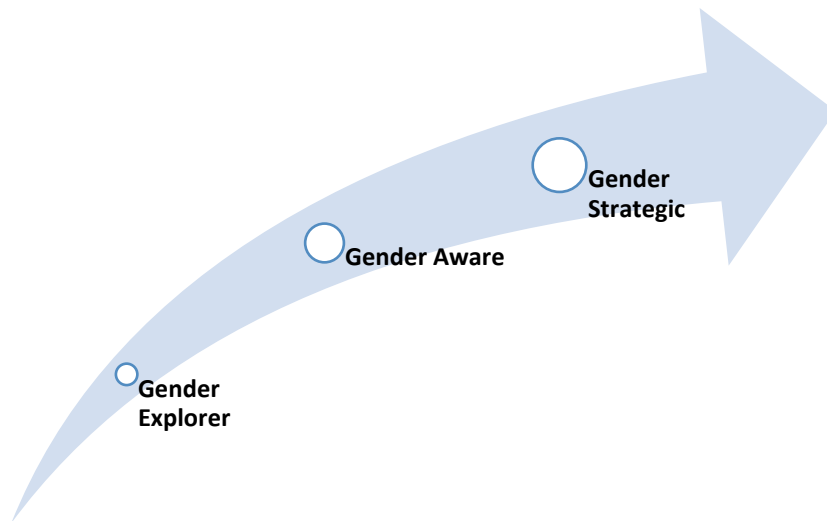


GEM for Business Growth: Gendered Governance Recommendations

The governance component is one of three lens that comprise the Gender Equality Mainstreaming (GEM) Framework. The assessment allows a rating of your company along the spectrum below with recommendations on how to mainstream gender equality in a company's governance policies and procedures.



Studies consistently show that gender diversity at the board level is linked with superior business performance. One study demonstrated that companies with the most women board directors had 16% higher Return on Sales and 26% higher Return on Invested Capital than those with the least ([Catalyst, 2020](#)). Likewise, companies with strong female leadership (primarily measured by the number of women on boards) were correlated with higher Return on Equity than companies without ([MSCI, 2015](#)).

Not only does gender diversity drive business performance, but it is also a critical factor for managing and mitigating risk. Companies with fewer women on boards have more governance-related controversies than average ([MSCI, 2015](#)). By contrast, companies with more diverse leadership teams are known to better focus their attention on corporate governance, corporate responsibility, talent dynamics and market acuity. Looking beyond to corporate policy, policies which offer greater support for women can lead to higher employee retention and engagement rates. For instance, India-based ABB's introduction of an anti-harassment policy and extended parental leave resulted in hiring more young women workers, who showed lower attrition rates as compared to men. The company has also put in place [diversity and inclusion champions](#) to hire and retain more women in leadership positions.

Gender Explorer

Your company likely has few to no women on its board of directors. It's likely that women are not filling prominent leadership positions like CEO or Chair of the board. There are few to no gender sensitive corporate policies, such as a Fair Hiring or Sexual Harassment policy. It's also unlikely that different women stakeholders participated in the development of your company's policies.

To help you get started, we have included tips and resources that can upgrade your company's governance practices and policies while improving gender equality:

- **Take stock of the number of women and men currently serving on the board of directors.** By doing so directors can plan to fill future openings with women (or men) to achieve a more gender balanced board. Other aspects of diversity can be considered, such as ethnicity, age, sexual orientation, geography, socioeconomic background,

experiences, networks, knowledge, skills, etc. A similar exercise to evaluate diversity can be done for the senior management team and internal committees, if applicable.

