



# 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. 5.*

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*Questions 246 - 287*

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4 pm

Witnesses: Helena Morrissey

Sonja Lokar

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Members present

Baroness O’Cathain (Chairman)  
Lord Brooke of Alverthorpe  
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 Witness**

**Helena Morrissey**, Founder, 30% Club.

**The Chairman:** Thank you very much for coming to give evidence before our inquiry. I thank you also for your written evidence. The Members of the Committee will declare whether they have any relevant interests before asking questions. The session is on record and is being webcast live and will be subsequently accessible via the parliamentary website. The witness 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. Could you begin by stating for the record your name and official title and, if you want, by making a short opening statement?

**Helena Morrissey:** Thank you for giving me the opportunity this afternoon to give evidence. My name is Helena Morrissey. I am chief executive officer of Newton Investment Management and founder of the 30% Club. The members of the club are chairmen of some of Britain’s largest companies. They now number 53 and are voluntarily committed to business-led change for more women on their boards, with the ambition of achieving 30% by 2015. However, it is not a call for a quota; it is through a voluntary desire to change.

**Q246 The Chairman:** We have heard a lot of evidence about the “business case” for greater gender diversity. Is there such a clear case; and if so, why is the current proportion of women on boards so low and why are UK targets so modest?

**Helena Morrissey:** The business case that certainly the 30% Club prefers to belabour is around the intuitive argument that a more effective board will be a more diverse board. I am sure that you have heard about the dangers and the reality of groupthink. Our pretext is that a board made up of different types of people with different backgrounds will challenge a management team effectively.

There are two pieces of empirical research with which you are probably familiar, by McKinsey and Catalyst; and two which you may not have come across: by Citigroup, which has done an analysis of the experience in Australia; and by SocGen, on European companies. They have tried to analyse the empirical evidence around what happens when a company board has more women on it. Usefully, all four studies corroborate the intuitive belief that a board that will make more effective decisions for a company is more diverse; that is, one that has more women, although that is not the only source of diversity. However, of course, you cannot prove cause and effect—perhaps women are particularly smart and choose the best companies and choose the best companies to join. I hesitate to make too much of a link, partly because it is such early days around having more women on more company boards. The most powerful advocates of the 30% Club are those chairmen who have seen first hand the difference that having more women on their boards has made to the dynamic of the conversation and the boardroom. That is a very powerful argument.

On the question why there are so few women on boards, the fact is that, up until around two years ago, this was not a hotly discussed topic. There were diversity initiatives within companies and some special interest groups, but it was seen more as a women’s issue than as a business issue. The idea for the 30% Club came about in spring 2010. We officially

launched in November of that year with seven founding chairmen. Over that relatively short time, the debate has moved on from “Why is this important?” to “How do we effect more change?” We are starting from a very low base—around 12% of boards were made up of women when the 30% idea was first envisaged—and a lot has happened in a relatively short time.

**Q247 The Chairman:** Why do you think that has happened?

**Helena Morrissey:** A number of things have happily coincided. Our own initiative slightly predated the Davies committee report and was just before the coalition Government was formed. In those early discussions that I had with prospective chairmen supporters, those who were willing to entertain a conversation with me often said that they were very frustrated that the search firms and others involved in the chain to achieve more women candidates for board positions had not done more. Lord Davies’s report very usefully set out a 10-point plan. Since that was published and through efforts on the part among others of the 30% Club, and due to the fact that we seem to be going from one business crisis or financial crisis to another, there has been a real appetite among Britain’s largest companies, although it is not universal, to embrace change and to try to transform their boards and their management teams.

**Q248 The Chairman:** Can I just refer back to something that you said: that the company chairmen agreed that women made a difference? We have no evidence to that effect. It is a nice warm feeling, and people have said that they make a difference, but there is no scientific evidence which proves that. This is the problem that we have about making a business case. We all know that there is a huge case for diversity and equality, but the business case is more difficult to make, because there are people out there who say that women should not be let near boards at all—believe it or not. Can you point us in the direction of good statistical evidence from chairmen of FTSE 100 companies?

**Helena Morrissey:** As I said, it is a dangerous game to play because it is very hard to disaggregate the contribution made by women on boards from other factors driving company results. I would say, “Well, look around us”. This is why I think the financial crises are a driver of change at present. By way of a perhaps dangerous example, the Royal Bank of Scotland had 18 members on its board—17 men and one woman. The 17 men had grown up very close to each other in the same part of Edinburgh, so it was not just the male/female issue that was relatively non-diverse. Although the FSA report into what happened at RBS cannot say—and this goes back to the statistical point—what was the exact quantum of RBS’s failure that related to the lack of diversity on the board, the big-picture point of lack of challenge, a macho culture and a perhaps too strong CEO, as was the case perhaps also at Barclays, rather puts the onus of proof on those who say, “No, we’re all fine now. We do not change”.

**The Chairman:** Yes, but you do understand the position that we are in, in that we cannot specify what the business case is.

**Helena Morrissey:** As I said, the four studies, by McKinsey, Catalyst, SocGen and Citigroup—the URLs are all on our website—all contain analyses, but I am a bit reluctant to make too much of that.

**The Chairman:** Is it not true that Catalyst has now retracted its statements?

**Helena Morrissey:** I was not aware of that. It has been doing these studies for a number of years and I had not seen that. I have not seen any evidence to suggest that having more women on boards undermines shareholder value. The evidence that I have seen suggests that, if achieved the correct way—which is why I am anti-quotas—having more diversity is a good thing.

**Q249 Lord Haskel:** First, I congratulate you on your initiative. Why did you choose 30%? What happens then? Do you go for parity, or do you feel that 30% is enough? Is it feasible

that you will achieve whatever you want by a self-regulatory approach and that the 30% is an indicator?

**Helena Morrissey:** I think that 30% is not where equality and parity lie; that was chosen because a lot of work that has been done suggests that three out of 10 is when the minority's opinion starts being heard as the opinion and not the minority that they represent. I came at it from that angle. Lord Davies's 25% average for the FTSE was looking at the rate of change. Those are not necessarily the same as saying what the end game is. Robert Swannell, who is the chair of Marks & Spencer, told me that he was not sure that he wanted to join because he thought that it should be the "50% Club". I believe that, if we get to 30%, we will have prised open the lid on a tightly knit group and I think that other sorts of diversity will follow. Therefore, 30% is a stepping stone—I probably will not open a "50% Club"—because it has been a mindset change to get to that point. We do not want to snatch defeat from the jaws of victory by having a discussion about other things that should be done. If one looks at the pace of change over the past two years—and I fully accept that, up until then, there had been very slow change on this issue—we see that nearly a half, around 45%, of FTSE 100 non-executive directorships have gone to women, with a figure of 40% in the FTSE 250. Given the role of the executive pipeline, which I am sure we will come on to today, I cannot see that businesses could embrace change any quicker and still appoint on merit.

**Q250 Lord Haskel:** Do you think then that, if 30% does what you have explained, the self-regulatory approach will achieve the 30%? Would you then leave it to self-regulation?

