

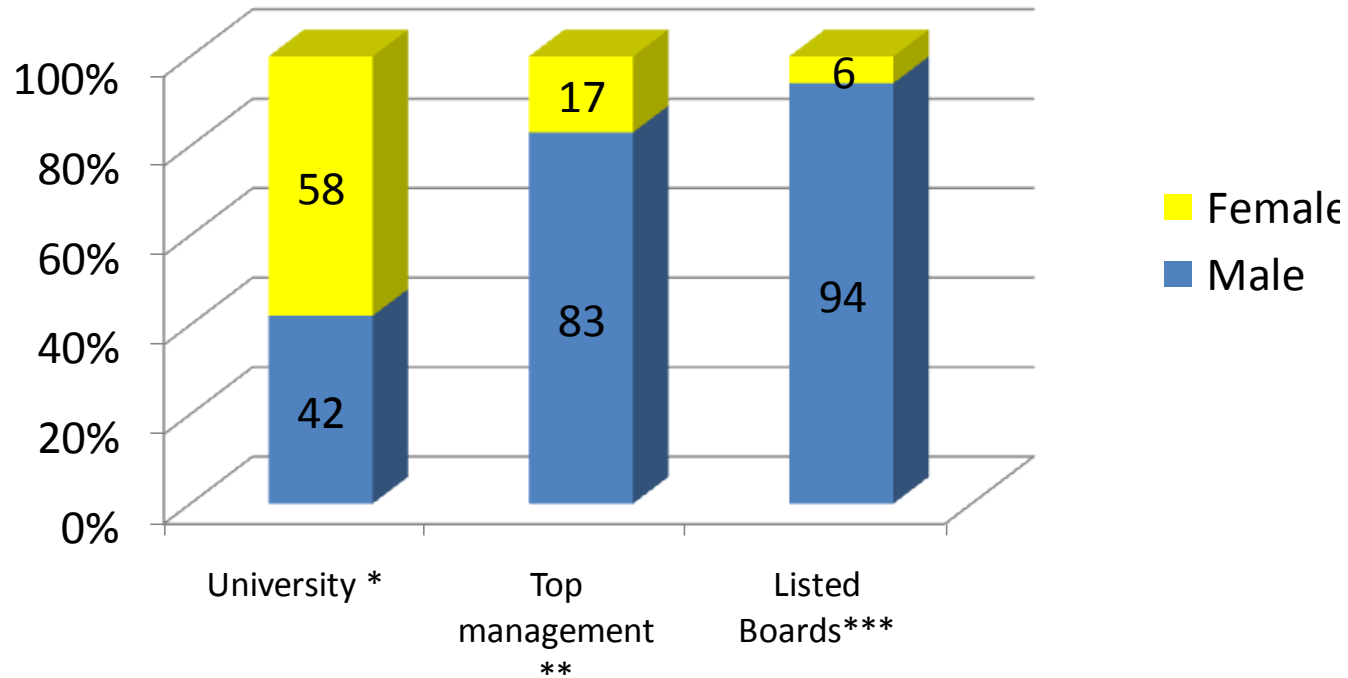
Corporate Governance and Gender Diversity Italy

**E.W.L.A. Annual Congress
Bruxelles, June 4th 2010**

Goals of this document

- The main aim is to contribute to the debate on the gender issue in the international arena
- Key features of the composition of Italian boards and directorships are identified and analysed
 - Overall and by gender
- Initiatives launched to close the gender gap are described
- Barriers and issues identified, to fuel international discussion on cross country actions

