

Women on Boards in Europe: Second Progress Report

Cracks in the glass ceiling or just a trick of the light?



25
YEARS

EUROPEAN WOMEN'S
LOBBY
EUROPEEN DES FEMMES

Executive summary

Promoting the equal representation of women and men in decision-making has been a priority of the European Women's Lobby (EWL) since its very creation in 1990. For the EWL, parity in decision-making is an issue of democratic representation and of social progress, and falls under the European Union's (EU) Treaty commitments to democracy and fundamental rights. We demand binding measures for parity democracy at all levels of political, economic and social decision-making.

Within this policy area, a long-standing focus of ours has been gender parity on company boards - where a substantial amount of progress can be seen. In 2012, the EWL published a first Progress Report on Women on Boards, which assessed measures adopted and progress made in 10 European countries in terms of promoting gender parity on boards. Since this report, which was awarded the European Public Affairs Award for Report of the Year 2012, and ongoing campaigning in favour of binding legislation regarding gender parity on company boards across the EU, change has been afoot at the EU level. In November 2012, the European Commission proposed legislation with the aim of attaining a 40% gender balance on non-executive boards in large, publicly listed companies across the EU. Finally, progress! This legislation was approved by the European Parliament a year later and is currently under consideration by the Council of the European Union. In December 2014, the Council declared itself 'closer to an agreement' and thus closer to approving the Directive.¹

While the EWL warmly welcomes the current Directive as a step along the path to gender parity in the boardroom, there are plenty of weaknesses within the Directive which give cause for concern – such as the lack of uniform, tough sanctions across the EU, the exemption of small and medium companies, the lack of binding measures for executive directorships and the lack of measures to tackle the persisting overrepresentation of men in CEO positions. Despite these weaknesses, the Directive is still being blocked by some Council members.

We therefore find ourselves at a key moment to reflect on the developments in this area since 2012, both at the national and the EU level, and to learn from this reflection and analysis in order to best inform current and future policy-making in this area. Will the proposed Directive really crack the glass ceiling or is it just a trick of the light?

This Second Progress Report is part of the EWL's ongoing work to ensure that parity at all levels of decision-making becomes reality. It tracks developments, progress, and stagnation regarding women on company boards in 11 European countries. Nine of these are the same countries as those analysed in the 2012 report – Austria, Finland, France, Germany, Italy, the Netherlands, Norway, Spain, and the United Kingdom – and two new countries are additionally analysed: Iceland and Latvia.

¹ Council of the EU, 11 Dec 2014, Press Release, 3357th Council meeting, Employment, Social Policy, Health and Consumer Affairs http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/146172.pdf

While progress across the 11 case studies varies, there has been a certain overall amount of progress within the EU-28 and in Europe in general. When the 2012 EWL report was published, women made up only 14% of board members within the EU-28, whereas this has now increased to 19%. Nevertheless, real progress is concentrated in just a few countries – and overwhelmingly those which have introduced legislative measures. Moreover, these figures refer to the members of the highest decision-making body in each company – which is often primarily the non-executive or supervisory board. When executive directors are included, female representation is a lot lower.

The report makes five evidence-based recommendations, which should be taken into account as the future policy landscape regarding women in decision-making at the EU level and the national level is determined:

- 1. Binding measures must apply to both executive and non-executive boards**
- 2. Further action is needed to increase proportion of female CEOs**
- 3. Effective measures require regular monitoring and intermediary targets**
- 4. Measures must be enforced with firm sanctions**
- 5. Quotas must be introduced as part of a comprehensive policy package that seeks to address the fundamental causes of women's underrepresentation in economic decision-making**

If, as the Council of the European Union assures us, there is 'a broad consensus [...] in favour of improving gender balance on company boards'², it is essential that the most effective measures are put in place in order to achieve this without further delay. The EU Directive is certainly a step in the right direction and we demand its immediate adoption and implementation. Further, we strongly encourage member states to go above and beyond its requirements and to implement stronger measures to achieve gender parity at all levels of decision-making. Gender parity in positions of power is of vital importance when it comes to justice, democracy and sustainable growth, and is fundamental to a progressive and inclusive Europe.

² Council of the EU, 19/20 June 2014. Press Release, 3323rd Council Meeting, Employment, Social Policy, Health and Consumer Affairs. www.consilium.europa.eu/uedocs/NewsWord/en/lsa/143271.doc



Viviane Teitelbaum,
President of the European Women's Lobby



Joanna Maycock, Secretary General
of the European Women's Lobby

Introduction

The EWL's first Progress Report on this issue, *Women on Boards in Europe: From a snail's pace to a giant leap?*, published in 2012, offered insights into the strengths and weaknesses of the various national approaches to increasing the representation of women on corporate boards.

Since the first Progress Report, there has been an increasingly salient discussion on how best to increase female representation on company boards – not least due to the reactions provoked by the proposed EU legislation, as well as the tireless work of women's rights activists across Europe and beyond demanding concrete action in order to achieve parity.

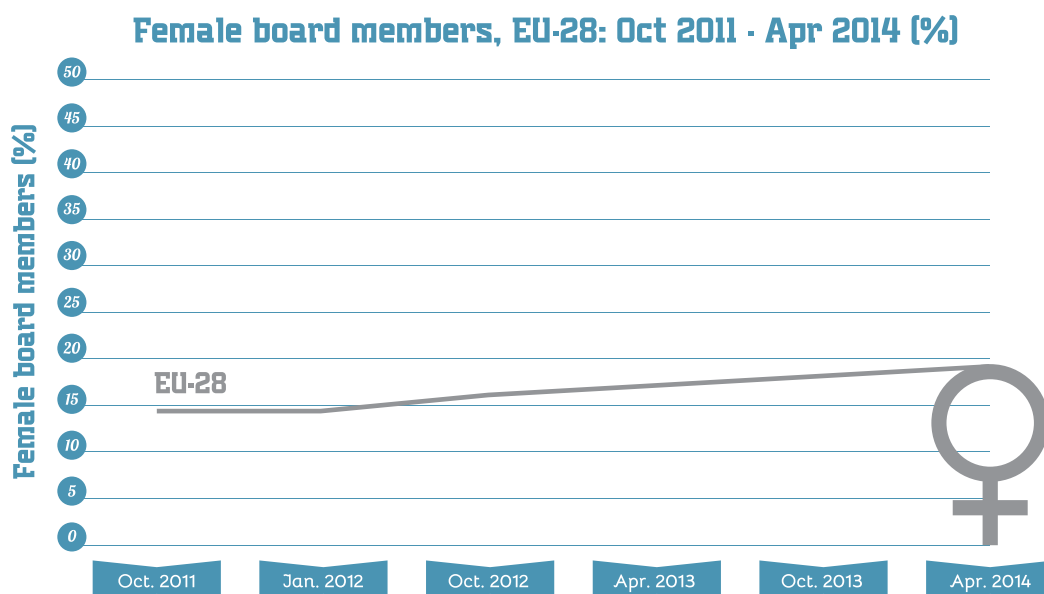
We see that legislative efforts to achieve gender parity in the boardroom are being increasingly accepted in both political and business spheres. Both the European Commission and the European Parliament have given the green light to EU-wide legislation ensuring that women hold at least 40% non-executive positions in large publicly listed companies,

and Grant Thornton's International Business Report 2014 found that global support among businesses for legislative quotas has increased to 45%, up from 37% in 2013.³

There are several reasons for this development. Firstly, there is an overwhelming case of justice: parity in decision-making is right because it is essential that the opinions, needs and wishes of both women and men are taken into account at all levels of decision-making. Secondly, it is increasingly difficult to ignore the strong economic case for increasing the proportion of women on company boards, showed in a range of studies.⁴ Finally, it is becoming increasingly clear that

3 Grant Thornton 2014. International Business Report. <http://www.grantthornton.global/insights/articles/Women-in-business-classroom-to-boardroom>

4 See European Union, 2012. Women in economic decision-making in the EU: Progress report. http://ec.europa.eu/justice/newsroom/gender-equality/opinion/files/120528/women_on_board_progress_report_en.pdf P7; European Union, 2013. Women and men in leadership positions in the European Union. http://ec.europa.eu/justice/gender-equality/files/gender_balance_decision_making/131011_women_men_leadership_en.pdf P5



self-regulation as a means of achieving parity is simply not effective. Where self-regulation and voluntary targets have been introduced, progress – if there has even been any – has been painfully slow.

The progress made across the EU-28 since the 2012 EWL report can be seen in the graph below. The latest European Commission data is from April 2014, and the data used in the 2012 EWL report is from October 2011.