**Helena Morrissey:** Most definitely. In this country, we have a very strong comply-or-explain culture for companies. Recent events suggest that companies need to do a bit more complying or explaining sometimes. Ultimately, the owners of publicly listed companies are the shareholders. People talk about coercing companies. If we are trying to do this ultimately

for economic reasons and for better financial success for the country, I would suggest that coercing does not work. We have 6,000 pages of the *FSA Handbook*, yet we still seem to have one financial company scandal after another. It has to be owned and believed in by companies. If they are really going to change and include more types of opinion and people in their decision-making forums, I do not see that there is any other way than self-regulation. Otherwise, you get lip service and the appearance of success, but you do not really achieve change.

**Q251 The Chairman:** I went through your evidence very carefully—it was excellent evidence and I thank you for it—but of the list of 53 people you have at the back only 22 belong to the FTSE 100. Eleven of the 53 belong to limited liability partnerships. One would have thought that there is a sort of momentum among LLPs because of the qualifications and more women going into the law and accountancy. What if you take those apart? It is fine for them to pay lip service and say, “Yes, we’ll have 30% women in our partnership”—a lot of them, and certainly the bigger ones, probably have almost that—but when you come to the boards, there is this mistiness about them. Is it the FTSE 100 that we are talking about or the FTSE 350? Is it SMEs? Where are you targeting the 30% Club?

**Helena Morrissey:** Perhaps I may correct one point about the LLPs. They suffer from the problem more intensively than a lot of corporations. That is a bit ironic, because you are quite right that, at the entry level, they have up to 60% women. I have a separate partnership pipeline initiative within the 30% because those partnership firms struggle so badly. It comes down to the culture and what it means to become a partner and the sacrifices that people have to make in terms of time. Those companies have worse attrition at senior levels than many of the public listed companies.

This will sound very ambitious, but I want corporate culture change full stop. Although we started very focused on the FTSE—the initial founding chairmen were very much in that

area—and obviously we have seen the fastest change in that area, if we are about trying to achieve sustainable, meaningful change for the long term and a different type of society, I suppose, where men and women share many aspects of growing together, including childcare and so forth, it would be false to limit ourselves to just the large companies. Smaller companies have different characteristics and challenges. They often claim that they have much smaller boards, which they factually do, and require more technical experts, whereas the FTSE has the luxury often of larger boards which are more able to attract international talent and so forth. That is a valid argument up to a point, but I note with some satisfaction that, although we have started from a very poor position with the 250, there has been a very sharp drop in the number of all-male boards. As I mentioned earlier, 40% of appointments to non-executive positions are going to women in that area now.

**The Chairman:** That is remarkable, but it is a very small timescale—since April of this year. Even so, it is quite an achievement. A lot of witnesses have made that point.

**Q252 Lord Fearn:** Many of our contributors have pointed to the 30% Club and Lord Davies of Abersoch as reasons for the present business engagement with gender diversity. Is there a risk that change will not be sustained if either or both those sources of pressure are removed?

**Helena Morrissey:** I think that there would be if either or both of us took the foot off right now. As I hope I have got across, ours is a collaborative approach rather than a hectoring approach in trying to engage with companies. I do not think that it is like painting a house, where we have to keep doing it over and over; it is more like teaching somebody to ride a bicycle—once they have got it, things will change. We are in a quantum-leap stage where, when we look back in five years, we will think, “That was odd that we were having such a focus around that because look at the companies now and how they are made up”. We are



at that intense point now where, particularly in the next year, it is incredibly important to keep the momentum going and accelerating the pace of change.

**Q253 Lord Fearn:** Do you visit most of the associations or businesses yourself?

**Helena Morrissey:** Well, I have a day job in the form of running an asset management company that has almost £50 billion of assets under management, so I do not do it all myself. I have a steering committee, which is all women. I also engage with groups of the chairmen; for example, we have a chairmen's advisory council. One thing that I want to get across that has probably not come up in any of the written evidence or anything that you might have heard so far is that the chairmen in turn put peer pressure on others in their group. That is a very good thing. It means that, instead of me recruiting every chairman who is a supporting member of the 30% Club, Roger Carr, Sir Win Bischoff, Robert Swannell and David Cruickshank from Deloitte have reached out and are recruiting, saying, "This is a good thing. You should be doing this. You should be doing something about women on your boards". It is not always a hole in one—even somebody whom they know extremely well often takes some encouragement—but it is at that level that company chairmen are now engaging.

**Q254 Lord Clinton-Davis:** Your group rules out the idea of European regulatory action. If we do not preserve change, what should we resort to—quotas?

**Helena Morrissey:** Personally, I do not think that we should. Where quotas have been applied and where there has been long enough to see their effect, they have not solved any underlying problems. In Norway, which is so often quoted as a good example where quotas have worked, 40% of non-executive directors of public listed companies are women, but quotas have not solved the issue of women in management teams. In Norway, 2% of CEOs and less than 10% of senior executives are women. A statistical analysis by the University of Michigan suggested that, perhaps because they were imposed quickly, quotas undermine shareholder value. The end does not justify any means. Quotas are a flawed concept and are

discriminatory. We have to look at the amount of rules that have been put in place, particularly in Europe in the past several years—for example, fiscal rules and so forth—which have just been broken. If we are going to achieve anything from this rather than just tokenism, quotas are never the right answer.

**Q255 Lord Clinton-Davis:** Do you think that the threat of quotas had any effect?

**Helena Morrissey:** I admit that I think that it is having an effect in terms of keeping up the momentum. The UK Government have done a good job of saying, “Well, if you do not get your own house in order, we’ll be there”, but I think that very few people believe, perhaps erroneously, that they will apply quotas. If the EU imposes quotas—I know that Commissioner Reding is quoted as being in favour of quotas—I hope, and I am not being wildly optimistic, that it will be academic for us, because we will have got there. Perhaps everyone can say, “Oh, there was a threat”, but I believe that the seeds of change have been well and truly planted.

**Q256 Lord Clinton-Davis:** I am asking what the effect would be of taking quotas off the table altogether.

**Helena Morrissey:** It is a bit like people calling for the end of the world. At some point, if it has not happened, people question its credibility. It is not that I want to be evasive about it, but I do not feel that it is going to be necessary. We are making great change here. If you look at any business-led change in the past several years, this is an example where you can point most to success. The ultimate threat is shareholders saying, “We’re going to disinvest in your company”.

**Lord Clinton-Davis:** It is a question of speculation, then.

**Helena Morrissey:** Yes, I think it is. There is no need to remove it from the table at the moment if it is having some impact on companies. At the beginning of all of this, after Lord Davies had suggested that companies come up with their own targets, letters were

written—I do not mean Viviane Reding’s letters—but by Theresa May and Vince Cable and did not get much response. That was a bad moment for all of this. At that stage, it became obvious that companies had not got their heads around what this all meant. I do not think that it was that they did not care or did not see the threat of quotas as real, but now I think that, by and large, they have got their heads around it.

