IiAS INSTITUTIONAL INVESTOR ADVISORY SERVICES

Corporate India Women on Boards

in association with

apg

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Contents

Foreword

At Institutional Investor Advisory Services India Limited (IiAS), we remain committed to provide participants in the Indian market with an independent opinion and research on corporate governance and ESG issues. In this context, this latest edition of Corporate India - Women on Boards, aims to study India Inc's gender diversity, as an important indicator of corporate governance.

Gender equality is one of the seventeen sustainable development goals (SDGs) set by United Nations. India's market regulator Securities and Exchange Board of India (SEBI) mandates gender diversity disclosures under its Business Responsibility Reporting requirements. Appointment of at least one independent woman director is mandatory for India's top 1000-listed companies by market capitalisation. Research studies often link higher diversity on boards with improved financial reporting. These factors combined makes gender diversity an important benchmark for IiAS while assessing India Inc for overall corporate governance.

We believe women representation brings in a different perspective, intuitiveness, and a more collaborative style of leadership into corporate boardrooms. However, for boardrooms to optimally gain from women representation, these appointments need to be independent and professional (non-promoter family) and should offer executive powers. In this third edition of the Women on Boards report, we assess women representation on Indian company boards for board composition, tenure, decision-making powers and corporate resolve to adopt diversity beyond regulatory mandates.

As noted in this report, the pace of women director appointments has faltered, post an initial pick-up witnessed in the wake of SEBI mandates. The upcoming 'Board Refresh' in 2024 is a one-time opportunity for Indian companies to reset the gender diversity scales for better balance.

This is the right time for Corporate India to commit to 30% Women on boards by 2024

- India has progressed on appointing women on company boards; from 6% in 2014 to 14% five years ago. Women now account for 17.6% of directorships of the NIFTY-500 companies.
- Although the number of women directorships is increasing, the pace of new appointments has faltered with just an aggregate 1% increase over the last three years. Based on these current rates, India will take till 2058 to achieve 30% gender diversity on boards. This needs to change.
- The approaching 2024 board refresh marking the end of the grandfathering of Independent Directors' previous tenure, provides a unique opportunity to reset the pace of change, by appointing 30% women on boards.
- This will need a commitment from Corporate India. Following the mandate of one woman on every board set in 2014, women directorships have increased three-fold. Surely, Corporate India can take the opportunity to refresh the board and build in stronger gender diversity. For this, boards need to change their lens away from mere regulatory compliance, to think about women as a share of aggregate board size. The target must be, at the very least, 30%.

Message from APG

APG has always believed that a balanced and diverse board contributes to effective decision-making, which ultimately leads to business resilience and value creation over the long term. Diversity, as a theme, has several attributes including gender, social and ethnic background, education, nationality, work experience and age. The board should ideally take all these factors into account to achieve an optimal board composition.

But among these, gender diversity is often a good place to start because it is tangible, easily measured, and straightforward in terms of disclosure and compliance. It signals that the nomination process is free from discrimination bias. It also indicates that the board, and by extension, the company, ensures equitable treatment and opportunities for women candidates. In addition, there is enough empirical evidence to suggest that gender diversity helps avoid board insularity and has a positive correlation with company performance.

Which is why APG has framed strict guidelines around this issue. Our policies for emerging markets state that we will vote against the incumbent members of the Nomination Committee if the board lacks at least 2 women or 20% gender diversity (Note: the global APG policy is for 30% gender + ethnic diversity).

As this study shows, the Nifty 500, with 17.6% share for women, albeit below best practices, is not far behind the 20% threshold. Neither does it significantly lag the global average of around 19.7%[1]. One would presume that if the NIFTY 100 companies, where most of APG's portfolio is concentrated, are carved out, the numbers would be even closer. For a market which was significantly behind the curve a decade back, this represents real progress and a very positive direction of travel.

But in the broader context, some of the findings are worrisome. The improvement in women representation achieved between 2014 and 2020 now seems to have been driven solely by regulatory mandates, rather than an overarching acceptance by boards that diversity is important and must be embraced. The parochial 'compliance-focused' mindset is amply validated by the trend in the past few years – where, without any further regulatory push, the diversity levels have flatlined.

[1] *https://30percentclub.org/wp-content/uploads/2022/01/gx-women-in-the-boardroom-seventh-edition.pdf*

This dilutes the longer-term outlook on the issue. This report indicates that at the current pace, the market will achieve 30% diversity only by 2058! India can, and must, do better.

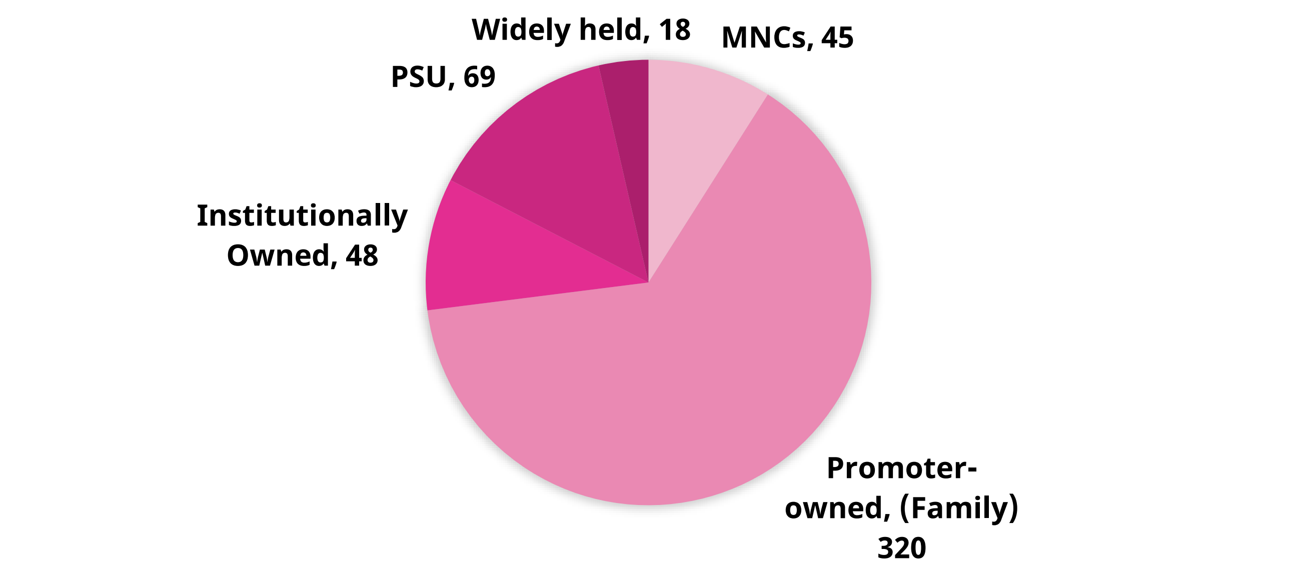
Debanik Basu
Senior Manager. Responsible Investment
APG Asset Management Asia

Aaten Thijs
CEO
APG Asset Management Asia

Scope of the Study

In this third study on the progress of gender diversity on boards, IiAS has evaluated the board composition of NIFTY-500 companies as of 31 March 2022. These companies had 4,694 directorships, of which 827 (17.6%) were held by women.

