

# Diversity in the Boardroom

Progress and the way forward



**EY**

Building a better  
working world



**T**he world is witnessing unprecedented times, with the significant economic impact of the pandemic on countries' GDP, human capital and wellbeing and also on the ways of working, supply chain disruptions, ongoing geopolitical tensions, climate change, inflationary pressure and food security concerns among others. Hence, it is not surprising that sustainability has become a Boardroom discussion with significant attention to the "Environment" and "Social" aspect of Environmental, Social and Governance (ESG). DE&I, being one of its key focus areas, is at the forefront of every business dialogue. Pre-existing issues related to DE&I have been amplified by the COVID-19 pandemic as it has asymmetrically impacted the diverse population.

The World Economic Forum's Global Gender Gap report 2022 highlights that it will take 132 years to close the gender gap worldwide, compared to 99.5 years estimated before COVID-19 pandemic. The pandemic proved a major roadblock to the ongoing progress on DE&I across the world. Thus, taking stock and managing the progress on DE&I has become a key business imperative for every organization.

Numerous research studies in the past few years have highlighted that a company with a gender diverse leadership has a better chance of producing superior financial results. Despite this, the representation of women directors on global corporate Boards remains insufficient at 24%.

Multiple initiatives taken across different countries to promote Board diversity have resulted in varying degrees of success with some countries crossing the 40% mark of women representation on Boards.

These initiatives have been a mix of regulatory interventions, collaborative approaches and voluntary commitments. While the directional results of these initiatives have been encouraging, there is a lot of progress to be made to achieve impactful diverse representation and inclusion.

At EY, we believe in maximizing the power of different perspectives and backgrounds in our teaming. Including varying points of view in our decision-making, operations and actions is fundamental to establishing long-term client, social and financial value. As part of our efforts to advance and accelerate DE&I in the Boardroom, we at EY in India recently launched an Executive Education program on Board Effectiveness in May 2022, in collaboration with the Indian School of Business to support women Board aspirants to develop a deep understanding of Board responsibilities, structures and strategies to achieve corporate goals. We are also delighted to release this thought leadership report titled **"Diversity in the Boardroom: progress and the way forward"**, which we hope serves as a catalyst to enable meaningful conversations and discussions to mobilize efforts in support of Board diversity and act as a guidebook for both businesses and Governments to reinvent their DE&I efforts.

Leadership commitment to DE&I, if initiated at the Board level, should induce action across the organization at an accelerated pace. Corporate Boards characterized by diversity of opinion, experience, background, age and gender can make the case for broader DE&I more compelling and widely acceptable across the organization, thereby resulting in incremental growth fueled by innovation, especially in these highly disruptive times.

## Aashish Kasad

Senior Partner and India Region  
Diversity & Inclusiveness Business  
Sponsor, EY India



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# Introduction





# Introduction

Boardrooms have the innate power to change the future of a company. When it comes to fully unlocking the power of a Board, diversity of opinion cannot be emphasized enough. For a Board to have a holistic outlook, it is important that under-represented voices are heard and acted upon. Despite understanding the benefits of a diverse Board, unfortunately, the momentum to increase Board diversity, globally and in India, has been excruciatingly slow and often driven by Government interventions or mandatory quotas.

One of the key constituents of diversity on Boards is gender diversity. Women on Boards have been associated with multiple performance benefits. According to a recent report on Board Diversity and Effectiveness in FTSE 350 Companies by Financial Reporting Council (FRC), the FTSE 350 companies that have at least one woman on their Board on average have three to five percentage points higher EBITDA margin over the next four years. In addition to superior financial returns, having a gender diverse Board results in better transparency, accountability and increased innovation.

Although these benefits are well known, the low women representation on Boards remains a cause of concern. Along with the developing countries, this holds true for economic power giants including US and China where women representation on Boards stands at 28% and 13%, respectively. Women managers account only for one-third of senior managerial positions globally.

According to research by the International Labour Organization (ILO), advancing women's equality in business would increase the global GDP by US\$5.8 trillion by 2025. Not surprisingly, doubling the percentage of women in the workforce would boost India's growth rate from 7.5% to 9% and raise the country's GDP to US\$700 billion by 2025.

Despite these potential benefits, the women labor force participation in India has reduced to 22.3% due to impact of COVID-19. The share of women in senior and managerial positions in India also remains low at only 14.6% and there are only 8.9% of firms with women top managers. Given the benefits of having more women leaders and the current low participation of women in the Indian labor force, this is an opportune time to examine the status of gender diversity on Boards in India.

In order to improve Board diversity in India, it is imperative that we understand its current status, as detailed in the next section.

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As we strive to achieve gender diversity in the Boardroom, the key question that needs to be addressed is whether we are creating a slate of women leaders who could take their place in the Boardroom. To me this can only be addressed by creating a gender-neutral workplace in which, recruitment, job opportunities and promotions are all done in a gender-neutral manner. Once this slate is in place, women leaders bring an innate capacity to lead and multitask. Multitasking is a unique skill which is natural to women leaders. This itself adds enormous value to the Board. Further, women leaders also bring a whole set of different perspectives to the table. Most importantly they help break male centred views which over a long period of time became embedded at the Board. These then brings fresh approaches to the way the Board functions.



**KV Kamath**

Chairperson, NaBFID and former Chairman, ICICI Bank



# India's steady progress on Board diversity





# India's steady progress on board diversity

Board diversity has come under increased scrutiny in India in the past few years as there is a greater demand from policymakers, business leaders, governing bodies and other stakeholders to progress on DE&I. The debate on Board diversity in India started in 2013 following the approval of the revised Companies Act.

During 2013- 2022, India made significant and rapid progress in increasing women representation on Boards from 6% in 2013 to 13% in 2017, post 2017 women representation has increased, albeit at a slower pace to **18% in 2022**. Multiple initiatives are taken by the Indian Government and other regulatory bodies. These include:

1

Revised Companies Act approved in August 2013 made it mandatory for all listed companies and other large public limited firms to appoint at least one woman director to their Boards.

