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Diversity on boards

so needed by still so rare

Global CSR/ESG Day
by Copenhagen Compliance ®

18th February 2022



Gender equality is a core principle of the European Union, but it is not yet a reality. In business, politics and society as a whole, we can only reach our full potential if we use all of our talent and diversity. Using only half of the population, half of the ideas or half of the energy is not good enough.

President Ursula von der Leyen

TANGIBLE BENEFITS OF DIVERSITY





The Climate Action Gender Gap (1)

Oliver Wyman and 30% Club
report (October 2021)

Diversity and climate are top priorities for corporate boards.

Climate and diversity are two separate challenges ...

- climate change is a global existential threat that affects everyone, albeit to a different extent,
- diversity, including gender, varies across regions, cultures and communities.

... that have a lot in common

- have an impact on society and business,
- are a source of increasing pressure on companies from many stakeholders,
- progress worldwide in terms of both diversity and climate action remains slow.



The Climate Action Gender Gap (2)

Oliver Wyman and 30% Club report (October 2021)

These common features suggest that there is value in thinking about climate and diversity combined.

Women are under-represented in climate-related decisions and actions, as they remain a minority on corporate boards and among state authorities.

Combining these two priorities could accelerate companies' reaching the net zero target by 2050.

Conclusions drawn from interviews with representatives of 20 companies. The authors of the report point out that the study of the relationship between board gender diversity and corporate climate activities showed a positive correlation, but its statistical significance was low. They indicate the need for further research in this direction.

Measurable performance premium for diverse companies

Credit Suisse
Gender 3000 Report
(September 2021)

Data from c. 3,200 companies from 45 countries, employing a total of c. 33,000 persons in senior management positions.

Senior management	EBITDA margin	CFROI (%)	Net debt/ EBITDA (x)	EV/ EBITDA (x)	12mF P/E (x)
Women < 15%	17%	5.63	1.46	11.12	17.93
Women > 20%	19%	7.88	1.51	13.63	19.09
Premium	2pp	2.24pp	4%	23%	6%

Penalty for lagging on diversity is growing

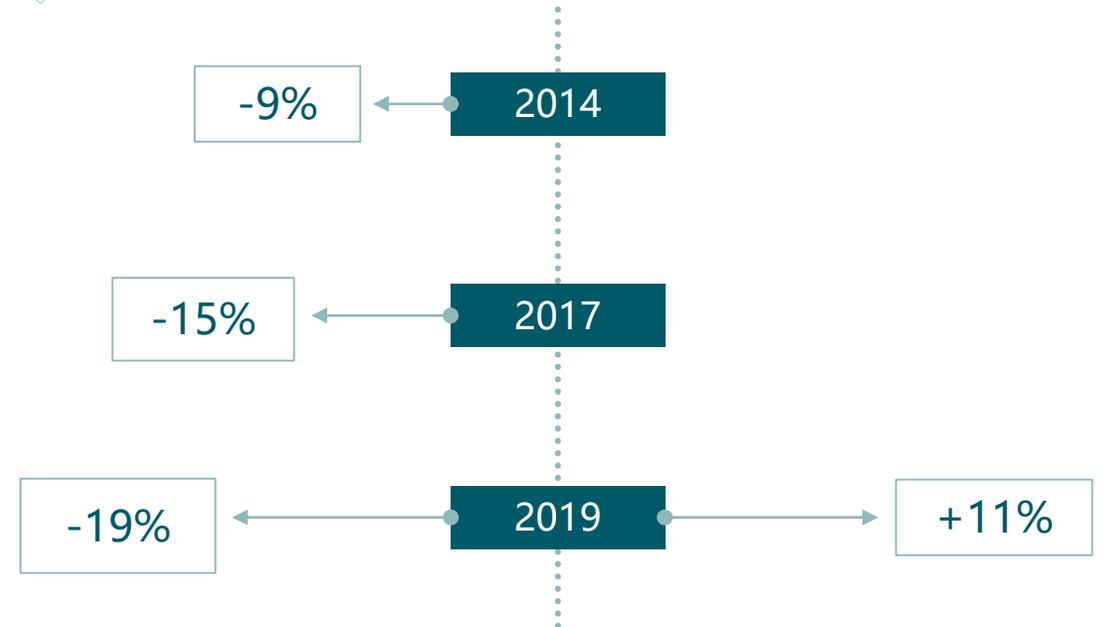
“Diversity Wins. How inclusion matters” McKinsey & Co (2020) shows that companies that don’t prioritize gender diversity risk a growing performance penalty.

.....

Forth-quartile companies for executive-team gender diversity were 19% more likely than companies in the other three quartiles to underperform on profitability.