- **Invest in identifying top female talent to join your company’s board.** Some companies report difficulty sourcing qualified female board members. Although male directors tend to have more C-Suite experience, female directors often outperform men in obtaining advanced educational degrees ([MSCI, 2015](#)). To successfully identify top female talent to join your company’s board, the board’s nominating committee might consider establishing relationships with knowledgeable partners. For example, Catalyst’s Women on Board program features a [searchable database of women directors](#) that allows users to view women with a range of educational, professional and geographic experiences.
- **Avoid tokenism when appointing women as board members or senior staff, particularly if they are the only woman at that level.** Ideally, having three or more women leaders enhances the likelihood that women’s ideas are heard for their own merit ([MSCI, 2015](#)). On a global average, companies with three or more women on the board have a market capitalization three times greater than that of companies with no women board members. EgonZehnder’s [Global Board Diversity Tracker](#) has some great videos and resources on appointing more diverse candidates at the board level.
- **Provide a robust onboarding session to new Directors.** This will ensure that they are well-equipped to contribute and feel like they are a valued part of the team. If your board is large enough, pair new directors with experienced board members to build the capacity of new directors and reduce group divisions on the board.
- **Conduct gender awareness training for both your company’s board of directors and senior management team.** It can be helpful to include a learning module about gender and governance topics, such as the business case for gender diversity and the importance of creating mentorship programs to cultivate women leaders.
- **Review your company’s current corporate policies to assess whether the different needs of women and men stakeholders are being met.** Wherever your company finds gaps, consider what types of policies could make your company more gender inclusive. Refer to resources, such as Better Work’s Indonesia [Guidelines on the Prevention of Workplace Harassment](#) to learn how to appropriately structure corporate policies, such as Fair Compensation, Sexual Harassment, Fair Hiring and Anti-Discrimination policies to ensure that your employees feel safe and valued.

Gender Aware

Your company understands that women leaders are an important contributor to good governance. It is likely that your company has a few women board members or has a female board chair or CEO. Your company has established some gender inclusive policies and practices; however, women stakeholders may not have heavily participated in the development of business policies. If your company has internal committees, women are likely to be participants but have not necessarily taken on leadership roles.

Gender diverse firms in East Asia, for instance, demonstrated an 18% increase in the internal rate of return (IRR) relative to the median ([Snapshot of Progress in Indonesia, the Philippines & Vietnam](#), Value for Women, March 2021). “Gender-balanced teams (defined as having a male-to-female ratio of between 40% and 60%) also boost business metrics such as employee engagement, brand awareness, and client retention”. Having more women in leadership also translates to better results. [Calvert Impact Capital](#) (Kumbuli & Pryce, 2018) found that companies with the highest percentages of women in leadership positions achieved 18.1% Return on Sales, 3.9% Return on Assets, and 8.6% Return on Equity, compared to -1.09%, 0.3%, and 4.4%, respectively, for companies with fewer women in leadership positions.

Businesses like Industrial Credit and Investment Corporation of India (ICICI Bank) are realizing the benefits of hiring female CEOs and using their unique perspectives to create a more gender inclusive culture. Through her CEO post, Chandra Kochhar supported ICICI Bank's adoption of more women-friendly policies, such as maternity, fertility and adoption leave and flexible working hours. ICICI Bank was able to leverage its gender inclusive culture by developing a pipeline of top women talent. Kochhar's progressive vision benefited the company through [the successful launch of more women-friendly products](#) (e.g., ICICI Bank has created new financial products for self-help groups; of which 90% of the participants of these groups are women). Under Kochhar's leadership, the bank [nearly doubled its return on equity](#).

