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# GENDER DIVERSITY IN THE BOARDROOM

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Progress in a Tumultuous Year

► MARCH 2021 | [DILIGENTINSTITUTE.COM](https://www.diligentinstitute.com)

# About Diligent Institute

Diligent Institute provides industry-leading research on global board governance. Today's increasingly dynamic world presents a dizzying array of economic opportunities and challenges. As companies navigate that environment, high-quality governance is more important than ever to ensure effective oversight, protect and create jobs, and positively impact the economy. The Institute equips board directors and corporate leadership teams at organizations around the globe with insight to inform forward-looking decisions that leave a meaningful mark on the world.

Diligent Institute was founded in 2018 to offer a global perspective on corporate boardroom practices. The Institute serves as the global governance research arm and think tank of Diligent Corporation, the pioneer in modern governance. Diligent empowers leaders to turn governance into a competitive advantage through highly secure, integrated SaaS applications, helping organizations thrive and endure in today's complex, global landscape. The Diligent Institute is solely funded by Diligent Corporation.

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Diligent powers modern governance, enabling transformational leaders to help their organizations do the right thing. Our governance platform provides new ways for leaders to digitally transform their governance practices, from increasing board and executive effectiveness to proactively managing risk and compliance practices to integrating real-time industry and company data like cyber risk scores and board composition. Diligent empowers leaders and teams to stay connected, informed, and ahead of what's next so they can run more successful, equitable, and sustainable organizations – and create positive change in the world.

Today, nearly 700,000 governance leaders from over 19,000 organizations and 90 countries rely on the Diligent modern governance platform. With more than 1,000 employees globally, serving both public and private sectors, we are helping organizations digitize their governance practices and transform effective governance into a long-term, competitive advantage. Diligent is backed by leading investors Insight Partners, Clearlake Capital, and Blackstone.

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# Women in Board Leadership

## What Changed During 2020?

The number of women serving on listed company boards has been slowly but steadily increasing over the last decade, yet more progress is needed to ensure women are fully included in board leadership. In 2020, Diligent Institute's report, *A Few Good Women: Gender Inclusion in Public Company Board Leadership*, investigated this issue. We were particularly interested to learn more about women's inclusion in board leadership roles by exploring the following questions:

- **What are the rates of participation in committees for female board directors?**
- **How frequently are women asked to assume leadership positions upon joining the board?**
- **How well represented are women in board leadership roles overall?**
- **How does the rate of women's participation in board leadership compare to that of men?**

For 2021, we wanted to look back over the past year and see if our prediction was correct. Given all that happened in 2020 – a global pandemic, lockdowns, economic tumult, political and social unrest, a reckoning on racism, natural disasters and accelerating climate change – what changed regarding women's participation in corporate board leadership? This report provides an update on the findings from last year's report and an analysis of visible trends.

The results showed progress being made with ample room for growth, and we published the report in early March 2020 with the prediction that progress on board diversity would accelerate in the coming year.

# Key Findings

## Women Gain Ground in Board Leadership

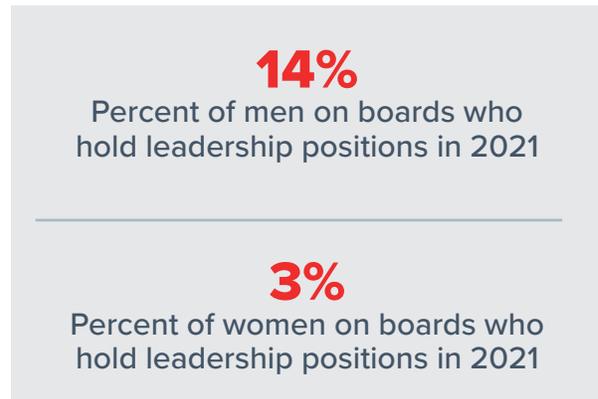
Despite a year of crisis and turmoil, there has been a global increase in the number of women serving on boards: globally, 27% of directors are female, up five percentage points from last year.



