Driving Gender Diversity in French Companies

The state of play in 2021

30% Club France Investor Group

30% Club
GROWTH THROUGH DIVERSITY

Valerie Baudson

Chief Executive Officer of Amundi Asset Management

“At Amundi, we consider it our responsibility to deliver sustainable performance and value to our clients by financing not only the world as it is today but also the world transitioning towards a sustainable, inclusive low-carbon economy. As an asset manager, we have an active role to play in supporting and driving this transition. More specifically, promoting equal opportunities in a just transition and a sustainable world of tomorrow is part of our responsibility towards society and one of the keys to our performance. For this reason, gender equality in the workplace has been a key component of Amundi’s HR policies for several years.

While the importance of gender equality is acknowledged within French companies, we are also conscious that significant progress still has to be made. The ambition of the newly established 30% Club France Investor Group to include more women into the top management is therefore essential to ensure that women also have a seat at the leadership table now and in the future. With this coalition, investors can unify their efforts, pushing companies to adopt effective strategies and become more gender diverse and inclusive organisations.”

Marco Morelli

Executive Chairman of AXA Investment Managers

“Over the course of my career, I was struck by the way gender diversity can be a key factor in achieving and maintaining a healthy and efficient working environment, allowing the emergence of talent, the generation of innovative ideas and boosting business performance.

Today, engagement with companies represents a huge part of our missions as an active asset manager. We want to help those companies to improve and challenge them on key human capital topics. Gender diversity is one of them. But instead of acting alone, we have decided to partner with our industry peers, to increase our impact and push for progress more quickly. That is the reason why we created the 30% Club France Investor Group a year ago, calling other asset managers to join us and encourage large French companies to commit to promoting gender diversity at senior level.

With constant new joiners in the coalition, we really do hope we will exceed the target of at least 30% of women in the SBF 120’s executive management teams by 2025.”

Amundi Co-Chairs of the 30% Club France Investor Group, 2021:

Molly Minton and **Virna Valenti**, ESG Analysts at Amundi Asset Management

One year into the 30% Club France Investor Group, and the insights have already been enlightening. We have seen companies making inspiring commitments and demonstrated improvements but there is still a long way to go. It is important to remember that 30% is a floor not a ceiling. Our expectations for corporates are to achieve gender parity and make sure that everyone has a seat at the table. Achieving this must go beyond simply setting targets by getting companies to understand, and report on, the underlying indicators that could negatively impact women from reaching top positions including biases, work–life balance, and the gender pay gap. During our company engagements, it has been clear that companies are looking to follow best practices and find strategies that work. As an investor, engagement is not just about telling companies what to do. It is about using our collective knowledge (derived from engagements and conversations with experts) to support companies on their progress towards gender parity.

AXA IM Co-Chairs of the 30% Club France Investor Group, 2021:

Liudmila Strakodonskaya, ESG Analyst at AXA IM

Marie Fromaget, Founder of the 30% Club France Investor Group

In late 2020, we decided to launch the 30% Club France Investor Group, following sound progress observed in the UK coalition through investor pressure. In France, as of March 2021, only 22% of women were sitting on SBF 120 executive management teams[1]. There has been some progress – but we know how fragile this can be especially during tense times such as the pandemic where companies tend to be more conservative. Our objective as a coalition is to reach at least 30% of women at leadership teams of SBF 120 by 2025. This is a "diversity" minimum to bring more debate and innovation to investee companies at the highest levels – which is a driver of financial performance – while making sound societal sense in a country where women are now more educated than men[2] and should naturally get access to higher positions in the corporate hierarchy. We often hear about the famous "gender pay gap" which is a striking figure but mainly reveals a lack of women at influential – and better paid – positions. The objective of the Investor Group is to discuss, encourage, collaborate and closely follow companies' efforts in their quest to achieve more gender diversity at every level of the company. The 30% Club France Investor Group is another force to move the needle forward in the French corporate gender diversity and equality landscape, which we are glad is being joined by an increasing number of asset managers.

[1] Executive Committees and similar, Ethics and Boards
[2] In 2018, according to INSEE, 51.2% of women aged 30–34 years old were graduates of higher education versus 41% of men in the same age group.

About the 30% Club France Investor Group

What is the 30% Club?

The 30% Club is a global campaign to take action to increase gender diversity at board and senior management levels. The campaign launched in the UK in 2010 when there were just 12% of women on the FTSE 100 boards. The Club believes that **gender balance on boards and senior management not only encourages better leadership and governance**, but diversity and inclusion further contribute to overall board performance and ultimately increased corporate performance for companies and their shareholders.

There are currently 15 chapters globally including chapters in Australia, Brazil, Canada, Ireland, Italy, the United Kingdom and the United States. One aim of the French Investor Group is eventually to open a full French Chapter of the 30% Club.

Why 30%?

The original 30% Club in the UK set **30% as an aspirational target**. However, research has also suggested that 30% represents a critical mass from which point minority groups can impact boardroom dynamics[3]. For many regions around the world 30% is still a highly aspirational target. However, the target is a floor not a ceiling with the ultimate goal being to strive for a more equitable gender and diversity balance overall.

Our Ambitions and Objectives

As asset owners and asset managers, we are responsible for the stewardship of the investments we make on behalf of our members and clients. Part of that responsibility includes the assessment of executive management teams of our investee companies.

In France, under the Copé-Zimmermann law, listed companies have been required to have a minimum of 40% of women on the Board of Directors since 2017. As a natural second step, gender diversity is expected to trickle down from the board to reach all executive management layers.

As of mid-2020, women accounted for 21% on average of the main French-listed companies' Executive Committees (SBF 120). Their roles are predominantly functional: only 12% of operational roles in SBF 120 Executive Committees are held by women.

As investors, we believe both boards and executive management teams that genuinely embrace cognitive diversity, as manifested through appropriate gender representation and a broad spectrum of skills and experience, are more likely to achieve better outcomes for investors. There is increasing research[4] to support this hypothesis. Gender equality importance is also reflected through a dedicated UN Sustainable Development Goal, namely SDG 5 on Gender Equality and specifically target 5.5 on female management, making the issue one of the most pressing to achieve by 2030.

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[3] The Lime Group, "Critical mass and tipping point in change efforts"
[4] Steven Turban, Dan Wu and Leitan (LT) Zhang, "Research: When Gender Diversity Makes Firms More Productive", Harvard Business Review, 11 February 2019.

Key Objectives of the 30% Club France Investor Group

As outlined in our statement of intent, the 30% Club France Investor Group has two key objectives.