The proposed EU Directive to improve gender balance on boards

On 14 November 2012, the European Commission adopted a proposal for a Directive whose objective is achieving 40% of the under-represented sex among non-executive directors in publicly listed companies by 2020. Small and medium-sized companies (companies with less than 250 employees and an annual turnover not exceeding EUR 50 million) are exempt while publicly owned companies will have to comply by 2018.

In practice, this means that men and women are to be treated equally on the basis of their relevant skills and experience – and, if candidates are equally qualified, priority should be given to the under-represented sex. If member states already have measures in place, these can be maintained as long as they are at least equally as effective as the proposed Directive – and member states are free to go further.

While these measures only refer to non-executive positions, the Directive also includes a measure seeking to increase women's representation on executive boards. In the vast majority of EU-28 countries, the proportion of women on executive boards is far lower than on non-executive boards. In an attempt

to tackle this aspect of the problem, the proposed Directive obliges companies to set their own, self-regulatory targets to increase the proportion of female executive directors and to report annually on progress made. These self-imposed targets will have to be met by 2020, or, in the case of publicly owned companies, by 2018.

In terms of non-compliance and sanctions, this is left up to the member states to decide how best to ensure compliance with the Directive at the national level.

While the EWL certainly welcomes this Directive, it views certain aspects of the proposal as weak and fears it does not go nearly far enough to bring about real change in the gender unequal status quo. Particularly concerning are:

- the lack of uniform, tough sanctions;
- the exemption of small and medium companies from the legislation;
- the lack of binding measures for executive directorships;
- the lack of measures to tackle the overwhelming male domination of CEO positions.

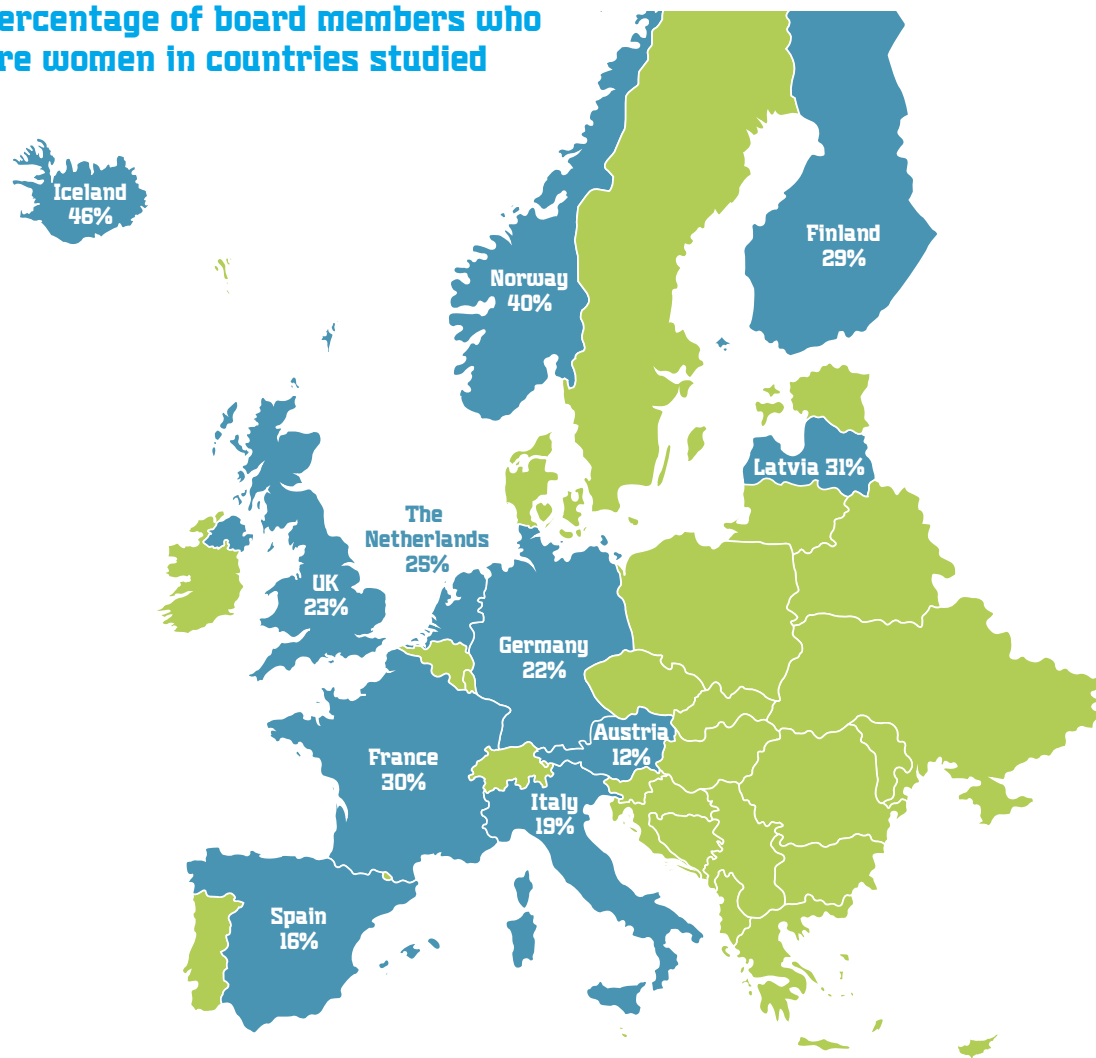
Country assessment

Across the EU and beyond, some states have introduced various measures to improve gender parity on company boards – ten of which are studied in this report. Some measures are legal requirements, such as in France; others, business-led voluntary targets, such as in the United Kingdom. Such a piecemeal approach means that there is huge variety within the EU-28 in terms of gender parity on corporate boards. Consequently, the success of measures implemented by one or two countries can have a large impact on the overall EU-28 average, despite the majority of EU member

states having failed to a) take measures and b) make notable improvements regarding gender parity on company boards.

This report, based on the research of the EWL Secretariat, its members and national experts, analyses 11 European countries – Austria, Finland, France, Germany, Iceland, Italy, Latvia, the Netherlands, Norway, Spain, and the United Kingdom. While Belgium was also analysed in 2012, a lack of up-to-date data since then has prevented further analysis in this edition. Latvia and Iceland have

Percentage of board members who are women in countries studied



additionally been included in this edition. While Latvia and Iceland were not analysed in our 2012 report, and Iceland and Norway are not EU countries, and would therefore not be affected by the proposed EU Directive, all three countries are European leaders in terms of the proportion of female board members – and are therefore valuable sources for learning how best to increase gender parity in the boardroom. Apart from Latvia, all of the countries studied in this report have implemented legal or voluntary targets to increase female representation at board level.

Each country report shows the measures taken, if any, in each country, the current situation, and progress since the time of the first EWL Progress Report in 2012. Progress is rated on a four-point scale, from 0-3 ticks (✓), as shown below:

A blue box with a white border containing a legend for progress ticks. It lists four categories: 1. Three checkmarks (✓✓✓) = 2% or less change. 2. Two checkmarks (✓✓) = 3-5% change. 3. One checkmark (✓) = 6-10% change. 4. No checkmarks = 10% or more change.

The data used in this part of the assessment is taken from the European Commission's database on women and men in decision-making.⁵ 'Board members' therefore refers to 'all members of the highest decision-making body in each company (i.e. chairperson, non-executive directors, senior executives and employee representatives, where present) and the companies studied are the (up to 50) 'largest publicly listed companies in each country'.⁶

The positive and negative aspects of the current situation and developments made since 2012 in each country are then given. Here, where possible, more detailed national data is used and clearly indicated in order to provide a rounder picture of the situation.

