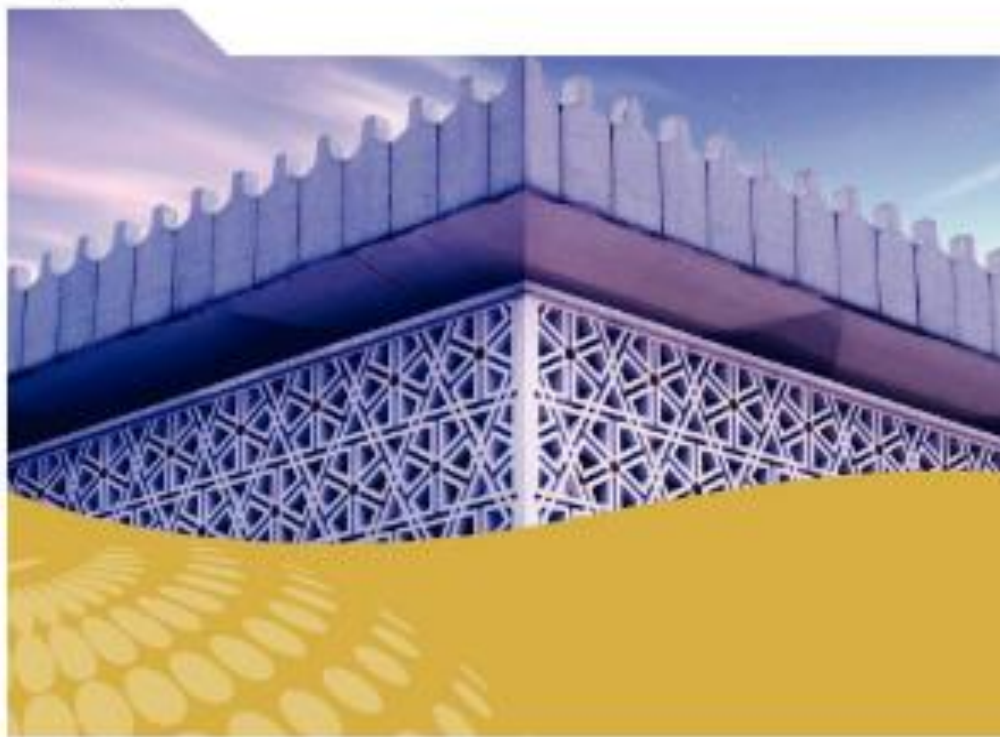


Corporate Governance



Corporate Governance in MENA

BUILDING A FRAMEWORK FOR COMPETITIVENESS
AND GROWTH





Corporate Governance in MENA Building a Framework for Competitiveness and Growth

Presentation summarizing Chapter 4

Achieving gender balance in corporate leadership

The chapter finds that the representation of women on the boards of the largest 142 public companies in MENA remains modest, at 4.8% of total voting board seats (60 of 1258 seats)

Published April 2019

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This publication presents the recent evolution of MENA corporate governance frameworks and practices in four thematic areas:

Access to capital; transparency and disclosure; gender balance in corporate leadership; and governance of SOEs.

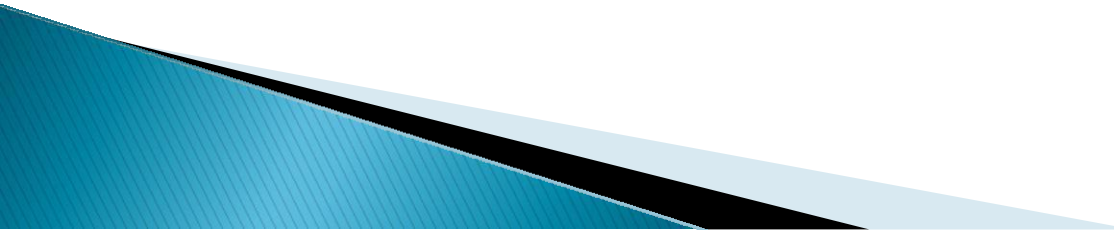
These topics are addressed in reference to the *G20/ OECD Principles of Corporate Governance* and the *OECD Guidelines on Corporate Governance of SOEs*.