Companies with more than 30% women on their executive teams are significantly more likely to outperform those with between 10 and 30% women. The latter are in turn more likely to outperform those with fewer or no women executives.

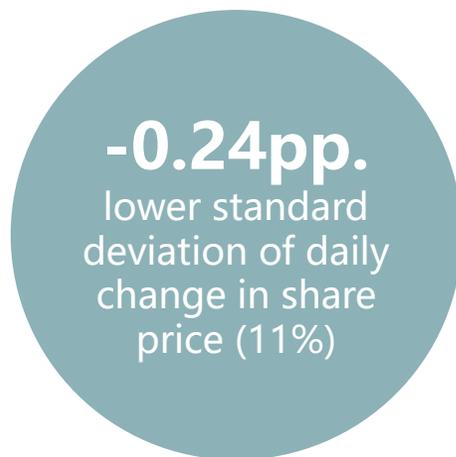
DISCOUNT FOR THE BOTTOM QUARTILE



Difference in likelihood of financial outperformance vs the national industry median of five years average EBIT margin for 4th quartile vs 1st-3rd quartile, and 1st quartile vs 2nd-4th quartile, using the full dataset of companies in each year. Dataset of 1,039 companies in 15 countries.

Gender diversity brings positive results in Poland too

affects corporate performance and risk



Confirmed after adjusting for sector medians.

Source: CFA Society Poland, „Women on boards and company performance. Search for investment ESG criteria based on the analysis of Polish listed companies”, January 2021



Statistically significant differences between diversified and undiversified groups of WSE companies over the last 5 years

50 most gender diverse companies

22.5%

average share of women on board

50 least gender diverse companies

2.8%

average share of women on board

Critical mass theory

30%

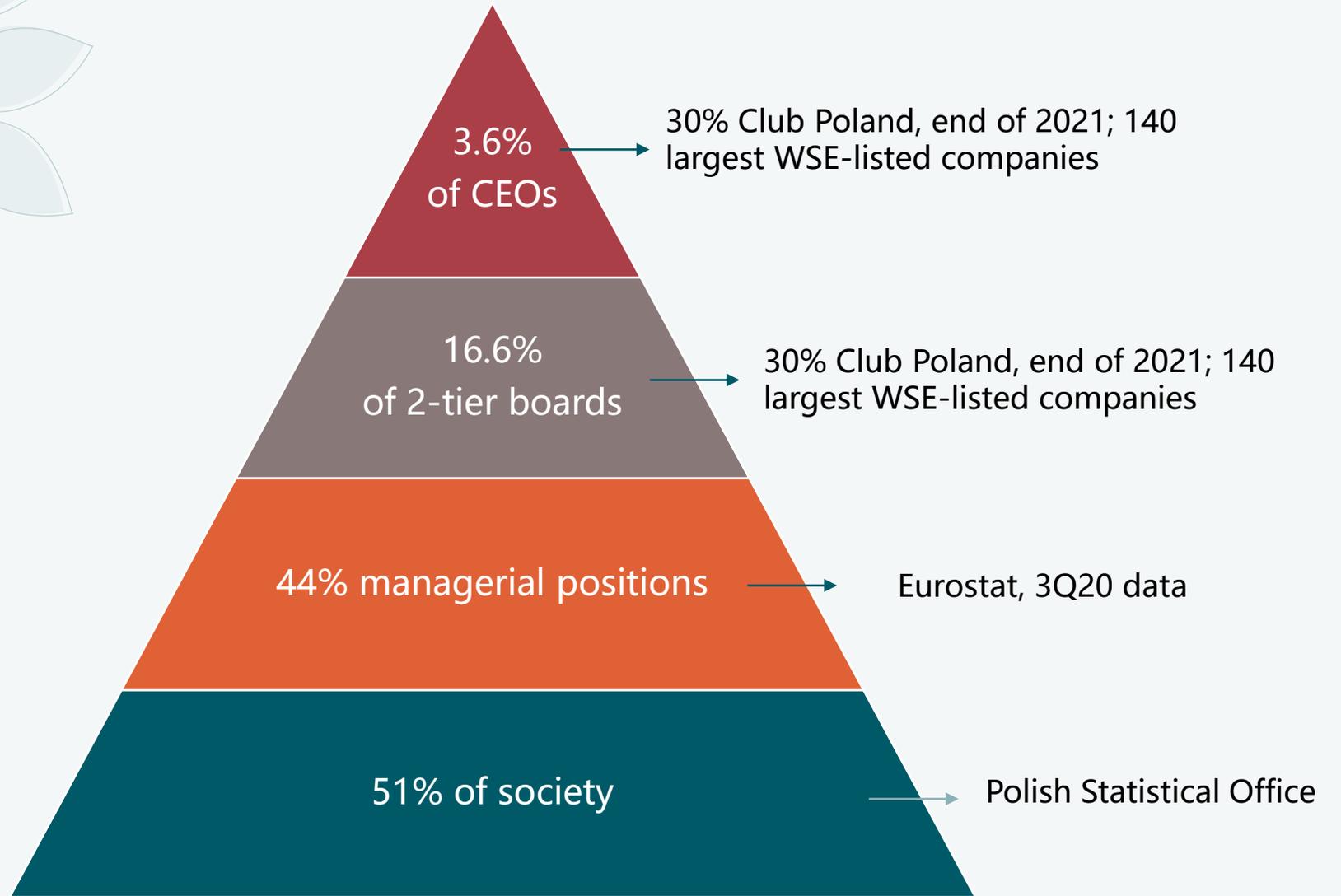
Defines the share of a minority in a group when the minority gains real influence on the actions of the majority and stops being a token.

