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Via email : [JUST-GENDERBALANCE-CONSULTATION@ec.europa.eu](mailto:JUST-GENDERBALANCE-CONSULTATION@ec.europa.eu)

Mrs Vivienne Reding  
Commissioner  
European Commission  
'Consultation gender balance'  
BELGIUM

**Re. Reply to the open consultation on: Gender imbalance in corporate boards in the EU**

The respondents welcome the initiative on the part of the European Commission to address the issue of gender imbalance in corporate boards in the EU. The three respondents have a direct interest in promoting female talent to the top. They are very active in the debate to promote gender balance in Italy; they are invited as speakers at events and conferences on women in the workforce and in the boardroom.

The following are some of the recent initiatives in which the three respondents have been involved:

- Members of the Advisory Board of PWA Milan (Professional Women Association of Milan) Ready for Board Women, a project aimed at creating, supporting and promoting to decision makers a database of female candidates for board functions. The initiative is now at its 3rd edition and more than 200 top names will be part of the list to be issued in June 2012. A relevant percentage of the women of the list has already been appointed to board positions.
- Contribution to the book: "Un posto in CdA" (A board seat) published in March 2012, with chapters on the duties and responsibilities of boards (R. Guglielmetti), on statistics and initiatives at international level to promote gender balance (L. Aliberti) and on the Ready For Board Women initiative (M. Pesce)

– Debate on May 7th 2012: Women on Boards, an Italian Contribution to the European Open Consultation - Bruxelles, Istituto Italiano di Cultura

The respondents are replying to this open consultation as leaders of their respective professional organisations, as below summarised.

– Livia Amidani Aliberti, founder of Aliberti Governance Advisors, [www.alibertiga.com](http://www.alibertiga.com), professional services, consulting in corporate governance and gender diversity (Italy and internationally) and member of PWA Milan's Ready-for-board Women Advisory Board.

– Romina Guglielmetti, partner of Santa Maria Studio Legale Associato, Milan (Italy) [www.santalex.com](http://www.santalex.com); law firm, professional legal services; also member of PWA Milan's Ready-for-board Women Advisory Board.

– Monica Pesce, Chairwoman, Professional Women Association of Milan; <http://www.pwa-milan.org/>; business association aiming to foster personal and professional development of women. PWA operates in Italy and is part of the European network European Professional Women Network.

**Livia Amidani Aliberti**

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## RESPONSES TO THE CONSULTATION

### (1) How effective is self-regulation by businesses to address the issue of gender imbalance in corporate boards in the EU?

Norway and most recently the UK have proven that self-determination is weak in addressing the imbalance in a timely and effective way. Norwegian firms had two years to self-comply otherwise the quota would be introduced and yet, they failed to reach the target. In the UK many voluntary initiatives have now being designed and enacted, both private and Government led. The positions taken by the Government with the appointment of Lord Davies and his consequent recommendations are very strong. Yet, despite the progress, women still make 15.2% of FTSE 100 boards.

Italy seems to confirm this. The quota legislation has been approved in 2011. The current appointment season is the last one before the legislation is enacted. What we see is an improvement of voluntary women appointments, but not a leap-frog<sup>i</sup>. We estimate that the overall percentage of women directors will still be below 10%. Out of the 31 all-male boards up for renewal, 18 will appoint (or have already done so) at least one woman in the boardroom, and 3 of those will be compliant with the first 1/5 threshold required by the law. Despite the incumbent legislation, companies have in general preferred to postpone the full compliance.

Hard legislation seems to be the only effective action to induce a consistent and significant change in the presence of women at board level. Having said this, we strongly believe that the issue of gender imbalance is best addressed if all stakeholders are actively involved. Our experience shows that the implementation of parliament-led actions is mostly effective when accompanied or preceded by private voluntary initiatives aimed at raising the awareness on the issue and in giving women opportunities for networking or visibility. At this regard we bring to your attention the initiative started by Professional Women Association of Milan (PWA Milan), Italian chapter of the European Professional Women's network, that in 2009 created a list of "Ready for Board Women", now at its third edition<sup>ii</sup>. The list has supported national awareness on the issue of gender imbalance, has been the focus of several seminars and has been used with board decision makers to prove that women ready for board are not scarce, they are just not visible. PWA and SDA Bocconi initiative contributed to the anticipation of the mandatory quota that Italy has experienced this year. It is true that the percentage of seats occupied by women is still below 10%, but we estimate all-male boards to have decreased from 50% to 40%. After all, the vast majority of all-male boards up for renewal have taken action. 18 over 31 companies opened their boardrooms to women directors.