Objective 1: At Least 30% Women on Executive Committees by 2025

As members of the 30% Club France Investor Group, we expect executive management teams of SBF 120 companies to appoint women to at least 30% of seats by 2025. 30% is the level at which critical mass is achieved and contributions from a minority group start being heard and valued, impacting leadership decision dynamics.

We call on companies to consider women for operational roles, where they are often under-represented. We also encourage companies to develop an internal female talent pipeline and build on it when considering the appointment of a new woman at the executive management team.

Objective 2: Disclosure Expectations from Investee Companies

As part of our overall stewardship responsibilities on behalf of our members and clients, we will actively engage with investee companies on corporate governance issues, including the process used to identify suitable candidates for executive management teams.

To provide investors with a comprehensive understanding of an investee company's diversity and inclusion policies, practices and processes, we expect companies to be transparent regarding the procedures used to find and appoint new members to the executive management team, and how that process ensures a diverse leadership committee. We also call on companies to provide information on how diversity materialises at every level of management. We believe this transparency will allow investors and other stakeholders to understand how a gender diverse talent pipeline is built up to the top.

Members of the 30% Club France Investor Group

During the first year since the chapter's launch, the group has attracted 11 investor members representing over €5.5 trillion in assets under management (AUM) and these numbers can be expected to grow in the years ahead.

Contents

Executive Summary

Since the launch of the 30% Club France Investor Group in 2020, we have wasted no time in addressing the lack of women in top operational roles in the SBF 120. In its inaugural year, the Investor Group conducted a wide variety of activities to engage with corporates, stakeholders, and experts on the topic of gender diversity. These activities enabled us to develop some key observations regarding gender diversity in France.

We analysed the current performance of the SBF 120 to track developments towards our ambition of having at least 30% of women on the Executive Committees of the SBF 120 by 2025.

- Between 2020 and 2021 the percentage of women in executive management roles of the SBF 10 only improved from 20% to 23%
- The number of companies with at least 30% women on Executive Committees (ExCom) increased from 25 to 39, with the increase mostly in companies not part of the CAC 40 (where the number moved from 7 to 13).

To incentivise improved performance, we conducted 14 in-person meetings with corporates with additional conversations occurring via email.

Through our dialogue with French companies, we observed that:

- Sectors with high rates of female employment (financials and consumer) have a clear glass ceiling. While there are targets and strategies, these sectors have a long way to go to break the glass ceiling and unfortunately many were unwilling to engage in dialogue with the Investor Group.
- By contrast, STEM (Science, Technology, Engineering, and Mathematics) sectors, despite their historically low levels of women, showed a strong willingness to improve as demonstrated by clear commitments (both on getting more women into the companies and ensuring they reach top management) and a willingness to speak with the Investor Group and learn from our insights.

We conducted an email engagement campaign that distributed a key performance indicator (KPI) list developed by the 30% Club France Investor Group to the SBF 120 to outline our reporting expectation on gender diversity.

From the companies that returned the KPI list to us, we observed that:

- all KPIs were possible and reported
- there is a lack of consistency in how companies report on quantitative diversity data
- there is a lack of granularity and transparency on key diversity data points
- global standards on gender diversity are needed so employees in different countries enjoy equal benefits and opportunities.

We collaborated with experts and other stakeholders seeking to address the poor rates of gender diversity.

This included the MEDEF who generously shared their own data collection efforts. By examining the MEDEF data, the 30% Club France Investor Group observed that:

- A majority of the SBF 120 have targets on gender diversity but there is significant ambiguity regarding the scope of these targets
- There remains a high degree of variability on timelines to reach targets.

The observations above provide the 30% Club France Investor Group with a solid foundation going forward into its second year. We hope companies will also take these insights into consideration for their own reporting.

2021 Engagement Activities

As outlined in the statement of intent, the 30% Club France Investor Group uses engagement and stewardship activities to convey to companies the high level of importance that we as investors but also our clients place on the topic of diversity.

Engagement Selection: Selecting Candidates by Assessing Absolute Performance

To select companies for our initial engagement round, we identified "laggards" using a specific methodology.

To assess corporate performance on gender diversity absolute performance, the 30% Club France Investor Group uses the following ratio:

$$\frac{\text{\% female executive managers}}{\text{\% females employed}}$$

Executive management was chosen as the indicator for several reasons. First, the figure indicates the number of women who are at the top of the company's decision-making ladder at the level below the board. In France, due to the Copé-Zimmerman Law, the board level is not an accurate indicator of company performance because gender diversity at board level is a legal requirement.

Second, data on the executive team is relatively easy to obtain and verify without requiring the use of third-party data providers. Companies often report this figure and if they do not it can be easily extracted from the page that lists the names and positions of employees who sit at the management level below the board. While some companies may have different names for the Executive Committee, we define it as the "management level below the board", meaning the indicator is also very granular compared to other management levels which may be more ambiguous depending on how the company classifies management levels.

Third, comparing the rate of female executive managers (FEM) to the total percentage of females in the company is useful to assess performance between companies who have differing percentages of females employed. **While in general it is important to push for gender balance in all sectors, in reality certain sectors do not have many females in the workforce** (e.g. construction and extractives). To assess performance, the goal is to ensure the FEM percentage is in line with the total females employed percentage. **Wider female participation in certain sectors is a more complex issue that needs to be jointly addressed with public policy.** This is particularly the case for STEM fields. Other sectors, by contrast, have higher rates of female employees such as consumer and luxury. Often these high rates of females are not reflected in the composition of the executive management when there are plenty of females in the talent pipeline. Therefore, comparing the FEM percentage to the total percentage of females employed provides additional sector insights.

