

How do we improve gender balance on boards?

European companies have made some progress over the last few years but many still have a long way to go to get the right gender balance on boards. Twelve directors join IoD director general Simon Walker to discuss what now needs to be done to create the next generation of female business leaders...

SIMON WALKER I'm delighted to welcome such a distinguished group of participants to this EWoB/IoD/AIG roundtable on building the next generation of female board leaders. Increasing diversity in boardrooms is a major priority for the IoD, both in terms of our own membership and among the wider British business

community. For that reason we were delighted to join European Women on Boards (EWoB) as a full member, and believe that EWoB can play a major role in bringing together organisations across Europe that want to promote the role of women in senior executive positions.

Here in Britain, there are grounds for optimism around the gender balance on boards. In the FTSE 100 female representation has grown from less than 12 per cent to nearly 23 per cent over the past three years. But there is still a long way to go – we still have only four female CEOs among the top 100 British companies and, although there is progress at the non-executive level, there is limited change in the pipeline of senior female executives, and that seems to be reflected in the experience of many European countries. The insights from today's discussion will be of great interest to the European business



The case for diversity: Simon Walker opens the discussion on boardroom equality. Top right: Nathalie Rachou underlines the importance of quotas

Watch video highlights of the roundtable



community. I'd now like to hand over to today's moderator, Dr Roger Barker.

DR ROGER BARKER Thank you, Simon. I am delighted to be the IoD representative (and the only man) on the board of EWoB. In the UK we have come quite a long way in the last few years, at least at the non-executive level, if not at the executive level. I want to first of all assess the current state of play in terms of gender balance and progress in Europe. If I could start with you, Turid.

TURID ELISABETH SOLVANG Thank you. We have 40 per cent women on boards in Norway. I would have loved to say that that came about all by itself. It did not. It is due to the world-famous quota, which I think has been a driver to keep the debate going across Europe. We see that countries with similar quotas can make real progress; with voluntary measures, we see positive progress, like in the UK, perhaps thanks to both commercial and non-commercial organisations keeping the topic high on the agenda. However, for some countries that choose not to have them, we still

GARY MOTTES



THE PANEL



Simon Walker
Director general, IoD



Dr Roger Barker
Director of corporate governance and professional standards, IoD, and director of EWoB



Turid Elisabeth Solvang
Co-founder, Norwegian IoD, and director and co-vice chair, EWoB



Seraina Maag
President and chief executive EMEA, AIG



Miriam Maes
Chairman of the board of directors, Elia Group



Nathalie Rachou
Chief executive and founder, Topiary Finance



Gillian Wilmot
Founder and CEO of board mentoring, Elexon, IDAB



Valerie Dias
Chief risk officer, Visa Europe



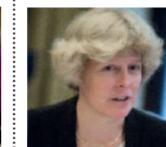
Marianne Dicander Alexandersson
Non-executive board director and business adviser



Rosemary Martin
Group general counsel and company secretary, Vodafone Group



Suzanna Taverne
BBC trustee



Sally Martin VP, downstream health, safety, security and environment, Shell UK



Joanne Kellermann
Former executive director, Netherlands Central Bank

have work to do. I learnt only yesterday that in the Netherlands there are just four per cent women on [the boards of] listed companies. That makes no sense.

MIRIAM MAES I am Dutch, live in London and am on three boards in listed companies in France and chair a big board in Belgium, so this is no surprise to me at all. The Dutch culture, contrary to what everybody thinks, is a very old-fashioned culture in terms of accepting that women have equal potential to men. That's one of the reasons why a lot of Dutch women who want to move on in life leave the country.

JOANNE KELLERMANN I agree, there isn't much progress. It's very slow. I think the figure [for boardroom representation] is not as low as four per cent – it's 6.3 for executive directors and a little under 20 per cent for non-executive directors. But that was after a lot of pressure. Now the government has announced that if that number doesn't rise to 30 per cent within three years there will be legislation like we've seen in Norway.

BARKER Marianne, the Nordic countries are often highly ranked in terms of a place for being a businesswoman, and there was a WEF [World Economic Forum] report which put the top five places among the Nordic countries. Sweden, though, was interesting. You haven't had a quota in Sweden, and yet you have still made very good progress.

MARIANNE DICANDER ALEXANDERSSON If you look at the gender index we are probably the world's leader. We have good daycare centres, good maternity leave, paternity leave, but still it's not equal. We have a long way to go when we talk about the amount of females in top management teams. There has been some progress in the last year on non-executive board members – 25 per cent – but if we look at how many women we have as chairman and CEOs, the figure is still about five per cent – very low.