Exhibit 1: Ownership profile of NIFTY 500 companies, as of 31 March 2022



Source: NSE, Prime Database, IiAS Research

Note:

- Widely held companies are those that do not have any identified promoter e.g. ICICI Bank
- Institutionally owned companies are those owned by widely held companies or are PE owned e.g. ICICI Lombard General Insurance Limited, or Sona BLW Precision Forgings Limited
- Promoter-owned companies are those where there is an identifiable individual or family that has control. E.g., JSW Steel Limited, Hero MotoCorp Limited.

1. Introduction

A truly gender-balanced board can be achieved only through an equal number of directorships for each gender, thus making share of representation an important metric to focus on.

Appreciating this, Indian regulations have played an important role in helping jump-start the gender diversity agenda for company boards.

The Companies Act 2013 made it mandatory for boards to have at least one-woman director from 1 April 2014. This was soon followed by SEBI embedding this requirement into SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.[2]

Since the regulation was notified from 1 April 2014, it has led to a positive change. From the 5-6% level before the Act was rolled out, the number of women holding board directorships doubled to 11% within a year of its enactment in 2014. Since then, this number has steadily increased. On 31 March 2022, the NIFTY-500 companies had 4694 directorships, of which 827 (17.6%) were held by women.

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[2] *Companies Act 2013 regulated that every listed company and every other public company having paid-up share capital of at least Rs.100 crore or turnover of at least Rs.300 crore shall appoint at least one-woman director. Securities and Exchange Board of India (SEBI) tightened this requirement from one woman director to having at least one independent woman director on board from 1 April 2019.*

Exhibit 2: Impact of regulations on women on boards

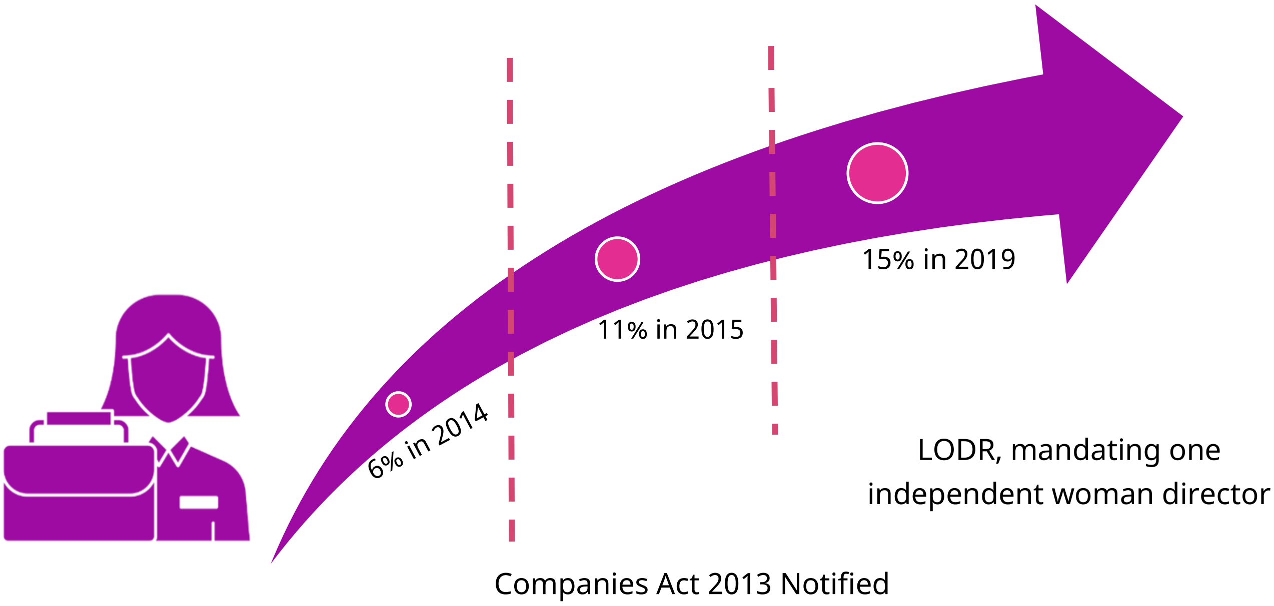


Exhibit 3: Section 149 (1) of Companies Act 2013, read with the relevant rule

Every company shall have a Board of Directors consisting of individuals as directors and shall have:

(a) a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and

(b) a maximum of fifteen directors: Provided that a company may appoint more than fifteen directors after passing a special resolution: Provided further that such class or classes of companies as may be prescribed, shall have at least one-woman director.

Companies (Appointment and Qualification of Directors) Rules 2014: Every listed company and every other public company having paid-up share capital of at least Rs.100 crore or turnover of at least Rs.300 crore shall appoint at least one-woman director

Exhibit 4: Regulation 17 (1) of SEBI (LODR) Regulations, 2015

The composition of board of directors of the listed entity shall be as follows: (a) board of directors shall have an optimum combination of executive and non-executive directors with at least one-woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors.

In a further step towards strengthening gender diversity, on 9 May 2018, based on the recommendations of the Committee of Corporate Governance[3] chaired by Uday Kotak (Kotak Committee), SEBI mandated that the top 500 companies (by market capitalization) appoint at least one woman as an Independent Director from 1 April 2019. This requirement was extended to the top 1,000 companies from 1 April 2020.

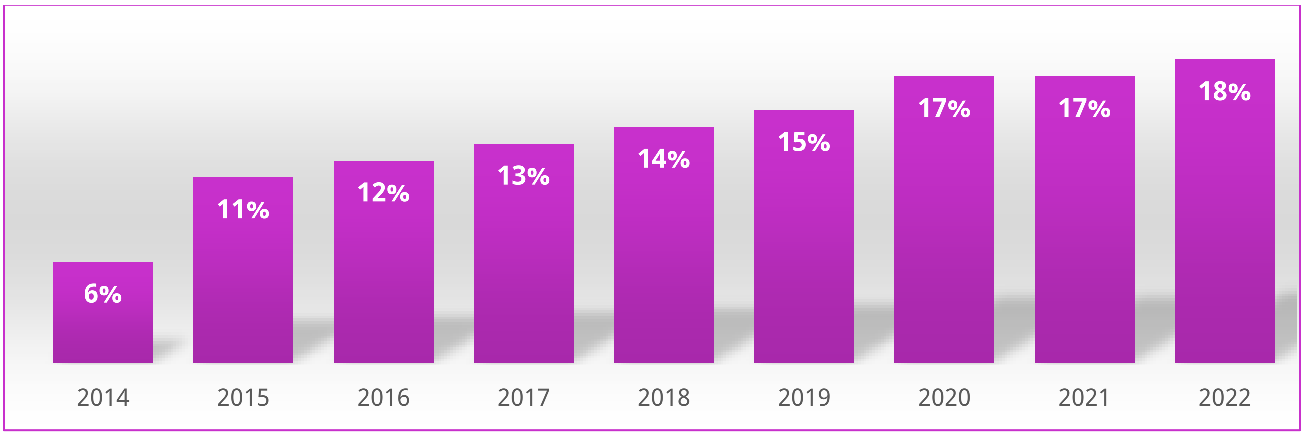
Exhibit 5: Regulation 17 (1) of SEBI (LODR) (Amendment) Regulations, 2018

The composition of board of directors of the listed entity shall be as follows: (a) board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty per cent of the board of directors shall comprise of non-executive directors; Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1,000 listed entities shall have at least one independent woman director by April 1, 2020; Explanation: The top 500 and 1000 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.

