Balance *for* Better Business

second Report

November 2019

Rialtas na hÉireann
Government of Ireland

In 2018, the Government invited business leaders representative of diverse business sectors to come together as an independent business-led Review Group to improve gender balance in senior business leadership in Ireland. The resulting initiative, 'Balance for Better Business', was launched in July 2018. The terms of reference are in Annex 1.

The Review Group is pleased to present our second report to Minister of State David Stanton T.D.

The Review Group is co-chaired by:

Brid Horan (Chair, Nephin Energy and formerly Deputy CEO ESB)

Gary Kennedy (Chair, Greencore plc and Green Reit plc)

The other members of the Review Group are:

Carol Andrews (Global Head of Service Directors, BNY Mellon)

Mark FitzGerald (Chair, Sherry FitzGerald)

Aongus Hegarty (President Europe, Middle East and Africa, Dell Technologies)

Danny McCoy (CEO, Ibec)

Orlaigh Quinn (Secretary General, Department of Business, Enterprise and Innovation)

Martin Shanahan (CEO, IDA Ireland)

Julie Sinnamon (CEO, Enterprise Ireland)

Fiona Tierney (Non-Executive Director and formerly CEO, Public Appointments Service)

The Programme Director is **Anne-Marie Taylor**

We continue to engage actively with the business community to articulate the business benefits of gender balance and to raise awareness of Balance for Better Business. We particularly welcome the support of corporate leaders and other stakeholders. Further details of this engagement can be found on our website www.betterbalance.ie.

Engagement and influencing will continue to be an important element of our work in the coming years and we have initiated dialogue with a number of organisations with a view to progressing this. We also welcome submissions from other interested parties.

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Forewords

1

Balance for Better Business is placing a valuable spotlight on the gender balance of corporate boards and on the decisions taken by business leaders on appointments to company boards.

Its second report reveals a strikingly divergent picture. It shows that positive change is happening very quickly on many boards. ISEQ 20 companies have already exceeded the interim target of 25% set for end 2020. Female representation on ISEQ 20 boards has risen to 25.3% by 1 September 2019. It confirms that decisive action by business leaders can achieve rapid change in this area. The strong performance by ISEQ 20 companies has narrowed the gender gap between them and comparable EU companies from 8.1% in 2018 to 5.4% today. Major Irish companies, with their reputation for dynamism and openness, do not want to lag behind the EU on gender balance.

However, not all companies have got the message that gender balanced boards make good business sense. It is worrying that there has been virtually no progress by other listed companies on improving the gender balance of their boards. The percentage of women on the boards of other listed companies remains stuck at 12%.

It is also very disappointing that there has been no progress in the number of companies with all-male boards. As of 1 September, 14 companies continued to have all-male boards. Some of these companies rely for their continued business success on attracting large numbers of female customers. Appointing more diverse boards would strengthen their capacity to understand the needs of that female customer base.

I would call on these boards and on the other listed companies to take action now. They do not wish to be in the headlines for the wrong reasons.

The next phase of action will require concerted effort by investors, executive search firms and nomination committees as well as by chairs and CEOs. Balance for Better Business recognises that companies need to promote more women into executive leadership positions so that there is a pipeline of potential female candidates for corporate positions into the future. Sustainable change requires business to foster a larger pool of female business leaders so that female business leadership becomes integral to business in Ireland.

I welcome the focus that Balance for Better Business is placing on private and multinational companies, recognising their importance within the Irish economy.

I would like to thank Brid Horan and Gary Kennedy for their committed and energetic leadership of Balance for Better Business which is ensuring that business leaders are aware both of the business case for change and of the importance of that change. I would also like to thank the Balance for Better Business Review Group for the time and energy that they have devoted to supporting the initiative in 2019. The Balance for Better Business Advisory Group has also played a key role in promoting the case for change. I would finally like to thank Anne-Marie Taylor for managing the initiative and for bringing this report to fruition.

Minister David Stanton T.D.

Minister of State for Equality, Immigration and Integration

This is the second report of Balance for Better Business, the Government established initiative to address the continuing gender imbalance in Irish business leadership. Our first report in May 2019 focused on companies listed on Euronext Dublin (formerly the Irish Stock Exchange) and set progressive targets for these boards to 2023. In this report, we provide an update on these companies and set targets for their executive leadership. This work has been facilitated by the public availability of listed company data.

We also extend our focus to private companies, recognising their significance for the Irish economy and workforce. We believe these companies will benefit from the proven advantages of gender-balanced leadership, on boards and in management. Data availability is more limited in this sector and we are grateful to the Central Statistics Office for their co-operation in carrying out a major survey on gender balance in large private enterprises for the first time in 2019.

In future reports we will continue to monitor progress on the boards and leadership teams of listed and private companies. We will also review the position in leading multinational companies operating in Ireland, reflecting their significant contribution to GNP, employment and the broader business community.

If Ireland is to continue to succeed as a modern, outward-looking European country, we need to address the challenges and opportunities of moving to gender-balanced leadership. As co-chairs of Balance for Better Business, we are working to building commitment, calling for genuine change and collaborating with those working for a business environment that supports female participation on boards and in executive leadership. It is time to fully utilise the talents, education and experience of all our people.

Once again, we call on businesses to recognise the case for gender-balanced leadership and to accelerate progress. Working together, women and men can deliver the outcomes we all dream of for Ireland. We remain convinced that voluntary action can achieve the required progress and that targets are an important driver, as they are in all aspects of business change. Government has indicated it may consider more prescriptive measures if leadership by the business community does not yield acceptable progress.

While it is widely acknowledged that gender-balanced decision-making in all areas of society and in business is socially and economically desirable, achieving balance calls for change in organisations' cultures and individual behaviours. It is also recognised that securing full workforce participation by women requires other changes, including greatly flexibility and financial supports for those with caring responsibilities, particularly childcare. While beyond the direct scope of our work, such changes are needed to derive the full benefits of our highly educated and gender-balanced talent pool. Accelerating change is vital to Ireland's continued economic and social progress.

Boards and Chairs should be conscious of the tone they are setting for diversity in their company through the board's composition. They need to challenge their approach to, and processes for, director recruitment and refreshment. An important first step may be to ensure that directors are building more diverse personal networks, as well as requiring executive/board search firms to include women in the candidate pool.

Boards should consider including female executives who have yet to serve on a board - every male director had to serve on a board for the first time, so previous board experience should not be an essential criterion.

In sourcing candidates for boards and executive roles, it may be necessary to look beyond search firms and access less traditional sources to identify women candidates. Equally, the focus should be on the competences and experiences of potential directors rather than their direct exposure to the particular sector involved.

> “If Ireland is to continue to succeed as a modern, outward-looking European country, we need to address the challenges and opportunities of moving to gender-balanced leadership.

We have benefited from a broad range of supports in our work. We are grateful to An Taoiseach, Leo Varadkar T.D. and Minister of State David Stanton T.D., for their sponsorship and active support. In particular, we thank the Review Group members for their generosity in sharing their time and insights, and greatly value the ongoing input and advice of our Advisory Group. Our work has been greatly enhanced by our Programme Director, Anne-Marie Taylor. Finally, we would like to acknowledge our support team from the Department and the generous practical support from a number of organisations. We look forward to continued future cooperation. This report and recommendations are intended to support the work being done by others and to accelerate, broaden and deepen progress towards gender-balanced business leadership.

Brid Horan

Gary Kennedy

Executive Summary

2

The Balance for Better Business Review Group, an initiative announced by An Taoiseach, Leo Varadkar T.D., in February 2018, was formally launched in July 2018. Since then we have undertaken extensive research and engaged actively with business leaders and key influencers. We are pleased to report there is strong support from Government and a broad acceptance by Irish business leaders for our objective of gender-balanced leadership across Irish business. This acceptance must be matched by action, change and progress and we can report that this is emerging.

Nonetheless, and in spite of many initiatives and programmes focused on gender balance, serious imbalance continues in the corporate leadership of most Irish companies. We believe that, with targeted action and commitment, change can be accelerated to the real benefit of business performance and governance. Economic and social progress, based on strong business performance in a competitive world, will only be sustained by men and women, working together as true equals at all levels.

As set out in our first report, gender balance in society is broadly 50:50 which should be the aim for balance in large groups or populations. As leadership teams and boards tend to be relatively small, a balance of 40:60 (for either gender) should be the direction of travel for the medium to long term. To achieve this, incremental change is essential so we set interim targets to 2023 and strongly encourage companies achieving these targets to strive towards genuinely balanced leadership.

We favour a voluntary approach with companies themselves taking action and reforming, thereby avoiding the need for mandatory quotas, the route followed in several other countries.

Our second report provides recent data (1 September 2019) on the boards of publicly listed companies in Ireland[1], and extends our analysis to their executive leadership. Following an incremental approach to our work, we also provide statistics on board membership and senior leadership of large Irish-owned private companies. This further analysis and reach is vital to ensure a broader and deeper impact in the Irish business community.

Female Directors in Irish Listed Companies (September 2019)

19.1% **FEMALE DIRECTORS** OVERALL

ISEQ 20 25.3%

OTHER LISTED COMPANIES 12.4%

8.5% **FEMALE EXECUTIVE DIRECTORS**

ISEQ 20 9.1%

OTHER LISTED COMPANIES 8.1%

23.1% **FEMALE NON-EXECUTIVE DIRECTORS**

ISEQ 20 29.9%

OTHER LISTED COMPANIES 14.6%

***Note:** ISEQ 20 comprises the 20 companies with the highest trading volume and market capitalisation listed on Euronext Dublin

1. See definition in Annex 3

It is heartening to note progress since our first report, building further on that noted from the launch of this initiative. The overall percentage of women on Irish publicly listed boards has increased from 16.4% to 19.1% (based on 1 March and 1 September 2019 data), a further increase from 14% a year earlier.

This resulted in a significant narrowing of the gap identified in our first report between ISEQ 20 companies and the EU comparable average: from 8.1 percentage points in 2018 (18.1% vs 26.2%)[2] to 5.4 percentage points (22.4% vs 27.8%).

We welcome this progress and commend the companies which have led the change. That said, Ireland is still 17th of the EU-28 countries, the same rank as last year, as other countries also improved board gender balance. Momentum needs to accelerate in Ireland if we are to improve our position relative to other EU countries.

In our first report we highlighted the importance of avoiding tokenism - one female on a board is not balance. In this report we look at another aspect of board composition – lack of diversity in the skills mix – which may in itself be impeding balance, as well as limiting board effectiveness in other ways.

Business Case

There is a strong business case for better gender balance as outlined in our first report. It is clear that better gender balance in corporate leadership leads to improved business outcomes and performance, including profitability and return on equity. This is driven by the more effective use of the entire talent pool, diversity of thinking and innovation, enhanced responsiveness to consumer requirements and improved governance. The call for gender-balanced leadership is supported by leading investor groups who are adding their weight (and their voting power) to the call for change.

Many research sources support the link between improved performance and better gender balance. Leading companies are ensuring they benefit from this and it is time for all companies to do so. All businesses should actively adopt a targeted and planned approach, reflecting their strategic objectives and organisational structures.

Targets

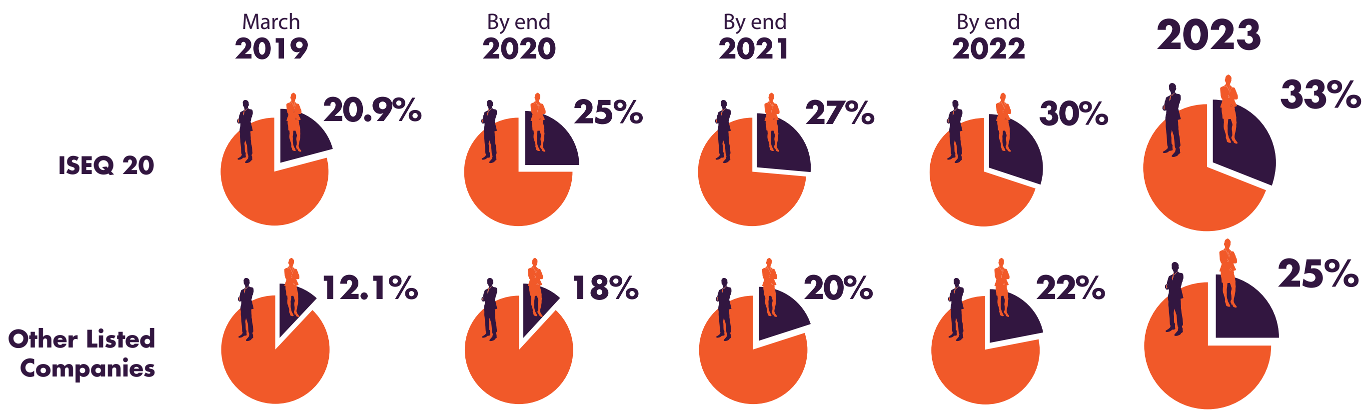
1. Boards of Companies listed on Euronext Dublin

In line with our mandate, our first report set targets of at least 33% female directors for ISEQ 20 companies by end 2023, and 25% for other listed companies and set interim yearly targets so that progress can be monitored.