Each chapter identifies common

- ▶ challenges and proposes policy reforms. The experiences and practices of OECD
- ▶ countries are also presented throughout the report to enrich the analysis, and each chapter
- ▶ identifies key opportunities for increasing the capacities of relevant authorities and
- ▶ institutions overseeing corporate governance policies

Full report : https://read.oecd-ilibrary.org/governance/corporate-governance-in-mena_2a6992c2-en#page1

(Chapter 4 -Main Highlights)

- Identify the challenges facing MENA economies with respect to achieving gender balance in corporate leadership
 - Why increased female participation in corporate leadership is important for the region, including its positive impact on company performance.
 - Explore the challenges women in MENA face in accessing corporate leadership positions and presents
 - Examples of good practices in OECD and MENA economies
- 

Closing the gender gap in corporate decision-making roles, remains a challenge globally

- Research on current trends in 106 economies signals that it will take 100 years to close the global gender gap
- Closing the gender gap in labour force participation by 2025 could add USD 12 trillion to global GDP (26%)

(OECD 2017)

Z

Progress in MENA region

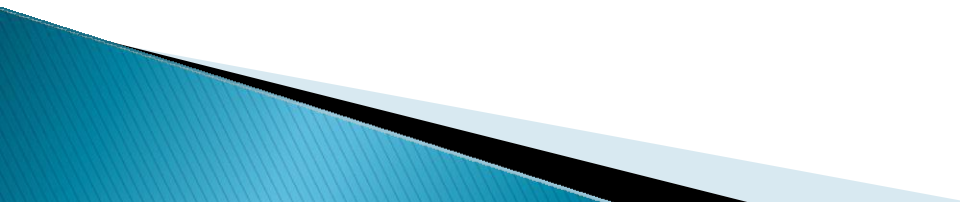
Progress has been slower than other regions, but is still on par with global trends

- ▶ Estimates suggest to close the gender gap in the MENA could take as long as 157 years **given current trends**, with an annual income losses for the region due to gender-based discrimination at USD 575 billion

Good practices for increasing gender balance in corporate leadership


A- OECD countries

B- MENA initiatives to increase gender balance in corporate leadership



A- OECD countries

On the whole, OECD countries **Follow 4 main policy approaches**

- ❑ laws that set a minimum quota for women on boards
 - ❑ Rules on disclosure of the gender make-up of company boards and/or diversity policies
 - ❑ Comply- or - explain provisions on gender in corporate governance codes
 - ❑ Voluntary targets for gender diversity on boards and/or in senior management
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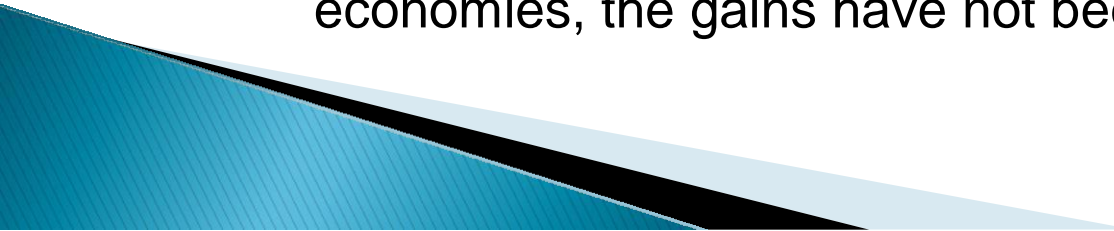
Results of these practices:

- 1- The adoption of Quota laws have seen women's representation on boards double, triple or more

The five top performers globally are OECD members :
Norway, France, Sweden, Italy and Finland