These various regulations have given a much-needed fillip to gender diversity on company boards. The share of women directorships in total directorships held at the board level has been on a rise. (Exhibit 6)

[3] *SEBI Committee of Corporate Governance 2017*

Exhibit 6: Share of directorships held by women in NIFTY-500 companies



Source: NSE, Prime Database, IiAS Research

This third study builds on the earlier two, and examines female representation on the board, to review the progress made and what needs to be done next.

2. Women in Boardrooms

- On 31 March 2022, the NIFTY-500 companies had 4,694 directorships, of which 827 (17.6%) were held by women.
- On 31 March 2022, 48.6% of the NIFTY-500 companies had two or more women directors on their boards. This is a rise from 45% on 31 March 2021, and 44% on 31 March 2020.
- On 31 March 2022, 159 of the NIFTY 500 companies had women representation in excess of 20% of board composition; this is a steady rise from 146 companies on 31 March 2021 and 139 companies on 31 March 2020.
- PSUs continue to fare poorly on gender diversity, given that several of them do not comply with board composition norms prescribed by the regulations.

A closer look at the board composition of the NIFTY-500 index suggests several companies voluntarily aim to build a diverse board, beyond the regulatory requirements (Exhibit 7).

Exhibit 7: Count of women directors on NIFTY-500 boards

Women directors / Companies	FY 20		FY 21		FY 22	
	#	%	#	%	#	%
Nil	13	2.6%	27	5.4%	8	1.6%
1	264	52.8%	247	49.4%	249	49.8%
2	171	34.2%	176	35.2%	174	34.8%
3	41	8.2%	40	8.0%	51	10.2%
4	7	1.4%	6	1.2%	14	2.8%
5	4	0.8%	4	0.8%	3	0.6%
6	0	0.0%	0	0.0%	1	0.2%

Source: NSE, Prime Database, IiAS Research

There are 14 companies with four women directors on their board and another four companies with five or more women directors on board: Apollo Hospitals Enterprise (6), Godrej Agrovet (5), Godrej Consumer Products (5) and India Cement Ltd (5). While low in absolute numbers, it shows the path to others.

Share of women representation at the board level has seen an improvement in the last twenty-four months. Women directors represented more than 20% of the board in 31.8% of NIFTY-500 companies as of 31 March 2022, higher than 28% of NIFTY-500 companies as of 30 March 2020. (Exhibit 8).

Exhibit 8: Women Directorships as a percentage of boards in Nifty-500 companies

Women directorships as a % of board	FY 20		FY 21		FY 22	
	#	%	#	%	#	%
Nil	13	2.6	27	5.4	8	01.6
Up to 10%	94	18.8	84	16.8	93	18.6
>10% to 20%	254	50.8	243	48.6	240	48.0
>20% to 30%	106	21.2	101	20.2	112	22.4
>30% to 55%	33	6.6	45	09.0	47	9.4

Source: NSE, Prime Database, IiAS Research

Public Sector Undertakings (PSUs) continue to disappoint with poor gender representation. As of 31 March 2022, there were eight companies who were a part of the NIFTY-500 index but did not have even a single woman director on board: all are PSUs.

Exhibit 9: Directorships of NIFTY 500 companies by ownership on 31 March 2022

Ownership	Women %	Men %
PSU	13.54	86.46
Institutions	17.70	82.30
Widely held	18.03	81.97
Family-owned	18.16	81.84
MNC	20.56	79.44

Source: NSE, Prime Database, IiAS Research

Although there has been an improvement in the number of PSUs with 20% or more women representation on board, the share of such companies in the PSU category trails the share seen for the overall NIFTY-500 universe in 2022.

Of the 69 PSUs in the NIFTY-500 index, only 19 (27.5%) had 20% or more women representation on their board. While a handful of PSUs have women as the Chairperson and Managing Director, in the aggregate, PSU need to deliver better on gender diversity as custodians of government investment in India Inc. There is an immediate need for PSUs to plug gaps in its female talent pipeline and thus ensure that a diverse talent pool is available for senior roles. Efforts need to be made through disruptive talent-management initiatives in addition to the improvement already made in the form of retention, maternity benefits, safety and security at the workplace for women in PSUs.

The APG Perspective

As a responsible, long-term investor, and in line with our pension fund clients' growing sustainability ambitions, APG has an important responsibility to drive this conversation around board women representation. Consequently, we closely monitor the diversity profile of our portfolio companies and exert influence, whenever relevant gaps are identified. The process generally involves an open and constructive dialogue, along with a frank exchange of ideas and constraints. More often than not, this approach leads to positive outcomes.

A couple of recent case studies are highlighted here for reference.

A Brazilian Mining company

At the time of the 2022 AGM, the company had only 1 woman director on the board (out of a total board size of 13). Our primary concern was that the diversity levels had declined sharply from 2021, when the board had 3 women directors, with an overall diversity representation of 24%.

In Q3 2022, we engaged with the board chair to raise the issue. He responded by stating that he is constrained by the application of "cumulative voting" for director elections, which makes it difficult for the board to institute the desired board mix.

Under cumulative voting, each shareholder is entitled to one vote per share multiplied by the number of directors to be elected. This voting method is advantageous for individual shareholders because they can apply all their votes to one candidate. In this case, however, it allowed a few select dominant shareholders to get their preferred representatives elected and diluted the power of the board to nominate candidates.

However, the board chair did acknowledge our concern and assured that he will work proactively with other investors to disband cumulative voting this year and revert to a more conventional voting process. This will allow him to increase diversity – the board's target is to have at least two women directors by next year.

An Indian Hotel company

A similar issue around lack of diversity was identified in this company, which had women representation of only 10% at the time of the 2022 AGM (1 out of 10 directors).

Multiple meetings were held with the board and the Nomination Committee to understand their plans of improving board diversity. During the previous quarter, a formal letter was sent to the Nomination Committee Chair highlighting our concerns and articulating our position on the issue.