The loss of talent

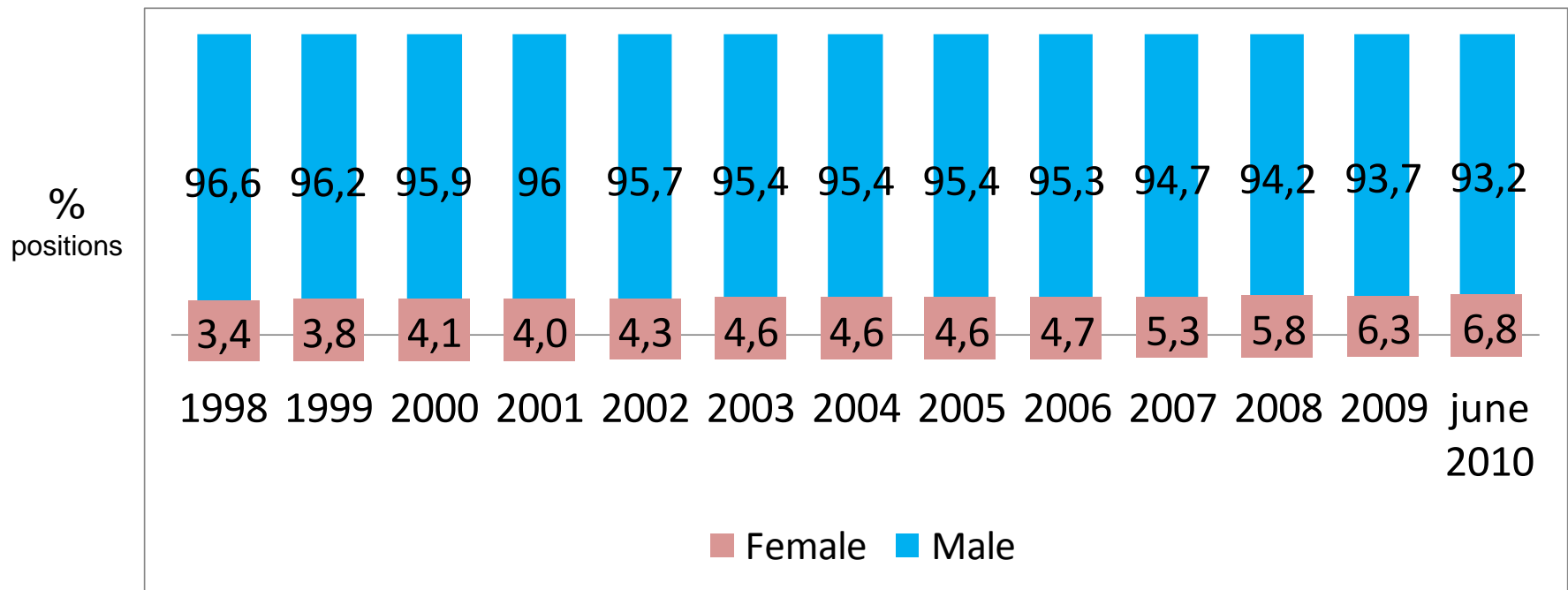


- Where do women graduates go over the years?
- Do they exit the market or do they become invisible?

