



COUNTING EVERY WOMAN 2016

MEASURING FEMALE REPRESENTATION ON BOARDS AND
EXECUTIVE COMMITTEES IN EUROPEAN CAPITAL MARKETS

January 2016

by Yasmine Chinwala and Laurence Bax

> Women account for 23% of board members and 16% of executive committee members across European capital markets companies and institutions, but the numbers are moving in the right direction

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What this report is about

The debate around gender balance in business and finance is highly emotive. New Financial aims to inform this important discussion with data that will challenge the industry to improve its approach to diversity.

Intuitively we thought women were under-represented at the highest levels in capital markets, but what did the numbers actually look like? So in November 2014, we published our ground-breaking report *Counting Every Woman* measuring gender diversity on boards and executive committees in 11 different sectors across European capital markets. This report updates those numbers and additionally looks at what types of roles women hold on boards and excos.

The report addresses the following questions:

- What is the average female representation at senior levels across the capital markets industry and in different sectors?
- How has this changed from a year ago?
- Where women do sit on a board or executive committee, what kind of roles do they hold?

Methodology

New Financial collected data from 220 companies and institutions across 11 different sectors: banks, investment banks, central banks, pension funds, asset managers, private equity, hedge funds, stock exchanges, law firms, trade bodies, and regulation and policymakers.

In each sector, we selected 20 companies or institutions with significant operations in Europe based on their size, activity in the capital markets, and availability and quality of information. The sample is largely unchanged from our November 2014 report, but where new companies were included in this data set we updated our 2014 dataset with backdated information. This explains why there are some small differences between the 2014 figures published in this report and those in our November 2014 report.

All data was collected between July and October 2015 from company websites, annual reports and other public sources, FCA register data was collected using IMAS, and additional information was requested from organisations. Where individual members of executive committees were not publicly available, we identified senior executives to create a proxy exco. Where a company was a subsidiary of a listed entity and had no board, the parent group board was recorded. For further information on the data set, contact Yasmine Chinwala, yasmine.chinwala@newfinancial.eu.

Acknowledgements

All the data used in this report was collated by New Financial researchers Laurence Bax, Kristine Bell and Kiran Krishna, under the supervision of William Wright and Yasmine Chinwala. We are particularly grateful to Laurence for all his hard work to improve the data analysis. New Financial would like to thank all our institutional members for their support, and particularly Columbia Threadneedle Investments for funding this research.

New Financial is a think tank and forum that believes Europe needs bigger and better capital markets to help drive its recovery and growth.

We believe diversity in its broadest sense is not only an essential part of running a sustainable business but a fundamental part of addressing cultural change in capital markets.

New Financial launched in September 2014 as a social enterprise, and we are seeking financial support from companies, institutions and individuals in 2016.

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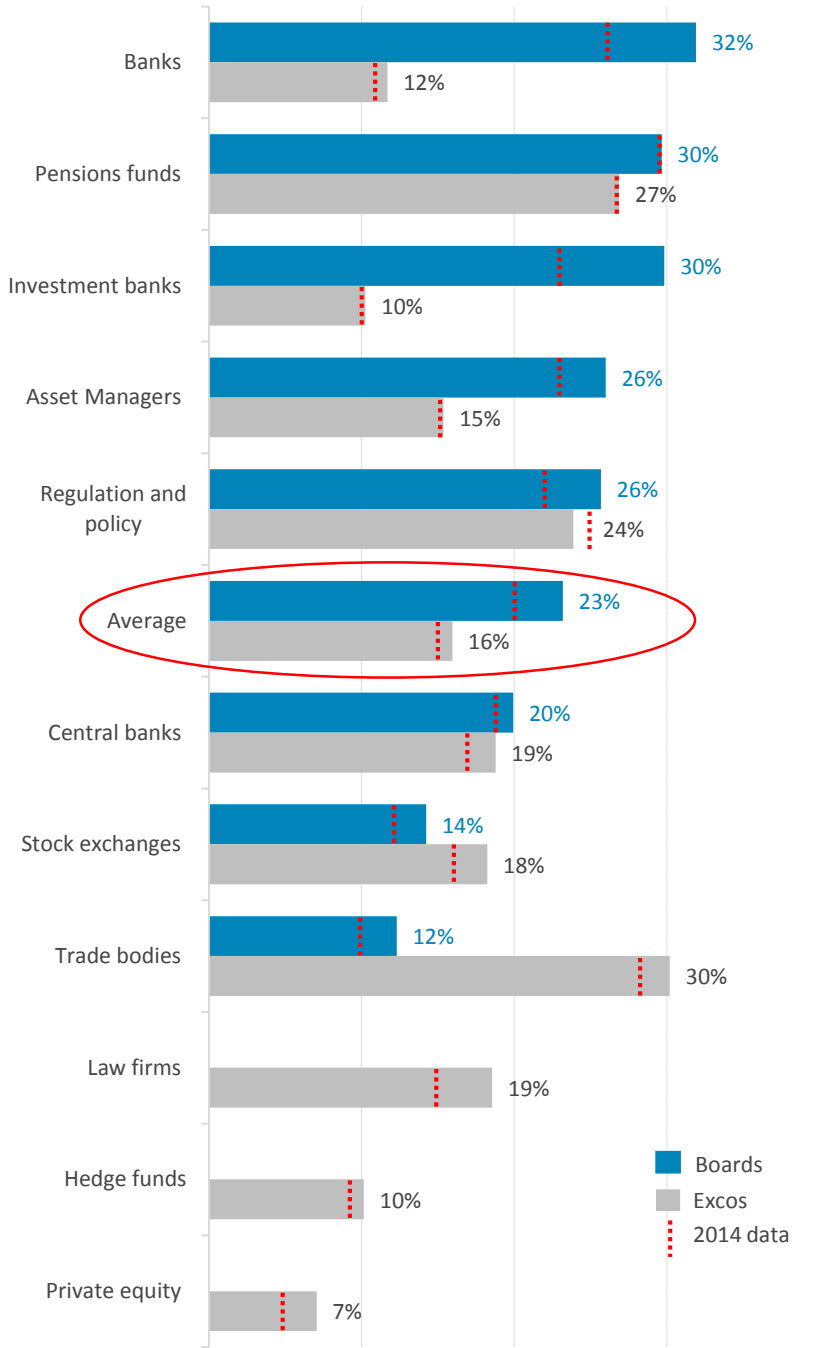
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Highlights of the report