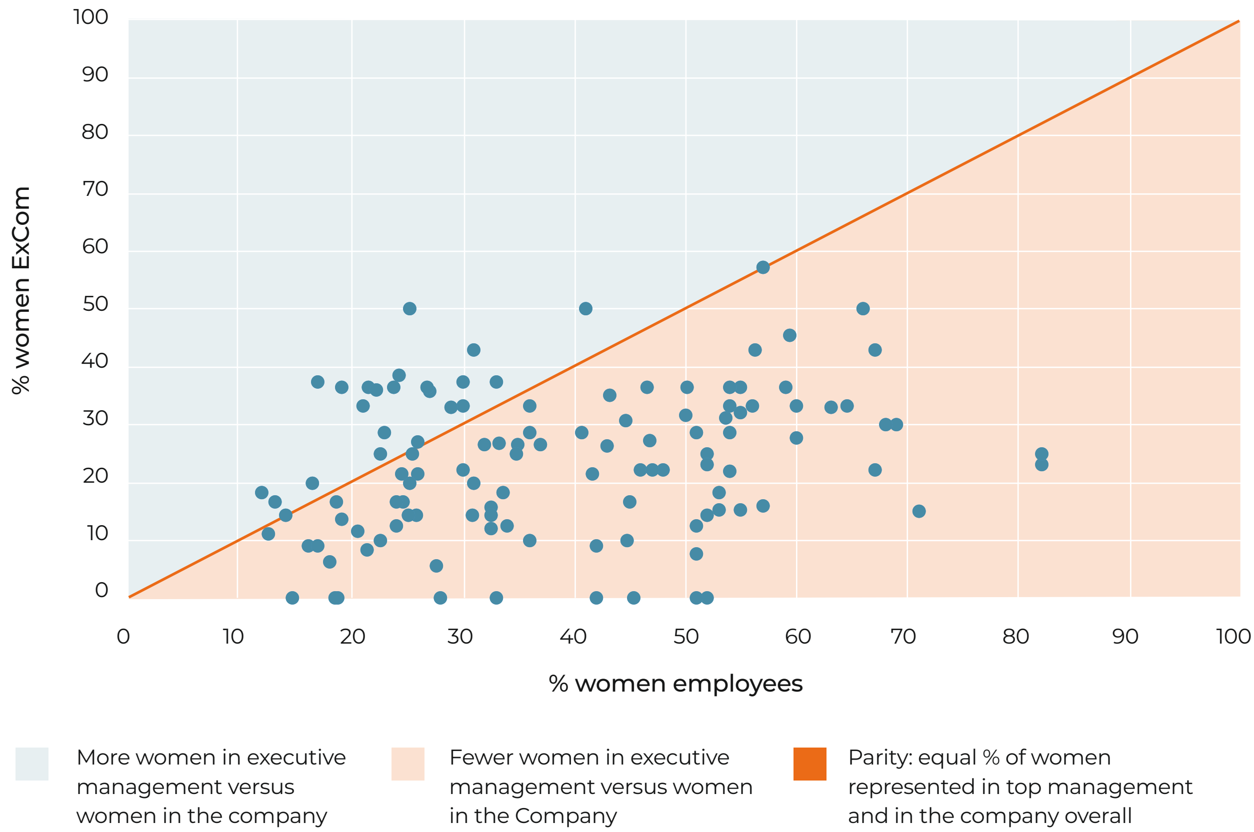
Comparing Progress in Absolute Performance: 2020 versus 2021

In November 2020, we did our first collection of data on the percentage of women in the total workforce and in executive management on the companies represented in the SBF 120 Index, referring to the information available from annual reports or the most recent disclosure from companies' websites where available. Last summer we repeated the exercise and here are some of the observations:

- **the percentage of women in the total workforce has remained stable at 39%**
- **the percentage of women in executive management roles has improved from 20% to 23%**
- **the number of companies with at least 30% women on the ExCom increased from 25 to 39, with the increase mostly in companies not part of the CAC 40 (where the number moved from 7 to 13). Progress is too slow: 14 more companies with a decent female representation at executive management level is positive, but at this rate it would take another six years to achieve at least 30% across the SBF 120.**

When looking at Figure 1, our ratio of % women on the ExCom / % women in the total workforce, we notice that the majority of companies still has a very unbalanced female representation in top roles.

Figure 1 **SBF 120 Gender Diversity Data 2021:** Most companies are very far from gender equality



In Figure 2, (see page 10) overlapping the two sets of data, in blue 2020/21 and in orange 2019/2020, we can see that not much has changed. We will continue to look at the evolution of these metrics every year, to evaluate the ongoing changes..

In Figure 3, (see page 10) which looks in more detail at the changes in the composition of ExCom, there seems to have been more of an improvement in the lagging companies.

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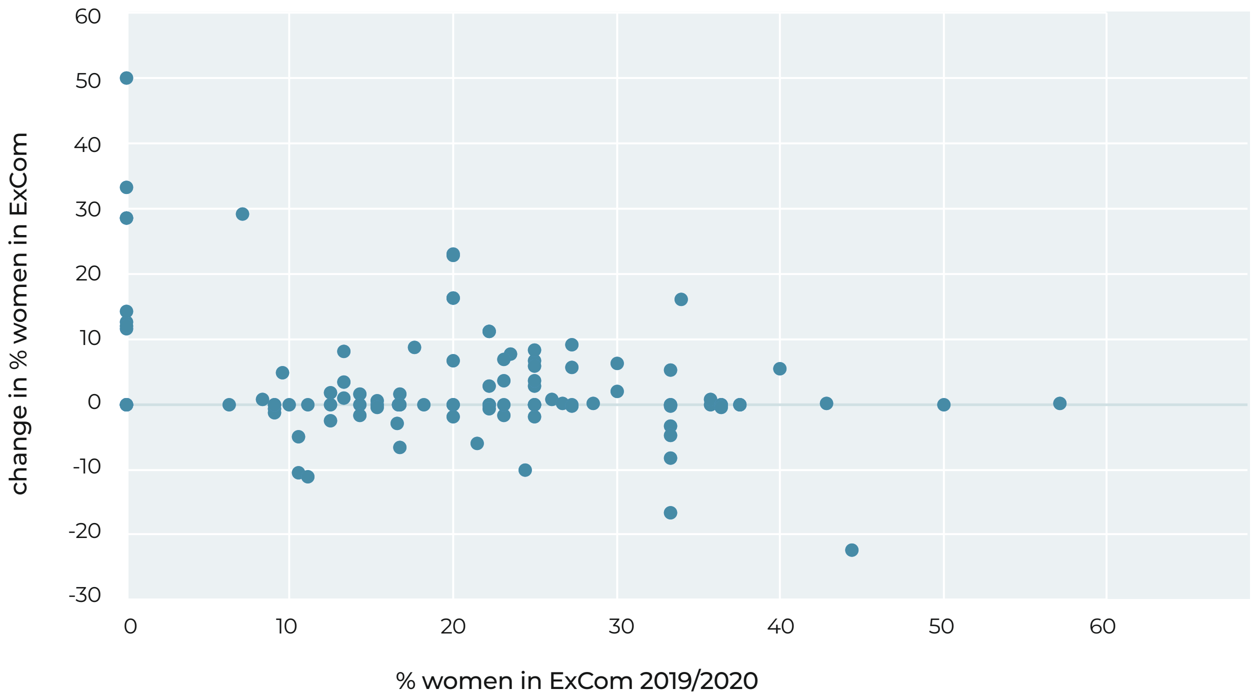
Figure 2 SBF 120 Gender Diversity Data: Overall a small improvement year on year

Figure 3 SBF 120 Gender Diversity Data: Change in % women in ExCom



Active Engagement Campaign

In our inaugural year, we commenced our engagement campaign with companies where we considered that engagement could have a strong impact.