We commend you on your progress towards incorporating gender within your company's governance policies and practices. To support you in your journey towards greater gender equality, we have included the following tips and resources:

- **Conduct gender awareness training for both your company's board of directors and senior management team.** It can be effective to include a learning module featuring gender and governance topics, such as the importance of recognizing different types of [leadership styles](#), the business case for gender diversity and the value of creating professional development programs to cultivate rising women leaders.
- **Establish a diversity, equity and inclusion committee at the board level.** A diversity committee is responsible for identifying your company's inclusion and diversity strengths, issues and opportunities, developing strategies and sets plans to increase diversity amongst its stakeholders. Joining associations like [the 30% Club](#) can help your board stay on track for meeting its diversity targets. The 30% Club is a voluntary initiative that asks board chairs and CEOs of listed companies to have 30% of their board be women.
- **Implement gender inclusive talent development programs.** This ensures that all employees have an opportunity to be coached on how they can advance. Having members of your company's top management team "sponsor" high-potential women, such as through making professional introductions or delegating key assignments, helps fast track women's careers. In addition, [Lean In Circles](#) create learning communities whereby women gain access to new skills, so they feel empowered to seek out assignments which better position them for a promotion.
- **Ensure that gender diversity is a corporate-wide initiative.** This can help educate all employees on the benefits of diversity. Disseminate learning resources, such as McKinsey's [Women in the Workplace](#) (2020) report to ensure that more employees become knowledgeable about gender inclusive practices and personally committed to championing diversity in the workplace.
- **Solicit feedback from women and men stakeholders on ideas to improve gender equality in your company's policies.** This includes feedback on your procurement policy, human resources policies, community engagement policy, etc. Stakeholder feedback can be collected through numerous platforms like town hall or departmental meetings and social media. Encourage women and men management and non-management staff to contribute to these discussions and participate in the drafting or revising of any policies that result from these discussions. If your company finds that one gender dominates these meetings, think about how your company can avoid "groupthink" and encourage more voices to be heard.
- **Enhance your company's current corporate policies to assess whether the different needs of diverse stakeholders are being met.** Wherever your company finds gaps, consider what types of policies could make your company more diverse. For example, if you company engages with young workers, refer to resources such as Better Work's [Guidelines on Child Labour and Young Workers](#) to ensure that these issues are effectively managed to protect the rights of young workers and ensure safe working environments.

- **Explore the adoption of fixed term limits for leadership positions on internal committees, if applicable.** Fixed term limits can allow for more participants, particularly women, to emerge as leaders.

Gender Strategic

Your company has a clear understanding of the business benefits associated with integrating gender and diversity into governance practices and policies. Your company has a gender diverse board of directors and strong female leadership in positions like CEO, board and committee chair. Your company has done an excellent job of creating corporate policies which encompass gender inclusive themes and engaging women stakeholders to solicit feedback on these policies.

We commend you on your leadership in mainstreaming gender equality within your company's governance practices and policies. To support you in continually improving gender equality and diversity, we have included the following tips and resources:

- **Continually assess diversity at the board, committee and senior management levels.** Diversity is not limited to gender and can include ethnicity, age, sexual orientation, geography, socioeconomic background, experiences, networks, knowledge, skills, etc.
- **Continuously pursue best practices in good governance while ensuring gender is mainstreamed.** [This assessment tool](#) presents ideas on embedding diversity and inclusion with an organization's governance, leadership and beyond. As part continuously improving your company's governance, actively solicit feedback from women and men stakeholders on company policies and their implementation (e.g., procurement policy, human resources policies, community engagement policy, etc.). Encourage both women and men to fill leadership roles in updating company policies.
- **Promote gender diversity as a corporate priority and objective.** This should be done through annual reporting, external communications, and participation in strategic networks. For example, the [30% Club](#) is a network of corporate leaders in gender diversity and can support companies to stay committed to their inclusion goals. You may also consider joining sector-specific associations, such as [Women's World Banking global network](#) for financial institutions.
- **Share with and learn from other business leaders on the challenges and successes in implementing gender inclusive policies.** Encourage your company's board and leadership to participate in a working group with other business leaders to discuss their challenges and successes in implementing gender inclusive policies and benchmark your efforts against other companies. For instance, [Diversity and Inclusion in Asia Network](#) offers its members networking opportunities and access to resources, such as the [Diversity and Inclusion: Building the Business Case, Stories from Asia](#) report which describes how to create a more inclusive workplace.