**Q257 Lord Haskel:** Last week, we heard from a lady from Norway, Ms Arni Hole, who is the director general of the Ministry of Children, Equality and Social Inclusion. We asked her why they had quotas. To put it in a nutshell, she said, “Look, we spend as much on educating women as on educating men and we want to get our money’s worth”. Is there anything in that argument for quotas?

**Helena Morrissey:** Not for quotas but perhaps for companies. That is one of the reasons why companies are now embracing the change. It is a waste of talent when women leave, particularly during their child-bearing years, which often coincide with that point in a career when they might be eligible for getting a sharp upward trajectory. I share the view that we have educated women and trained them in roles. Women themselves often feel very fulfilled as they become more senior—as do men—and then, suddenly, for all sorts of reasons which are often more sociological, they disappear. I do not think having a quota would solve that. We must ultimately recognise that there is a different way of developing careers, for example with technology. When I talk to the partnerships, which, as I mentioned previously, have these problems worst, I learn that they are thinking, “Actually, you can do a lot of this work and you don’t have to be chained to a desk. You can work just as hard, but you can work differently”. That route is longer than having quotas, but it does not need to be stretched out indefinitely into the long and distant future.

**Q258 The Chairman:** Have you ever come across something that I have come across probably half a dozen times in my career: that a big impetus for women going on boards was

the fact that chairmen of companies suddenly realised that their teenage or young adult daughters had every right to be on the boards? I can name them, but I am not going to, but at least six said, “Well, I have been battered at home. I have given them a good education; they have been to university; they’ve got good degrees; and they are still aiming for my job in about six years’ time”—that was being slightly sarcastic. Have you had any of that coming from women within families?

**Helena Morrissey:** I have to say—again, I shall withhold names—that I recognise that behavioural trait on the part of some of the chairmen supporters that we have. I do not think that that is necessarily a bad thing, because it is a human aspect. I look at my grandmothers, who were of the age and class that did not get to go to university although they were probably very much cleverer than their husbands, and at my mother, who, although she worked, was not expected to develop a career. I will then look at my daughters - I have six - and, by that time, the situation will hopefully have moved along. It seems more and more bizarre as we go through the life cycles to have just one group of people in senior roles. That is a good motivation.

**Q259 The Chairman:** I usurped the position; I should not have asked that question because it was not on the list, but it suddenly dawned on me. Can I go back to Norway for one moment? Before you came in today, we discussed the fact that, when Norway brought in the law in 2006—it may have been 2004—some 100 Norwegian quoted companies delisted because they were not prepared to comply. Has that continued or did they re-list?

**Helena Morrissey:** No, as far as I am aware, they have not re-listed. That shows how hard it is, especially when you are a legislative body or organisation and a rule-driven society, to accept the fact that companies and people, as we are seeing every day at the moment, will circumnavigate rules. That is a painful truth. If you put in quota system, people may pay lip

service and women may be there just to fill a quota, but you will not stop boards making mistakes because a CEO and the culture are wrong in a firm.

**Q260 Lord Brooke of Alverthorpe:** My question is not on Norway. Possibly the more interesting case will be France. Have you done any work in watching what is happening in France? Where do you think they are going in France? Why do you think France made very little progress on a voluntary basis?

**Helena Morrissey:** I do not think that it really tried so much. Christine Lagarde, who I know was involved at the time, might disagree, but France has obviously not gone down the Lord Davies route, which involved a very powerful, cross-party and pretty clearly directed set of recommendations. That was largely missing from the French attempts. We also have a very strong corporate governance code in the UK around comply or explain. Although we may think that companies have not succeeded in lots of areas, the practice, for example, of having the same individual as CEO and chairman has been stamped out, yet it is not forbidden in law—

**Lord Brooke of Alverthorpe:** It is broken sometimes.

**Helena Morrissey:** It is broken sometimes, but when we look at cases such as that of Sir Stuart Rose, we see that the shareholders said no. There is evidence of that kind of work, but that is building on what has been done. That is why we do not want to snatch defeat from the jaws of victory. A lot of things have converged.

**Lord Brooke of Alverthorpe:** But you are keeping your eye on what is happening in France.

**Helena Morrissey:** Yes, we are keeping our eye on France. We are keeping an eye on Spain, too, for all sorts of reasons—they are having another difficult day in Spain today. There is a fragmented business culture across the EU. That is why a one-size-fits-all approach would not work. Something that might work a little more effectively in France would not

necessarily work here. It is very early days in France; we are keeping our eyes on it and on Spain. It is very important to monitor what is happening in Germany as well as the whole EU. We have got the edge here. A business-led approach that is seeing meaningful change is ultimately superior, so long as it is sustainable.

**Q261 Earl of Liverpool:** What action do you think that the EU should be taking in this area? Should it be monitoring and reporting on progress, facilitating information gathering such as databases, taking an active role in policy-making, or even leaving the issue entirely up to national Governments?

**Helena Morrissey:** Although my personal view would be to leave it to national governments, I suggested in the 30% Club's submission to the EU's consultation on women on boards and gender imbalance that the EU should mimic the Lord Davies approach by setting up a steering committee across different member states and doing things like look at search firms' codes or practices in different countries, investor issues and pipeline development. Lord Davies came up with an excellent report and an excellent set of recommendations, but experience has taught us that a standard template for companies to report is desirable. I set out in our submission—I do not know whether it will take any notice of it—a six-point plan where the EU could feel that it was doing something, monitoring the situation and trying to improve practices in a number of the component parts, but not introduce legislation.

**Earl of Liverpool:** That is very helpful. Where can I read your six-point plan?

**Helena Morrissey:** The short version was in the written submission, but the Clerk has a copy of the full response that I sent into the European Union. I can send it to you as well if you wish.

**Q262 Earl of Liverpool:** You mentioned that a search code could be spread across Europe. Do you think that this will be accepted and that the EU will not want to take it any

further in terms of searching for quotas? I think that a search code is an excellent proposal and it seems to be working well here. Do you think that that will work as well across Europe as it has worked here?

**Helena Morrissey:** I do not see why not. A lot of the major board practices in the search community are international. They do quite a lot of work, particularly in certain sectors such as the financial sector, placing people across borders. You are right that the search firms' own code, which perhaps was not at the most radical end of the spectrum but set out enough good practice, could be replicated. One of the things that Lord Davies talked about was the opaqueness of the recruitment process for board positions. I think that a little bit more could be done on that, but, I understand that across Europe—I think that France was the example that was quoted last week—a search firm is often not used to fill positions; that is done through word of mouth and contacts, which closes the lid on who is going to be considered.

**Q263 Lord Haskel:** Just to follow up on Lord Liverpool's point, do you think then that we should distinguish between companies that are active in Europe and those that are not? For instance, among the FTSE 100 are the mining companies. They have nothing to do with Europe; they are only here because they chose to be quoted here for their own reasons. But they actually carry out very little business here. Should we then be separating out those companies that are active in Europe and take a socially responsible approach in Europe from those that are a long way away and that we should not bother with them?

