



Corporate
Governance
Center

WOMEN on the BOARD of DIRECTORS

expert survey results

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Main objective of the “Armenia. Women on the Board of Directors” project

- **Promote** the representation of women members on the Board of Directors of Armenian companies and women’s involvement in the economic decision-making process.

The Project is implemented with the support of the Center for International Private Enterprise (CIPE, www.cipe.org).

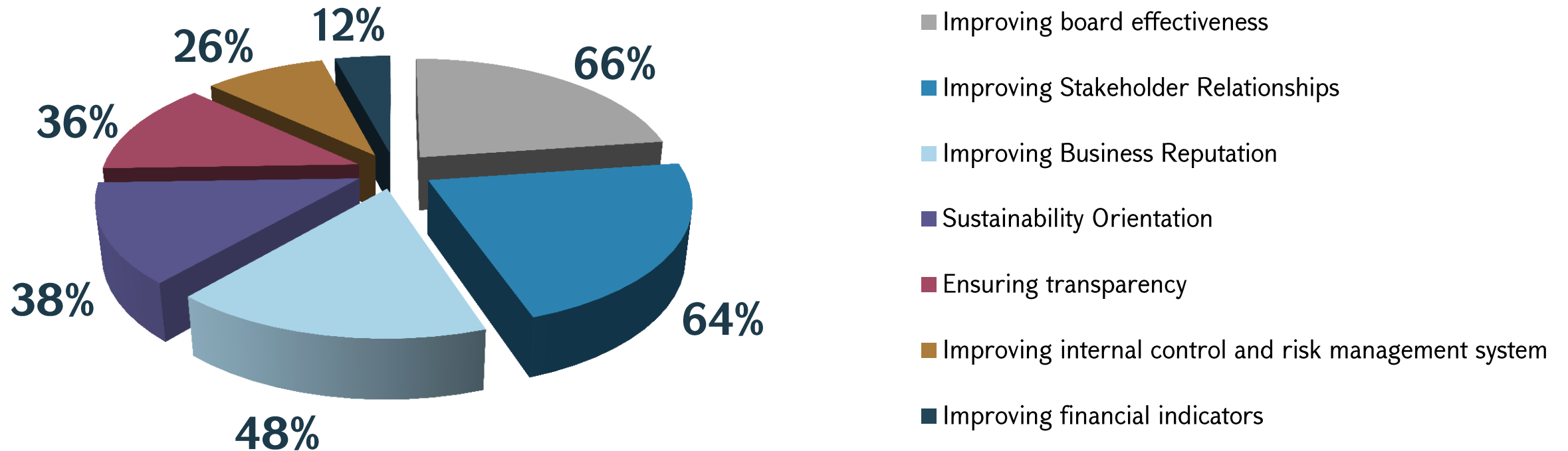
Main objective of the "Women on the Board of Directors" expert research

Find out the following in the Board of Directors of Armenian companies:

- Perceptions on women's representation and valuation of their role;
- Main barriers to women's representation;
- Possible approaches and ways, as well as state incentives and support mechanisms to promote women's representation.

Advantages of women representation on Boards (n=50)

The vast majority of surveyed experts (96%) believe that women provide added value in corporate governance system.



One of the reasons for my success was that I was only competing with half of the population.

Warren Buffett

Professional independent board members think that:

- Women care more about how boards' decisions affect people.
- Women are more careful, sensible, patient and have more developed communication skills.
- Women are more willing to give chance to the opposite side than men.
- Women have strategic orientation.
- Women are more focused on ethics and integrity.
- Women work harder to prepare for board meetings, do not rely only on their own experience, and participate effectively in discussions.

Focus 9. Women on Boards: A Conversation with Male Directors. Compiled and Edited by Marie-Laurence Guy, Carmen Niethammer, and Ann Moline. Global Corporate Governance Forum. IFC. 2011.