2

The Securities and Exchange Board of India (SEBI) guidelines mandate all listed companies to have at least one woman on their Boards - either as an executive or a non-executive director - before April 1, 2015.

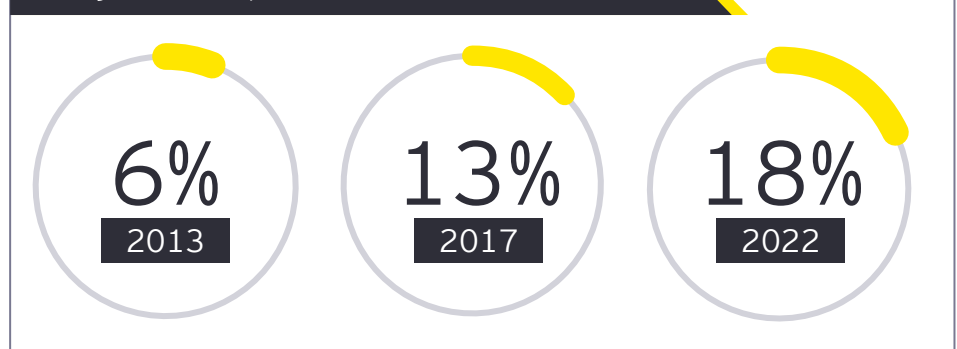
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In October 2017, the SEBI constituted the Uday Kotak Panel on Corporate Governance, which recommended the appointment of at least one independent woman director in all listed companies to help to break traditional gender stereotypes and lead to a gender balance to increase Boardroom effectiveness.

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In May 2021, SEBI presented Environmental, Social and Governance (ESG) related disclosure requirements as part of a new report titled Business Responsibility and Sustainability Report (BRSR). These will be applicable to the top 1,000 listed entities by market capitalisation. The social disclosure entails providing details on various diversity related aspects of the workforce.

## Average women representation on Boards in India

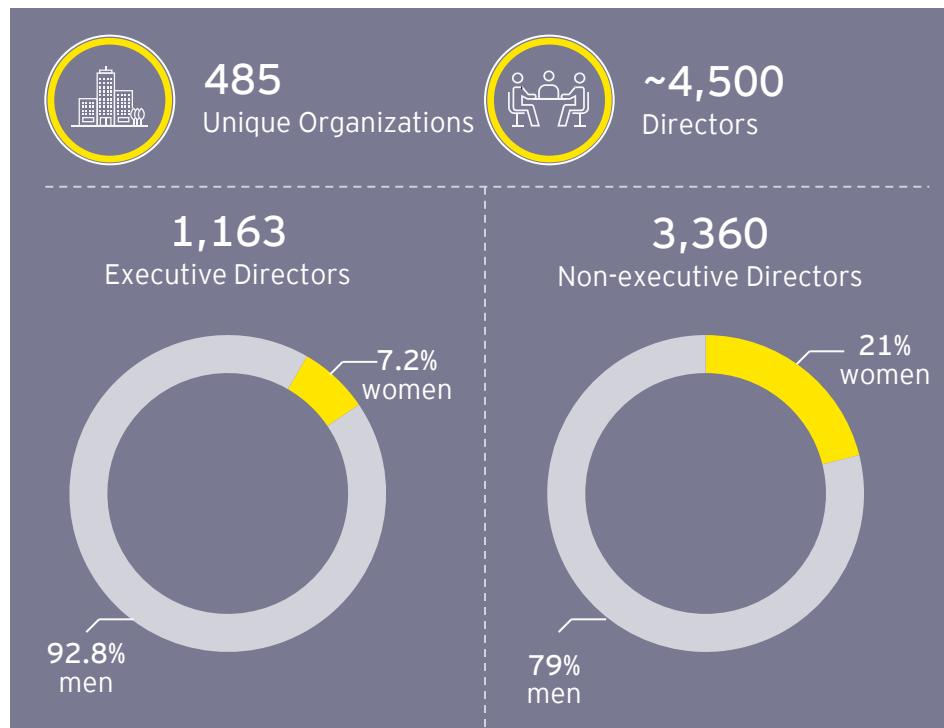


Source: BoardEx, EY Analysis

## Executive versus Non-executive Directors: the great divide

In 2022, women account for 7.2% of executive positions on Indian Boards compared to 6% in 2017.

The growth of women in non-executive positions on Indian Boards paints a more encouraging picture as it has increased from 16% in 2017 to 21.4% in 2022



Source: BoardEx, EY Analysis

**95%  
companies**

Almost 95% companies out of NIFTY500 have one woman Board member compared to 69% in 2017.

Traditionally, women representation on Indian Boards has been limited to leadership positions in Grievance and CSR committees; however, this is changing. Across NIFTY500, the Nomination and Remuneration Committee (NRC) and Audit Committee, customarily reserved for male Board members, had 13% and 12% women Board members respectively in 2017. In 2020, this had increased to 18% and 16%, respectively.

**More than 40%** of the companies have gone beyond the regulatory mandated limit and have appointed more than one women Board member. There is no doubt that Indian companies are making progress with respect to women representation on Boards; however, statistics highlight that there is still room for improvement as **less than 5% of companies have women as Chairpersons.**



There are 605 women which account for 803 Board positions in NIFTY500 companies. Out of these 3.1% hold four or more directorships.

***“Golden skirt phenomenon” occurs, when due to lack of women leaders, a small group of prominent women leaders hold corporate directorships in large number of companies.***

Regulatory action to increase women representation on Boards has resulted in “Golden Skirt” phenomenon in countries like Norway. India has been able to avoid “Golden Skirt” phenomenon which is a good sign since its presence does not augur well for corporate governance.

Indian companies have responded positively to the requirement of adding women directors to the Boards. A majority of Indian organizations have appointed Independent Directors, instead of adding family members as a symbolic gesture. While we have looked at the women representation on Indian Boards at an overall, executive and non-executive level, it is also important to understand if there is a relationship between these three measures of gender diversity on Boards.