BARKER Sweden is seen as such a female-friendly country in terms of the policy framework. If it can't happen there, it's a bit depressing, don't you think?

DICANDER ALEXANDERSSON A lot is happening now. Female graduates are getting better grades in all subjects and in the last 10 years [the number of] women in middle management has increased to about 40 per cent. Two things still need to be



done: one is to open up now, so we focus on top management, so all these people at the middle-management level could go up and take the top roles.

The second thing is to make women want to go into the top tier of management, which isn't the case at the moment. There is no impetus for women to become leaders.

SERAINA MAAG I'm Swiss and Switzerland is similar to Holland in that regard. There are three reasons why there is a glass ceiling. The first is the culture within the country; the second is culture within an industry – I'm in the male-dominated financial services industry. And the third is the lack of role models – young women have no one to aspire to. When I joined the insurance industry, there was no one I could look up to and see that it was possible to have a family and to be a senior leader.

BARKER Suzanne, you have been very active on boards across both the private sector and the not-for-profit sector. Is gender balance addressed more successfully in the not-for-profit sector?

SUZANNA TAVERNE I'm not sure it's addressed more successfully but there's a better gender balance. The reasons are very familiar: it's not as well-paid, it's not as high status, and there's not as much competition. I agree with you about the importance of role models. I have been a professional non-executive for the last 10 years, and before that I had a wide variety of executive roles, and I've learnt to describe my experience as a non-linear career.

It's a very familiar pattern with women



Diversity matters: from top, Tirid Elisabeth Solvang, Marianne Dicander Alexandersson and Rosemary Martin



“In the Netherlands the government has said that if the number [of women on boards] doesn't rise to 30 per cent in three years there'll be legislation”

Joanne Kellermann, below



because if you're doing senior jobs and then have a child, so often it's just not practical for the organisation to keep the job open. Life moves on. If I look at my CV from the other end of the telescope I can locate occasions where I lost (or couldn't go back to) a job – some of those breaks are linked straightforwardly to my maternity leave.

I also had a different attitude towards risk and challenge. I thought of jobs in terms of blocks, as interesting things to do. I didn't necessarily know where it left me on the ladder. I couldn't see the linear line but it was a challenge worth taking. I think this is incredibly relevant when we look at the issue of non-executives versus executives.

I'm clear that my argument for the contribution I make as a non-executive is very much dependent upon the breadth of my functional experience, and there are many women like me.

BARKER Natalie, you're CEO of an asset management firm here in the UK and you also sit on the board of a number of major French companies. How is the gender balance of French companies?

NATHALIE RACHOU We've followed in the Norwegian steps by imposing a quota, so that has helped tremendously. We've seen an acceleration of the numbers of females on boards in the last two years; the first quota was [for] 20 per cent by January 2015, so we're there. We're above that in the main listed companies in France and that's due to the quota. I admit that I wasn't in favour of quotas but I quote Viviane Reding from the European Commission: 'I don't like

quotas but I like what they do.' In the UK, the gender issue on boards has been a sort of box-ticking process, where if there were females in the selection process, boards felt confident that they'd done their job properly. This has improved a lot due to Vince Cable's position on that and a strong emphasis on the gender issue at board level. The trend now is good and going to improve further. However, we still need some sort of positive discrimination on the executive stepladder because otherwise we'll never get to a balanced situation.

There needs to be a strong tone at the top – that females should be included in the candidate list for any higher-up executive position. There are 50 per cent of women in Europe within the population; why shouldn't there be 50 per cent of executives – 50 per cent of everything?

BARKER Rosemary, how do you respond to that? Do we need more affirmative action to push forward females at executive level?

ROSEMARY MARTIN My feeling is that we do. Those countries with quotas have got far higher levels of women on boards than those that haven't. So it's straightforward. They're not desirable but I think they're necessary to get us over the next hurdle that is clearly in front of us all.

A number of the ladies who've spoken have talked about the executive pipeline, and I think that's a very real issue. It's great what we're doing to get women on boards and I agree having more non-executive women on boards is a really important start because it does change that conversation in the boardroom, but we absolutely have to work

at getting more women from middle to senior management. If you look at any sector of a corporation the same thing happens: plenty of women at the bottom; all disappearing round their thirties at that key promotion/motherhood point, so they're just not there when you get to the top. That funnel is a real problem.

