Norwegian IoD/Norway, IoD/United Kingdom), and a contributing member EWMD/Germany, EWoB has the ambition to cover progressively the EU and EEA area.

For further information, please visit <http://european.ewob-network.eu/about-us/european-dimension/>

About the EWoB reports:

Gender Diversity on European Boards: Realising Europe's Potential: Experiences and Best Practices is a European Women on Boards study carried out in partnership with ISS. The report is being launched in Berlin, Germany, on 7th July 2016.

This report is the second qualitative part of EWoB's wide-ranging investigation into the gender diversity of European boardrooms. The 42-page report gathers insights of 20 of Europe's most important business and governance leaders.

The report can be accessed at <http://european.ewob-network.eu/projects/ewob-survey/>



Gender Diversity on European Boards: Realizing Europe's Potential: Progress and Challenges is a timely quantitative study, published by EWoB, in collaboration with ISS, in April 2016.

The report highlights trends occurring at the company, country, and sector levels in respect of the involvement of women in European boardrooms.

The full report can be found at <http://european.ewob-network.eu/wp-content/uploads/2016/04/EWoB-quant-report-WEB-spreads.pdf>



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