In response, the company has committed to appointing an additional independent woman director on the board by next year.

3. Directorships held by Women

- There are 827 women directorships on boards; 72% of these women directorships are held in an independent capacity.
- 604 women hold 827 of the women directorships.
    - Existing women directors have the regulatory headroom to hold more directorships.
- 95% of the NIFTY-500 companies at least have one independent woman director.

As our first report on Women on Corporate Boards showed that over 69% of the women on boards were Independent Directors on 31 March 2017. This allayed a concern that was voiced at the time the regulations mandating women on boards were rolled out in April 2014. It was feared that a largely promoter family-owned Corporate India would check-the-box by appointing family members to fill the requirement of having a woman director. India Inc has challenged this apprehension from the very beginning and continues to do so. This share of independent women directors further improved with new regulations requiring companies to have at least one-woman independent director on board.

Our second study on women representation on boards showed 71% of the directorships held by women on 30 March 2020 were in the independent category. This count of independent woman directors has appeared to have has plateaued for now, with 71.5% of the total women directorships on 31 March 2022.

The share of promoter family directors in total women directorships is also shrinking. This is a healthy sign indicating companies are willing to look beyond family members for women directorship appointments. Of the 827 directorships held by women as of 31 March 2022, 120 (15%) were promoter-family members (Exhibit 10). This is lower both in number and share than 128 (16%) of the 777 women directorships held as of 30 March 2020.

Within the promoter-family directorships, the share of women holding an executive position is also increasing. An executive role offers women a far greater participation in decision making. Of the 120 total directorships held by women family members, 54 are held in an executive capacity (Exhibit 10).

The leadership role of women executive directors is discussed in further detail in Chapter 5.

Exhibit 10: Directorships held by women on 31 March 2022

Women Directorships	Promoter Family	Promoter Nominees	Non-promoters	Independent	Total
Executive	54	2	31	0	87
Non-Executive	66	50	32	592	740
Total	120	52	63	592	827

Note: Non-promoters include professional executives, representatives of controlling shareholder i.e. MNC, PSU, investor nominees etc.
Source: NSE, Prime Database, IiAS Research

From 1 April 2020, regulation allows directors to hold seven directorships in listed companies. Even so, given the increasing level of responsibilities and accountability getting assigned to directors, we believe directors must limit the number of board memberships. Nonetheless, it is safe to say that the existing pool of women directors have the capacity to hold more directorships, without over boarding themselves.

The count of independent women directors has increased: on 31 March 2022[4], 95.4% of NIFTY 500 companies had at least one-woman director, compared to 93% on 30 March 2020. Many cite this statistic and argue that the regulatory impact of mandating women representation on boards is close to its peak.

[4] *One company, among the NIFTY-500 companies did not have any independent director*

Exhibit 11: Women Independent Directors in NIFTY-500

Number of women Independent Directors	FY 20		FY 21		FY 22	
	#	%	#	%	#	%
No woman ID	37	7	55	11	23	5
One woman ID	387	77	366	73	373	75
Two women ID	68	14	73	15	95	19
Three women ID	7	1	5	1	7	1
Four women ID	1	<1	1	< 1	2	< 1

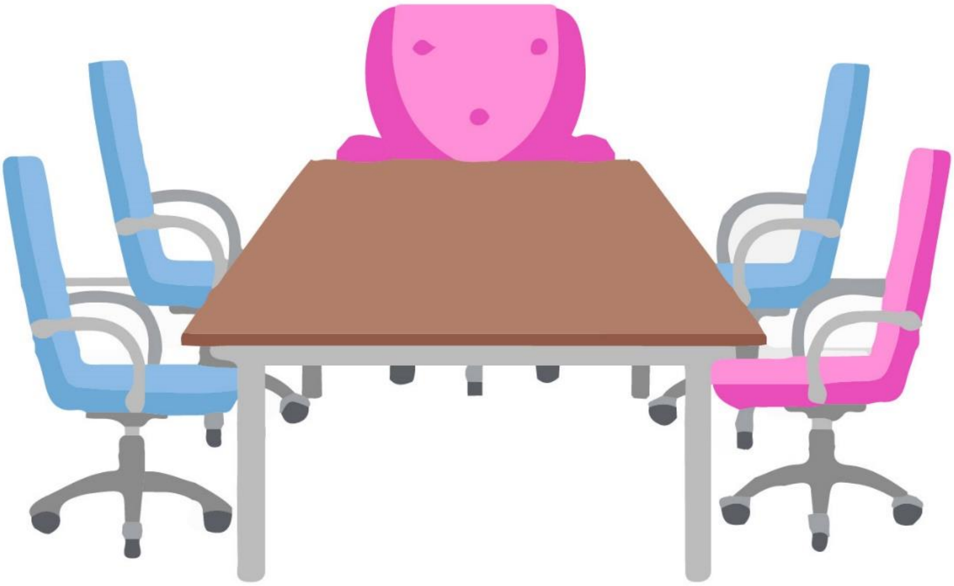
Source: NSE, Prime Database, IiAS Research

Looked differently, the number of men continue to out-number women holding directorships by a steady 5-times. As of 31 March 2022, 3,176 men held 3,867 directorships, against 604 women holding 827 directorships (3,205 men held 3,880 directorships in NIFTY-500 companies on 30 March 2020 against just 590 women holding 777 directorships). This evidences that much more needs to be and can be done to improve gender diversity on boards.

604 women held the 827 directorships as of 31 March 2022, with nine of them holding five or more directorships[5].

[5] *These are Alka Bharucha, Kiran Mazumdar Shaw, Nisaba Godrej, Pallavi Shroff, Rama Bijapurkar, Renu Karad, Shikha Sharma, Sudha Pillai and Tanya Dubash.*