Men are still **4.67x** more likely to be board leaders than women

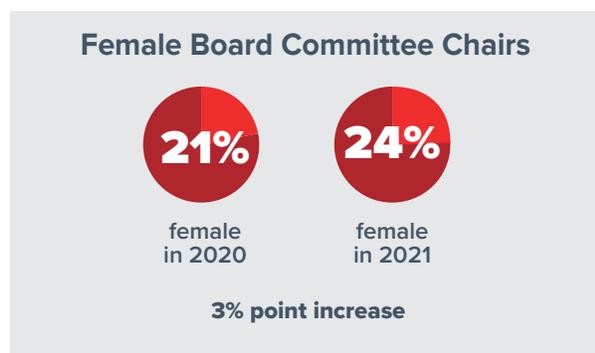
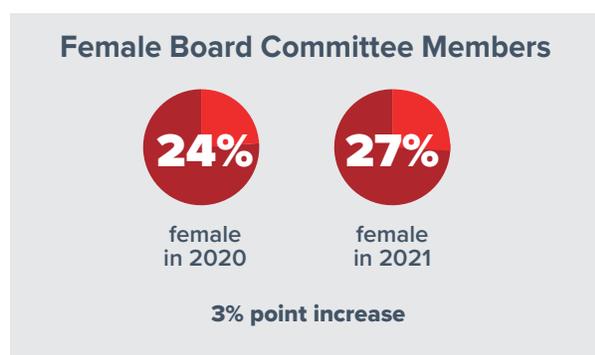
**&**

Men hold about **3x** more board leadership positions than women



## More Women Are Leading Committees This Year

Female directors also made progress on board committees last year. Compared to 2020, female representation in committees has risen three percentage points, from 24% to 27%, and women’s representation in board committee chair roles rose by the same margin, from 21% to 24%.



Audit committees saw the largest increase in female representation last year: from 25% in 2020 to 32% in 2021. The number of female audit committee chairs meanwhile increased by 9 percentage points, from 21% to 30%.

Remuneration and nomination committees both increased female representation by 3 percentage points, from 24% to 27%. Female remuneration chairs increased 2 percentage points, from 23% to 25%. Nomination chairs who are female also increased by 2 percent, from 19% in 2020 to 21% in 2021.

## Women’s Participation in Committees

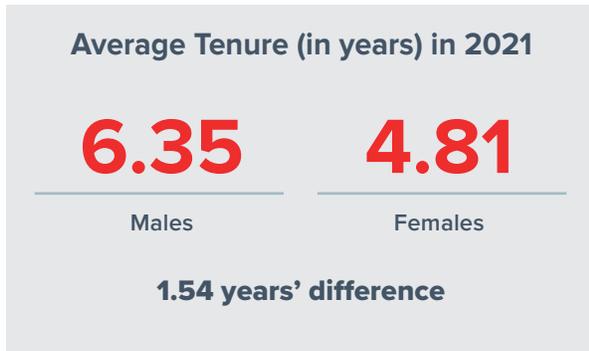
| 2020                     | Audit | Remuneration | Nomination |
|--------------------------|-------|--------------|------------|
| Overall Committee Member | 25%   | 24%          | 24%        |
| Committee Chair          | 21%   | 23%          | 19%        |

| 2021                     | Audit | Remuneration | Nomination |
|--------------------------|-------|--------------|------------|
| Overall Committee Member | 32%   | 27%          | 27%        |
| Committee Chair          | 30%   | 25%          | 21%        |

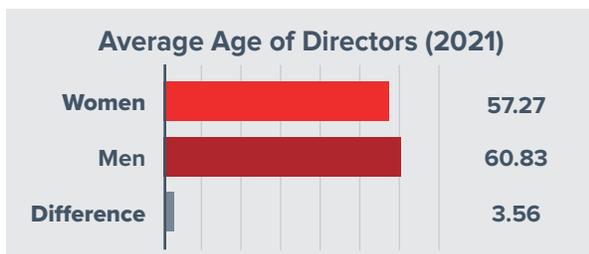
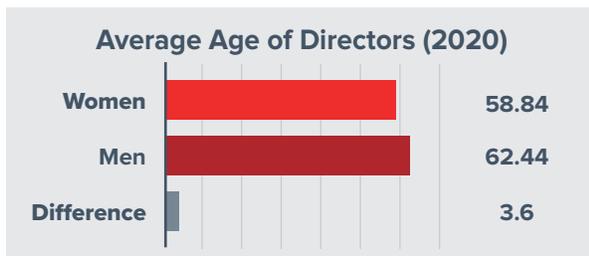
- Audit Member: **7% point increase**
- Audit Chair: **9% point increase**
- Remuneration Member: **3% point increase**
- Remuneration Chair: **2% point increase**
- Nomination Member: **3% point increase**
- Nomination Chair: **2% point increase**

## Female Directors Are Younger and Have Shorter Tenure

Length of tenure also differs between men and women. While male directors have an average board tenure at 6.35 years, this number is about 1.54 years lower for women at 4.81.