- ▶ Example : Italy
- ▶ The results of Italy quota law 2011 : Women's representation on boards jumped from 3% in 2009 to more than 35% in 2018

Note: While quotas have boosted the number of women on boards in many economies, the gains have not been reflected below board level



2- Combination of policy initiatives

The United Kingdom

- Doubling of female directors on FTSE-100 boards, from 12.5% in 2010 to 26.6% in 2016
- ▶ In 2017 women hold 22.8% of all board seats in the UK
- ▶ In 2018 :
*The corporate governance code was updated; **it now requires companies to report** on gender balance of senior management in their annual reports and to provide details of company practices to encourage greater diversity on boards.*

3- Disclosure driven policies practice

Note: This practice needs market dynamics and Shareholder activism to help galvanize change

United States

- ▶ Investors have been the most active advocates of greater gender diversity on boards where quotas remain unpopular and regulators and legislators have been slow to demand change till 2018
- ▶ A **review of S&P 500 companies**, reveals that in 2018 women made up 33% **of all new** boardroom appointments - up from 25% the previous year.
- ▶ ***March 2019*** A new California law requires most companies in the state to have at least one woman on their boards of directors by the end of this year 2019 and by the end of 2021, they'll need three . **Bloomberg Businessweek**

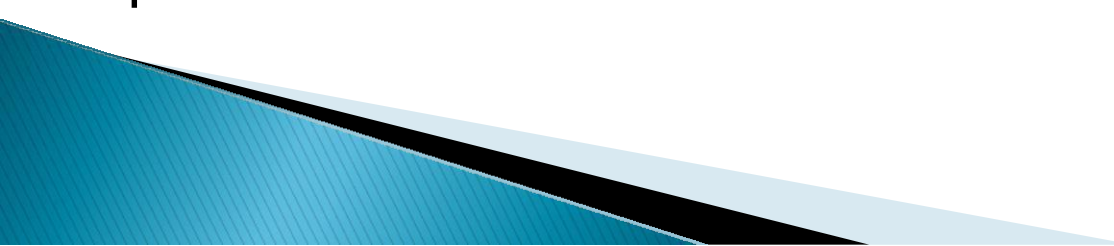
B- MENA initiatives to increase gender balance in corporate leadership

United Arab Emirates :

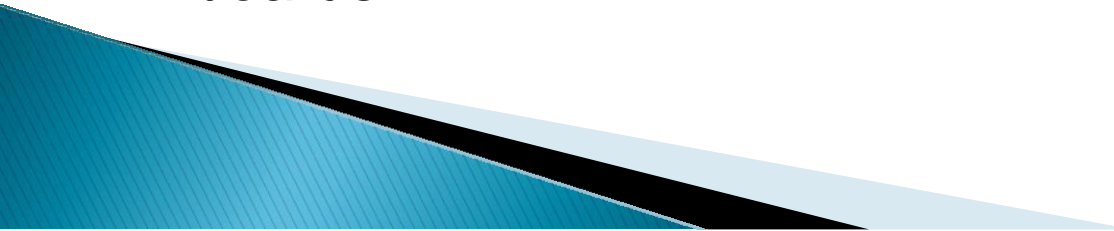
- The Hawkamah Institute which was set up in 2006 to advance corporate governance reform, conducted studies on gender diversity on boards & in senior management
- The Dubai Women Establishment (DWE) which was created in 2006 through a directive given by Sheikh Mohammed bin Rashid Al Maktoum, in collaboration with Hawkamah & Mudara Institute of directors ,has been able to influence governments and businesses to include women in leadership positions.