5 European Commission Database on Women and men in decision-making http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/index_en.htm

6 European Commission Database on Women and men in decision-making: Board members http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/business-finance/supervisory-board-board-directors/index_en.htm

country reports



1. Austria

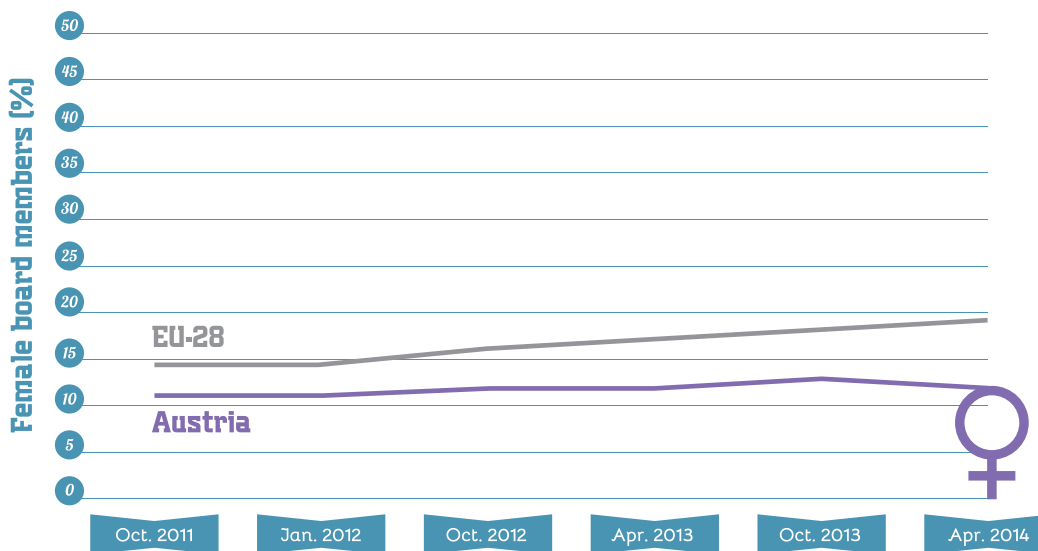


Measures taken? **Yes**

Legal/voluntary measures? **Voluntary**

Current status: **12% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- In 2011, the Austrian government adopted a non-binding target for majority state-owned companies to have 35% of their board members being women by 2018, with an intermediary target of 25% by 2013
- This intermediary target has been reached and indeed exceeded, reaching 33% in 2014⁷

Challenges

- While progress amongst state-owned companies is clear, there is a huge gap between state-owned and private firms. Among the top 200 Austrian companies, women occupy only 13.9% of board po-

sitions, a miniscule improvement on the 11.2% in 2012⁸

- There has been almost no overall improvement in female representation at board level since 2012 whether we consider the Commission's data (see graph above) or wider national data provided by the Chamber of Labour⁹
- Breaking down the data further into executive and non-executive positions, the proportion of female executive board members has actually decreased in recent years, to 3.1% in 2014 among listed companies^{10 11}

⁸ Ibid.

⁹ Ibid.

¹⁰ Listed on ATX, Prime Market, Mid Market, Standard Market Auction and Standard Market Continuous

¹¹ Arbeiterkammer 2014. Frauen Management Report 2014. P3 http://media.arbeiterkammer.at/PDF/AK_Frauen_Management_Report_2014.pdf, p4

⁷ Arbeiterkammer 2014. Frauen Management Report 2014. P3 http://media.arbeiterkammer.at/PDF/AK_Frauen_Management_Report_2014.pdf

2. Finland

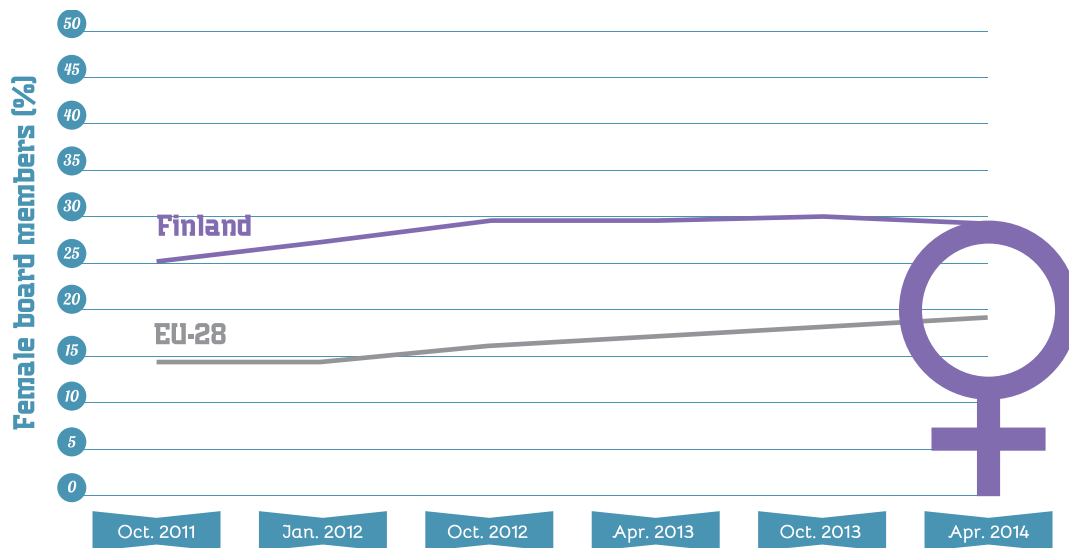


Measures taken? **Yes**

Legal/voluntary measures? **Voluntary**

Current status: **29% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- Finland has a tradition of a relatively high proportion of women on boards and is among the European frontrunners on this issue
- Despite no legal quotas, it was government action which kick-started efforts to increase female participation at higher levels in business, when the government set a target of 40% female board members in state-owned companies in 2004 and reached this target by 2009^{12 13}

12 Finnish Chamber of Commerce, 2012, The Glass Ceiling is Cracking: Self-regulation beats quotas. http://naisjohtajat.fi/files/2012/05/THE-GLASS-CEILING-IS-CRACKING_Self-regulation-Beats-Quotas_finncham.pdf p6

13 Ministry of Justice, 23.6.14 http://oikeusministerio.fi/material/attachments/om/valmisteilla/lakihankkeet/yhtiooikeus/q7XIQSKRt/Tasa-arvo-ohjelma_porssiyhtioarviointi_240614_muistio_kuulemista_varten.pdf p2,9

Challenges

- As can be seen in the graph above, there has not been a great deal of overall progress since the 2012 EWL report
- Despite this slowing of progress, there continues to be reluctance to legal quotas. The Government Action Plan for Gender Equality 2012-2015 declared that an evaluation of the progress regarding gender equality on company boards would be conducted in June 2014 and if this were not 'sufficient', 'legislative measures would be undertaken'¹⁴ – but the results of this evaluation were not yet available at the time of publication

14 Ministry of Social Affairs and Health 2012, Government Action Plan for Gender Equality 2012-2015 http://www.stm.fi/c/document_library/get_file?folderId=5197397&name=DLFE-24302.pdf p23

- While the number of women on boards is quite high, their representation at executive and CEO level is still very low, with not a single female CEO of the companies surveyed by the European Commission in 2014

EWL Member Statement

'In Finland, the proportion of women among the Members of Parliament and municipal councillors is approximately 40%. Despite the political power balance and women's higher levels of education, women do not occupy enough leading positions or seats on

boards in the business world. Finnish NGOs demand regulations on gender quotas on both the boards of state- and municipality-owned companies and companies listed on the stock exchange. At least 40% of board members should be women. Although quotas are an effective instrument to improve gender equality, unfortunately there is still a lot of opposition to quotas and other affirmative action in Finland.'

Johanna Pakkanen, Secretary General,
NYTKIS - The Coalition of Finnish Women's
Associations

3. France

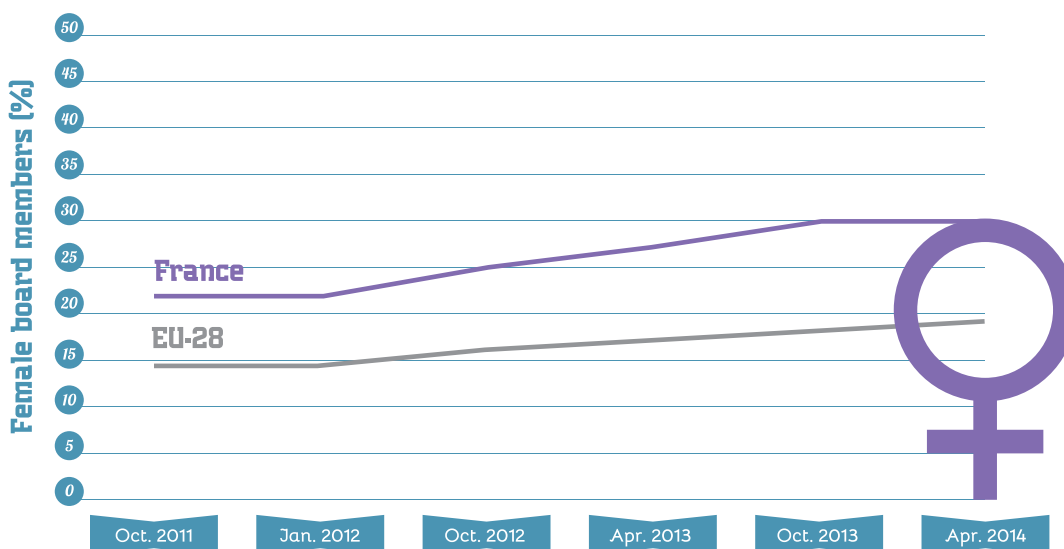


Measures taken? **Yes**

Legal/voluntary measures? **Legal**

Current status: **30% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- Thanks to the 2011 Copé-Zimmermann law which set the target of 20% female board

representation by 2014 and 40% by 2017 for all listed companies and companies that have 500+ employees and a revenue

of €50m or more, there has been substantial progress regarding women’s presence on boards in France. Moreover, this law was extended to apply to companies with 250+ employees or those with revenue of €50m or more on 4 August 2014.¹⁵