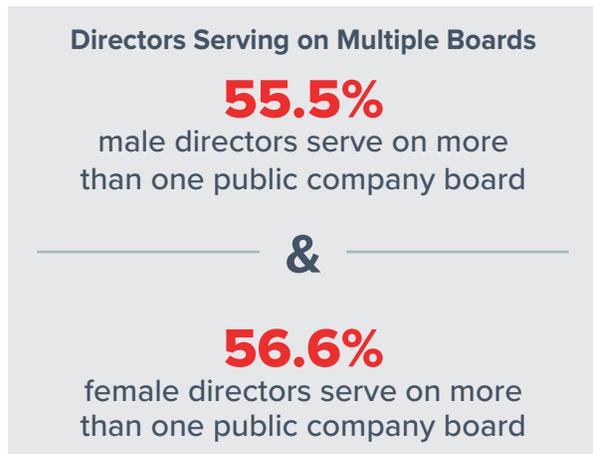
The age differences between male and female board members is roughly the same as it was in 2020 at about 3.6 years, with female directors tending to be younger on average. However, ages of board directors overall dropped last year: average age dropped 1.37 years for male directors, at 60.83 years, and 1.61 years for females, at 57.27 years.



## Directors' Average Age: 2021 vs. 2020



As more boards seek female directors, a commonly voiced concern is that a relatively small pool of female candidates will be asked to serve on multiple boards and risk becoming “over-boarded.” However, our data indicates that this was not the case last year: globally, 55.5% of the male directors in our dataset held more than one position, and that number was only slightly higher for female directors at 56.6%.



# Closer Look: United States

This is the gender diversity and inclusion story in the United States. While governance is increasingly global, strong regional differences remain. United States companies made up over half of our global sample, so it's worth providing United States specific numbers for all the global data points shared in the report.

## Overview

### Board Leadership Representation



## Board Leadership and Committee Chair Experience

2020

|  Average Female Board Member  |  Average Male Board Member  |
|--|--|
| <ul style="list-style-type: none"> <li>Has held <b>0.2</b> board leadership positions</li> <li>Has held <b>1</b> committee chair position</li> </ul> | <ul style="list-style-type: none"> <li>Has held <b>0.66</b> board leadership positions</li> <li>Has held <b>1.2</b> committee chair positions</li> </ul> |

2021

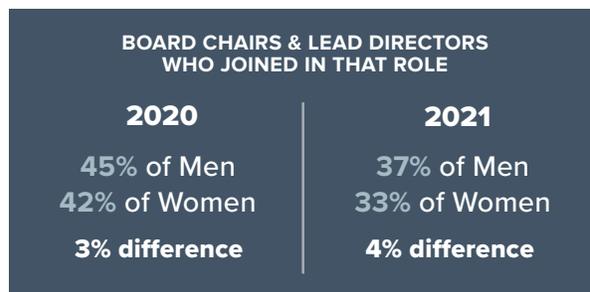
|  Average Female Board Member  |  Average Male Board Member   |
|--|---|
| <ul style="list-style-type: none"> <li>Has held <b>0.29</b> board leadership positions</li> <li>Has held <b>1.01</b> committee chair position</li> </ul> | <ul style="list-style-type: none"> <li>Has held <b>0.78</b> board leadership positions</li> <li>Has held <b>1.21</b> committee chair positions</li> </ul> |

- **Women have gained ground** in leadership experience by **.09 positions**
- **Men have also gained ground** in leadership experience by **.12 positions**
- Male and female committee members' average chair experience has **increased by .01**

## Women's Participation in Board Committees



## Leadership Momentum



- Gap between men and women has **risen by a percentage point**
- Percentage of men has **fallen by 8 percentage points**
- Percentage of women has **fallen by 9 percentage points**

