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à l'  
EGALITE  
ENTRE LES  
FEMMES ET  
LES HOMMES**



# Towards equal access of women and men to positions of professional responsibility: proportion of women on boards

Mid-term report assessing the implementation of the Acts of  
27 January 2011 and 12 March 2012

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# Report summary

## Introduction

Thanks to the 2008 constitutional reform, following a first attempt in 2006 spearheaded by Marie-Jo Zimmermann, a key driver of this change, France extended the proactive process of achieving parity beyond the strict sphere of politics to the world of economics. A year later, at the end of 2009, after publication of Brigitte Grésy's report commissioned by the Minister of State for Women's Rights, an unprecedented mobilization of women's and media networks combined in support of the bill conceived by Marie-Jo Zimmermann and sponsored by Jean-François Copé, Chair of the National Assembly's UMP group. Following Norway's example, the report and bill advocated that 40% of publicly listed company board seats be occupied by women. Also important here is the impetus given by the AFEF-MEDEF [corporate governance] code renewed, which advocated a quota of 40% for the under-represented gender on boards by 2016. In a little over a year, after an intense, concerted effort by the French Parliament, the 27 January 2011 Act on the balanced representation of women and men on governing and supervisory boards was passed. The parity mechanism for the public sector, already partially covered by the January 2011 Act, was extended in the Act tabled by François Sauvadet, Minister for the Civil Service, passed on 12 March 2012, thanks to Françoise Guégot's parliamentary report and the mobilization of associations of women board members and senior civil servants. Private and public-sector companies and public undertakings were thus required to have a minimum of 20% of women on their governing or supervisory boards in 2014 and 40% in 2017.

Early in 2015, with the first phase of the legislation completed, the High Council for Equality between Women and Men (HCEfh) and High Council for Professional Equality between Women and Men (CSEP) decided to carry out an initial assessment of the legislation. To do this, in addition to the expertise of the "parity" Commission of the HCEfh and CSEP members, hearings and interviews were held to ensure fully up-to-date feedback and to draft recommendations with all the relevant parties<sup>1</sup>. A survey by questionnaire was also conducted in July 2015 with companies listed on Euronext Paris.

Goals of this mid-term report:

- to assess the change in the female/male ratio of members of governing boards and identify the profiles for board members then being sought by companies ;
- to understand how and by whom the legislation's implementation is being monitored ;
- to identify the bottlenecks and possible improvements of the legislation before the 2017 deadline ; and
- to formulate recommendations.

## What has the legislation achieved so far?

For background purposes, the Acts of 27 January 2011 and 12 March 2012:

Aim for 2017:

\* Goal of achieving 40% of women or men on boards with over 8 members

Or

\*A maximum gap of 2 between the number of men and women on boards with 8 or fewer members

Cover:

\* For the private sector :

Companies listed on a regulated market;

- Companies with 500 or more employees and a turnover of €50 million or more.

\* For the public sector:

- Public companies;
- Public industrial and commercial undertakings;
- Public administrative institutions.

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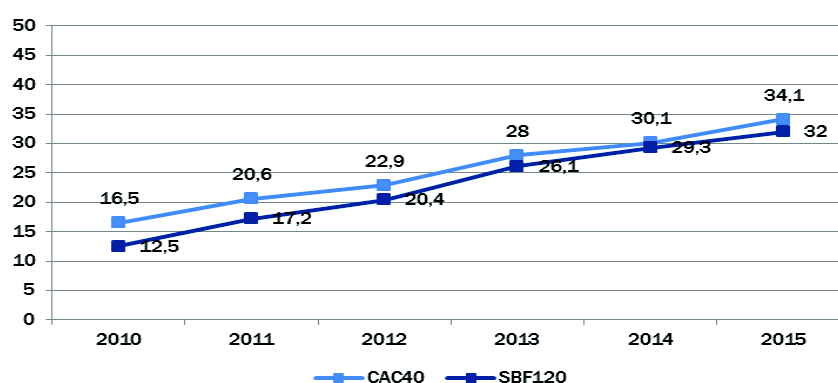
<sup>1</sup> Over the period from April to October 2015 : representatives of relevant specialist women's associations, board members, representatives of private agencies and universities carrying out studies, representatives of central government departments and directorates dealing with these issues and chairs of governing or supervisory boards of publicly listed companies, public companies and undertakings, male and female representatives of recruitment agencies, female representatives of employers and financial markets associations.

