



# HOUSE OF LORDS

Unrevised transcript of evidence taken before

## **The Select Committee on the European Union**

Internal Market, Infrastructure and Employment (Sub-Committee B)

Inquiry on

### **WOMEN ON BOARDS**

*Evidence Session No. 3.*

*Heard in Public.*

*Questions 141 - 196*

MONDAY 9 JULY 2012

4.05 pm

Witnesses: Neil Carberry, Sir Michael Rake and Simon Walker

Lesley Brook, Will Dawkins, Kate Grussing and Michael Reyner

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### Members present

Baroness O’Cathain (Chairman)  
 Lord Brooke of Alverthorpe  
 Baroness Buscombe  
 Lord Clinton-Davis  
 Lord Fearn  
 Lord Haskel  
 Lord Kakkar  
 Earl of Liverpool  
 Baroness Scott of Needham Market  
 Baroness Valentine  
 Lord Wilson of Tillyorn

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### Examination of Witnesses

**Neil Carberry**, Director for Employment and Skills, Confederation of British Industry; **Sir Michael Rake**, Chair, BT Group plc; and **Simon Walker**, Director General, Institute of Directors.

**Q141 The Chairman:** Gentlemen, thank you very much for giving up your time to come to this meeting. We think that this is an important inquiry. It is based on the EU directive about quotas for women on boards. Before we begin our questioning, I want to let you know that Members of the Committee with relevant interests will declare them. The session is on the record and is being webcast live. Subsequently it will be accessible via the parliamentary website. Witnesses will receive a transcript of the session to check and correct, and this will be put on the public record in printed form and on the parliamentary website. Of course, the session is also being televised for the parliamentary channel. Can I ask the witnesses to begin by stating for the record their names and official titles?

**Simon Walker:** I am Simon Walker and I am the Director General of the Institute of Directors.

**Sir Michael Rake:** I am Sir Michael Rake, Chairman of BT.

**Neil Carberry:** I am Neil Carberry, Director of Employment and Skills at the CBI.

**Q142 The Chairman:** Thank you very much. Does anyone want to make an opening statement, or shall we go straight to the first question? If there is a strong business case for increased gender diversity on boards, why is the current proportion of women on boards so low?

**Simon Walker:** Shall I start off? We believe at the IoD that there is a strong business case for greater female participation on boards. We do not think it is as simplistic as a straightforward correlation between more women and better company performance, even though a number of studies have purported to show that. We would argue, I think, that the mere fact of adding women to boards will not necessarily result in an automatic improvement in performance, because the impact of female board members will depend crucially on the personal qualities of the individual director and the needs of the companies they join.

The more persuasive case for women on boards is more subtle. Gender diversity, along with other forms of diversity such as age or professional background, has the potential to provide an antidote to the groupthink mentality that can easily pervade boardrooms. There is no guarantee that a female director will necessarily provide a more independent perspective, but it seems to be the case that the typical relatively homogeneous boardroom consisting primarily of older men from a former CEO or CFO background can often struggle to generate a sufficiently critical perspective on a company's activities overall and can become remote from the concerns of wider society, with negative implications for the company's reputation.

Although some significant progress has been made over the past few years, we think that the reason for the current proportion of women on boards being low is partly a result of the low level of women progressing through the executive pipeline. That is a complex and long-term problem, and we think it will take longer to increase diversity among executive

directors as compared with non-executive directors. But it also reflects the fact that, until recently, companies were less aware of the more subtle benefits of gender and other forms of diversity.

We should also note that part of the argument for more women on boards is not directly commercial. It is a reflection of society's expectation of greater sexual equality in decision-making, whether in companies, governments or other organisations, and we would argue that the corporate sector needs to respond to those expectations if it is to be seen as a good citizen and a legitimate actor in modern society.

**Q143 The Chairman:** Thank you. Can I pick up on something you said, Mr Walker? In your very first sentence, you said that you believe that there is a strong business case here, but then you led us to believe that there actually is not a business case. How would you define what a business case is? Most of us would consider that the business case is that the company would generate more profits, that it would have a better reputation in the City, that women would be more disposed to think positively about it and that, if there was gender diversity on the board, the people who worked in the business would think to themselves, "If they can do it, I can do it". To me it seems that you have said, "Yes, fine, there is a business case", but I would like to know what that business case is. Indeed, I think we all would.

**Simon Walker:** I think it relates to the absence of groupthink and the need for boards to reflect different perspectives. Often women will help in that, but appointing a woman might not by itself necessarily make a difference. It is diversity of thought that we think is most important.

**Q144 The Chairman:** Thank you. Sir Michael.

**Sir Michael Rake:** On the first question, as Simon said, I am absolutely convinced that diversity, and not just of gender, is a business issue. The reasons why we do not have

enough females at board level are many and complicated. You need role models. We need to see more development of females within companies and professional partnerships so that they are given the opportunity to deal with the practicalities and to take the time necessary to develop the skills they must have. No public company board can take any person on just because of their gender, not least because that would be insulting to qualified people. So a number of issues arise in this.

I think I take a slightly different line on the question of board effectiveness. We should not think it is just about diversity. It is about how a board is chaired, not having too many people on it and the quality of information and support provided. It is about creating an environment where there is challenge. My personal experience with having diverse boards with females on them is that they can add a lot, but a chairman has to be very careful to ensure that they are different in the sense that women think—I am sure it is not that men do not think—more carefully before speaking. You get a different intuition as to what is happening. It can be seen clearly when executives come to present. It is always interesting to get different views from different people around the table on how they feel about a presentation and how genuine it is. In many different respects you can benefit from that. On your question around why there are so few, as I have said, a number are bringing people through. Obviously there are some practical issues at various stages whereby women have to choose in terms of family and career. Frankly, there are some situations where men are willing to step into the role of doing more at home to allow their wives to develop careers. That makes it easier. Certainly most of the major professional partnerships are now putting a lot of effort into providing more practical help by allowing for career breaks and ensuring that the working week is more flexible. All these things can help.

We at BT have been trying hard with some of our very senior and up-and-coming female executives so that an environment is created for them where they can join boards and start

to get experience. But, to be honest, in today's world you have to make sure that they are going to boards that, it is hoped, are not going to get into too much trouble too quickly—which means by definition that they are not going into any financial services institutions because that just takes too much time. Trying to find the right balance between some of the very talented females we have in BT, for example, turns on balancing a demanding career with the responsibilities of family life. When starting to participate on a board, you have to be careful to choose the right one.

I think that the headhunters—I believe that the Committee is going to see them—do not fish in a sufficiently deep gene pool; there is absolutely no doubt about that. My personal experience in trying to up the number of females we have on the BT and easyJet boards has historically been more about people one knows or knows of rather than people necessarily coming through from the headhunters, although I think they are beginning to understand that the chairmen of companies who get the business case for the improved performance of the board through elements like intuition know that they should not phone you up and ask, “Who do you know?” but “Who do you know who is not at that level?” Those are all issues around the need to make this a practical proposition.

In all seriousness, there are blockages for people who for career reasons perhaps have moved out of professional partnerships or professional firms. It is necessary in financial institutions because the blockages of FSA interviews throw up practical difficulties, and not just for female candidates but for male candidates as well. However, that is beginning to change. Historically, there have been quite a lot of practical blockages in the way.

**Q145 The Chairman:** Thank you very much. Mr Carberry.

**Neil Carberry:** Broadly I am in agreement with much of what Sir Michael has said. We see the business case for improving diversity in the boardroom as resting on four critical points. One is accessing the full extent of the available talent pool from which to draw the best

executives in, of course, a meritocratic selection process. Another is that the organisational behaviour literature is pretty clear on the benefits of diverse groups in decision-making. Nowhere in a business is effective decision-making more important than in the boardroom, both in terms of challenge to the executive team and in terms of innovation. That leads to the promotion of a good governance agenda, which I think we would all agree on. Thirdly, it helps to reflect the world outside the boardroom. Certainly if you are in a consumer-facing business it is relatively clear from the data that 70% of consumer spending in the global economy is done by women, and therefore there is a case to reflect your customer base. Finally—this has already been mentioned—organisational culture is shaped from the top. You would expect organisations with more diverse boards to have better diversity outcomes trickling down through them, supporting and embedding the pipeline to the top that we have already talked about.

In terms of why we have not moved fast, it is probably true to say that selection for the boardroom has lagged behind other areas of the labour market since the great increase in women's labour market participation of the past few decades. Critical issues there are challenging some of the preconceptions about how people work as they move up through the organisation. There are questions of flexible working, questions of support and preparation for the board and, picking up on what Sir Michael has said, the importance of thinking broadly in terms of the talent pool that headhunters are fishing in.

Finally, it is important to acknowledge that over the past decade there has been a shrinking of boards from the executive side. In 1999, there were around 645 executive directors in the FTSE 100, but there are now 323; non-execs have gone the other way. Perhaps some of the flattening out we have seen over the past decade has something to do with that.

**The Chairman:** That is a very interesting point. All of this has been very effective in setting the scene, but we have a lot of questions to go through. Could you make your responses just a little shorter? However, thank you for all you have said. I turn now to my colleagues.

**Q146 Lord Clinton-Davis:** I go back a long way with Simon because we were associated with each other some 40 years ago. Simon, I think that you are taking a very fundamentalist attitude to this. You spoke of there being no automaticity and no guarantees so far as women on boards are concerned, but will you acknowledge that there is the possibility of improvement if they are on boards?

**Simon Walker:** Yes, I would acknowledge that strong possibility. The widest possible gene pool ought to be considered.

**Q147 Lord Kakkar:** I should like to ask a question of Sir Michael. Have you found in your experience that investors in large public companies demand greater diversity on the board, and in particular more women members of boards?