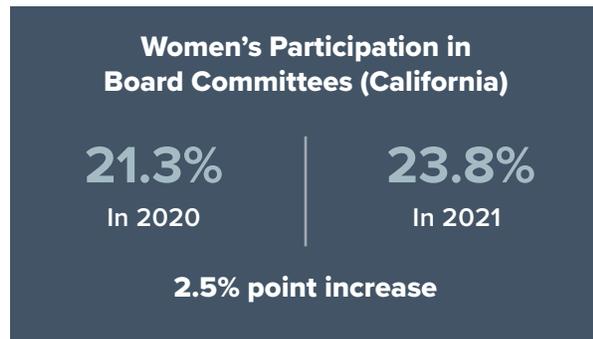
## AVERAGE PACE FOR PROMOTIONS TO BOARD LEADERSHIP ROLES



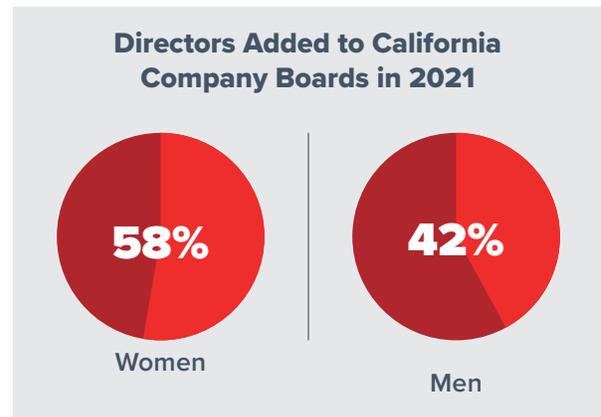
- Gap between male and female has **shrunk by .2 years**
- Pace of male promotion has **decreased by .12 years**
- Pace of female promotion has **increased by .08 years**

## Spotlight: California

In 2019 and 2020 California has passed landmark legislation on public company boardroom diversity. We took a closer look at California to see the effect these laws have had on gender diversity so far. Overall, 21.3% of board seats in California were held by women in 2020, and this number is up 2.5 percentage points to 23.8% this year. Compared to the U.S. in 2021, California has a higher percentage of women on boards, at 23.8% to 21.4% for the US as a whole.



Of the 475 California companies included in our dataset, 106 of them added a single individual to their boards in the last year. Of these, 58% were women.



# Closer Look: Europe

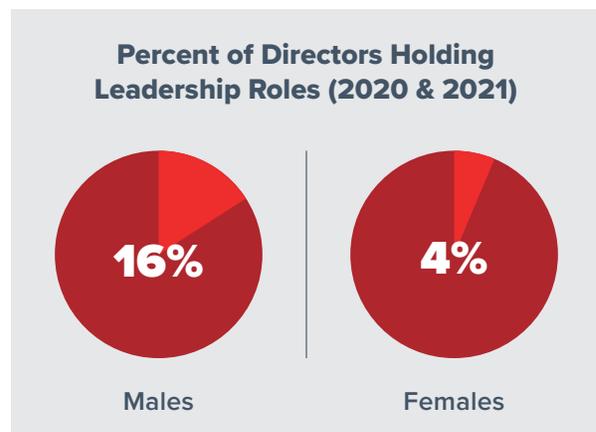
This “Closer Look” report highlights improvements made across Europe in terms of female representation and inclusion on corporate boards. Within this breakdown, we have included a spotlight on Ireland, which currently lags behind the rest of Europe in female representation at the board level.

Across Europe, modest gains have taken place:

- The percentage of women on corporate boards has increased three percentage points in the last year, from 27% in 2020 to 30% in 2021.
- The percentage of female board chairs and lead directors increased by a similar margin of two percentage points, from 8% in 2020 to 10% in 2021.

Meanwhile, leadership momentum is changing for both men and women. The percentage of board chairs and lead directors who joined the board in that role is down by 6 percentage points for men and 7 percentage points for women, indicating that more companies are promoting leaders from within the company.