Women representation on Boards lets understand the challenges of the time

- **Women in the governance system increase corporate ESG efficiency.**

Alexandre Di Miceli and Angela Donaggio. Women in Business Leadership Boost ESG Performance: Existing Body of Evidence Makes Compelling Case. 42 IFC Corporate Governance Knowledge Publication. Private Sector Opinion. 2018

- **Companies with female board members have a strong commitment to CSR, pay attention to non-financial indicators, internal control and risk management system.**

*Nabil A. Ibrahim & John P. Angelidis, Effect of Board Members' Gender on Corporate Social Responsiveness Orientation, 10 J. APPLIED BUS. RES. 35, 36 (199).
David A.H. Brown et al., The Conference Board of Canada, Women on Boards: Not Just the Right Thing . . . But the "Bright" Thing 11 (2002), archived at <http://perma.cc/57FC-8YU5>.*

- **Board diversity, including on the basis of gender, contributes to the perception of stakeholder expectations, the creation of equal opportunities for different groups, and their inclusion.**

Catalyst, Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers 9 (2008), archived at <http://perma.cc/37BC-FR65>.

ESG - ecology, social, governance

E

- **Environmental protection:** energy efficiency, management of greenhouse gas emissions, biodiversity, climate change, waste management, soil, water use and other environmental issues.

S

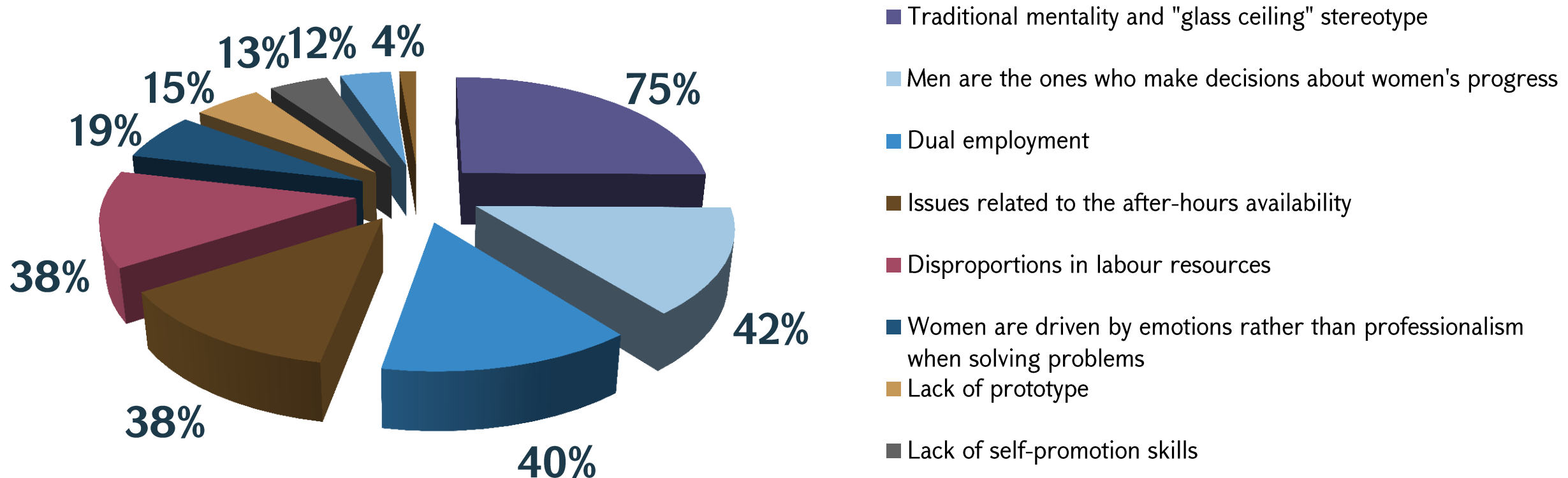
- **Social impact:** **labour standards**, social privileges, **diversity**, **human rights protection**, public relations, data protection, health, security, supply chain management and other issues.

G

- **Good governance:** governance processes of "E" and "S" components, **board composition and structure**, ensuring controlling strategic stability, remuneration of the executive body, ethical and anti-corruption compliance.