We are pleased to note that, on average, the ISEQ 20 had reached 25.3% by 1 September 2019, achieving the interim target for end 2020. This shows that, with leadership and commitment, companies can increase board representation of women. It is heartening to note that these companies recognise both the benefits and achievability of better balance.

On the other hand, there has been virtually no progress among the other listed companies (12.1% on 1 March to 12.4% on 1 September). We re-iterate our call for these companies to take immediate action to achieve the interim target of 18% by end 2020 and at least 25% by 2023.

Targets for Women on Boards of Listed Companies



2. The figures for the EU comparison differ slightly from the figures elsewhere in this report due to timing differences.

In our first report, we set a target of no all-male boards listed on Euronext Dublin by end 2019. It is particularly disappointing that there was no change by 1 September, although one such company, Datalex plc, appointed a female director in October. This remains a key priority for change.

We are aware of a number of other female appointments since 1 September which will be reflected in our next report. We commend those boards who are taking action and urge others to take immediate steps to achieve the targets outlined again in this report.

2. Leadership Teams of Companies listed on Euronext Dublin

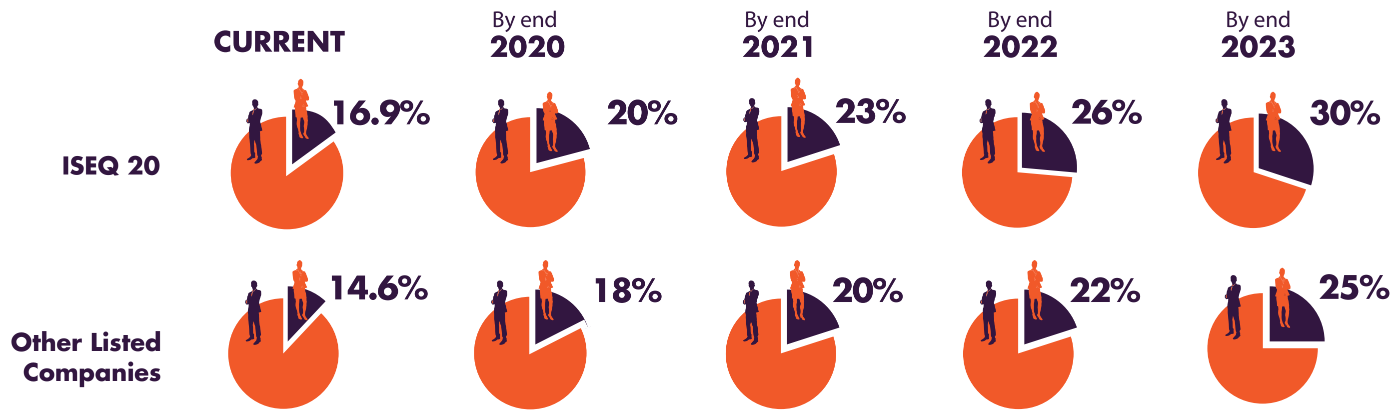
In this report, we extend our analysis to leadership teams as gender-balanced management is needed to realise the full business benefits and achieve real cultural change. Increasing the number of women on boards could be seen as window-dressing if not accompanied by change at executive level. In addition, failure to increase the number of women in management limits the pipeline of women for board positions.

Companies vary in how they define their leadership teams. For the purposes of this report, we have accepted the definition of leadership team as defined by each individual company and as reported by BoardEx[3].

Our analysis shows that, as of 1 September 2019, over one-third of listed companies have no woman on their leadership team - some one in five ISEQ 20 companies, and almost half of other listed companies. The overall average proportion of women on leadership teams among listed companies is 15.8% (ISEQ 20 16.9% and other listed companies 14.6%).

While change in management levels can be challenging, as with all business objectives, setting targets is essential element to drive change. Recognising the disparity in company sizes, we set different targets for ISEQ20 and other listed companies:

Targets for Women on Leadership Teams of Listed Companies



We are also setting a particular target of all listed companies having at least one woman on their leadership team by end 2020, an essential first step towards balance.

Leadership teams are heavily weighted in favour of CEOs, CFOs and Division Heads, roles generally dominated by men. Inclusion of Human Resources and Marketing & Communications in top teams could improve gender balance and the pipeline for board appointments.

3. Private Companies

This report also extends our focus to private companies reflecting their significant contribution to and role in the Irish economy and workforce. The established benefits of gender-balanced leadership are vital for these companies. Analysis and monitoring in this sector is constrained by limited data availability. However, a major gender survey of large enterprises by the Central Statistics Office (CSO) in early 2019 provides information on an aggregate survey basis[4]. Further CSO analysis of the results of this survey indicates that among large Irish-owned private companies, 17.1% of board directors were female, slightly lower than the 19.1% average for listed companies.

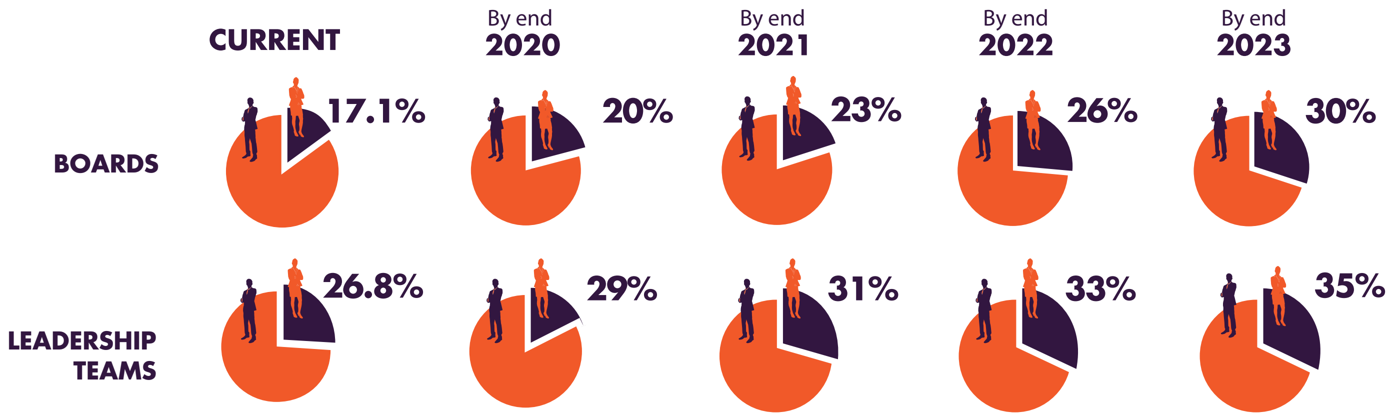
3. See explanation in paragraph 8.2.
4. Gender Balance in Business Survey, May 2019 (CSO).

Just over one in four of leadership team members are female (26.8%), significantly higher than for listed companies. This may be attributable to the CSO definition being interpreted by survey respondents as being broader than the 'C-suite'.

While directly monitoring progress among specific private companies may not be feasible, targets are essential to encourage change and set a direction of travel for individual companies. We will track progress against the baseline CSO data presented in this report and will explore improved means of sourcing data.

Proposed targets for boards and leadership teams in large Irish-owned private companies:

Targets for Women on Boards and Leadership teams of Large Irish-owned Private Companies



Recommendations

To achieve the targets in this report we recommend that boards and CEOs should:

- ✓ Develop action plans, timelines and monitoring processes to achieve the targets
- ✓ Broaden their search for directors and leadership candidates
- ✓ Report on their appointment processes, diversity and inclusion policies, and current gender balance.

We also recommend that advisors, investors, regulators and others in a position to influence Board and CEO decision-making should use that influence to help achieve gender balance.

The progress achieved on listed company boards since Balance for Better Business was launched suggest that transparency and focus make a difference. These are key levers for change in this area, as they are in many areas of corporate performance. In this context, we recommend the publication of data by private companies.

Next Steps

Sustainable change takes time, but time alone will not ensure progress. Companies must plan and take action now to achieve the interim targets, important steps towards the 2023 targets.

We will continue to monitor and report on the performance of listed companies and of large Irish-owned private companies against these targets and will analyse changes to identify any additional measures needed. In future reports we will further extend our work to the leadership of multinational companies operating in Ireland, reflecting their significant contribution to the economy and role in the Irish business community and workforce.

We will continue to engage with companies and key business influencers. Together, we can spread awareness and understanding of the case for change and share models of good practice.

We urge Ireland's Chairs and CEOs to drive and lead change, devoting the necessary time and resources. Achieving gender-balanced leadership depends on their personal and visible leadership and commitment.

We welcome progress to date and look forward to this accelerating and spreading. This will improve on organisations' performance and culture, and will have a positive impact for people working at all levels in Irish business for generations to come. We all have a shared opportunity and responsibility to make this happen.

Targets

3

Our first report set progressive targets for the boards of companies traded on Euronext Dublin. In this report we extend our analysis and targets to their executive leadership and to the boards and leadership teams of private companies.

The gender mix in the population is broadly 50:50, which should be the broad aim for balance in large groups or populations. Given that corporate boards and senior management groups tend to be relatively small in number, balance can be effectively represented by having at least 40% from either gender. For individual boards and leadership teams a balance of 40:60 should be the direction of travel and, to achieve this, measurable incremental change is needed in the short term.

While our targets focus on this progressive change, we welcome the fact that a number of companies have shown leadership and have already reached these levels. We urge those companies to maintain this momentum as they strive to achieve fully balanced leadership.

In any drive for change and improvement in business, a key step is agreeing both the direction of travel and the key targets and timelines for results. The targets in our reports are set with this in mind – success will depend on the extent to which business leaders and influencers adopt these targets. We are setting ambitious but achievable targets in the conviction that achieving these will make a real contribution to business success.

3.1 Companies listed on Euronext Dublin

Table 1: **Targets for Women on Boards of Listed Companies**

	ISEQ 20	Other Listed Companies
Current	20.9%	12.1%
By end 2020	25%	18%
By end 2021	27%	20%
By end 2022	30%	22%
By end 2023	33%	25%

In our first report, we set a target that by the end of 2019 no company traded on the Euronext Dublin markets should have an all-male board. Disappointingly, no progress had been made on this when our further analysis was carried out at 1 September (although one company, Datalex plc, subsequently appointed a female director). We re-iterate our call for immediate action. As we enter the third decade of the 21st century, it is vital that all companies who are trading on Ireland's publicly quoted stock market take this very first step towards balance on their boards.

Our targets have been selected to create momentum for change. To achieve or exceed the targets, appointing an appropriate proportion of women among new board appointments is vital. How an individual company can achieve the targets depends on their current proportions and exits among board members. In the six months from March to September 2019, the average percentage of female directors among new board appointments on ISEQ 20 companies was 60%, a welcome increase on 38% in the previous twelve-month period. Companies should aim for at least a 50:50 balance in new appointments to aim for better balance between now and 2023 and indeed as the journey extends beyond then.

Balance for Better Business is working to achieve change beyond the boardroom and recognises the particular value and impact of gender-balanced leadership in executive and management levels. It can be argued that making progress in management levels is necessarily more challenging due to the more permanent nature of such roles, in contrast with greater rotation among non-executive directors. Nonetheless, we believe that companies should set targets for progress in this area and take effective action to achieve them. We propose the targets below for the leadership teams of all companies listed on Euronext Dublin.

Table 2: **Targets for Women on Leadership Teams of Listed Companies**

	ISEQ 20	Other Listed Companies
Current	16.9%	14.6%
By end 2020	20%	18%
By end 2021	23%	20%
By end 2022	26%	22%
By end 2023	30%	25%

We are also setting a particular target of all listed companies having at least one woman on their leadership team by end 2020. This is an essential first step towards balance.

3.2 Private Companies

A further extension to our work which we signalled from our launch is the area of private companies. While analysis in this sector is somewhat constrained by the limited public availability of data, we have collaborated with the Central Statistics Office (CSO) to secure information on an aggregate sample survey basis.