**Helena Morrissey:** The practical aspects of that would be quite challenging, because a lot of the FTSE is very much international—people could argue about what percentage of their business was based here. Ultimately, it might come back to what we are trying to achieve. While I care passionately about equality, I am not doing this for a social justice reason; I am doing it because I believe that there will be better boards and better investment returns not

just for me but for the economy. If companies choose to be listed here, they should respect the infrastructure of the country in which they are listed.

**Lord Haskel:** So it is part of being listed here, even though firms such as Antofagasta have their business in Latin America?

**Helena Morrissey:** Yes. There are very many examples in the FTSE of companies whose business is conducted predominantly outside these shores, but they try to fund themselves on Anglo-Saxon lines and in a way consistent with other standards that we have here. It would be wrong to say, “Okay, well, you can come here, but you can pick and choose from the good standards”.

**Q264 The Chairman:** I have just realised that Lord Haskel has opened up another question in my mind about this. On a document that I received about four weeks ago from the FCO, which was not classified, about why the European Union was important to us, was a statement to the effect that 50% of the largest European business headquarters are based in London. That is 50% of the 27 countries’ largest companies. Lord Haskel instanced Antofagasta; but it might also be a company mining in Australia. How are companies such as that going to be affected? Would they be affected by the voluntary method which we think might be better, or, if the European Union was going to impose quotas, would those be imposed on them?

**Helena Morrissey:** You asked me earlier whether the target audience was the FTSE or the 350. More latterly, we have started to realise that it should be somewhat borderless. Npower, for example, is not listed here. A lady had said to me, “Well, you haven’t invited our chairman to join”. I said, “Well, it’s not supposed to be discriminatory because you are not listed here”. It is ultimately about setting good standards and having people want to subscribe to them. We have seen other organisations like the 30% Club start in places as far flung as New Zealand—there, they call it the 25% Club; I have a slight issue with its lower



ambition. It would be great if we were to catalyse the sense that businesses are successful for social responsibility reasons as well as for retaining the best talent and delivering the best results. If we all benefit from a stronger global economy, we should be a bit agnostic about where companies are based. That is a slightly broader ambition than I started with, so I should be careful where I go with that one.

**Q265 Lord Haskel:** I hear what you say, but a company such as Glencore, which is on the FTSE 100, is quoted here, but, for its own reasons, it is based in Switzerland. All its activities are run from there. It has no women on its board. Why should it bother about this?

**Helena Morrissey:** I believe that it is looking for one—you never know quite whether to believe everything that you read in the newspapers. A member of its company secretariat came along to our 30% Club meetings and was quite interested. We try to be broad-church about it and say, “Actually, if you do not have women on your board, please do come, too”. We have had a variety of seminars. We have had an investor seminar, for example, and one on the Equality and Human Rights Commission’s research on the executive search code. We invite people and they genuinely participate and ask questions.

**Lord Haskel:** But if there was a quota, they would have to pay attention to it.

**Helena Morrissey:** They would have to pay attention, but I wonder whether they would actually change their ways or just appoint women to fulfil a quota.

**Q266 Lord Wilson of Tillyorn:** We have huge diversity in Europe of policies towards gender equality on boards. Does it matter to British business or to the UK generally that that happens? To take it to its extreme, if there are other countries in Europe that have quotas, is there a possibility that we drain out our best women going to those places which have quotas or have more opportunities for more women on boards?

**Helena Morrissey:** It is always a possibility, but it is not a high risk or something that I particularly worry about. There is clearly a lot of momentum here. Good women are being sought out, offered roles and appointed to roles. I think that a lot of women would not necessarily want to be appointed to a board to fulfil a quota. Certainly, a lot with whom I have spoken would not want to be on a board to fulfil a quota. That attitude is certainly held here but further afield as well. Although we can never see what life might be like, I think that we are an attractive place for people to do business and that women want to be on boards here.

**Lord Wilson of Tillyorn:** This is a slightly tangential question, but do you happen to know how many British women go and take jobs on boards of companies elsewhere in Europe or vice versa? How many of our boards are peopled by women who come in from Europe?

**Helena Morrissey:** I do not know how many British women are on boards of companies in other countries—although I will now try to find out—but I know of specific examples of women who have been recruited to boards here where chairmen are looking for international experience. That takes us to the broader diversity issue as well. I am not saying that they go about it, thinking, “Oh, good, I have killed two birds with one stone”. This helps to broaden the pipeline. I know that Kate Grussing, whom you have interviewed in this forum a couple of weeks ago, had been appointed to do a search where the company in question could not find the right person for the board. The company was hoping for a woman in order to fulfil its diversity agenda and could not find one within these shores, so it ended up finding an American woman. That helped the business, because the company also has interests there. I am sure that we should not get too hung up about it. I feel that, in a good global business community, it is not necessarily a bad thing. If women are generally improving quality and if we are keeping women longer in the workforce and having better pipelines globally, there will be more people of talent for companies to put on their boards.

**The Chairman:** But of course also, because of the Higgs directive, you cannot be on a board for more than six years. I would think that it was a jolly good thing to have a French or American woman on a board.

**Q267 Baroness Valentine:** While the number of non-executive directorships held by women increases, we have heard that the number of female executives remains “stubbornly low”. If this stubbornness persists, how can this be addressed? Could quotas or other concerted EU action serve as a driver to tackle this entrenched problem?

**Helena Morrissey:** This really is the big one. We could achieve numeric equality for women for non-executive appointments. You can have a broad talent set and range of experience and be a good non-executive director, but you need specific technical skills to be, for example, a chief financial officer, a CEO, a head of HR, a head of retail business and so forth. I do not think that there any shortcuts to this. I met someone recently who runs a trading floor at a bank—I probably put you off him now. He was lamenting the fact that he had only 7% female staff and no senior female traders. This is really around risk aversion. He said, “A quota would get me nowhere, because there is nobody to hire into that senior role”. We have to cultivate them and change the culture and the ability and desire of women to stay and develop their careers to ultimately solve the pipeline. The 30% Club is turning its attention to this. Clearly, we are not a diversity business. As I said earlier, it is a group of business people who believe in the outcome that we are aiming for. CEOs and their management teams need to be thinking about how they develop the next generation of female business leaders. I mentioned the partnership pipeline initiative. I have really focused on that because of that problem being so intense in that area and because, if we had more senior female partners at law, accountancy and consultancy firms, they in turn would be a useful pipeline for non-executive director roles. I do think that this one has to be solved. I do not think that having a quota would work; it is a multifaceted problem requiring many

components to solve it. I went to Stockholm in February with the Prime Minister to the Northern Future Forum, where it was very interesting to hear from the Scandinavian and Baltic leaders about their experiences. Even in those countries where family situations are shared—childcare, for example, is quite different from in this country—they were still stuck at, at best, 30% women in senior roles. So there is something beyond. I do not think that anyone has quite put their finger on what it is.

**Q268 Baroness Valentine:** Does the existence of a CEO or senior partner who wants to solve the problem make a big difference in this mix?