BARKER Maybe we can then explore the concrete measures that organisations can take to try to promote greater gender balance in the pipeline. Valerie, you have had a long career at Visa Europe. What initiatives can achieve this objective?

VALERIE DIAS It's about engagement between the employer and the employee, and at Visa we have great engagement. It is an emotional engagement as much as anything else, so that it fulfils the organisation's objectives as much as it fulfils the individual's. Forty per cent of our executive management are women. On our board it's 15 per cent but two years ago it was 10, so it's growing. We have development plans to help young women, from entry level up through to executive management. We have mentoring programmes for our senior talented women with external leaders as well as internal support within the organisation at various levels.

At the end of the day it's about women having the necessary confidence: we often find that women tend to only go for jobs if they feel they've done them before or if they've got the relevant experience. Men are willing to wing it a little bit.

BARKER Miriam, you are the chairman of a major European energy company. How would you create the right culture within an organisation to promote this?

MAES If we knew the answer to that, life would be easier! We're talking about a fundamental mindset problem, both with men and women.

And this problem comes from hundreds of years of history, culture and religion. It has influenced us all and been embedded in our thinking that women don't necessarily have the same qualities or should be doing other things. Unless we fundamentally start tackling that mindset as a societal question, we will still have gender balance issues.

So what can you do? When it comes down to a company, I believe it's a lot to do with the leadership. I'm on boards of companies where the top people do not believe in gender balance and that is reflected in the

whole business. And vice versa – when you have leaders who believe in it, then it runs. Two things need to happen: at the rational level we need to continue with the quotas and the very good actions that are being taken to help women but we also need to start conversations at those companies where you don't have the natural, pro-gender balance leadership.

TAVERNE I absolutely agree with that. The formulation which has always occurred to me is that the question is not 'how can women be more like men?' it's 'how can men be more like women?'

BARKER Before Margaret Thatcher became prime minister, she was given advice on how she should adjust the tone of her voice, make it deeper, in order to conform to the requirements of what people expected from a politician. Do women need to adjust themselves to get to the top or is it the other way round?

WALKER I think it certainly is the other way round. I was very struck by what Suzanna said about linear versus non-linear careers and how that sets you up.

When you look at the FTSE 100 boards, 49 or 50 per cent have directly been FDs or CEOs – that's the default position. I think that's a big part of the problem because I think breadth as opposed to that kind of depth is what companies need in the times we live in. Gender diversity... is probably the most obvious and important manifestation of that. I agree that the pipeline issue is a critical one. I'd also say boards do need breadth probably more than depth these days, in terms of those very specific skills.

The days when all board members have to be ex-FD or ex-CEO ought to be numbered because the most successful companies are the ones that have a much wider base of contributor.

BARKER Sally Martin, your career developed in a very macho industry and within Shell. Has that come about with assistance from your organisation or in spite of its culture and attitudes?

SALLY MARTIN Ironically, the energy industry is one where women get a tremendous amount of support to progress, and that has clearly been the case for me. I was fortunate enough to have had very strong mentorship and sponsorship throughout my career. If I look at our industry, 10 years ago we had about 10 per cent of our senior population



Changing the game: working at an emotional level is key to transforming a company's DNA, says Miriam Maes, centre

who were women. That number is at 17 per cent now and it's still growing. Relative to other industries that's not too bad – we don't think it's good enough but the reality is that it's better than you might expect for such a male-dominated industry.

It strikes me that there are two different issues that we're trying to address here. One is about diversity on boards for its own sake – for better governance, better decision-making, for all of the advantages.

In many ways that's relatively easy to achieve. What's more difficult to achieve is the sustainability behind that. So we can probably find a cadre of women who can be women on boards today but are those women still going to be there in five, 10, 15, 20 years? In other words, is the DNA of the organisations that we work with changing sufficiently to make women on boards be an outcome as opposed to an objective?

And that comes right back to the issue of culture. We talked about women leaving [jobs] in their thirties. I've done a lot of work in understanding why that is, and one big reason is because of the complexity of having a family and a career at the same time. I get that. But another big reason is about affiliation: women start to become distant from the organisation because they have other priorities in their life.

But that's also influenced by culture and the fact that women are looking up and saying, 'I'm not sure that's where I want to be'. Until we address the DNA of organisations that make women feel like that, I think the chances of making sustainable progress in this area are limited.

