2019 CWDI Report:

Women Board Directors of Fortune Global 200 Companies

Key Findings

- ***Women now hold 22.4% of all director positions on the boards of the 200 largest companies in the world – the* Fortune *Global 200, representing a modest 1% increase in past two years.*** More than ¾ of all board seats on the world's largest companies are still held by men.

- The percentage of 22.4% is more than double the percentage of women directors in 2004, when only 10.4% of board appointments were held by women in these global powerhouse companies representing 26 countries.

Regional Comparison

- **European companies have driven the surge in the percentage of women board directors in the *Fortune* Global 200. Since 2004, the overall percentage of women on boards of the European companies in the listing has increased tremendously – from 9.1% to 34.1%, largely due to national initiatives to speed up women's access to board seats.**

  France and Italy, far and away, account for the largest gains in Europe from 2004 to the present. ***French companies in* Fortune *Global 200 have increased from 7.2% to 43.2%, while Italian companies have increased from 1.8% to 35.4%.***

- The largest companies in the Americas (primarily US companies with a small number in Brazil and Mexico) dominated the *Fortune* Global 200 in 2004 and led globally in women's board appointments at 17%.

  In 2019, **the percentage of women directors in the Americas has increased only 10 percentage points in 15 years to 27.4%.** While there is much dialogue and efforts to increase women's representation on boards in the U.S., and to a smaller extent in Brazil and Mexico, no *nationally-driven* program has emerged.

- ***Fortune* Global 200 companies in the Asia-Pacific region, which now represent the largest slice of the 200 largest companies in the world, have only 9.7% women's representation on their boards of directors.** This is, however, a significant increase from 0.9% women's directorship in 2004. The increase in the region is largely due to initiatives in Australia and a national push in Japan to increase women in leadership posts.

- ***Though the Asia-Pacific region considerably trails Europe and the Americas in placing women on boards, they now dominate the* Fortune *Global 200 listing.*** In 2004, there were only 36 Asia-Pacific companies compared to 83 European and 81 from the Americas. In the 2019 listing, there are now 84 Asia-Pacific companies, 67 from the Americas and 48 from Europe.

<u>Why Europe Leads</u>

The increase of women directors in Europe is the direct result of concerted national efforts to accelerate women's access to board seats through legislated mandates.

- **Since 2004, the number of countries with legislative quotas for publicly-listed or state-owned companies has increased from 7 to 28.** Of these 28 countries, **19 are in Europe**. Three others are in Asia, and two are in each of Africa, South America and the Middle East.

- **Quotas are working.** ***Fortune*** **Global 200 companies based in countries with quotas averaged 34.8% women's representation on boards compared to 18.4% in countries without quotas, a difference of 16.4%.** The rates of increase are larger and faster in *Fortune Global 200* companies based in countries with quotas.

- **Among the companies with the ten highest percentages of women directors, 8 (of 16 companies accounting for ties) are from France.** The U.S. is only country outside of Europe with companies among these best performers. 5 are from the U.S. and one each from Germany, the Netherlands, and the UK.

- **The company with the highest percentage of women board directors among *Fortune Global 200* companies is French energy giant Total SA, with 58.3% women directors (7 women out of 12)**

  Five other companies have also reached gender parity on their board. Also from France, AXA has 53.3% women directors and Electricite de France has reached the 50% mark. The other three companies are headquartered in the U.S. – HP with 55.6%, General Motors with 54.5%, and Amazon with 50%.

<u>Why Corporate Governance Codes Matter</u>

Since quotas remain a controversial strategy for increasing women's board representation, other countries have utilized a private sector (as opposed to governmental) initiative in which gender diversity is added to corporate governance codes or stock exchanges' listing requirements.

- In 2004, there were only four countries with such language in their corporate governance codes; now there are 31. The majority are recommendations only, but a few are required. Seventeen of these countries are in Europe, 8 are in Asia, 4 are in Africa and 2 are in the Middle East.

- **While this initiative is not mandatory like quotas, they have also proven to be effective in moving the needle on women directors.** *Fortune* Global 200 companies based in countries with gender diversity provisions in corporate governance codes averaged 35.6% women directors, while companies based in countries without those guidelines had 17.7% women-held board seats. This difference of 17.9% has increased from 8.6% in the past five years.

Recommendations:

- **Whether quotas or targets, whether through legislative mandates or private sector strategies, opening up women's access to corporate board seats will *not* happen unless there is a concerted *national* effort.** Relying on the old belief that meritocracy alone will make women rise to the top of corporate leadership is naïve given the plethora of male-dominated boards which recruit their own.

- **Boards must be repeatedly exposed to the 'business case' for more women on corporate boards.** There are currently over 75 research studies from numerous countries indicating that more women on boards correlates with a company's better financial performance. As a McKinsey report indicated, however, only 29% of corporate executives see gender diversity in corporate leadership as a necessary component of their business strategy.

- **Companies should insist that when board openings occur that Nominations Committees' or search firms' recommendations include women candidates.**