While it will not be feasible to directly monitor progress among specific private companies based on survey data, we believe setting targets is still an important mechanism to encourage change. We will explore alternative data sources and will continue to track progress against the baseline CSO data presented in this report.

Table 3: **Targets for Women on Boards and Leadership Teams of Large Irish-owned Private Companies**

	Boards	Leadership Teams
Current	17.1%	26.8%
By end 2020	20%	29%
By end 2021	23%	31%
By end 2022	26%	33%
By end 2023	30%	35%

Recommendations

4

Our first report included four key recommendations to support companies in their drive to achieve gender-balanced leadership. These recommendations remain relevant and are repeated below and expanded to include listed company leadership teams, as well as private companies.

1. Action plan to achieve targets

Boards and CEOs should develop an action plan to achieve the board and leadership targets set out in this report, including the processes they intend to adopt, timelines and monitoring mechanisms.

2. Broaden search

Chairs, Nomination Committees and CEOs should broaden their search for directors and leadership candidates and develop action plans now to:

- ✓ *ensure selection criteria and practices for boards and leadership teams are fully inclusive of women and men*
- ✓ *review board size and turnover*
- ✓ *develop the pipeline for future female leaders within their companies.*

In particular, consideration should be given to working with external search firms with the demonstrated commitment to access a broader and gender-balanced pool of potential directors and senior management, ideally through commitment to the Executive and Board Resourcing Code 2019 developed by the 30% Club Ireland and Ibec in consultation with search firms and employing companies.

Companies should also ensure that all selection and promotion processes, whether exclusively among internal candidates or open to external applicants, are fully inclusive of women and men and should commit to the principles set out in the above Code in relation to such processes.

3. Transparency and reporting

Euronext Dublin have adopted the requirements for reporting set out by the Financial Reporting Council in 2018 in the UK Corporate Governance Code and these, therefore, apply to the companies listed on the Main Securities Market of Euronext Dublin. Relevant companies are required to report on:

- ✓ *the process used in relation to appointments and approach to succession planning*
- ✓ *how both support developing a diverse pipeline*
- ✓ *the board's policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives*
- ✓ *the gender balance of those in senior management and their direct reports.*

We recommend that all boards, including private companies, should apply these requirements which, in our view, focus on good practice in relation to gender-balanced senior leadership.

We also recommend that large private companies should publish data on their board and leadership team membership.

4. Key influencers

Those in a position to influence Board and CEO decision-making, in particular investors, regulators, advisors and representative organisations, should engage directly with board Chairs, Senior Independent Directors, Nomination Committee Chairs, and CEOs to promote the benefits of gender-balanced leadership and decision-making and targeted actions to advance this.

Significant structural and other factors have been identified which impact women's full and equal representation in Irish business leadership including:

- ✓ lower rates of female participation in the labour market
- ✓ continued occupational segregation within the labour market
- ✓ lower percentage of women with STEM qualifications
- ✓ high cost of childcare in Ireland, in absolute terms and by comparison with other EU member states
- ✓ unconscious bias, among both women and men, and gender stereotyping.

These are all factors which limit women's advancement to senior levels in business and other areas of society and need to be addressed in order to ensure women's equality. In this context we welcome the upcoming Citizens' Assembly on Gender Equality which may examine such factors.

In our engagements with businesses and key influencers and in research sources, a number of other measures have been highlighted which can make an important contribution to improving gender balance. Several such initiatives have been implemented by companies to promote balance and inclusion, support talent acquisition, retention and performance and make a significant contribution to progress. They include:

Minimising/eliminating unconscious bias

This generally involves unconscious bias training, engaging women and men at all levels, starting with the CEO and senior leadership. It is essential that company leaders understand, take ownership of, and address the conscious and unconscious biases that prevent women advancing to the most senior levels.

Research published in the Harvard Business Review found that the effects of subtle discrimination are just as negative, if not more negative, as overt discrimination[5]. Such subtle discrimination can drain emotional and cognitive resources, accumulate quickly, and is difficult to address through formal or legal procedures. The researchers suggest that structured processes and procedures around hiring, assignments, and business decisions limit the opportunity for bias to affect decisions.

Ensuring that employee assessment is based on results/performance rather than presence

To the maximum extent possible, employees, female and male, should be given control over where and how they work and their performance assessed on results. Finding ways to work more flexibly helps all employees and meets the expectations of millennials and centennials, important members of the talent pool. This should be supported by cultural change so that working flexibly is a real and accepted option, rather than theoretically available but underused due to fear of negative career consequences. Making accommodations in relation to caring responsibilities and family for both women and men can remove some significant hurdles for women.

Supporting women's career development, recognising and developing potential

Many companies claim that progress is based on meritocracy but research confirms that our biases affect our assessment of performance and merit. Consider providing women with opportunities for mentoring and access to networks of influence. Men are still the majority in leadership and can play a vital role in advocating for women, both internally and in the wider business environment. Training and development programmes can facilitate this. Mentors can support employees at all stages of their career, while sponsors tend to play a role as an employee progresses to more senior levels.

Ensure that women are given roles that lead to leadership

In many companies there has been an assumed path to leadership, often through holding certain key operational or P&L roles. Our research shows that over 50% of leadership team roles in listed companies in Ireland are Division Heads, generally with P&L responsibilities, but only 14% of those roles are held by women. Given the current reality of this model, companies should ensure women have exposure to, and are encouraged to take up, P&L roles. Another valid and effective approach would be to recognise that there should be multiple paths to the CEO position, specifically recognising the value of those functions where women tend to predominate, such as HR.

5. King & Jones (2016)

Societal changes

On a broader level, change is also happening in other areas of society and in the working environment. This includes improvements in maternity, paternity and parental leave, as well as wider access to flexible working patterns and arrangements. Creating conditions and workplace cultures which facilitate more equal sharing of caring roles between men and women is important for women and also begins to share the personal and enriching benefits of those caring experiences between parents.

We welcome such developments and encourage Government and private employers to build on these changes to advantage all employees and business. Significant challenges remain in maintaining harmony between caring responsibilities and employment, particularly in relation to the costs of childcare. While these issues may be perceived to be less relevant to the progression of women to the most senior levels in business, they do impact on women's career development and management at earlier stages which can ultimately limit overall achievement. They also impact the overall participation of women in the workforce, the pipeline of senior women, and the gender pay gap.

Call to Action

5

In this section we summarise our call to action for the various parties who have a role to play in achieving the targets and recommendations outlined in previous sections.

WHO	WHAT
Listed companies	✓ Put plans in place to achieve the targets set out in this report: **Women on boards** ISEQ 20 / Other Listed Companies By end 2020: 25% / 18% By end 2021: 27% / 20% By end 2022: 30% / 22% By end 2023: 33% / 25% **Women on leadership teams** ISEQ 20 / Other Listed Companies By end 2020: 20% / 18% By end 2021: 23% / 20% By end 2022: 26% / 22% By end 2023: 30% / 25% ✓ An immediate end to all-male boards and leadership teams ✓ Monitor progress against achievement of the targets.
Private Companies	✓ Put plans in place to achieve the targets set out in this report: Women on boards / Women on Leadership Teams By end 2020: 20% / 29% By end 2021: 23% / 31% By end 2022: 26% / 33% By end 2023: 30% / 35% ✓ An immediate end to all-male boards and leadership teams ✓ Consider term limits for directors, similar to those in effect on listed companies ✓ Monitor and publish progress against achievement of the targets. ✓ Publish information on board and leadership team composition.

Listed companies — Women on boards

	ISEQ 20	Other Listed Companies
By end 2020	25%	18%
By end 2021	27%	20%
By end 2022	30%	22%
By end 2023	33%	25%

Listed companies — Women on leadership teams

	ISEQ 20	Other Listed Companies
By end 2020	20%	18%
By end 2021	23%	20%
By end 2022	26%	22%
By end 2023	30%	25%

Private Companies

	Women on boards	Women on Leadership Teams
By end 2020	20%	29%
By end 2021	23%	31%
By end 2022	26%	33%
By end 2023	30%	35%

WHO	WHAT
All boards	✓ Develop action plans to improve gender balance on boards and in senior leadership. Consider increasing the size of the board rather than waiting until existing board tenures expire. Set a goal of at least 50% of new appointments to be female. ✓ Create gender balanced succession plans for Chair and Senior Independent Director roles. ✓ Review nomination criteria and processes to broaden the search for potential directors and to identify and address systemic deficits in selection procedures. Explicitly include women on the candidate lists for new board appointments. ✓ Report on the process for board appointments and succession planning and how these support a diverse pipeline. ✓ Report on the board's diversity and inclusion policy, how it has been implemented and progress in achieving its objectives. ✓ Report on the gender balance of senior management teams.
Board Chairs	✓ Demonstrate visible commitment to achieving gender balance on boards and executive teams.
Investors and regulators	✓ Engage with boards and CEOs to promote targeted actions to achieve gender-balanced leadership. ✓ Monitor progress of boards in achieving gender balance and use influence and/or voting power to secure progress where appropriate.
Business leadership organisations and advisors	✓ Engage with boards to promote and support actions to achieve gender-balanced leadership.
Executive Search (external and internal)	✓ Actively promote and support gender-balanced search and selection processes, ideally through commitment to the Executive and Board Resourcing Code 2019 developed by the 30% Club Ireland and Ibec.
Balance for Better Business	✓ Monitor and report on progress against targets for boards and leadership teams of listed companies and large Irish-owned private companies. ✓ Engage with major companies and key business influencers to raise awareness and to share models of good practice. ✓ Set targets for executive leadership of multinationals in Ireland.
Policy makers	✓ Continue to address structural issues which affect women's full participation in Irish business life, including flexible working practices, measures to support women in science and technology and women entrepreneurs, and in particular the high cost of childcare. ✓ Monitor achievement of targets set out in this report and consider the introduction of quotas if targets are not achieved. ✓ Require large private companies to publish information on their board members

Business Case

6

In our first report, we outlined the business case for gender-balanced leadership established through extensive research and practical experience. The positive business outcomes identified have been recognised by many leading companies in Ireland and internationally and it is often said that the business case is now acknowledged and no longer needs to be re-stated. Nonetheless, given that many companies have yet to take even initial steps towards gender balance and many others have further challenges to address, it is important to continue to highlight the business rationale and imperatives for action to drive real and sustainable change.

In summary, our first report highlighted that research confirms that gender-balanced leadership has a positive impact on financial results for businesses, in terms of both profitability and return on equity. On our website, www.betterbalance.ie, we include a listing of research references.

Gender-balanced leadership delivers benefits for company performance through various factors including access to the entire pool of talent, diversity of thinking and perspectives, and increased understanding of and responsiveness to consumer requirements. While such positive impacts for companies are partly due to certain traits differing across gender, it is also widely accepted that improved diversity can lead to positive changes in the behaviour of all board members, improving corporate governance, culture and risk management.

Supporting evidence continues to accumulate, including a major study in recent months by S&P Global Market Intelligence of the broad-based Russell 3000 index[6]. This study analysed company performance following almost 6,000 new executive appointments (of which some 10% were female) over a 17-year period from 2002. Firms appointing female CEOs saw a 20% increase in stock price momentum, a measure of positive price trend, in the following 24 months compared to those with male appointments. Appointing a female CFO brought even more significant impact with an average 6% increase in profitability and 8% larger stock returns in the following 24 months. Launching the report, Doug Peterson, President and CEO S&P Global, noted that "As we look at financial performance, this research is yet another confirmation that women provide significant and positive value through C-suite and board leadership positions." Bank of America Merrill Lynch also noted in their report "Women: The X-Factor" (2018)[7] that companies with more diverse boards had higher subsequent return on equity than companies with less diverse boards for "nearly every year over the past decade." In its research, companies with more diverse boards were also less volatile.

Director perspective

The Institute of Directors in Ireland conducted a survey on Diversity in the Boardroom[8] in early 2019, with almost 400 respondents, some 60% male and 40% female and across all types of organisations. Over 80% of respondents agreed that board diversity leads to enhanced board effectiveness with 77% believing that it leads to improved company performance. A positive indicator of likely future progress was the fact that two-thirds of respondents agreed that they feel responsible for advancing diversity on their board.

Investor perspective

Internationally, investors are focusing on board effectiveness and looking at board renewal, evaluation practices and how well board skills match strategy. This has led an increasing number of investors to engage directly with companies and in many cases to vote against all-male boards and boards which lack an acceptable policy and plan to improve gender balance. These include leading investment organisations such as Aviva Investors, Legal & General Investment Management, BlackRock and State Street Global Advisors. Firms who advise on voting policies and the exercise of proxy voting such as ISS Inc and Glass Lewis & Co. have adopted similar approaches.