**Helena Morrissey:** Yes, I think that it does. There is no silver bullet, but there are a number of components. A lot of effort has been made in many companies. I have noticed that people now collaborate on what has worked and what has not. Often, people have been quite disappointed by big diversity initiatives—for example, around mentoring of women—and found that the improvement has been in the single percentages. It comes back to something that is embedded in business. Diversity initiatives often seem to be on the side—treating women as a special being that needs handling differently. There is obviously a difference around children, but we still need to think more about how we create a culture and environment in businesses where the differences in the skills sets and the ways that people work are valued. Companies should work harder at sponsoring women. I do not lack hope on this, but it will take a longer road to home.

**Q269 The Chairman:** Do you think that there is any scope for effort being made by the CBI and the IoD at entry levels into management or junior management positions, perhaps by running courses? They all have very fancy journals. It might be a matter of getting the younger generation on to the mailing list. I know that that has been done with women in banking and finance through a networking group. How otherwise can we get there?

**Helena Morrissey:** It needs a really concerted approach. You are right to highlight the role that some of those organisations could play. I recently spoke at a CBI event where they had not just HR directors but business managers present. I have also been in to see Simon Walker, the Director General of the IoD. If everybody is doing their piece and pushing in the same direction, change can be effected. I do not think that women lack ambition. McKinsey has done some excellent work on this. Women tend to need, perhaps because of the child-rearing factor, work with meaning. They look at boardrooms sometimes. They see that they are all male, that they sit around for hours not getting anywhere, and they do not think that that is an appealing thing to aim for. I am not sure how much truth there is in that, but if we can open that up and have more role models and more examples of women adding a different dynamic to boardrooms and senior management teams and setting the agenda, suddenly a whole raft of women coming through—the 25 or 35 year-olds who might otherwise take their foot off the pedal or say that it is all too much—will be more encouraged. Everybody has to play a part.

**The Chairman:** And of course all people are different.

**Q270 Lord Brooke of Alverthorpe:** I was going to ask you about the pipeline as a means for developing or maintaining the flow of talent for the future, but we have answered that to a fair degree in talking about the different activities which were on the way. First, do you think there is any scope for Europe to play a part? We have not touched on that so far. Secondly, you mentioned your recent conference in Stockholm, where I, too, have some contacts on issues relating to social development for women. What did you bring back from Stockholm that we are presently not embracing in this country and could perhaps pass on to our boardrooms?

**Helena Morrissey:** On the first issue, one thing perhaps not being done by anybody at the moment—it is therefore something that the EU could do—is celebrating success and

achievements in this area. There is no clear recognition where companies have a very diverse and effective board. There is much more of a stick than a carrot. I think that companies would enjoy the positive publicity. If I was doing a seminar, instead of lecturing and hectoring people and telling them to change, it would be good to have some examples of companies which are clearly superior in their financial performance and have embraced this development. I feel that Europe, because it is so wide-ranging and encompasses so many different experiences, could do something around hosting a conference or something in that regard and showcase some examples.

On the Stockholm experience, I came away feeling both relieved and a little depressed. A number of companies have done so much for so much longer than us in this regard, particularly around the social dimension of helping women stay in the workforce. One woman from Denmark said that there would be no point in her staying at home with her daughter because the daughter would have no-one to play with as everybody else was in a nursery. She said, "We just go back because everybody is doing that". Denmark had obviously achieved that, but the fact that there was still a lack of parity at senior levels after all these changes again made me think that there was something deeper that we had not quite got to grips with. That is one reason why we should not rest all hopes and dreams on one solution—for example, on childcare tax breaks. There is not something that will suddenly magically solve this issue. We are in a leaps-and-bounds phase. We went through a long period in this country where there was no change and no attention being paid to the issue. We are now in that moment. We will not get there in a straight line, but we are on the right path and we just have to keep working, listening and learning when we do not quite get the results at the pace that we expect.

**Q271 The Chairman:** Thank you very much indeed. It has been very worthwhile. I am going to ask you a final question that I ask all witnesses. Are there any questions that you think I should have asked you? If so, what are they and would you like to answer them?

**Helena Morrissey:** We have not talked about the role of the investor, although I mentioned it a couple of times. As a point of observation, I feel that the changes to the corporate governance code that will come into effect this October will provide a further impetus. We talked about the danger of a falling away of the momentum. As part of their 2013 reports, boards are expected to produce specific gender diversity policies and ways of measuring their achievements, or lack thereof, in this area. If there are minds that have not been focused to date, that will be another opportunity. My plan with the 30% Club is to keep looking at the next hook, or creating one if there is not one. Although we have been trying to defend against the threat of quota, I think that the positive things that are happening will continue.

**The Chairman:** So it has got embedded in our DNA, do you think?

**Helena Morrissey:** I do not want to imply that every company chairman is saying that this is a wonderful thing. There are still a few dinosaurs, but they are becoming more of a minority. People are leaning on them from all directions. We want them eventually to say, "Actually, now we are down to eight all-male boards in the FTSE".

**The Chairman:** Thank you very much. Can I just say, as an excuse for us, that we have had as witnesses the Investment Management Association and the ABI? We had a very good session, so we have looked at that aspect. However, we were very interested in you in particular and the 30% Club. I think that we were right to be so interested. Thank you very much indeed.

**Helena Morrissey:** It was a pleasure. Thank you.

### **Examination of Witness**

**Sonja Lokar**, President, European Women's Lobby.

**Q272 The Chairman:** Good afternoon and thank you very much for giving up your time to give evidence to our inquiry, Ms Lokar. Members of the Committee with relevant interests will declare them when they ask questions. This session is on the record, it is being webcast live and it will be subsequently accessible via the parliamentary website. The witness 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.

Ms Lokar, can you begin by stating for the record your name and official title? If you wish, you may make a brief opening statement.

**Sonja Lokar:** Thank you very much for having me here. My name is Sonja Lokar and I am president of the European Women's Lobby, which is Europe's biggest umbrella organisation of women fighting for equality between men and women. Our organisation is composed of more than 2,000 different women's non-governmental organisations and of several large Europe-wide organisations. Before we start the meeting, I would just like to say that in February this year the European Women's Lobby accepted, based on an analysis of the situation in 10 countries, the recommendations on how to deal with the issue of women on boards. These recommendations are very short—there are only six of them—and, if you want, I can talk about those now or later, however you prefer.

**The Chairman:** Will those come up in your answers to our questions, of which we have given you advance notice?

**Sonja Lokar:** Yes.



**Q273 The Chairman:** Let me ask the first question then. Why do you think the current proportion of women on boards is so low? Is the problem demand or supply or both?