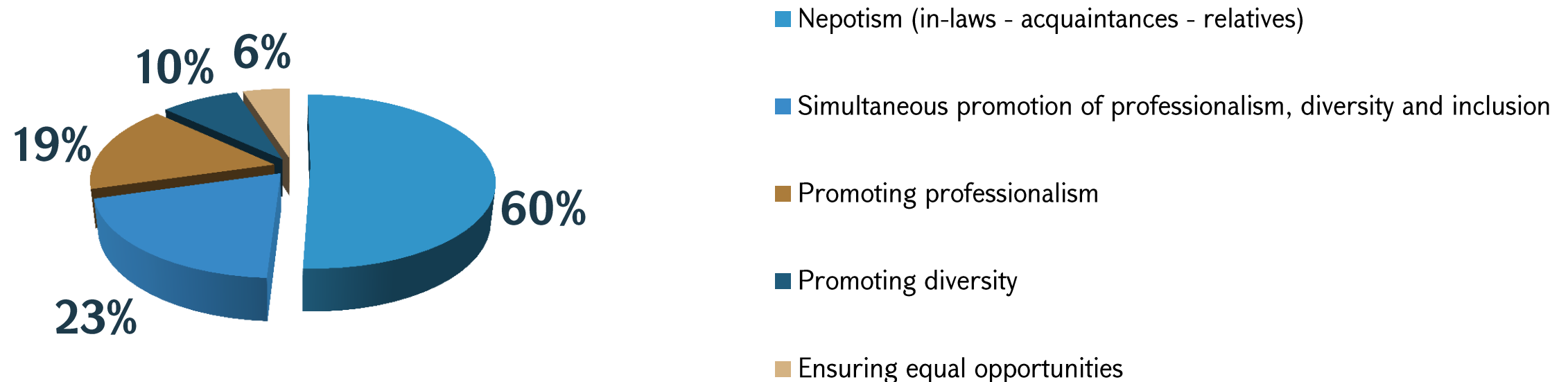
Traditional mentality and the “glass ceiling” stereotype (n=52)

Women experts considered traditional mentality (82%) and men making decisions about women's progress (54%) as barriers.



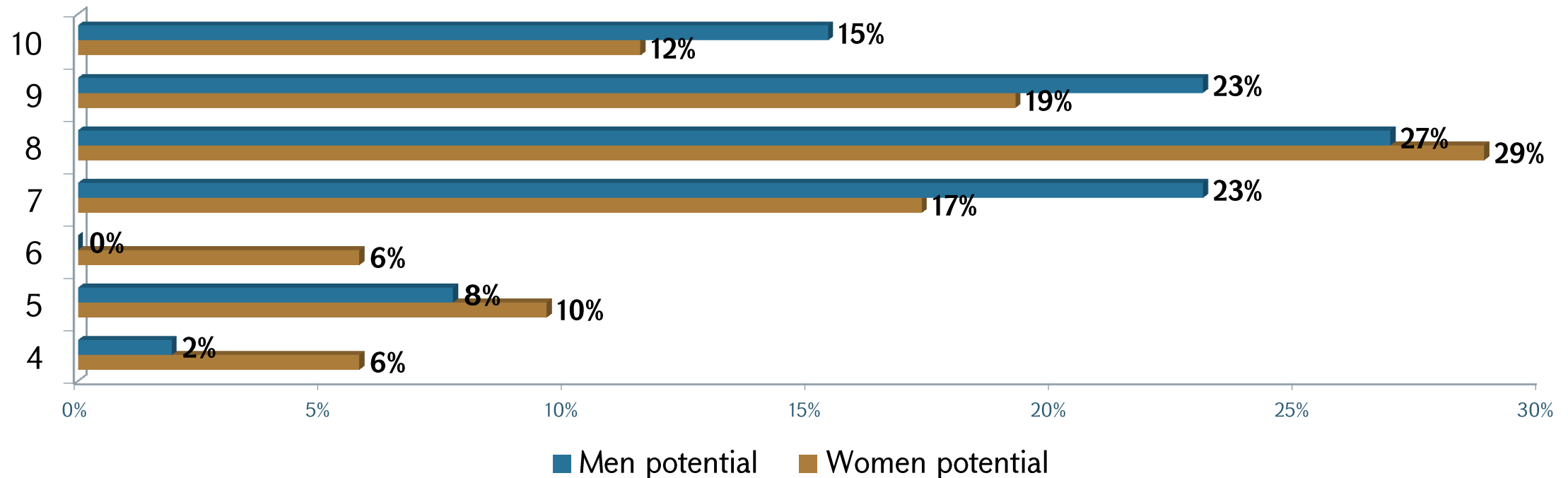
Key players and main approaches in the boards' formation process (n=52)

75% of the respondents think that the controlling shareholder is the decisive player in the formation of boards, and only 8% gave their "vote" to the board.