RACHOU That takes us back to what Suzanne said earlier about role models. It is absolutely crucial to change the mindset of the women; we need to increase mentoring and show more role models because that's the way you can just build up the appetite for a higher position. Some companies organise that, but very few. It's often left to women themselves to find a mentor, find a role model they want to identify with, and then go for it. Organisations need to push for organised mentoring and role models, so that there is more ambition within the female community.

WALKER Seraina, AIG is a company which is very committed to gender balance and diversity. What steps have you taken, or are you taking, to develop women or to develop the right sort of culture?

MAAG We have a programme called Women in Leadership where we get global women together, and it's got the top commitment of the organisation.

It starts at CEO level – if the CEO is committed then the rest of the organisation will follow. But I want to pick up on the point about mindset. We need to work a lot more with women and help them change their mindset and teach them to get their voice heard because that's tough. It's intimidating sitting at a table with guys around. But if you don't say something perfectly it's not the end of the world. A guy never thinks about it twice, whereas women go home at night haunted by it, going, 'Oh, I can't believe I presented it like that'. Teaching women to understand that

“The question that has always occurred to me is not ‘how can women be more like men?’ It’s ‘how can men be more like women?’”

Suzanna Taverne, below



Valuable support: Gillian Wilmot and Sally Martin, below, say that leadership in their organisations has encouraged women to progress through the ranks



that's normal is as important as teaching them the emotional fortitude. We've heard about mentoring, but I think it's more important to get sponsors.

Women tend to get promoted on performance, and men get promoted on potential. Women need a sponsor who says, 'I'm going to help that woman be successful and put them in stretch assignments'. But again that tone needs to be set by the CEO. One of the things that also helps change mindsets is, if your fellow board members have daughters. That makes a big difference.

RACHOU I'm sure! I've noticed that the best mindsets are found where the chief executive's wife is working, or where a CEO has daughters.

MAES For two-and-a-half years I have run a Europe-US energy transition forum on how you get major change in societal thinking – when you want to move to low carbon and secure an affordable energy economy. And we have learnt that if you really want to go for a fundamental mindset change, you have to not only work at a rational level, you also have to work at an emotional level.

In a male-dominated organisation, you don't want to talk too much about emotions because that doesn't fit with the culture and the power dynamic. Talking about what you feel is an anxious thing to do for a lot of men but if you create the right environment it is the only way you can change the DNA of the company.

BARKER Joanna, do you think that director

training, or some kind of educational programmes can actually assist women in breaking through to the board?

KELLERMANN A difficult question. I think we've heard so many aspects of how deeply rooted the problem is. There are a whole range of things that need to be done and training is one of them, but I see this really as an issue of change management.

I spent a lot of time in the past years in bringing out fundamental cultural change in the financial industry in the Netherlands where, clearly, things need to change and customers need to become important again rather than just earnings. We need that gender and diversity balance not just for bringing about better decision-making but also for bringing about that change, and women can be agents of change.

BARKER Gillian, I know you're very involved with mentoring. What are the specific types of programmes that you might implement in respect of potential female board members?

GILLIAN WILMOT I think the point Seraina made around sponsorship is critical. Often mentoring is one-to-one but I think that the gap for many women is around sponsorship, around people giving them opportunity based on potential, not just performance, and women demanding those opportunities. There needs to be more of a focus on looking at the way each company determines opportunity, promotions and succession planning.

BARKER Rosemary, can I just ask you about the whole nomination process of Vodafone? Do you insist on having women on longlists or shortlists?

MARTIN It's actually quite hard to get headhunters to put women, or different women, on the list. So you see the same women coming round and our chairman has to push hard to get a genuinely diverse longlist and then shortlist. We've talked a lot about the tone at the top being important. I have a chief executive who is very strong on encouraging women through the ranks.

BARKER Thank you all, it's been a fascinating discussion. Seraina, please can I hand over to you for the final word.

TURN THE PAGE FOR SERAINA MAAG'S SUMMING-UP...



Leadership of the future

Seraina Maag, president and chief executive EMEA at AIG, reflects on the roundtable discussion and how business can build diverse, sustainable boards

MAAG If we are going to close the gender gap at board level we need more successful role models, just like the colleagues from all across Europe who have taken part in today's discussion. Congratulations to the IoD and EWoB for bringing together a group with such broad experience and valuable perspectives: the result has been a rich and insightful conversation, which will, I hope, continue.