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Diversity in a group adds to the richness of any discussion. People from different backgrounds, gender, regions, communities and experiences bring different perspectives and cognitive differences.

Boards can be a huge competitive advantage for organizations. Board decisions are critical. They involve assessing risk and mitigation, selecting the right CEO, challenging management, as also the allocation of capital, apart from many other important fiduciary responsibilities. Hence getting a plethora of ideas, building on each other's inputs based on the individual Board member's experience helps the organization drive purpose and profit. If we all think the same or come from similar backgrounds, the company would be unipolar, devoid of innovative, creative ideas.

In our own Board, we have two ladies, directors from family-owned businesses, a few non-family professionals, some who are passionate about the green agenda and climate change, one from Germany, one from Singapore, who have had a lot of experience in India. Three of our directors are also customers in completely different industrial sectors. The mix is quite diverse (we could always do better), which makes for a “healthy tension”. Beyond diversity, it's about building trust, being inclusive and having open, transparent, yet caring conversations. The Chair has a challenging but important role in bringing it together, in a way that adds maximum value to the MD and CEO and his/her team



**Meher Pudumjee**  
Chairperson, Thermax Limited

## From increased to effective representation

Correlation between different measures of women representation on Boards



Source: BoardEx, EY Analysis

There seems to be a strong correlation between women representation on Boards and at non-executive director level. This is not surprising given that we have majority of women directors at non-executive positions on Boards.

There is a negative correlation between representation of non-executive directors and directors. This strengthens our hypothesis that despite increasing non-executive women representation on Boards, it does not translate to effective women representation through executive roles.

While we have looked at Board diversity from an industry agnostic lens, industry perspectives discussed in the next section reveal some interesting insights.