- In 2012, the UAE Cabinet made it "compulsory for corporations and government agencies to include women on their boards of directors
- In 2015, the Securities and Commodities Authority UAE signed an MOU with the Gender Balance Council to reach the UAE's target of 20% female participation in the corporate boardrooms of listed companies by 2020

Jordan

- The Jordanian House for Corporate Governance (JIoD) formed in 2012, to create awareness of good governance and to advance its practice and implementation in corporate leadership
 - In 2015 ,the IFC in partnership with JIoD , conducted a study of the impact of gender diversity on the economic performance ((A first-ever study of female board directors in Jordan and the impact on the financial performance of their companies))
 - Women on Boards-Jordan (WOBs JO) a newly established association 2018, aiming to increase the number of women on Boards & to assist qualified women to reach decision making positions
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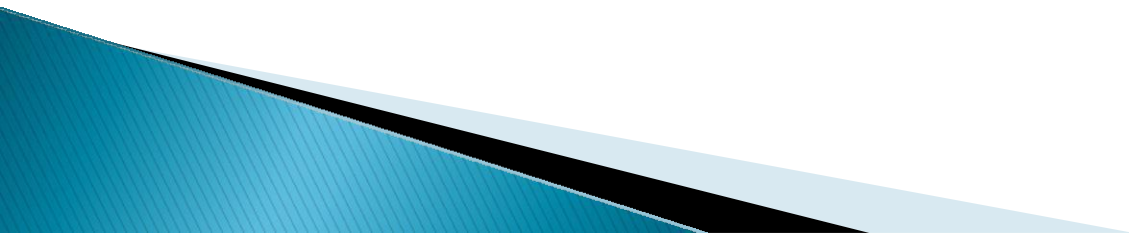
Egypt

- Egypt's National Global Compact & Corporate Social Responsibility Centre, in collaboration with the American University in Cairo and the IFC, developed a "Women on Boards" initiative to improve the gender balance on corporate boards through awareness raising, networking, coaching, facilitation, direct training for certification and lobbying for legislative and policy reform."
 - The initiative also works on sensitizing male board members to gender issues and to qualifying women within and outside of the corporate mainstream to be appointed to boards.
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Challenges in the MENA region for increasing women's representation in corporate leadership

Despite differences among jurisdictions, the region faces common challenges in terms of increasing women's representation in corporate leadership :

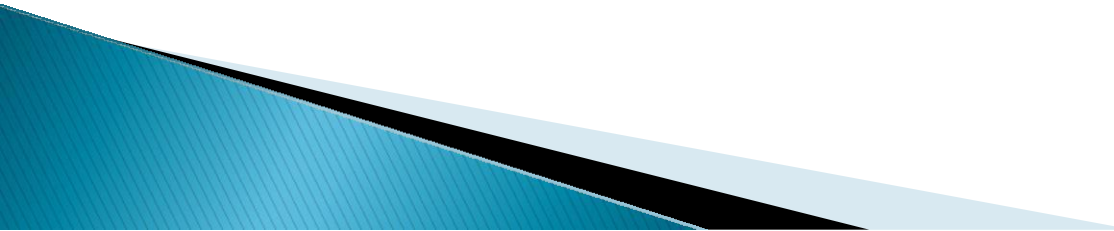
- Corporate governance codes in MENA economies rarely endorse gender diversity
- limited disclosure and a lack of reliable data (To Assess women's actual participation in corporate leadership)