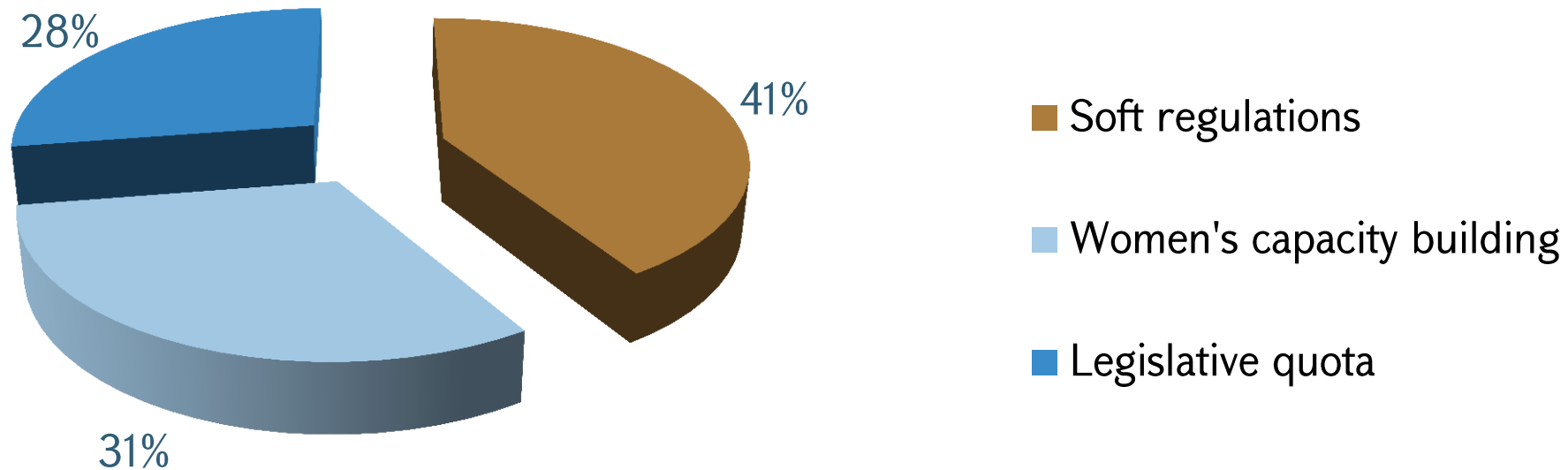


Phenomenon of "underestimated potential" in Armenia (n=52)

Only 39% of women think that women and men have equal potential, it was rated high - 9 and 10 points. 35% rated their potential above average, but it is still inferior to men's.



98% of experts believe that the representation of women on boards should be promoted



Examples of soft regulation

The Swedish Corporate Governance Code

... The board members are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for gender balance on the board.

The Finnish Corporate Governance Code

... The number of directors and the composition of the board of directors shall be such that they enable the board of directors to see to its duties efficiently. Both genders shall be represented in the board of directors.

Examples of target indicators

Australia

In April 2015, the Australian Institute of Company Directors (AICD) called on the 200 largest companies listed on the Australian Stock Exchange (ASX) to ensure a 30% representation of women on the Board of Directors by the end of 2018. In 2015, the share of women representation in listed companies was 19.4%. Along with the United Kingdom, Australia is the only country in which the representation of women in the listed companies reached 30% without using quotas.

Singapore

The Singapore Code of Corporate Governance, adopted in 2018, envisages that the board of directors should be quite diverse. The Ministry of Social and Family Development of Singapore set a target to increase women's representation on boards to 20% in 2020. The 100 largest companies listed on the Singapore Stock Exchange (SGX) are close to that target, moreover, women make up 20% and more in the boards of 30 companies.