- Nearly a quarter (23%) of board directors at companies and institutions in European capital markets are women, and one in six (16%) executive committee members are female.
- The numbers are moving in the right direction – the percentage of women on boards has increased three percentage points to 23% compared to a year ago, and female representation on executive committees has risen by one percentage point to 16%. Nearly half (47%) of boards in our sample have increased female representation year-on-year as have a third (34%) of excos.
- There is a big difference in levels of gender diversity between boards and executive committees – for example, at banks, average female representation on boards at 32% is nearly triple the levels on excos at just 12%.
- There is a wide range of gender diversity across different sectors in our sample – for example, average female representation on excos is lowest at 7% for private equity, rising to 30% for trade bodies.
- The 23% average female representation on boards disguises the lack of women in executive directorships. The proportion of female non-execs (24%) is nearly twice that of female executive directors (13%).
- Where women do sit on executive committees, they tend to be in support roles rather than in the C-suite or revenue generating functions. Nearly two thirds of heads of comms (64%) and more than half of heads of HR (58%) on excos were women, but only 12% of heads of a division or region are female, and just 11% of the C-suite.
- If the capital markets industry aspired to a voluntary target of 33% female representation on boards, it could take on average six years to achieve, and a target of 25% for excos could take just over 10 years to reach.

Fig. 1 Counting every woman

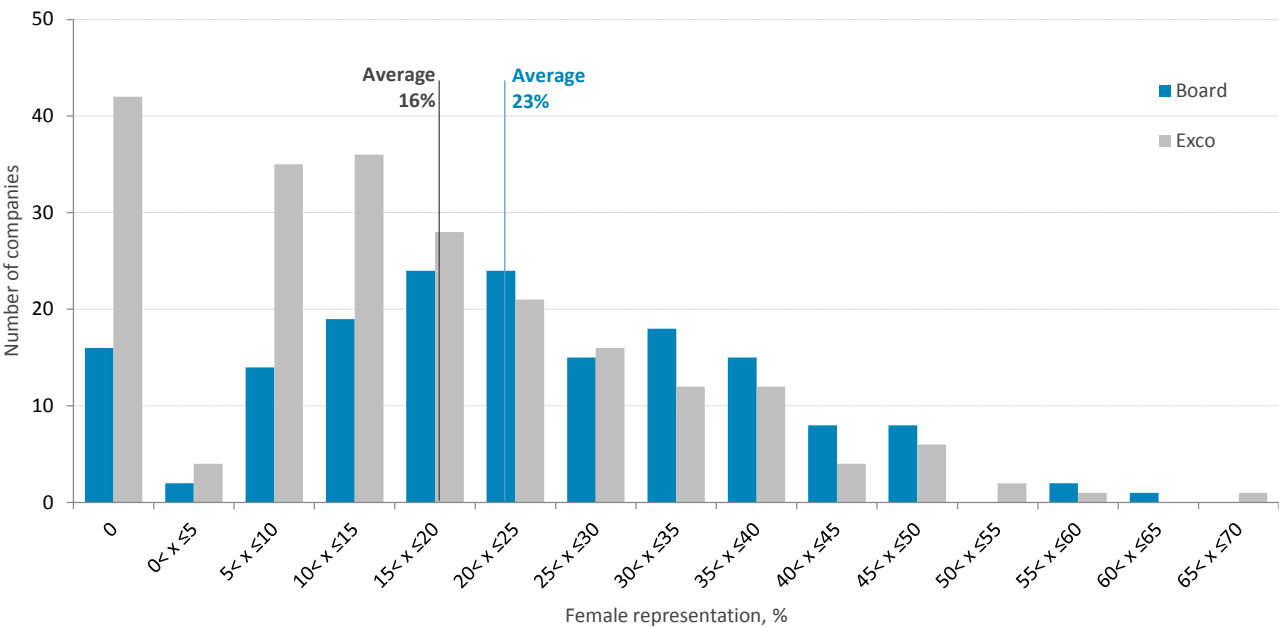
Average female representation at the highest levels across the European capital markets industry*



* Law firms, hedge funds and private equity were excluded from the board count due to inadequate data. For hedge funds and private equity, we also added FCA registered senior management, directors, partners and CEOs as a proxy for excos.

Fig. 2 Starting from a low base

The distribution of all European capital markets organisations in our sample by percentage of female representation on boards and excos



A broad spectrum

The levels of gender diversity on boards and excos across our sample vary from no women at all at one end of the scale up to female representation of 67% at the other, and everything in between (Fig. 2).