Challenges in the MENA

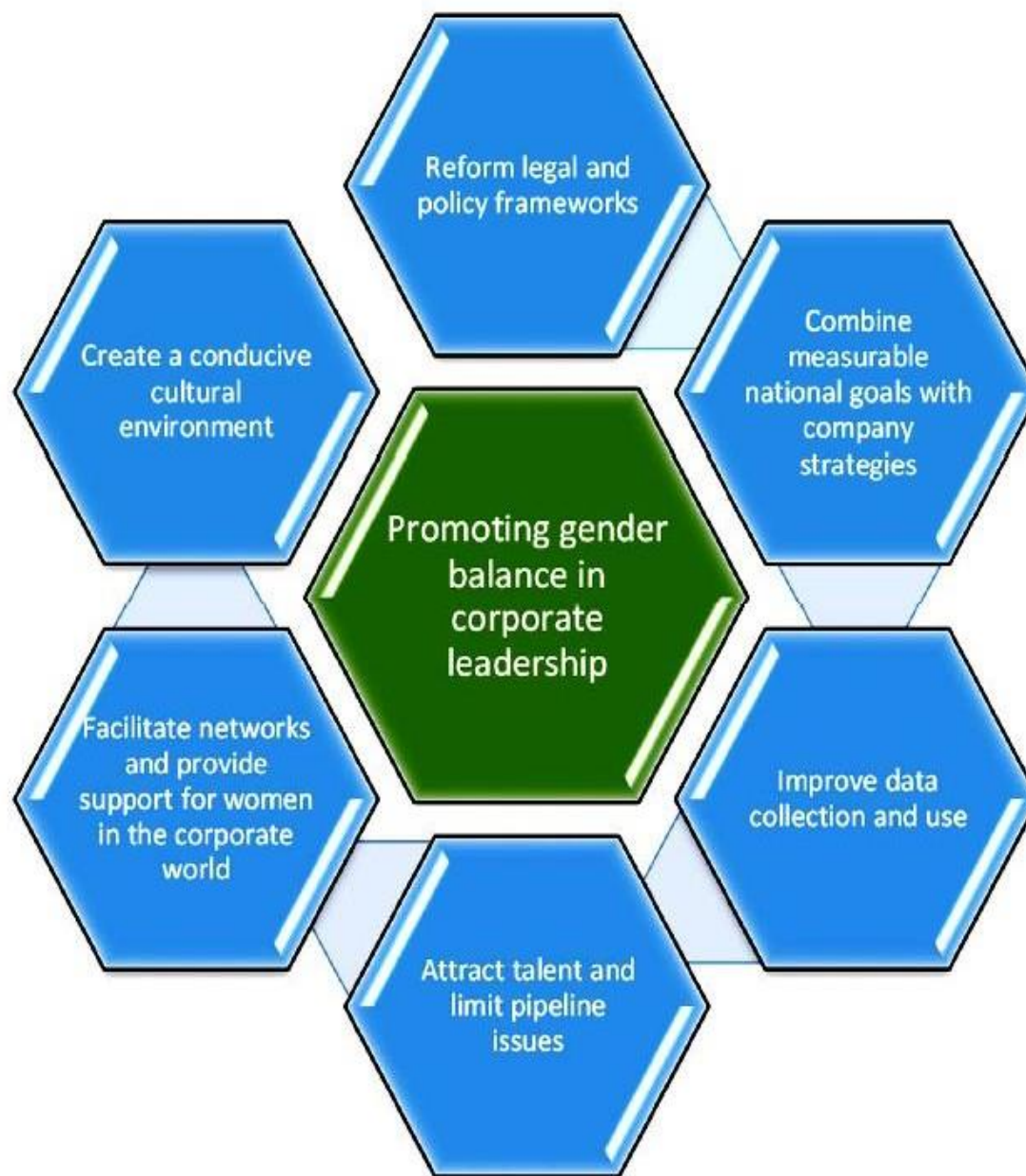
- ▶ Constitutional measures in MENA on non-discrimination against women have not yet translated into company practices
- lack of targeted measures, such as quotas, to encourage gender balance in corporate leadership

Challenges in the MENA region

- ▶ Companies and securities laws neither acknowledge the importance of gender diversity nor mandate the disclosure of board composition and senior management by gender
 - ▶ MENA legal frameworks and social norms, including family codes, still play a role in driving gender gaps in the labour market.
 - ▶ Networking can be challenging for women in the MENA region.
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Proposed interrelated policy options to address these challenges