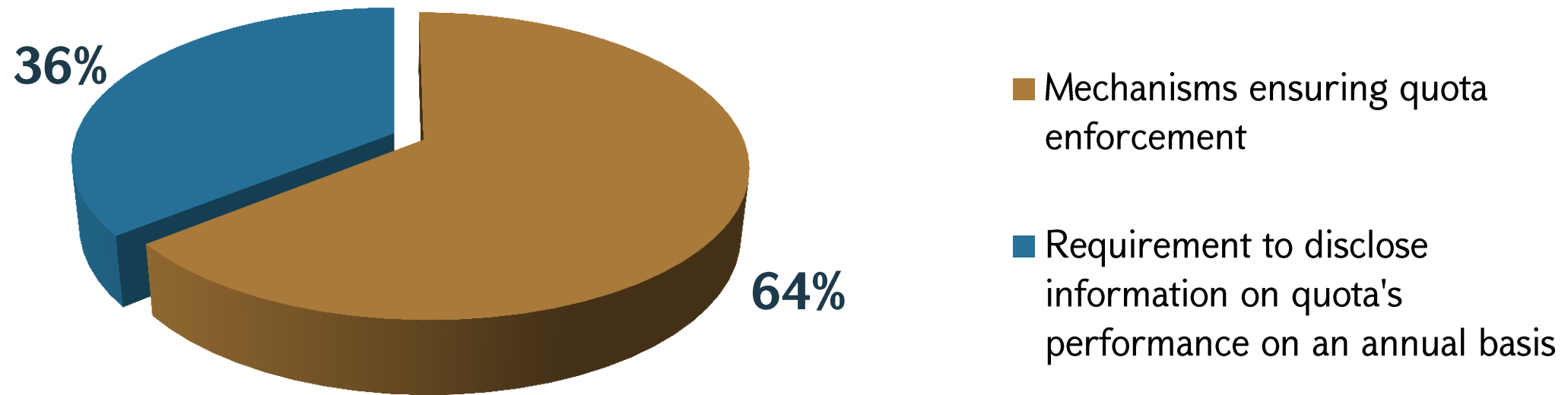
Armenia: Revised Corporate Governance Code (draft)

PRINCIPLE II.2. Board Composition

Members of the Board should possess synergy of diverse professional skills, education and experience. The entity should ensure the diversity and independence of the Board for the effectiveness of the Board and the objectivity and impartiality of decisions.

... The Board should encourage the diversity of its members, including industry expertise, capacities, experience, age and gender diversity, as well as other standards set out in the diversity policy approved by the entity's Board.

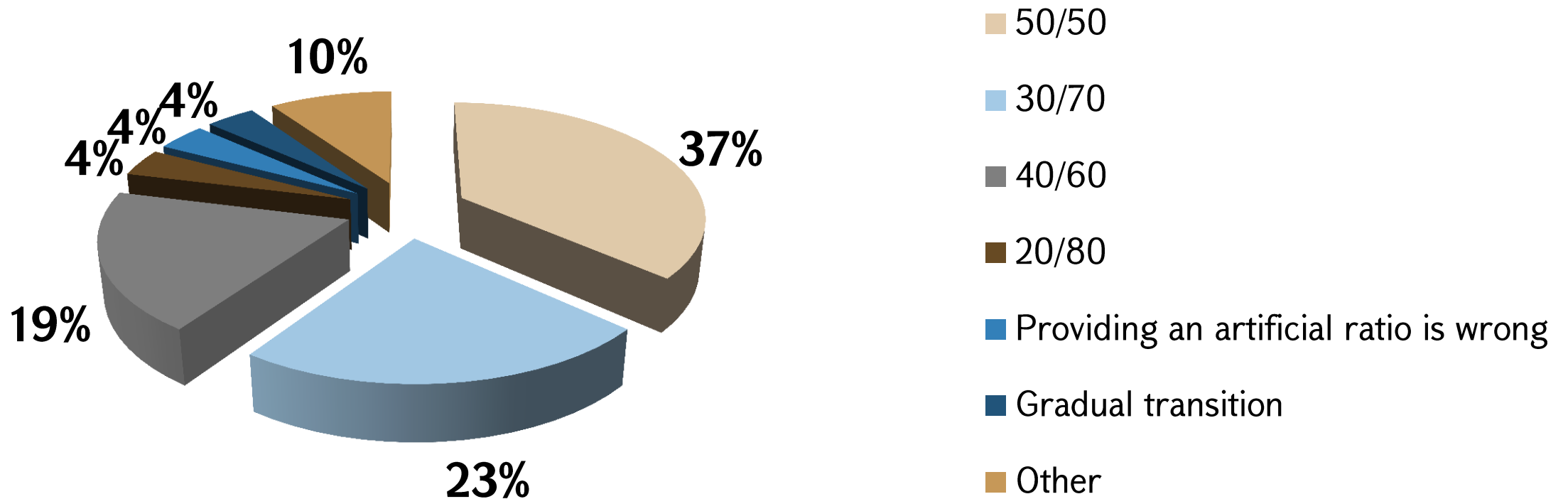
Quota as a way to ensure women's representation on boards