### (2) What additional action (self-regulatory/regulatory) should be taken to address the issue of gender imbalance in corporate boards in the EU?

Corporate Governance codes have proven to be fairly ineffective in terms of ability to become the lighthouse for good practice. Following the introduction of self-regulation in different countries, numbers have not significantly shifted. Also, awareness on the issue of imbalance does not seem to have risen substantially, as well as the pressure on all-male boards. The UK, Spain and Netherlands experiences prove this. No significant increase of the percentage of women board directors has ever followed the introduction of provisions in the Code.

The only action that would significantly change the status quo is a European-wide quota legislation, with the following attributes:

- a- Applicable to European companies, listed on regulated and unregulated markets; financial institutions (banks, financial conglomerates)
- b- Accompanied by relevant, easy to apply, sanctions
- c- Mandatory duty to disclose the gender goals, strategy and actions, metrics and measures of progress. The board of directors must put the gender issue on the agenda. A compulsory statement on gender strategy plus mandatory transparency on goals and achievements will make the board aware and accountable
- d- Whilst quotas should be introduced for a given period (9 years subject to renewal), the transparency measures should be permanent
- e- Consistent across countries in features and implementation

(3) **In your view, would an increased presence of women on company boards bring economic benefits, and which ones?**

A lot has already been said on this issue. We think that in this time of crisis it is a difficult and risky exercise to try and identify factors affecting correlation between women on board and over/under performance. We would like to bring to your attention benefits - not directly measurable in economic terms - recently appeared in Italy. The quota legislation has put turbulence in the still waters of board appointments. The traditional division of seats has been challenged and shareholders – either majority or minority when active – have been called to find a new balance. The new measure has reshuffled the cards of the otherwise “old tune” of the appointment season, where board sizes, roles and names, they are all under scrutiny and re-assessment. Also, we have noted in-so-far is that newly appointed women directors seem to have been chosen on competence; this might drive the change on men appointments. Competence could become a more popular decision making criteria for board positions.

(4) **Which objectives (e.g. 20%, 30%, 40%, 60%) should be defined for the share of the underrepresented sex on company boards and for which timeframe? Should these objectives be binding or a recommendation? Why?**

We think that a RIA (regulatory impact assessment) approach favours legislation vs. recommendation. As explained above (2) recommendations don't seem the best option. Their effectiveness is not proven in quantitative terms and their introduction nonetheless fuels harsh debate among the market players. A binding initiative is definitively effective in numeric terms and slightly more costly in terms of impact on the market players.

We bring as an example the Italian experience. It was harder, and it took much longer to introduce gender balance provisions in the self-dealing code, than it was to introduce binding provision in the Corporate Law. The provisions of the code (that should be the spearhead of state of the art behaviour) are now extremely mild and outdated compared to our legislation! The players in charge of the revision of the code could only agree on “a balance of skills...and gender...should be considered when appointing board members”.

A 40% quota to be reached in two steps is the best option. A time frame of at least 9 years would ensure consolidation of results and practices.

(5) Which companies (e.g. publicly listed / from a certain size) should be covered by such an initiative?

Listed and financial institutions should lead the change. Companies of large size (in particular bank, assurances and financial companies) could also be included in the initiative, together with companies participated by public institutions (public concern, municipal concern, etc.). These companies should be the first movers in the initiative promoting best practice.

(6) Which boards / board members (executive / non-executive) should be covered by such an initiative?

Any role.

(7) Should there be any sanctions applied to companies which do not meet the objectives? Should there be any exception for not reaching the objectives?

The legislation needs sanctions to be fully effective. The Spanish experience supports this position. The change of women in board positions has not been at all evident as in the Nordic experience, mainly due to the lack of strong consequences for non-compliance. Also, we believe that the legislation (and sanctions) should be clear and concise. No exceptions should be introduced. Any “discount” could introduce a premium for elusive behaviours, increasing the complexity of implementation and monitoring. An example of exception is included in the Norwegian legislation, where a discount is granted to companies with low percentages of women in the workforce. Such a provision might actually induce companies to lower the female engagement to reach the “discount” threshold.

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<sup>i</sup> The analysis has been carried out on boards' appointment up to April 30th. Of the 31 boards, two results are still uncertain in terms of number of appointed women.

<sup>ii</sup> <http://www.pwa-milan.org/ready-for-board-women-2/ready-for-board-women-edition-2012/>