## Board Representation: Overview



## Board Leadership and Committee Chair Experience

2020

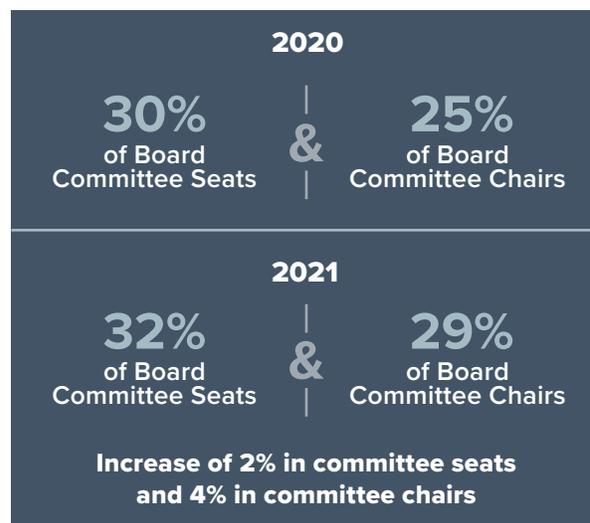
|  Average Female Board Member  |  Average Male Board Member   |
|--|---|
| <ul style="list-style-type: none"> <li>Has held <b>0.38</b> board leadership positions</li> <li>Has held <b>1.1</b> committee chair positions</li> </ul> | <ul style="list-style-type: none"> <li>Has held <b>1.26</b> board leadership positions</li> <li>Has held <b>1.37</b> committee chair positions</li> </ul> |

2021

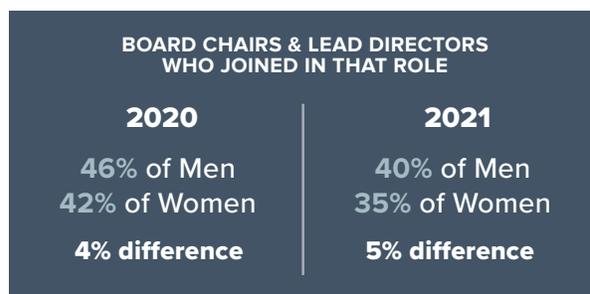
|  Average Female Board Member   |  Average Male Board Member   |
|---|---|
| <ul style="list-style-type: none"> <li>Has held <b>0.44</b> board leadership positions</li> <li>Has held <b>1.23</b> committee chair positions</li> </ul> | <ul style="list-style-type: none"> <li>Has held <b>1.28</b> board leadership positions</li> <li>Has held <b>1.39</b> committee chair positions</li> </ul> |

- Women have **gained ground** in leadership experience **by .06 positions**
- Men have also **gained ground** in leadership experience **by .02 positions**
- Female committee chair representation has **increased by .13 positions**
- Male committee chair representation has **increased by .02 positions**