SHARE OF WOMEN ON BOARDS





The Polish pyramid: women take up ...



Just a slight YoY
improvement

15.5% vs 16.6%

140

Largest companies listed on Warsaw
Stock Exchange

2020

2021

12.6%

13.1%

share of women in
management boards

17.3%

18.9%

share of women in
supervisory boards

4.3%

3.6%

share of women CEOs

15.0%

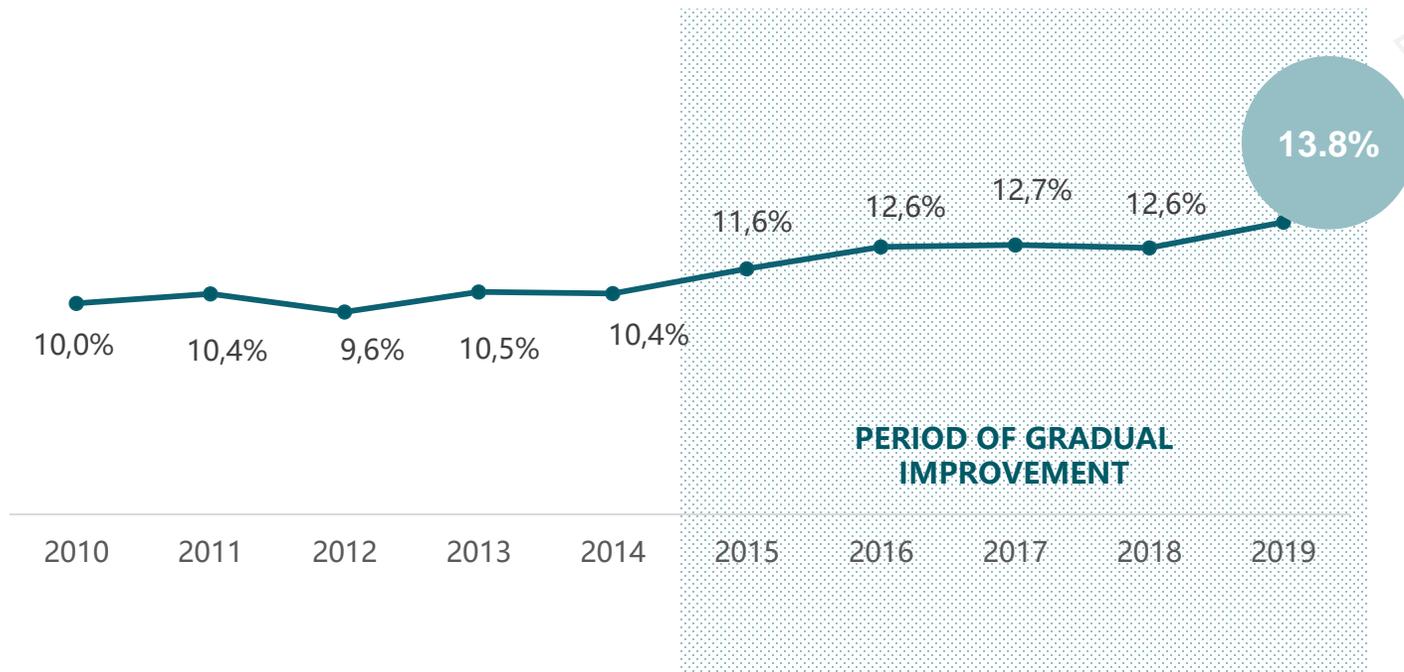
15.7%

share of women Chairs

Boards = management board + supervisory board

Women remain a minority on boards of largest companies

Share of women on boards of 140 largest companies listed on WSE



With a 3.8 pp improvement in a decade, it would take

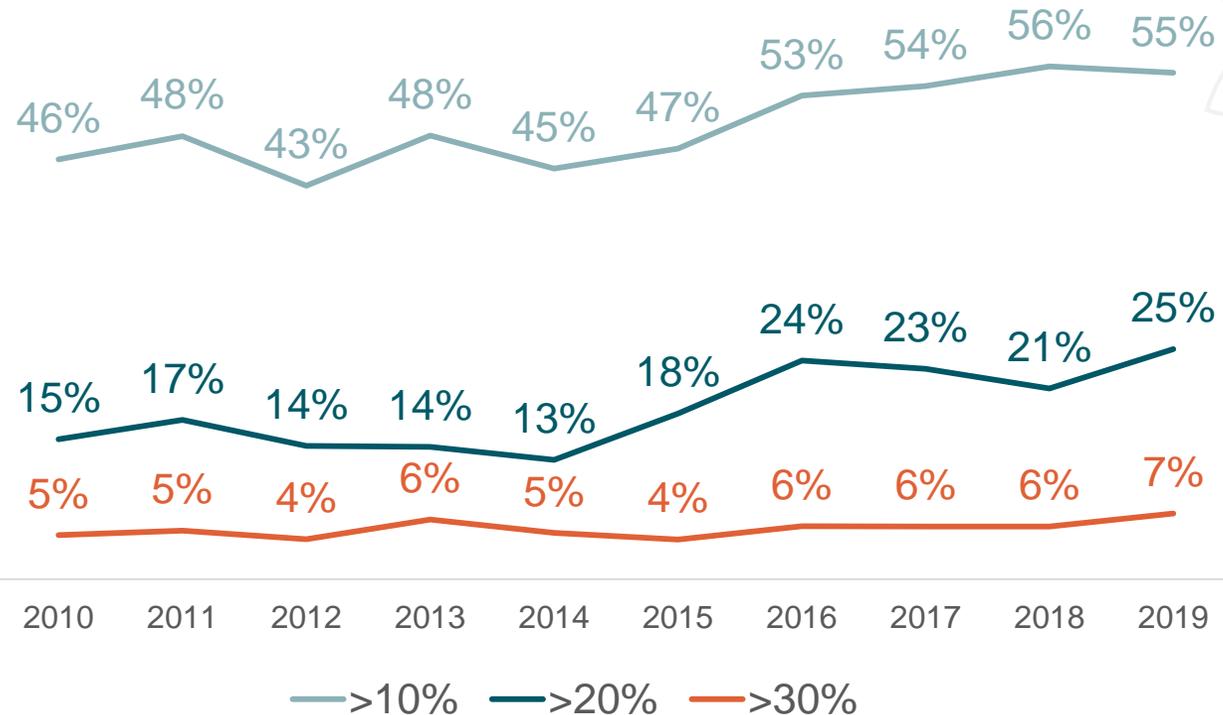
100 years

to reach parity between women and men !

Note: 140 largest companies defined as companies present in WIG20, mWIG40 and sWIG80 at the end of 2019

CFA Society Poland report "Women on boards and company performance" (January 2021).

30% a barrier for women on boards



There is a growing number of companies, in which share of women on boards exceeds 10%