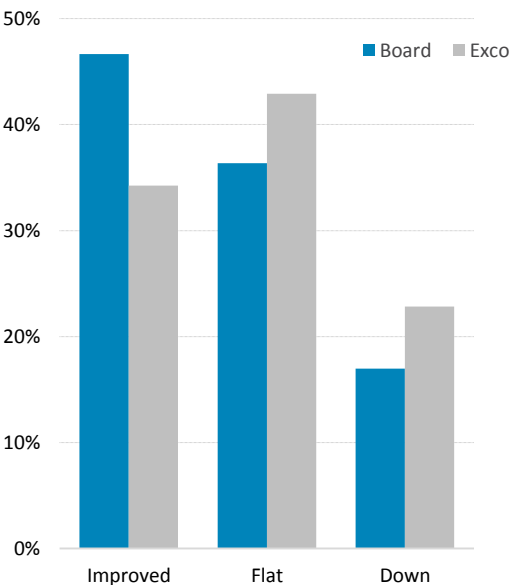
Nearly a fifth (19%) of companies have no women on their executive committee, but this has fallen from 23% when we collected the same data in 2014. The number of boards with no women has also fallen from 13% to 10% of our sample.

The distribution is weighted towards zero for executive committees. More than half (53%) of organisations have between 0 and 15% female representation on their exco, whereas gender diversity on boards is more evenly spread around the average of 23%.

And the industry is improving in more cases than not. Our analysis in Fig. 3 shows that a third (34%) of organisations have increased female representation on their exco and nearly half (47%) have increased the percentage of women on their board since 2014. Everything is moving in the right direction, but boards are improving more quickly than executive committees.

Fig. 3 Making progress

Percentage of companies where female representation on boards and excos has improved, stayed flat or fallen since we captured data in 2014



More women in support roles...

Where women do sit on executive committees, what kinds of jobs do they have? Our analysis shows women tend to be in support roles – such as HR, communications, legal and compliance, marketing, strategy, treasury, audit, policy and corporate affairs – rather than front line revenue generation roles.

Nearly two-thirds of heads of communications (64%) and more than half of heads of HR (58%) on executive committees were women, but only 12% of heads of a division or region and just 11% of the C-suite are female (Figs 4 and 5).

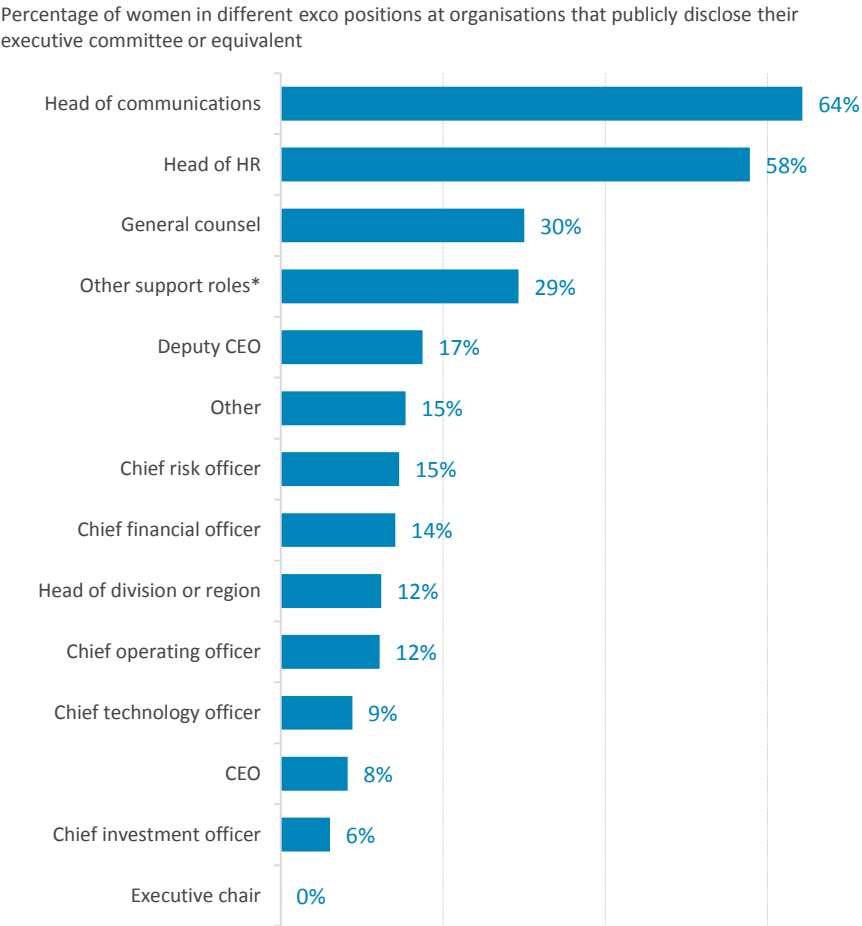
...but excos favour business roles

While there tend to be more women in support functions than in any other job, such roles are often not represented on executive committees. Unsurprisingly, the main focus of executive committee roles is on the C-suite and revenue generating functions. In total, support roles account for just over a fifth (22%) of all exco roles in our sample, with the rest divided fairly evenly between C-suite (40%) and P&L functions (38%).

Head of communications was a named exco member for just over a quarter (27%) of those organisations who disclosed their executive committees. Head of HR was on 42% of excos and general counsel was present on about 45%.