Highlights from Year 1

The 30% Club France Investor Group conducted in-person meetings with 14 of the 23 companies selected for active coverage in year 1. The remaining companies either responded in writing, have committed to setting up a meeting in the near future, or have declined all dialogue with the Investor Group. Our initial aim was to have discussions with top management (either board or executive committee level) and by the end of year 1 we had had nine meetings with members of executive committees, management committees, or boards.

Overall, during our dialogue, companies demonstrated commitment and aspirations to achieve gender equality, but more time is needed to see if companies' words will lead to concrete actions. In year 1 we established a baseline for companies under engagement and set specific next steps to track company momentum going forward.

Based on similarities in absolute performance, we have divided companies into three sectors:

- **Financials & Real Estate**
- **STEM**
- **Consumer**

These sector divisions enable us to better assess how companies compare to their peer group and better set engagement and performance expectations that are realistic for the sector.

The Financial and Real Estate Sectors

Company	2020 % Women in Company	2020 % Women in ExCom	2020 Ratio	2021 % Women in Company	2021 % Women in ExCom	2021 Ratio
Company A	54%	15%	0.28	53%	15%	0.29
Company B	54%	24%	0.44	54%	31%	0.58
Company C	57%	17%	0.29	56%	33%	0.60
Company D	59%	36%	0.62	59%	36%	0.62
Company E	32%	23%	0.72	32%	27%	0.83
Company F	47%	11%	0.24	46%	22%	0.47

Sector Observations

When considering total workforce, the financial sector presents a very good gender balance with 50% women on average, better than the 39% women of the total SBF 120. We would therefore expect a more balanced representation also at executive management level, but that is not the case. Women represent just 24% of members of Executive Committees, less than 1% higher than the total SBF 120 average. Also, in some companies there is a smaller governing body on top of the Executive Committee, where women's representation is even lower or non-existent. The glass ceiling is still there.

We think this represents **a lost opportunity for financial companies, which have had access to a large female talent pool for a long time already**. The predominate culture needs to change, eliminating prejudice and biases that limit women's access to roles of responsibility in all business areas. However, we note several recently set targets that aim for higher female representation at management level, namely the AXA target of parity at the Top 300 management level by 2025, the BNP Paribas target of 40% women on the ExCom by 2025, and the Societe Generale target of 30% in their Top 30 to Top 150 management levels by 2023. In addition, talent management strategies are being extensively revised to make these objectives possible.

We are convinced that the culture change needs to come from the top, which is why we have been insisting on better gender balance at the highest level of management in our engagement. We had five financial companies in our target list for engagement in the first year and had mixed fortunes in our efforts, with only three companies offering to meet with us. The positive side has been the serious engagement of those companies with our activity, as testified by the attendance of board members in two of those meetings.

Case Study: Societe Generale – Diversity & Inclusion is a strategic priority

We met with Societe Generale (SG) in January 2021, early on in our engagement campaign, supported by their genuine interest in our work as demonstrated by the Chairman of the Board participating in our meeting. Diversity & Inclusion is for SG a strategic priority and the group updated its policy in 2019, with a common framework for all companies worldwide.

The group has a target of 30% of women in its governing bodies by 2023 at the levels of: Strategic Committee (Top 30) from 24% women at the end of 2020; Management Committee (Top 60) from 29% women at the end of 2020; and key group positions (Top 150) from 21% women at the end of 2020.

The Strategic Committee includes General Management, a body with six members and only one woman. We reiterated our view of the great importance of gender balance at the highest management level and are delighted at the news that the newly appointed Deputy General Manager and Chief Operating Officer, effective from 17 January 2022, will bring representation of women in General Management to 33% (2 out of 6).

Societe Generale put in place a concrete plan of action to achieve its targets:

- **Enhanced talent management strategy with a focus on careers and professional development for female employees**
- **Extensive deployment of training to raise awareness of biases and stereotypes, which is available to all employees and mandatory for top and future management, and training on non-discrimination in hiring and on valuing diversity for HR managers**
- **Diversity objectives factored into the evaluation of each member of the Management Committee from 2021.**

Why Societe Generale stands out to the 30% Club:

We value the company's clear willingness to have a positive impact through strict governance of internal objectives and its involvement in significant external initiatives relevant to employees, clients and society at large. Among these initiatives are the Women's Empowerment Principles, the #StOpe Initiative to fight sexism, and the SISTA Charter, a commitment by signatories that 25% of start-ups funded in 2025 will be founded or co-founded by women, 30% in 2030 and 50% in 2050. We also appreciated SG's decision to set even higher standards for their African operations with a commitment to reach 33% women on SG Africa Management Committees by 2022.

Case Study: SCOR – "What gets measured gets managed"

We decided to engage with SCOR SE early in 2021 due to the disconnect between the percentage of women in the workforce (47% of the total workforce) and their representation at management/executive level (only 30% in management positions and only 19% in senior executive positions with just 10% at Executive Committee level).

We appreciate that, upon a proposal from management, the Board of Directors of SCOR SE has decided to set a target of 20% women on the Group Executive Committee by 2021 (objective reached already) and 30% by 2025. To build a strong pipeline of senior female talent, the Board of Directors has also decided to set an additional target of 27% women among Global Partners, Senior Global Partners and Executive Global Partners by 2025, from 19% today. Furthermore, we note the decision taken by the company in 2021 to join the Women's Empowerment Principles (WEPs) established by the UN Global Compact and UN Women, reinforcing its commitments towards gender equity.

From our conversation, we understand that the company is looking to develop its female talent pool with both women and men becoming mentors, and that top management is committed to making it happen. To this end, the company is developing active campaigns to prevent unconscious bias among managers, and mentoring programmes to develop female talent and foster a better gender balance in their Partnership Programme. SCOR SE has a target of a 50% of nominations of women within the Partnership Programme each year from 2023. We also view as a best practice the conduct of an external diversity & inclusion (D&I) audit this year as per the principle of "what gets measured gets managed". Next year, we will pay particular attention to the results of the D&I audit and will monitor the progress made in terms of female representation at each level of the company.