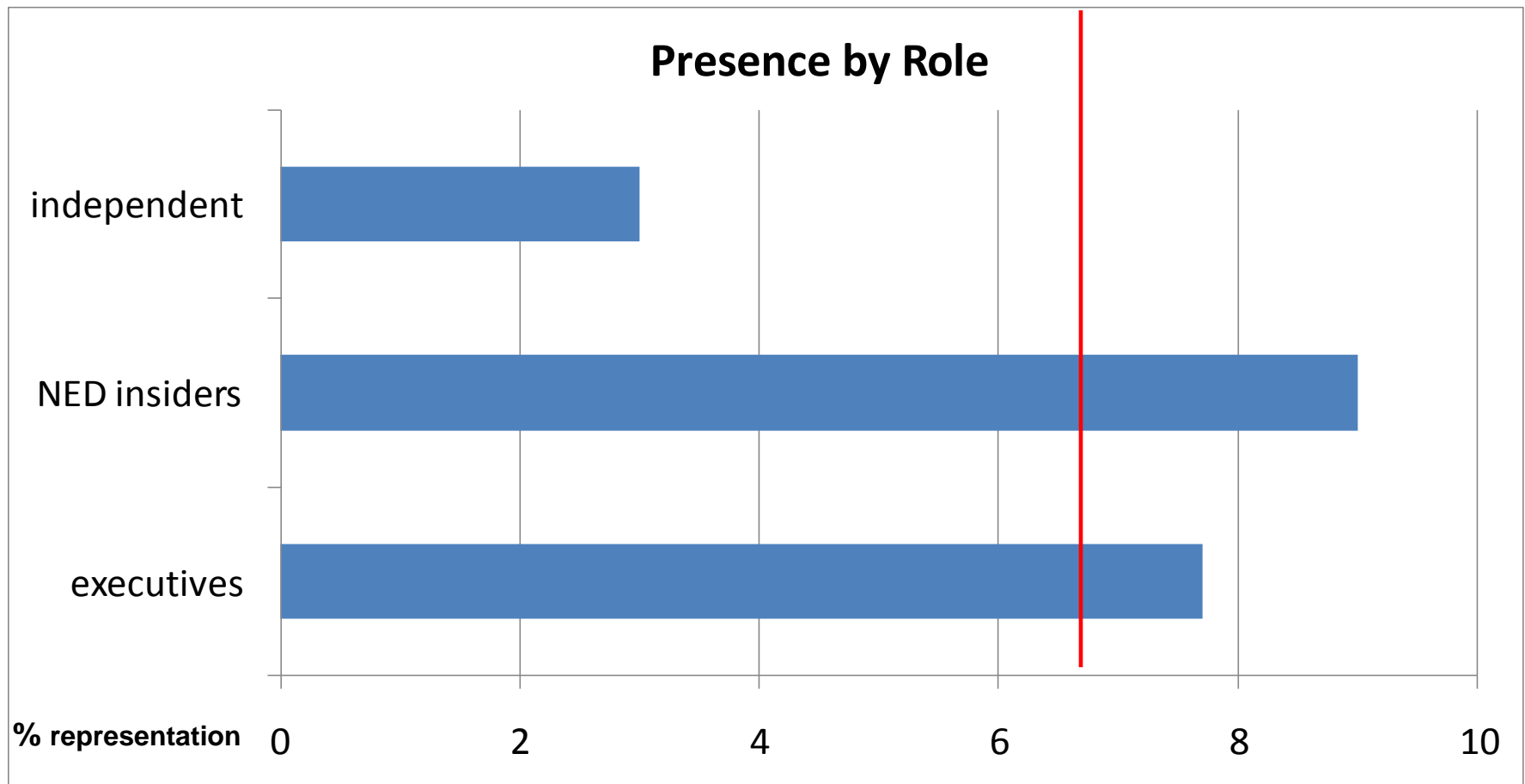
Italian listed firms - Overview

- Less than 300 listed companies
- Ownership structure heavily concentrated
 - 2007: 3,1% listed companies had a floating capital >70% – mainly banks with limits to ownership and voting rights
- Majority of companies (95%) use the so called “traditional system” (available also one tier system and dual system)
 - Board of directors + Board of statutory auditors
 - Three roles in the BoD: executive, independent, non executive non independent (ned insiders)
 - Average BoD size : 10