# Exploring Board diversity across industries

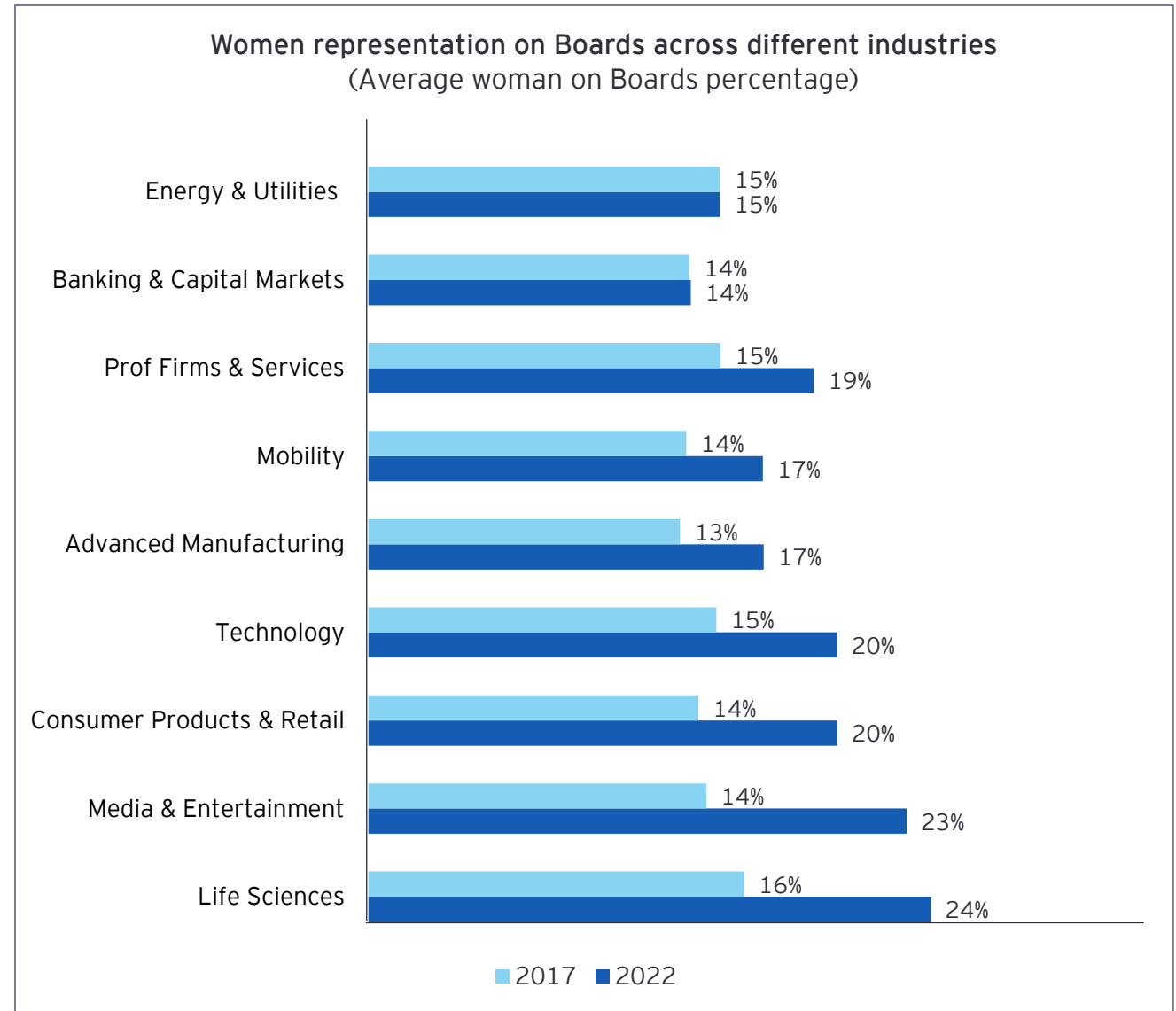






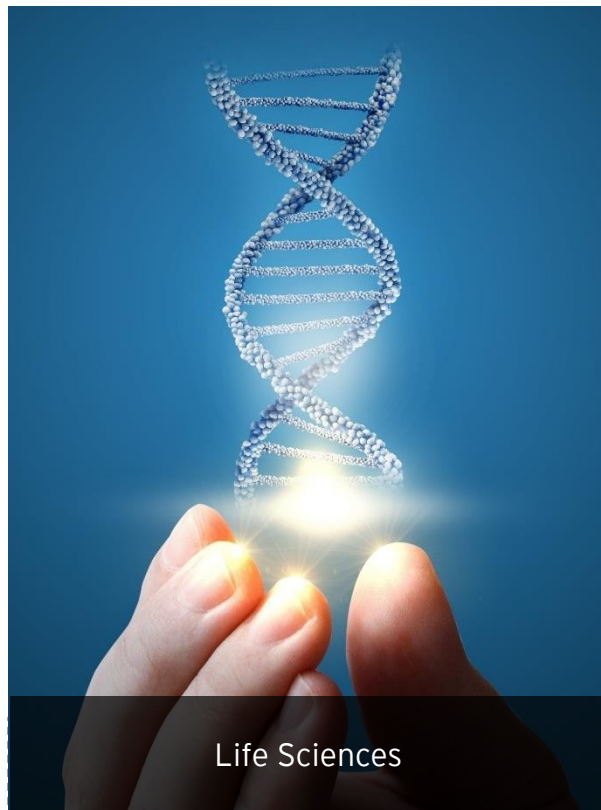
## Exploring Board diversity across industries

Given that most of the progress made by Indian organizations on Board diversity is a result of mandatory regulatory intervention, it can be expected that most industries will have similar women representation on Boards. However, this assumption cannot be further from the truth. While the trend of growth in women representation on Boards has permeated through most of the industries, there is significant divergence in gender diversity on Boards across different industries.



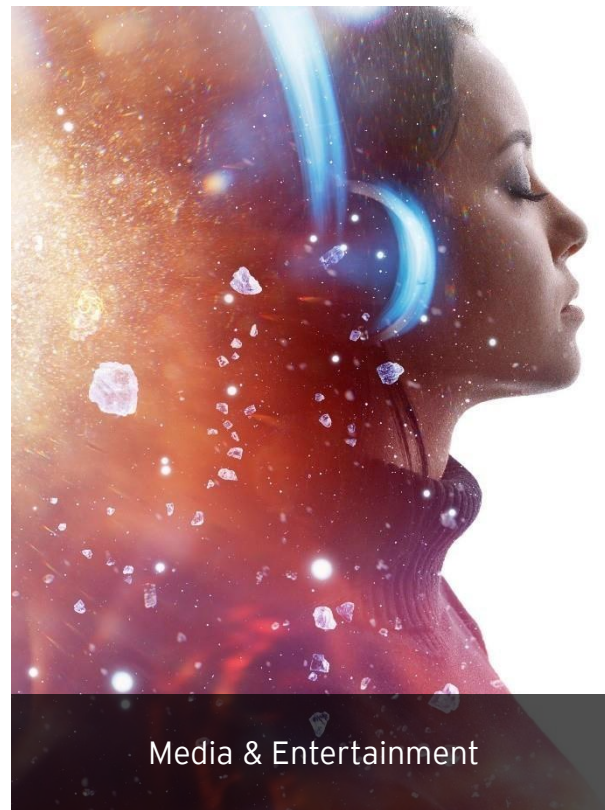
Source: BoardEx, EY Analysis

## Sectors raising the bar on Board diversity



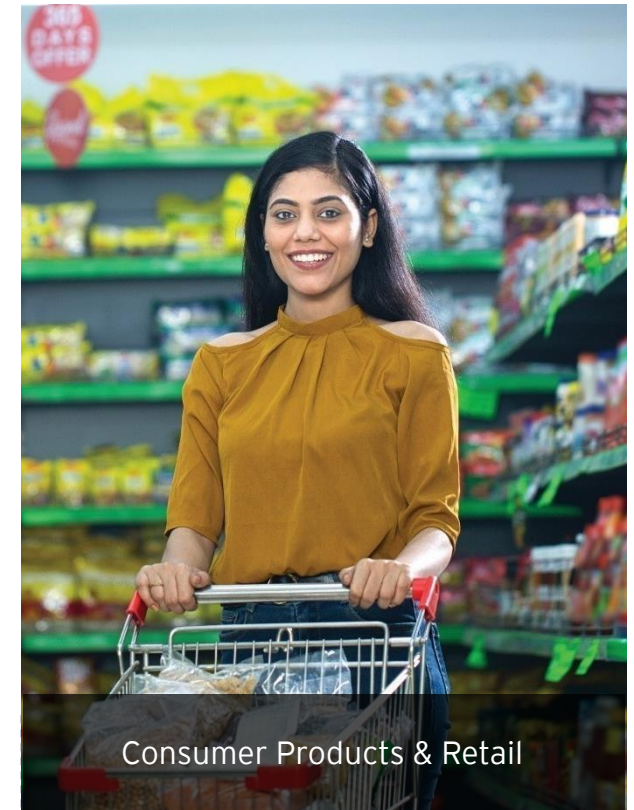
Life Sciences

Emerged as a leader with highest women representation on Boards at 24%. It also has a comparatively good percentage (17%) of women in executive positions on Boards. One of the key reasons for high gender diversity on Life Sciences Boards, both in executive and non-executive positions, is the presence of a significant number of women promoters across major Life Sciences companies in India.



Media & Entertainment

Seen significant increase in women representation on Boards from 14% in 2017 to 23% in 2022. Though number of women directors on Boards has almost doubled from 2017 in 2022 the increase has not been even across different companies and is a result of a limited set of organizations going beyond the mandated quota and hiring more women directors.



Consumer Products & Retail

It has been another sunshine sector from a Board diversity perspective as there are 1.79 women Board members per organization in 2022 compared to 1.29 in 2017. There are multiple companies which have more than three women Board members. Companies including Godrej Agrovet Limited and Godrej Consumer Products Limited have five women Board members each.

## Need to make amends



Energy & Utilities

Energy & Utilities sector (Oil & Gas and Power & Utilities) in India has struggled to attract, retain and promote women for long. Women representation on Board of Energy & Utilities companies has remained stagnant at 15% both in 2017 and 2022. Women participation in the Indian energy sector is a mere 8% with only 600 women at managerial and executive levels.