**Sir Michael Rake:** Historically, I would say very little, but currently, yes, some are increasingly beginning to do that. Indeed, this morning I had a meeting with the governance for a major shareholder who was very interested in talking about the approach to diversity and gender, what we were doing in BT and what could be done more broadly within the company. It is beginning to come.

**Q148 Lord Haskel:** Everybody has spoken about the importance of developing the talent pool. In science, job sharing has been a way to do this. Do you think there is a future for job sharing on boards?

**Sir Michael Rake:** I shall try to be brief. We have to remember that one of the issues with boards is that there is collective liability and responsibility, and therefore you have to be sure that everyone who comes on to the board is capable of discharging that function. The board must work as something that is constructive but challenging, so I think it would be quite



difficult at the board level. When you have the right kind of people on a board, you know that you are not often going to get every person at every meeting, but having substitutes is something that, to be honest, is quite difficult to work in practice.

**The Chairman:** We have come to the second question. Baroness Buscombe.

**Q149 Baroness Buscombe:** Should the gender diversity of boards be an issue for the EU? If there is a strong business case for increased gender diversity on boards in the UK, does it follow that there is also a strong business case for increased gender diversity on boards across the EU?

**Simon Walker:** We would certainly agree that it is an important issue for all EU member states. I think we would oppose strongly the view that it is for the EU institutions to regulate across borders on this. We feel that different EU member states have different governance systems. The UK practises very much through codes of practice and asking companies to behave in a particular way, and that has been a successful approach. Other countries use a much more regulatory-driven approach that would put a one-size-fits-all view on companies across the EU that does not respect local business needs or political environments, and we think that that would be wrong. We think that this is a matter for the UK Government and not for the European Union.

**Neil Carberry:** I think we broadly agree with that. While it is within the context of the EU's powers to regulate on this issue, any analysis of the different societal and cultural factors that govern how boards are structured across member states suggests that it would fail a test of the principle of subsidiarity.

**Sir Michael Rake:** I wholly agree. We have to acknowledge that the cultures in certain European countries are very different. There are different forms of boards, as well as the common feature of supervisory boards with much more engagement with workers' councils within them. They approach some of these issues in very different ways. As time evolves it

will become clearer and clearer that the various points that my colleagues have made are what you have to do in order to be effective in business.

**The Chairman:** Does the Committee have any comments to make? Lord Clinton-Davis.

**Q150 Lord Clinton-Davis:** Is it your case that a voluntary approach can achieve the same or similar results as quotas? The European Commission has set a limit or a target of 40% of women on boards. Do you think that the United Kingdom could seek to achieve that either by a voluntary or by a quota-based approach? Lastly, how long do you think all this will take?

**Simon Walker:** A great deal of progress has been made over the past 18 months. I believe that 44% of all appointments since March 2012 in the FTSE 100 have been women, and the FTSE 250 has seen a similar level of appointment. So Britain is actually doing well and I believe it can reach the target. Diageo is an example of a company that has achieved it. So, yes, I believe it can be achieved. I am not sure that I can pick a precise date, but the progress that has been made so far is more rapid than we had expected, which we welcome. I believe that it could be achieved in this country in a relatively short period—within the next few years.

**Sir Michael Rake:** To be honest, rather unfashionably I am quite pro-European, but I do not think that this kind of thing at the European level is going to motivate businesses. What will do so is Lord Mervyn Davies's encouragement of the 30% Club and getting leading chairmen together to exchange views and begin to get some impetus behind this. Perhaps a few companies can set an example by making a big effort at the chairman level and then demonstrate that by doing so you get some very good people you have not seen before on your board. That is what will work.

You have to keep your eyes and ears open for the right candidates, since chairmen in particular play a key role in the public company world. You also have to push for it.

Certainly we have not had to do anything particularly difficult to get to 30% at BT and we have definitely benefited from that. We have to be careful, as boards have become smaller, to improve contribution and challenge, because big boards tend to have less and small boards tend to have more simply because there are fewer places. Although it will take a bit of time, I do not think that in principle it will be difficult to get to 40%. I think that going higher is going to be quite difficult, but 30% should be achievable, in my personal view within the next three to five years—and particularly among the big companies which could be quite attractive to females who would like to get involved in interesting areas.

**Neil Carberry:** The evidence certainly suggests that the voluntary approach is working. Admittedly we have moved from very slow progress to a decent walking pace. If it is maintained over the period to 2015, we will be moving in the right direction. It certainly could be argued that the voluntary approach has the potential to perform rather better in terms of sustainable, long-term solutions than a quotas-based approach. That is because, first, it is owned by business leaders directly. You do not get the kind of satisficing that is often associated with meeting a legal challenge. This is an opportunity to link directly with the business plan of the organisation. Secondly, it allows you to focus more on the pipeline, which we think is the long-term answer to producing sustainable diversity in both the executive and the non-executive fields. Certainly the experience in Norway, where quotas were enforced, is that while there is a great deal of diversity in the non-executive corps, there is not so much on the executive side. There has been a trend towards delisting in some cases and there is evidence that we are getting some unlooked-for consequences from a legalistic approach.

**Q151 Lord Clinton-Davis:** Simon, I find it rather difficult to reconcile your opening remarks with those you have just made. Can I ask Sir Michael a question? What is the

current position regarding women on the board? Have the numbers visibly increased over the past few years?

**Sir Michael Rake:** I think that my colleague Simon will have more statistics to hand, but what is absolutely clear over the four and a half years that I have been the chairman of a public company is that there has been an increase in awareness and the need to look wider and deeper to find the kind of people who can make a difference and create the diversity of opinion we have talked about. I could not tell you what the statistics are, but when we look at the demographics, all the studies show clearly that we had too few females in management and on boards, notwithstanding the family and career break issues that can arise for women and the personal choices they may want to make. We are lucky in this country when compared with some countries I have worked with in continental Europe. Generally in the UK there has been more encouragement of business careers for women than is the case in some countries in continental Europe. We should be in a better position in this country to benefit from that.

**The Chairman:** Lady Buscombe, I believe that you want to ask a supplementary question.

**Q152 Baroness Buscombe:** First, do you all accept that this is an improvement, which I think most of us recognise? How much is that down to the pressure that has been placed on boards to change mindsets? It may be pressure from the CBI, the IoD and others. I also have a question particularly for Sir Michael Rake. You now have 30% on the board at BT, which is terrific. How have you found them? Was it through headhunters who are bringing forward great women, was it on a “Who do you know?” basis, or was it a mixture of both? How are you finding that pool of women?

**Sir Michael Rake:** The last one I brought in was an American. We wanted somebody from the west coast who could bring in some technological expertise and knows what is going on

in Silicon Valley. Karen Richardson is excellent. She was found by headhunters, actually, which we were delighted about. She has already made a tremendous contribution.

Jasmine Whitbread is someone whom I knew in the business community when she ran the Save the Children Fund. Initially, her candidacy did not get much favour, so I put her on the corporate social responsibility sub-committee where she got exposure to BT, and then six months later we brought her straight on to the board. Again, she has been terrifically successful. The other woman we have is Patricia Hewitt, who is obviously well known generally and was probably more in the cadre of people who bring with them certain issues that are familiar to headhunters.

**Q153 Lord Kakkar:** Do you believe that quotas would command respect when so much progress is being made through a voluntary approach? Is there a possibility that quotas could cause resentment and push the whole process back?

**Sir Michael Rake:** Yes, I personally think that we prefer to deal with principles and the business case. Trying to create rules would have a really negative impact. It would be unfortunate if people were seen to be on a board because they had to have someone. I do not think that that creates the right balance of the collegiate. Notwithstanding the need to challenge, you also need to have mutual respect among board members or there will be difficulties. Personally, I do not think that they would help at all.

**Simon Walker:** We would share that view, if I can come in on this. If there were a legislative obligation to reach a certain level, it would undermine the status of women who are on boards at the moment.

**Neil Carberry:** I support what Simon has just said. Certainly when we did our major work in this area in 2010, the comprehensive feedback from the women who were on FTSE 100 boards at the time was that they felt that a quota would undermine their standing.

**Q154 Lord Wilson of Tillyorn:** Can I try to pin down a point with Neil Carberry and then Sir Michael? You have all referred to diversity several times. Is the key point about diversity that you are considering female membership of boards or are you also considering other forms of diversity? In other words, where do you put women on boards in terms of desirable diversity?

**Neil Carberry:** From our perspective, we have seen this in some of the debate about executive reward over the last six months. What we should be interested in in the business community is good governance by boards, effective representation on behalf of shareholders and scrutiny of executive management. To that extent, a broad range of experience and good-quality challenge is important, and diversity helps with that. I think that gender is an important first strand, but it is part of a broader deepening of the types of challenge that the board brings to the company it is engaged with.

**Sir Michael Rake:** I feel quite strongly that diversity is a much more important issue than gender. It is about age, educational background, professional experience and, particularly in our country today, ethnic origin. All these things are very important. To an extent, some of the issues today because of governance requirements and the scandals that have occurred leading to a focus on financial probity mean that perhaps there has been too much preponderance on the need to have financially oriented people. I think that we could do with more scientists, engineers and people of different ages and backgrounds. Our educational system is going to become very split in some respects, so it is important to have people from different educational backgrounds both in terms of secondary school and university education. All of this is important and can make a real difference.

**Simon Walker:** We would see it only as the most obvious manifestation, but it is also about the other forms of diversity, particularly the diversity of thought and approach that I referred to earlier in response to the point made by Lord Clinton-Davis. I hope I have not

seemed to be overqualifying on automaticity because it is our opposition to that which has made us worry about some of the solutions that have been proposed. We think that genuine diversity of approach is terribly important. That is why we particularly welcome, for example, Jasmine Whitbread's appointment and why we feel that scientists and a sprinkling of different varieties is good. The safe option of always going for a former chief executive or a former finance director seems to us to be counterproductive as well as discriminatory, not just because it discriminates against women, but because it will not produce the diversity of thought that is required.