## How many women sit on boards?

### Private sector

Due to the introduction of constraints, the percentage of women on governing and supervisory boards in CAC 40 listed companies has tripled in six years, rising from 10.7% in 2009 to 34.1% in 2015. This rise is also seen in SBF 120 listed companies, where the percentage of women board members increased from 9.3% in 2009 to 32% in 2015. Clearly, companies listed on the regulated Euronext Paris markets have, all in all, largely exceeded the initial 20% threshold expected to be reached in 2014.

Percentages of women on boards of CAC 40 and SBF 120 companies since 2010



Sources: CAC 40 : Ethics & Boards, 2015, SBF 120 : 2010 to 2012 : 4th AFEP-MEDEF Annual Report (2012) and 2013 to 2015: Ethics & Boards

It should be borne in mind that only the 120 largest stock market capitalizations are taken into account whereas the Act covers over 500 listed companies. These figures represent only the visible part of the iceberg. Indeed, there are differences between listed companies, depending on their market capitalization<sup>2</sup>: the two largest companies (large-caps) have made more headway in implementing the legal machinery, with 30.2%, in 2015, compared with 25.5% for mid-caps and 24.7% for small-caps. However, although mid-caps and small-caps were slower to begin moving, they have sped up their efforts to increase the percentage of women on their boards, while the large-caps, which had gotten off to a quicker start with the provisions of the AFEP-MEDEF code are today marking time.

	Number of companies concerned	Number of companies studied	% of companies studied	% of women on boards	% of women, taking account of board size (+ 8 members or 8 members or -)	Number of women to be appointed by 2017 (projection for all the companies concerned)
CAC 40	40	32 <sup>3</sup>	80%	34.1%		48 <sup>6</sup>
SBF 120 (including CAC 40)	120	97 <sup>3</sup>	81%	32.0%		150 <sup>6</sup>
Companies listed on Euronext Paris (including CAC 40 and SBF 120)	Large-caps	150	124 <sup>4</sup>	83%	30.2%	30.4%
	Mid-caps	125	82 <sup>4</sup>	66%	26.2%	27.4%
	Small-caps	245	147 <sup>4</sup>	60%	26.7%	29.4%
Total of listed companies	520 <sup>1</sup>	353	68%	27.8%	29.3%	630
Unlisted companies with 500 or more employees and a turnover of over €50 million or more	397 <sup>2</sup>	297 <sup>5</sup>	75%	14.2%		635 <sup>7</sup>
Total	917 <sup>7</sup>	650	71%			1,265

<sup>1</sup> Source: Number of listed companies obtained from the MIDDLENEXT 2014 report: <http://bit.ly/1M37ID2>

<sup>2</sup> Source: Results obtained from INSEE in response to a request by HCEfh/CSEP, 2015

<sup>3</sup> Source: Ethics & Board, 15 June 2015. AMF [French Financial Markets Authority] annual reports often focus on samples of companies on the CAC 40 (36) and SBF 120 (24 or 40) indices

<sup>4</sup> Source: Study carried out by HCEfh and CSEP, September 2015 with 502 listed companies – a total of 353 companies responded.

<sup>5</sup> Source: Study carried out by Karima Bouaiss and Vivianne de Beaufort, "Application of the Act on balanced gender representation on governing boards – situation for companies with more than 500 employees and a turnover of over €50 m. outside the SBF 120", 2015.

<sup>6</sup> Source: Projection carried out by Russel Reynolds Associates for 2016.

<sup>7</sup> The calculation of the total number of private-sector companies concerned includes both companies listed on Euronext Paris and unlisted companies. The projection adopts the Russel Reynolds Associates' method of calculation estimating the number of women to men at 1.6 women per board.

<sup>2</sup> Companies listed on regulated markets are divided into three groups, depending on their market capitalization: large-cap companies (large-caps) with a market capitalization of over €4 billion, mid-cap companies (mid-caps) with a market capitalization of between €150 million and €1 billion and small-cap companies (small-caps) whose market capitalization is below €150 million.