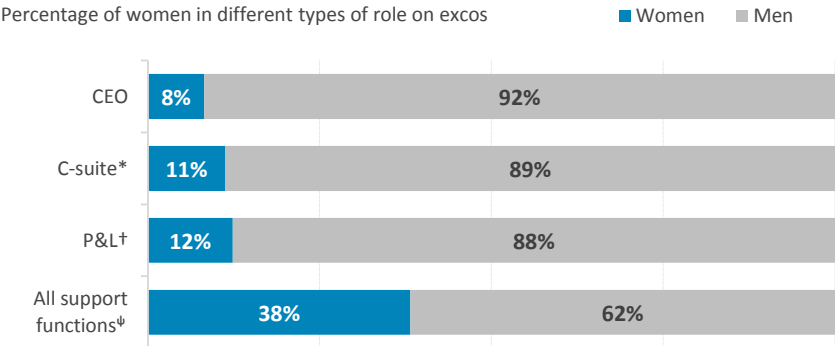
One quick way to increase female representation on executive committees would be to elevate high-profile support functions to the exco – but such an approach would not resolve the underlying issue of a lack of senior women in frontline business roles.

Fig. 4 Gender breakdown of positions on executive committees



*Includes central support functions such as marketing, strategy, policy, corporate affairs, excludes roles listed above

Fig. 5 More women in support functions



*includes CEO, deputy CEO, CFO, COO, CRO, CTO , executive chair, and for asset managers CIO
†profit and loss functions, i.e. revenue generating roles, including divisional or regional business responsibility
‡includes communications, HR, legal and other central support functions such as marketing, strategy, policy, corporate affairs

Behind the headline numbers

The 23% average figure for female representation on boards disguises the under-representation of women in executive directorships. Fig. 6 shows the proportion of female non-executive directors (24%) is nearly twice that of female executive directors (13%).

The ratio of executive directors to non-execs on boards is about 1:7 for the board members in our sample. However for women that ratio rises to 1:13. Boards have been the focus of most voluntary and regulatory approaches to improve gender diversity in the corporate world, and appointing female non-executive directors is the quickest way to boost female representation.

It is interesting to note that where boards have employee representatives, as is the case for the German companies in our sample as well as some other European organisations, these roles are almost equally held by men and women. Employee representatives are often elected by other employees or unions rather than company management.

On the way up

There is good news for female representation on both boards and executive committees – there are far more women joining boards and executive committees than leaving.

About one in six board and exco members were replaced during 2015, and there are more than twice as many women joining boards as both executive and non-executive directors than leaving, as shown in Fig. 7. Exco numbers will also rise as there are 50% more women joining than leaving, albeit at a slower rate than on boards.

Fig. 6 Gender breakdown of board positions

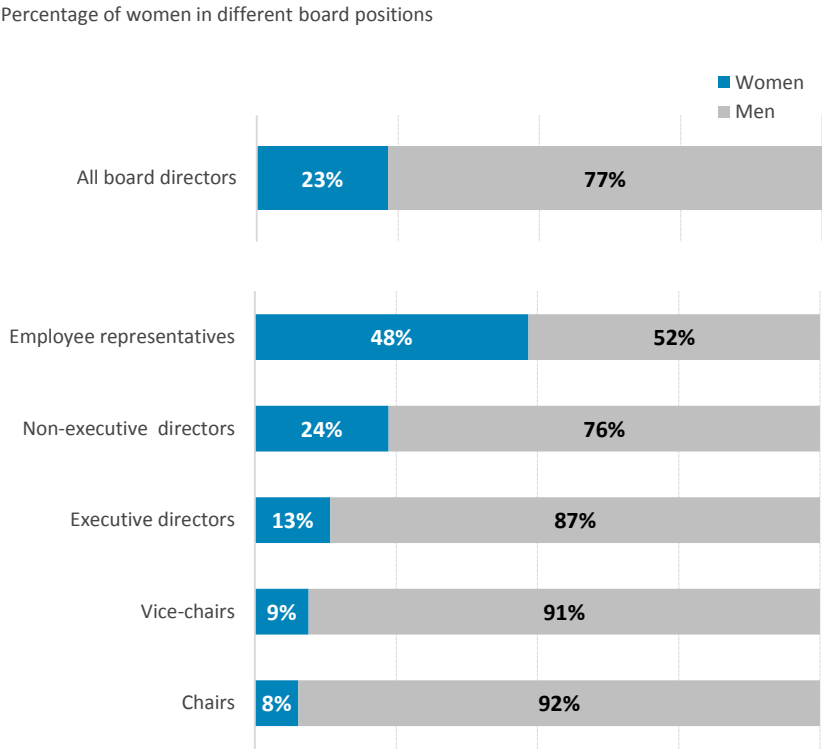


Fig. 7 More women joining than leaving



Narrowing the gender gap

In October 2015, the Davies Review of women on boards in the UK set a voluntary target of 33% by 2020 for the FTSE350. If we apply the same target to our sample across European capital markets, the industry average could hit 33% in 2022, assuming the net number of women joining boards stays the same as it was in 2014-15 (which is a crude measure but still indicative). To reach a target of 33% for women on boards, our sample of 220 organisations would need to add a total of 207 women. That's about one women for every company board. That doesn't sound so difficult.

