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The gender gap: A quota for women on the board

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Abstract
Law schools and MBA programs have been yielding equal numbers of male and female graduates for 25 years. One would reasonably expect, then, that women would populate Australian boardrooms in large numbers. Yet, only 12% or so of directors are women in Australia and the US, and no more than 3% of public company CEOs or Chairs. Norway, France and Spain have acted to redress their imbalances. They say the only proven method of advancing women into boardrooms in large numbers and in timely fashion is to impose quotas.

In September 2012, the Credit Suisse Research Institute reported that public companies with at least one woman on the board handsomely outperform those with none. This is a game changing revelation. Prime Minister Gillard announced soon after that the Australian government is 'committed to achieving a minimum of 40% of women in Australian Government Board by 2015' A quota may be the best way of achieving this.

THE GENDER GAP: A QUOTA FOR WOMEN ON THE BOARD

By **JF Corkery** and **Madeline Taylor**[1]

Law schools and MBA programs have been yielding equal numbers of male and female graduates for 25 years. One would reasonably expect, then, that women would populate Australian boardrooms in large numbers. Yet, only 12% or so of directors are women in Australia and the US, and no more than 3% of public company CEOs or Chairs. Norway, France and Spain have acted to redress their imbalances. They say the only proven method of advancing women into boardrooms in large numbers and in timely fashion is to impose quotas.

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In September 2012, the *Credit Suisse Research Institute* reported that public companies with at least one woman on the board handsomely outperform those with none. This is a game changing revelation. Prime Minister Gillard announced soon after that the Australian government is 'committed to achieving a minimum of 40% of women in Australian Government Board by 2015'.[2] A quota may be the best way of achieving this.

Women on Australian public company boards

'Structure the board to add value' says the ASX's *Best Practice Recommendations for Good Governance.*[3] 'Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties'. [4]

The Council includes a recommendation on gender diversity:

> Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish *measurable objectives for achieving gender diversity* and for the board to assess annually both the objectives and progress in achieving them. [Emphasis added]

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[2] 'Gillard comments to Obama's global women's equality initiative' (25 September 2012) Women's Agenda <http://www.womensagenda.com.au/talking-about/top-stories/gillard-commits-to-obamas-global-women-s-equality-initiative/20120925732>.

[3] The *Recommendations* were first issued in 2003, revised in 2007 and again in 2010. ASX Corporate Governance Council, *Corporate Governance Principles Recommendations* http://www.asxgroup.com.au/media/PDFs/cg_principles_recommendations_with_2010_amendments.pdf See, generally, Lenice Lim, 'Corporate Governance - A Survey of Australian and South East Asian Systems' (2010) *Corporate Governance eJournal* http://epublications.bond.edu.au/cgej/19/.

[4] The *ASX Listing Rules* require the company to report on its progress in following the recommendations: Rule 4.10 An entity must include the following information in its annual report ... Rule 4.10.3: A statement disclosing the extent to which the entity has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period. …'

In other words, 'appoint more women'. Several strong advocates have for decades been pointing out the advantages of having more women on boards.[5] Recent research, though, has jumped the business case for gender diversity forward. It seems now that not appointing women to public company boards disadvantages the companies.

The merit mantra

As Lord Davies says, 'board appointments must always be made on merit, with the best qualified person getting the job'.[6] Merit, as the criterion of suitability for the boardroom, has rarely been so trumpeted. It's as if merit has always been the basis for appointments and that the appointment of many women might change all that. Indeed, it speaks ill of women in general, that when merit has been apparently the dominant criterion so few of them were deemed meritorious. Lord Davies has his doubts, too: 'given the long record of women achieving the highest qualifications and leadership positions in many walks of life, the poor representation of women on boards, relative to their male counterparts, has raised questions about whether board recruitment is in practice based on skills, experience and performance'. In other words, since when has merit been the criterion applied in boardroom appointments?