Academic studies have shown a correlation between company and board size,<sup>3</sup> i.e., the “smallest” companies have the smallest boards. 40% of mid-caps and nearly 75% of small-caps have boards with 8 or fewer members. According to the 11 January 2011 Act when the supervisory board has no more than eight members, the gap between the number of members of each gender cannot be greater than two; this applies to around 30% of the 520 listed companies with boards with 8 or fewer members.

*B: Parity goal set by the Act:*

*For governing or supervisory boards with 8 or more members:*

❶ 20 % in 2014 (3 years from promulgation) ;

❷ 40 % in 2017 (6 years after promulgation).

*For boards with more than 8 members:*

*The gap between the number of members of each gender cannot be more than two.*

*By way of indication, in the study conducted by HCEfh/CSEP with 502 listed companies, out of the 353 companies which responded, the following percentages of companies had boards with at most 8 members:*

4% of large-caps

40% of mid-caps

75% of small-caps

All in all, around 50% of the sample of listed companies observed have boards with 8 or fewer members.

Concretely, this distribution impacts on the goal pursued (the gap and not the 40%) and the real percentage of women in these “small” boards is in fact higher with this adjustment.

	Large-caps	Mid-caps	Small-caps	For all the listed companies
Goal of 40%	30.20%	26.20%	26.70%	27.8%
Gap fewer than two	30.37%	27.36%	29.41%	29.3%

*Number of women on boards with at most eight members*

*or vice versa*

Total of men + women	8	7	6	5	4	3	2
Men	7	6	5	4	3	2	1
Women	1	1	1	1	1	1	1
Difference (M-W)	6	5	4	3	2	1	0
In %					25.0	33.3	50.0
Men	6	5	4	3	2		
Women	2	2	2	2	2		
Difference (M-W)	4	3	2	1	0		
In %			33.3	40.0	50.0		
Men	5	4	3				
Women	3	3	3				
Difference (M-W)	2	1	0				
In %	37.5	42.9	50.0				
Men	4						
Women	4						
Difference (M-W)	0						
In %	50.0						

*In green, situations complying with the legislation*

## Public sector

The effort to increase the proportion of women board members is under way as can be seen in some public undertakings, such as the *Française des Jeux* [French national gaming and lottery operator] and public industrial and commercial undertakings such as the RATP [public transport operator headquartered in Paris] – although it is not yet possible to obtain exact numbers for all the public-sector companies and public undertakings.

In 2013, in the public industrial and commercial undertakings (EPIC - *Etablissements Publics à caractère Industriel et Commercial*) and Public Administrative Institutions (EPA - *Etablissements Publics Administratifs*) and other companies under the jurisdiction of the French Economic and Financial Inspectorate (CGEFI - *Contrôle Général Economique et Financier*) women accounted for 25% of board members of the EPICs and EPAs subject to the January 2011 Act and 29% of board members of those subject to the March 2012 Act.

## Who are the women on boards?

From the handful of studies conducted in the past few years it emerges that recently appointed women frequently have the following profiles.

Before the Act, women on large company boards generally had a strong link with a director or founder of the company, had prestigious qualifications, attended an elite educational establishment, held a post in a Comex or was a director of a listed company<sup>4</sup>.

<sup>3</sup> Nekhili, M., & Gatfaoui, H. (2013). Are demographic attributes and firm characteristics drivers of gender diversity? Investigating women's positions on French boards of directors. *Journal of Business Ethics*, 118(2), 227-249; Singh, V., Point, S., & Moulin, Y. (2015). French supervisory board gender composition and quota threat: changes from 2008 to 2010. *Gender in Management: An International Journal*, 30(7), 551-571.

<sup>4</sup> Singh, V., Point, S., Moulin, Y., & Davila, A. (2015). Legitimacy profiles of women directors on top French company boards. *Journal of Management Development*, 34(7), 803-820.

In the 2011 and 2012 financial years, the characteristics of women board members were fairly similar to those of newly appointed men. Their average age, educational level and board member or company director experience remained identical. However, differences were seen mainly in two criteria: internationalization and independence, where women scored more highly.<sup>5</sup>

Since 2013, many differences between the profiles of women and men board members have been emerging:

### *More international*

The process of internationalizing the boards and, in particular the profiles of the women on them, has advanced significantly in the SBF 120 and CAC 40 listed companies. According to the study by Ethics & Boards, the percentage of “extra-national” board members, i.e. either not French or with dual nationality, rose from 25.1% in 2013 to 29.3% in 2015 for SBF 120 companies. In CAC 40 listed companies, 39.8% of women board members are “extra national”, compared with 26.4% of their male counterparts. In the SBF 120 boardrooms, 36.9% of the women and 24.9% of the men are “extra-national”.