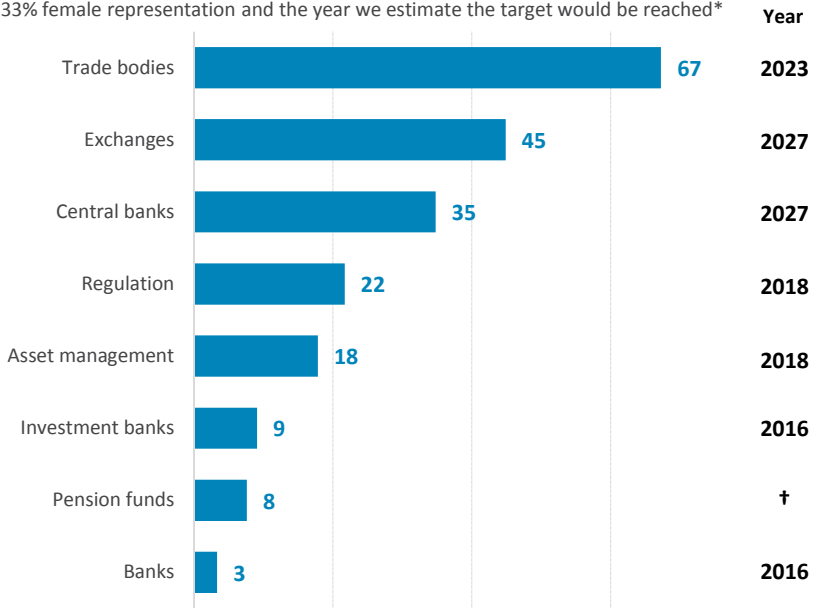
But, if we look more closely at the sector breakdown (Fig. 8), some sectors would need to add far more women than others – for example, exchanges and central banks would take until 2027 to reach a target of 33%.

If we apply a target of 25% female representation to the executive committees in our sample, the industry average could reach it in 2026. A target of 25% would require the 220 organisations in our sample to add just over 250 women. That's a little more than one woman added to every executive committee.

Again, the sector breakdown in Fig. 9 shows where the women are really needed to improve gender balance. Hedge funds (currently 10% female) and private equity (7%) may be starting from a low base, but they have made progress over the past year and if they maintain that momentum they will reach 25% well ahead of banks and investment banks. Banks added just one women (net) and investment banks just two over the past year, so on our crude measure they have decades to go before they reach 25%.

Fig. 8 If sectors set a voluntary board target of 33%...

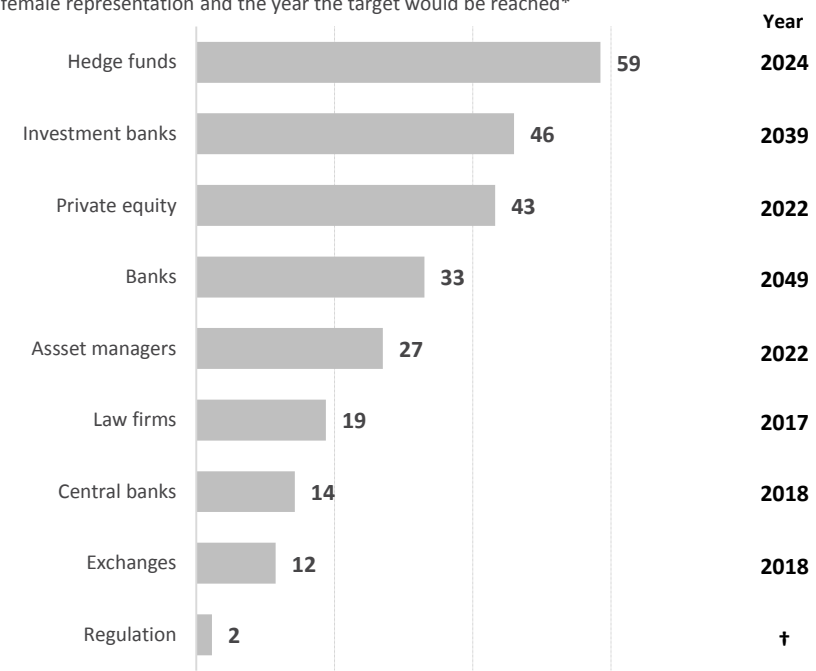
The number of women each sector would need to add to company boards to reach a target of 33% female representation and the year we estimate the target would be reached*



* Law firms, hedge funds and private equity are excluded from board counts due to inadequate data. Assumes net number of women added remains the same in future years as in 2014-15.
†No estimate as net number of women was negative for pension funds during the time period.

Fig. 9 If sectors set a voluntary exco target of 25%...

The number of women each sector would need to add to excos to reach a target of 25% female representation and the year the target would be reached*



Assumes net number of women added remains the same in future years as in 2014-15. Pension funds and trade bodies not included as excos already exceed 25% on average.
†No estimate as net number of women was negative for regulation during the time period.

Geography matters

Regional differences in society, culture and regulation play a significant role in levels of gender diversity on boards and executive committees.

Our regional analysis in Fig. 10 shows the top three countries have retained their rankings since we collected data in 2014. Norway was the first country in the world to introduce a quota for women on boards, the Swedish government is considering introducing a quota to strengthen its “comply and explain” approach which is also followed by Finland, and Danish companies have to set themselves targets. France has a quota and Germany introduced a mandatory quota this year. In all cases however, exco representation lags boards, particularly in Germany, where the proportion of women on boards at 27% is more than three times that of executive committees at 8%.

Overall, there is a clear positive trend. With a couple of exceptions, the averages have ticked up across all regions in our sample.

In the public eye

The main focus of regulators, governments and pressure groups has been on the boards of the biggest listed companies. Female representation on listed company boards at 27% is much higher than privately-held companies in our sample (Fig. 11). However, female representation on listed company excos at 13% is less than half that of boards, and it is interesting to note that this equals the gender diversity of privately-held company excos. ExcOs have so far not faced the same level of scrutiny and pressure to improve gender balance, but there are signs the public focus is shifting to the executive pipeline.