Compounding one wrong with another is not the way to go, of course. We might agree on merit being the central criterion. But one should not conclude that appointing someone on a gender basis is somehow anti-merit, that quotas are somehow anti-meritocracy. 'It's a myth that quotas undermine merit. Quotas are in fact one way of turning our current flawed advancement and promotional systems into meritocracies.[7]

Diversity in the boardroom

A defining characteristic of a superior board member is her ability to act independently and loyally in the best interests of the company. The psychology of the defective boardroom and its tendency towards 'group think' is well known. Dominant and coercive personalities can remove their colleagues' independence of thought. Disastrous decisions may be reached in an ego-driven environment where, instead of pooling their diverse resources to concentrate on resolving problems, the group follows the leader, sometimes blindly, and reduces the ability to concentrate on the company's best interests.[8]

Marleen O'Connor points to group think as a culprit in the infamous 2002 collapse at *Enron.* It was also implicated in the 2001 HIH insurance company collapse in Australia.[9] Group

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[5] One of the most prominent is Douglas Branson, who well published on gender and corporate governance, including two books: *No Seat at the Table: How Corporate Governance and Law Kept Women Out of the Boardroom* (2007) and *The Last Male Bastion: Gender and the CEO Suite* (2010).

[6] Lord Davies of Abersoch, W*omen on boards* February 2011 <http://www.bis.gov.uk/assets/biscore/business-law/docs/w/11-745-women-on-boards.pdf >.

[7] 'Quotas and the Merit Myth' http://www.genderworx.com.au/quotas-and-the-merit-myth/.

[8] Marleen O'Connor, 'Women Executives in Gladiator Corporate Cultures: The Behavioural Dynamics of Gender, Ego and Power' *65 Maryland Law Review* 465.

[9] HIH Insurance, then the 2nd biggest insurance company in Australia, collapsed spectacularly in March 2001. Its losses amounted to over $5 billion. Some of the top management were convicted of fraud and imprisoned.

think could be reduced, O'Connor believes, with greater diversity – placing more women on boards, for example. A more diverse representation in the boardroom would foster a more ethical corporate culture and reduce fraud, lowering agency costs.[10] While clubbish and gladiatorial behaviour is not gender specific, diversity of membership including of gender offers resistance to destructive group behaviour.

Will diverse boardrooms be more socially responsible?

The third principle of the *ASX Recommendations* is the need for, 'Ethical and responsible decision-making'.[11] There should be a 'code of conduct' to secure 'confidence in the company's integrity'.[12]

Companies typically devise home-grown standards of conduct. They call for self-evaluations, reviews of guidelines, board education in the code – all of this is 'internal' monitoring. There is the usual danger you get when mice design their own traps.[13]

In the *Enron* debacle, accounting firm Arthur Andersen's internal guidelines were supposed to stop situations arising whereby local partners were in conflicted positions. The guidelines were ineffective. Arthur Andersen's Houston office, which carried out the Enron audit, was able to overrule critical reviews of Enron's accounting methods by Arthur Andersen's Chicago partner.

The Harvard Business School project *Gender and Corporate Social Responsibility; it's a matter of sustainability*, saw companies with 'higher numbers of women in executive positions having stronger Corporate Social Responsibility (CSR) programs'.[14] In 2007, companies with at least three female directors made CSR donations 28% more than companies without female board members - representing an increase of $2.3 million in CSR donations per female board member from 1997 to 2007.[15] The Study concluded that, 'inclusive leadership has a positive influence on the quantity and quality of an organization's CSR initiatives. When business leadership includes women, society wins'.[16] A report by *Catalyst* supported the concept of increasing female board participation to improve CSR performance: 'when leaders spotlight gender issues in their corporate social responsibility strategies, they often position their organization for sustained growth and the payoff extends beyond the company to society'.[17]

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[10] Marleen O'Connor, 'Women Executives in Gladiator Corporate Cultures: The Behavioural Dynamics of Gender, Ego and Power' 65 *Maryland Law Review* 465, 493.

[11] Ibid 21.

[12] Ibid.

[13] Hitki Blog, 'Checks and Balances in Corporate Structure' (2009) http://www.hitki.com/2009/02/checks-and-balances-in-corporate-structure/.

[14] Elizabeth Mullen, 'Women in leadership promote CSR' (1 December 2011) Directorship http://www.directorship.com/women-in-leadership-promote-csr/.

[15] Ibid.

[16] Ibid.

[17] Women's Leadership Foundation, *Women on Board= peak performance in organisations* (January 2012) Women's Leadership Foundation <http://womensleadershipfoundation.org/wp-content/uploads/2012/06/Women-on-Boards-and-Peak-Performance.pdf>.