- In June 2013, the companies listed on the CAC40¹⁶ and the big, mid and small cap companies met and exceeded the intermediary 2014 target of 20%¹⁷
- More than 9 out of 10 French companies have at least one woman on the board and over half of French firms have at least three female directors¹⁸

Challenges

- The law only applies to non-executive directorship positions (in a one-tier system, members of the conseil d’administration, and in a two-tier system, members of the

conseil de surveillance), and while the female proportion of non-executive directors in France is well above the EU-28 average, the proportion of female executive directors falls below the EU-28 average

- There is not a single female CEO among the European Commission data set

EWL Member Statement

‘The Copé-Zimmermann law does not apply to the Comex (management committees in a two-tier system), which explains the slow progress in this area. Among the CAC40 companies, there is not a single female CEO. Isabelle Kocher may take over from Gérard Mestrallet, current CEO of GDF Suez, in May 2016, where she would be the only female CEO in the CAC40. It is clear that parity on company boards is necessary in Europe in order to share business decisions between men and women. The Copé-Zimmerman law has allowed, and continues to allow, for progress to be made in France. Let us all try to make progress in Europe, with all the countries that wish to advance equality between men and women, and particularly, professional equality. All citizens want it and businesses are starting to do it!’

Olga Trostiansky, French Coordination for the European Women’s Lobby, France

15 Gazette du Palais, 5 August 2014. Loi sur l’égalité femmes-hommes http://www.gazettedupalais.com/services/actualites/actu_jur/e-docs/loi_sur_l_egalite_femmes_hommes/document_actu_jur.phtml?cle_doc=0000274F

16 The CAC40 is the French stock market index that tracks the 40 largest French stocks based on market capitalisation on the Euronext Paris

17 L’Association des Femmes Diplômées d’Expertise Comptable Administrateurs (AFECA) <http://www.femmes-experts-comptables.eu/wp-content/uploads/2014/03/brochure-mars2014.pdf>

18 GMI Ratings’ 2013 Women on Boards Survey http://go.gmiratings.com/rs/gmiratings/images/GMIRatings_WOB%20Report_042013.pdf p12

4. Germany

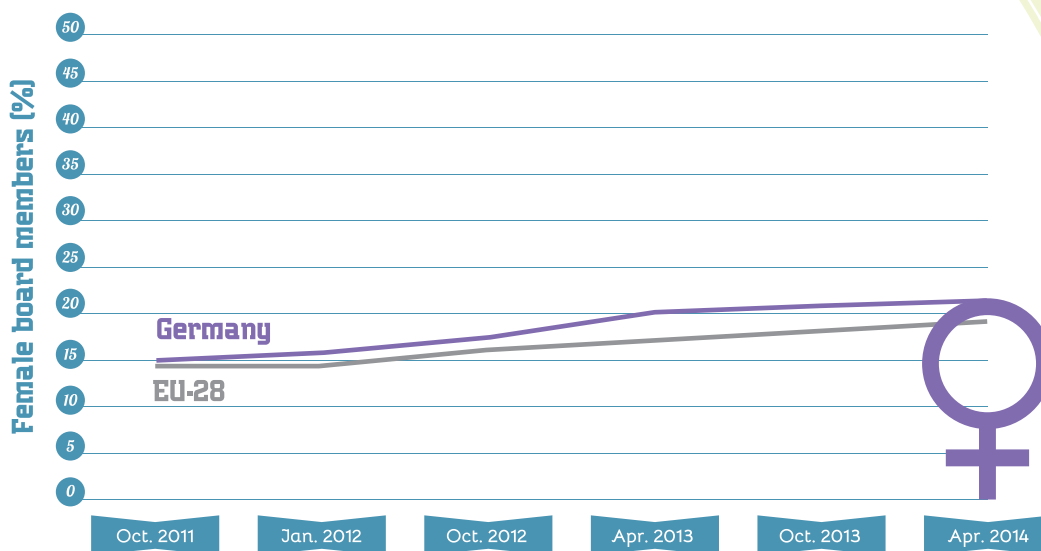


Measures taken? In process

Legal/voluntary measures? Legal (in process)

Current status: 22% board members are women

Progress since 2012: ✓✓✓



Positive steps

- Germany has made significant progress in terms of female representation at board level since the 2012 EWL report – above the EU-28 average
- Germany is in the process of passing legal measures which will bind listed companies which have employee representation on their supervisory (non-executive) boards to appoint 30% of seats on these boards to women. This will be introduced gradually from 2016 as new board positions become available, and the seats reserved for women are to remain empty unless and until they are filled by women
- Further, more companies which are either listed or have employee representation on their supervisory boards will be required to set themselves targets to increase the proportion of women on executive and supervisory boards as well as in top management positions

Challenges

- The new legal requirements are weak and will barely make a dent in the business landscape – they will only affect around 100 German companies and only discuss supervisory board positions - where it is

already the female employee representatives who boost the proportion of women in the boardroom

- In contrast, around 3500 companies will be subject to self-regulation plans, where no sanctions are foreseen for not meeting targets that the companies have set themselves
- The quota of 30% is low compared to other European legal requirements and will certainly not lead to parity on boards by itself

EWL Member Statement

'The National Council of German Women's Organisations (NCGWO) welcomes the draft bill on the equal participation of women and men in leading positions in the corporate sector and in public service as a long overdue step forward. However, the NCGWO sees the proposed 30% target for women on supervisory boards as insufficient. Limiting the law to listed companies which have employee representation on their supervisory boards will not have a broad impact and will not fundamentally challenge the lack of women's representation in decision-making positions. In addition to this, the NCGWO demands that legal regulations should apply to all companies and not for only a tiny

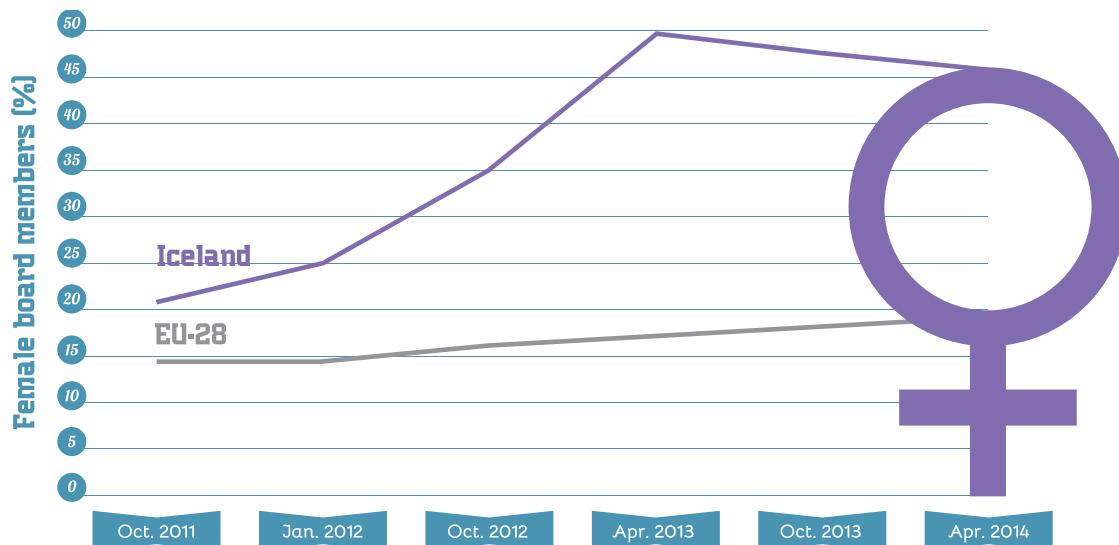
minority, and they should apply to all decision-making levels.'