An analysis of the 2018 proxy voting season by the EY Centre for Board Matters highlighted the advancement of gender diversity on boards "in the wake of major institutional investors incorporating gender diversity expectations into their director voting policies". In their analysis of the 2019 voting season[9] they noted an acceleration in this trend and pointed to increasing pressure from legislatures and investors. As well as women joining boards at a faster

6. S&P Global Market Intelligence (2019)
7. Bank of America Merrill Lynch (2018)
8. Institute of Directors in Ireland (2019)
9. EY Center for Board Matters (2019)

> Boards which are socially and professionally diverse are more likely to create a listening, collaborative environment, one which is constructively challenging and accepts and incorporates disparate perspectives to deliver enhanced board effectiveness and, ultimately, company performance. An egalitarian board should reflect the society in which it operates and the backgrounds and interests of all its stakeholders. Its inherent diversity of members will better anticipate and evaluate a wider range of risks, challenges and opportunities. Quite simply, a diverse board will be more effective in its primary functions of corporate governance and strategic oversight.
>
> **Maura Quinn**
> Chief Executive, Institute of Directors Ireland

pace, they noted that all-male boards are disappearing among the largest companies - less than 1% among S&P 500 companies - and that over half of S&P 500 companies now have at least three female directors. Notably, votes against nominating/governance chairs at all-male S&P 1500 boards have tripled since 2016.

KPMG published research on Diversity and Inclusion in alternative investments[10]. 75% of investors surveyed said they plan to ask investment teams to report their diversity efforts (up from 60% in 2018). 37% will require disclosure of diversity statistics for all potential investments (up from 16% last year) and 42% will require firms in their portfolios to improve diversity (up from just 11% in 2018). This underlines the accelerating trend mentioned earlier.

Legal & General Investment Management[11] actively promotes the benefits of gender diversity with the companies they work with:

> *"Companies should not consider diversity an 'add-on' but as part of their core business strategy and culture that can improve business performance.*
>
> *But just talking about diversity is insufficient. As shareholders, we are able to make our views and priorities known through our voting practices at companies' shareholder meetings. Since 2015 we have been voting against board chairs of FTSE 100 companies, the largest companies in the UK, that have still failed to appoint at least one woman to their board. In 2016, we escalated our policy to incorporate the smaller FTSE 250 index companies and have seen real progress.*
>
> *For 2018, we shall be voting against all FTSE 350 companies (those companies in the FTSE 100 and the FTSE 250 indices) that have less than 25% female representation at board level. .... We're leveraging our scale in the market as 'active owners' to encourage them to do better but also to be clear that this target will be raised."*

Mark Zinkula, CEO Legal & General Investment Management commented that *"Investors have tremendous influence and we strongly encourage all asset managers and asset owners to do more to drive change at a faster pace at both board and executive level."*

Likewise, Aviva Investors[12] were one of the first asset managers to integrate an assessment of board diversity into their voting approach in the UK. Their policy focuses particularly on the chair of the nomination committee and indicates their willingness to vote against the chair's re-election and also the approval of the report and accounts should progress on diversity be deemed inadequate. In 2017 they voted against the report and accounts of 42 FTSE 350 companies and seven board directors due to concerns over the lack of female board representation.

10. KPMG (2019)
11. Legal & General Investment Management (2018)
12. Aviva Investors (2018)

Regulators' perspective

Given the established business and governance case for gender-balanced leadership, it is unsurprising that regulators are paying close attention to companies' policies and performance in this area. As highlighted in our first report, the Central Bank of Ireland regard a lack of diversity at senior management and board level as a leading indicator of heightened behaviour and culture risks.

The UK Financial Reporting Council Corporate Governance Code applies to Irish-incorporated companies listed on the Main Securities Market of Euronext Dublin, as well as to Irish companies with a premium listing on the London Stock Exchange. The code highlights the importance of high quality board composition and a focus on diversity. The code aims to ensure that both appointments and succession plans promote not only diversity of gender, but also diversity of social and ethnic backgrounds and cognitive and personal strengths. To enhance transparency on diversity, there is an obligation to explain in the annual report how the company's policy on diversity and inclusion is linked to the company's strategic objectives. The annual report must also include the gender balance of those in senior management and their direct reports.

Companies to which the code does not directly apply but which aim to follow good standards of corporate governance are encouraged to comply with the code's requirements to ensure they meet stakeholder expectations.

Fresh perspectives

In our engagements with companies and a wide range of stakeholders and our further research other positive factors have been identified. New appointments to a board or leadership team can bring fresh perspectives and generally result in enhanced engagement and professionalism. In an increasingly complex and rapidly changing business environment, adding new perspectives, skills and experience increases the leadership's capability to interpret and respond to emerging challenges and transformation. Awareness of the need for, and value of, gender balance has encouraged broader searches, casting a wider net to identify potential candidates. This can also bring diversity in other respects apart from gender, including function and sector backgrounds.

The opportunity to cast a wider net is not being availed of to the fullest extent as evidenced by an analysis conducted by Heidrick & Struggles of over 500 appointments to listed company boards across seven countries during 2018[13]. 62% of these appointments went to current or former CEOs or CFOs. Interestingly, in Ireland this proportion was 47% among 34 appointments analysed.

In our first report, we recommended that companies and executive search firms should adopt the Executive and Board Resourcing Code 2019 developed by the 30% Club Ireland and Ibec in consultation with search firms and employing companies. This code is principles-based and has been signed by 33 leading search firms to date. We look forward to the practical application of the code and to publication of the outcomes by signatories to increase transparency and effectiveness. In our view, there is a compelling imperative driving search firms as we understand that companies are increasingly requiring gender-balanced candidate lists for both executive and non-executive positions. This should encourage all search firms to extend their reach in search assignments.

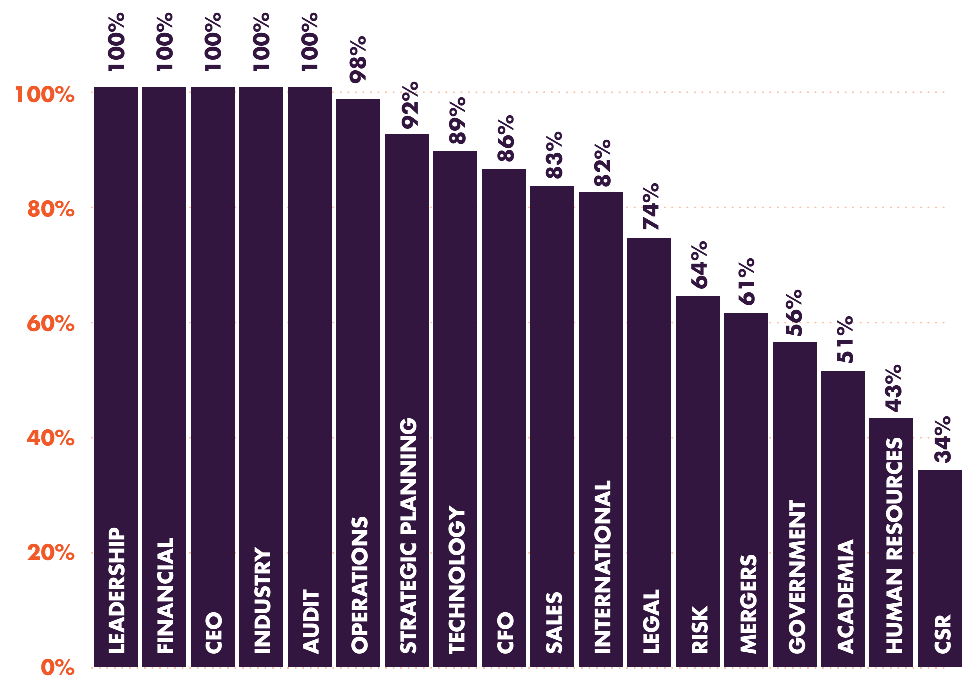
13. Heidrick & Struggles (2019).

Diverse Skills Make Better Boards

7

In this section we examine the mix of skills on corporate boards and highlight the findings of recent research supporting the business case for diversity of skills. The skills profile of the boards of publicly listed corporations in the United States (ISS, 2018)[14] shows that 100% of boards have directors with expertise in audit and finance but only 43% of boards have directors with human resources experience.

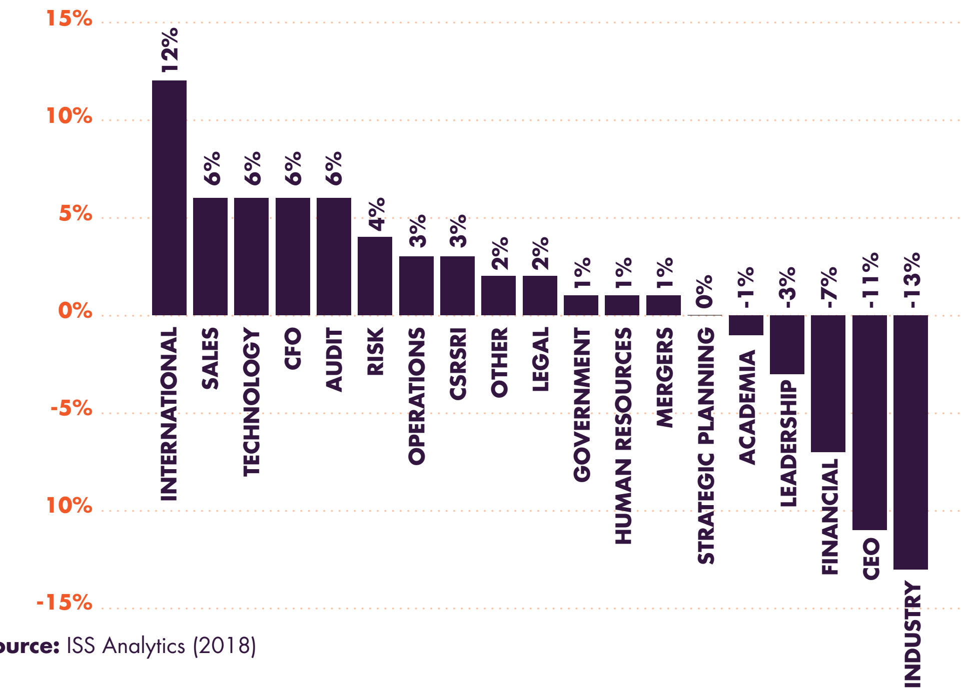
Percentage of Boards with Particular Skills (US Stock Exchange companies)



Source: ISS analytics (2018)

However, the research also indicates that the skills profiles of corporate boards is changing, with an increasing focus on international, sales, technology, CFO and audit experience, and a corresponding decline in the popularity of CEO and industry experience.