The 2006 Australian Wheat Board (AWB) Scandal involved two women - Canadians Felicity Johnston and Bronte Moules - who circulated a series of cables to over 50 officials in DFAT and the Howard government. Johnston and Moules' cables alerted the Australian government to the possibility that AWB was paying kickbacks to Iraq and breaching the UN Oil For Food Program. A 'blokey'[18] culture was embedded within the Australian Wheat Board. This extended to the gamesmanship of pushing the envelope of ethical behaviour to keep on achieving ever greater trade targets as a game of 'one-up-manship'. Former CEO of AWB, Lindberg, used the phrase 'a bit of Boy's own stuff'[19] in dismissing the email authored by Paul Hogan suggesting the company's employees smuggle kickback money into Iraq AWB by 'buying a very large suitcase'.[20] There was a masculine 'groupthink' culture at AWB. The culture stemmed partly from the security of the constant flow of money from the UN which underpinned their operation and the desire to secure the best price for the company during the 2001 stock market float.

The Global Financial Crisis factor

The GFC has driven an increase in female board appointments in the UK. Helena Morrisey reckons that the GFC 'may not have been as bad if there were more women at the top, in M & A and on the trading floors - and that companies are starting to catch on'.[21] IMF chief Christine Lagarde believes, 'if the Lehman Brothers had been the Lehman Sisters, today's economic crisis clearly would look quite different ... there were two women on the 10 person board of the Lehman Brothers'.[22] Lex van Dam, previously a Goldman Sachs trader, supports the notion that increased appointment of women in boardrooms and trading floors could have possibly circumvented the GFC: 'women have a much higher sense of risk control than men ... and it can help avoid many of the disasters that risk taking by a male dominated trading environment has caused over the years'.[23]

John Coates, senior research fellow in neuroscience and finance at Cambridge University, has declared that 'testosterone is responsible for driving young males to take increasingly ill-calculated risks that turn bull markets into bubbles and even financial crises ... women take a longer time to think through decisions.'[24] The recent shift to increasing the number of women in boardrooms subsequent to the GFC indicates the desire for a fresh direction in

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[18] Linda Boterill, 'Doing it for the growers in Iraq? The AWB, oil for food and the Cole Enquiry' (2007) 66 *Australian* Journal *of Public Administration* 11.

[19] Kate Askew and Jamie Freed, 'Against the grain' (1 December 2006) *Sydney Morning Herald.*

[20] Ibid.

[21] Angela Priestley, 'Women and the next financial crisis' (September 14 2012) Women's Agenda http://www.womensagenda.com.au/talking-about/editor-s-agenda/women-and-the-next-financial-crisis/2012091161.1.

[22] Ibid.

[23] Maseena Ziegler, 'Why Wall Street Needs More Women Traders - A Conversation With Hedge Fund Boss Lex van Dam' (9 June 2012) Forbes http://www.forbes.com/sites/crossingborders/2012/09/06/why-wall-street-needs-more-women-traders-a-conversation-with-hedge-fund-boss-lex-van-dam/.

[24] Olivia Solon, 'Testosterone is to blame for financial market crashes, says neuroscientist' (12 July 2012) *Wired* < http://www.wired.co.uk/news/archive/2012-07/13/testosterone-financial-crisis>.

corporate leadership globally. Women may be better at pursuing the CSR agendas of the modern company and may be sought to spearhead that endeavour in the boardroom.

Want to improve corporate performance? Add women and stir

Commentators increasingly trumpet the benefits of women in the boardroom. Lisa Fairfax:[25]

> having three or more women on the board enhances corporate governance. The [TIAA-CREF] study … found that women impact board governance in at least three ways, (1) by bringing different perspectives into boardroom discussions, including the perspectives of multiple stakeholders, (2) raising difficult issues - that is the study found that difficult problems are less likely to be ignored when women are in the board room, and (3) by altering the dynamics in the board room to create more open and collaborative discussions.

In August 2012, The Credit Suisse Research Institute released an intriguing study examining 'gender diversity and corporate performance'. The key findings revealed that out of the 2,360 companies globally analysed, 'the companies with one or more women on the board have delivered higher average returns on equity, lower gearing, better average growth and higher price/book value multiples over the last six years'.[26] The report confirms the increasing trend and support for gender diversity in the boardroom by 'reducing volatility - manifested as enhanced stability in corporate performance and in share price returns'.[27]

The Credit Suisse research also indicates that, 'Blue-chip companies with at least one woman on the board have outperformed rivals with no women at the top table by 26% over the last six years. Companies with women on the board outperform on share price, generate a higher return on equity and have less debt and higher valuations, according to the study by the bank's research institute.[28] And since the GFC, the beneficial value of women directors has been pronounced.