4. Board leadership



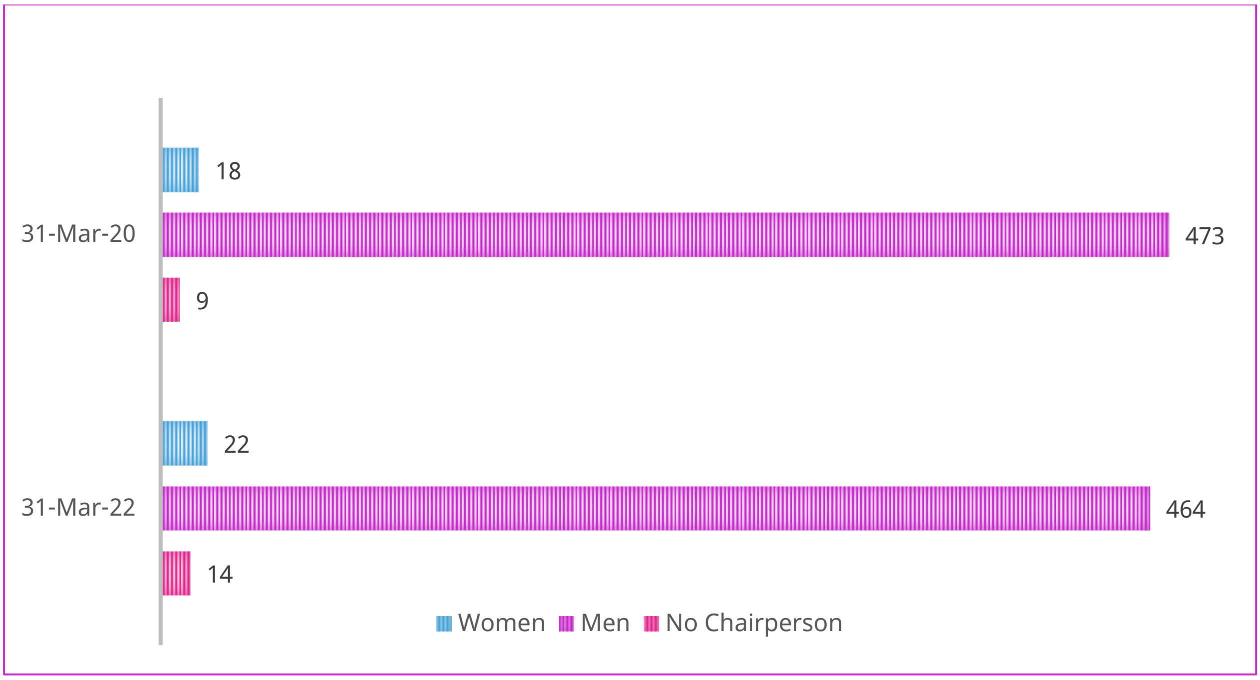
- Women chair the board of 22 of the NIFTY 500 companies.
- 25 women are CEOs and another 62-hold executive directorships
- Women now chair one in five NRCs and CSR Committees, and one in ten audit committees.

Board chairs play a critical role in the success of the business and can reveal the seniority structure in a company’s hierarchy.

Women chairpersons representing board leadership continues to remain a challenge: on 31 March 2022, 22 of the 486 NIFTY 500 companies had board chairs that were women, compared to 18 of the 473 NIFTY 500 companies on 31 March 2020 (Exhibit 12).

Of the 22 women board chairs on 31 March 2022, 12 are promoters or promoter/family representatives and 10 are professionals.

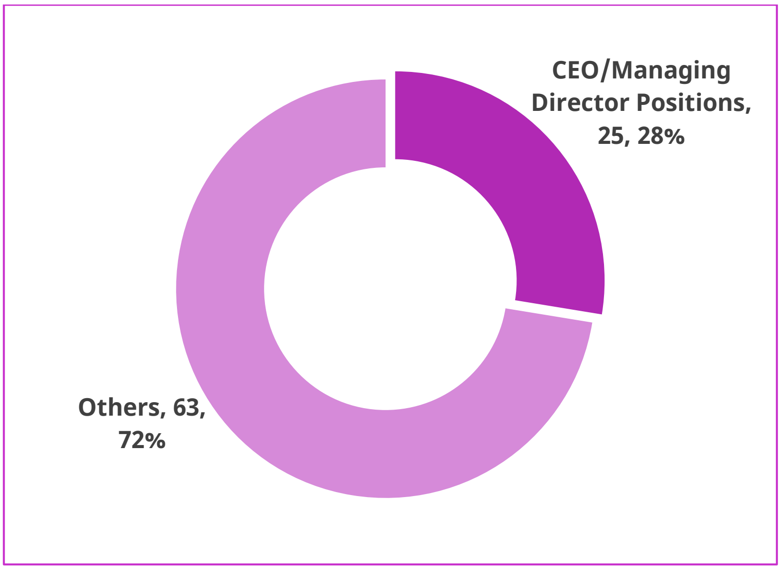
Exhibit 12: Board Chairpersons



Note: Data is financial year-end data
Source: NSE, Prime Database, IiAS Research

The share of women directors holding senior executive roles such as chief executive officer or managing directors was low at 3% (25). As discussed earlier in the report, of the 827 women directorships held in 2022, just 11% (87) were executive positions (Exhibit 13). Most of the senior management of NIFTY 500 companies, not just the Chair, remains male-dominated.

Exhibit 13: CEO/MD positions held by women as on 31 March 2022



Note: Numbers exclude chairperson positions and include joint managing director, deputy, interim and global managing director positions
Source: NSE, Prime Database, IiAS Research

Just like the board chair reflects the corporate hierarchy, so do board committee compositions.

Indian companies have a myriad of committees, set either to meet regulatory requirements or at company discretion. Some required by regulation are the audit committee, nomination and remuneration committee (NRC), risk management committee, stakeholder engagement committee or in the case of banks and finance companies, the Reserve Bank of India mandated asset liability management committee. Companies may appoint additional board committees like a project management committee or an ESOP allotment committee or an asset monetization committee.

In aggregate, the NIFTY-500 companies have 2960 committees, for an average of 5.9 committee for each entity. 442 (14.9%) of these are chaired by women and the remainder 2518 by men.

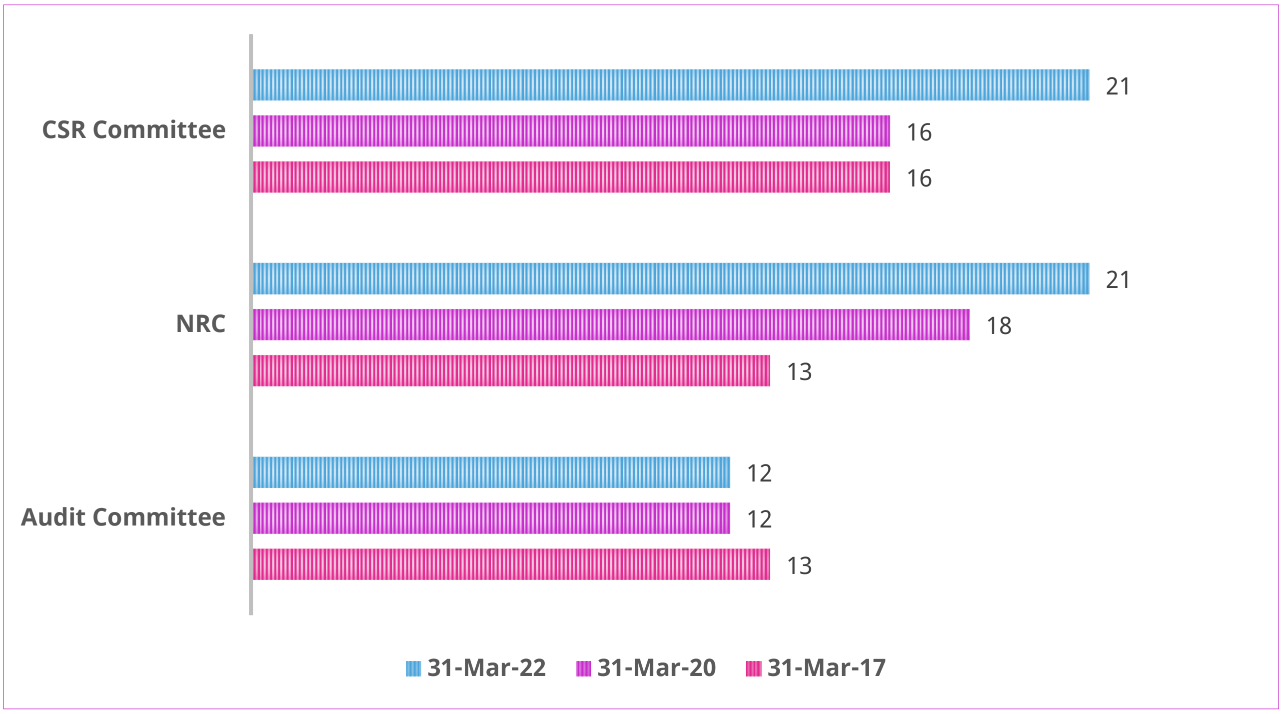
Importantly, women chair one-in-five NRCs, an important committee responsible for board appointments. Chair of NRC is a critical role, as women in these positions will be able to address the gender mix on boards. Fewer women chaired audit committees, another important committee, in 2022. This may be viewed as a sign of reduced women-led decision making in matters of financial reporting and risk management. Companies need to course correct and address this sharp decline witnessed since 2017. The worsening gender imbalance at the helm of committees responsible for financial prudence warrants attention.