**Sonja Lokar:** I think that the main root cause is that women and men have unequal access to resources, to economic power and even to the knowledge that is critical for being on a board. Because of this structural discrimination that has been there for ages and because of the prejudices that remain in society, we have a problem both on the supply side and on the demand side—although the lack of supply is different in character. On the demand side, demand is lacking because the political will is not there and the awareness of why women being on boards can be a big asset for companies is not there. On the supply side, the problem is much more complicated, because there are many different reasons why women sometimes either hesitate in going for such posts or, more than just hesitate, they are not invited to take up those posts. Even when they are invited, women face the structural problem of having a different lifestyle from men, in that they often have other responsibilities and want to give time to other things as well as being a company leader or board member. When the corporate culture is not inclined to accommodate their other needs, women hesitate to accept and opt not to take up such posts. Interestingly, the research published by McKinsey shows that the obstacles that women face are different at every level of the company—different on the day that they get the job, different when they have to get promotion, different when they come on to a board and different when they want to become president or CEO. It is really very complicated for the women to do it.

**Q274 The Chairman:** What do you think is the answer?

**Sonja Lokar:** The answer is not simple. We cannot just say, “Okay, just introduce quotas and force companies to change their attitude”. To do only that would be much too easy and not very fruitful either. Quotas themselves are not a magic wand that will change the situation overnight. In fact, the McKinsey research shows that, if you want to change

anything for the better, you need to create within the company a gender diversity ecosystem. That involves several very important elements, of which perhaps the starting point is the commitment of the company leaders to focus on the issue and to do whatever is necessary to change the situation for the better. Nevertheless, the European Women's Lobby believes, as I do personally, that quotas—not just voluntary quotas but legally binding quotas with strong sanctions—are the trigger that will make company boards serious about this issue and give them an impetus to work on this differently from what they would have done if they were not obliged by law. I think that quotas are necessary not because they solve everything but because they trigger the process, which is much more complicated and needs more time to be properly implemented.

**Q275 Lord Clinton-Davis:** You have said that quotas are vital for the reasons that you have suggested. Do you believe that such a policy could be applied in the UK and across Europe?

**Sonja Lokar:** As far as I understand it, the process has already started. The first attempt began in Norway not as a binding quota regulation under law but as an open offer to companies to start the process so that, proceeding in their own way, they would have at least 40% female representation on the boards. After a while, the government understood that this would never happen, so they introduced a law that was really strong—for non-compliance the dissolution of the firm was on the agenda, which is not a mild sanction but a really tough one. It was really interesting to observe how, in a rather short period of time, the companies found enough women who were capable and willing to fill those posts. The problem was solved not in a very generous and gentle manner but with a firm position from the government and the state.

Other countries then followed suit. Iceland did practically the same as Norway. Others started with proposals allowing companies just to do things on their own, but those were

then transformed into legal obligations—we have several countries in Europe that did that. Therefore, when Commissioner Viviane Reding picked up this initiative and started to work with it, that was an attempt to make something that had already begun as a process within member states a general European Union process. Of course, the question is: was that necessary? Is it good? Why should we not proceed with everyone doing whatever they feel like? I would say that to have a European initiative on any gender equality issue is a precious thing. I come from a country that is a new member state—I come from Slovenia, which is a small country.

**Lord Clinton-Davis:** Sorry, where do you come from?

**Sonja Lokar:** I come from Slovenia, which is a small country close to Italy and Austria. When Slovenia was becoming a member of the European Union, we got so much out of the legislation of the European Union that you cannot imagine. To give just one example that was really important to us—this relates to the gender equality issue—before Slovenia became a member of the European Union, we could not persuade our government that sexual harassment at work was a serious problem. They did not see it like that. They even said that it was legally impossible to define sexual harassment. However, in order to become a member of the European Union one day, we could not do that without having a definition of sexual harassment in our labour code. Without this, I am sure that Slovenia would still have had legislation without one sentence on sexual harassment at work, even though it is a huge problem—especially now when we have a crisis situation in which many young women are without work and employers and bosses are taking advantage of the situation. I have given you one example.

If we are talking about boards and why it would be wonderful to have this initiative realised all over Europe, I think that the reasons are economic reasons. The European Union is not like an African or Asian country; women in the European Union are highly educated and the

pool of talent is equally divided between men and women. We are losing half of the talented people—or even more, because there are so many educated women—and I do not think that the European Union can afford this. We are in a global competition, so in losing these talents we are losing economic incentives. That is stupid. Why are we doing that?

It would also be good to have a European initiative to speed up the process. Some countries have started, but many others have not and, what is even worse, in some countries the process is going backwards. Before coming here, I looked into the last report on women and men in the European Union, which shows that in five countries the number of women on boards is diminishing and in some countries the very small number of CEOs and chairs of big companies who are women is diminishing. At the same time as other countries are progressing—including the UK, although you are not making progress at the speed of light—others are stagnating or even going back.

**Q276 The Chairman:** Where are those figures published?

**Sonja Lokar:** I have brought the paper with me—

**The Chairman:** If we could see those figures, that would be very useful.

**Sonja Lokar:** I will give you the paper, which is called *Report on Progress on Equality between Women and Men in 2011*. The report includes two tables that show this negative process.

What is even more interesting—this is also important to know—is that, when you have a good economic situation, ideas about improving the levels of human rights and so on are accepted with good will; when you have a crisis situation, all of a sudden what was already gained is pushed aside and new things are met with the response, “Now is not the right time, so we cannot bother with that now.” If you look at the list of the countries that are going backwards, you can see that these are the countries where the crisis has hit hardest. They include Bulgaria, Cyprus, Slovenia, Estonia and others—I do not remember them off by

heart. You can see the connection between the crisis and the diminishing possibilities for women on boards, which is shocking in a sense.

**Q277 Lord Clinton-Davis:** Would you accept that circumstances alter cases? In a country like ours, where progress is being made but rather slowly, there is a reluctance to accept quotas; in a country like France, the situation is quite different. What I am saying in effect is that each country has to be judged on its own merits.

**Sonja Lokar:** Yes, I agree with that. If you have well set targets against which progress can be measured regularly, I do not think that you need bother with accepting quota regulations immediately. However, if progress is not fast enough or if there is regress, then quotas are necessary. For example, countries such as Sweden have come without using a legal quota nearly to the point where we want others to be, so why should we impose quota regulations on them when they do not need it? However, in your case, your target is set very low at 25%, whereas the European Union target is 40%. If you really want to escape or not be pressured into accepting quotas, you may have to raise the target and perhaps set mid-term targets to ensure that everything is going in the right direction. If it is, why should anyone bother to force you to do things that you are already doing? I do not see the point in that.

**Q278 Lord Fearn:** Do you believe that there are advantages to a common European approach to increasing the proportion of women on boards? If so, what are they?

**Sonja Lokar:** I think that there are. Especially, I think that the competitiveness of the European Union needs to get better, and I firmly believe that having more women on boards can bring better economic results. That is one reason.

Another reason, as I said before, is that in the European Union the situation of women on boards is very unequal: there are some countries with high levels of female representation on boards—well, rather high levels, as the situation is not very good anywhere—and there are those that are lagging behind very much. When you accept a common European policy

on this with common legislation, you open up the process so that everyone is required to come to the same level of women's human rights and I think that this is always a good thing to do.

**Lord Fearn:** When you say that five countries are going backwards on this, is that seen vividly or is it just a statistic that you have in a book?