Fig. 10 Countries with quotas lead the charge

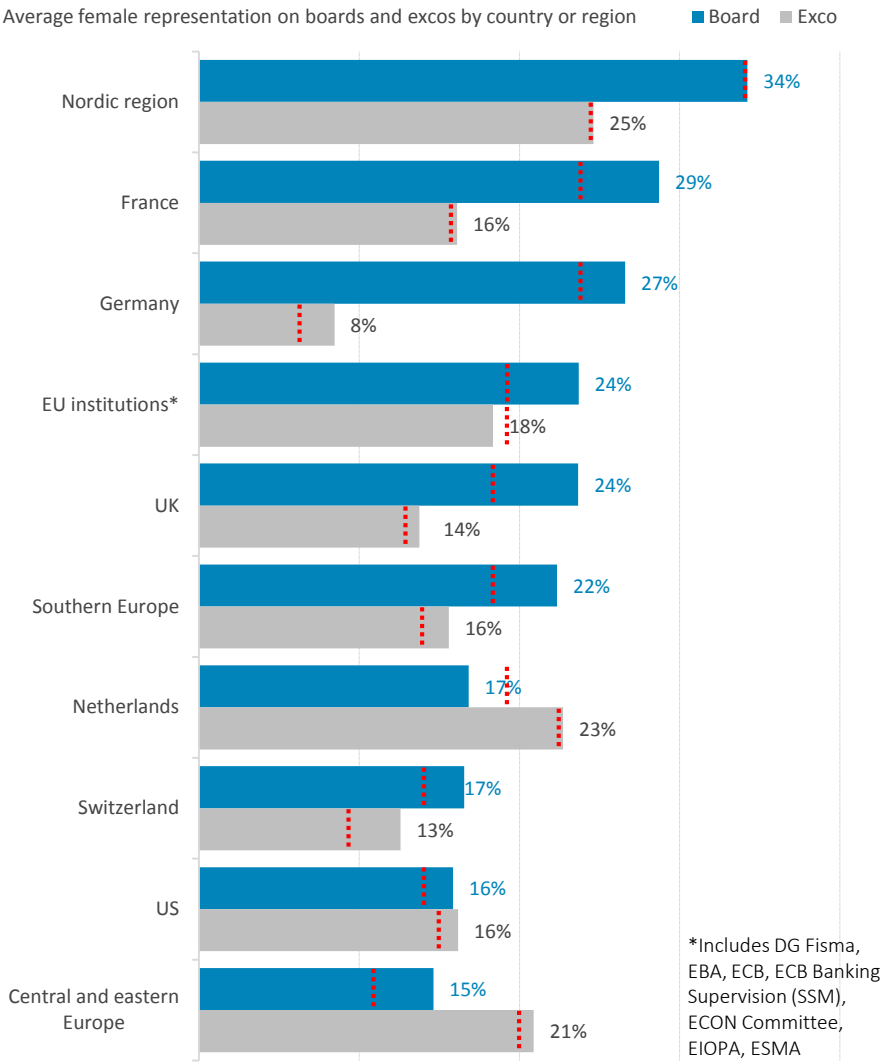


Fig. 11 Organisation type impacts gender diversity

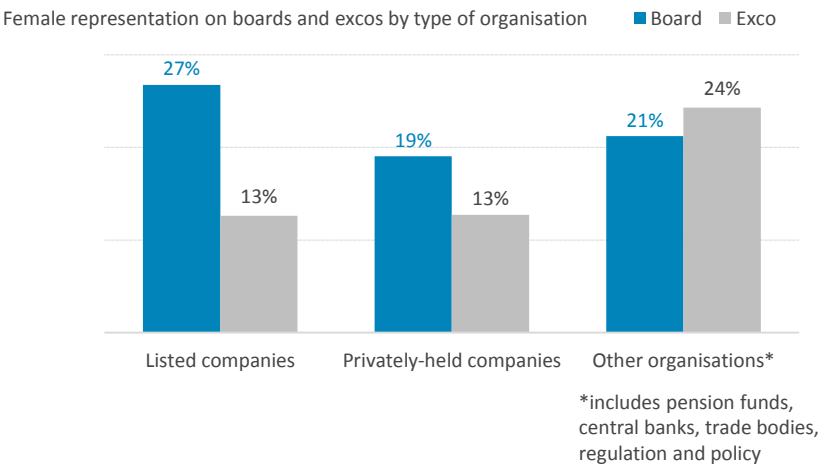


Fig. 13 Top 20 capital markets organisations for gender diversity

These tables rank our sample by percentage of female representation on their boards and excos. It would be easy to name and shame the worst performers as well but this report is about encouraging better diversity, not exposing a lack of it.

Note: Any board or exco with fewer than six members was excluded from this ranking.

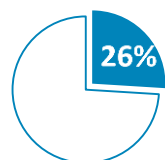
Boards			
Rank	Name	Sector	% Female
1	AP1	Pension funds	63% ↑
2	Comisión Nacional del Mercado de Valores	Regulation	57% ↑
3	AP4	Pension funds	56% -
=4	AMF Pension	Pension funds	50% ↑
	Financial Conduct Authority	Regulation	50% ↑
	Keva Finland	Pension funds	50% ↑
	Societe Generale	Banks	50% ↑
8	BNP Paribas	Banks	47% ↑
=9	AP2	Pension funds	44% ↓
	AP3	Pension funds	44% -
=11	Banque de France	Central banks	43% ↑
	Finansinspektionen (Swedish)	Regulation	43% -
	Finanstilsynet (Norwegian)	Regulation	43% -
	Oslo Bors	Exchanges	43% ↓
15	HSBC	Banks	42% ↑
=16	3i	Private equity	38% ↑
	Norges Bank	Central banks	38% ↓
	PGGM	Asset management	38% -
=19	Deutsche Bank	Banks	37% ↑
	Groupe BPCE	Banks	37% ↑