### *Younger*

In 2015, the average age of men on SBF 120 listed company boards was 62 years, as compared to 56.1 years for the women. Taken as a whole, going beyond the SBF 120 companies and including all the companies listed on Euronext Paris or Alternext Paris, large-caps’ governing and supervisory boards are the youngest – and this includes the women whose average age was 51.2 years. Detailed analysis of the age pyramid reveals that around 60% of male board members are over 60. On the contrary, 65% of women board members are under 60. Obviously, in every case, solid experience is a requisite for joining a board so that members can contribute to the strategic issues discussed in the boardroom. Some of the interviewees also gave 50 as the key minimum age for joining these boards.

In the SBF 120 companies, over 60% of women board members are serving for the first time, whilst over half their male counterparts have served for between 4 and 12 years. This disparity is due to the need to enlarge the recruitment pool for women board members, given the large number of seats to be filled on the boards in order to comply with the legislation. In 2015, 16.2 % of male board members had been serving for over 12 years compared with 5.5% of the women.

### *Serving on fewer boards*

In the SBF 120 companies, women are less inclined to join several boards within France. Indeed, 96% of those on small caps’ boards sit on only one board, principally because, for the moment, some chairs, thinking they have found the rare pearl, are not very keen to see “their female board members” on other boards. Some of our respondents also told us they were equally reluctant to see their top executives sitting on other institutions’ boards.

### *More independent*

Women play a more independent role in boardrooms than their male colleagues. Those appointed in 2012 are more frequently independent (in the sense of the AFEP/MEDEF code) than the men (70.1% as opposed to 53.9%). This development seems mainly linked to a substantial drop in the proportion of women with the status of family representative. But this situation is primarily seen in the big companies. In the CAC 40 companies, 74% of female board members are independent. By contrast, in the small-caps, the situation is totally different: 38% of women sitting on these companies’ boards represent families.

### *Fewer Chairwomen*

Since the introduction of the 27 January 2011 Act, there has been little change in the proportion of Chairwomen. The survey conducted by the HCEfh and CSEP with the 353 companies listed on the regulated markets and covering the period 2011-2014 also confirms that the proportion of women in top company positions is still particularly low, at around 5,6%. However, while men still hold nearly 95% of director-level posts, in the targeted companies, the proportion of women is very slightly up.

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<sup>5</sup> Dang, R., Bender, A. F., & Scotto, M. J. (2014). Women On French Corporate Board Of Directors: How Do They Differ From Their Male Counterparts? *Journal of Applied Business Research*, 30(2), 489-508.

Audit committees are traditionally the bodies with the most women: 33.0% of women on these committees in SBF120 companies, compared with 27.4% for the remuneration committees and 26.0% for the selection committees. So, overall, women's representation has been improving since 2010, but the responsibilities entrusted to these new female board members are still below those of their male counterparts.

*Distribution of directors of listed companies (women chairs of supervisory boards, governing boards and CEOs) by company size in 2014*

	Large-caps	Mid -caps	Small-caps	Total	% W
Companies with supervisory boards	57	50	64	171	
<i>With a Women Chair</i>	2	6	6	14	8.2
<i>With a Women Chair of the Management Board</i>	2	5	5	12	7.0
Companies with governing boards	64	37	87	188	
<i>With a Woman Chair</i>	2	5	1	8	4.3
<i>With a Woman Chair and CEO</i>	1	0	5	6	3.2

Source: HCEfh/CSEP survey, July 2015

## How should the legislation's implementation be monitored to improve its efficacy?

### How many companies and undertakings are being targeted?

It clearly emerged from the hearings that implementation of the French legislation on the balanced representation of women and men on governing boards was still encountering two major difficulties:

- firstly, some of the companies and undertakings covered by it are unaware of the legislation and;
- secondly, there is no monitoring and control instrument or body.