Brigitte Triems, National Council of German Women's Organisations (NCGWO), Germany

5. Iceland



Measures taken? **Yes**
Legal/voluntary measures? **Legal**
Current status: **46% board members are women**
Progress since 2012: ✓✓✓



Positive steps

- In 2008, Iceland passed a law which requires at least 40% of each gender to be represented on boards and in senior management in public corporations¹⁹
- As a response to the slow rate of change in the private sector, in 2010 the Icelandic government adopted a law on a 40% gender quota for private company boards, which took full effect on 1 September 2013

- As seen in the graph above, there has been a huge increase (25 percentage points) in the proportion of women on company boards in the period Oct 2011 - Apr 2014 – the largest increase seen across the 11 countries studied in this paper and among the 34 countries studied biannually by the European Commission

Challenges

- Reflecting the same pattern as other countries in this report, the female proportion of non-executive directors (46%) is far higher than its executive counterpart (12%)

¹⁹ European Union, 2012. Exchange of good practices on gender equality: Women in economic decision making. Comments paper—Iceland. http://ec.europa.eu/justice/gender-equality/files/exchange_of_good_practice_no/is_comments_paper_no_2012_en.pdf

- While the proportion of female CEOs in Iceland is among the highest in Europe (9%), it is still very low.

National Expert Statement

'In contrast to other European countries, the number of women on Icelandic business boards is higher in small companies than in the larger ones. While the Icelandic quota laws have been quite successful, there are no penalties for failing to abide by the rules and no request to explain why the rules are not followed. According to opinion polls, people in general support the laws, but women, those with university education and the older generation tend to be most supportive. The general public is more positive towards the legislation than board

members. In 2012 only 11% of women board members were critical of the quota legislation compared to 38% of their male counterparts. Nevertheless, almost none of the board members believed the law would have a negative influence on the boards. Female board members are in general younger than male members and women are more likely than men to have a university degree. They also have more diverse degrees. Thus, gender quotas have increased diversity in more fields than gender. It is still too early to see if the gender quotas result in more women being promoted to leading positions in business in general, not only the boardrooms.'

Guðbjörg Linda Rafnsdóttir, Professor of Sociology, University of Iceland, Iceland

6. Italy

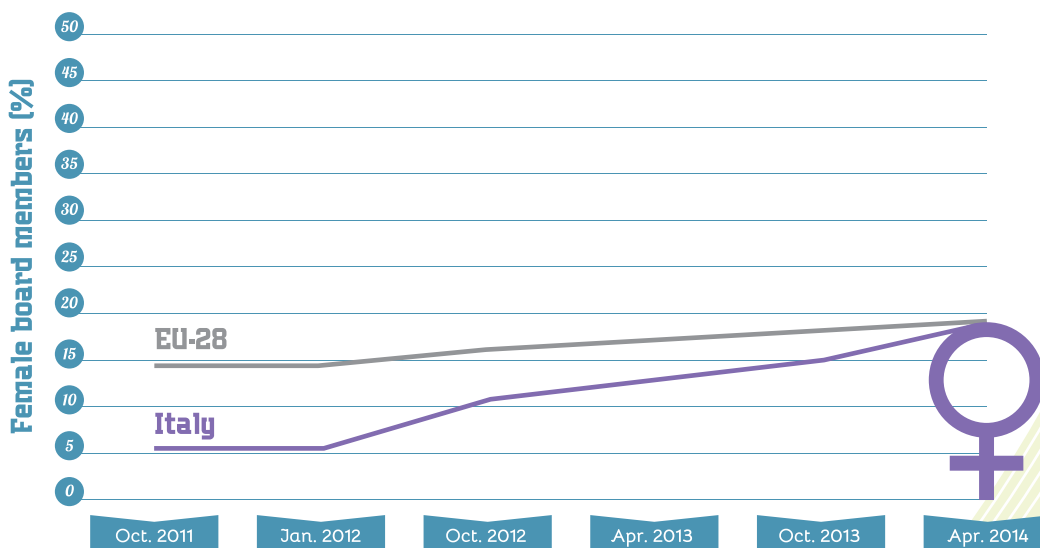


Measures taken? **Yes**

Legal/voluntary measures? **Legal**

Current status: **19% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- There has been a sharp increase in the proportion of women on company boards – now Italy is at the EU-28 average, while at the time of the 2012 EWL report only three EU-28 countries had lower levels of women on boards
- This is due to Italy's 2011 Gender Parity law, which fixed a gender quota of 20% by 2012 and 33% in the second and third renewals of board positions among state-owned companies and companies listed on the stock exchange
- Strict sanctions mean that there is high motivation to meet new requirements; the Italian Securities and Exchange Commission (CONSOB) can change the composition of companies' boards and fines of up to €1m are possible²⁰

Challenges

- Italy fell short of meeting the 2012 target of 20% of board positions being filled by women
- Lack of application of sanctions and the temporary nature of the legislation (it is due to expire after the third renewal of the board) raise concerns about whether the targets will actually be reached and moreover, maintained

²⁰ European Union, 2014. The Policy on Gender Equality in Italy. [http://www.europarl.europa.eu/RegData/etudes/note/join/2014/493052/IPOL-FEMM_NT\(2014\)493052_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/note/join/2014/493052/IPOL-FEMM_NT(2014)493052_EN.pdf)

- Women on Italian boards are disproportionately concentrated in non-executive board positions and female CEOs are few and far between: according to the latest national data, female CEOs account for 3.2% of total female directorships²¹

EWL Member Statement

'Female representation on the boards of listed companies has increased in the last two years thanks to law 120/11, which established the minimum quota of one third for the gender in minority as an ordinary rule to observe in appointments. Further improvements will be possible if the sanctions system is effectively applied. Currently we have no indications about the use of this, although it is true that this period can be considered one of adjustment. It is, however, desirable that the measure of quotas be transformed into a definitive rule instead of a provisional one to ensure that 'the new' becomes usual behaviour and the sanctions system is more effective. The adoption of the proposed EU directive may function as a good basis for the consolidation of gender-sensitive measures at the national level.'

Siusi Casaccia, Italian Coordination for the European Women's Lobby, Italy

²¹ CONSOB 2013. 2013 Report on corporate governance of Italian listed companies. http://www.consob.it/documenti/Pubblicazioni/Rapporto_cgrcg2013.pdf. P12

7. Latvia

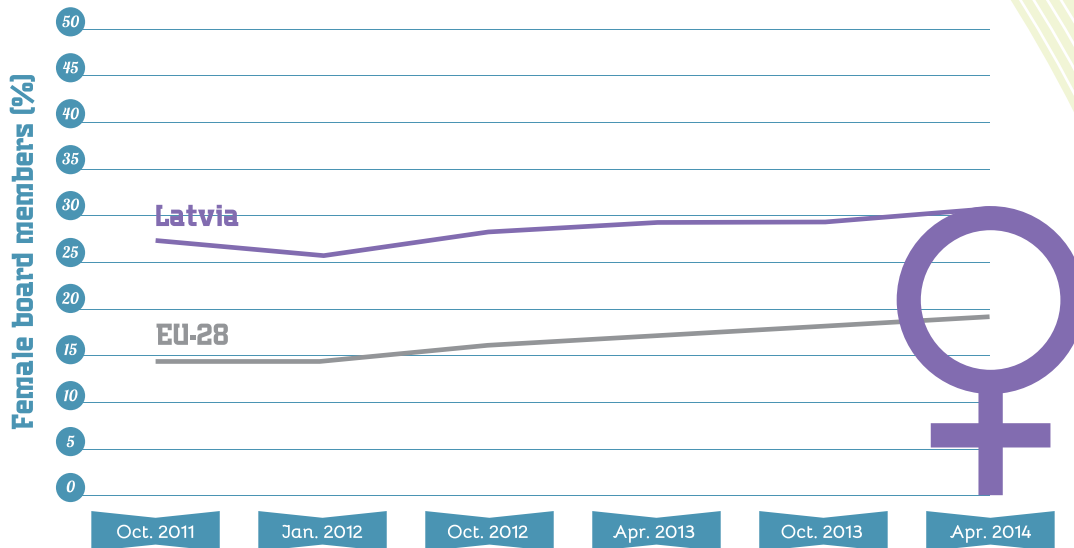


Measures taken? **No**

Legal/voluntary measures? **N/a**

Current status: **31% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- Among the EU-28 countries, Latvia has the highest proportion of women on company boards at 31%
- Interestingly, this leading position is maintained in both executive (22%) and non-executive (31%) board seats
- Impressively, these successes have been achieved with neither legal nor voluntary measures to promote women's participation on boards and in senior management. Some have traced these high levels of women on company boards back to the promotion of women particularly in the service sector in the former Soviet Union,²² while others indicate that it may be due to the higher levels of education among women or the fact that especially in state-owned companies, politics plays a big role in the selection of board members²³

Challenges

- While Latvia bucks the trend of an extremely disproportionate concentration of women in non-executive positions, with

22% of executive directorships held by women, there is still a 9 percentage point gap between the proportion of women on executive and non-executive boards.