## Sectors hitting close to home



Banking & Capital Markets  
(BCM)

The sector has seen a reversal of sorts with regards to gender diversity on Boards. A few years back, women were at the helm of banks, accounting for at least 40% of total assets. Presently, women account for only 6% of executive position on BCM Boards. There has not been much growth in women representation on Boards across the BCM sector since 2017. This is more surprising since BCM sector has a huge influx of women at entry level positions with a good percentage of them moving to middle level positions.



Technology (IT & ITes)

The IT & ITes industry has one of the highest representation of women in workforce at 34%. Companies including TCS, Wipro, Infosys and others are planning initiatives to increase this number to 45-50%. The average number of women on Boards in the sector has increased from 1.19 in 2017 to 1.75 in 2022. This growth has come on the back of companies appointing more than the mandated number of women to their Boards. While the technology industry has ~20% representation of women in non-executive positions, it lags behind most other industries when it comes to women in executive positions.

Slow growth across industries is due to retention and career progression related challenges. A good percentage of women employees leave the workforce after five to seven years and do not return. Equally competent women managers progress slowly in their careers compared to men due to lack of mentors, unequal opportunities, gender bias at the workplace and the pressure to manage responsibilities both at work and home. These hurdles are common across majority of industries.



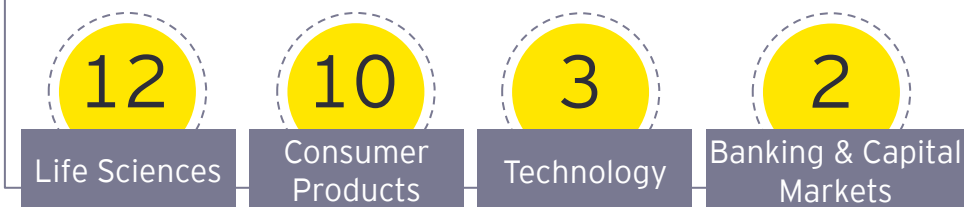
## Gauging the executive vs. non-executive divide across industries

As mentioned above, there is a significant difference in the level of women representation between executive and non-executive directors across industries. There are several industries including Technology and Professional Services which have minimal or no women executive directors compared to Media & Entertainment and Life Sciences which have significant percentage of women executive directors.

The relative lack of women in senior managerial roles in certain industries presents a pipeline challenge for Boards, one that is both created and worsened by prevailing organizational norms. However, this is no excuse for not making enough effort to find qualified women directors.

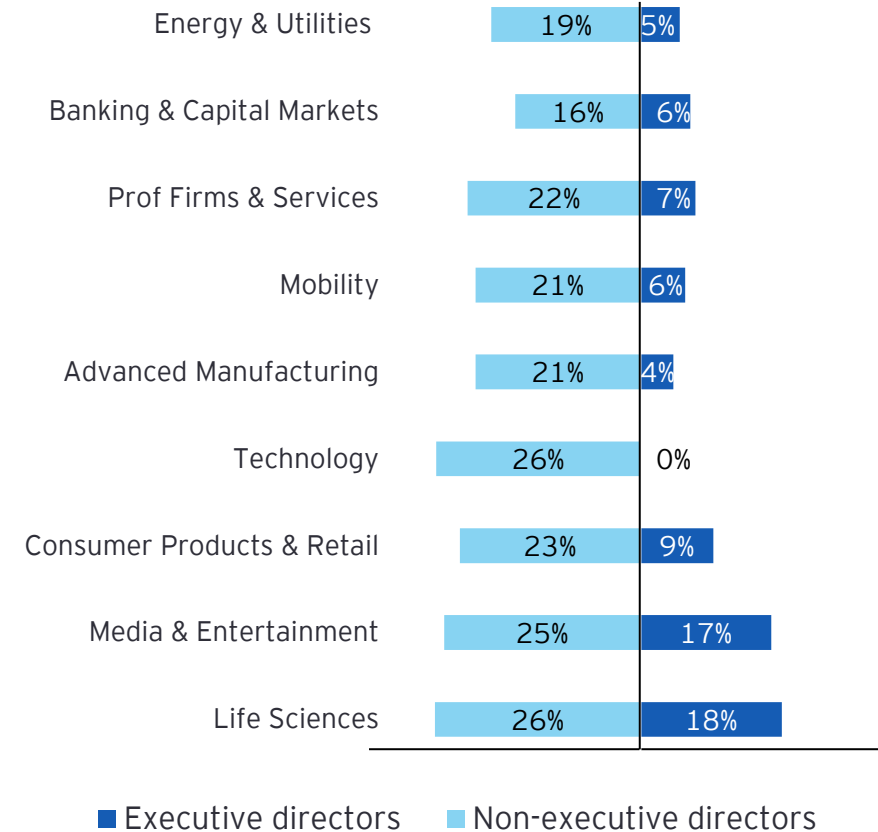
There are some organizations which have taken the tough steps to find and appoint more than mandated women directors on Boards. These organizations have achieved more than 30% women representation on Boards. Some of these include ABB India Limited, AstraZeneca Pharma India Limited, Godrej Consumer Products Limited, Syngene International Limited and others.