**Sonja Lokar:** The question of statistics is very interesting. First, most companies, even those that have been thoroughly researched in the McKinsey report, do not have the necessary statistics and do not really know exactly what their situation is at every level of corporate governance. They do not know where their women are, what their problems are and what their needs are. They have not researched this before or taken any action. Of the 235 largest companies that were the subject of the research, only 125 were able to give statistical data on what was really going on in their firms and, when positive action was started in order to change the situation for the better, only 20—that is, less than 10%—could prove that things had moved forward, however slowly. Only 10% of the largest firms in the whole of Europe were able, with affirmative action on their own, to change the situation for the better, so I think that this is a serious problem.

However, when you look at the research, there is a very clear reason why this is so. If you compare how the men and women see the projects and programmes to improve the situation of gender diversity, you can see that men, who were asked the same question as the women were, saw the situation twice as brightly as the women did. When asked whether women and men are treated equally for promotion in firms, in the evaluation 65% of men said yes, whereas only 30% of women did so. So you see this imbalance. Men who have the power of deciding do not see the need or see this as a huge problem. That is normal, in that those who are discriminated against feel the problem whereas those who

perhaps unknowingly profit from it do not feel that it is a problem and do not react to it. That is a huge issue and a big problem.

**Q279 The Chairman:** You said that you believe that the economic result is better when there are women on a board. What evidence do you have for that?

**Sonja Lokar:** Several researches have been published, which show that where boards have diversity in general—not only gender diversity, but other sorts of diversity such as race and age—the company does better. I did not bring that research with me, but it would be easy to get that evidence.

**The Chairman:** Would you mind supplying us with that? We want to make sure that everything that we say is evidence based.

**Sonja Lokar:** No problem. It needs to be accurate, yes.

**Q280 Lord Haskel:** We have already dealt with my next question, so perhaps I can phrase it rather differently. First of all, congratulations on your English.

**Sonja Lokar:** Oh dear, I am not so proud of it.

**Lord Haskel:** You have told us how European rules raise standards and how they have raised them in your country. You have also told us that you think that, if the voluntary arrangement will reach the standard that the European Union intends to set, you would be quite happy with that. What should happen to those countries that do not reach the standard?

**Sonja Lokar:** That is a very good question. However, I do not think that anything would happen to the countries; it would happen to the companies, which is a different story. You need strong quota regulation in the law—without sanctions, it would be like a lion without teeth—and I have no doubt that, if there are strong sanctions, the companies will apply it. On the idea of financial sanctions, if you have a sanction of €1 million, the sanction might work; if the sanction is only €200, it will not work, so it all depends. We know that from the

experience with quotas for political parity. For example, the law in France required that the list of candidates for national elections should be half men and half women, and those that did not obey this rule would be subject to deductions from the funds given by the state to political parties. However, all the parties preferred to pay the fine than to give the women the chance, and the fine was considerable money—it was not small money. They preferred that because it is easier to go the old way rather than to make the change.

Of course it was also a big problem for those who did not previously think of women as active qualified politicians to see any qualified women around. That is a sort of blindness. When you have the leading group, you will always look at the leading people as role models and you never look at those who are coming up. It is difficult to give a real chance to these women, who may be there but have not been seen or listened to for years.

**The Chairman:** Yes, we had evidence from Lord Davies, whom you have probably heard about, who said that there is no problem whatsoever with supply. He said that he could have to hand 99 women instantly who would be able to take up really good board positions.

**Sonja Lokar:** In many countries where they have tried to change things, people have started by establishing banks of talent. For example, in Serbia, which is one of the countries in the pipeline for EU membership, the women's movement is quite strong but a big problem was that the political party leaders said that there were no women who could be Ministers because they were not capable enough to take up such a post. The angry women of that country set up an initiative to establish a bank of talented Serbian women—with really incredible CVs in science, in economy, in culture and in different fields—and the result was that there are much more than 1,000 such women in little Serbia. Therefore, I imagine that in your country, with millions and millions of people, you really do not have a problem of supply.

**Lord Haskel:** Absolutely.



**Q281 The Chairman:** What has happened to these banks of talents?

**Sonja Lokar:** First, these banks started to be used. When people are looking to give someone a difficult task to do—not only in public administration but in companies—they now refer to this bank. Another thing that the women, who were really angry, did was to establish a shadow government that had only women Ministers. Every week, they published a special statement on whatever the hottest issue of the moment happened to be in Serbia, and the shadow woman Minister would say how she would solve the problem if she was in post.

**The Chairman:** This is wonderful. When does Serbia join the EU?

**Lord Haskel:** We should try that here.

**The Chairman:** Maybe we would be enthusiastic. That is a very enlightening point.

**Q282 Baroness Valentine:** In Norway, which introduced quotas in 2003, the number of women in executive posts is still very low and less than 3% of CEOs are women. Can quotas deliver sustainable change, or do they simply address the symptoms rather than the cause?

**Sonja Lokar:** As I told you, the quota itself is just a trigger that makes the responsible people do what they would not otherwise have done, but the root problems are much deeper and have to be addressed in a very systematic way. First of all, you need to have total evidence of the facts. Then you need to have every manager—not only the president of the company but everyone down the line—accept the idea that it is his responsibility to bring more women to that level. If you do not have a lot of women in the pipeline, it is very difficult to get the women at the very top. For the very top, you need sponsorship, mentorship and connections, which you can get only if you are part of this elite group in the firm. If there is nobody to pick up your hand and take you in, you cannot break down this wall. You have to do all of this to make it function, whereas in Norway I do not think that

people did this last thing—they did everything else but not this thing. I think that they are now trying to look into how to solve that problem.

In the European Women's Lobby, when we were thinking about this point, we thought it important to have quotas not just for non-executive positions but for all positions on the board so that women would get used to working on specific executive tasks, such as financing or whatever is the most important in the firm. That could be one solution. Another important thing is to limit the number of board memberships that one person can accumulate. It is stupid that one person should have five board memberships, which crowds out everybody else. Why is that necessary? One reason why things are moving so slowly is because they are so blocked and the turnover of people in such posts is not as big as it should be. This has to be changed, too.

However, I suppose that that change will be the most difficult of all, given that we have seen the same story with the political empowerment of women. If you think about women in parliament, due to the quota regulations and the many years of women fighting to get eligible posts, things started to move and to change but the situation with regard to women Ministers is much worse. Some countries have half and half, but there are many countries that have less than 10%. For example, at the moment Hungary has zero women Ministers, and it is not a question of Hungary not having capable women; it is a question of political will. I think that rules have to be put in place for parity in all decision-making positions. For a woman to become Prime Minister or President of the state, it is even more difficult because those posts are connected to the leadership of political parties and women have the hardest possible time to become leaders of political parties.

**Q283 The Chairman:** Does that mean that you would welcome an EU directive that Ministers should be 50% women and 50% men? Do you think that the EU is the right conduit

to ensure that this happens? In other words, should the EU put out more directives for quotas on every level of life? Surely that is not the purpose of the EU. Is it?