**Q155 Lord Haskel:** I wonder if we could turn our attention to the single market and the directive from the European Union. Do you think that a more targeted approach at the EU level, a sort of carrot-and-stick approach, would work, even though there are different systems and cultures in member states? If a member state is not making enough progress, could we take action so that those who can demonstrate that they have made a successful change would be exempt from a compulsory process, and those making suitable progress would be given a pat on the back?

**Simon Walker:** I think we would support Neil Carberry's reference to subsidiarity as a critical principle. While we respect the right of governments such as those of France, Norway and Spain to take a particular position, we consider it a matter for member states individually to come up with policy. It is not something which should be imposed from the centre.

**Sir Michael Rake:** I think it should be left to the individual country. As we all know without naming them, some countries have a different attitude culturally to the involvement of females in general. You have to let those countries work out the way they should go. Personally, I do not think that this should be a Brussels-inspired initiative.

**Neil Carberry:** There is quite a well established protocol in employment through National Reform Programmes for the European Union. It says that an issue is important and asks member states to report on how they are dealing with it. That is a perfectly legitimate thing for the Commission to want to do, but I agree very strongly in terms of actions, particularly legislative actions. Those are best left to national parliaments which have an understanding of the social and cultural factors.

**The Chairman:** Yes, I am sure. Thank you for that. Lord Liverpool.

**Q156 The Earl of Liverpool:** First, a voluntary search code for headhunters was introduced into the UK last year. Have you noticed any positive effects as a result of this? Secondly, could a similar approach be applied at the EU level?

**Simon Walker:** We certainly feel it has been helpful, but the Davies report has been particularly so by acting as a catalyst for some of the noise that has been sounded consistently and for activities by groups like the 30% Club. We see that as being the key influence. Headhunters are aware of the issue, but perhaps are not thinking out of the box enough. I think that we are not convinced of the benefits of such a code at the EU level. The diversity of approach by different countries makes us wonder if it would be practical, but it is not something we feel violently about.

**The Chairman:** Are there any comments from colleagues on that? Lady Valentine.

**Q157 Baroness Valentine:** Do you believe that the threat of legislative quotas at the EU or UK level has helped to achieve change, and do you believe that the Government, as they have claimed, really would introduce quotas as a last resort?

**Neil Carberry:** In the face of a business community that was taking no action, the Government would feel eventually that they should seek to galvanise the debate in some form, whether by legislative quota or another system. That is clearly not the case in the business community. To a certain extent the debate facilitated by Lord Davies and his



subsequent report helped to galvanise a growing sense in the business community, independent of the Government, that something needed to be done. It put some power behind the arm of a movement that was developing anyway. Without that, at some stage a Government would feel the need to take action.

**Sir Michael Rake:** I would hope that, given the progress which clearly is being made and the greater awareness among an increasing number of chairmen and headhunters—and from a practical point of view the priorities on the legislative front—this should not be coming up the list at this stage.

**Q158 The Chairman:** Can I interject at this stage? While you were answering the last question, I thought about Lord Davies's report. We have heard really compelling evidence from Lord Davies, who was our first witness. What struck me about it was something that I was not truly aware of, which is that this is an ongoing issue. Lord Davies was asked by the Government to produce a report, but he is continuing with the work. Should companies that are looking for greater gender diversity on their boards take a leaf out of his book and follow through on what he is doing? I am sure that he will come up with the right answers and approach.

**Sir Michael Rake:** Lord Davies is someone who has great energy and is widely liked and respected, so what he says has great weight. Keeping this area in discussion is important.

**Q159 Baroness Valentine:** Can I just clarify whether the threat of quotas has had any impact? Is that threat a good or a bad thing?

**Simon Walker:** To be candid, I think it has speeded things up and focused attention among businesses on the issue. I think that the threat of regulatory interventions in what ought to be a voluntary area is something that politicians should use sparingly, so I would not encourage it as standard practice. But on this occasion it has speeded things up and has done no harm.

**Sir Michael Rake:** One cannot speak for everyone since there will be individual reactions, but I suspect that the initial reaction would be the well known one of, “Oh no, not again. It’s the Government trying to tell us how to run a business. When is that going to stop?” That might be then be followed up with, “It’s a good idea so we might as well get on with it in case they do decide to do something.” That is a very British, pragmatic approach to life and it probably does not hurt.

**The Chairman:** And a slightly cynical as well as a pragmatic one.

**Q160 Baroness Buscombe:** That brings me on to this question. Do you have any ideas about what more could be done to deflect the threat of a quota?

**Simon Walker:** I would say that working on the pipeline and getting more female and more diverse employees board-ready is what business ought to be focusing on in a sustained way. At the Institute of Directors we do quite a lot of director development work, some of which is aimed particularly at women, and we would like to expand that. I should say that others are doing this as well, and it is something that companies ought to focus on. What makes it difficult for women to advance as employees ought also to be a proper focus.

**Sir Michael Rake:** I really think that is right because an area in which we have seen a lot of increase is that of the mentoring by senior business leaders of emerging females at various levels. That is extremely positive. The other practical element I want to mention briefly is that where a chairman, a board or a headhunter is concerned about experience levels or whatever, big companies can and should do more around induction and training. In other words, you can bring someone who may not have a classic business background on by having them visit locations and taking the time and trouble to brief them so that they understand the strategies, the theory and even the science and technology of the company. A lot can be done. I know that this is much more difficult for medium-sized companies, but big companies

can do a lot to bring someone on. We have seen people quickly become very good contributors, certainly in BT, which is a complicated and highly regulated company.

**Q161 The Chairman:** I was going to point to my personal experience, which were the induction courses I took at the FTSE 100s. I went on four or five of them. It was absolutely normal, and I am talking about over 20 years ago. The big and successful companies have done this because they were conscious of the need for it before the threat of statute ever got into the ether. But it does need pushing and it needs an example, such as the work Lord Davies is doing to get more people to buy into it. However, is there a point at which, if the momentum wanes so that not enough companies make the effort to meet the 40% target, the benefits of quotas would outweigh the risks?

**Simon Walker:** I think that the risks of imposing quotas are very substantial because people will point to women on boards and say, “We know why she got there.” That would also apply to candidates with other forms of diversity as well.

**Neil Carberry:** I want to make just one point. One of the big issues is the point at which, going through the pipeline, people fall off the board train. It appears to be when, at a certain stage in their career, they move towards senior management and we ask them to make trade-offs between their caring responsibilities and work. What is a challenge for all of us to deliver on is the job sharing and so forth that helps people through that stage and allows them to continue on the track towards the boardroom. If we fail to go on making progress, that is likely to be because we are not addressing it effectively, and the threat of quotas would not add any benefit in terms of how we tackle the problem.

**The Chairman:** Yes, but the threat of quotas would be different from the actual enforcement of them. Surely that would do something.

**Neil Carberry:** I do not see how the enforcement of a quota would help support an up-and-coming executive through the stage of their career where they are looking to balance work and caring responsibilities.

**The Chairman:** I was thinking not necessarily of an individual but about a company's standing in the economy.

**Neil Carberry:** I think you would end up driving towards the KPI<sup>1</sup> of appointing more female non-executives, which is exactly what has happened in Norway.

**The Chairman:** Yes, I see. Lord Haskel, do you want to say something?

**Q162 Lord Haskel:** When we are talking about what more can be done, do you think that emphasising women on boards through the combined code or making it a feature of good corporate governance would help? Can anything be done in that way?

**Sir Michael Rake:** I am reflecting on that because I was on the board of the Financial Reporting Council for four years until the end of December last year. If I am not wrong, I think that the chairperson, Baroness Hogg, is looking at how this form of encouragement can be built in to the combined code because of the business and governance benefits of doing so. I am pretty sure that that project has been looked at, and I think that the FRC has been asked to consider it.

**The Chairman:** We will follow that up.

**Sir Michael Rake:** I think it has, but I cannot remember exactly what was happening.

**Simon Walker:** My understanding is that it was likely that the requirement for the disclosure of diversity policy would be introduced later this year and that openness to and awareness of the policy seems to be a good thing. I would also say that press attention on the eight companies in the FTSE 100 that have no women directors at the moment is a good thing and will have an impact.

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<sup>1</sup> Key Performance Indicators.

**Q163 Lord Fearn:** Sir Michael, you said in the course of one answer that you thought there would be an education split. How would that influence a board?

**Sir Michael Rake:** I was thinking more in the context of diversity. There is a difference, because of our system of education, between those from private schools and those who have been brought up within a different social and material background and have come through what is a very different educational system. I have noticed that ensuring that your people do not all come from one particular type of school is quite healthy because it creates greater diversity of thought and understanding of what is going on. People have different perceptions, whether from a consumer, political or whatever point of view. It is important to recognise that having people from different social and educational backgrounds is helpful.

**Q164 Lord Fearn:** Is that happening at the moment?

**Sir Michael Rake:** I think that it is. Certainly, business has had to become very meritocratic. When I ran KPMG, if you had 120 UCCA<sup>2</sup> points and a first-class honours degree from Oxford, once you came through the door that benefit lasted for about three minutes. It was what you did once you were with the firm that mattered. Most businesses have had to become extremely meritocratic. You also need to develop people to do teamwork and think about diversity and challenge. Those are the areas where diversity helps, particularly when people come in from outside to the board.