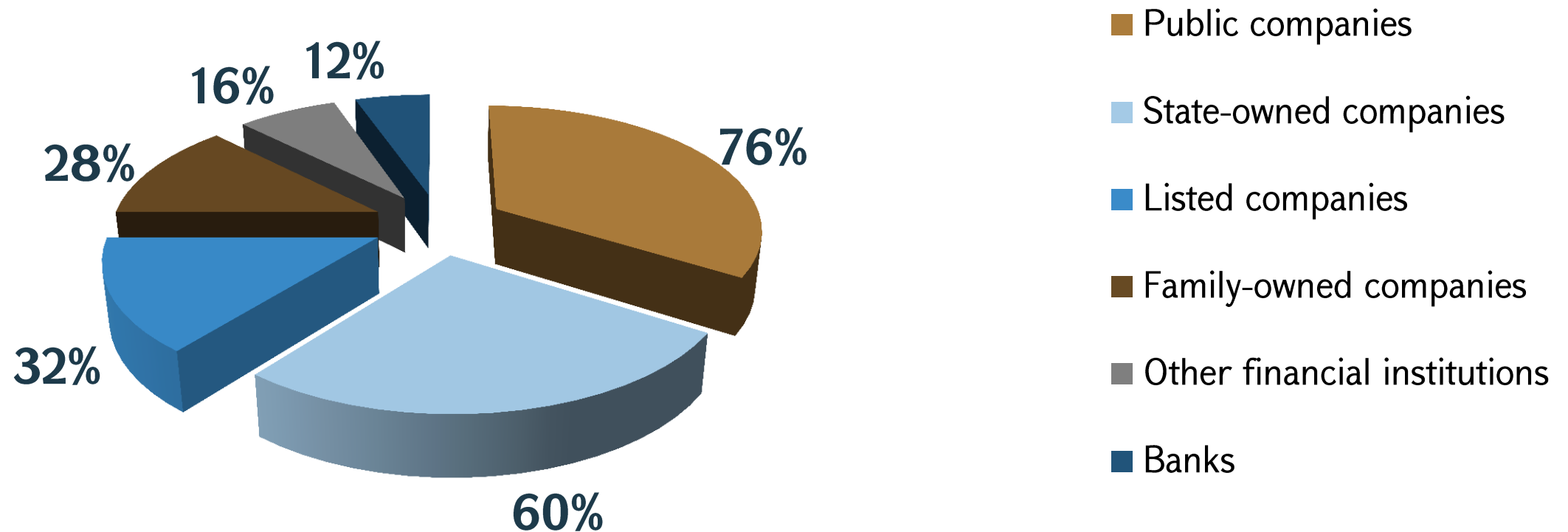
Quota enforcement mechanisms in European countries

Quota laws	Mechanisms	Sanctions / Incentives
Norwegian company law	Yes	Termination of activity
Law of Portugal	Yes	“Open seats”, Fines
Belgian Company Code	Yes	“Open seats”, Remuneration of current board members is not paid
Golfo Mosca Italian Company Law	Yes	Fines
German Company Law	Yes	“Open seats”,
Copé-Zimmerman French Company Law	Yes	“Open seats”, Remuneration of current board members is not paid
Austrian Company Law	Yes	“Open seats”
Civil Code of the Netherlands	No	Explanation of non-compliance
Spanish Law of Equality	No	Positive incentives
Icelandic Company Law	No	No