The data in Exhibit 14 captures the gender composition of select committees.

Exhibit 14: Gender in committee chairs and board committees as on 31 March 2022

	Committee Chair						Total Members				
	Women		Men		Total		Women		Men		Total
	#	%	#	%	#		#	%	#	%	#
Audit	58	12.0%	427	88.0%	**485**		367	18.9%	1578	81.1%	**1945**
NRC	102	21.5%	373	78.5%	**475**		355	20.2%	1406	79.8%	**1761**
Risk	47	10.2%	416	89.8%	**463**		245	13.0%	1637	87.0%	**1882**
Stakeholders	98	20.3%	384	79.7%	**482**		276	16.6%	1385	83.4%	**1661**
CSR	94	21.0%	354	79.0%	**448**		328	19.4%	1364	80.6%	**1692**
Others	43	7.1%	564	92.9%	**607**		294	10.9%	2394	89.1%	**2688**
Total	**442**	**14.9%**	**2518**	**85.1%**	**2960**		**1865**	**16.0%**	**9764**	**84.0%**	**11629**

Exhibit 15: Committee chairs (%)



In a recent study of women directorships, an IIM-Ahmedabad and FICCI report on Women on Boards in India dated June 2020[6] arrived at a similar conclusion that Indian women directors lag men on some of the most important parameters like key positions within the board, opportunities to chair or be part of key committees, remuneration, and tenure. The report suggested that the remuneration offered and choice of committees they (women) chair also hints at how their work and presence are valued. The bias continues.

[6] *IIM Ahmedabad & FICCI: Women on Boards of India*

5. Gender-Focussed Analysis of Directors

- The gap in the average age of women directors and that of their male counterparts has narrowed.
- The average tenure women spend on company boards is rising.
- The average duration male directors occupy a board seat is reducing.
- The shrinkage of both the tenure and age gap correlates to the passage of time since the mandatory gender diversity regulations were enacted.

As women began entering the boardroom, in some measure, only within the last decade or so, women are younger in age and have held their directorships for a shorter duration than men.

The average age for women is 58.7 years (56.0 years in 2020) and that of their male colleagues is 62.3 years (61.0) showing that this age gap is slowly narrowing.

Exhibit 16: Gender Metrics: Tenure of directorships held by women and men on 30 March 2022

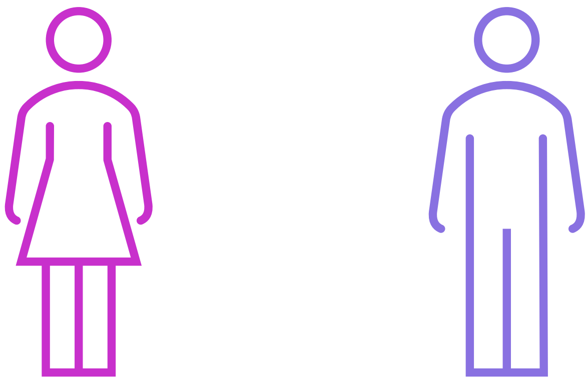
Average Tenure		Average Age	
5.3 years	8.4 years	58.7 years	62.3 years

Source: NSE, Prime Database, IiAS Research

The average tenure for women has gone up to 5.3 years in 2022 (4.8 years, 2020) while for men it has come down to 8.4 years from 8.7 years in 2020 (Exhibit 17)[7].

Exhibit 17: Tenure of directorships held by women and men on 31 March 2022

Years (Women)		Years (Men)
Median 3.24		Median 4.64
Average 5.28		Average 8.40



Source: NSE, Prime Database, IiAS Research

Exhibit 18: Tenure of directorships held by women and men on 30 March 2022

Tenure	<1 year		1-5 years		>5 - 10 years		>10 - 20 years		>20 – 50 years		>50 years	
Gender	W	M	W	M	W	M	W	M	W	M	W	M
#	**148**	**588**	**383**	**1449**	**208**	**702**	**53**	**656**	**35**	**459**	**0**	**13**

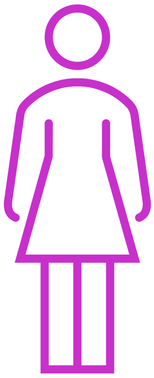
W: Women, M: Men
Source: NSE, Prime Database, IiAS Research

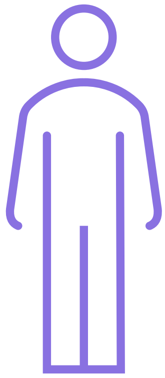
[7] *The longest serving director on a board is Vandana Walvekar and has been on the board of TTK Prestige for 47 years. In contrast, Prithvi Raj Oberoi, the longest serving male director has served for far longer, being on the board of EIH for 61 years.*

There are six companies with directors below 30 years of age, four men and two women directors. Of these six, five are promoter-owned and one is an investor-owned company. Even so, men join boards at a younger age than women.