Executive committees			
Rank	Name	Sector	% Female
1	Invest Europe	Trade bodies	67% -
2	Pensioenfonds Metaal en Techniek	Pension funds	55% -
3	Autorité des Marchés Financiers	Regulation	53% -
=4	CEE Stock Exchanges Wiener Börse	Exchanges	50% -
	Finanstilsynet (Norwegian)	Regulation	50% -
	Norges Bank	Central banks	50% ↑
7	Bank of Greece	Central banks	45% ↓
=8	Financial Conduct Authority	Regulation	44% -
	Finansinspektionen (Swedish)	Regulation	44% ↓
=10	AMF Pension	Pension funds	43% -
	National Association of Pension Funds	Trade bodies	43% ↑
12	International Swaps and Derivatives Association	Trade bodies	40% ↑
13	Norton Rose Fulbright	Law firms	39% ↑
14	Futures Industry Association Europe	Trade bodies	38% ↑
=15	Alecta	Pension funds	36% -
	British Bankers Association	Trade bodies	36% ↑
	HSBC Global Asset Management	Asset management	36% ↓
	Ilmarinen	Pension funds	36% -
	Varma Finland	Pension funds	36% -
=20	AP3	Pension funds	33% -
	European Insurance and Occupational Pensions Authority	Regulation	33% ↑
	Hogan Lovells	Law	33% -
	Latham & Watkins	Law	33% ↓
	Narodowy Bank Polski	Central banks	33% ↑
	Riksbank	Central banks	33% ↓
	Winton Capital Management	Hedge funds	33% -

Fig. 14 Average female representation on boards and ex-cos and top 5 organisations ranked by female representation in each sector

† Fewer than 6 members, * Group level

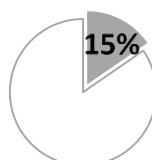
Asset managers



Boards

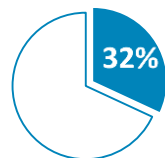
1	BNP Paribas Investment Partners*	47%
2	HSBC Global Asset Management*	42%
3	PGGM	38%
4	Deutsche Asset & Wealth Management*	37%
=5	Allianz (AGI & PIMCO) / APG / Columbia Threadneedle Investments, EMEA*	33%

Ex-cos



1	HSBC Global Asset Management	36%
2	PGGM	29%
3	APG†	25%
4	Columbia Threadneedle Investments EMEA	24%
=5	Aviva Investors Natixis Global Asset Management	22%

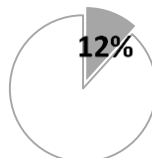
Banks



Boards

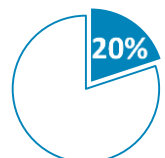
1	Societe Generale	50%
2	BNP Paribas	47%
3	HSBC	42%
=4	Groupe BPCE Deutsche Bank	37%

Ex-cos



1	Groupe BPCE	30%
2	Nordea Bank	25%
3	Standard Chartered	22%
4	Royal Bank of Scotland	20%
5	Banco Santander	19%

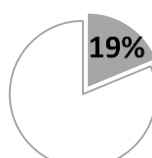
Central banks



Boards

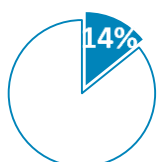
1	Banque de France	43%
2	Norges Bank	38%
3	Riksbank	36%
4	Danmarks Nationalbank	35%
5	Oesterreichische Nationalbank	29%

Ex-cos



1	Norges Bank	50%
2	Bank of Greece	45%
=3	Narodowy Bank Polski Riksbank	33%
5	Central Bank of Ireland	29%

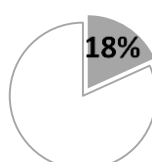
Exchanges



Boards

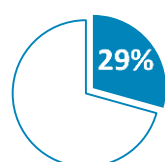
1	Oslo Bors	43%
=2	London Stock Exchange Group NASDAQ OMX Nordic	23%
=4	Deutsche Börse Euronext	22%

Ex-cos



=1	CEE Stock Exchanges Wiener Börse AG Irish Stock Exchange†	50%
3	Bucharest Stock Exchange†	33%
4	CME Group	30%
=5	Athex Exchange Group TOM MTF	29%

Investment banks



Boards

1	Societe Generale CIB*	50%
2	BNP Paribas CIB	47%
3	HSBC Global Banking & Markets*	42%
4	Deutsche Bank Corporate Banking & Securities*	37%
5	RBS CIB*	36%

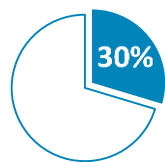
Ex-cos



1	UBS Investment Bank	27%
2	Credit Suisse investment bank	22%
=3	Bank of America Merrill Lynch Credit Agricole CIB	20%
5	JP Morgan Corporate & Investment Bank	15%

APPENDIX: THE SECTOR LEADERS (continued)

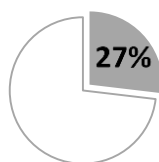
Pension funds



Boards

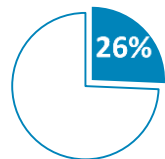
- | | | |
|----|-----------------------------|-----|
| 1 | API | 63% |
| 2 | AP4 | 56% |
| =3 | AMF Pension
Keva Finland | 50% |
| =5 | AP3
AP2 | 44% |

Ex-cos



- | | | |
|----|--|-----|
| 1 | Pensioenfonds Metaal en Techniek (PMT) | 55% |
| 2 | AMF Pension | 43% |
| 3 | AP4† | 40% |
| =4 | Alecta
Ilmarinen
Varma Finland | 36% |