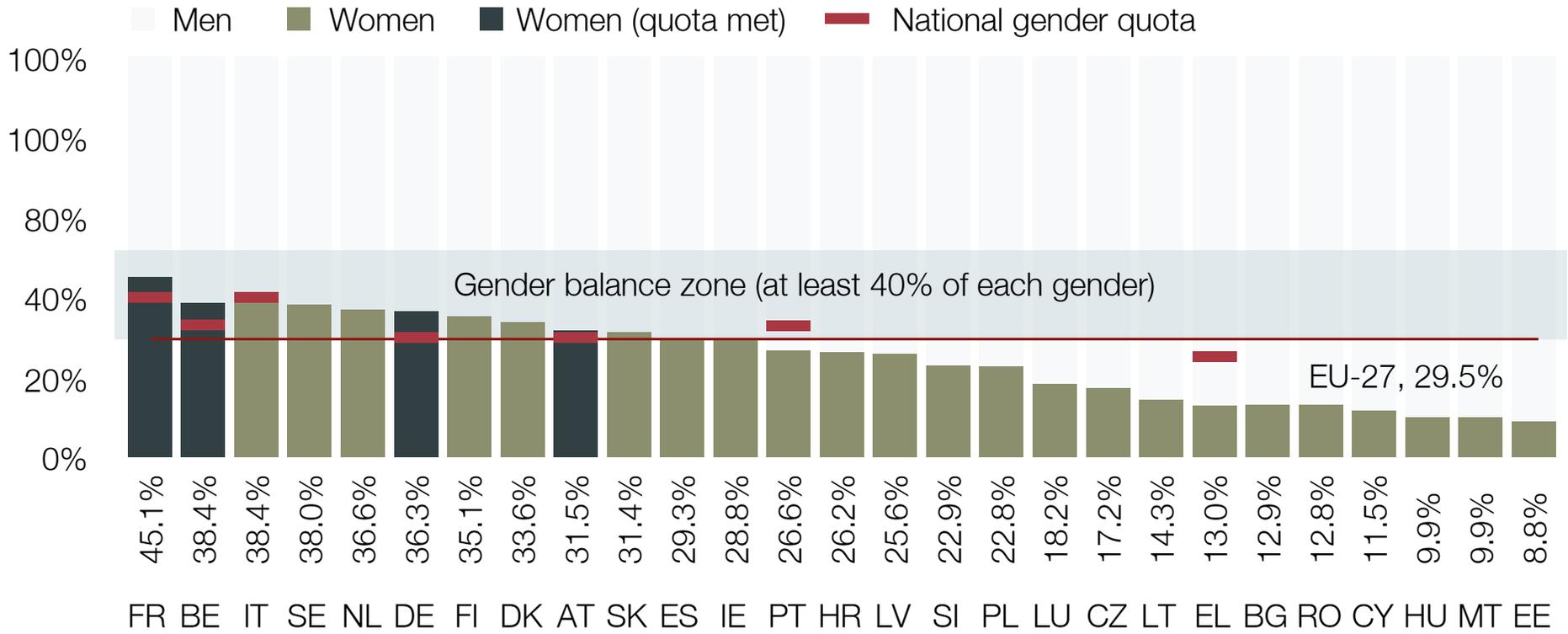
The number of companies with a share of women on boards exceeding 20% is growing

The percentage of companies in which the share of women on boards exceeds 30% remains low

Note: 140 largest companies defined as companies present in WIG20, mWIG40 and sWIG80 at the end of 2019

CFA Society Poland report "Women on boards and company performance" (January 2021).