Number of companies with more than 30% women representation on Board - by industry



Source: BoardEx, EY Analysis

## Executive versus Non-executive women directors on Board across different industries (in percentage)



Source: BoardEx, EY Analysis

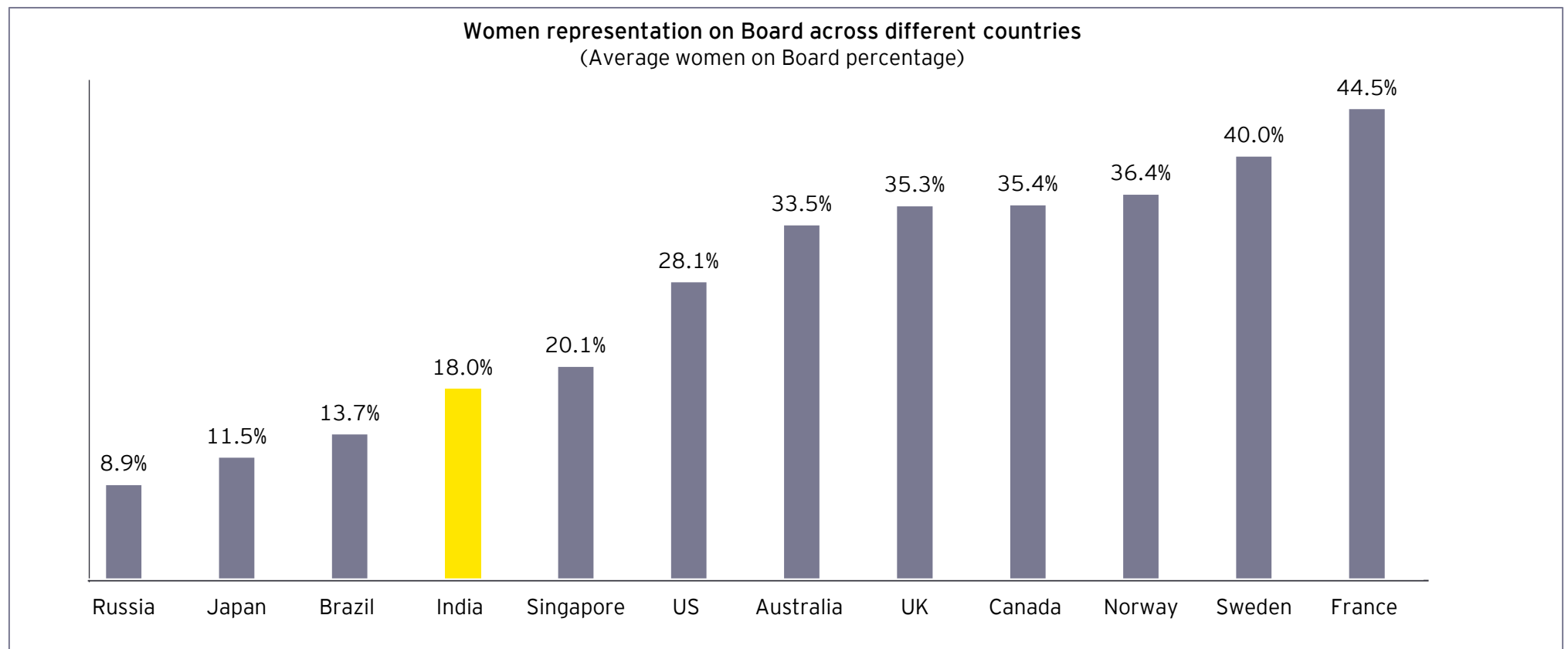
Concerted  
effort to turn  
the tide

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## Concerted effort to turn the tide

While India's performance has been an improving one on the global scale, other countries are witnessing strong push through different stakeholders to further increase gender diversity on their Boards.



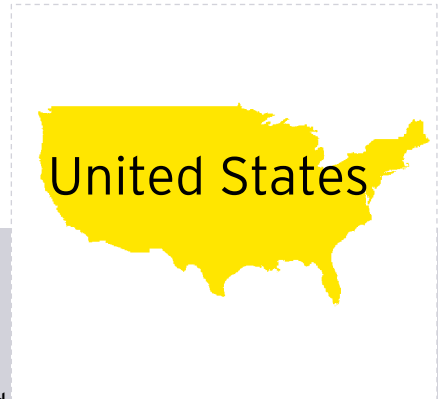
Source: BoardEx, EY Analysis, Credit Suisse Research Institute



## Recent initiatives taken by various countries to improve gender diversity on Boards



- ▶ France adopted a law in 2011 compelling French companies whose shares are admitted to trading on a regulated market to aim for a balanced representation of men and women on Boards.
- ▶ This quota (implemented with sanctions) mandated by France required a minimum of 20% of corporate Board seats to be filled by each gender by 2014, with the percentage rising to 40% by 2017.
- ▶ In May 2021, French Parliament voted to impose a minimum quota for women in executive leadership positions. All companies with 1,000 employees or more will have to set targets of 30% women in executive leadership by 2027 and 40% by 2030.



- ▶ United States has achieved 28.1% women representation on Board on back of liberal initiatives including US 30% club which started in 2014 and legislative initiatives including California Board mandate of 2018.
- ▶ Newer initiatives including NASDAQ's Board Diversity Rule 2021 (approved by Securities and Exchange Commission (SEC)) are further pushing the envelope.
  - ▶ The rule requires listed companies to have at least two diverse Board members or to explain their failure to meet the requirement, with some exceptions.
  - ▶ The Board Diversity Rule also requires companies to publish statistics on the diversity of their Board members.

**30%**

club offers targeted initiatives including providing information and help to businesses to improve diversity and working with related groups.



## United Kingdom

- ▶ United Kingdom has achieved 35.3% women representation on Board through business led collaborative approaches including Hampton-Alexander Review providing recommendations to achieve 33% women on FTSE Boards by 2020.
- ▶ Recent initiatives including launch of Asset Owner Diversity Charter by asset managers having GBP 1.08 trillion AUM with an objective to formalize a set of actions to which asset owners can commit to improve diversity and disclosure.



## Australia

- ▶ Australia has seen one of the fastest adoption of women directors on Boards, reaching 33.5% women representation on Boards. This has been possible due to initiatives including The 30% Club Australia, AICD recommendations and initiatives by individual and organizational influencers.
- ▶ There are initiatives underway to further increase women representation on Boards, particularly, 40:40 Vision by HESTA. It is an investor-led initiative that aims to see women fill at least 40% of executive roles in the ASX200 by 2030.

## Other countries

### Singapore

- ▶ While Singapore has improved gender diversity on Boards, it still lags prominent financial hubs at only 20.1% women representation on Boards.
- ▶ The Council for Board Diversity in Singapore has a target for women representation on Boards of 25% by 2025 and 30% by 2030.