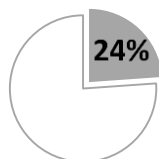
Regulators



Boards

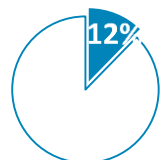
- | | | |
|----|--|-----|
| 1 | Comisión Nacional del Mercado de Valores (Spanish) | 57% |
| 2 | Financial Conduct Authority | 50% |
| =3 | Finansinspektionen (Swedish Financial Supervisory Authority)
Finanstilsynet (Norwegian) | 43% |
| 5 | Netherlands Authority for the Financial Markets (AFM)† | 40% |

Ex-cos



- | | | |
|----|---|-----|
| 1 | Autorité des Marchés Financiers (AMF) | 53% |
| =2 | BaFin†
Finanstilsynet (Norwegian)
Financial Conduct Authority | 50% |
| =4 | Finansinspektionen (Swedish Financial Supervisory Authority) | 44% |

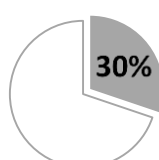
Trade assocs



Boards

- | | | |
|---|-------|-----|
| 1 | AIMA | 31% |
| 2 | EVCA | 29% |
| 3 | EFAMA | 23% |
| 4 | BVCA | 20% |
| 5 | NAPF | 18% |

Ex-cos



- | | | |
|----|--|-----|
| 1 | EVCA | 67% |
| 2 | FESE† | 60% |
| 3 | NAPF
ISDA | 43% |
| =4 | PensionsEurope†
Swiss Funds and Asset Management Association† | 40% |

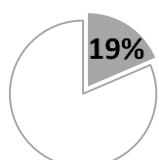
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Where individual members of executive committees were not publicly named, we identified senior executives to create a proxy exco. Where a company was a subsidiary of a listed entity and had no board, the parent group board was recorded. Law firms, hedge funds and private equity have been excluded from the board count due to inadequate data.

Where limited information was publicly available for private equity and hedge funds, FCA registered senior management, directors, partners and CEOs were added as a proxy for excos.

For further information on the data set, contact Yasmine Chinwala, yasmine.chinwala@newfinancial.eu

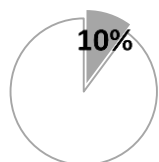
Law firms



Ex-cos

- | | | |
|----|-----------------------------------|-----|
| 1 | Norton Rose Fulbright | 39% |
| =2 | Hogan Lovells
Latham & Watkins | 33% |
| 4 | Allen & Overy | 27% |
| =5 | Ashurst
White & Case | 25% |

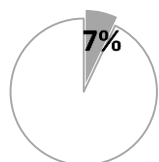
Hedge funds



Ex-cos

- | | | |
|----|---|-----|
| 1 | Winton Capital Management | 33% |
| 2 | Aquila Capital
Cantab Capital Partners | 15% |
| =3 | Egerton Capital
GAM | 14% |
| =4 | Aspect Capital
Marshall Wace | 13% |

Private equity



Ex-cos

- | | | |
|----|--|-----|
| =1 | Coller Capital
Terra Firma Capital Partners | 17% |
| 3 | HgCapital | 15% |
| 4 | Pantheon | 14% |
| =5 | 3i
Permira | 13% |

New Financial believes that diversity in its broadest sense is not only an essential part of running a sustainable business but a fundamental part of addressing cultural change in capital markets.

As part of our aim to move the diversity debate forward, we host seminars and workshops on different aspects of diversity, and we publish surveys and research.

If you have any feedback on this report or are interested in taking part in our events programme, please contact:

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10 suggestions for debate

Improving gender balance in European capital markets is not a straightforward issue. It is just the starting point for a wider discussion on diversity and the constant search for best practices in developing a more sustainable business model for the industry. Here are some suggestions to feed into the debate:

1. Does gender diversity really matter to the different organisations that make up the European capital markets, and if so why? Each company has to work out if and how improving diversity fits into its overall strategy. Only then can there be a real shift in mindset to improve gender balance.
2. The lack of women in top roles is not a problem the capital markets industry faces alone or can solve on its own – there are societal, cultural and even legislative hurdles that hinder women from progressing to the top – but the industry must still play its part.
3. The whole capital markets industry would benefit from more open discussions and greater collaboration between peers and sectors about what is and isn't working. The big companies are in a very different position from the smaller ones, but best practice can still be shared.
4. Nearly a fifth of organisations still have no women on their executive committee, and 10% have no women on their board. These organisations need to consider their position in the face of growing public pressure to improve gender diversity at the highest levels.
5. Whether the industry likes it or not, political momentum is moving towards greater disclosure of diversity data. All organisations need to measure and record female participation throughout the pipeline. Analysing the data will reveal problems and potential solutions.
6. There could be easy wins to improve female representation on excos – where organisations do have senior women in essential support functions such as HR and comms, they could consider elevating those roles to the executive committee. Such a move would be a powerful signal of intent.
7. Gender diversity on boards and executive committees cannot be improved in isolation. The only way to achieve sustainable change is to take a bottom-up as well as top-down approach and actively pursue gender diversity at every level of an organisation.
8. Does it matter that senior women tend to be in support roles rather than revenue generating roles? Is gender balance important to all roles and divisions as well as by seniority across an organisation as a whole? Posing these questions will challenge assumptions on all sides of this debate.
9. Setting targets for boards and executive committees, be they mandatory or voluntary, might not be as frightening as it first appears. Boards and excos are small groups, so it doesn't take much to alter their composition.
10. Change is happening, slowly but surely – although perhaps not at the pace governments and pressure groups might wish. Regulators, policymakers and market participants themselves must maintain momentum to make the change sustainable in the long term.