Differences within the EU



EU Gender Equality strategy 2020-2025

Only 7.5% of board chairs and 7.7% of CEOs are women

Source: EIGE, Gender Statistics Database

REASONS BEHIND LOW BOARD GENDER DIVERSITY

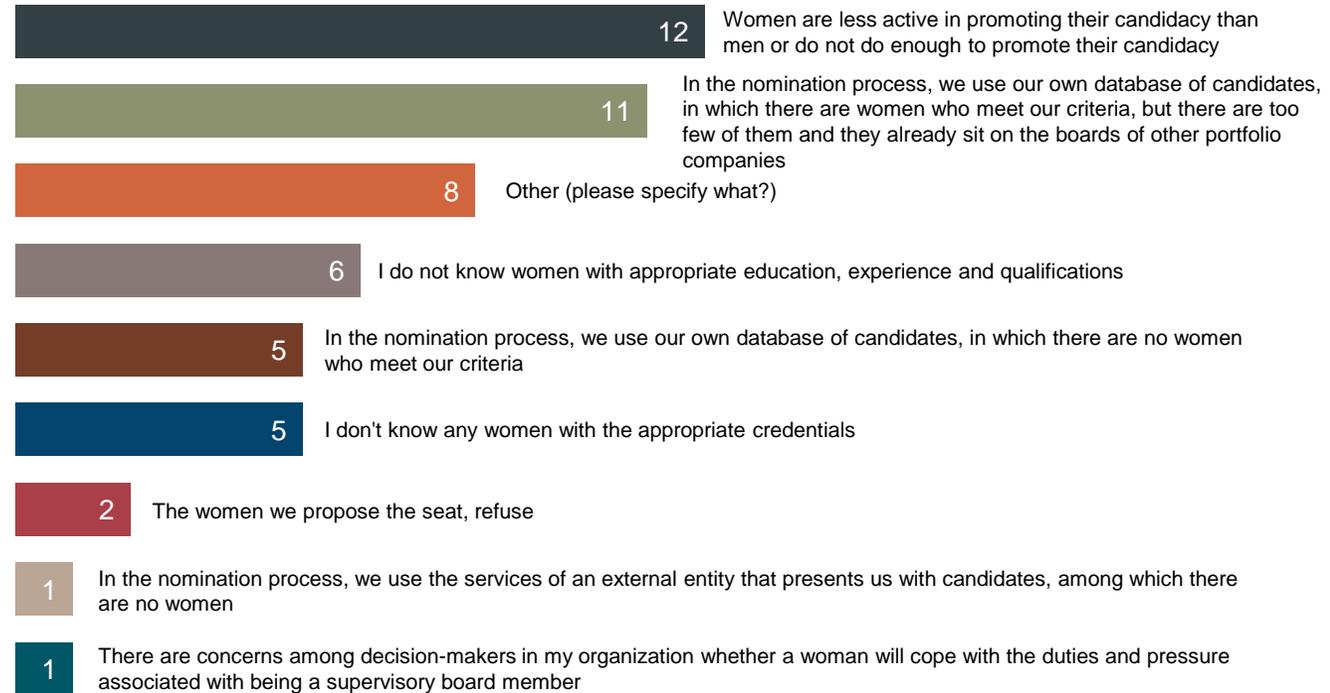


Reasons for the lack of or few women nomination

The conducted research shows that institutional investors rarely nominate women as independent supervisory board members.

The key reasons are: 1) insufficient number of women in their own candidate databases and 2) less active way of promoting their candidacies by women.

- What, in your opinion, is the most common reason why women are not or are rarely nominated as candidates for supervisory board members in your organization? (multiple choice question)



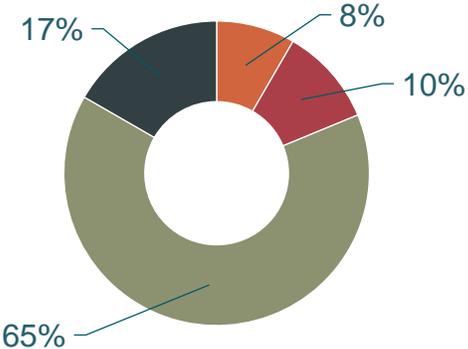
Total = 51 answers

Source: Diversity on supervisory boards 2021, 30% Club Poland

Gender diversity versus the process of nominating candidates for supervisory board members

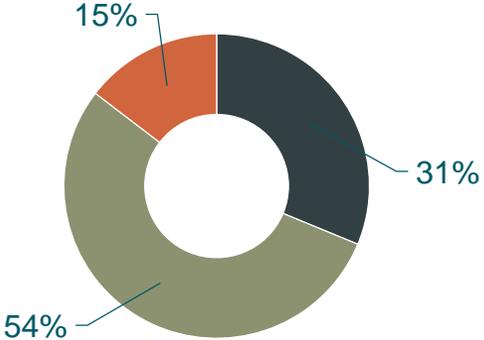
Gender diversity of supervisory board members is usually not discussed at the stage of the process of nominating candidates for supervisory board members.