> Greater gender diversity is a valuable additional metric to consider when evaluating investments," said Stefano Natella, co-head of securities research and analytics [at Credit Suisse]. 'The results of our analysis are irrefutable and for the first time offer a global view of this topic'.

Credit-Suisse reports that, for the last six years, during and post the GFC, the average return on equity was 16% for companies with women; 12% for those without women. At

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25 Lisa Fairfax, 'Is Corporate Governance Enhanced by Women Directors?' <http://www.theconglomerate.org/2006/11/is_corporate_go.html >.

26 Credit Suisse, *Gender Diversity and Corporate Performance* (August 2012) <Credit Suisse https://infocus.credit-suisse.com/data/_product_documents/_shop/360145/csri_gender_diversity_and_corporate_performance.pdf>.

27 Ibid.

28 *The Guardian,* 'Women Directors and Company Performance' (Tuesday 31 July 2012) < http://www.guardian.co.uk/business/2012/jul/31/women-directors-company-performance>.

companies with women, income rose 14% compared with 10% for those without; and companies with women had a higher price-to-book value – 2.4x compared to 1.8x.[29]

These conclusions are arresting. Companies with women on the board handsomely outperform the all-male board companies. Overall, there is an increased return on equity.[30]

Traditionally, one looked at the need for women on boards from the social justice standpoint – they should be represented and they should not be blocked or unfairly sidelined. Putting aside the family-raising arguments for treating women differently, in fairness, why should they not be as well represented in the boardroom as men? Now researchers also make out a business case – that having more women on boards and in the senior management ranks leads companies to greater profitability.

There were precursors to the Credit-Suisse report. A 19-year study by Pepperdine University found that, during the 1980s and 1990s, Fortune 500 companies with mostly women in the boardroom were 18-69% more profitable than male-only boards in their industry. The Pepperdine findings concluded that, 'when a company had three or more women on the board of directors it outperformed the competition on all measures by at least 40% and scored higher on measures or organisational excellence'.[31] An annual McKinsey study from 2007 to 2010 also said it cannot be denied that the product of the promotion of diversity is greater innovation and enhanced decision-making leading to the improvement of corporate image, profit and growth.[32] In 2010 they concluded, 'certain leadership behaviours typically adopted by women are critical to perform well in the post-crisis world … three years after the first *Women Matter* study, the link between the presence of women in executive committees and better financial performance is still valid'.[33]

But Lord Davies of Abersoch in *Women on Boards,* a 2011 report by the Equality and Human Rights Commission, calculated that, at this current snail pace, it may take over 70 years to reach gender-balanced boardrooms in the top 100 companies in the UK.

Self-regulation has failed to increase the number of women on boards fast enough. Viviane Reding, campaigner for workers representatives in the boardroom, argues that self-regulation has failed and there is no chance of genuine equality in the workplace in business broadly.[34]

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[29] Ibid.

[30] Heather Perlberg, 31 July 2012 *Bloomberg* http://www.bloomberg.com/news/2012-07-31/women-as-directors-beat-men-only-boards-in-company-stock-return.html.

[31] Karen Pine, 'Sheconomics: why more women on boards boosts company performance' (June 2011) 81 *Significance,* 80.

[32] McKinsay & Co, 'Women Matter: Gender Diversity, a Corporate Performance Driver 2007, 2008, 2009, 2010' http://www.mckinsey.com/locations/swiss/news_publications/pdf/women_matter_2010_4.pdf.

[33] Ibid.

[34] *NYTimes,* 'EU Considers quotas for women in boardrooms' (3 May 2012) <http://www,nytimes.com/2012/03/05/business/global/eu-considers-quatoas-for-women-inboardrooms.htm>.

Quotas

Sweigart argues that 'quotas are the only proven method of advancing women into boardrooms in large numbers and therefore, merit serious consideration'.[35] Quotas have been successful. In 2003, the Norwegians brought in a quota of 40%. By 2008 that had almost been achieved. At the time the quota was passed there had been only 7% female board membership. France, with a binding quota, has over 20%, compared to 8% in 2007. The Netherlands has 19%, compared to 7% in 2007.

The experience initially was not very positive. A University of Michigan study apparently indicated that performance and experience in the boards decreased.[36] The new board members would have been less experienced - and there would be disruption to the boardroom patterns.