Positions on BoD of Italian Listed Firms Distribution by Gender - Trend



WBD directors by role



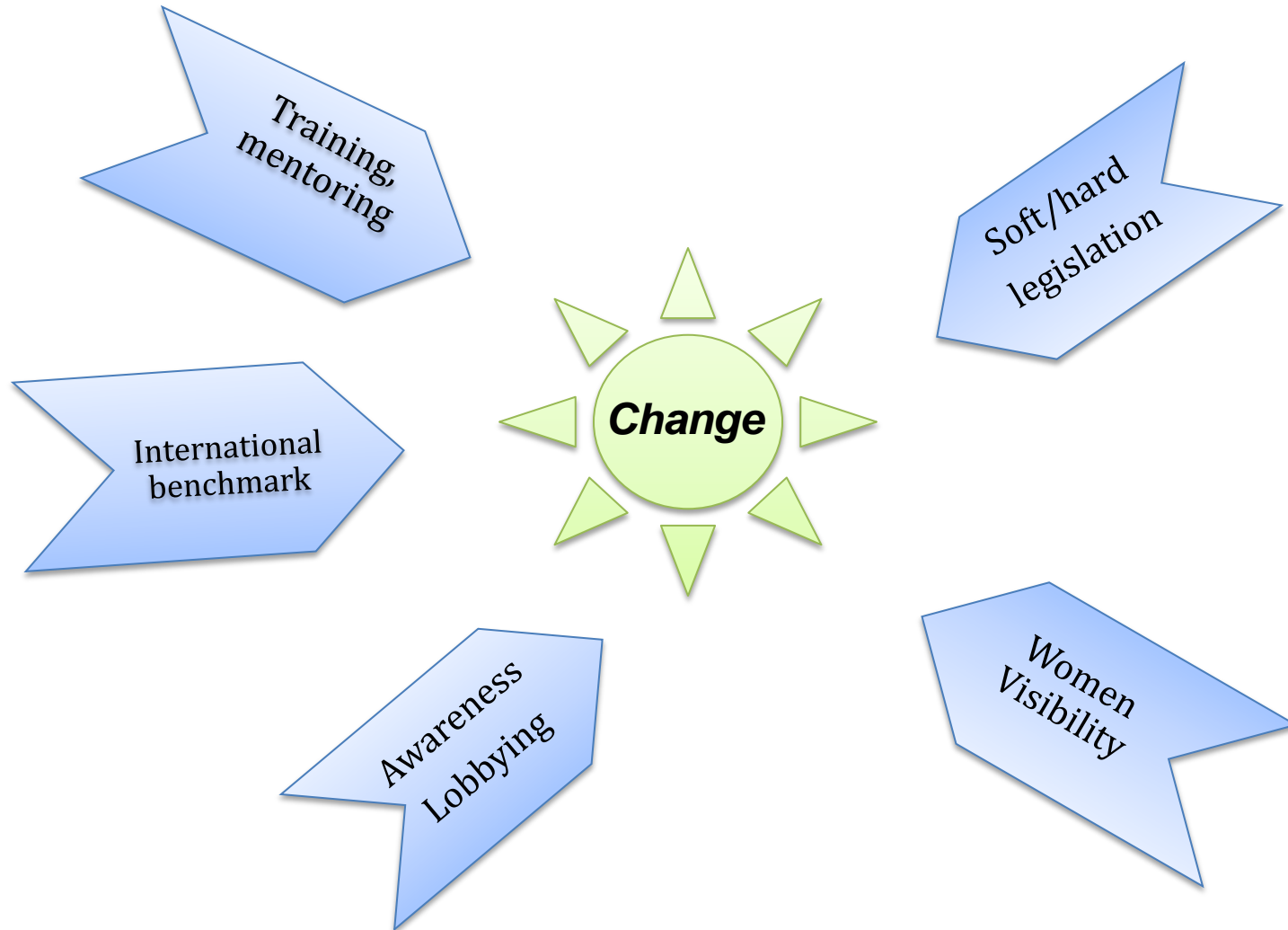
What next?

- Female representation has increased but the change is not significant
- The few women directors do not seem to possess the right characteristics to influence and “weight” on the network of directors
 - Predominance of non executive positions
 - Family ties are very important
 - Independent women directors find it hard to make it where family ties cannot be used as door opener
 - Not central enough in the network of directors



What has been done to increase the pace of change?