Does your organization have a voting policy at general meetings with regard to the gender of candidates for members of the supervisory board? (single choice question)



1	• Yes, we have a formal voting policy in this regard	4
2	• We have no formal policy, but informal guidelines	5
3	• No	31
4	• I do not know	8
Answers		48

Are the issues of gender diversity of supervisory boards in your organization a subject of discussions regarding the process of nominating candidates for supervisory board members? (single choice question)

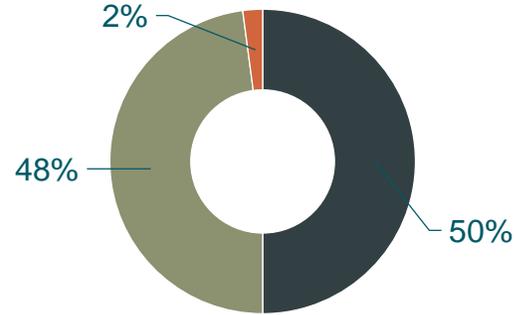


1	• Yes	15
2	• No	26
3	• I do not know	7
Answers		48



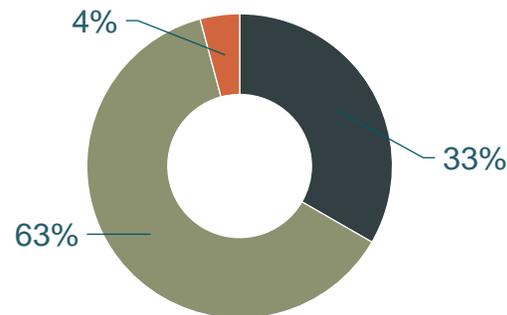
Importance of management and supervisory board gender diversity as well as of ESG criteria in investors' decisions

- When selecting companies for your portfolio as part of the investment criteria in your organization, is the degree of management and supervisory board diversity (competencies, experience, age, gender, etc.) taken into account? (single choice question)