Exhibit 19: Age of directors holding board positions in NIFTY 500 companies

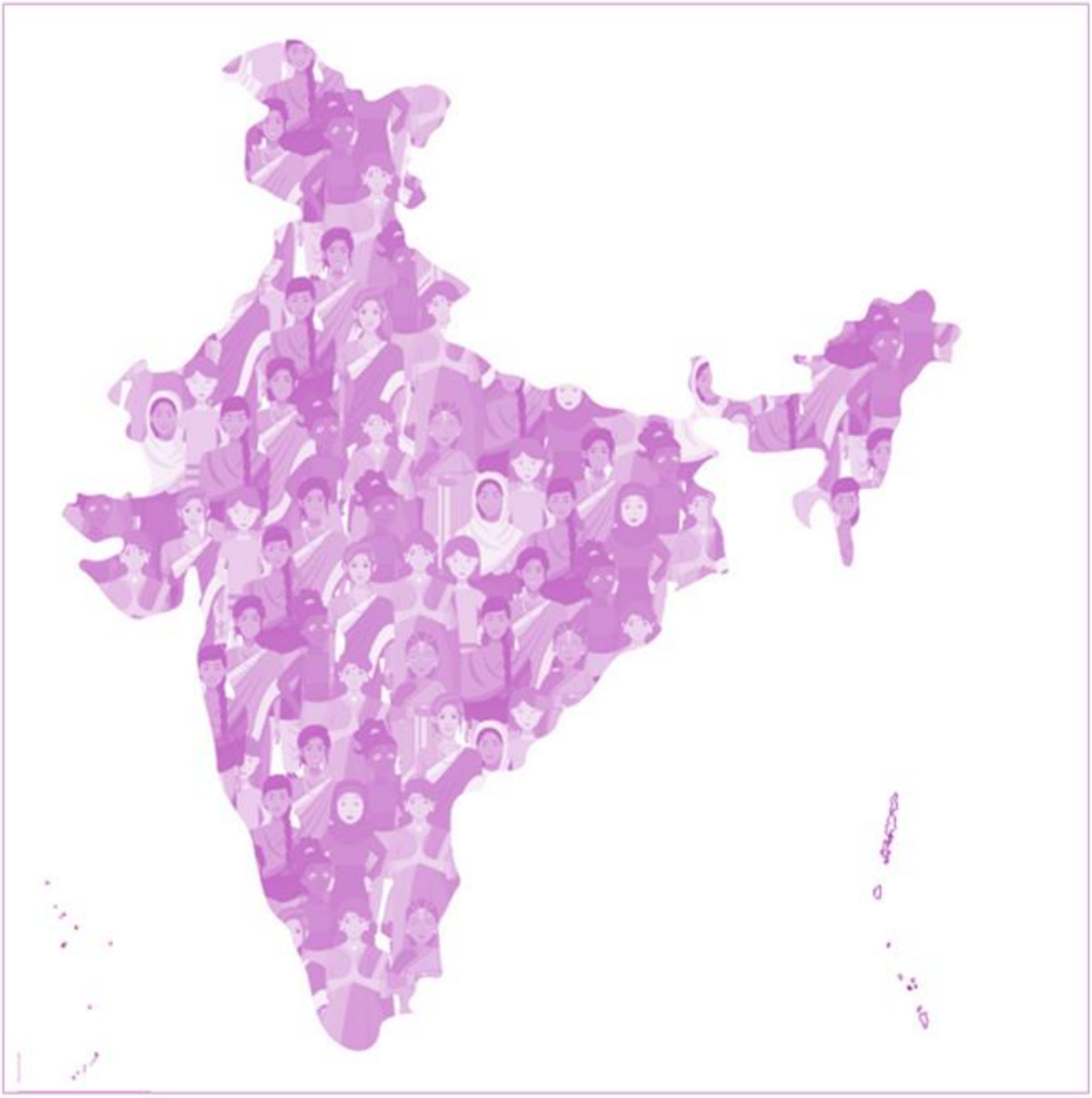
Years	Years
Oldest	Oldest
87	94
Median	Median
60	63
Youngest	Youngest
30	28





Source: NSE, Prime Database, IiAS Research

6. The Way Forward



- Regulators have set the agenda with visible impact, investors and companies now need to push the agenda.
- Companies need to invest in building a strong female talent pipeline, and address how their corporate culture supports women and accepts them in leadership positions.
- Global activism around ESG can benefit gender diversity.
- Cultural blocks, gender pay-gaps need to be addressed.

Creating and cultivating an active pipeline of female candidates has to become an important element of a successful board.

Gender equality helps broaden perspectives, improves recruitment and retention and drive better decision-making across organizations of all sizes. It is said that women directors deal more effectively with risk and better address concerns of customers, employees, other stakeholders, and communities.

A Harvard Business Research[8] paper titled 'When Gender Diversity Makes Firms More Productive' argues gender diversity relates to more productive companies, as measured by market value and revenue, only in contexts where gender diversity is viewed as "normatively" accepted. By normative acceptance, they mean a widespread cultural belief that gender diversity is important.

Companies and investors need to challenge cultural blocks and strive for a more gender diverse board and workforce through necessary affirmative action.

Regulators: Those debating whether hard regulation or a principles-based approach will drive behaviour, need to look no further than regulations mandating every listed company to appoint a woman director to its board. As shown, the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Regulations have played an important role in helping jump-start the gender diversity agenda for company boards. Better and sharper reporting in the BRSR disclosures will allow regulators and market participants to track progress.

As the market regulator in India has already set the stage with mandatory quotas for women representation at the board level. They need to continue press ahead, including focussing on the gender mix at all stages of the working cycle.

Companies: Desirable outcomes are underway with more Indian companies opting for a gender diverse board, over and above the regulatory mandates. Close to 14% of the NIFTY-500 companies as of 31 March 2022 have three or more women directors on their board. To keep the momentum, India Inc needs to invest in building a strong pipeline of women talent to make them future-ready for top roles.

More than half of the 192 survey respondents in an IIM-Ahmedabad and FICCI report on Women on Boards in India mentioned that their board appointments came from their professional networks. The report said the least likely mode of appointment was via search agencies or participation in training and mentorship programmes designed for women to prepare them for board positions. This needs to change.

[8] *Harvard Business Review*

The IIM-Ahmedabad research report[9] on Leadership Gender Balance in NIFTY 200 Companies noted the share of women in top management and senior executive positions is significantly lower than the share of women on the board of directors. The report further noted the gender pay gap also widens as women advance in their careers.

Focus on appointing a woman on the NRC, has progressed, and needs to remain an area of focus. But for there to be a pipeline, work must begin ahead of when women are ready to be considered for board positions. This will, as examples, include focus on the gender balance at the entry stage and encouraging women to resume employment by reskilling and absorbing women in workforce after gap years.

For this, boards need to focus on setting the right corporate culture. The corporate culture needs to see gender diversity as a necessity rather than an imposition and creating work environments that allow both men and women to find a balance between work and personal lives will go a long way in helping women stay in the workforce. Numerous studies have shown that while both men and women worked from home during COVID-19, the impact on women was much greater: men need to share the household load equally. While this will begin with corporate culture, the social fabric will also need some changes.

With new working models forced by the pandemic, it may well result in more women continuing in the workforce – but for that, corporate India will need to accept the new working models as part of their standard operations, rather than as an exception.