- Only 3% of CEOs are female despite impressive levels of female board members
- Progress since 2012 has been limited, with a 4% point increase from the Oct 2011 figures

EWL Member Statement

'It is worrying that the percentage of female CEOs in Latvia is so low, as female CEOs act as role models for junior managers to inspire and encourage them to take steps towards senior management. There has been a lack of mentoring programmes in Latvia, with the exception of the European Successful Women academy launched by the National Coordination in 2012, which attracted a range of mentors including former President of Latvia Vaira Vīķe-Freiberga. A new measure called the Family Friendly Company initiative assesses how companies aid the reconciliation of family and work commitments, such as providing baby-changing and -feeding facilities. This initiative now forms part of the Annual Sustainability Index for companies operating in Latvia. While the

²² Grant Thornton International Business Report 2014 http://www.grantthornton.global/globalassets/insights/article-pdfs/2014/ibr2014_wib_report_final.pdf p10

²³ Input from EWL board member in Latvia

proportion of women board members remains high, if no quotas and sanctions are introduced at the national level, there is a risk that this number will drop at some point in the future. For this reason, we call on the

government to introduce quotas in economic and political decision-making.’

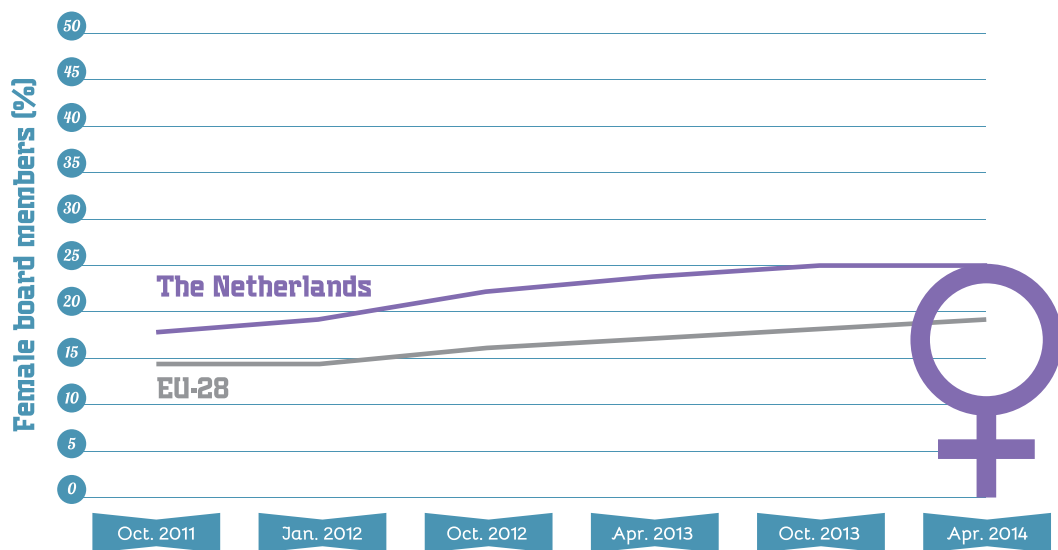
Edite Kalnina, Women’s NGOs Cooperation Network of Latvia, Latvia



8. The Netherlands



Measures taken? Yes
Legal/voluntary measures? Legal
Current status: 25% board members are women
Progress since 2012: ✓✓✓



Positive steps

- Following the 2011 Dutch law which came into practice in 2013, and which establishes a target of 30% female seats on both executive and non-executive boards, there has been progress in the overall representation of women at these levels, in both the EC data (depicted in the graph above) and wider national data²⁴

- It is unusual for a legal target to actively take into account both executive and non-executive positions – usually progress is concentrated in non-executive positions

²⁴ M Lückcrath (2014) The Dutch Female Board Index 2014 <http://www.tias.edu/docs/default-source/Kennisartikelen/femaleboardindex2014.pdf?sfvrsn=p10>

Challenges

- The legislation is temporary and will cease to exist from 1 January 2016 but there is still a long way to go to reach the 30% target, particularly when we look at female representation on executive boards. In both the narrower EC data and the wider national data, just 6% of executive board positions are filled by women²⁵
- The law does not include any sanctions for companies which do not comply; those who fall short of these targets merely have to explain in their annual report why they have not met them, what they have tried to do and what they will do differently in the future
- 34% of the 87 companies analysed by wider national data do not have a single female director, executive or non-executive²⁶

25 Ibid.

26 M Lückérath (2014) The Dutch Female Board Index 2014 <http://www.tias.edu/docs/default-source/Kennisartikelen/femaleboardindex2014.pdf?sfvrsn=p14>

9. Norway

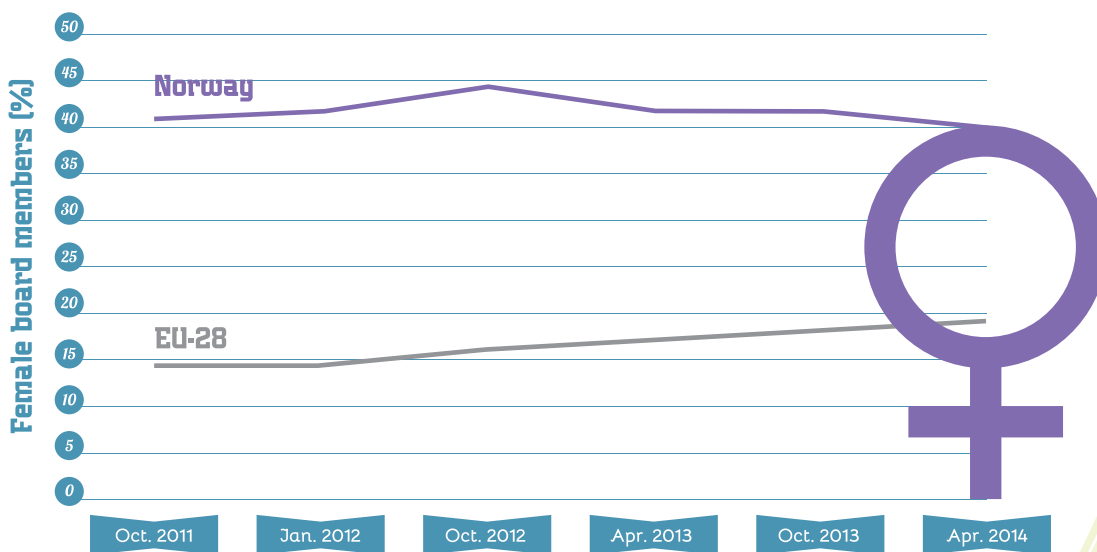


Measures taken? **Yes**

Legal/voluntary measures? **Legal**

Current status: **40% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- Norway has one of the highest European levels of women on company boards and

has enjoyed this for several years, after being the first country to introduce binding quota legislation in 2005

- At least 40% of board members of listed and non-listed public limited companies, inter-municipal companies, state companies, municipal companies and cooperative companies must be female
- The sanction for the violation of this law is the dissolution of the company

Challenges

- Not all companies are affected by the legislation and there has not been a spillover effect from those companies affected by the quotas to those who aren't. While the proportion of female board members in public limited companies has remained around the 40% mark, private limited companies show figures of between 15 and 18 percent over the entire 2004-2014 period²⁷
- Among the 19 companies analysed in the European Commission data (see graph above), there is not a single female CEO
- There has been no further progress in terms of reaching 50/50 representation among companies which are subject to the quota – things have stagnated around the 40% mark and actually overall dropped a

²⁷ Statistics Norway 2014. Board and management in limited companies. 5 June 2014. <http://www.ssb.no/en/virksomheter-foretak-og-regnskap/statistikker/styre/aar/2014-06-05#content>

percentage point from 41% at the time of our last report in 2012 to 40% in 2014

National Expert Statement

'Nine years ago, the decision to introduce a minimum 40/60% gender balance for boards of directors was highly controversial. Today, acceptance is more or less universal, and we hear seasoned business executives and board chairs saluting the add-on effect of bringing about a general professionalisation of board director recruitment, and of making boardrooms more diverse. So while I would like to have seen more rapid change in the C-suite and on the boards of smaller companies, I am confident that in the long run the gender fabric of business in general will change. More women than men are now completing university degrees, and with better results, and generous family policies are enabling men and women to split family leave between them. That said, change must be not only desired, but also monitored and nurtured. More so than today, companies need to build diversity into their long-term recruitment and succession planning, and women need to pursue opportunity, and be ready to take on responsibility when opportunity knocks.'