1	• Yes	24
2	• No	23
3	• I do not know	1
Answers		48

- When selecting companies for the portfolio as part of the investment criteria (including ESG criteria) in your organization, do you take into account the degree of board gender diversity of the management and the supervisory board? (single choice question)



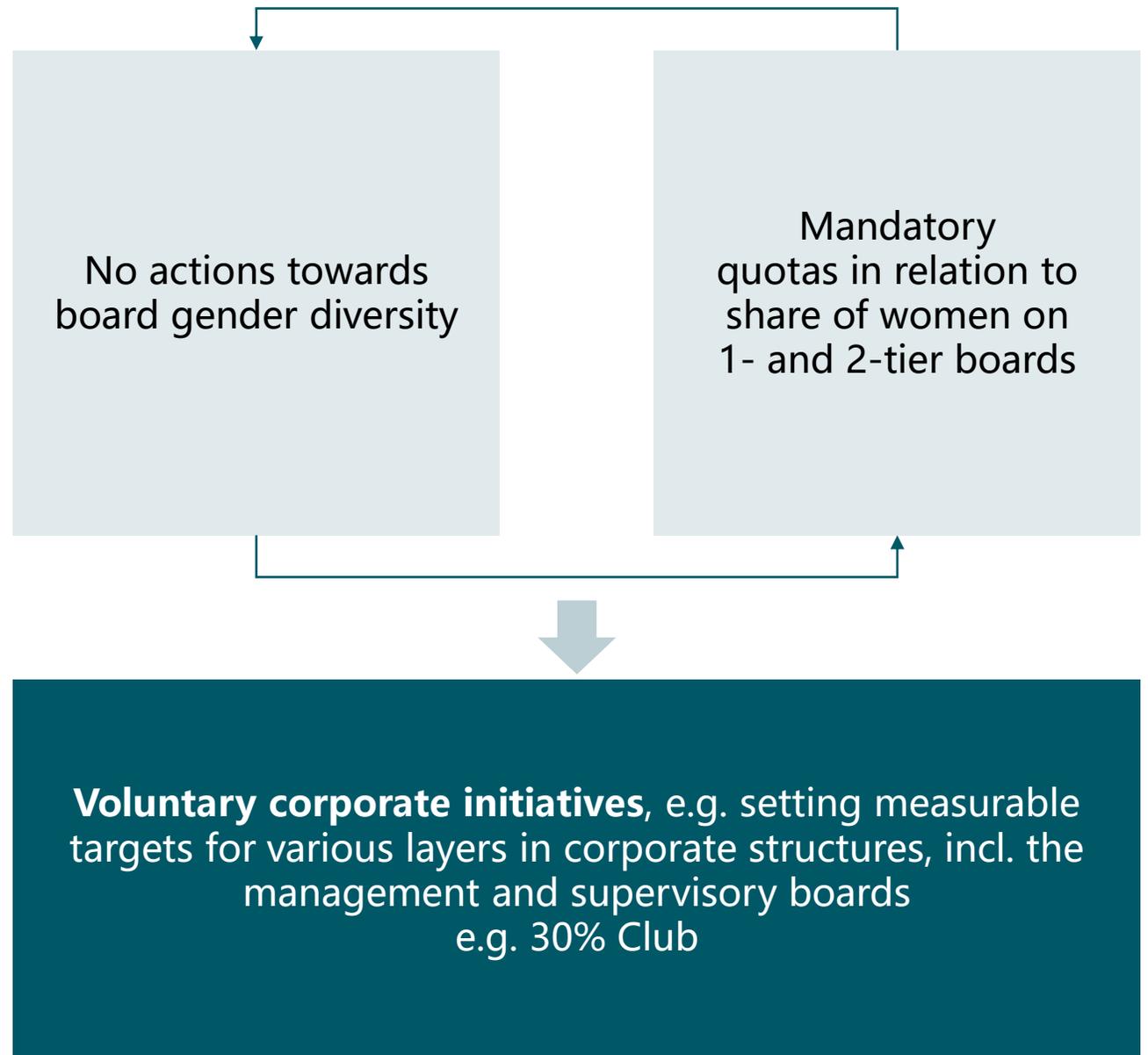
1	• Yes	16
2	• No	30
3	• I do not know	2
Answers		48

TIME TO
TAKE ACTION





It is vital to take action towards board gender diversity





What is 30% Club

Global campaign led by Chairs and CEOs promoting women and ESG on board

.....

A powerful global network spanning **20+ countries** (UK, USA, Canada, Ireland, etc.)

.....