Investors: Investors need to insist on gender diversity as an important aspect of overall ESG performance. With sustainability-linked financial instruments (such as sustainability bonds), gathering steam in India, time is ripe for investors and lenders to play an active role in pushing for the social and governance aspects of ESG as well. In our last report (May 2020), we advocated investors need to engage with companies to compel them to write out a diversity statement, which should encompass, among others, gender diversity. Two years since, the needle has not moved much on that account. Gender diversity can emerge as an additional outcome from India Inc's need for ESG compliance.

Finally, regulators, companies, their boards, and shareholders will all need to commit themselves to improving the gender mix

Given the impending *board refresh in 2024,* Corporate India must commit itself to having 30% women directors on its board by 2024.

[9] *IIM-Ahmedabad, The Glass Ceiling*

This can be easily achieved.

Based on the current count, it means about 700 or so additional women directors across 500 companies will need to be appointed between now and 2024 - not a tall ask, given that women hold up half the sky,

This is within our reach and worth striving for.

Annexure: Global developments

Regulators and market participants alike, both in India and worldwide, have chosen improvement in gender representation as the first step towards a diverse board. The trend has been encouraging with boardrooms across the globe showing positive gains in terms of women representation. These gains were made despite the pandemic's long-lasting impact on human capital in business.

According to a Credit Suisse 2021 report[10], Boardroom diversity continues to improve globally with an average of almost 24% female representation in corporate boardrooms. The report stated Europe and North America sit above the global average, with women making up 34.4% and 28.6% of company boards, respectively. Country-wise France leads the pack at 44.5% women representation on boards in 2021. Disclosure requirements and ESG focus may have helped improve women representation in these European and North American corporate boards. Deloitte also reached a similar conclusion in its 2022 report[11].

McKinsey's Women in the Workplace[11] is the largest study on the state of women in corporate America. In its year 2021 edition, the report noted a year and a half into the COVID-19 pandemic, "Women have made important gains in representation, and especially in senior leadership. But the pandemic continues to take a toll. Women are now significantly more burned out - and increasingly more so than men." The report noted women are rising to the moment as stronger leaders, but their critical work is going unrewarded and unrecognized.

A Grant Thornton Study[12] expects as the (pandemic induced) new working models become embedded and greater flexibility in employment practices is accepted as the norm, the opportunities for uninterrupted female career progression will increase. Data collected by Grant Thornton in the 10 years to 2021 indicated that a 33% representation of women in senior management could be achieved by 2025, whereas the uplift in the 2022 data suggests that women could make up one-third of senior leadership roles sooner.

[10] *Credit Suisse 2021 report*
[11] *https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace*
[12] *Grant Thornton- Women in Business 2022 Report*

Some Recent Global Diversity Regulations and Requirements

- Canada: In December 2020, the Canadian federal government announced the 50- 30 Challenge, a voluntary initiative to increase representation and inclusion of diverse groups at workplaces, including a focus on gender parity (50%) on Canadian boards and in senior management positions.
- United States: Nasdaq's Board Diversity Rule29 was approved by the SEC in August 2021. The rule requires companies listed on the US exchange to "publicly disclose board-level diversity statistics using a standardized template; and have or explain why they do not have at least two diverse directors."
- California: Starting December 2021, public companies must have at least one female director if the board has up to four members, two female directors if the board has five members, and three if the board has six or more members. The law was later struck down by a state judge in May 2022.[13]
- United Kingdom: The Financial Conduct Authority (FCA) proposed a new listing rule3 in July 2021 that would require the annual reports of almost all listed companies to disclose whether specific board diversity targets related to gender, and ethnicity were met, or if not, why not. The proposed targets also include at least 40% of the board should be women, including those self-identifying as women.

Source: Deloitte Report named Women in the boardroom- A global perspective[14]

[13] *Judge Strikes Down California Law Mandating Women on Boards - WSJ*
[14] *Deloitte: Women in the boardroom: A global perspective Seventh edition*

Exhibit A - Regulatory thresholds for gender diversity on corporate boards

Country	Requirement Type	Threshold / Target	Disclosure
Australia	Comply or explain	Disclose Targets	Board and senior management
Austria	Mandatory	30%	Board and senior management
Belgium	Mandatory	33%	Board
Canada	Comply or explain	Disclose Targets	Board and senior management
Denmark	Comply or explain	Disclose Targets	Board and senior management
Finland	Comply or explain	Disclose Targets	Board
France	Mandatory	40%	Board
Germany	Mandatory	30%	Board
Greece	Mandatory	25%	Board
Hong Kong SAR	Mandatory disclosure requirement	Voluntary	Board and across the workforce (including senior management)
Iceland	Mandatory	40%	Board
India	Mandatory	At least one independent woman director	Board
Israel	Mandatory	50% at state owned companies; At least one female director	Board
Italy	Mandatory	40%	Board
Japan	Voluntary	12%	Board
Malaysia	Mandatory	30%	Board
Netherlands	Comply or explain	30%	Board
`New Zealand	Voluntary	50% on state sector boards	Board
Norway	Mandatory	40%	Board
Portugal	Mandatory	33%	Board
Singapore	Voluntary	20%	Board
South Africa	Comply or explain	Disclose Targets	NA
Spain	Voluntary	40%	Board
Sweden	Comply or explain	gender balance on boards as a goal	Board
Turkey	Voluntary	25%	Board
United Kingdom	Comply or explain	Disclose Targets[15]	Board and senior management
United States of America	Comply or explain	At least two diverse board members	Board

Source: CS Gender 3000 in 2021 Report

[15] *Although not a regulatory requirement, most companies in the UK follow a threshold of 33% women representation on Boards in line with the [Hampton – Alexander Review.]*

References and additional research

IiAS

- Corporate India: Women on boards, 2020
- Corporate India: Women on boards, 2017

Others

- Credit Suisse: Gender 3000 Report, 2021
- Deloitte: Women in the boardroom - A Global Perspective, 2022
- McKinsey: Women in the workplace, 2021
- Grant Thornton: Women at work, 2022
- WSJ: Judge Strikes Down California Law Mandating Women on Boards, 16 May 2022
- HBR: When gender diversity makes firms more productive, 2019
- FICCI: Women on boards in India, 2020
- IIM Ahmedabad: The Glass Ceiling, 2022

Regulations

1) Report on the Committee on Corporate Governance (aka Kotak Committee), October 2017
    - Quick read IiAS Summary, October 2017
2) Circular for implementation of certain recommendations of the Committee on Corporate Governance under the Chairmanship of Shri Uday Kotak, May 2018
    - Quick read IiAS Summary, May 2018

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IiAS with the International Finance Corporation (IFC) and BSE Limited, has developed a Corporate Governance Scorecard for India to evaluate company's governance practices and market benchmarks. More recently, IiAS has extended its analysis to ESG and is also empanelled with AMFI as an ESG Rating Provider.

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