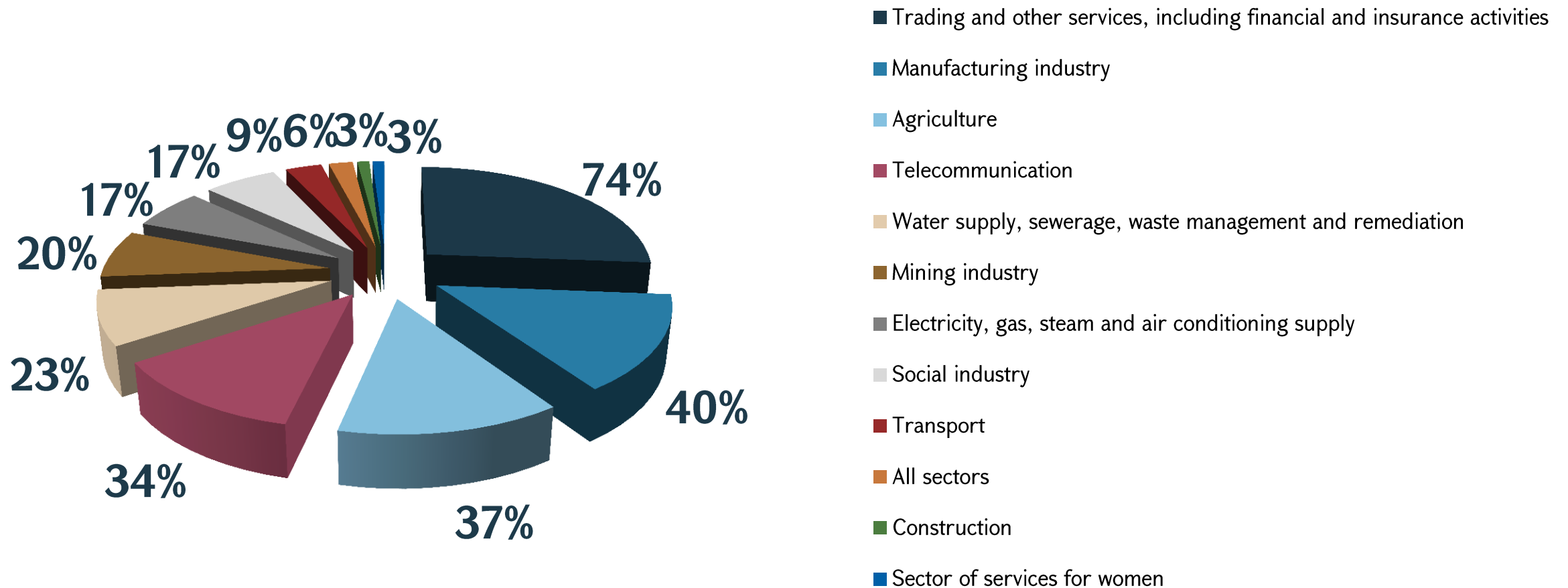
Optimal ratio of women to men on boards (n=52)