**The Chairman:** All right. Lord Fearn, it is your turn to ask the next question.

**Q165 Lord Fearn:** Do female candidates require more support or preparation in order to be ready for board appointments? If so, is the preparation based on boardroom culture or candidate characteristics? How can the issue of supply be tackled? Is there a role for the EU in this area?

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<sup>2</sup> Universities Central Council on Admissions, the precursor body to UCAS.

**Sir Michael Rake:** In response to the last point, no. I have already covered the fact that induction training and mentoring are very important. The only thing I would add is the increasing awareness in enlightened companies that giving up-and-coming young female executives public company experience—hopefully in a company that is not going to have too many difficulties of the type I have already mentioned—is good for their development. There is a business case for doing that because a broader view of other businesses equips them for more senior roles and for eventually joining the board, perhaps at the executive level. That kind of thing is a help for both males for males and females, by the way, but focusing on the female side is the point I wanted to add.

**Simon Walker:** I would say that there is a case for additional support for candidates from non-traditional backgrounds generally, including women who may come from non-traditional backgrounds. The Institute of Directors, in partnership with the Government and other stakeholders, could have a role in supplying that kind of training, and I think that we would be keen to do so. The EU may have a role in encouraging and possibly even financing such support, but I certainly do not think it has any regulatory function.

**Neil Carberry:** My arguments are very much in line with those of the previous speakers. We need to acknowledge that we are dealing with a heterogeneous group of individuals comprising both males and females. In approaching that, rather like the headhunters' code, we need to get beyond what people have done in their previous jobs towards the skills we are looking for on the board. That means identifying those in individuals. If we then have to backfill for any candidate on aspects of company law or financial reporting, by all means that can be done, because it is the mindset and the ability to challenge that we should be looking for. That has a degree of flow-through from what is being asked for by the code for headhunters, and companies should follow up on that in the induction programmes that they deliver.

**Q166 Baroness Buscombe:** I am slightly disturbed by the question because I wonder if it suggests that female candidates per se are somehow inferior in the first place. I can think of men with whom I have sat on boards who could certainly have done with rather a lot of help because they were helpless, or rather hopeless. So there is that point that could be made. I am also intrigued by the issue that is clearly in your minds with regard to bringing on women at what we might call the middle-management stage—the younger executives who are finding it just too difficult to juggle homecare and a professional life. Do you think there is an opportunity here to consider some sort of solution that would help break down this barrier, one that has existed since time immemorial, perhaps in the form of tax breaks for professional childcare, for example?

**Simon Walker:** There are measures that could be addressed. We have not looked specifically at tax breaks for childcare, and I know that regulatory complications with regard to childminding have made it an awful lot more expensive in many parts of the United Kingdom. You actually have to be quite well-off to pay for childcare. Addressing that issue would make a real difference to many people, most of whom happen to be women. I would welcome that area being looked at.

**Q167 The Chairman:** This has been most interesting. Perhaps I may ask a more basic question, which is not on the list. Many years ago, there used to be a cadre of women, either senior managers or on the boards of large organisations, who were encouraged to go around sixth forms and talk about getting women back into industry. They would say that industry, particularly manufacturing, is not a dirty word. They encouraged people through, for example, Women Into Science and Engineering, a group started by Baroness Platt, which was successful. Given the focus on getting women on boards and all that has been said today, are we forgetting to get women and, indeed, girls to go for toy trains rather than Barbie dolls and think in terms of making a contribution in their lives to the very important business

of wealth creation—they would not understand wealth creation, but even so—and to think beyond, “Mummy does this and Daddy does that”? Why do we not do something about that? I have spoken to lots of people in the education world and they are very encouraging, but they think that the current curriculum blocks out anything like that. This is an opportunity to ask the opinion of three people who obviously know about this so, just for my own personal satisfaction, am I wrong or am I wrong?

**Simon Walker:** I think you are absolutely right. Nothing is more important than persuading young people that there is nothing more exciting than setting up a new business or going into a business and making it better. We should offer the best possible range of women to influence girls in that capacity. I know a number of women engineers who have had some success in this area, and the results have been reflected quite rapidly by girls taking maths and science at senior school.

**Sir Michael Rake:** I completely agree. On Baroness Buscombe’s earlier point, this is not just about females, because a lot can be done through businesspeople engaging with schools to explain not only that there are opportunities for females in business, but that for men engineering can be just as valuable as law, accounting, finance and other things. There is a lot to be done more broadly in the areas where our economy is unbalanced. Females should be encouraged into the workforce, while males and females should be encouraged to take up things like engineering as opposed to other areas.

**Neil Carberry:** It is certainly true that we do not do enough for young men and young women to help them understand what their potential in the workplace is, whether as the starters of new businesses or as scientists and technologists working their way up through some of our leading businesses. Addressing the long-standing issue of poor careers advice in the UK is exceptionally important because, if you look across the piece, it is probably true to say that at the moment girls get less of a good deal out of careers advice than boys.



**The Chairman:** I am sure that that is right. Lord Liverpool, you have asked to put the last question. You have two minutes.

**Q168 The Earl of Liverpool:** Perhaps I may say how grateful we are to you all for coming. I want to recap on a statement made by Mr Walker. You said that, since March, 44% of all the appointments made in the FTSE 100 companies have been women. Is that right or did I mishear you? If that is the case, is it not an extremely encouraging situation which represents a major step change when compared with previous periods?

**Simon Walker:** Yes, but in fairness that is only the last four months. Even so, it is a positive sign.

**The Chairman:** What is the quantum, Mr Walker? Is it 10 or is it 100?

**Simon Walker:** I am sorry, but I do not know.

**The Chairman:** Can you get the figure for us?

**Simon Walker:** Yes, of course I will. The figure I know is the figure for the FTSE 100. It shows that 17% of all board directors are now women, which is up from 12.5% at the time of Lord Davies's report 18 months ago. Progress is being made, but is it fast enough? No, but it is definitely there. I think that some 91 more board seats are required to reach Lord Davies's target of 25%, which seems reasonably achievable within a two-year period.

**The Chairman:** I want to thank all three of you very much indeed. You have expanded my knowledge and that of everyone else on the Committee. It has been a great session. Thank you for your time and for your contributions.

### Examination of Witnesses

**Lesley Brook**, Director, Brook Graham; **Will Dawkins**, Head of Board Services, Spencer Stuart; **Kate Grussing**, Founder and Managing Director, Sapphire Partners; and **Michael Reyner**, Partner, MWM Consulting.

**Q169 The Chairman:** Thank you very much for coming. We are looking forward to your evidence to the Committee. You know what we are all about—I think that some of you were sitting at the back during the last session, which I am sure you found as interesting as I did. However, you probably did not hear me say that Members of the Committee will declare any relevant interests. The session is on record and is being webcast live and will be subsequently accessible via the parliamentary website. The witnesses will receive a transcript to check and correct, which will be put on the public record in printed form and on the parliamentary website. For the record, I ask the witnesses to state their names and official titles.

**Lesley Brook:** I am Lesley Brook and I am the director of Brook Graham, which is a diversity and inclusion consultancy firm.

**Michael Reyner:** Good afternoon. I am Michael Reyner, and I am a partner at MWM Consulting, which is a top-level headhunting firm.

**Kate Grussing:** I am Kate Grussing, the founding and managing director of Sapphire Partners, which is a specialist search boutique promoting diversity.

**Will Dawkins:** I am Will Dawkins. I am a member of the European board practice at Spencer Stuart, the headhunting firm, and I am head of UK board practice.

**Q170 The Chairman:** Thank you all very much. I will ask the first question. Would quotas for gender diversity on boards make the job of finding the right candidates for a post more difficult, or would they result in less effective candidates being chosen?

**Michael Reyner:** Just as context for those who do not know MWM, we are a firm that focuses on board-level appointments—both non-executive and executive—and senior executive roles, mostly for UK-based firms but also internationally. Our focus is on FTSE 100-type organisations, here and abroad. For many years, we have been very focused on the issue of diversity in the boardroom. We have placed 15% of the women who are currently on FTSE 100 boards and 20% of the women on FTSE 50 boards. We were one of the firms involved in the drafting of the headhunters code in response to recommendation 8 of the Davies report.

On the question of quotas, our focus and the focus of our clients is primarily on producing the most effective boards possible. In that context, diversity is one of the objectives and one of the ways in which boards can be made most effective, but it is obviously not the overriding objective for boards. Boards are trying to put together the right mix of skills, experience and personalities to enable them to add effective value and stewardship to the businesses that they represent. The fear that we would have with quotas is that, if they are set at the wrong level with too short a timeframe, they will lead to a search for gender diversity as the objective function or overriding objective, which could, if done too bluntly, lead to appointments being made for the wrong reasons and lead to less effective boards. We can talk more about the Davies recommendations, but we felt that those were set at the right level to ensure that people focused on gender diversity, with much greater intensity than they had done before, but not so that that forced them to compromise the effectiveness of the boards that they are trying to create.

**The Chairman:** That is a very interesting point.

**Will Dawkins:** I would agree with all that, but I would just like to add some remarks on the international dimension. If you look at the countries that have applied quotas, such as Norway, France and Spain—Norway has been running them now for seven years—you can see that quotas have certainly helped to drive up the numbers. There is no doubt about that. Therefore, those countries without them can worry whether they have a competitive disadvantage. However, if you look at countries that do not apply quotas, such as the UK—although we have very much led the way, of course—and Germany, Sweden and Poland, you have a pretty similar rise in the level of female representation on boards. In addition, in the quota countries, there are one or two practical difficulties and unintended consequences, which I think we should worry about if we were ever to consider applying quotas here—although I know that we are not going to consider that. For example, although Norway met its 40% ceiling quite quickly, it did that in part by depleting the pipeline of executive women who are suitable to take up non-executive roles, with the result that a generation of women retired from executive life earlier than they would otherwise have done. The result is that there is now a shortage in that generation such that headhunters in Norway are now trying to headhunt female non-executive directors back into executive life, which is creating a bit of a headache. One can be intellectually dead against quotas, but if you look at them at work on the ground they present difficulties for boards. We are all bound by one objective here, which is to raise the levels of female representation on boards but also to raise quality at the same time. I think that needs to be done with a certain amount of sensitivity to local market conditions.