Turid E. Solvang, General Manager, The Norwegian Institute of Directors, Norway

10. Spain

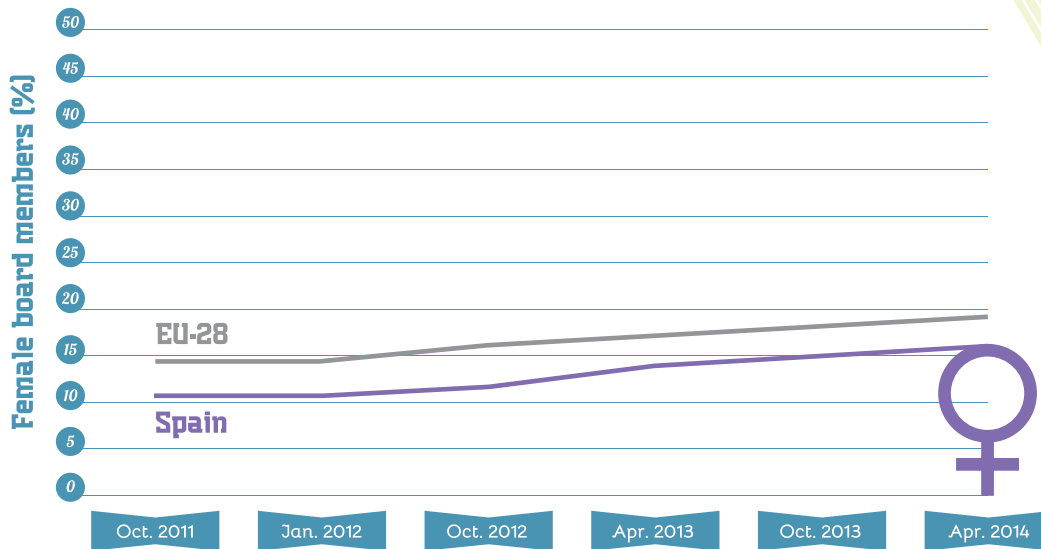


Measures taken? **Yes**

Legal/voluntary measures? **Legal**

Current status: **16% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- Following the 2007 Equality Law, the proportion of women on company boards in the largest publicly listed Spanish companies has increased since the 2012 EWL report by 5 percentage points
- In contrast to other countries studied, progress has been equal in non-executive and executive positions, with a 4 percent increase in both categories since October 2012
- In January 2014, 31 Spanish firms (including 12 of the IBEX 35²⁸ companies) signed an agreement proposed by the Ministry of Health, Social Services and Equality to increase the amount of women in senior management positions either to at least 20%, or by 5 percentage points, within four years²⁹

28 The IBEX 35 is the benchmark stock market index of the Bolsa de Madrid and comprises the 35 most liquid Spanish stocks traded in the Madrid Stock Exchange General Index

29 Ministry of Health, Social Services and Equality, 21 January 2014 Notas de Prensa: <https://www.msssi.gob.es/gabinete/notasPrensa.do?id=3169>; Add Talentia, March 2014. ¿Igualdad de Oportunidades? Presente y futuro de las mujeres en los consejos de administración 2014. P20 <http://www.addtalentia.com/images/pdf/Informe%20Add%20Talentia-2014%20-%20Hormigas.pdf>

Challenges

- Despite the 2007 Equality Law which stipulated a 40% minimum representation of women in company boards by 2015, progress towards this commendable goal has been very slow and ‘nobody expects to reach it any more’³⁰
- While the figures indicate progress among the IBEX 35 firms, some improvements are due to the changing composition of the IBEX index – the listing of Jazztel, which has four female board members, and the delisting of Endesa, which has never had a female board member, boosted the progress figures³¹
- The agreement signed in January 2014 only includes 12 of the largest publicly listed companies, is a voluntary agreement, and excludes executive positions³²

30 *ibid.*, P23

31 *ibid.*, p19

32 *ibid.*, p20

11. United Kingdom

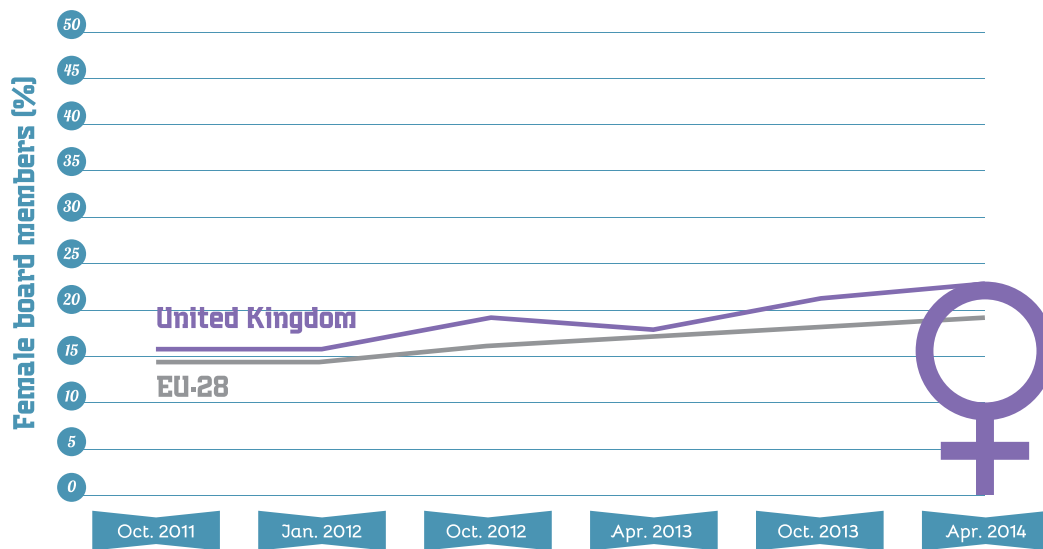


Measures taken? **Yes**

Legal/voluntary measures? **Voluntary**

Current status: **23% board members are women**

Progress since 2012: ✓✓✓



Positive steps

- The Davies Review in 2011 has led to good progress with many companies voluntarily committing to raising the proportion of women on company boards
- Among FTSE 100³³ companies, women's representation on boards is at 22.8% (October 2014), up from 12.5% in 2011 and every FTSE 100 company has at least one woman on their board³⁴
- Reaching the target of 25% of women on boards by 2015 is seen as essential to

'prove [...] that British business [can] fix this on their own' and in order to avoid legislative quotas at the EU or national level³⁵

Challenges

- While as a group, the FTSE 100 companies are on track to meet the 25% target in 2015, success is concentrated in a few companies and there are still 61 FTSE 100 companies who fall short of this target³⁶

33 The FTSE 100 is an index composed of the 100 largest companies listed on the London Stock Exchange (LSE).

34 Guardian, 9 October 2014. 60% of Britain's top firms still to reach government target for female directors. <http://www.theguardian.com/business/2014/oct/09/britain-ftse-companies-missing-female-board-target-lord-davies>

35 Lord Davies Third Annual Report (March 2014) P2 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/320000/bis-women-on-boards-2014.pdf

36 Guardian, 2014. 60% of Britain's top firms still to reach government target for female directors. <http://www.theguardian.com/business/2014/oct/09/britain-ftse-companies-missing-female-board-target-lord-davies>

- Once again, we see progress is heavily weighted in non-executive directorships – 27.9% of non-executive directorships among FTSE 100 companies are held by women, in comparison to 8.4% of executive directorships³⁷
- When we look at smaller companies, the situation is far worse. Among the FTSE 250 group³⁸, only 17.4% of board members are female and there are 29 companies with no female directors at all³⁹

EWL Member Statement

'The UK continues to make slow but steady progress in terms of the number of women appointed at board level. However, despite

³⁷ Ibid.

³⁸ The FTSE 250 are the 101st – 350th largest companies listed on the London Stock Exchange

³⁹ Ibid.

the fact that the UK has made progress, the percentage of women at board level falls short of the 25 per cent target set for 2015. The majority of women appointed to boards are appointed in a non-executive capacity. The number appointed in an executive capacity is still extremely low. This would seem to indicate that there are still barriers to be overcome if women are to reach their full potential and assume their rightful place at board level. The target of 25 per cent is considered too low and ideally we would like to see parity at board level but recognise that this will take time and require a change of attitudes and culture before this becomes a reality. There are positive signs of this starting to happen within the UK.'