Change in Typical Skill Profile of Boards (US Stock Exchange Companies)

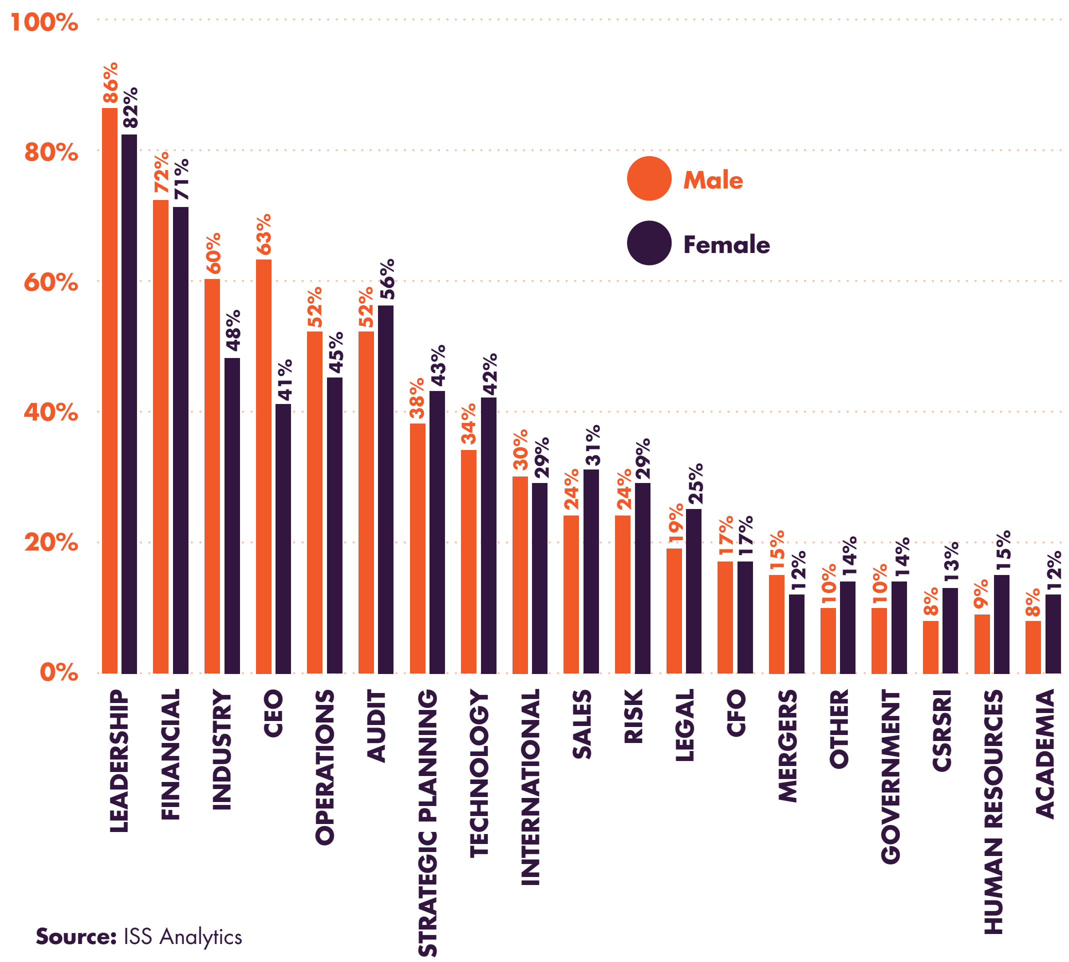


Source: ISS Analytics (2018)

14. ISS (2018)

Research by Kim & Starks (2016)[15] shows that women typically bring different skillsets to the boardroom compared to men. They contribute to boards by offering specific functional expertise, often missing from corporate boards. The largest gender differences are in CEO and industry experience, where directors are more likely to be male. Female board directors are more likely to have technology, risk and human resources experience. The additional expertise increases board heterogeneity which Kim & Starks (2015) show can improve firm value.[16]

Percentage of Directors with Company-disclosed Skills by Gender and Skill Category in the Russell 1000



Source: ISS Analytics

Increasingly, nomination committees are focusing on the boardroom skills mix in making new appointments. A recent report by the Institute of Chartered Secretaries & Administrators and Diligent Corporation[17] noted that the use of skills matrices has become increasingly common. One contributor to the report commented: "We use a skills matrix for all our board members, and we regularly assess whether the board's mix of skills is still relevant, whether new skills are required".

In the absence of an upcoming director retirement, increasing the size of the board, even on a temporary basis, may provide an opportunity to introduce both additional skills and improved gender balance. Cost considerations are sometimes mentioned in this context as are concerns that a bigger board with a variety of viewpoints can lengthen meetings. On the other hand, the company will benefit from the added value of having a genuine variety of experience. Each company must consider the optimal size for their board, taking account of the nature and geographical spread of their business. In "A View at the Top: Boardroom Trends in Britain's Top 100 Companies",[18] Professor Randall Peterson asked: "Does having fewer executives on the board have an impact on the board's in-depth knowledge of operational details of the business? … Restricting the number of executives on the board typically only gives the non-executives a strong exposure to and knowledge of the current CEO and CFO, but not necessarily of other senior executives that drive the business and could be potential CEO successors in the future." This tendency to have fewer executives on the board typically means that other functional roles, such as the leaders of Human Resources and Marketing, are excluded, in spite of the often-stated centrality of both staff and customers to business success.

The ICSA and Diligent report includes a number of key questions for consideration by boards in this respect, including:

- ✓ Does your nomination committee discussion include an assessment of current board composition and future composition, executive, non-executive and senior talent succession planning in the light of the company strategy?
- ✓ If the board needs new skills, when will they be needed and what is the plan for acquiring them?
- ✓ What assurance do you need from management about the nature and quality of their executive and senior management development programmes? How involved does the board or individual directors want to be in those programmes?
- ✓ How visible are potential executive directors to you and what role might you play in their development (for example, through mentoring)?
- ✓ What is your policy on executive directors and senior managers serving as NEDs on other boards?
- ✓ What criteria are used by the board and its advisors to identify potential NEDs? How objective are they and how are you satisfied they will not rule out individuals who have the necessary skills but may, for example, be lacking board experience?

We suggest that these are relevant points for all boards to consider as they seek to maximise the business benefits of gender balance.

15. Kim, D & Starks, L (2016)
16. Kim, D & Starks, L. (2015)
17. ICSA & Diligent (2019)
18. ICSA (2019)

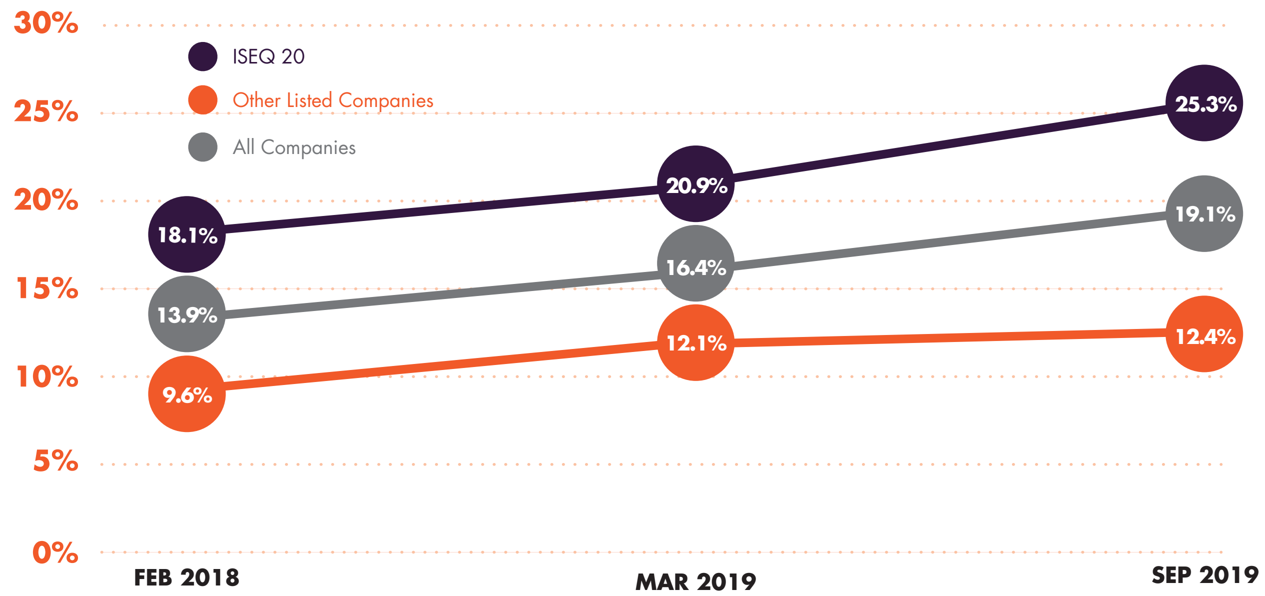
8 Current Situation

8.1 Listed Company Boards

In our first report, we noted the percentage of women on the boards of the 51 companies[19] trading on Euronext Dublin as of 1 March 2019. Six months later we are pleased to note some improvements, although all-male boards continue to be stubbornly resistant to change.

As of 1 September 2019, 19.1% of directors overall were female, compared to 16.4% in March. This continues the trend observed since the Balance for Better Business Review Group was established in 2018, when the percentage of women on boards was just 14%. The improvement is primarily attributable to the significant increase in the number of female non-executives on ISEQ 20 boards. (ISEQ 20 comprises the 20 companies on Euronext Dublin with the highest trading volume and market capitalisation.)

Increase in Female Directors of Listed Companies 2018-2019



In the last six months, there has also been a small but welcome increase from 8.3% to 9.1% in the number of female executives on ISEQ 20 boards.

Other listed companies have shown some improvement in the number of female non-executives (13.4% to 14.6%) but a disappointing decrease in the percentage of female executive directors (9.2% to 8.1%). The details on the number and percentage of female directors on each individual board is included in Annex 4 to this report.

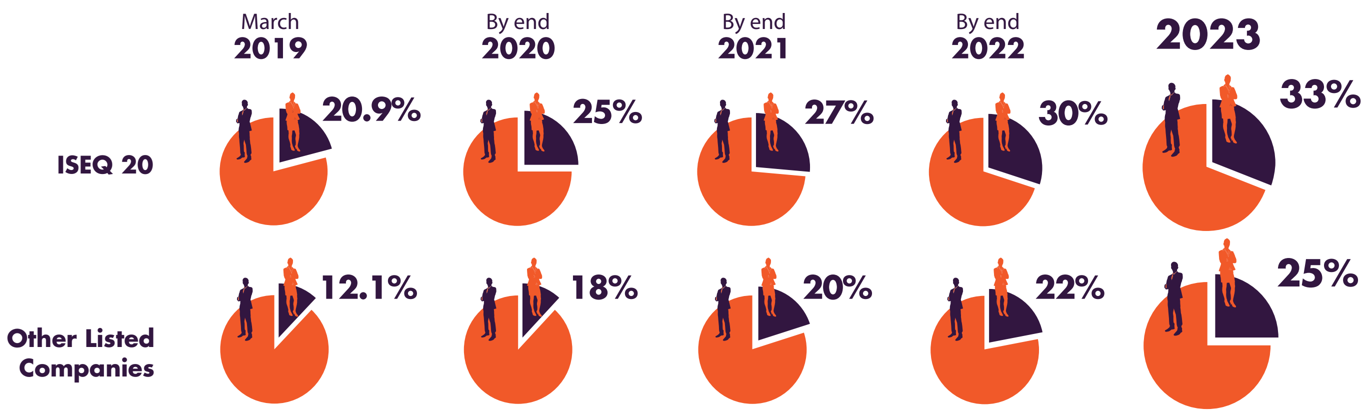
Table 4: **Female Directors of Listed Companies**

	ISEQ 20		Other Listed Companies		All Companies	
	Mar 2019	Sep 2019	Mar 2019	Sep 2019	Mar 2019	Sep 2019
Female directors overall	20.9%	25.3%	12.1%	12.4%	16.4%	19.1%
Female Executive Directors	8.3%	9.1%	9.2%	8.1%	8.8%	8.5%
Female Non-Executive Directors	24.8%	29.9%	13.4%	14.6%	19.3%	23.1%

19. Since the last report, the number of companies listed on Euronext Dublin has reduced from 51 to 48. Independent News and Media Plc, IFG Plc, GAN Plc and Aminex Plc have de-listed, while Uniphar Plc is a new addition. Paddy Power Plc has been re-named as Flutter Entertainment Plc, and Venn Life Sciences Holdings Plc is now Open Orphan Plc.

Overall, the figures suggest that ISEQ 20 companies have taken seriously the proven case for gender balance on boards and, if the current trend continues, are on track to meet the targets set out in our first report. Other listed companies, while showing some improvement, will need to accelerate their rate of female appointments if they are to meet the targets as shown below.

Targets for Women on Boards of Listed Companies



In our first report, we also set a target of no all-male boards by the end of 2019. While this was an ambitious target, it is particularly disappointing that not one of the companies listed in March with an all-male board had appointed a female director by 1 September[20]. We have engaged directly with these companies and will continue to monitor and highlight their progress, or lack thereof.

Table 5: **All-Male Boards of Listed Companies**

	ISEQ 20				Other Listed Companies				All Companies			
	No.		%		No.		%		No.		%	
	Mar 2019	Sep 2019	Mar 2019	Sep 2019	Mar 2019	Sep 2019	Mar 2019	Sep 2019	Mar 2019	Sep 2019	Mar 2019	Sep 2019
Companies with All-Male Boards	0	0	0	0	15	14	48.4	50	15	14	29.4	29.2

If each of the companies with an all-male board were to appoint one woman each, the overall percentage of female directors could increase from the current 12.4% to almost 20% for other listed companies.