**The Chairman:** That is a useful point.

**Kate Grussing:** I would add that, as we heard from the earlier speakers and as the Committee heard from Lord Davies in his testimony, supply is not the problem. Cranfield has estimated that there are approximately 2,500 women who are board-ready, and I am

sure that all our firms are aware of hundreds of women who could be added to that. I think that I am probably as well equipped to judge that as anyone in the field, given that I have been at this for over seven years meeting board-ready women and not just the women who are already there.

I also think that we perhaps overstate a little bit the challenges that quotas would pose. For example, Norway is a country that is roughly the size of Cornwall, if that was a country. The UK has a far greater critical mass of very talented women. Certainly the UK recruits board members regardless of passport. If you look at the proportion of board members in the UK who are non-British, it is fabulously high thanks to having the benefit of English as a common language. I think that Viviane Reding said that she may not like quotas *per se*, but she likes the result. There has been a lot of research on the issue so, although a high proportion of women seem to be opposed to quotas, I think that there is very little valid research that can be pointed to on that subject.

**Lesley Brook:** Connecting with and building on that, I would say that our input today is very much one of practitioners who are very busy with this issue of building the female pipeline inside companies—that is what I spend a lot of my working time doing. My view around quotas is very much informed by what senior women tell me and what women coming up the pipeline tell me is their attitude to quotas. I have to say that my honest experience is that I do not think that I have met a woman who favours quotas. Targets are a different thing, and I think that targets have a very important role to play in that regard. I very strongly support the work that Lord Davies has put into his review, which I think is having a tremendous impact. Quotas just have the risk that was mentioned in the previous session, and certainly the women who talk to me and with whom I work closely are very concerned about the implications of quotas for all the reasons that I am sure we all understand. That would be my big concern.

I absolutely agree with Kate Grussing's point, which completely aligns with our experience, that this is not a supply-side issue. There are plenty of talented women in corporate life and there are plenty of women who have come from non-traditional backgrounds—it is not just about corporate women. One of the great things about the debate that is happening now is that the light is beginning to be shone on women who have non-traditional corporate careers but who have tremendous value to add. It is interesting to see that some of the most recent appointments that have been made in the FTSE 100 have been of women with quite non-traditional careers. That is a very positive sign.

**Q171 Baroness Scott of Needham Market:** The business case for more diverse boards has been made for some time, yet progress is relatively recent. Is there a sudden dawning on people that this is a good thing, or is it a response to the targets that have been set out by Lord Davies, or is it the threat of quotas?

**Michael Reyner:** The first thing to say—I heard the tail-end of some of the statistics that were being quoted when I came in—is that real progress is being made. We can talk about why in a minute, but if you look back over the last year, in FTSE 100 39% of the board appointments have been of women. When Lord Davies set his targets to reach the 2015 target, the rate needed to be 33%, so that is actually ahead of what he hoped. Interestingly, if you look at non-executive directors specifically, 49% of the appointments over the past year have been of women. So there is a very different picture emerging between the female non-executive population and the executive picture, which remains a much more stubborn and difficult challenge.

To answer the question directly, I think that there are chairmen who were already believers—more so in the FTSE 100 than in the FTSE 250 perhaps—who have been on this programme for some time. There are undoubtedly others for whom the debate shifted their thinking, and they came to realise more strongly the value of diversity. And there is probably

a third group who do not necessarily really believe it but know that they need to take action anyway. However, to some extent, people's motivations are interesting but less important than seeing the right actions in place. As I say, I think that the picture in the FTSE 100 is hugely encouraging and the same level of change is being seen in the FTSE 250, although from a much lower base, so there is a lot more to do there.

**Q172 Lord Brooke of Alverthorpe:** I did not have the benefit of hearing the earlier evidence, so I come to the issue afresh this afternoon. I am interested to find out what life was like in the pre-Davies era. If there is an abundance of supply now and we now see that there are plenty of women available, could you say why they were not selected previously? Was that because they were turned down by the boards that were looking at the candidates that you nominated, or did you not nominate sufficient women candidates in the first instance?

**Will Dawkins:** I think that this is an area where political debate and pressure have been enormously helpful. The rise in the levels of female representation on boards is not something that the market provides all on its own. The search community can certainly help with the debate, but to a large extent we listen to our clients—otherwise they would not listen to us. What we are seeing here, I think, is a generational change and a realisation that, while there is very little data to prove that a diverse board produces better financial results than what might be called a monoclonal board, a growing number of chairmen have come to accept over the years that having a monoclonal board is actually a business risk. It means that the board risks being blind to the aspirations of an important part of its clientele and, indeed, of its workforce.

So what is the driver for change? As you asked in your question, what has made the difference? I think that role modelling has an important part to play here. If you look at the international dimension, one of the best ways of encouraging boards to appoint more

women as non-executives is to get female executives up to the top. If you look at the Standard & Poor 500, 16% of the directors on those boards are women. If you break that down to the 20 Standard & Poor companies that have female CEOs, the proportion doubles and you get 33%. The root of the problem is actually in the executive pipeline. The reason for the change that we have had over the past few years has been the rising number of women who have broken through that glass ceiling for various reasons in the executive suite and provided role models elsewhere.

**Kate Grussing:** I would certainly concur. Ten years ago, we would have been in a different place, as we did not have a critical mass of qualified, confident board-ready women. In the UK, we certainly have that today if you look at the number of women who have graduated with first-class degrees or who have taken silk or who have been in executive roles. However, I think that media pressure has been incredibly important, as has the role that Government has played in terms of having so many women in important posts, which is certainly the case in both Houses here. There are far more role models now, and I think that the corporate world has woken up to that.

**Q173 Lord Brooke of Alverthorpe:** So if quotas were introduced in the way that Lord Davies has introduced targets, which are now not just being hit but being exceeded, is it not conceivable that the quality of the candidates would still be maintained with quotas?

**Kate Grussing:** I think that the argument that quotas would torpedo quality is a very poor argument. Absolutely, there are sufficient quantities of women with the right qualifications. For our boards, we are not just going to be looking at women who work on this island of ours.

**Q174 The Chairman:** Surely, though, there is the point that was made at our last session that women who were appointed by quota could feel slightly inferior.



**Kate Grussing:** I certainly know that some women would say that, but I think that the vast majority of women would feel, “I am here on my own merits”—

**The Chairman:** They might say that, but would they actually believe it?

**Kate Grussing:** In my experience, women are much less likely to put themselves forward unless they have 120% of the qualifications. They really do their homework. Part of the challenge historically has been that women have not been putting their hands up. Women have said, “I have a very full executive job and I have family responsibilities so I am not going to consider putting my name up there for a non-executive role.” An enormous benefit from the Lord Davies report is that women are now saying, “Yes, I do need to do this. This is good for me in my day job as well as for the women coming up behind me.”

**Will Dawkins:** I would just like to say a word about the practical issue with appointing this very large number of women who, on the one hand, have all the experience—and an even larger number of women have lots of attributes or the intrinsic qualities to be great board directors—but none of the experience. Neither having all the qualities nor all the experience is enough on its own; you need both. However, if we are going to have to increase the numbers, whether by quotas or not—we all want to increase the numbers—the answer is to dig into that vast pool of talented women out there who have the intrinsic qualities to be good board directors. I am talking about attributes such as intense active listening skills, a restless mind that does not feel happy with perceived truths and the ability to stand back and listen—you know all this stuff. It is enormously helpful if we can find a way to measure those qualities for board chairmen. The other stuff, such as financial acumen and business literacy, can be learned with difficulty, but the intrinsic qualities cannot be. That is why we are trying to measure—I am sure that my colleagues are doing the same thing—those intrinsic qualities to give the chairman confidence to say to the shareholders, “We picked up this woman

because of her talents, although we would not have talked to her five years ago, and she is going to be a great director”.

**Lesley Brook:** To pick up Kate Grussing’s point, I completely agree with her that the quality of the women who would be appointed—frankly, whether we continue with the current voluntary path or with quotas if those were imposed—is not in doubt. My concern, based on conversations that I have had, is that quotas would just create a round of questioning, doubt and noise, which, frankly, we do not need. I think that they would raise the question, “What is this all about and why are we appointing these women?” Frankly, I think that it would undermine the whole process. I think that we just have an honest disagreement among colleagues about that.

On why we are seeing so much progress only now, I think that is due to a coalition of many different things, which at long last have started to come together. One critical thing that is beginning to happen, partly through Lord Davies and partly through the actions of groups such as the 30% Club and many other stakeholder actions, is that women are beginning to be more visible—the visibility of women is critically important—and chairmen are beginning to ask, “Who are the women that I am not seeing?”, and that is a really important question.

**Q175 The Chairman:** Is that your experience also, Mr Reyner?

**Michael Reyner:** It is, but I would like to make the observation that there is a risk that we will all focus on a battle where real progress is already being made and miss out on the battle that really needs to be fought. We are doing collectively better on the targets that Lord Davies set without quotas—but with the clear threat of them in the background—and that for me is a success. When I speak to rising female executives, the issue that they talk about is not, “Can I get a non-executive seat now or at some point in the future?” but, “Can I succeed in my executive role to get to the levels that I wish to get to while balancing all the other things that I wish to do, or need to do, in my life?” The progress being made on senior

executive appointments is still stubbornly low. About 7% of executive directors are female. Even if you go to the level below and look at the executive committees, the proportion is still very low. For me, that is the real challenge and my fear is that in all of this we will focus much more on the easy, visible tip of the iceberg and not on the fundamental challenge, which will make more difference to women and more difference to UK plc.

