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# QUOTAS AS A TOOL FOR CAREER ADVANCEMENT OF WOMEN IN CORPORATIONS

EC Legal Seminar – Equality Law  
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Mirella Visser LL.M.  
Centre for Inclusive Leadership

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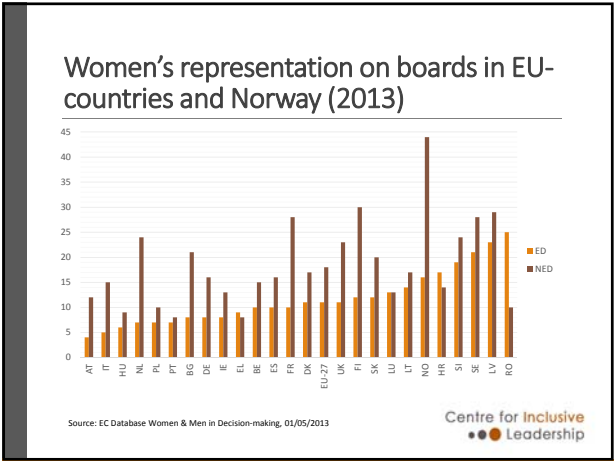
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## Convergence of minds, divergence of approaches

Country	Scope	Law or self-regulation	Sanctions	Executive (%)	Non-Exec. (%)	Total (%)
EU	Listed co's	40% on SB by 2020 (proposal)	Member State law	11	18	17
Norway	State-owned, publ. lim. priv. sector	40% by 2012	Warnings, fines, delisting	16	44	42
Finland	Public, priv. sector	Self-regulation	No	12	30	29
Sweden	Public, priv. sector	Self-regulation	No	21	28	26
France	Priv., state-owned, > 500 empl., > € 50m	20% by 2014, 40% in 2017	Nullity board elections	10	28	27
NL	Larger co's (criteria)	30% on EB and SB by 2013 (- 2016)	Comply or explain	7	24	24
UK	Private sector	Self-regulation	No	11	23	18
Italy	Listed, state-owned	1/3 after 2 <sup>nd</sup> ren.	Warning, fine, fort.	5	15	13

Source: EC Database on Women and Men in Decision-making, 01/05/2013

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## Key dates and events EU's approach

- Council Recommendation 96/694/EC (1996) invited Member States to adopt a strategy to promote balanced participation of women and men in decision-making
- March 5, 2010: Adoption of the Women's Charter followed by meetings with business leaders
- March 1, 2011: Call for self-regulation: "Women on the Board Pledge for Europe"
- July 6, 2011 and March 13, 2012: European Parliament calls for legislation
- March – May 2012: public consultations
- November 14, 2012: Proposal for a directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures
- Six national parliaments initiated 'yellow card' procedure but were not successful
- June 20, 2013: discussion in Council of Labour Ministers
- July 9, 2013: EP's Committees (EMPL, IMCO, ECON) voted in favour of the proposal
- October 15 2013: EP's Committees (JURI and FEMM) voted in favour of the proposal
- November 20 2013: European Parliament adopted amended version in plenary session
- Final step: adoption by Council of Ministers (qualified majority) on Dec 9-10

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## The proposal contains specific instructions

"Member States shall ensure that listed companies in whose boards members of the underrepresented sex hold less than **40% of the non-executive director** positions make the appointments to those positions on the basis of *comparative analysis of the qualifications of each candidate, by applying pre-established, clear, neutrally formulated and unambiguous criteria*, in order to attain the said percentage at the latest by 1 January 2020 or at the latest by 1 January 2018 in case of listed companies which are public undertakings".

"In order to attain the objective [...] MS shall ensure that, in the selection of non-executive directors, priority shall be given to the candidate of the underrepresented sex *if that candidate is equally qualified* as a candidate of the other sex in terms of suitability, competence and professional performance, *unless an objective assessment* taking account of all criteria specific to the individual candidates tilts the balance in favour of the candidate of the other sex".

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## Key elements of the proposal

- Applicable to non-executive directors in principle, but possibility of "flexi-quota" for executive directors
- Obligation for companies to revise their current selection procedure for board members in order to ensure qualified female candidates are given priority over equally qualified male candidates
- Applicable to publicly listed companies, due to their economic importance and high visibility; small and medium sized co.'s excluded
- Obligation to disclose (criteria, assessment, annual accounts)
- Member States obliged to implement effective, proportionate and dissuasive sanctions for companies that do not comply
- Temporary measure, expiration in 2028

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## What will be the impact of the proposal on the daily operations of corporations?

- ✓ Data collection
- ✓ Formulate a vision and a policy
- ✓ Review and adapt recruitment and selection procedures
- ✓ Transparency in formulating profiles and criteria
- ✓ Review the infrastructure
- ✓ Design an operational plan
- ✓ Development of a communication strategy
- ✓ Identification of female talents
- ✓ Regular discussions at board level
- ✓ Increased visibility of female board members as role models
- ✓ Internal debates on the benefits of gender diversity
- ✓ Resistance from male and female employees
- ✓ Differentiation tool from other companies

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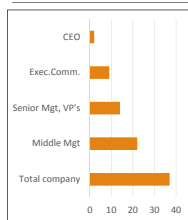
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## Best Practice Use of targets in corporations



Source: Women matter 2012, McKinsey

- Tool for culture change
- Strategic alignment
- Across the entire talent chain
- Quota's combined with work-life balance measures
- Transparency in HR and recruitment processes
- Driven by top management
- Technology as enabler
- Systematic controlling and monitoring system (KPI's)
- Role of HR and diversity consultants

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## Best Practice example Deutsche Telekom's Women's Quota

"The women's quota is an excellent example that shows how we as a company are taking measured steps to shape our new company."

Its introduction, our experiences and discussions fuel our culture change.

Things we took for granted in the past are being challenged.

The quota forces us to adopt new mindsets, for example on the issue of individual control over working hours for men as well as for women."

Thomas Sattelberger, Deutsche Telekom

- ✓ Women in management positions rose from 19% (2010) to 22.7% (2011) to 24% (2012)
- ✓ Women in Business Leaders Team rose from 3% to 7.5%
- ✓ 13 women newly appointed to supervisory boards of subsidiaries to 17 in total
- ✓ Proportion of women among newly hired high potential junior staff went from 33% to 51%
- ✓ Proportion women on management development programs went from 18% to 34.6%

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