The STEM Sectors (Science, Technology, Engineering, and Mathematics)

Company	2020 % Women in Company	2020 % Women in ExCom	2020 Ratio	2021 % Women in Company	2021 % Women in ExCom	2021 Ratio
Company A	18%	13%	0.74	19%	17%	0.89
Company B	19%	0%	0	19%	0%	0
Company C	33%	20%	0.61	35%	27%	0.76
Company D	21%	27%	1.3	22%	36%	1.69
Company E	45%	27%	0.60	47%	27%	0.58
Company F	36%	25%	0.70	35%	25%	0.72

Sector Observations

The **STEM sector is seen as being traditionally masculine**. Data show that women graduating from bachelor's degrees in STEM fields in 2018 in France ranged from 15.4% (Information, Communication, Technologies) to 53.7% (Natural Science, Mathematics and Statistics). About a quarter of bachelor's graduates in Engineering, Manufacturing and Construction were women[5].

The main challenges for companies belonging to the STEM industry are two-fold: finding ways to increase the female talent pipeline from junior entry positions and attracting/retaining these women at all layers of the corporate hierarchy.

Our engagement this year with **STEM companies has shown positive surprises**. Despite starting with relatively lower female representation overall than other aggregated industries, **we felt a clear ambition from these companies to improve their gender diversity performance** through industry collaboration, event participation, sharing of best practices and in-depth discussions with concrete steps going forward.

Case Study: Sopra Steria – Beginning of the journey but a clear plan to get there

At the end of 2020, Sopra Steria had 12% women in the Executive Committee and 32.5% overall. The company set a new goal at the beginning of 2021 to reach 30% of women at the ExCom by 2025, which is a welcome objective given the sector and 2020 baseline. To help get more women into top management, Sopra Steria has rolled out a senior management target to get women to fill at least 20% of senior management by 2025 (versus 15%) which is ambitious considering senior management is expected to grow and promotion alone will not enable this target to be reached. While the company is at the beginning of its journey, it has a concrete action plan to achieve these goals centred around three key themes:

- **Hiring (aims to at least maintain the proportion of women at all management levels and recruit 33% more women for mid-management every year)**
- **Promotion (deploying specific programmes to help young talents climb the corporate ladder, e.g. mentoring)**
- **Management practices (increasing awareness of stereotypes, business case for more diversity, etc.).**

The Consumer Sector

Company	2020 % Women in Company	2020 % Women in ExCom	2020 Ratio	2021 % Women in Company	2021 % Women in ExCom	2021 Ratio
Company A	73%	15%	0.21	71%	15%	0.21
Company B	63%	33%	0.53	63%	33%	0.53
Company C	70%	33%	0.46	69%	30%	0.43
Company D	68%	22%	0.33	67%	22%	0.33
Company E	58%	16%	0.27	57%	16%	0.28
Company F	56%	21%	0.38	55%	15%	0.30

[5] Source: "Women in Science, Technology, and Mathematics (STEM)", Catalyst, 4 August 2020, based on "Graduates by Education Level, Programme Orientation, Sex and Field of Education" Eurostat Database (2020)

Sector Observations

Contrary to STEM sectors, the consumer sector sees high rates of women in the companies yet low rates of women in top management. Despite plenty of female talent in the workforce, they are not reaching top management levels: a true glass ceiling.

We see this as a risk for companies because women are the primary consumers yet key operational decisions at the highest levels of management are not often made by women. Furthermore, in the age of social media, the consumer and luxury sectors have become highly exposed to reputational risks linked to diversity-and-inclusion-based controversies. Consumers are easily able to find out if companies make decisions that are not in line with their own values and to spend their discretionary income elsewhere.

While many of these companies are quite vocal about "valuing women" through sustainability reporting and glossy marketing campaigns, the numbers speak for themselves. **Women are not reaching top management levels and certainly not key operational positions**. On broader diversity issues, there have been some hard-learned lessons in luxury brands, which have led to positive developments for certain luxury companies such as the appointment of diversity heads to help better drive diversity strategies across the companies. This will hopefully lead to more tangible progress in the future regarding diversity & inclusion but, as of yet, little concrete change has been observed.

The 30% Club France Investor Group targeted six luxury and consumer companies for engagement. While we had a few written replies, only two were willing to engage with investors. Most simply referred us to their sustainability reporting which lacked sufficient data to feed our KPI list. Unlike many of the STEM and financial companies under engagement, the sector overall was very unwilling to have honest conversations with us on the problem and how the companies were working to solve it.

Going forward it is clear more pressure is required to get companies to cooperate and have these important yet difficult conversations.

Case Study: Carrefour – Hurdles in reaching its targets but dedicated action plans to address the issue

At the end of 2020, Carrefour had 18% women in the Executive Committee and 58% overall. The company has not yet set hard diversity goals for the ExCom level but has put in place a plan to reach 40% of women in key positions and 35% of the top 200 management positions by 2025. Women accounted for 31.5% of appointments to key positions in 2019 but just 23.2% in 2020. To address this decrease, Carrefour set up an action plan in 2021, the results of which are pending.

Gender equality does factor into executive compensation. Since 2019, 25% of the long-term incentive plan and 20% of the annual variable compensation for the Chairman and CEO are based on the company's CSR index. Within the index, two of the 17 indicators are linked to gender diversity. Since 2021, the CSR index has been included in the variable compensation of all employees in the group entity and of managers in integrated countries. Furthermore, Carrefour has signed a global trade agreement that, among other provisions, sets out to protect female employees from violence at work and promote diversity and equal opportunity in the workplace through joint initiatives, especially in relation to gender mix and non-discrimination. Carrefour has also undergone gender equality audits and certification in key areas of operation. In 2021, Corporate, Taiwan, Spain, Brazil, France, Argentina and Romania maintained their GEEIS certification with Corporate, Brazil and Romania improving on their previous scores. While there is still room for improvement, we recognise Carrefour's efforts to improve their performance on gender equality and look forward to following their progress in the years ahead.

Soft Engagement (Email Campaigns)

In addition to our active dialogue with corporates, we conducted two "soft" email campaigns to SBF 120 companies. First, following the Club's launch in November 2020, we emailed SBF 120 companies with the Investor Group's statement of intent, which explains the two key objectives outlined above on page 5. Some companies responded positively, welcoming our initiative and proactively providing us with details of their diversity and inclusion initiatives.