The legislation does not contain provisions on the terms and conditions of its implementation or the establishment of a monitoring mechanism, which, to be effective, has to comprise both a yardstick and a body to process the data and corresponding controls.

Today, although more studies are being carried out, these still mainly focus on the proportion of women on CAC 40 and SBF120 company boards because it is easier to collect data from these. Yet over 900 companies are covered by the legislation according to the estimates carried out in the framework of this report.

### Private-sector companies covered by the French legislation

**A reminder: for private companies, the 27 January 2011 Act has a heterogeneous sphere of application and a "double" rule for quotas, depending on board size: 40% and maximum gap of 2.**

**NB: for the private sector the legislation covers:**

- \* the listed companies and;
- \* unlisted companies with 500 or more employees and a turnover of more than €50 million

While exact calculations are extremely tricky, the number of companies concerned and their board size would seem to be:  
**601 companies listed** on the regulated Euronext Paris market  
**520 listed companies** with HQs in France  
**397 unlisted companies with 500 or more employees** and a turnover of more than €50 million

The dearth of studies is still more glaring when it comes to the nearly 10,000 public undertakings with recorded accounts on which there are virtually no studies.

## What bodies exist for monitoring and control...

Self-regulation mechanisms already exist for private-sector companies, like the AFEP/MEDEF code. Indeed, for the 214 companies subscribing to it, the latter stipulates that they must have 40% of women on their boards by 2016, with the comply-or-explain principle.

The Financial Markets Authority (AMF) also publishes an annual report including information on board diversity and in particular on the proportion of women in the boardroom. Three years ago, the AMF established the “name and shame” principle, publishing the names of companies not complying with the code. Since companies are not happy to have the finger pointed at them for bad practices, those singled out could well redouble their efforts to achieve the threshold set out by the Act. On the other hand, this principle is not being applied to companies following the Middennext code, since they are SMEs and the AMF considers that for them there is still plenty of opportunity for further progress.

So for the private sector, monitoring processes already exist, but, on their own, they cannot possibly trigger the necessary institutional processes, especially as they check the implementation of this provision, *inter alia*, only in companies in their ambit (those affiliated to the AFEP-MEDEF code or listed). This is why it is necessary to think about identifying already existing bodies capable of carrying out the monitoring or creating new ones, such as the AMF and the Directorate-General for Enterprise at the economic and financial ministries.

For the public sector, today, very few bodies are officially in charge of monitoring this issue, and, when they do monitor, they do so in a very limited field, for instance the State Holdings Agency (APE - *Agence des Participations de l'Etat*), which monitors 77 companies falling within its scope, with only some of these being public undertakings. In 2012, article 52 of the Sauvadet Act extended the obligation to establish a balanced representation of women and men on their boards to all public undertakings, with this applying to qualified individuals and State representatives. Institutional actors, including senior female civil servants and the relevant undertakings remain largely unaware of this article. Indeed, it was put into the Act without its implementing terms or conditions having been thought through or organized in advance, primarily in order to complete the relevant section of the Copé-Zimmermann Act. The task of monitoring these Acts' implementation could be entrusted, each in its own sphere of activities, to France's economic and financial monitoring body (CGEFI - *Contrôle général économique et financier*), the State Holdings Agency (APE) and to the *Secrétariat Général du Gouvernement* (SGG) [roughly equivalent to the British Cabinet Office].

## ... to ensure the efficacy of the sanctions ?

The so-called Parity Acts and Norwegian Act have largely inspired this draft legislation and the regular evaluations show that, without strong legal constraints, parity has only slightly progressed.

### *Invalidity of board proceedings and suspension of non-employee director compensation*

And parity can increase that much faster if there is also provision for “financial” sanctions. This is why the sanctions are based on two key ideas: the invalidity of the appointments of directors and suspension of the compensation due to board members (such as attendance fees). These sanctions will come in only on the deadline laid down in the legislation, i.e. in 2017.

The Trade Code articles - L.225-18-1, for governing boards, L.225-69-1 and L.226-4-1, for supervisory boards, provide for the invalidation of appointments, but not of the proceedings in which the board members whose appointments have been declared invalid have participated. This wording raises two questions : Which appointments are invalid when several come at the same time and what happens if the quorum necessary for the adoption of important decisions is no longer obtained because of these invalid appointments?