There are so many takeaways but, for me, the theme that really stands out is the importance of changing organisational culture. Achieving genuinely diverse leadership in business takes more than just token gestures: it needs a change of mindset from the top down. That's why men and women in positions of influence have a responsibility to act as well as talk.

BOARDS AND RISK

AIG is a forward-looking company; our goal is to help clients address the many risks and exposures they face in today's world. We provide innovative business

insurance and risk management solutions to help achieve this through one of the widest product ranges in the market – both in the UK (where we are a market leader) and across more than 40 countries in EMEA. Globally AIG has operations in over 90 countries, operates in more than 130 territories and jurisdictions worldwide, with more than 80 million customers. Our network of 13,000 claims professionals across 300 offices paid over \$100m (£64m) each business day last year.

We think that good governance at board level is critical to having the right balance between risk and reward. There is a world of difference between calculated risks, taken with foresight and careful judgement, and risks taken carelessly or unwittingly. In a world of increasing complexity and uncertainty from an economic, political and technological perspective, companies must manage risk more rigorously than ever, particularly in terms of what may be around the corner. Diversity – in its widest form – has a key role to play here. There needs to be

a balance of differing backgrounds, perspective and mindset to help make the right decisions. Ensuring a pipeline of female talent is one piece of the jigsaw.

Directors have a clear responsibility to their stakeholders to provide good governance. As a market leader in directors' and officers' (D&O) insurance, we understand the issues and pressures facing directors – from greater regulatory activity and shareholder activism through to understanding regulations in overseas markets. Our own research among UK FTSE 350 and large private companies tells us that 79 per cent of business leaders are more concerned about their liabilities as a director or officer in the current environment.

However, despite claims becoming more personal, only 24 per cent felt that their assets were exposed to management liability actions. There needs to be more awareness and understanding of risk exposure and mitigation in the boardroom. As such, we are delighted to have become the official insurance partner

ABOUT EWOB

European Women on Boards (EWoB) is a non-profit organisation founded in June 2013, with the vision to create a unique network of first-tier associations located in European countries working towards the same purpose: a better representation of women on boards of directors.

EWoB has the ambition to progressively cover the EU and EEA zone and already has member associations in seven countries:

Belgium: Women on Board

Finland: Board Professionals

France: Association Femmes Diplômées d'Expertise Comptable

Administrateurs; Financ'Elles

Germany: FidAR

Netherlands: Talent Naar de Top

Norway: Norwegian IoD

UK: IoD

EWoB believes that greater gender diversity on boards is not an end in itself but a clear business opportunity, and so it actively promotes:



Putting the case for equality: Cécile Coume (left) and Marie-Ange Andrieux, the co-chairs of EWOB



Co-funded by the European Union

■ A valuable female talent pool to try to improve the shortfall of women on boards and the efficiency of the market for board mandates at European level.

■ Diversity on boards as leverage to disseminate best practice of corporate governance and innovative business models, when there is a pressing need for companies to improve to rethink their competitiveness. EWoB pursues these objectives with strong principles of ethics based on its core values, the 'Seven Is': innovation, inclusiveness, intelligence, integrity, involvement, interaction, and intangible assets.



“Achieving genuinely diverse leadership needs a change of mindset from the top down”

Seraina Maag



of ecoDa, the European Confederation of Directors' Associations.

'TRADITIONAL' AND EMERGING RISKS

Aside from risks facing directors themselves, at AIG we remain focused on the needs of businesses – from the more 'traditional' insurances through to emerging risks. However, the nature of traditional insurance is changing: for example, complex global supply chains now affect the exposure of property assets (evidenced by the 2011 Japanese tsunami) and issues such as nanotechnology are part of the conversation in liability insurance discussions with clients.

Some risks previously described as emerging are increasingly seen by some as mainstream – cyber is one example. Cyber risk has had much coverage in the media, and this is justified. In 2014, the AIG-sponsored *International Trade Survey* found that 27 per cent of UK exporters viewed cyber as the insurance risk that most concerned them, after the non-payment of goods and services. We provide cyber insurance for all sizes of UK firms and support the government's Cyber Essentials scheme – an effective way for companies to manage cyber security risks.

Helping business leaders navigate an increasingly complex risk landscape is AIG's core strength. It's a conversation between boards, brokers and insurance firms about how to manage the future. The quality of that conversation will be hugely enhanced, and the chances of smarter decisions increased, if we get a more diverse set of voices at the table.

To find out more, contact your broker or visit www.aig.co.uk