Table 6: **Listed Companies With No Female Directors (September 2019)**

	Number of Men		Number of Men
Amryt Pharma Plc	**6**	Malin Corporation Plc	**3**
Applegreen Plc	**7**	Mincon Group Plc	**6**
Datalex Plc*	**6**	Open Orphan Plc	**6**
Donegal Investment Group Plc	**9**	Ormonde Mining Plc	**3**
Falcon Oil & Gas Ltd	**5**	Ovoca Bio Plc	**6**
Great Western Mining Corp Plc	**4**	Petroneft Resources Plc	**5**
Mainstay Medical International Plc	**8**	Providence Resources Plc	**6**

* Dalalex PLC appointed a female director in October 2019

20. One of the companies with an all-male board listed in March had de-listed by September. Datalex plc appointed a female director in October, which will be reflected in our next report.

Achieving Critical Mass

We noted in our previous report that boards with only one or two female directors may not achieve the full benefits of gender balance due to a lack of critical mass. We are pleased to report that there has been some progress in this regard in the last six months. In March, 19.6% of companies had 3 or more female directors. By September, this had increased to 25%. Again, ISEQ 20 companies are leading the way, with 45% of boards having 3 or more female directors.

Table 7: **From Zero Towards Critical Mass - Boards of Listed Companies**

Number of Female Directors	ISEQ 20		Other Listed Companies		All Companies	
	Mar 2019	Sep 2019	Mar 2019	Sep 2019	Mar 2019	Sep 2019
0	0%	0%	48.4%	50%	29.4%	29.2%
1	40%	25%	32.3%	28.6%	35.3%	27.1%
2	25%	30%	9.7%	10.7%	15.7%	18.8%
3+	35%	45%	9.7%	10.7%	19.6%	25%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Currently, there are 8 companies which already meet our 33% target, up from 7 as reported for March. As before, we strongly encourage these companies to continue to aim for an overall balance of a minimum of 40% of either gender. Table 8 lists the companies with boards which are at least 25% female. The list now includes 18 companies, compared to 13 in March.

Table 8: **Listed Companies With More Than 25% Female Directors (September 2019)**

		% Female Directors
1	CRH PLC	**45.5%**
2	AIB Group PLC	**41.7%**
3	First Derivatives PLC	**40.0%**
4	CPL Resources PLC	**37.5%**
5	Bank of Ireland Group PLC	**36.4%**
6	Greencoat Renewables PLC	**33.3%**
=	Ryanair Holdings PLC	**33.3%**
=	Tullow Oil PLC	**33.3%**
9	C&C Group PLC	**30.0%**
=	Flutter Entertainment PLC	**30.0%**
11	Glenveagh Properties PLC	**28.6%**
=	Irish Residential Properties Reit PLC	**28.6%**
13	Total Produce PLC	**27.3%**
14	FBD Holdings PLC	**25.0%**
=	Kerry Group PLC	**25.0%**
=	Origin Enterprises PLC	**25.0%**
=	Smurfit Kappa Group PLC	**25.0%**
=	Uniphar PLC	**25.0%**

Chairs and Senior Independent Directors

Within boards some roles are more senior, in particular the Chair and Senior Independent Director roles. An analysis of these roles among non-executive directors is shown below. Just over 6% of Chairs are female, which shows a very slight increase since March. The share of female Senior Independent Directors is around 26%, showing a significant increase from 20.6% in March.

Leadership Roles on Boards of Listed Companies

	FEMALE CHAIRS MARCH 2019	FEMALE CHAIRS SEPTEMBER 2019	FEMALE SENIOR INDEPENDENT DIRECTORS (SIDs) MARCH 2019	FEMALE SENIOR INDEPENDENT DIRECTORS (SIDs) SEPTEMBER 2019
ALL COMPANIES	5.9%	6.3%	20.6%	25.8%
ISEQ 20	5.0%	5.0%	26.3%	29.4%
OTHER LISTED COMPANIES	6.5%	7.1%	13.3%	21.4%

*Note that 17 out of 20 ISEQ companies have a SID. Similarly only 15 out of 28 Other Listed Companies have a SID.

New Appointments

The rate of new female appointments is critically important in terms of achieving the targets set out by the Review Group. A total of 13 new female directors have been appointed across 10 companies between March 2019 and September 2019. Encouragingly, this represents 50% of all new board appointments. The increase in the number of new appointments is being driven by ISEQ 20 companies which made up 58% of all new appointments since March. Three out of five of the newly appointed directors on these ISEQ 20 companies were female.

New Appointments to Listed Company Boards by Gender March – September 2019

The 10 companies which appointed female directors are shown below.

Table 9: **Listed Companies That Appointed Female Directors March - September 2019**

AIB Group Plc	Glenveagh Properties Plc
Bank of Ireland Group Plc	Kingspan Group Plc
Cairn Homes Plc	Total Produce Plc
Flutter Entertainment Plc	Tullow Oil Plc
Glanbia Plc	Uniphar Plc

Non-Executive Directors on More than One Board

For companies listed on Euronext Dublin, the majority of directors sit on the board of only one listed company. Interestingly, the data shows that a higher percentage of female directors (17.7%) serve on the board of more than one publicly listed company than males (4.1%). In our first report, we noted that 13.6% of females served on the board of more than one publicly listed company. The increase from 13.6% to 17.7% in just six months may suggest that boards are relying on a limited pool of female candidates and may be replicating the phenomenon seen in other countries, where a small number of women are appointed to multiple boards. This is a trend which we will continue to monitor. In the meantime, we encourage boards and executive search firms to extend the reach of their search in more innovative directions.

Table 10: **Directors by Number of Directorships Held in Publicly Listed Companies (September 2019)**

Number of Directorships	Male		Female		Total	
	No.	% of total	No.	% of total	No.	% of total
1	283	95.9	51	82.2	334	93.5
> 1	12	4.1	11	17.7	23	6.5

Note: This refers to companies listed on Euronext Dublin only. Directors may be on other boards but this is not included in this analysis.

8.2 Listed Company Leadership Teams

In this report, we also examine the executive leadership teams for the companies listed on Euronext Dublin. This was flagged in the first report and is a critical component in achieving greater gender balance in the corporate workforce.

The executive leadership team is defined as the group of individuals who run the organisation day-to-day and is generally referred to as the "C-Suite". This group includes the CEO and the CEO's direct reports. However, companies vary in how they define their leadership teams. Some companies have very small leadership teams, others define their team more broadly. In the companies listed on Euronext Dublin the leadership teams vary in size from 1 to 23, with an average of 7. ISEQ 20 companies typically have larger leadership teams, averaging 9.

For the purposes of this report we have accepted the definition of leadership teams as defined by each individual company and as reported by BoardEx.

Average Size of Leadership Teams in Listed Companies (September 2019)

There are currently 329 executives who make up the leadership teams of the 48 companies listed on Euronext Dublin. Of these, 52 are female, representing 15.8% of all leadership positions. ISEQ 20 companies have a slightly larger share of female leadership executives compared to the other listed companies (16.9% vs 14.6%). Over a third of companies (35.4%) have no female executives on their leadership teams. A fifth of ISEQ 20 companies and almost a half of other listed companies have no females on their leadership teams.

Table 11: **Leadership Teams in Listed Companies – Female Executives (September 2019)**

	ISEQ 20		Other Listed Companies		All Companies	
	No.	%	No.	%	No.	%
Female Executives	30	16.9	22	14.6	52	15.8
Companies with No Female Executives	4	20.0	13	46.4	17	35.4

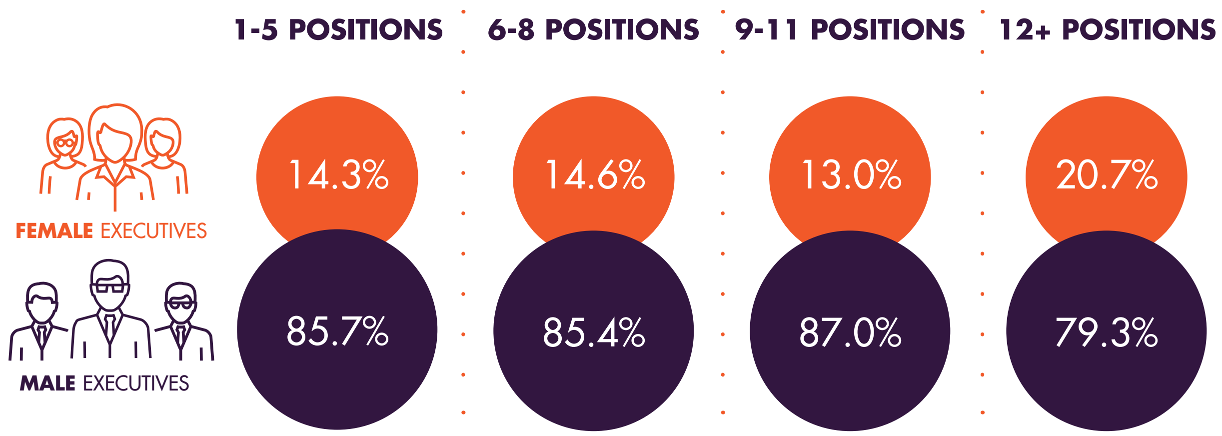
In our analysis of corporate boards we noted the importance of having a critical mass of female directors. This analysis is replicated for leadership teams and is shown in the table below. Only 25% of companies have leadership teams with two or more females.

Table 12: **From Zero Towards Critical Mass – Leadership Teams in Listed Companies (September 2019)**

Number of Female Executives on Leadership team	Number of Companies	Percentage of Companies
0	17	35.4
1	19	39.6
2	8	16.7
3+	4	8.3
Total	**48**	**100.0%**

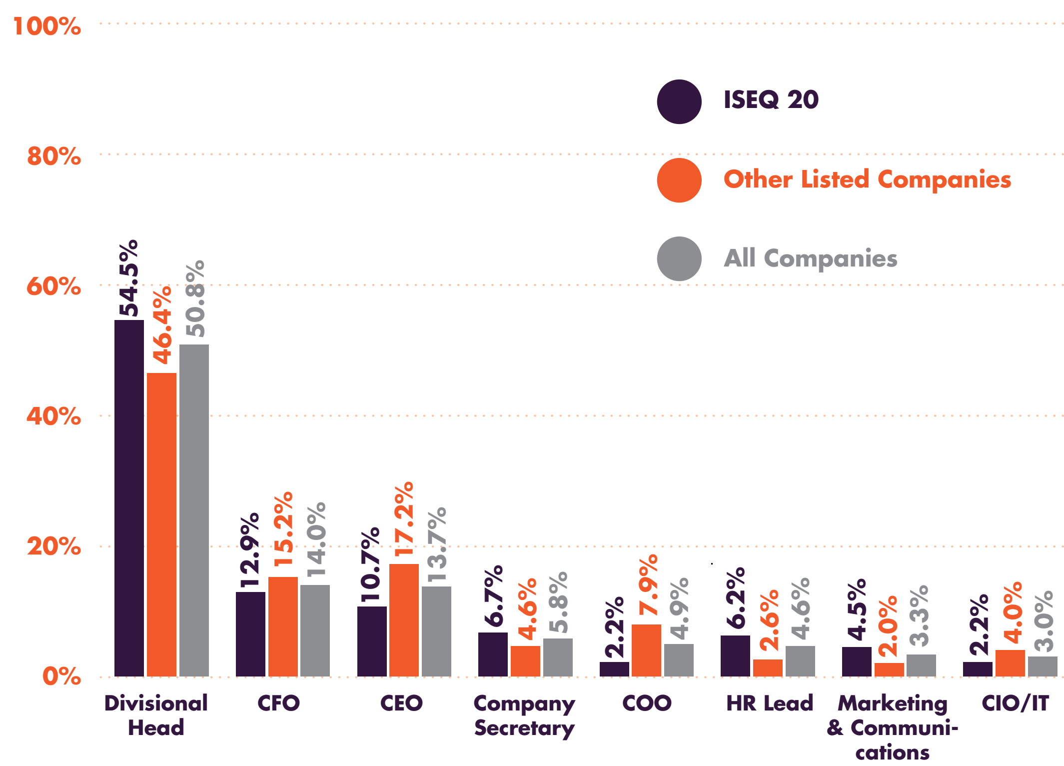
In a similar pattern to that which we found on boards, gender balance increases with larger leadership teams. For companies with leadership teams of eleven or less, there is little difference in the share of female executives. However, where the leadership team is 12 or larger, the percentage of females improves significantly.

Percentage of Female Executives by Number of Positions on the Leadership Team in Listed Companies (September 2019)



As noted in Section 7 of this report, executive roles on boards are dominated by CEOs and CFOs with little representation from Human Resources or other areas where women predominate. An analysis of leadership roles on executive teams in Irish listed companies shows similar patterns. The chart below shows that by far the most prevalent roles on executive teams are Heads of Divisions, followed by CFO and CEO roles. Human Resources and Marketing & Communications roles have relatively low representation on these leadership teams.