Action to challenge an unlawful composition of a board may be taken by the company's shareholders at a general meeting through, for example, a written question. But if there's no “external” shareholder, could the board's composition be called into question? Would it be easy for family members to do this?

In practice, unless a company manifestly desires not to comply with a legal obligation, which does not send shareholders a good signal, on balance, the board chairs interviewed expressed confidence that

their companies were moving towards compliance. Moreover, the position of chair of a governing or supervisory board is also put to the vote at the Annual General Meeting and board chairs have little interest in risking endangering their positions, and consequently seeing their appointments invalidated. This is especially true for companies where the board chair is also the Chair and Managing Director, or even owns the company.

When a governing or supervisory board is not gender balanced, payment of the compensation is suspended. If the situation returns to compliance with the legislation, payments resume, retroactively. However, sanctions based solely on attendance fees cannot apply to ETIs or medium-size companies, since most of these do not pay attendance fees and have other methods of remuneration. This is why it would be important, when collecting data, to obtain information on fixed and variable compensation, both for female and male board members and committee chairs so as to assess the possible impact of such a sanction.

## What impact is the legislation having?

There was unanimous agreement among interviewees and respondents that the legislation had permitted significant advances for equal access to positions of responsibility for women and men in companies. More generally, interviewees consider that the legislation has contributed to improved governance, which can help the company's economic performance. This report does not seek to determine any correlation between parity and economic performance, but rather to observe possible changes in governance triggered by the legal provisions.

## Pondering the board's role

With a notable increase in the proportion of women in their boardrooms, companies have taken advantage of this time to reflect on the roles of the boards and board members in their companies' economic activity and on their governance. Concretely, this has involved combating the stubborn tendency for boards to be "old boys' clubs", which for a long time have simply rubberstamped the company chair's decisions.

## Renewing the recruitment process

Thanks to this legislation other lingering clichés have seen the dust, particularly in this economic sphere.

First cliché: "no women are applying to join boards". The first years of the implementation of the January 2011 Act have proved the contrary. Indeed, a pool of women existed and it has even grown larger today. The reason why it was thought that there were no women was because they were invisible in this sphere and so invisible candidates, because these posts were traditionally considered right for men and their "masculine" skills as decision-makers.

Second cliché: "women candidates will not have the same skills as men or even the same level of education"; in fact they are often even more qualified than the men. But this difference favouring women nevertheless reflects a climate which is "hostile" to their presence. Their legitimacy on boards is not totally accepted, since to access the same posts as men, women have to prove that they are even more highly qualified than the men.

No longer able to rely only on the traditional recruitment channels, i.e. the same circles of influence, with decisions taken between peers, people had to think about the ideal profiles for board members and the need for their interaction to create an environment conducive to formulating an effective economic strategy. Forced to think about the ideal profile of board members of both genders, every company is rethinking its future board appointments in the context of its strategy, sector of activity, etc. but some major trends have nevertheless been emerging from the interviews conducted with board chairs. To find people fulfilling several of these expectations, companies are increasingly turning to recruitment agencies to help them in their search. Companies, and more specifically medium-size companies, need assistance in determining the profile of the candidate they are looking for and even in organizing their governance. But, overall, the chairs interviewed lamented, in the first years, the lack



of diversity in the profiles available and/or “a lack of creativity”, and even “a certain laziness” on the part of the recruitment agencies: “Everyone is looking for the same profile in the major groups and, given the size of the available pool, the women identified are highly sought after”.

## Putting professional gender equality on boards’ agendas

In their bill, Marie-Jo Zimmermann and Jean-François Copé were pursuing the idea of gender parity on the boards stimulating people at a company’s lower levels, making this part of a comprehensive process of achieving equality in it, and boardroom discussion of the policy of professional and salary equality. So the 27 January Act also made it compulsory for boards to do this on the basis of an annual report on the comparative situations of the women and men in their companies. During their interviews, the vast majority of board chairs said that they put this issue on their board’s agenda at least once a year, linking it particularly to the policy of professional equality carried out internally either because the company already had both an agreement on professional gender equality and a gender balance policy or because a succession plan, followed by the board, was already in place.