**Q176 Baroness Buscombe:** I want to touch on a point made by Will Dawkins, which I think is terribly important. You said that we have to listen to our clients. Are you all now putting more pressure—"pressure" is perhaps too strong a word—but suggesting more forcefully or directly to your clients that this is an issue they should consider, perhaps by offering lists that contain more women? Is this something that you are doing consciously now?

**Will Dawkins:** Because of the environment, I think that we all feel that we have a licence to make the case to our clients. They say, "OK, you headhunters, that is fine. Now show us the evidence. What have you got?" The follow-through, which we all do, is to get out there and spend time looking for great female directorial talent and promoting it. At the European level, Spencer Stuart has 15 offices. Over the past four years, we have met 2,000 prospective female candidate members, none of whom was attached to a search when we met them. Of those 2,000, we have been involved in appointing 60 to boards across Europe.

You can ask my colleagues, "How did that happen?" In the UK, which accounts for about one-third of those figures, it is relatively easy. When we ring up a chairman and ask, "Why do you not have any women on your board?" we are knocking on an open door. In France, it is completely different. The cultural resistance to female representation at board level is quite strong compared with here. My colleague in Paris said last week that without the legislative quota of 30% in France, it could never have been done. Some of the more senior women who have obvious and demonstrable merits to be board members do not like

quotas very much because it is about appointment on merit rather than fear, as we have been saying. But if you go down the ranks to divisional head or HR director level, she is quite grateful for the step up and not too ashamed about quotas. We come back to the fact that every market is different and that we have to be careful about how we apply this pressure so that we do not create distortions.

**The Chairman:** Thank you. We shall now move on to the second question.

**Q177 Lord Wilson of Tillyorn:** Perhaps I may pick up on something that Mr Dawkins said right at the beginning. He referred to the rather strange result of what has happened in Norway. Two of you in particular have a lot of experience in Europe, the other two perhaps not so much. Is it your experience that different policies on quotas in Europe have a distorting effect? In other words, does someone who is not appointed to a board in country X, which does not have quotas, decide to move to country Y because it does have quotas, and therefore they have a better chance? Whether or not that is true, do you think that the imposition of a level playing field across Europe is a good idea?

**Will Dawkins:** That is the central question. Although the performance between countries that have quotas and those that do not are broadly similar, there is quite a range. Among quota countries, Italy is bottom of the class with 4.5%. It legislated last year. However, France is right up there at 30%. Turning to the non-quota countries with voluntary systems, we find that the lowest at 7.5% is Austria, while Sweden knocks us into a cocked hat with 27%. Within the group, the danger is that the most appointable women—I do not mean any disrespect to those who are not so easily appointable—will tend to migrate to countries where the door is open. These will tend to be large boards because the only truly international language in Europe is English, so they go for the large global boards. The irony of that is those large, global boards find it disproportionately easy to attract women, but the boards that really need to attract diversity find it disproportionately hard. Some people will

say that because of the competitive distortion, the pressure—the critical mass—to apply quotas across Europe is almost irreversible.

Politically, the move is in Brussels where two different versions of European legislation are already at work in the European Commission. The Parliament voted in favour of quotas last year. This may be something that we will simply have to manage somehow, and the challenge for us will be to keep up the quality.

**Lord Wilson of Tillyorn:** Do you mean that talented Italian women are migrating to Sweden because they have more chance of getting on to a board there than they do in Italy?

**Will Dawkins:** I cannot think of a single case study of one who has but, theoretically, if you are a senior Italian businesswoman who speaks fluent English, you would do very well at the moment on a Swedish board.

**Q178 The Chairman:** Can I ask you, Mr Dawkins, to supply us with those figures, because they are very interesting?

**Michael Reyner:** I would just say that our experience is slightly different in the sense that the vast majority of the people being appointed to French boards are French, while the vast majority of those being appointed to Swedish boards are Swedish, partly because of language issues, as a lot of these boards still operate in their native languages. The UK remains a particularly attractive location to the best international talent because of the language, but also because people perceive the role of the board to be much more engaged, active and influential than in the classic European supervisory board structure. So while undoubtedly some talent is being lost because of aggressive quotas, that loss is not massive.

My fear when thinking about this at the European level is that it ignores the fact that the role, structure, nature and composition of boards are very different across different markets. Therefore if you were to set a quota, you would not be comparing apples with apples. In particular, if you take into account the fact that the UK has a unitary board structure with a

significant number of executive directors as well as non-executive, the statistics are wholly different, a point we discussed earlier. So any European solution, quotas or not, will be intellectually flawed at a fairly fundamental level.

**Lesley Brook:** I agree with those points.

**Q179 Baroness Valentine:** The UK's voluntary search code sets a 30% target for longlist candidates on a "comply or explain" basis. If you do not support quotas for the positions themselves, would you object to them being formalised at the EU or national level, and what about for shortlists?

**Will Dawkins:** The Association of Executive Search Consultants supports the code and is trying to encourage its member firms to apply it across Europe. Without making too many assumptions, I think that the answer from the industry would probably be that it is quite a good idea. We are all for it.

**Kate Grussing:** Search firms come in different sizes and shapes. Certainly, there are many markets in the EU, such as the UK, where search firms are firmly embedded and prevalent, but there are many countries in which search firms do not play a major role in board appointments. The voluntary code is a great codification of best practice and the signing-up to it by firms in the UK has been strong for good reason. A wider rollout of the code across the EU would be a very good thing.

**Michael Reyner:** I want just to add that the "comply or explain" element is a significantly important component of what it makes it work in the UK, if only because it is consistent with the philosophy behind the combined code itself. The code as written does not mandate 30% women on longlists, but it does mean that if you do not have 30% women, there should be a clear discussion with the client about why there is not. That produces the right rigour and challenge in the debate without being inconsistent with the philosophy of the rest of the code.

**Q180 The Chairman:** I would just ask whether, by way of explanation, the code is relatively recent. Are all the executive search firms involved in it?

**Michael Reyner:** No. At the moment, as Will Dawkins has explained, the association—

**The Chairman:** What proportion of the total number of executive search firms have signed up to the code?

**Michael Reyner:** Currently, 28 firms have signed up to it, up from 21 when it was launched. It covers the vast majority of the companies involved, and thus of the volume of appointments.

**Q181 Baroness Valentine:** I am sorry, I understand that you were commenting on longlists. What about shortlists?

**Michael Reyner:** When the code was drafted, a conscious decision was made not to apply it at the shortlist level. There was debate around the table about it. It is partly to do with the law of small numbers. A shortlist may have two, three or four people on it, and therefore where would you set it? There is also a fear at that level that if people feel that they have to do it, you would get tokenism. You would have a woman being added just to put a tick in the box, which effectively would be a waste of everyone's time and disrespectful to the female candidate. The key measures are the longlist to ensure that people are actively considered and given enough attention by both the headhunters and the client, and then to measure the output, where ultimately the key measure is that of the proportion of women who end up on boards.

**Lesley Brook:** I want to mention the principle behind this arrangement. It is something that our client companies are increasingly adopting for the internal development of candidate slates for internal promotions in the current pipeline. When we talk about developing women coming up to the more senior levels, we are seeing more instances of leading companies saying, "We want to see balanced candidate slates", so it is effectively a "comply

or explain” approach. It is working very well. The same principle is feeding the development of talent inside companies, and it is a useful tool.

**Q182 Baroness Valentine:** I just want to press you a little bit further. If your case is that women from slightly less obvious backgrounds are on the longlist for the slot, that might lead you, going from the longlist to the shortlist, to drop off the ones who do not so obviously fit. Are you finding that having a 30% longlist is actually translating into women getting through on to the shortlist?

**Michael Reyner:** Yes. I think the evidence for that lies in the proportion of women being appointed. We have already talked about that.

**The Chairman:** The next question is from Lord Kakkar.

**Q183 Lord Kakkar:** I am interested in focusing a little more on the code. It provides for the need for properly outlined job briefs, support for candidates and an emphasis on characteristics rather than experience, all of which seems to be eminently suitable. Should there be a move to have the code widely adopted across Europe rather than going down the route of quotas?

**Will Dawkins:** The industry association is already moving in that direction, but we need to be very cautious indeed about how far we go in terms of exerting real, practical pressure. Does the code have to be observed to the letter in every different country? We have an extraordinary mixture of different kinds of boards across Europe. There are two-tier boards in Germany and unitary boards in the UK. It is very unusual to find executives on large German supervisory boards where perhaps there are 20 members. You have UK boards with 11 members and two executives. One will meet every month and another three times a year. How can you apply a blanket quota system to that lot? It is a rather floppy answer, but I am afraid that anything more than a light touch is likely to be pretty ineffective.



**Q184 Lord Kakkar:** That applies to the question of quotas, but would having a code or standard to help search firms more broadly across Europe to be effective, rather than having to go down the route of quotas? Would that be an option?

**Will Dawkins:** I think that disclosure would set up quite a healthy environment of positive competition between boards.

**Kate Grussing:** That is why the code is truly about good practice. The executive search community is not one that is easy to monitor because a lot of the work is highly confidential. Not every country can leverage it in the same way, but there is very little downside to encouraging greater transparency.

**Michael Reyner:** I think that the principles in the code are broadly applicable and would work well in different European countries. Indeed, the sophistication of the search markets in some parts of continental Europe is lower than that usually found in the UK, so to some extent there would be even more benefit in enshrining best practices that may be newer in those markets than they are here.