How to get more women on boards? A coordinated set of actions



Increase female representation on boards Initiatives in Italy

- Currently there is **no** legislative **nor** self-regulatory requirement regarding gender representation



- The debate on WBD started when Norway passed the law on quotas and has intensified ever since
- The initiatives refer to
 - ✓ Proposed Legislation (listed companies and state owned)
 - ✓ Proposed Self Regulation (listed companies)
 - ✓ Private initiatives (visibility, networking, lobbying etc.)

Initiatives to increase female representation Proposed change in Legislation

- Total of 4 proposals submitted (2 Lower House, 2 Senate)
- Process started at the Lower House (C 2426 Golfo and C 2956 Mosca), initiatives currently being discussed in Finance Commission. Respectively 2 and 4 articles
- Proposed changes mandate a minimum representation of 30% for each gender. C 2956 extends minimum gender requirement to board of statutory auditors and to state owned companies; also limits provisions to a 9 year period
- No real sponsor, chances this regulation will pass are very slim.

Initiatives to increase female representation Proposed Self Regulation for listed companies

- The self regulation code issued in 2006 went through two years of “restyling”
- Provisions to include gender diversity in the boardroom were proposed and carried forward with great difficulty. The final proposal sounded a fairly plain “both genders shall be represented”
- For some reasons the revision process was halted. It might start again very soon
- “Comply or explain” gender specific provisions are likely to pass; most likely very generic.

Initiatives to increase female representation

Private Initiatives

- Many private initiatives have taken off, fostered by national and international debate
- Different goals: awareness, visibility, networking
- Round tables organised to raise awareness, centered on key concept of “meritocracy” and loss of talent
- High quality data provided real time to qualified media
- Activism of private initiatives such as PWA and Pari o Dispare to strengthen moral suasion and sanctions
 - Emails to boards up for renewal with no WBD
- Lists of high calibre women to give them visibility
 - Corriere Economia 2008
 - PWA 2009 and 2010

Barriers to action lead to poor results

Comments against positive actions

- Not enough competent women
- Relationship between diversity and performance has not been demonstrated
- Fear that “family and friends” women would be appointed to boards should legislation pass
- Women don’t understand how to play the game of boardroom
- Women themselves are often against quotas

WBD trend

- WBD now cover 6.8% of seats, up from 6.3% at Dec 2009
- At Dec 2009 54% of boards had no WBD. The percentage is now 50%
- Trend is not likely to change dramatically without actions
- Without interventions female representation is likely to peak at +-10% and stabilize around that figure

Initiatives to increase female representation The road ahead

- The pressure put by some private initiatives was effective but did not change the overall picture
- This shows that private initiative per-se is not enough to produce a significant change
- Italian market will strongly oppose legislation, and there is no real sponsor in Parliament
- Only action that might speed up an increase in female representation is a “qualified” change in the provisions of the self-regulation code
 - More than the weak statement proposed early this year

International experience Lessons and key issues

- Quota legislation is effective in terms of numeric representation; is it effective in terms of exploiting value added from diversity?
- On what conditions can women on board bring value to board and to female representation in top management?
- Are WBD aware of their potential as sponsors for practices and processes to support growth of female talent along the pipeline?
- Top-down and bottom-up approaches: are they complementary or can be effective independently?

Initiatives to increase female representation Design the road ahead

- No “easy way out”, need to define a strategic plan: players, sponsors, key levers
- Essential to find male sponsors willing to give example and credibility to the initiatives
- WBD as ambassadors for gender related best practices and processes
- Top down approach must be complemented with a bottom up approach to feed the pipeline
- EU initiatives and associations can play a key role in disseminating information, raise awareness, provide role models

Initiatives to increase female representation

My commitment

- Cooperation with largest newspaper to provide real time high quality data on female representation
- Member of the Advisory Board of PWA “Ready for Board” Women 2010; aiming at broadening the pool of talented women who will be given visibility as “ready for board” (first list in Nov 2009: 72 names; aiming at 200+ names in 2010)
- Member of EPWN working group on international data
- Support PoD initiatives with data and research
- Liase with international experts (E. Hurvenes, M. Huse, A. Perrazzelli)