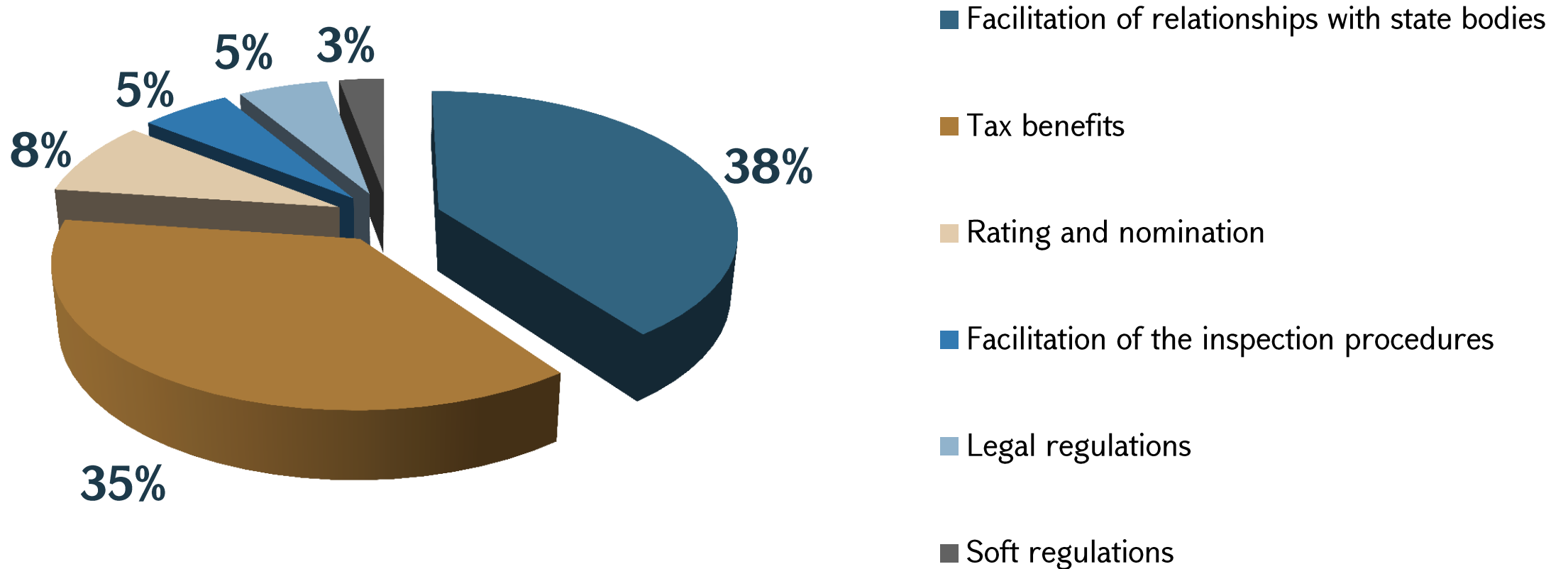
Companies in which women's representation on the board is of primary importance (n=25)



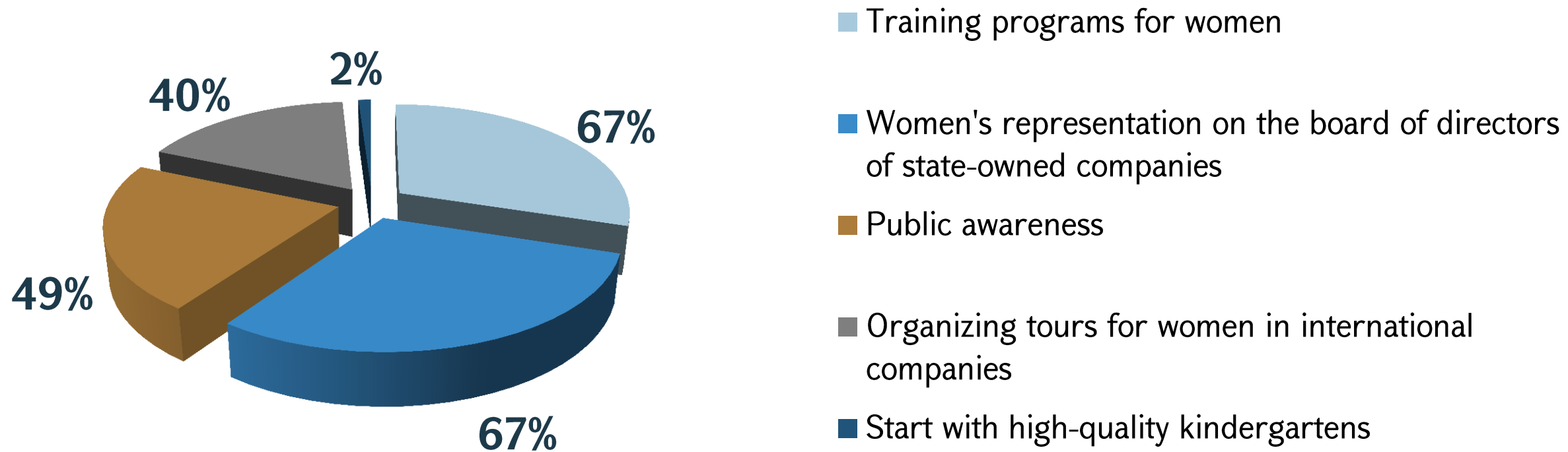
Branches, where women on boards are of primary importance (n=35)



According to 81% of experts, the state should encourage companies



According to 83% of experts, the state should support companies





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THANK YOU!

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