We launched an additional email campaign in May 2021 to send investee companies the KPI list. The aim of this second campaign was to not only share our reporting expectations on gender diversity with companies but to have the companies complete the KPI list so as to feed an internal database to track progress of investee companies, identify best practices, and highlight observations derived from the data that are specific to the French context.

Developing a KPI List to Encourage Increased Reporting on Gender Diversity

In the first quarter of 2020, the Investor Group collectively finalised a KPI list (see appendix 1). The list was designed to include indicators around absolute performance (i.e. % women in ExCom and other management levels) as well as indicators that might signal potential hurdles preventing women reaching top management positions.

Our KPIs are focused around 11 key themes:

- Governance
- Talent Attraction
- Job Quality
- Promotion
- Retention
- Work–Life Balance
- Equal Pay
- Sexual Harassment
- Supply Chain
- Certification/Audit
- Women Empowerment Principles

The KPI list is a mix of indicators that are commonly – or should be commonly – reported as well as indicators that are a "tougher ask" for investee companies but are essential to better understand underlying practices that could be ultimately preventing women from reaching top management positions (such as gender breakdown of the return-to-work percentage following parental leave).

After reaching out to the SBF 120, we had a response rate of just over 16% and consider it substantial for the first year of the Investor Group, although we hope to increase that number in the future. While we will aim to get more data in year 2 to better assess baseline performance and provide more concrete goals and expectations for companies, some key observations are already apparent.

Key observations so far from our KPI campaign

All KPIs are possible

More than one company reported on each KPI in a robust manner. This means that all the KPIs are possible to report upon to some extent.

There is a lack of consistency in how companies report on quantitative data

While many companies report on key quantitative indicators such as gender breakdown of internal promotion or gender breakdown of turnover rates, some companies report this in terms of the percentage of women in total, compared to others which report in terms of both the percentage of the male workforce and the percentage of the female workforce.

We support reporting that highlights the percentage of males and females within the total (whether that be promotion, turnover, etc.) as it makes it easier to compare company performance compared to splitting male and female into separate categories. Classifying males and females separately makes comparisons difficult and can also mean different things depending on the size of the company and the number of males and females overall. Currently most companies in our study report by separating male and female into two distinct categories, and this needs to be changed.

Lack of transparency and granularity on the important details

Many companies were quick to report “yes” on certain KPIs such as variable pay tied to diversity objectives, but were not able to provide specifics on what that meant. For example, some companies stated the percentage of executive compensation tied to specific environment, social and governance (ESG) objectives overall but did not indicate the percentage that is linked to diversity & inclusion. Having **specific data on the percentage of pay linked to D&I helps investors understand how and to what extent corporates prioritise diversity & inclusion in their overall ESG strategy.**

More work is needed to provide a global standard for maternity and paternity leave

While every company had some type of maternity leave in place and most had paternity leave, **only two companies had a global standard for maternity leave and paternity leave**. While the companies under our scope are mostly French (where legal requirements for maternity/paternity leave are high), many have operations globally in countries where legal maternity and paternity standards are far lower. We encourage companies to establish a baseline minimum for global employees.

Stronger standards for paternity leave (and not only maternity leave) are needed

While 77% of companies who replied reported some type of paternity leave, **only two companies provided specific details such as the duration of the paternity leave, whether the paternity leave policy applied to global employees, and whether company policy went beyond legal minimums**.

Gender diversity must include men in the conversation, and this means championing and supporting their right to be a caregiver. Supporting strong paternity not only enables men to spend time with their new-borns but also allows an entry point for men to be part of the conversation regarding gender diversity. One company had a strong approach to this subject by defining paternity leave as the “secondary caregiver”. This is a unique and inclusive approach to parental leave that can enable more flexibility among parents.

Other Annual Activities: Key Learnings from Friends of the 30% Club France Investor Group

In 2021, we started our 30% Club France Investor Group activities with the idea of uniting industry stakeholders around the same goal through sharing knowledge and good practices as well as tips on how to reach our 30% target most efficiently while manoeuvring between various potential cultural and market constraints. We organised discussions and information and data sharing with various industry stakeholders, and we sincerely thank them for their collaboration and praise them for their conviction.

MEDEF Study on Gender Equality Commitments Among SBF 120 Companies

MEDEF is the leading network of entrepreneurs in France. It is also a social partner for entrepreneurs helping to establish social dialogue. Over 95% of MEDEF members are small and medium-sized enterprises (SMEs) representing various economic sectors. The organisation promotes entrepreneurship and defends free enterprise, with one of its key focuses being job creation and sustainable growth as part of the long-term economic development of businesses.

Sustainable development and social aspects of businesses are among the main topics that MEDEF is continuously working on. The organisation has conducted various studies and regularly sets up surveys to gather relevant information on social, sustainability and economic trends, such as the socio-eco impact of digitalisation, employment of disabled people, employee health & safety, and diversity & inclusion.

One of the key topics for MEDEF in 2021 was gender diversity. MEDEF experts conducted a data survey with the objective of identifying gender diversity (“feminisation”) levels in the composition of SBF 120 companies’ governing bodies[6]. The survey was successful and MEDEF kindly shared with us some of their observations.

Key Takeaways

When reviewing the data provided by MEDEF, the 30% Club France Investor Group observed three key takeaways.

Observation 1: A Majority of the SBF 120 Have Targets on Gender Diversity

The rate of disclosure is quite high with 103 out of 120 SBF companies having published information on gender diversity as regards the composition of their governing bodies. Moreover, **92 of these responding companies have already published commitments and targets to increase gender diversity** among their governing bodies. We welcome this positive trend.

Observation 2: Significant Ambiguity on the Scope of Targets

However, the gender-diversity targets fixed by different companies as well as the scope of those targets (i.e. which governing body is targeted) and their time horizon lack clarity and homogeneity, making it difficult to compare corporates in their gender-diversity performance and to work towards a common goal of 30% female representation at the highest levels of management. To reiterate, **the 30% Club France Investor Group’s ambition is that women represent at least 30% of positions at the highest management level below the board**.

[6] All of the data mentioned is public and was collected on the institutional websites of the companies concerned, as well as within the universal registration documents of these companies. This data is subject to change.

The survey found that SBF 120 companies set targets for senior and top management described variously as “executive committee level”, “executive positions”, “board of managing directors” (including or not the executive committee), “subsidiary or group-level executive bodies”, “10% of top managing positions”, or simply as “governing bodies” or “managers”. These differences in the scope of gender-diversity targets imply a lack of global maturity and consensus among the private sector as regards the parity topic.