But the data has changed. In 2006, Professor Morten Huse,[37] and Mariateresa Torchia and Andrea Calabrò,[38] investigated whether an increase in the percentage of women led to the board making changes and promoting innovation. 'The results show there is a significant and positive correlation between the percentage of women and the degree of organisational innovation in the enterprise'.[39]

The results were positive also in a 2011 study of research by the BI Norwegian Business School and Copenhagen Business School, where 120 Norwegian companies were interviewed. As long as women on boards were treated as equals, the board's decision-making processes improved:[40]

> Well-prepared, enthusiastic women on the board also have a positive effect on other board members. The guys need to prove that they're also well prepared and enthusiastic. 'This creates a positive cycle where preparations and involvement in board meetings increase in general. Men's behaviour appears to change when women join the board,' says Huse. Better-prepared, more involved board members also affect the productivity of the board in a positive way.[41]

Quotas are blunt but effective. France in 2011 imposed a requirement that women should hold 20% of boardroom positions by 2014 and 40% by 2017. This legislation led to a 1.9% increase in women on boards in Europe from October 2010 to January 2012, easily exceeding

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35 Anne Sweigart, 'Women on board for change: The Norway Model of boardroom quotas as a tool for progress in the US and Canada' (2012) *4 The Ambassador*,105.

36 Nicola Clark, 'Getting Women into Boardrooms, by Law' 27 (January 2010) *NYTimes*.

37 From BI Norwegian School of Management.

38 From the University of Rome Tor Vergata.

39 Morten Huse, 'Women in charge Means More Innovation' <http://www.bi.edu/research/News/News-2010/Women-in-charge-means-more-innovation-/>.

40 Karina Nilsen, 19 July 2011, E24.no, 'Equality on the board gives value' (translated by Ingelina Nyebak).

41 Morten Huse, 'Women in charge Means More Innovation' <http://www.bi.edu/research/News/News-2010/Women-in-charge-means-more-innovation-/>.

the 0.6% rise in the previous decade. If the quotas are not met, then board elections to those noncompliant companies are nullified.

33% of a company's board must be women by 2015 in Italy - or there will be fines up to $1.3 million, along with the nullification of board elections.[42] The Netherlands and Spain do not have quotas, yet, but they do have recommended ratios of women to men.

There is ongoing discussion about EU-wide legislation centring on whether quotas should apply to state-owned companies as well as to publicly-listed ones and whether executive and nonexecutive components of directors should be covered by the rules.

Norway's quota

The *Norwegian Public Limited Liability Companies Act (2005)* quota provision is found in s 6-11a:

> **§§ 6–11a.** Requirement of representation of both genders on the board:
> (1) In the boards of publicly listed … companies both genders should be represented, as follows:
> 1. Where there are two or three board members, both genders should be represented.
> 2. Where there are four or five board members, both genders should be represented with at least two members each.
> 3. Where there are six to eight board members, both genders should be represented with at least three members each.
> 4. Where there are nine or more members of the board, each gender should be represented with at least 40% each.

The quota opponents had stressed that this was improper discrimination and unequal treatment, and that companies ought to have independent decision making. Norway pushed on, to regulate gender diversity in a wide set of Norwegian companies – from public companies to state and municipal corporate entities, as well as cooperatives.

Voluntary compliance was reluctant. Norway found that it needed sanctions to enforce the reform. The strongest sanction is that non-compliant companies are dissolved. Databases were established for women willing to serve on boards to notify their qualifications and interest, and for companies to seek talented women directors. While this meant the number of women on the boards rose rapidly to the 40% threshold, it did not have a similar effect on the numbers of women CEOs. This has remained modest at 2%.[43]

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[42] Rachel Sanderson, *Italian women unite to pry open the boardroom doors* (6 September 2012) *The Financial Times* <http://m.theglobeandmail.com/report-on-business/careers/management/italian-women-unite-to-pry-open-the-boardroom-doors/article551267/?service=mobile>.

[43] Aagoth Storvik and Mari Teigen, *Women on Boards: The Norwegian Experience* (Friedrich, Ebert, Stiftung, June 2010) http://library.fes.de/pdf-files/id/ipa/07309.pdf.

A quota for Australia?

The ASX could well amend its *Best Practice Recommendations for Good Governance* and ask that listed companies, in their diversity policies, include specific goals for numbers of women. Lord Davies:[44]

> All Chairmen of FTSE 350 companies should set out the percentage of women they aim to have on their boards in 2013 and 2015. FTSE 100 boards should aim for a minimum of 25% female representation by 2015 and we expect that many will achieve a higher figure. Chairmen should announce their aspirational goals within the next six months (by September 2011). Also we expect all Chief Executives to review the percentage of women they aim to have on their Executive Committees in 2013 and 2015.