## Women's Participation in Board Committees



## Leadership Momentum



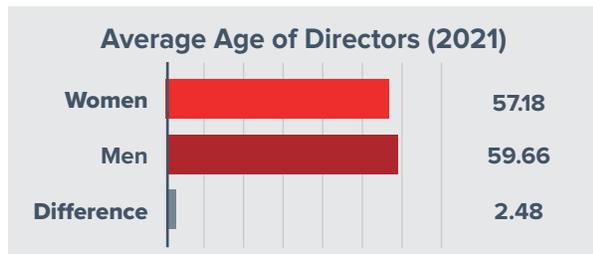
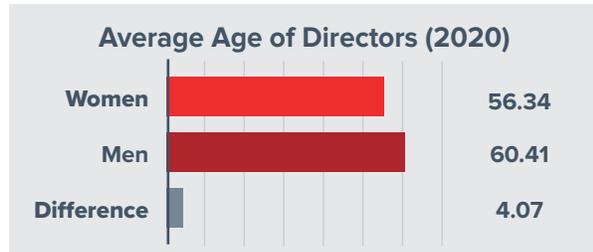
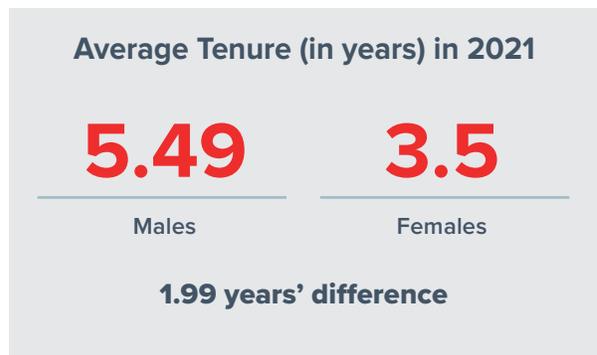
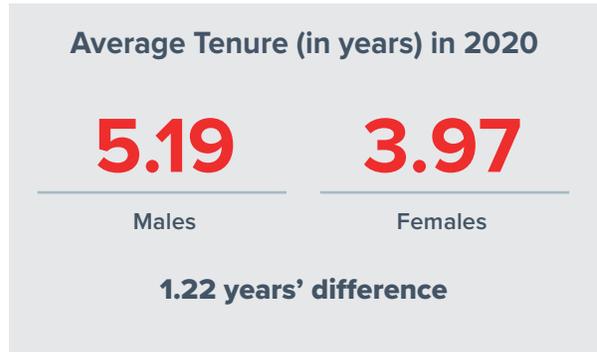
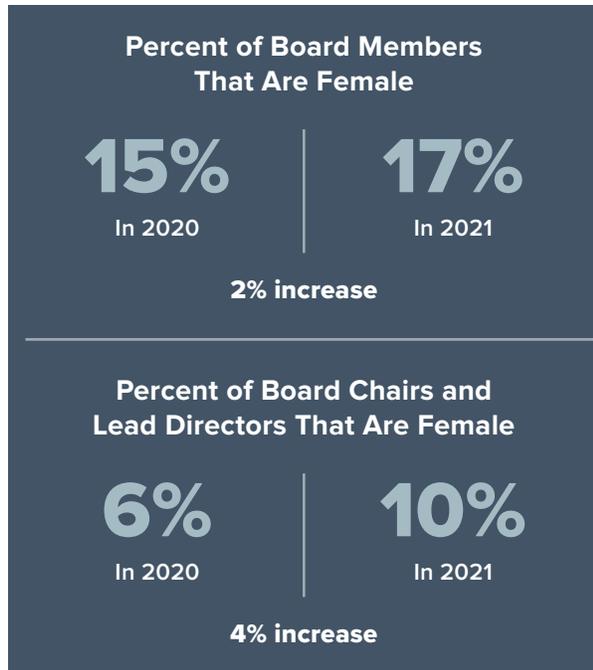
- Gap between men and women has **risen by a percentage point**
- Percentage of men has **fallen by 6 percentage points**
- Percentage of women has **fallen by 7 percentage points**

## AVERAGE PACE FOR PROMOTIONS TO BOARD LEADERSHIP ROLES



- Gap between male and female has **increased by .13 years**
- Pace of male promotion has **decreased by .37 years**
- Pace of female promotion has **decreased by .5 years**

## Spotlight: Ireland



- Average age for males has fallen **by .75 years**
- Average age for females has crept **up by .84 years**
- Gap between males and females has **shrunk to 1.59 years**

- Gap between male and female tenure has **risen by .77 years**
- Male tenure has **increased by .3**, female tenure has **decreased by .47**

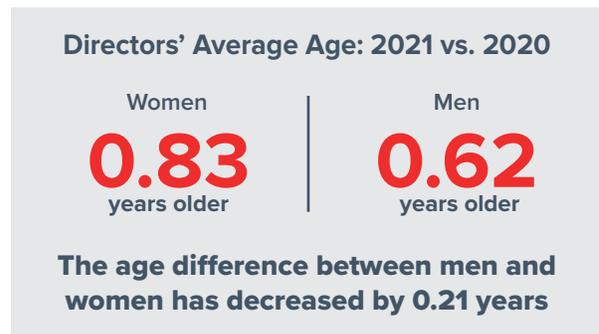
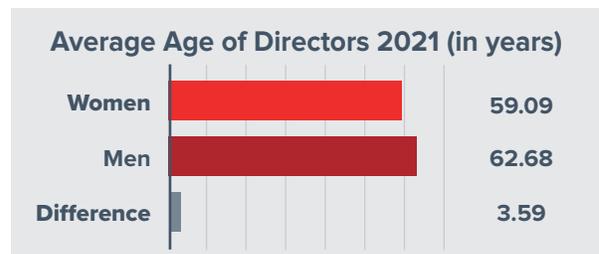
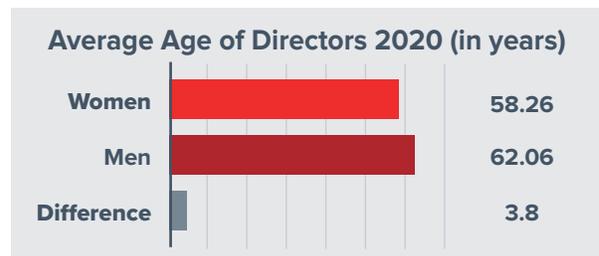
### Women's Participation in Board Committees



# Closer Look: Australia

The ASX corporate governance principles suggest that all listed boards strive to have at least 30% female directors. We took a closer look at Australia to see the effect these governance principals have had on gender diversity so far.