We still need to define what can and should be done at each level of management and up to the highest positions. We acknowledge that targets at lower management levels are useful to build the talent pool, but they do not ensure that women are influencing key leadership dynamics at the very top.

Observation 3: High Degree of Variability on Timelines to Reach Targets

Variations in scope may partly explain differences in the level of commitment and targets set by different companies across the SBF 120. We notice that some targets are set with multiple deadlines to allow for gradual progress and stronger follow-up at each stage, with the first level of targets reached by some companies in 2020 or 2021. We also see some companies engaging over the long term, with the longest commitments going up to 2027, 2030, or even 2050 (the latter is exceptional). **However, on average, gender-diversity targets are set to be reached within 3 or 5 years and aim (in most cases) to attain 30% and 40% female representation by 2023 and by 2025 respectively (the most ambitious targeting parity by 2023)**. This is good news for us as this trend confirms feasibility of the 30% Club goal of at least 30% women in Executive Committees by 2025.

Knowledge Sharing with Experts

In addition to our engagement activities, a key aim of the 30% Club France Investor Group is to grow our collective knowledge and understanding of diversity by discussing the subject with experts. In 2021, we hosted two speakers, Deborah Gilshan, founder of The 100% Club, and Sylvain Dhenin, Managing Partner and CEO at Heidrick & Struggles.

Deborah Gilshan

Deborah Gilshan has been recognised for her work on empowering the female talent pipeline and promoting gender diversity, both as an investor and as the founder of a female empowerment network. Deborah was instrumental in building the 30% Club UK Investor Group into a global coalition of investors with £11 trillion assets under management and previously served as the UK Investor Group's Co-Chair during her time working for an asset owner and an asset manager. In 2011, Deborah established The 100% Club, a network for women in governance which has grown into a global, multi-sector alliance dedicated to gender equality. Deborah now provides independent advisory services on investment stewardship, ESG integration and diversity.

Deborah spoke to the Investor Group about her experiences engaging on diversity with companies and boards since the UK Investor Group was set up in 2011. Deborah argued that it is important for investors to move beyond the business case for diversity as a singular focus on linking improvements in diversity to a company's bottom line reinforces the idea that some people belong, and others have to prove that they do. She explained that it is important that progress on diversity goes beyond simply having under-represented groups on boards and at ExCom levels. From Deborah's perspective, it is about diverse directors having significant influence on a board (i.e. having more women in the position of Board Chair, CEO and Senior Independent Director). On targets, Deborah noted that target-based strategies, such as legislative quotas or voluntary, target-based approaches, are important for progress but to **achieve cognitive diversity, we must go beyond quantitative targets to harness the qualitative aspects of improving imbalances.** Deborah presented key findings from "The Ethics of Diversity" report by the UK's Institute of Business Ethics, for which she is the lead author.

Deborah explained that the report cautioned against a compliance-based approach to meeting diversity targets and set out a ten-point plan for boards to integrate diversity holistically into all aspects of board governance and corporate culture.

Sylvain Dhenin

Sylvain Dhenin is a partner at Heidrick & Struggles' Paris and Brussels offices and managing partner of the CEO & Board Practice in Continental Europe. Over time, Sylvain has developed extensive experience in executive search and talent attraction. He recruits chairs, CEOs, C-suite executives, and non-executive directors for some of the world's leading companies in a broad range of industries including industrial, technology, consumer and retail, professional services, and private equity. For many years he has been actively accompanying the shift towards more equitable recruitment practices, embracing gender diversity as a source of new talent.

Practice shows that when a company is willing to find a competent woman for a high responsibility role, it finds her. There is talent out there among both men and women. To **get more diversity in these top roles, it may just mean that companies must start accelerating the career progression of people at a younger age and accept to work continuously to reinvent human capital management**. This is one of the key observations Sylvain kindly shared with the 30% Club France Investor Group.

Based on his experience, Sylvain noted that **when it comes to recruiting female talent, it is important to constitute not only a gender-balanced pool of candidates, but also a gender-balanced panel of interviewers**. According to his observations, this helps to mitigate natural bias that recruiters of the same gender may have and helps to achieve better objectivity in the recruitment process. Also, one of the main factors that makes a talent attraction and retention strategy successful is its flexibility and active management of talents' careers. For instance, many companies are losing talented women when they get pregnant as their careers slow down at that point. The key is to accompany these women and put in place fast-track solutions for them to reach upper management positions without losing them along the way. In the end, to get more female

[7] Clare Payn, "Debunking eight persistent myths about corporate diversity", LGIM.

CEOs, more women need to be promoted to operational positions such as heading up business units. Today, with the global pandemic providing new opportunities for flexible work, human capital management changes and recruitment are becoming more diverse and international due notably to extended working from home. This may broaden the talent pool further and help to attain diversity goals at the highest management levels.

Debunking Myths on Gender Diversity

As a result of our meetings with external experts as well as knowledge sharing within the 30% Club France Investor Group, we would like to share some "debunked myths" on gender diversity (some of which were first debunked by Clare Payn, **former Investor Group Chair of the 30% Club UK and Senior Global ESG & Diversity Manager, LGIM**[7]). Confronting preconceived notions and embedded biases can enable investors to better dive into the core issues that are preventing women from reaching top positions.

Myth 1:
"Meritocracy ensures that people who deserve to be in top positions, reach top positions. Women appointed because of positive discrimination receive these positions due to their gender not their merit."

There is no suggestion that women should be favoured over men if they are not the best candidate. Studies confirm that people are drawn towards those who think, act, and look similar to themselves. Meritocracy hides gender biases and protects the status quo. Companies often use too narrow a definition of "merit"– one which naturally results in hiring people with a similar profile to their predecessor. This may result in favouring male candidates of a certain skill set or background and therefore creating a less diverse workplace. Additionally, companies fail to understand that hiring from a wider candidate pool means that they are more likely to appoint on merit. Confronting the merit trap enables people to access the full talent pool and bring in people who may have diverse ways of thinking, perspectives, and experiences.

Myth 2:
"It is hard for our industry / company to find competent women, especially for top positions."

"There are not enough women in general and even less competent women for the type of job we are offering" is one of the arguments frequently used by various companies to explain their limited action on gender diversity. However, it has been observed in practice that when companies really try to find women (recruitment practices), then to train them and help them thrive, it works. Today, many companies in different sectors manage to recruit women, accompany them, work on profiles, and create a new generation of diverse and effective human capital. The 30% Club France Investor Group observed that companies in industries suffering from a lack of women in the global workforce achieve stronger progress on women's representation in top management.