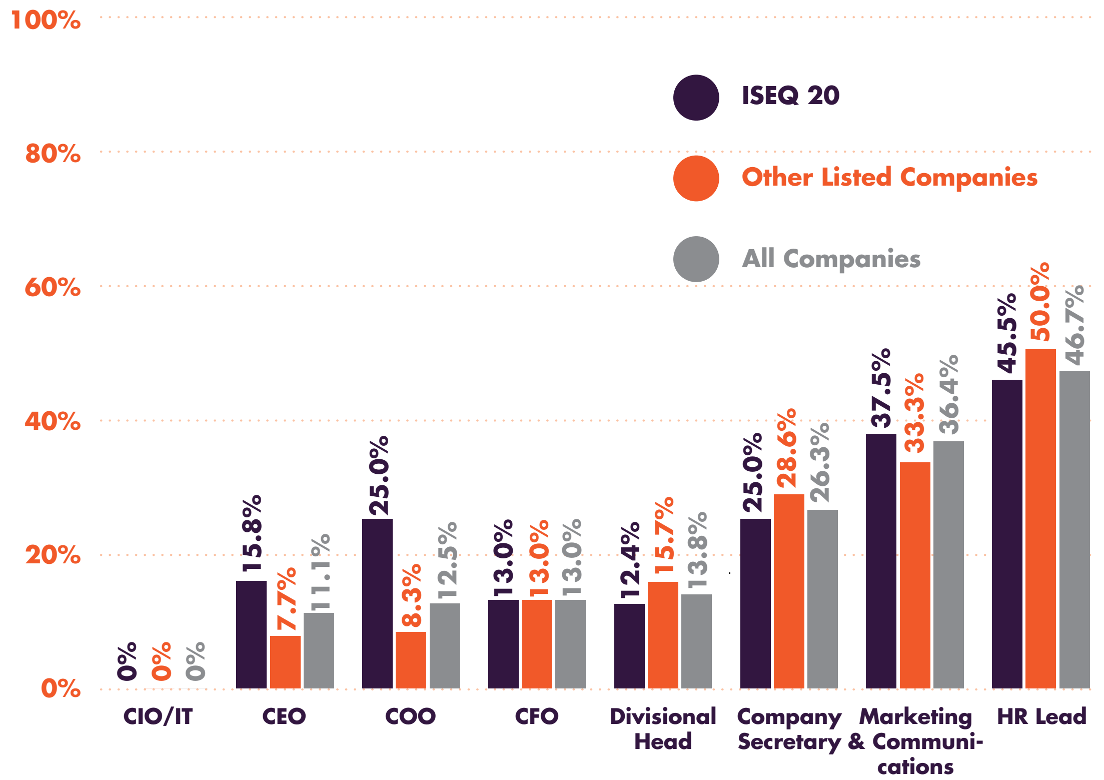
Analysis of Roles on Leadership Teams in Listed Companies (September 2019)



The chart on the following page shows the percentage of females in the most common leadership roles. Only 11% of CEO roles are held by women, and only 12.5% and 13% of COO and CFO roles. Over half the roles on executive leadership teams are held by Divisional Heads, which are typically P&L roles. Disappointingly, only 13.8% of those roles are held by women.

Consistent with international patterns, women have a stronger presence in the Human Resources and Marketing & Communications areas but as shown previously, these are areas which only comprise 3-5% of leadership positions. This suggests many companies may not include their most senior HR or Marketing professionals on their leadership team. At board level, not a single Irish listed company has a HR Lead executive director, although almost two-thirds have a CFO executive director. Clearly, the prospects for female leaders to be appointed to an executive board position are not encouraging. The issue for females is further exacerbated by the fact that many Nomination Committees require non-executive director candidates to have prior board experience, but many women are not getting the opportunity to build that experience within their own company.

Women on Leadership Teams in Listed Companies, by Role (September 2019)



In order to increase the share of females on leadership teams, the level of turnover of leadership positions is important. There were approximately 60 new appointments to leadership positions in Irish listed companies in the last year, giving an average turnover rate of 18.6%.

Around 18% of new appointments were female. This figure is higher for ISEQ 20 companies with 24% of all new appointments over the last year being female. For ISEQ 20 companies, currently 16.9% of executives are female. While this suggests an increasing focus on the appointment of female executive leaders the rate will need to be considerably increased in order to meet the targets set out in this report. We recommend that companies should aim for at least 50% female appointments until the targets are reached.

Table 13: **New Appointments to Leadership Teams in Listed Companies (September 2019)**

	ISEQ 20	Other Listed Companies	All Companies
New Appointments	25	35	60
Turnover Rate	14.0%	24.3%	18.6%
Females	6	5	11
% Female	24.0%	14.3%	18.3%

Note: New appointments between 1 September 2018 and 1 September 2019.

8.3 Private Companies

In this report we also examine large private companies operating in Ireland given their important role in the Irish economy and employment. Due to the limited public availability of data for private companies we have relied on the results of a major survey, the Gender Balance in Business Survey, conducted by the Central Statistics Office (CSO) for the first time in early 2019. This survey was based on data from companies with 250 or more employees. The published data includes listed companies and some other organisations, such as professional services firms, as well as foreign-owned firms. For the purposes of our analysis, the CSO extracted the relevant data for Irish-owned private companies. This data is the basis of the statistics which are presented below.

The boards of private companies differ from those of publicly listed companies in often having few or no non-executive directors. The boards of private companies are often comprised of a majority of executive directors, frequently founders and family members. Despite these differences, however, the percentage of female directors on the boards of large Irish-owned companies is very similar to that of publicly listed companies (17.1% compared to 19.1% on publicly listed companies).

In relation to leadership teams, the differences are more stark. According to the CSO data, 26.8% of executive leadership positions are held by women. This is considerably higher than in listed companies (15.8%). However, this is likely to be attributable to the fact that the CSO data may include a broader range of management positions beyond the C-suite[21].

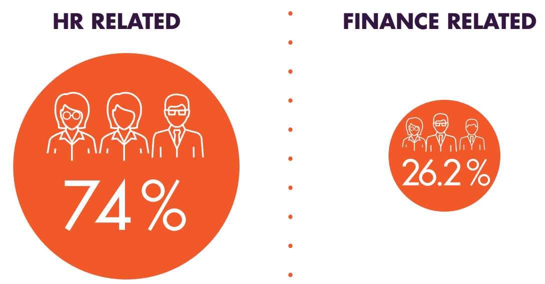
Around 8% of CEOs in large Irish-owned private companies are female, which is the same as the percentage of female CEOs in the non-ISEQ 20 listed companies.

Females on Boards and Leadership Teams in Large Irish-owned Private Companies

Source: CSO Gender Balance Survey 2019

The table below shows the breakdown of Human Resources and Finance roles by gender, reflecting the same pattern as for listed company boards. Human Resources roles are dominated by females (74%), while conversely Finance roles are dominated by males (74%).

Women on Leadership Teams by Role in Large Irish-owned Private Companies



Source: CSO Gender Balance Survey 2019

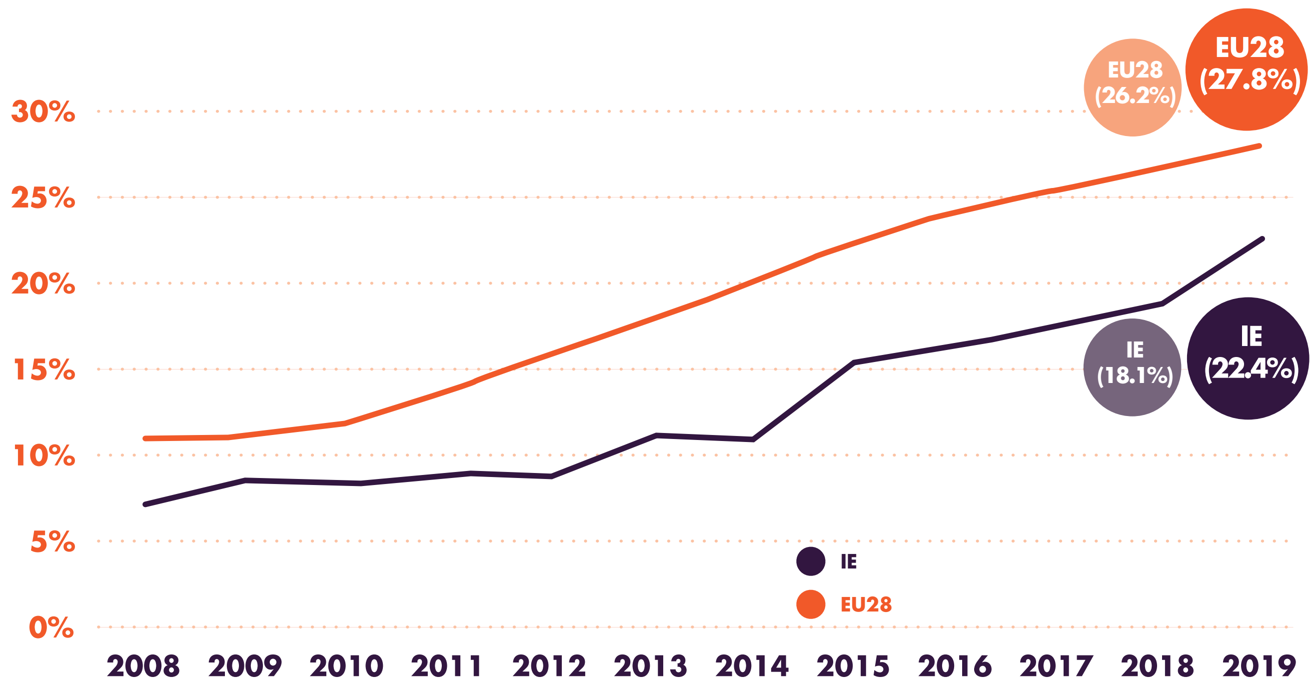
21. This group is defined by the CSO as "a team of individuals at the highest level of management of an organisation who have the day-to-day tasks of managing that organisation. They hold executive powers delegated to them with and by authority of a board of directors or shareholders"

International Landscape

9

We are pleased to report that the gap between the proportion of women on leading company boards in Ireland and the average in other EU-28 countries which we highlighted in our first report is narrowing for the first time in many years. Last year, the gap was 8.1 percentage points, reduced to 5.4 percentage points this year. The graph below shows the step change in the improvement in gender balance in leading Irish boardrooms over the past year (for Ireland this is based on ISEQ 20 companies).

Female Representation on the Boards of the Largest Publicly Listed Companies 2008-2019

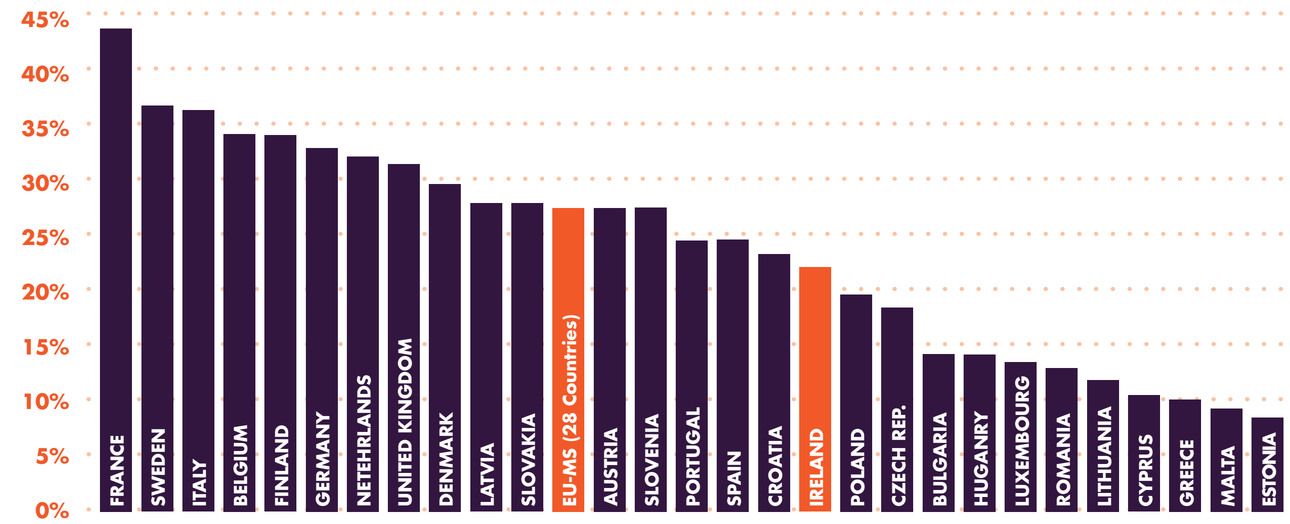


Source: EIGE Gender Statistics Database – Women and Men in Decision Making, updated 22/5/2019.