### Norway

- ▶ Norway was the first country in the world to introduce a gender quota for company Boards. The country adopted a gender Boardroom quota in 2006, requiring 40% of publicly traded corporate Board seats to be held by women.

### Sweden

- ▶ Sweden does not have quotas for increasing women representation on Boards. The Swedish Corporate Governance Code requires listed companies to aim for gender diversity on their Boards. Companies can either comply with requirements or explain non-adherence.
- ▶ A recent legislation that would have fined listed companies who fail to appoint women to at least 40% of Board seats have been rejected by the Swedish Parliament.

### Canada

- ▶ In Canada, there is a combination of legal disclosure requirements and institutional pressures that influence companies to increase the representation of women on their Boards.
- ▶ Effective January 2020, the Canada Business Corporations Act requires that publicly listed companies provide certain diversity information relating to woman, visible minorities, and persons with disabilities.

The EU has reached a political agreement on a law that would require listed companies to move toward 40% female representation in non-executive director positions by 2026. The target would be 33% if the legislation applied to both executive and non-executive positions. Currently, 30.6% of Board members in the EU largest publicly listed companies are women and 8.5% of Board chairs. Only 9% out of 27 EU member states have national legislation regarding gender equality on Boards.

# Indian Boards: Business case for diversity

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# Indian Boards: Business case for diversity

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Gender diversity is essential in all walks of life. Historically many corporate Boards have missed the benefits diversity offers. Recent experience has clearly validated the enormous benefits of D&I and companies with diverse Boards have shown:

- ▶ Superior performances, better dividends to shareholders
- ▶ Higher adaptability to changes in environment and marketplace
- ▶ More innovations and ability to challenge conventional wisdoms
- ▶ More risk proof as they get all divergent views on their plans and likely risks
- ▶ Better change adaption and better market successes
- ▶ Better reputation and trust

We know that 50% of users of all services and consumable products are women and population is a mix of various ethnicities, colour and cultures. Thus, all companies need to get as many diverse views as possible to improve their products and services. D&I is the right answer, else they may have only limited or linear views of opportunities.

I think every Board must take advantage of the D&I opportunity as a strategy for success.



**Narendra Ambwani**

Independent Director, Agro Tech Foods, Godrej Consumer Products, RPG Lifesciences, Parag Milk Foods

## Board diversity and financial performance

According to a 2021 report on Board Diversity and Effectiveness in FTSE 350 Companies by Financial Reporting Council (FRC), the FTSE 350 companies that have at least 33% women on their Board, have 21% higher stock prices compared to others.

Better-performing firms experience greater benefits in terms of financial performance from gender diversity. Likewise, FTSE 350 Boards with well managed gender diversity contribute to higher stock returns and are less likely to experience shareholder dissent.

## Board diversity and corporate governance

Increasing gender diversity in the Boardroom has positive effect on multiple aspects of corporate governance. These include:

- ▶ The presence of women on Boards could enhance transparency and accountability, because of their contribution to mitigating fraud.
- ▶ Informed women Board members could lessen inconsistent CEO payment and the probability of a financial anomaly.
- ▶ Women directors decrease the risk of impression management policies in sustainability reporting.



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The knowledge, experience and insights that go into navigating a company is vastly expanded with diversity on corporate Boards. My own experience, when I consider the Infosys Board, clearly points to the value of rich perspectives I'm getting from our diverse Board members. For an organization to truly benefit from diversity in the Boardroom, however, it must also commit to actively seek out and open itself to alternative views and recommendations. Responsible businesses are those that understand deeply the interconnections between financial results and economic, social and environmental impacts while cementing trust and respect across the diverse stakeholder they serve, every time. After all, even the most exceptional and unique perspectives are of little help if the Boardroom culture is one that supports the homogeneity of group-thinking over constructive debate incorporated into the decision-making process.



**Nandan Nilekani**

Co-founder and Board Chairman, Infosys

## Board diversity and innovation

According to a research paper titled “Female Board representation, corporate innovation and firm performance”, women Board representation is positively associated with both R&D expenditures and innovation output. Controlling for R&D expenditure, Boards with women directors remain associated with more patents and citations. Specifically, an increase of 10 percentage points in the tenure-weighted fraction of women directors is associated with approximately 6% more patents and 7% more citations.



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In the last seven years, Diversity at Board Rooms has increased significantly. I have served on the Board of Directors with one or two or three women directors. Soon, I will be chairing a Board in which four, 50% of the Board members are women. This gender diversity at Board level is beginning to have a positive impact though there should be at least two women directors in a Board to have the desired impact. Women on Boards do enrich the discussions in many ways. They bring prospective of 50% of the customers of a large percentage of employees and of the community in general.

Women are keen to promote entrepreneurship, develop the younger generation and explore new products. Typically, women tend to be more knowledgeable in regulatory and legal matters and provide very good oversight on their management. Organizations also tend to benefit greatly from women owing their ability to identify and highlight the human side on various complex business or personnel issues that a Board faces.

Overall, this has been a very positive development but still work in process. I would like to see more women directors in Chair Committee position and in position of Chairperson of the Board



**Arun Duggal**

Chairman ICRA Limited and FICCI Centre for Corporate Governance, Independent Director, ITC



# Improving gender diversity on Boards: Role of different ecosystem constituents

6

# Improving gender diversity on Boards: Role of different ecosystem constituents

While India has progressed with respect to Board diversity, it still lags the global average and has a lot to achieve. Given India's current state and the prospective benefits of having women on Boards, it is imperative for organizations and the entire ecosystem to take relevant steps to improve gender diversity on Boards.



## Role of organizations

### Disclosure and transparency

The first step that an organization can take to improve diversity on its Board and the broader organization is to understand the current status of DE&I in the organization and share it with relevant stakeholders. This can be a daunting task to start with; however, with proper intent, it can provide heightened impetus to start the journey to achieve the organization's DE&I goals.