Myth 3:
"We need more time to set a target to make sure it is achievable."

It is important to analyse the current state of gender diversity within an industry, highlight all constraints and potential systemic, cultural, and operational bias, implement a detailed action plan, and monitor results of actions to be able to finally set targets and commitments on gender diversity. However, experience shows that the most efficient way to learn and achieve targets is by doing. It is worth being ambitious, as targets that may seem unachievable at first sight are often surpassed in the end.

We continue to encourage companies to adopt aspirational targets for diversity as we believe that what gets measured gets managed.

Myth 4:
"We're committed to diversity; we're just waiting for this to happen organically."

This is where accurate and comprehensive data is crucial. It helps companies spot problematic areas (such as too few female senior managers) and implement targeted, systemic solutions. For example, a lack of oversight could mean ignoring issues with attraction, retention, or promotion. If you wait for numbers to grow organically, you are not ensuring that you are building an organisation where a diverse population wants to work and thrive, as women may be initially attracted to your organisation but due to promotion processes may not actually reach the level they were aiming for.

Myth 5:
"Women just don't want the top job."

It's true that not everybody, of any gender, will want the top job. But companies need to be making sure that the playing field for talent is level so that those who do are able to progress without bias, glass ceilings or cliffs. If diversity and inclusion are truly strategic priorities for a company, its culture will be one that's supportive enough to make sure the best people can succeed.

Myth 6:
"Women are not interested in networking and mentoring/ being mentored."

Even when women have the opportunity to structure a real career project within a company, they rarely do it: fewer women than men ask for training, join mentorship programmes, or study career development opportunities with a human resources officer. This may be for several reasons, as women tend to have more responsibilities than men outside their work particularly in relation to their home and families, but should companies conclude from this that women are not interested in building a strong career? Definitely not. Proactive career development information, career consulting as well as policies on work–life balance (maternity/paternity leave, etc.) can help new female leaders to emerge.

Conclusion

Marie-Sybille Connan, Allianz GI
Chair of 30% Club France Investor Group for the 2022 Engagement Season

After one year of existence, the 30% Club France Investor Group is now a force recognised by the SBF 120 companies. We have initiated active and constructive engagement with many of its constituents. A number of companies not even on our engagement target list have reached out to express an interest in discussing the subject of gender diversity in more detail.

We are fully aware that gender diversity is a journey. It will take time before we see a better alignment between the percentage of women within a company and their representation in the highest operational roles. However, collectively we are ready to take up that challenge as we are convinced that the most inclusive and diverse companies will be more successful and sustainable over time.

This is why, as active stewards of our investee companies, we will continue our efforts and engage constructively with them in order to raise awareness, understand their challenges and drive change. We will also share insights with relevant stakeholders to inform our engagement, demystify gender diversity and overcome the many different obstacles that gender diversity faces in practice.

We hope that our convictions will also appeal to an increasing number of investors who will join us and that we will continue collaborating with our 30% Club peers in other countries. The more we are, the more likely we are to achieve a goal that matters for our modern societies and companies.

Appendix

Becoming a Member

All investors are welcome to join the 30% Club France Investor Group. We are more than happy to welcome smaller members as well as larger ones. In addition, investor members do not have to be French, but simply have an interest in pushing for improved practices regarding gender diversity across the SBF 120.

Any investors who are interested in becoming a member can contact us through our LinkedIn Page or the 30% Club website.

In terms of time commitment and level of involvement, we require investor members to lead engagement with at least one company. While many investors may choose to lead on more than one company, any additional involvement is optional.

Led by the annual co-chairs, members of the group may choose to be more highly involved in the annual activities including participating in research, methodology creation, and proposing or participating in additional 30% Club activities such as guest speaker events.

30% Club France Investor Group KPI List – Our Reporting Expectations for Corporates

GOVERNANCE

Are the company leaders accountable for driving gender diversity?

Who is in charge of overseeing the issue within your organisation (Board level, Executive Committee, HR)?

Have you integrated diversity objectives into the variable remuneration criteria of managers and company leaders? (Yes/No)

Is there any variable pay tied to diversity objectives?

TALENT ATTRACTION

Gender breakdown at each management level:

% of females in your global workforce

% of females in non-management positions

% of females in management positions

% of females in senior executive positions

% of females in the executive committee

Implementation of unconscious bias training and scope of beneficiaries (HR functions, management, global workforce)

JOB QUALITY

Gender breakdown of employment type:

% of females in part-time employment

% of females in permanent contracts

% of females in temporary contracts

PROMOTION

Gender breakdown of the internal promotion rate

Commitment to consider at least one candidate from each sex for every new managerial position appointment (Yes/No)

% of females who benefitted from dedicated trainings to support access to leadership

Implementation of gender-balanced succession plan (Yes/No)

Do you have any mentoring programmes to help develop talent for managerial and leadership levels?

RETENTION

Gender breakdown of the turnover

Work–life balance (please specify the geographical coverage of the policies in place and local specificities if any)

Paid maternity leave in place (Yes/No)

Is there a global minimum for maternity leave to address differences in standards globally?

Paid paternity leave in place (Yes/No)

Gender breakdown of the % of return-to-work following parental leave

Flexible work options in place (covering both working locations and hours) (Yes/No)

Do you have any initiatives to ensure work–life balance?

Do you have a global healthcare policy or standard?

EQUAL PAY

(not only on the base salaries but also including discretionary pay) distinguish between base salaries and discretionary every time possible

Median gender pay gap

Average gender pay gap

Pay gap by quartile

% of female in Top 10 remuneration

Do you have a formal policy and process in place to address any gender pay gaps such as the existence of an envelope to rebalance pay gaps?

SEXUAL HARASSMENT

Does your company have an anti-sexual-harassment policy?

Does your company measure the number of sexual harassment cases? Investigate it? Publicly report on it? Does your company have a code of conduct?

SUPPLY CHAIN

Do you have any policies and programmes to address gender-based discrimination and violence as well as female empowerment in global supply chains?

CERTIFICATION/AUDIT

Has your organisation undertaken a gender diversity audit process? (Yes/No)

Has your organisation undertaken a gender diversity certification process? (Yes/No) If Yes, please specify both certification type and level reached.

WEP

Is your organisation signatory of the Women Empowerment Principles? (Yes/No)

Do you have any programmes to attract young women to the industry?

Copylab

The 30% Club France Investor Group would like to thank **Copylab** for their assistance with editing and graphic design.