In our first report, we noted that in 2018 Ireland only ranked 17th out of the EU-28 countries in the representation of women on the boards of the largest publicly listed companies. While the percentage of women on these boards in Ireland increased from 18.1% in 2018 to 22.4% in 2019[22], the Irish ranking has remained at 17th position, reflecting the fact that, like Ireland, many countries are actively pursuing strategies to increase gender balance on their corporate boards.

22. The number of women on boards in this report differs slightly from the EU stats because of different cut-off dates for data analysis.

Women on Company Boards for Largest Companies in the EU (June 2019)



Source: EIGE Gender Statistics Database – Women and Men in Decision Making. The graph shows only 28 EU-MS and does not contain Norway. The "largest" companies are taken to be the members (max. 50) of the primary blue-chip index, which is an index maintained by the stock exchange and covers the largest companies by market capitalisation and/or market trades. Only companies which are registered in the country concerned are counted

The effect of these strategies has been a significant increase in the gender balance on boards in those countries. Ireland has come relatively late to implementation of a focussed strategy. The strategies adopted internationally have varied in approach, scope and requirement. The UK adopted a voluntary target-driven approach since 2010. This has been successful in raising the percentage of women on FTSE 100 boards from 12.5% to 32.4% by 2019. Table 14 shows a range of countries which have adopted more formal quota-based approaches. A comparison with the chart above shows that all of the EU countries listed which have quotas (except Spain) have higher than average rates of women on boards.

Table 14: **Gender Quotas for Public Companies**

Market	Requirement Type	Requirement	Requirement Other	Year Introduced	Due Date
Belgium	Mandatory	33%		2011	2017
Denmark	Comply or explain	40%	set targets	2013	n/a
Finland	Comply or explain		at least one	2008	n/a
France	Mandatory	40%		2010	2016
Germany	Mandatory	30%		2015	2016
Iceland	Mandatory	40%		2009	2013
India	Mandatory		at least one	2013	2015
Israel	Mandatory		at least one	1999	n/a
Italy	Mandatory	33%		2011	2015
Malaysia	Mandatory	30%		2017	2020
Netherlands	Comply or explain	30%		2013	2016
Norway	Mandatory	40%		2003	2008
Spain	Comply or explain	40%		2007	2015
UAE	Mandatory		at least one	2012	n/a
California	Mandatory		at least one	2018	2019
California	Mandatory	At least two for five member boards; at least three for six, or more, member boards		2018	2021

Source: Women on Boards, Progress Report December 2018, MSCI ESG Research, Morgan Ellis, Meggin Thwing Eastman

Terms of Reference for Balance for Better Business Review Group

ANNEX 1

The progress achieved within a number of private companies and in the public sector on increasing the percentage of women in decision-making positions has confirmed that committed leadership and targeted action can achieve results.

In 2018, the Government invited senior business leaders representative of diverse business sectors to come together as an independent business-led Review Group to accelerate the process of change. The resulting initiative, 'Balance for Better Business', was launched in July 2018 with the following terms of reference:

The Review Group shall examine and inquire into the gender mix within the governance and senior management of companies in Ireland, the issues which arise in connection with the appointment of company directors and senior management, and make recommendations with a view to achieving gender balance in business leadership.

In particular, the Review Group shall:

- ✓ examine and inquire into the current position in regard to the gender balance on the boards and senior management of companies in Ireland, focusing in the initial phase on companies listed on the Main Securities Market and the Enterprise Securities Market of Euronext Dublin (formerly the Irish Stock Exchange), and, seeking views and consulting with interested parties, analysing the factors influencing the appointment of executive and non-executive company directors and senior management;
- ✓ having regard to its findings, set progressive targets to 2023 for the achievement of improved gender balance on the boards and senior management of these companies;
- ✓ consider what initiatives should support companies to move forward to meet those targets;
- ✓ consider how to engage with the relevant companies and to support them to implement initiatives; and
- ✓ report on its findings and recommendations to the Minister for Justice and Equality by March 2019 and thereafter, annually.

The Review Group is supported by a wider Advisory Group of senior business leaders, public sector representatives and representatives of Ibec, the Irish Congress of Trade Unions and the National Women's Council of Ireland (Annex 2).

Members of the Advisory Group

ANNEX 2

Simon Boucher, CEO, Irish Management Institute

Professor Niamh Brennan, UCD Quinn School of Business

Shirley Comerford, CEO, Public Appointments Service

Sheamus Considine, former Managing Partner, Amrop

John Corrigan, Chair, Irish Association of Investment Managers

Margaret Cullen, CEO, Certified Investment Fund Director Institute

Leisha Daly, Senior Director Government Affairs, Supply Chain EMEA and J&J Ireland

Dermot Divilly, Chair, An Post

Colin Hunt, CEO, AIB

Rose Hynes, Chair, Origin Enterprises

Liz Joyce, HR Director, Central Bank

Caroline Keeling, CEO, Keelings

Patricia King, General Secretary, Irish Congress of Trade Unions

Gary McGann, Chair, Aryzta AG

Kara Mc Gann, Senior Labour Market Policy Executive, Ibec

John McGrane, Director General, British Irish Chamber of Commerce

Barry O'Connor, Partner Emeritus, MERC Partners

Orla O'Connor, Director, National Women's Council of Ireland

Anne O'Leary, CEO, Vodafone Ireland

Tom Parlon, Director General, Construction Industry Federation

Maura Quinn, Chief Executive, Institute of Directors Ireland

Mark Redmond, Chief Executive, American Chamber of Commerce

Deirdre Somers, former CEO, Irish Stock Exchange

Ian Talbot, Chief Executive, Chambers Ireland

Data Sources and Definitions

ANNEX 3

Data sources

The information on listed companies has been sourced from BoardEx, a third-party online platform that collates and updates daily publicly available information on company boards, directors and senior leadership teams. The analysis was undertaken based on board composition as at 1 March 2019 and 1 September 2019, and leadership team composition as at 1 September 2019. Comparisons with 2018 refer to February 2018.

Statistical data on private companies was sourced from the Central Statistics Office (CSO) Gender Balance in Business Survey 2019, a survey of large enterprises (i.e. those with over 250 employees). The published statistics include listed companies and some other organisations, such as professional services firms, as well as foreign-owned firms. For the purposes of our analysis, the CSO extracted and generated statistics from the relevant data for Irish-owned private companies.

Data definitions

Listed companies

The data for the March 2019 analysis includes all listed companies who were trading on the Euronext Dublin markets as of 1 March 2019 even if they were registered outside of Ireland. The analysis for September includes listed companies who were trading on 1 September 2019. Four companies (Independent News and Media Plc, IFG Plc, GAN Plc and Aminex Plc) have de-listed in the period from March to September 2019, while Uniphar Plc is a new addition. Paddy Power Plc has been re-named as Flutter Entertainment Plc, and Venn Life Sciences Holdings Plc is now Open Orphan Plc.

The analysis excludes Tesco and Diageo as neither trade on the Irish exchange.

New appointments

The directors of newly listed companies are not classified as new appointments if they were directors of the company before it was listed.

Listed Companies Included in Analysis

ANNEX 4

Boards of Listed Companies (September 2019)

	ISEQ 20	Sector	Market Capitalisation €m	% Female Directors	No. Female Directors	Change in Female Directors since 1 March 2019
Abbey Plc		Real Estate	296	**12.5%**	**1**	**0**
AIB Group Plc	✓	Banks	6,298	**41.7%**	**5**	**2**
Amryt Pharma Plc		Pharmaceuticals and Biotech	54	**0.0%**	**0**	**0**
Applegreen Plc		General Retailers	617	**0.0%**	**0**	**0**
Aryzta Ag	✓	Food Producers & Processors	712	**10.0%**	**1**	**0**
Bank of Ireland Group Plc	✓	Banks	3,825	**36.4%**	**4**	**1**
C&C Group Plc	✓	Beverages	1,252	**30.0%**	**3**	**0**
Cairn Homes Plc	✓	Construction & Building Materials	799	**20.0%**	**2**	**1**
CPL Resources Plc		Business Services	170	**37.5%**	**3**	**0**
CRH Plc	✓	Construction & Building Materials	24,110	**45.5%**	**5**	**0**
Dalata Hotel Group Plc	✓	Leisure & Hotels	815	**14.3%**	**1**	**0**
Datalex Plc		Software & Computer Services	68	**0.0%**	**0**	**0**
Donegal Investment Group Plc		Food Producers & Processors	46	**0.0%**	**0**	**0**
Draper Esprit Plc		Private Equity	581	**16.7%**	**1**	**0**
Falcon Oil & Gas Ltd		Oil & Gas	144	**0.0%**	**0**	**0**
FBD Holdings Plc		Insurance	314	**25.0%**	**2**	**-1**
First Derivatives Plc		Software & Computer Services	684	**40.0%**	**2**	**0**
Flutter Entertainment Plc (formerly Paddy Power Betfair)	✓	Leisure & Hotels	5,855	**30.0%**	**3**	**1**
Glanbia Plc	✓	Food Producers & Processors	2,943	**12.5%**	**2**	**1**
Glenveagh Properties Plc	✓	Construction & Building Materials	541	**28.6%**	**2**	**1**
Great Western Mining Corporation Plc		Mining	3	**0.0%**	**0**	**0**
Green REIT Plc	✓	Real Estate	1,338	**16.7%**	**1**	**0**

	ISEQ 20	Sector	Market Capitalisation €m	% Female Directors	No. Female Directors	Change in Female Directors since 1 March 2019
Greencoat Renewables Plc		Renewable Energy	608	**33.3%**	**1**	**0**
Hibernia REIT Plc	✓	Real Estate	1,024	**12.5%**	**1**	**0**
Hostelworld Group Plc		Leisure & Hotels	144	**16.7%**	**1**	**0**
Irish Continental Group Plc	✓	Transport	711	**16.7%**	**1**	**0**
Irish Residential Properties REIT Plc	✓	Real Estate	909	**28.6%**	**2**	**0**
Kenmare Resources Plc		Mining	306	**11.1%**	**1**	**0**
Kerry Group Plc	✓	Food Producers & Processors	19,035	**25.0%**	**3**	**0**
Kingspan Group Plc	✓	Construction & Building Materials	7,584	**16.7%**	**2**	**0**
Mainstay Medical International Plc		Health	33	**0.0%**	**0**	**0**
Malin Corporation Plc		Health	112	**0.0%**	**0**	**0**
Mincon Group Plc		Engineering & Machinery	227	**0.0%**	**0**	**0**
Open Orphan Plc (formerly Venn Life Sciences)		Pharmaceuticals and Biotech	7	**0.0%**	**0**	**0**
Origin Enterprises Plc	✓	Food Producers & Pro-cessors	614	**25.0%**	**2**	**0**
Ormonde Mining Plc		Mining	10	**0.0%**	**0**	**0**
Ovoca Bio Plc		Mining/Pharmaceuticals & Biotech	11	**0.0%**	**0**	**0**
Permanent TSB Group Holdings Plc		Banks	464	**20.0%**	**2**	**0**
Petroneft Resources Plc		Oil & Gas	5	**0.0%**	**0**	**0**
Providence Resources Plc		Oil & Gas	54	**0.0%**	**0**	**0**
Ryanair Holdings Plc	✓	Leisure & Hotels	10,139	**33.3%**	**4**	**0**
Scisys Group Plc		Software & Computer Services	83	**12.5%**	**1**	**0**
Smurfit Kappa Group Plc	✓	Containers & Packaging	6,576	**25.0%**	**3**	**0**

	ISEQ 20	Sector	Market Capitalisation €m	% Female Directors	No. Female Directors	Change in Female Directors since 1 March 2019
Total Produce Plc	✓	Food Producers & Processors	494	**27.3%**	**3**	**1**
Tullow Oil Plc		Oil & Gas	3,200	**33.3%**	**3**	**2**
Uniphar Plc		Pharmaceuticals and Biotech	309	**25.0%**	**3**	**3**
VR Education Holdings Plc		Software & Computer Services	17	**16.7%**	**1**	**0**
Yew Grove REIT Plc		Real Estate	80	**14.3%**	**1**	**0**

Reference Material

ANNEX 5

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