Figure 4.7. Main policy areas to promote gender balance in corporate leadership



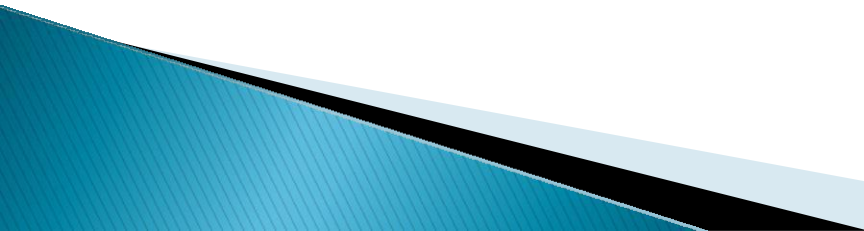
Policy options for promoting gender balance in corporate leadership

Objectives

To:
Reform legal and policy frameworks

Combine national goals with company strategies

Policy options

- Review corporate governance codes and related laws and regulations to endorse gender diversity
 - Underpin goals, targets and policies by strategies aimed at fostering gender balance throughout the company and the career cycle of women
 - Involve company leaders to make government policies more likely to succeed
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Policy options for promoting gender balance in corporate leadership

Objectives

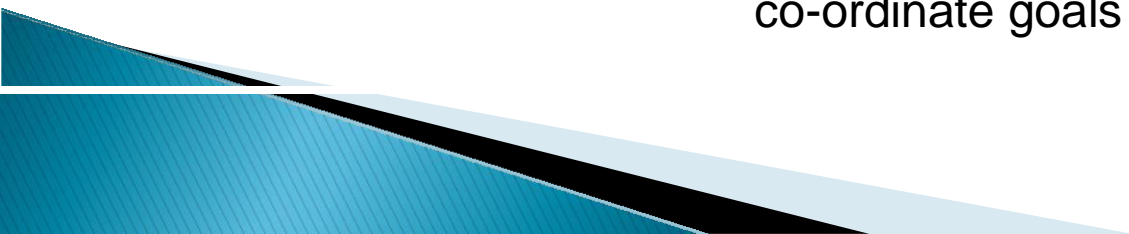
Policy options

Improve data collection and use

- Gather more and better-quality data at the regional and national levels and from companies
- Share good practices and compare approaches
- Use scorecards and Gender Impact Assessments to assess governance practices
- Show progress and compare companies within or across economies

Attract talent and limit pipeline issues

- Develop a “whole of company” diversity framework and encouraging human resource policies to create an ecosystem that facilitates women’s corporate leadership
- Ensure that the business community and government co-ordinate goals underpinned by sustainable policies



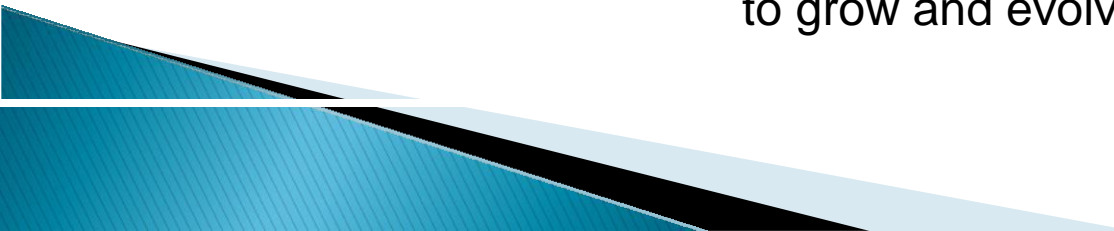
Policy options for promoting gender balance in corporate leadership

Objectives

To:
Facilitate networks
and provide support
for women

Create a helpful
cultural environment

Policy options

- Provide training programmes and facilitate leadership networks to drive change
 - Create coalitions and compacts to boost implementation of core government policies, and provide mentoring to shift values
 - Make use of advice, feedback and education to help in adapting to new and more diverse corporate paradigms
 - Use best-practice models and reference points to ensure that governments encourage companies to grow and evolve into vehicles for change
- 

- Removing the barriers to entry and retaining female talent in corporate leadership requires efforts at multiple levels, including broader societal and cultural change
 - Policies can be driven by governments, regulators, companies themselves and civil society
 - *This requires creative thinking, encouragements, and **the will** to take practical steps*
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