**Lesley Brook:** As we are not a headhunting company, I do not particularly want to comment on that. I shall leave it to my colleagues.

**Q185 Lord Clinton-Davis:** Do you think that the voluntary search code should be backed by sanctions or incentives? Are they in place today? Could effectiveness be improved by putting the code on a formal and enforceable basis and developing such influencing measures?

**Will Dawkins:** My own prejudice is that sanctions and penalties would be completely ineffective, so there is no point in applying them. However, I think that the public world has a really useful role to play in applying pressure—naming and shaming boards that do not meet the need for diversity, exposing weak practice and praising good practice. In the UK,

we seem to have adopted a system that is a subtle mixture of slightly bullying the market and listening to it.

**Q186 Lord Clinton-Davis:** Has that had any effect?

**Will Dawkins:** Our track record in the UK is that there has been quite a steep rise in female representation since the political debate arose and I am very hopeful indeed that the arrival of provisions in the code will be just as effective this time as they have been in previous reforms of the corporate code. If you go back to the original Cadbury committee provisions in 1992, I think, which laid down this division between the chairman and the CEO role, in a couple of years everyone complied with that, and so on throughout history. This country has a very effective system and I think that trying to toughen it up with penalties would not have much of a result.

**Kate Grussing:** I think that a carrot is a far better approach. Certainly I think that we will begin to see a virtuous circle, so that companies that have more female board members, female chief executives or female CFOs will do a better job of attracting women at all levels. A lot of the media pressure in identifying who the zeros have been—that is Cranfield’s name for companies that have zero women board members and zero women non-executives—has been very helpful. No chairman wants to sit at an annual general meeting and squirm in his seat when 50%, 60% or 70% of their employees or customers are women and be asked, “Where are the women on your board?” So I think that a carrot approach is far more beneficial.

**Lesley Brook:** I would absolutely agree with that. In the discussions that we find ourselves involved with, people are very mindful of the public debate and all the different strands of activity that are going on to support this development now. There is so much momentum gathering around this agenda that I personally would not support anything that looks too

much like a stick or a penalty. I do not think that that helps, but I think that the risk of exposure, of being the odd one out and of being the one who is left behind, is very powerful.

**Michael Reyner:** Just to echo that, I think that there are two problems with the stick approach. One is that it is hard to see how in practice you would police the code in that sort of way. Also, the most effective mechanism is for chairmen to feel that, if they do not make progress, they will have the heat shone on them, and then they will appropriately shine the heat on headhunting firms and work with those that they think will help them to solve the problem.

**Q187 Lord Haskel:** A lot of the developments proposed in the UK's voluntary search code put the focus on influencing companies—on succession planning, diversity goals and the focus on intrinsic characteristics, which Mr Dawkins began to explain to us. How can this engagement be monitored? Do you think that we should monitor it? Should we just leave it to the market or should there be a formal role in monitoring this through the EU, perhaps?

**Will Dawkins:** All of us at this table believe in transparency. Clearly there could be a role there for companies to report more fulsomely on what they are now doing with future board composition and developing diversity. At the moment, companies have to mention in their annual reports when they are doing a board review. I think that under the Higgs version of the code, they had to declare if they did not appoint an adviser to help them to appoint non-executive directors, which is why search firms loved Derek Higgs.

**Q188 Lord Haskel:** What about the search firms themselves? Does the way in which they carry out the code need any monitoring?

**Will Dawkins:** I turn to my colleagues here, but I see no harm at all in us disclosing what we are up to. I think that we would be delighted to do that.

**Michael Reyner:** I think that the challenge again is to work out how you would monitor what is essentially just a quality measure of the nature of your relationship with your clients

and your ability to work with them to help shape their agenda. In principle I have no objection to it, but in practice I think that the only way that you can ultimately judge the effectiveness of this is to look at the outputs and to trust that, if the outputs are there, that means that the inputs are being appropriately managed.

**Lesley Brook:** I do not personally see that this would have a huge impact on what is going on inside leading employers already. Leading employers are already very busy, for all the reasons that we have touched on about the need for the best talent to succeed, with lots of different activity around building the talent pipeline and ensuring that they can identify and leverage their best talent. They are by no means perfect, but there is a huge amount of work going on there and all the different measures that we have talked about are already helping them to focus their minds even more. I do not particularly think that this one would add any great value, although it certainly would not do any harm. But the amount of ramping up of effort that I have seen in the eight years that I have been in this consultancy role has been enormous, particularly around the female talent pipeline.

**Kate Grussing:** I think that greater reporting and transparency would be of enormous value for the EU to promote, but not solely focused on the voluntary code. Perhaps I could use the metaphor of what the environmental lobby has accomplished with what companies need to report today in terms of their carbon footprint. It has been fantastic to get the world focused. That is not information that they even tracked previously. Cranfield wrote to all the FTSE companies last autumn to understand what they track with regard to gender. The vast majority of FTSE companies reported that they do not have good data and that they do not track this. I am a big believer that you cannot measure your progress if you cannot begin to track it. If we want to help institutional investors to promote this and to hold the magnifying glass up and ask chairmen or chief executives uncomfortable questions, I think that we need

that data. That is where I think that the role of the FRC and the role of the Stock Exchange are incredibly important.

**Michael Reyner:** I think that the data there will be less the board-level data, which is publicly available and transparent. To go back to the comments that we were making earlier, I think we should shine a light on CEO minus 1, CEO minus 2, CEO minus 3 and the pipeline there, because that is the issue that certainly big companies are beginning to tackle, although some of the smaller companies are far less advanced than we might hope.

**Q189 The Chairman:** I do not want to disagree, but on the other hand when we say to business, “We need greater reporting; we have tracking and we need to do this and that,” they will say, “Well, when are we going to be able to run this business?” When I first got involved in this area, annual reports were very much smaller. It is rather like the other day when the Finance Bill was brought in to the desk of the House—I do not know whether any of you noticed—and it was huge. All I could say was, “Money for lawyers and money for accountants.” This is difficult particularly for smaller companies, which will have to have people on corporate governance reporting all the time. Then somebody will say, “How many cars are they producing?”

**Michael Reyner:** The issue there is less whether it is reported in the annual report, which is of little interest—I am not sure who really reads annual reports these days. But for the chairman to be asking the CEO, “What does that data look like and what are you doing?” is an absolutely critical board-level discussion.

**Q190 Lord Brooke of Alverthorpe:** If I may, Lord Chairman, I wanted to take this back to Europe, or the fringe of Europe and Norway. I presume that Norway has search firms for the purpose of making executive and non-executive appointments. I was wondering whether you had any contacts with them and whether you could give us the benefit of any experience that you have had through those contacts on what has been happening and the changes. Do

you have any idea whether, given that they are operating with quotas, the performance of Norwegian companies has gone down, stayed at the same level or improved?

**Will Dawkins:** There is Norwegian data, which attempts to track corporate performance and match it to female representation on boards, but it does not really tell us anything. There is no pattern. In fact, you can read it in the most depressingly negative way. The headhunting community in Norway talks about the problem of what they call “golden skirts”, by which they mean women who are so much in demand that they are on eight or nine boards. You have to wonder how much value even a superhuman Norwegian woman can give on nine boards.

**Lord Brooke of Alverthorpe:** Maybe they should get the Italian woman who speaks Norwegian.

**Will Dawkins:** The same problem exists to a certain extent in France, where it is relatively common to find women who have half a dozen board seats. I asked one of my candidates there how she dealt with it. Her answer was quite revealing. She said, “In France, us directors take the helicopter view of our companies.” I think that, if you were talking to a main board director of Lloyds Bank and she gave you the same answer, you would feel pretty worried. So it would not work here.

**The Chairman:** Our final question is from Lady Scott.

**Q191 Baroness Scott of Needham Market:** I wonder if each of you could say something about what are two sides of the same coin. On the one hand, what needs to be done, if anything, in supporting women to put their name forward if they do not meet 120% of the criteria, as Kate Grussing described? What do you do to support, encourage and prepare women? The other side of the coin is to what extent do you have to change boardroom culture in order to change the perception of what leadership or achievement might mean?

**Lesley Brook:** That is a very good question. Whether you are talking about women going on to boards or about women going to more senior levels within the pipeline, because you are often talking about women going into situations where they will still be very much in the minority, you are talking about women trying to make a transition into a male culture, which has all sorts of ways of being that are unconscious to people. Therefore, we find that a lot of practical work needs to be done to give women the opportunity to think about that and to help calibrate their perception of themselves to build confidence, as that is often an issue, and to just give people the experience in a safe environment so that when they get there they can perform very well. On the issue of giving women exposure across companies, there are some great examples now of programmes where women are mentored by chairmen or CEOs of other companies. That has been tremendously successful.

One other thing around the culture that we find is really important but which is often missed is that you need to work with the men to educate them that maybe there are some different perceptions, skills and ways of thinking so that, when they get these diverse candidates coming on to their committee or board, they are able to work with them in a positive way. Again, we find that, for example, programmes such as reciprocal mentoring are tremendously helpful. They are very time effective but they just change the landscape both for women and men in that situation. Those sorts of measures are really very helpful and constructive, and they make a big difference.

**Michael Reyner:** Just to build on that, as headhunters I think that we have two different responsibilities. The first is to identify women who we feel could make great candidates for a particular role. In some cases, as Kate said, they may need to be encouraged to put themselves forward in a way that male candidates rarely are. Having got them into the frame, it is incumbent on us to help them through the process often—not always, but often—more actively than would be the case with male counterparts. That is partly because they may have

less experience of what it is like to operate at boardroom level—their executive or other experience may not lead them to have seen boards in action to quite the same degree—and partly because they are going to be entering into a generally male-dominated world in which it would be incumbent on them to work out how they are going to be successful.