Carwen Wynne Howells, UK Joint Committee on Women, United Kingdom

Conclusions of the Country Assessments and EWL Recommendations

Based on the above 11 country assessments, the following conclusions can be drawn and recommendations can be made:

1. Most positive action thus far does not affect executive directorships

In the cases examined in this paper, there is an overwhelming tendency for increased female representation to be concentrated in non-executive positions. Thus, there is the danger of creating a two-tier system of further separation, instead of further unity, between gender parity and decision-making.

EWL Policy Recommendation: Binding measures must apply to both executive and non-executive boards

All positive action must take into account both executive and non-executive positions and aim to achieve parity on both boards. The strength of measures should be equal in both cases. For example, the current proposed EU Directive is only binding on non-executive directorships, while companies must self-regulate to increase the proportion of women holding executive directorships. As we have seen, a lack of binding legal measures can lead to painfully slow progress, such as is the case in Austria. The EWL proposes the same binding regulations for both executive and non-executive positions – gender equality in decision-making is not pick-and-choose!

2. Quota legislation does not increase the number of female CEOs if no explicit measures are taken

Positive action on increasing the number of female board members does not have a positive spill-over

effect to CEOs and senior management. Norway, one of the European leaders in terms of female presence on boards, saw an increase of the proportion of female CEOs from 2% in 2001 to 6% in 2013 – but this is the same progress as Denmark, which has no quotas.⁴⁰

EWL Policy Recommendation: Further action is needed to increase proportion of female CEOs

Further action includes: Actively promoting women's leadership through mentoring programmes, creating a positive return-to-work environment following maternity leave, ensuring that men take parental leave, and discouraging antisocial working hours. Another step would be to introduce a system of alternating the role of CEO between women and men.

3. Intermediary targets and regular measurement of progress are key

Intermediary targets are essential to avoid putting off making changes until tomorrow. There was a huge gap between the passing of the Spanish Equality Law in 2007 and its target date of 40% in 2015, and we now see that there is no way this target is going to be reached. In contrast, the 2011 French Copé-Zimmermann law, which has a 40% target by 2017 but also an intermediary target of 20% by 2014, has enjoyed a steady rate of progress towards this target, including meeting and even exceeding the 2014 target. This gives a sense of achievement and encourages further progress. Similarly, the self-regulatory targets implemented in the UK are made more effective

⁴⁰ Economist, 15 Nov 2014. A Nordic mystery. <http://www.economist.com/news/business/21632512-worlds-most-female-friendly-workplaces-executive-suites-are-still-male-dominated?fsrc=scn/fb/te/pe/ed/nordicmystery>

by frequent reporting on targets, thereby making change a daily priority.

EWL Policy Recommendation: Effective measures require regular monitoring and intermediary targets

Quotas require effective monitoring and intermediary targets in order to ensure that progress is made and bringing about change is prioritised. In terms of the current proposed EU Directive, which currently has a target of 40% by 2020 (2018 for publicly owned companies), the EWL proposes that there is an intermediary target of 30% by 2017 (2016 for publicly owned companies) in order to ensure the ultimate target is feasible and, ultimately, met. Following the passing of the EU Directive, the current biannual reporting on women on boards by the European Commission should be maintained and specifically linked to progress demanded by the Directive, with a clear ranking of member states and their efforts. This measurement is also closely and inherently linked to the next point – the importance of strong sanctions.

4. Effective sanctions are essential for progress

Effective sanctions are key to achieving real change through positive action. If companies are able to easily wriggle out of their obligations, introducing binding legislation becomes a pointless project. We see high rates of success among countries whose sanctions for non-compliance are tough – the threat of dissolution of the company in Norway has led to compliance, and the threat of fines of up to €1m in Italy have seen a very fast rate of progress (13%) since the 2012 EWL report. In contrast, the absence of strong sanctions in the Netherlands and Spain has led to substantial doubts over whether their targets will be met in time.

EWL Policy Recommendation: Measures must be enforced with firm sanctions

In all quota legislation, the EWL advocates effective sanctions to accompany the measures in order to ensure compliance. The provision in the proposed

EU Directive to allow each member state to determine and implement sanctions on an individual basis is worrying for the EWL because it means that there is no uniform sanctioning system across the EU, and may give rise to the development of weak, national sanctions – and consequently to large-scale non-compliance. The EWL advocates EU-wide strong sanctions such as company dissolution so that the legislation brings about real change.

5. Quotas are not enough to ensure gender parity in economic decision-making

Quotas are one example of effective gender equality policies that seek to increase women's participation in decision-making and access to positions of power. However, quotas are, of course, insufficient to achieve this alone. As our Norwegian expert, Turid E. Solvang, tells us, a combination of policies in various sectors is needed in order to bring about real change - ranging from generous family policies to the inclusion of diversity in companies' recruitment processes. The German initiative Women on Boards (FidAR), a database of board-ready women and now a public interest group, is an example of how measures which go beyond, but work in harmony with, quotas, are key to achieving real change.

EWL Policy Recommendation: Quotas must be introduced as part of a comprehensive policy package that seeks to address the fundamental causes of women's underrepresentation in economic decision-making

The current low rate of female representation on company boards can only be understood within the broader context of unequal access to economic, social and cultural resources between men and women, inequalities regarding paid and unpaid work, and an entire system of work and employment which does not allow for fair and effective reconciliation of work and family life by both women and men. The EWL therefore demands that the root causes of women's underrepresentation on boards be addressed by comprehensive and widespread policy changes.

EWL Demands beyond the EU Directive

Ultimately, the EWL demands an EU Directive that will bring about real and effective change in terms of women in positions of power. Of course, each member state is aware that they are able and indeed encouraged to go above and beyond the requirements set out in the proposed EU Directive. We therefore call on each member state to enshrine the following measures in binding legislation:

- 50% gender parity of both executive and non-executive boards by 2022
- Intermediary targets of 30% by 2017 and 40% by 2020
- Strong sanctions for non-compliance such as the dissolution of the company
- Application to all companies with more than 50 employees



Final words

Gender parity in positions of economic power is of vital importance when it comes to justice, democracy and sustainable growth. Diverse decision-makers and leaders better represent, better understand, and better respond to the desires and needs of women and men in their diversity – and will be more open to cultivating a new style of leadership which will lead to much-needed transformative social change. Moreover, the analysis given in this report, on top of the evidence provided in our 2012 report, clearly show the best methods of achieving gender parity in the boardroom. This is not the first time the case for binding measures on gender parity has been made, and it now has the democratic backing of the European Parliament. It is high time that the Council of the European Union takes the core values of the European

Union and the democratic approval of the European Parliament seriously.

Quotas are important, powerful tools, but must be implemented with strong sanctions, regular monitoring and intermediary targets, and deal with both non-executive and executive positions. Furthermore, they must be implemented alongside a comprehensive package of policies which tackle the root causes of male domination in positions of power, and actively encourage female leadership and a healthier and fairer work-life balance for all. As an important step forward towards a progressive, sustainable and inclusive Europe, the European Women's Lobby demands the adoption and implementation of the current proposed EU Directive on women on boards without further delay.

Glossary

Executive director: An individual chosen for a company's board of directors, which will oversee the current company management.⁴¹

Non-executive director: A member of a company's board of directors who is not part of the executive team. A non-executive director (NED) typically does not engage in the day-to-day management of the organisation, but is involved in policy making and planning exercises. In addition, non-executive directors' responsibilities include the monitoring of the executive directors, and to act in the interest of any stakeholders.⁴²

Public company, publicly traded, listed or quoted: a company that has issued securities through an initial public offering (IPO) and is traded on at least one stock exchange or in the over the counter market.⁴³

Public (or private) limited company: a company with a separate legal existence from its shareholders who enjoy limited liability. A public limited company's shares are listed and can be bought and sold on the stock market by members of the public.⁴⁴

State-owned enterprise or government-owned corporation: a legal entity that is created by the government in order to partake in commercial activities on the government's behalf.⁴⁵

41 Definition of executive director http://www.ehow.com/about_5244195_executive-board-member_.html

42 Definition of non-executive director <http://www.investopedia.com/terms/n/non-executive-director.asp>

43 Definition of public companies <http://www.investopedia.com/terms/p/publiccompany.asp>

44 Definition of public limited companies <http://www.encyclo.co.uk/define/public%20limited%20company>

45 Definition of state-owned companies <http://www.investopedia.com/terms/s/soe.asp>



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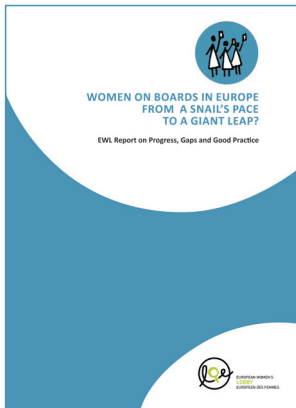
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