**Sonja Lokar:** Absolutely, that is not the purpose of the EU, but it always comes back to the question whether we want this or not. A good example is violence against women. As you will remember, in 1995 this was an issue not for the European Union but for the member states to deal with. We then had a Commissioner for internal affairs—from Sweden, of all places, of course—who decided that there was a huge problem with the trafficking of women across borders, which was considered not so much as a question of human rights as a security problem. However, through that security problem there came out the whole policy of the European Union on violence against women, which is now shaped such as to enable all countries in Europe to have approximately the same standard on this issue. So the question of whether the European Union should regulate quotas for political representation of women is a question of political will and a decision about whether this is urgent and important—I think that it is, but nobody really asks me. For example, I have proposed to the European Commission that it should establish a DAPHNE project for parity in Europe, because we need such a project just to make everybody aware of what we are losing with not having parity of men and women in political decision-making, but people turn a blind eye to it and they do not want to discuss it. My chances of making that a European Union policy, even from the position where I am now, are very slim—I have already been trying to do this for five years.

**Q284 Earl of Liverpool:** I have another question on quotas, I am afraid. Some people have argued that quotas are patronising to women. How would you respond to this? Is there a risk that women appointed to boards through quotas would be seen as not having been appointed on merit?

**Sonja Lokar:** This is a very good question. Not only men but many very clever and capable women think that quotas are offensive. Some women think that quotas will take something away from them by transforming the situation such that they will lose their merit, which is bigger than the merit of many of the men with whom they compete, and be taken only as quota women. Why do women and men think like that? They do so because the facts of structural inequalities that are inbuilt in our societies are not present to people—they do not know. How can you know about this? First of all, you have to study quite a lot to get into the subject and to see all the different things, especially in those countries where men and women are formally equal in front of the law. “Where is the problem? There is no problem.” Formally, everything is fine. You really have to go into the study of the everyday life of people to understand that these structural barriers are there. The papers and the media and even the schools do not inform people about that. These are not common knowledge facts; these are facts for which you really need to put in quite a lot of effort to dig them out from the shadows.

The second thing is personal experience. I know a lot of women who formerly were fiercely against the quota. When they became MPs, they were very proud of that and they told me, “You see: I made it without the quota. I am capable enough that I do not need it.” However, when re-election time came, they were pushed out so quickly and so easily that before they turned around they were not MPs any more. That was when they understood and they started to be fighters for the quota regulations. In Slovenia—I am speaking again on the political empowerment of women—we tried seven times in 10 years to enact quota regulations in our Parliament, and every single time we failed. The reason was very simple: the few women who were in the Parliament came to the rostrum and said, “I don’t need the quota. This is offensive to me.” When all of them lost the elections in 1996, they came together and we established—I was also a member of the parliament once—a special

coalition for parity in Slovenia and within three years we changed the constitution, and we enacted quota regulations for all levels of elections. So it all depends on how you understand the problem and when. When a woman says, “I am offended by quotas”, it is difficult to say, “Okay, there is evidence that you are not right, but maybe you have to wait for the glass ceiling to come down on you and then you will understand.”

**The Chairman:** Lord Brooke has the last question.

**Q285 Lord Brooke of Alverthorpe:** I have listened with great interest to your answers, so thank you very much. Are there other measures that you think the EU should take, either alongside or instead of quotas?

**Sonja Lokar:** Absolutely. There are many things that the European Union can do. Again from my own experience of Slovenia becoming a member state of the European Union, I think that the most precious thing that we got out of that was the possibility to compare the level of rights and practice in our country with the best in the European Union. That is something that is absolutely helpful, because it gives you new ideas—you do not need to discover the hot water; it is already there. I think that organising a thorough exchange of experience is absolutely something that should be done a lot, whether or not quotas are enacted.

Another thing that I would very much opt for, if we are to be successful changers of the situation, is obligatory statistical insight into the companies in a way that reveals all specific points where changes are needed. This would be really helpful and it is not so aggressive. When companies do this, it is much more difficult for them to close their eyes and say that there is no problem because it will be evident in the figures. Before you have the figures, you do not know. Then even if we do not get a consensus on this directive—that is not an easy thing to do—we can still set up joint targets and then measure progress and organise a reporting process. That helps a lot. For example, I remember a similar thing being done with

the Barcelona targets for childcare. Not all countries have improved their situation 100%, but there is progress. When you have this common vision and can present where each country stands at a particular moment, that helps countries to be responsive to their own voters, especially if the figures are published and you lead a campaign. What I would absolutely do is organise an awareness-raising campaign not only for the CEOs and people who decide but for everybody, because it is not common knowledge that this is a problem, why it is a problem and how we can solve it.

**Q286 Lord Brooke of Alverthorpe:** That was an interesting observation. If quotas were not introduced, would you see targets as having a role on a Europe-wide basis?

**Sonja Lokar:** As president of the European Women's Lobby, I would always opt for a legally binding, heavily sanctioned quotas system, but it may happen that we cannot get that. If so, it would not be the first time that you dream about something and then you get something else. However, there is always a second-best, and this second-best could be targets.

**The Chairman:** Just on that, can I just ask how you would monitor targets or quotas? What do you suggest the apparatus should be in the European Union for monitoring those?

**Sonja Lokar:** First, if we really want to monitor, we have to have this thorough statistical insight into the companies. This is the first step. Then it is important to recognise that every single company has a slightly different situation, so the problems are not solvable with one recipe to suit all. Every company has to discover what its weak spots are and how to respond to its weak spots. In the McKinsey report, you can see exactly which are the critical points but the extent of those varies from company to company and even from country to country. The situation of women on boards very much also depends on how many women are employed, how many women are employed full-time, how many women can work in flexible arrangements—all these things are very important. I think that the system should be country specific and company specific.

I think that your system here is not bad at all. You have this combination of governmental initiative and companies having to set up their own process, which the Government will then follow to see whether the process is in fact followed and what its outcomes are. I suppose that something like that could also be possible at the European Union level.

**Q287 The Chairman:** Thank you very much. If Members have no more questions, let me ask you the question that I ask most witnesses. Are there any questions that you think we should have asked you? If there are, would you like to give us the answers to those questions? In other words, have there been any glaring omissions in our taking of evidence?

**Sonja Lokar:** I was not thinking about that. I was surprised because you have asked the very difficult questions, which I really needed to think about. When you work as a feminist fighter, many things are self-evident to you but when you speak to people who are not necessarily of the same opinion as you are, these people open to you points of view that are not neglectable—you have to really give them some thought. I am thankful for that.

**The Chairman:** That is very kind. I take that as a compliment, so thank you. You have certainly opened our eyes, and some of those things will remain embedded in our brains for quite a long time, I should think. And thank you also for being very feisty, which is lovely. I trust that you know that word. We use it all the time.

**Sonja Lokar:** What does “feisty” mean?

**The Chairman:** It means thrusting—which you are, in effect—and a bit of a whirlwind, and very attractive with it.

**Sonja Lokar:** Thank you very much for having me here.