Specifically, we mentor women both through the interviewing process and through their first months on the board. We have a panel of 15 experienced female non-executives whom we work with, because our view is that women who have been through that process are best placed to give the advice to other women. That helps them, I think, to work out how they need to put their best foot forward in interviews and how they need to come across in a world where they may be asked questions by people who will generally be men. Specifically when they are on the board, those first few months can be quite disorienting for those who do not have that experience, in particular if they are the first woman on that board. It is critical to really help them to find their feet. Once you have one woman and, in particular, two women on the board, that is the best way of changing the culture. The best way is what a lot of chairmen would describe as the civilising effect of having a couple of women around the boardroom table. Whether they intend it or not, that changes the dynamics for the better, they would say. That is the best way of getting the men to realise that there is a different way of doing some of this.

**Kate Grussing:** That is where I would really commend the work of the 30% Club, because I think that it has really brought the chairmen into this discussion and encouraged them to own this challenge. I concur with Jacey and Michael. It is about all these things—better mentoring and better coaching, including during the interview process. I know one very eminent woman who was short-listed 81 times before she got on her first FTSE 100 board.

**The Chairman:** Did you say 81?



**Kate Grussing:** Yes, 81 times, so God bless her for persevering. I give that as an example to lots of women applying, because I do not want them to give up after number two or number three. Women often underestimate the importance of their networks, because women are very focused on doing their day job really well. What will often happen if a candidate is recommended to Michael Reyner or one of his colleagues is that the referencing is quite important, so, just because Jacey suggests a candidate to me, I would want to know what other people who have worked with that candidate think. Those networks are not to be underestimated. Regarding changing the culture in boardrooms, I think that the UK, with the lead we have in corporate governance, is in a very strong position. It is something that I think we should be exporting more. I look at board assessments, which were not *de rigueur* in the recent past but have become so. Those are all good things in terms of holding a mirror up to a board and looking at the subtle influences around the board table.

**Will Dawkins:** Very briefly on the subject of support, three things: training, pairing and making appropriate appointments. There is a thriving, very effective industry out there, which trains “newbie” board directors. We all have our own versions. We do an annual course at London Business School, which we have now rolled out in three European countries. That is a wonderful way for people to get real confidence that, when they go to their first board meeting, they will know what is going to happen and what their role is. On pairing, we often advise chairmen that, when they are appointing a relatively inexperienced board director, she or just as often he should pair up with a seasoned campaigner on the board, such as the senior independent director, for the first year. It is a kind of mentoring relationship.

Making appropriate appointments is sensitive in every case, but there is a real danger of setting up bad role models by appointing people who seem to be right for the role but are not. For example, if you are looking for the chairman of a remuneration committee, an

obvious place to look is the HR community. If you take somebody straight out of HR, whether male or female, and they do not have good financial and commercial acumen, they will possibly miss out on the link between the financial targets that that company is setting itself and pay, therefore setting up the remuneration committee for the kind of failure that ends up on the front page of the *Daily Mail*. We have a role to help chairmen to make those matches.

On the culture, the culture change is well under way. I would just say to boards that are making their first step towards a diversity appointment: do not make it a one-step change. Appoint two or, if you are really brave, three, so that you have a sort of core there of diverse thinking that is not going to feel isolated around the boardroom table.

**Q192 Baroness Scott of Needham Market:** Mr Dawkins, earlier you talked about attributes. I can see that there is a big challenge, particularly for chairmen, in moving away from looking at somebody's CV to actually thinking about the person. But it strikes me that we are slightly into Rumsfeld territory here. These are known unknowns, or unknown unknowns. If they do not know that understanding attributes and character is an issue, how do you get across to them the difference that it can make to their board to do that?

**Will Dawkins:** It is possible to run quite systematic tests on people that measure their attributes. We have our version: five "I"s—intellectual curiosity, inclination to engage, integrity, interpersonal skills and independent-mindedness. You can run people through various scenarios—you can just tick them off and you get a pretty accurate measure of what they have. Of course, what that does not tell you is how financially literate they are, which is the baseline. That you tend to get from the CV. If it is not there, you have to figure out what the intrinsics tell you about that person's capacity to learn those learnable financial skills and how quickly and whether the board is prepared to take that risk.

**The Chairman:** Any colleagues for the last last question?

**Q193 Lord Haskel:** Could I just follow up on that? Why, then, does diversity work? Is it that the people who come have less baggage, so that they do not have the past bearing them down, or is it that they have the characteristics that you have just described?

**Will Dawkins:** Diversity works because it allows the chairman to get the board to function as an open-minded group that questions assumptions. The worst corporate disasters of the past few years were committed by single-minded boards bound together by a common sense of mission. They were probably jolly places to be at the time, when you were driving over the cliff at 60 miles per hour. Diversity creates a slightly uncomfortable feeling, which is quite fun at the same time. To talk about diversity in the wider sense, the chairman can create that with some good appointments. You really reduce the risk for your shareholders. There is no guarantee—let us not look too closely at the boards of some of our banks that got into trouble, as they were quite diverse, too.

**Q194 The Chairman:** So you need quite a lot of grit for the oysters sitting round the boardroom table. That is a very interesting concept.

I am going to ask my final final question, which is a question that I always ask. What questions do you think I should have asked? Would you like to answer them now? Tell me what the questions are and then answer them.

**Will Dawkins:** My response to that is: what about the unquoted sector? This debate has focused on FTSE 100 boards, which lead the way and establish role models. The next step is to drive their good record down the chain to quoted companies in the FTSE 350. Then what? When you have got to the bottom of the FTSE 350, you still only have a minority of boards in this country. What are we doing about the rest, especially at a time when the quoted sector is a declining minority of boards in this country?

**The Chairman:** That is very interesting. We certainly have not thought about that, so thank you very much, Mr Dawkins.

**Kate Grussing:** We have focused this discussion today very much on women. Certainly, women are the most obvious group that is underrepresented, given that they are a majority, but I am thinking of greater diversity around the boardroom table in terms of ethnicity, age and background. Gender is the easiest to measure and an obvious starting point, but I think that any EU guidelines should look at diversity in its widest sense.

**The Chairman:** Can I just gently point out that the directive is about gender diversity? As a scrutiny Committee, we are scrutinising the directive so that we can say to this Government, “This is the negotiating stance that you ought to take when you are dealing with Brussels on this issue.” But I take your point and I do not think that any of us would disagree with you.

**Michael Reyner:** I am afraid that my answer is going to be predictable and based on what I said before. I think that trying to shine a light on the question of improving diversity in the senior executive ranks rather than just on the boardroom table is the bigger and much more complex challenge.

**The Chairman:** That is a very helpful point. This was a good question.

**Lesley Brook:** That is exactly where I would be. The two go hand in glove. You have to look very carefully at what is happening in the executive pipeline, which is, frankly, where the improvement is going to come from.

**Q195 Earl of Liverpool:** I wonder if I might just come in with a very final point. Mr Dawkins, you said something very interesting about non-quoted companies. Your question was how we get to the non-quoted companies. I wonder whether you could try to answer that question for us.

**Will Dawkins:** I think that if you look at the non-quoted sector, you can broadly divide it between private equity and family-owned companies. Let us leave aside commercial boards from the so-called not-for-profit sector, which is a slightly different subject. It would be

really interesting to see what the private equity industry has to say about this. If it is true, as we believe, that a diverse board reduces your risk, then there is money in it, so why are they not interested? Or are they? I do not know. It is very hard for us to ascertain because they do not have the same transparency and reporting obligations as the quoted sector. It is an unknown. To an extent, I think that family companies are in the same situation.

**The Chairman:** Except that I think that the gender diversity among family companies seems to be growing at a much faster pace than in some of the quoted companies that I know. It is because the women are saying, “Up with this we will not put,” and they have more influence because, of course, they big shareholdings in the family companies.

**Will Dawkins:** Of course family companies can move faster, because they are not bound by the same tenure as the quoted companies; they do not have to wait for three years before they boot somebody off.

**The Chairman:** Any more?

**Q196 Baroness Valentine:** A very quick one. On the point about executive diversity, is there any evidence that by getting the board to be more diverse you have better protection for the women coming up the executive streams? I am aware even now of problems around the time that women have children—people will not recruit them if they are about to breed and all that sort of stuff, or when they are conveniently off after childbirth and you need to make people redundant, it is easier to make the ones who are not there redundant. That is still in the system, as you are probably all aware. If you have women at the non-executive level, does it help to put in place the value systems that stop that happening? Does it also provide the imagination to deal with people in that phase?

**Will Dawkins:** Only if those women at the non-exec level are being seen to succeed.

**Lesley Brook:** I can see lots of great examples where women non-executive directors are beginning to ask some very probing questions about those sorts of issues and therefore they

are being very helpful. They are also reaching out to cohorts of women coming up through the pipeline to see what they can do to help. Again, that is not everywhere, but there are some great examples of where that has been very effective.

**Kate Grussing:** There are many organisations that bring together women corporate directors, where they share best practice and encourage each other, saying, “I’ve made this work at my boardroom, so why don’t you try it at your boardroom?” I think that it is a little too early to say, because there has been such a big influx in the last six to 12 months, but I think that everyone is quite optimistic that it will happen.

**The Chairman:** I am very conscious of the fact that we have overrun our time—I am trying to be a good timekeeper—but I am sure that I speak on behalf of the whole Committee when I say that this has been a really worthwhile session. Thank you so much. I have learnt a huge amount—others have probably learnt less, because they probably knew more about this than I did in the beginning anyway. If you have any data or, if you are looking at a boring thing on television and think, “I wish I’d said that,” we would be grateful to hear about it. We want to try to make this as balanced a report as possible. Thank you again.