### Initiatives to retain and promote women employees

Women in India are culturally brought up to take on more care-giving responsibilities in their private lives whether it relates to the children, elder parents and other family members. This either results in obstacles in career development or women dropping out of the organized workforce. Organizations need to improve women employees work-life balance by offering them flexible working options. According to S&P Global Corporate Sustainability Assessment (CSA) data, there is a positive correlation between women being represented on the Board and the existence of work-from-home options and flexible working arrangements.

### Build a pipeline of women leaders

As Indian organizations progress on gender diversity agenda on Boards, they need to be cognizant of the "Golden Skirt" phenomenon where a small percentage of influential women leaders have presence on large number of company Boards. Organizations need to develop a pipeline of diverse candidates by exploring beyond the traditional pools of talent. These can include high level general managers, functional leaders, divisional heads and other relevant leaders. While appointing first time directors might seem risky, it can be a good way to develop future leaders for executive positions.

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Diversity is generally measured in observable attributes - sex, age, colour, ethnicity, race, sexual orientation, religious beliefs, economic standing, caste. The purpose of diversity in business is (a) managing risks by reducing group-think and (b) providing opportunities to the under-represented. The latter is met by taking onto a team people with the required observable characteristics. The former requires not observable but cognitive diversity. But a team of cognitively diverse individuals is difficult to manage.

The key to managing them is - common goals, agreed processes, clarity of roles, a constructive and open culture, respect for diverse views, an agreed method of reaching conclusions, agreed upon conflict resolution methods, honest evaluations of members with candid feed-back and, finally, a mature and confident team leader. If it is possible to forge strong personal relationships between members, so much the better



**Nawshir Mirza**  
Independent Director, Thermax Ltd.

## Role of other ecosystem constituents

### 1 Role of regulators/governance councils

As we have seen in the case of India and other countries, quotas legislated/suggested by regulators have been effective in increasing women representation on Boards. While there is a valid concern around symbolic results of these initiatives, they have nonetheless been effective in bringing women on Boards. In the near future, regulatory initiatives should propagate these quotas to achieve more effective women representation on Indian Boards. These quotas should be coupled with a diversity policy, which every organization should establish and disclose in public domain. As a part of the ESG policy, Boards should also set measurable objectives and assess the progress on metrics on an annual basis.

### 2 Role of trade associations and advocacy bodies

The journey from symbolic to effective representation of women on Boards requires leaders believing in the benefits of Board diversity and developing more women leaders. Initiatives such as 30% club (a campaign by senior stakeholders in organizations, taking action to increase gender diversity on Boards and senior management teams) has been effective in achieving gender diversity targets on Boards in UK and Australia. India needs a collaborative business-led approach to organize leadership forums to discuss various aspects of Board diversity and permeation of best practices across organizations. These associations can also enable women leadership development through mentorship programs with senior leaders.

### 3 Role of shareholders/Institutional Investors

The financial benefits of Board diversity have been much discussed and are most relevant for institutional investors. Stewardship codes and guidelines issued by institutional investors have resulted in improved governance structures in organizations across countries. Shareholders can influence Boards to focus on the social part of ESG and increase gender diversity on Boards as well as the leadership pipeline. In non-compliant firms, a vote against the Board by investors can go a long way in improving Board diversity.



# Conclusion

Gender diversity on Indian Boards has increased significantly in the last decade. It is one of the top priorities for all major organizations as they realize the benefits of a diverse Board and receive constant motivation from different stakeholders to increase Board diversity. While organizations have shown serious intent towards increasing Board diversity, the pace of progress is certainly not up to the mark.

Regulatory interventions have been the cornerstone of increased gender diversity globally and also on Indian Boards. However, this should not be the key mechanism to influence organization actions towards gender diversity on Boards. Gender diverse Boards have proven to drive organizations towards greater profitability, improve transparency and increase accountability, and bring in disruptive innovation. Corporates need to put significant effort behind their Board diversity initiatives. They need to remove structural barriers which keep women leaders from progressing, provide mentoring and networking opportunities to help them grow, and create personalized development journeys for them to progress.

There is a need to reinvent and transform the existing system to drive more women to leadership positions. A holistic approach resulting from the amalgamation of corporate initiatives and stakeholder contribution can result in more prominent representation of women on Boards. This collaboration focused on improving disclosure and transparency, building a pipeline of women leaders, organizing leadership forums, and stewarding from institutional investors can provide the necessary escape velocity to propel enough women leaders to Board positions.

# Board diversity toolkit: Jumpstart your board diversity journey

8



# Board diversity toolkit: Jumpstart your board diversity journey

1

## **Benchmark Board diversity:**

Use industry specific benchmarks to understand current status of women representation on your Board across multiple dimensions.

2

## **Analyze current DE&I practices:**

Identify different DE&I practices in your organization and analyze them for successful outcomes versus minimal impact.

3

## **Establish diversity policy:**

Start with a policy which requires Boards to set measurable objectives for achieving gender diversity and to assess both the objectives and the entity's progress in achieving them.

4

## **Engage with ecosystem constituents:**

Leverage industry bodies for Board diversity best practices and support with mentorship and sponsorship of prospective women leaders. Drive internal conversations through shareholder influence.

5

## **Review progress and update policy:**

Consistently review progress on DE&I objectives and update policy guidelines to progress on DE&I agenda





# Sources:

## Foreword

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## Introduction

<https://www.frc.org.uk/getattachment/3cc05eae-2024-45d8-b14c-abb2ac7497aa/FRC-Board-Diversity-and-Effectiveness-in-FTSE-350-Companies.pdf>

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## Board Diversity in India

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## Board Diversity – Industry Comparison

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## Board Diversity – Country Comparison

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<https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/csri-2021-gender-3000.pdf>

## Why Indian Boards need to be more diverse

<https://www.frc.org.uk/getattachment/3cc05eae-2024-45d8-b14c-abb2ac7497aa/FRC-Board-Diversity-and-Effectiveness-in-FTSE-350-Companies.pdf>

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<https://www.sciencedirect.com/science/article/abs/pii/S0927539818300525?via%3Dihub>



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