The vast majority of chairs have tackled the more general issue of sharing responsibility within their companies, which cannot be reduced to gender parity in the boardroom, and take the view that such provisions should apply to executive and steering committees. Aware that this is not possible because these bodies have no legal existence, they think the solution lies in their company’s professional equality policy. Indeed, in most listed companies, board members, particularly those of the appointments board, monitor their “top management” with great interest.

## Is the 40% goal still hard to achieve?

For the moment, judging by the existing data and hearings’ results, there is a risk that the goal of achieving 40% of women on boards in 2017 will be only partially achieved: Large companies will very probably reach it for all the reasons we have indicated.

Listed companies	Total number	Number of companies studied	%	% « W	MIN	MAX	% of companies achieving, at the end of 2014, the 2017 goals
<b>Large-caps</b>	150	124	83%	30.2%	0% (Eurofins-CEREP)	54% (Publicis Group)	17%
With governing/supervisory boards > 8		111					13%
With governing/supervisory boards < 8 or = 8		13					54%
<b>Mid-caps</b>	125	82	66%	26.2%	0% (Fiducial Real Estate)	50% (Groupe Gorge; Locindus; NRJ Group; Solucom)	17%
With governing/supervisory boards > 8		44					5%
With governing/supervisory boards < 8 or = 8		38					32%
<b>Small-caps</b>	245	147	60%	26.7%	0% (12 companies)	75% (CRIT Group; Le Tanneur & Cie)	37%
With governing/supervisory boards > 8		21					5%
With governing/supervisory boards < 8 or = 8		126					43%
<b>Total of listed companies</b>	<b>520</b>	<b>353</b>	<b>68%</b>	<b>27.8%</b>			<b>25%</b>

Source: HCEfh/CSEP study, 2015, results as at 31 December 2014.

On the other hand, it will very probably not be achieved in all the medium-sized companies, so far as we can judge from the information obtainable in this “*terra quasi incognita*” of the medium-size companies covered by the 2014 Act (which extended the provisions to companies with 250 or more employees).

In the eyes of directors, governance is the company's management tool. Since their objective is to create value, they sometimes hesitate in the face of what they deem excessive constraints, something which can, in some cases, lead them to circumvent legislation they consider too hard to apply. Just like with political parity, during this appraisal three strategies for getting around the legislation emerged from the hearings:

- **changing the company's legal status** : The first solution some companies have found to avoid having to comply with the legislation is to change their company's legal status, thereby evading the legal obligation to have a governing or supervisory board and for these to be gender balanced. This is because only limited partnerships with shares (*sociétés en commandite par actions*) are covered by the Act of 27 January 2011;
- **changing their board size** : The second possible option is to limit the number of board members to the legal minimum of 3-4 people, so as to bring in only one, or a maximum of two women, potentially from the family, in order for their board to comply with the law, but thus playing but a rubber stamping role;
- **moving the effective power to "informal" boards** : With a board which no longer really acts as a decision-making body, power moves either to an already existing steering committee or to a sort of informal "shadow" board where the company's strategy is prepared, this time between peers.

In every case, regardless of the sector (private or public), it is important to bring in board members with a genuine diversity of profiles, i.e. including women and men of different ages, social backgrounds and ethnicity, women and men with disabilities, etc. This is why the HCEfh and CSEP take the view that, over and above the proposals relating strictly to an appropriate implementation of the legislation on balanced participation of women and men on boards, it is right to pursue the endeavours not only to inform and alert people to the need to support what companies are doing on this, but also to find new incentives. This presupposes a collective effort involving all the parties concerned: the State, private-sector companies, public-sector companies and public undertakings, training centres, recruitment agencies, specialist board members' associations and employers' associations.

## What improvements should be envisaged?

To guarantee implementation of the Act by 2017, the HCEfh and CSEP advocate stepping up active efforts and improving the monitoring and support of companies, focusing on the following actions:

- 1: reminding companies and undertakings of their legal obligations;
- 2: assessing and monitoring parity on boards, particularly thanks to the identification of data and monitoring and control bodies;
- 3: assisting in the search for board members and the professionalization of board-member posts, particularly with practical tools (guide, applications, specific programmes) available to companies;
- 4: pursuing the sharing of responsibilities on boards by, for example, supporting programmes to promote the setting-up of businesses by women and gender diversity in the workplace and making public procurement conditional on companies complying with their legal obligations.





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