Set up in the UK in 2010 with the aim of achieving a minimum of 30% female representation on the boards → achieved more than **30% women on boards** in 10 years (FTSE100 and FTSE350)

.....

Prominent members: Peter Grauer (Chair of Bloomberg), Mortimer J. Buckley (Chair of Vanguard), Mike Corbat (CEO of Citigroup), Adena T. Friedman (President and CEO of Nasdaq), Warren Buffet (Chair & CEO Berkshire Hathaway) and many others

.....

Poland joined the initiative in June 2021. There are now **19 Chapters** of 30% Club globally

Global reach of 30% Club



Each of us can bring the change



3 simple steps

1

Understand:
Why DEI
matters



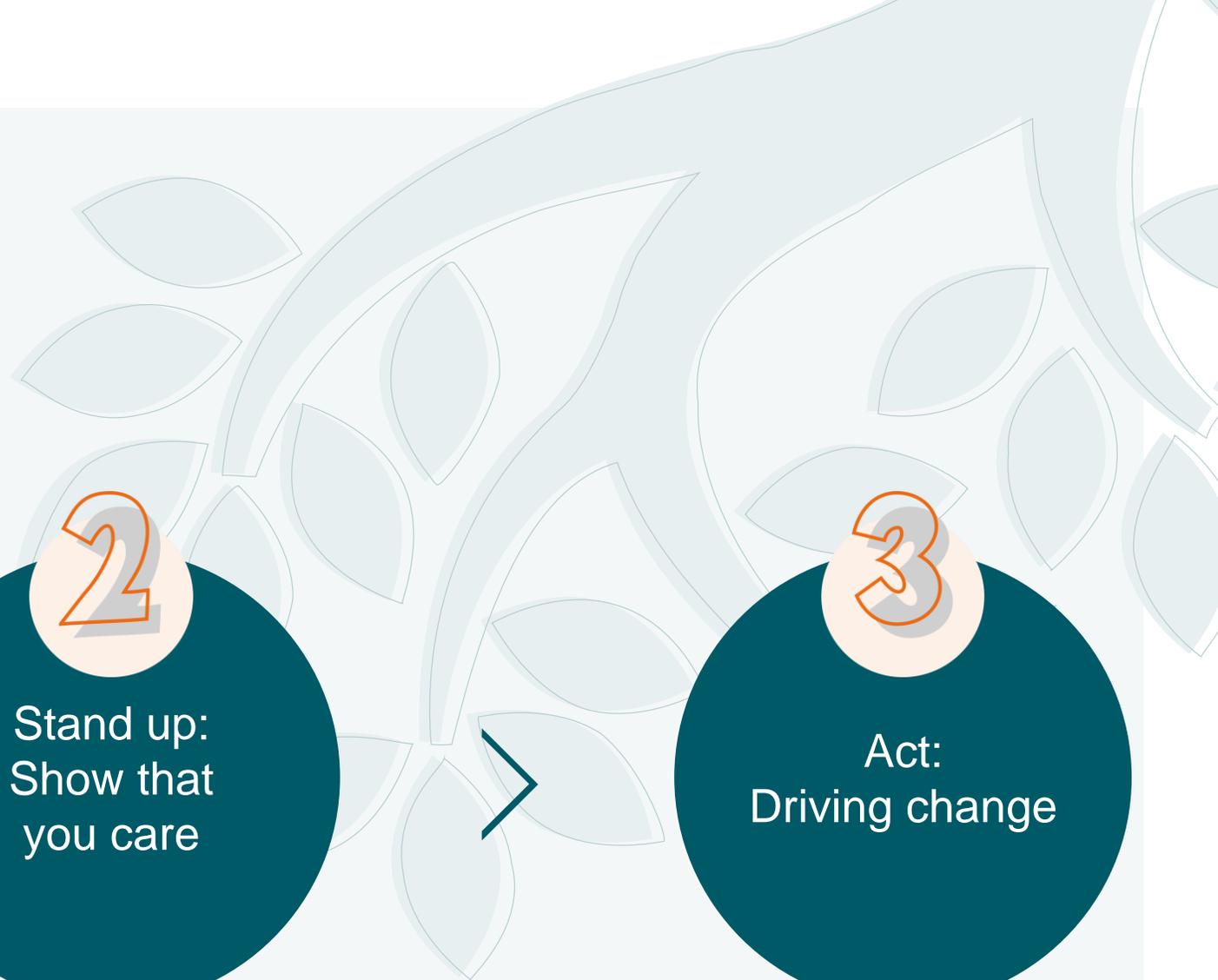
2

Stand up:
Show that
you care



3

Act:
Driving change



.....
Thank
you!