We advocate a quota for Australia, on the Norwegian model, to remain in force for a decade, when it could be phased out. This would force a financial and social breakthrough in Australia. It is likely to add to the corporate bottom line, as well as achieve fairness and a fresh approach to corporate governance in this time of challenge and transition.

Global experience shows that the corporate community will not achieve the quota voluntarily. While quotas could be a transitional measure only, and a measure of last resort, quotas there should be, with sanctions. Buzek and Redding posed the question - 'Business leaders must decide: Will the glass ceiling come crumbling down by itself, or will a sledgehammer make the first crack?'[45] The business case – productivity gains – is more persuasive than a sledgehammer. Now it is neglect not to pursue gender diversity.

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[44] http://www.bis.gov.uk/assets/biscore/business-law/docs/w/11-745-women-on-boards.pdf.

[45] Buzek and Redding, 'Women in the Boardroom' <http://www.nytimes.com/2011/03/01/opinion/01iht-edbuzek01.html?_r=0>.

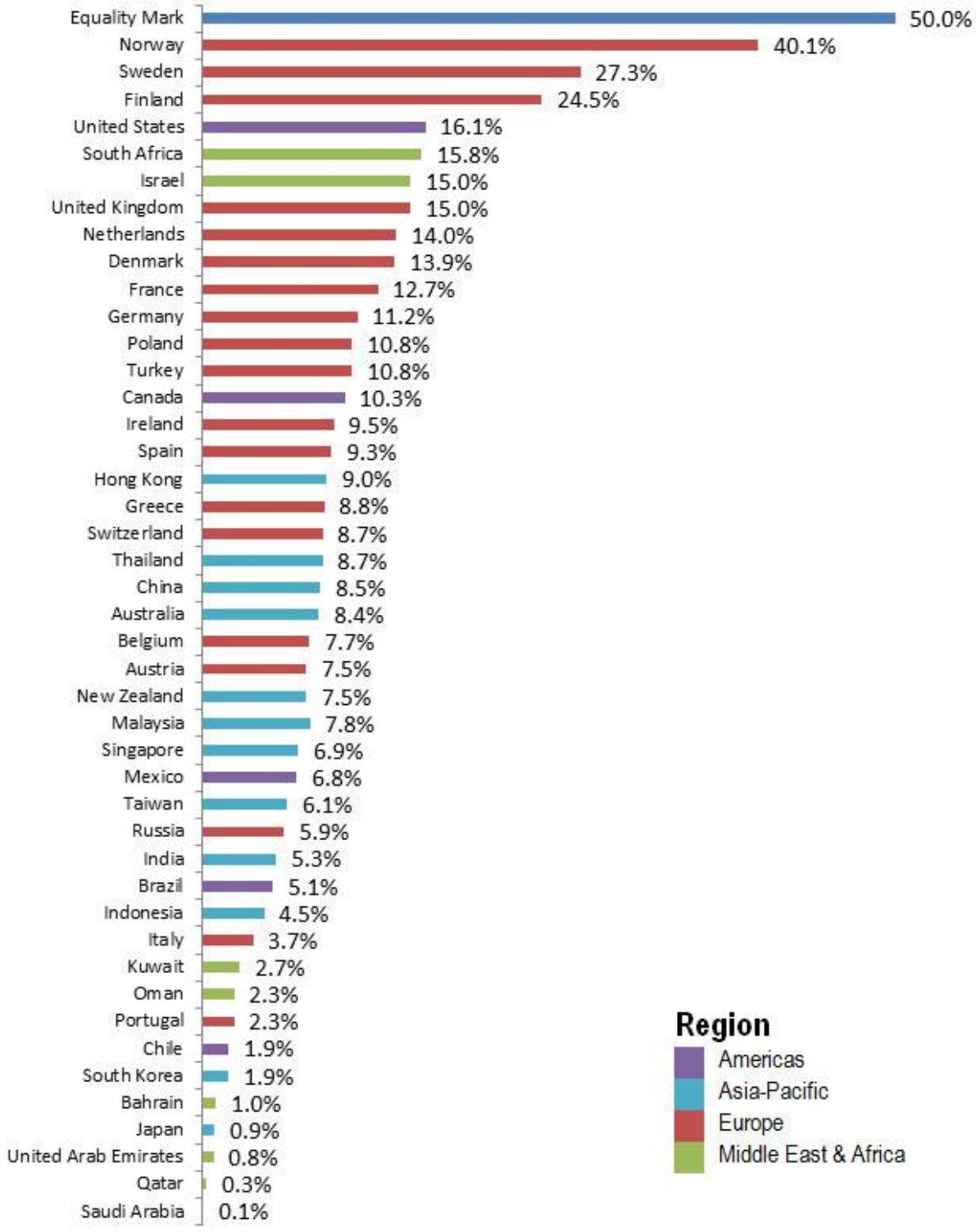
Appendix 1: International comparison on women in the boardroom[46]