Overall, 26% of board seats in Australia were held by women in 2020, and this number increased 3 percentage points to 29% in 2021. Compared to the global average, Australia has a 2 percentage point advantage: 29% of Australia's directors are women, compared with 27% globally.



### Average Tenure (in years) in 2020

5.55

Males

3.96

Females

1.59 years' difference

### Average Tenure (in years) in 2021

5.72

Males

3.92

Females

1.8 years' difference

- The difference between male and female tenure has **risen by 0.21 years**
- Male tenure has gone up 0.17 years, Female tenure has **decreased by 0.04 years**

### Average Leadership Position Experience on Board in 2020 (by # of positions)

Men

1.54

Women

0.66

In 2020, the average male board member was 2.3x more likely to hold a board leadership position than female board members.

### Average Leadership Position Experience on Board in 2021 (by # of positions)

Men

1.69

Women

0.80

In 2021, despite some gains by women, male board members are still 2.1x more likely to hold board leadership positions than their female counterparts.

- The average leadership positions for **men rose by 0.15**, and the average leadership positions for **women rose by 0.14**.

**Time to Join Leadership Position  
After Joining Board in 2020 (years)**

**4.26**

Males

**4.10**

Females

**0.16 years' difference**

**Time to Join Leadership Position  
After Joining Board in 2021 (years)**

**4.2**

Males

**3.76**

Females

**0.44 years' difference**

- Women hold a slight advantage and continue to join leadership positions more quickly than men once on a board.
- Length of time for men to join leadership **decreased by .06**, length of time for **women decreased by .34**.

**Women's Participation in Board Committees**

|                          | 2020 | 2021 |
|--------------------------|------|------|
| Overall Committee Member | 28%  | 29%  |
| Committee Chair          | 30%  | 30%  |

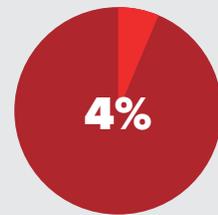
- **1% point increase** in committees overall, no change in committee chair, good proportional representation here!

**Percent of Directors Holding  
Leadership Roles (2020 & 2021)**



**19%**

Males



**4%**

Females

**15% difference**

# Appendix

## Companies Included by Country (by primary listing)

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|                |        |
|----------------|--------|
| Australia      | 5.62%  |
| Austria        | 0.50%  |
| Belgium        | 0.41%  |
| Canada         | 4.65%  |
| Denmark        | 0.43%  |
| Finland        | 0.46%  |
| France         | 2.43%  |
| Germany        | 2.51%  |
| Ireland        | 0.94%  |
| Italy          | 2.02%  |
| Japan          | 4.08%  |
| Luxembourg     | 0.17%  |
| Netherlands    | 2.31%  |
| Norway         | 0.75%  |
| Poland         | 0.46%  |
| Portugal       | 0.48%  |
| Russia         | 0.99%  |
| Spain          | 2.38%  |
| Sweden         | 0.55%  |
| Switzerland    | 0.84%  |
| United Kingdom | 12.10% |
| US             | 54.94% |

## Companies Included by Sector (by 2-digit GICS)

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|                        |        |
|------------------------|--------|
| Consumer Discretionary | 11.69% |
| Financials             | 25.60% |
| Information Technology | 10.44% |
| Materials              | 7.43%  |
| Utilities              | 2.94%  |
| Industrials            | 14.47% |
| Communication Services | 4.80%  |
| Health Care            | 12.17% |
| Consumer Staples       | 4.73%  |
| Energy                 | 5.72%  |

# Acknowledgements

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## Diligent Institute Advisory Board

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- Rahul K. Bhardwaj
- Susan Forrester
- Peter Gleason
- TK Kerstetter
- Susan Kilsby
- Dr. David Larcker
- Aniel Mahabier
- Lothar Schröder
- Brian Stafford
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