Country	% of female executives (listed companies)	Quota legislation	Other business practices
Australia	12.5% on ASX 200 companies	None	The ASX Corporate Governance Council Corporate Governance Principles and Recommendations released in 2010 require ASE listed companies to: (amongst other provisions) • Adopt a publically-disclosed diversity policy
Canada	12.9%	None	The Canadian Board Diversity Council established in 2009 targets 500 corporations with the goal of 'improving diversity on boards'
China	9.5%	None	The Code of Corporate Governance for Listed Companies in China does not mention gender diversity on boards
Hong Kong	9.4%	None	The Corporate Governance Code of Hong Kong for listed companies does not mention gender diversity on boards
India	5.3%	The Companies Bill 2009 currently contains provisions proposing to make it mandatory to make at least one female independent director	India's Corporate Governance Code for listed companies and the voluntary guidelines on Corporate Governance by the Ministry of Corporate Affairs does not mention gender diversity on boards
Malaysia	6.3%	In 2011 the Malaysian Cabinet approved legislation whereby companies must achieve minimum of 30% of female representation in decision making positions in the private sector	None
New Zealand	12%	None	Mark Weldon, CEO of the NZ Stock Exchange, announced that the stock exchange will be proposing legislation to require publically-listed companies to declare how many women they have in senior roles and as directors.
United States	12.6%	None	As of 2010, the SEC implemented the rule requiring disclosure of whether a nominating committee considers diversity in identifying nominees for directors and requires disclosure of how this policy is implemented.
Norway	31.9%	In 2005 Norway became the first country to introduce board gender quotas, pursuant to the *Norwegian Public Limited Liability Companies Act* ~~incl~~uding these provisions:	Disclosure of the states of diversity within the company is also required under the *Norwegian Accounting Act*

[46] Information sourced from 'Women in the Boardroom A global perspective' *Deloitte* (November 2011) <http://www.deloitte.com/assets/Dcom-Tanzania/Local%20Assets/Documents/Deloitte%20Article_Women%20in%20the%20boardroom.pdf>.

		• If the board of directors has two or three members both sexes shall be represented • If the board of directors has four or five members each sex shall be presented by at least three directors • If the board of directors has more than nine members each sex shall be represented by at least 40%	
Spain	9.2%	The Spanish parliament passed the Law of Equality in 2009 which requires listed companies to nominate women to 40% of all board seats and up to 60% of total board membership	The Spanish Securities and Exchange Commission's Corporate Governance Code recommends that company boards should include women when seeking additional directors and companies that do not comply must explain.
France	20.8%	In 2011, France enacted mandatory quotas to improve the representation of women on boards (effective January 2017) • the proportion of women and men directors should not be below 40% in listed and non-listed companies with total assets over 50 million Euros or employing at least 500 persons for three consecutive years • A board including eight directors or less shall not have a difference of higher than two of each gender • any irregular director appointment will suspend the payment of directors' fees until the situation is rectified	None
Italy	3.7%	From 2011, law 120 Gender Balance on the Boards of Listed Companies requires: • The less represented gender to get at least a fifth of the seats on the Board for the first term and a third for the others If the company disregards this provision, the Consob will apply a fine of a minimum of 100,000 Euros for and will require compliance within 3 months of the sanction	None
United Kingdom	12.5%	None	Lord Davies launched an independent review into Women on Boards in 2011 and recommended that the UK listed companies in the FTSE 100 should be aiming for a minimum of 25% female board members

Appendix 2: *Catalyst's* graph - Board seats held by women globally[47]



[47] Information reprinted from Catalyst, *Women on Boards* (August 2012) <http://www.catalyst.org/publication/433/>.