MSCI ESG Research

Executive Summary: 2014 Survey of Women on Boards

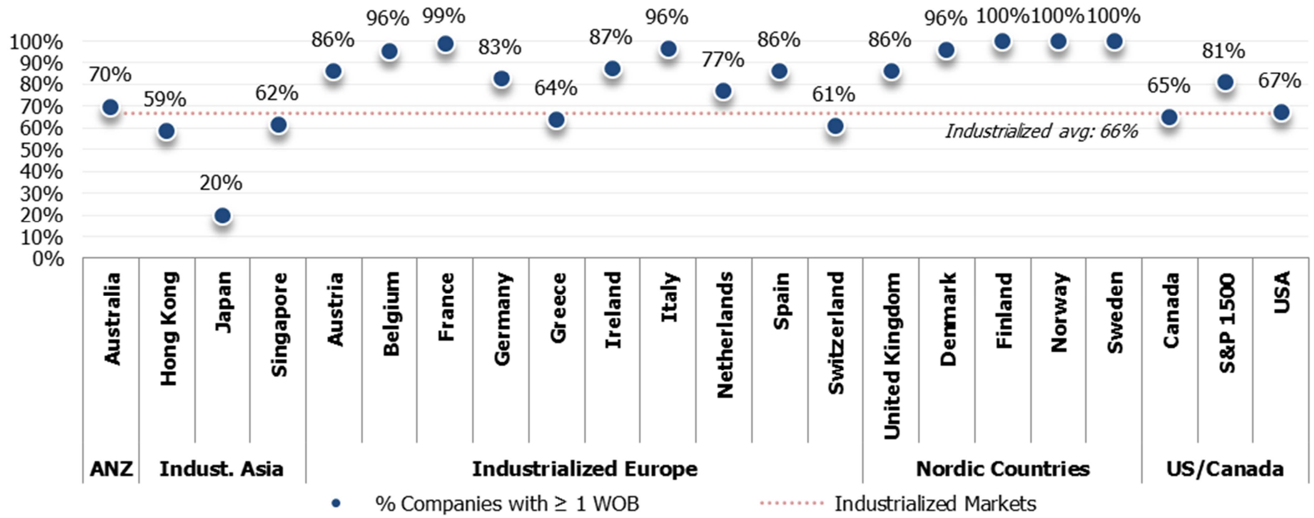
November 2014

KEY FINDINGS

There continues to be a slow increase in the overall percentage of women on boards globally. Among MSCI World companies, women currently hold 17.3% of all directorships. In the US, among S&P 500 companies, women currently hold 19.0% of directorships, up from 16.9% in 2013. Upon closer examination, however, **the vast majority of the gains are coming from markets that have instituted mandates** and regulations to boost the ranks of women on boards. In markets lacking the regulatory 'stick,' the gains are minimal. In this year's report, our key findings include:

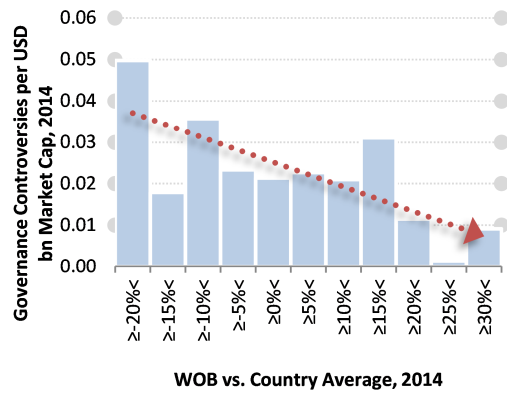
- Boards with gender diversity above and beyond regulatory mandates or market norms **had fewer instances of governance-related scandals such as bribery, corruption, fraud, and shareholder battles**.
- There is some indication that the orientation toward regulatory arbitrage may apply to aspects of corporate governance such as director characteristics as we found **companies domiciled in Tax Havens exhibit lower rates of women on board than their peers domiciled in developed markets**.
- **Subsequent to appointing a female CEO, companies exhibit a greater rate of female director appointments** compared to male-led companies.
- There is preliminary evidence that companies with more women on their boards tend to display overall **stronger management of ESG-related risks**.

FIGURE 1 Percentage of Industrialized Market Companies with ≥ 1 Women on the Board, 2014



GOVERNANCE CONTROVERSIES AND WOMEN ON BOARDS, 2014

(SEE PAGE 10 FOR DETAILS)



SCOPE

MSCI ESG Research analyzed more than 6,500 company boards and nearly 1,600 constituents of the MSCI World Index for controversy and ESG data.

REPORT CONTENT

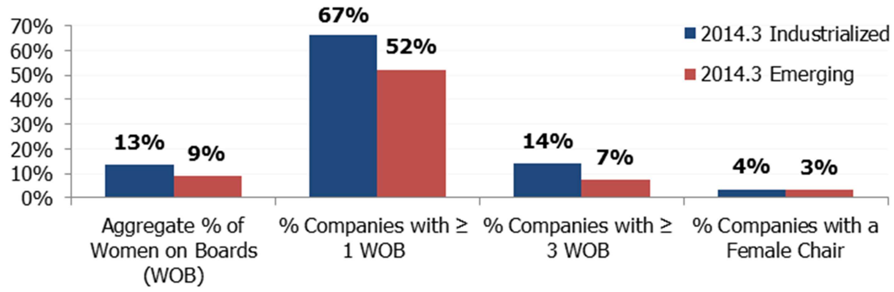
AUTHOR

Linda Eling-Lee, Global Head of ESG Research
Damion Rallis, Senior Analyst
Matt Moscardi, Senior Analyst

Global Trends in Board Gender Diversity

Women now hold over 12% of board seats at the world's largest and best-known companies, up 1.4% from a year ago and a total of only 3.1% since 2009. Among these companies, 64% have at least one female director, and nearly 13% have at least three women. Leading the globe on gender-diverse boards is Europe, where legal requirements for women's representation exist or are being considered at both the EU level and in various countries.

FIGURE 2 **WOB %, Industrialized Markets vs Emerging Markets, 2014**

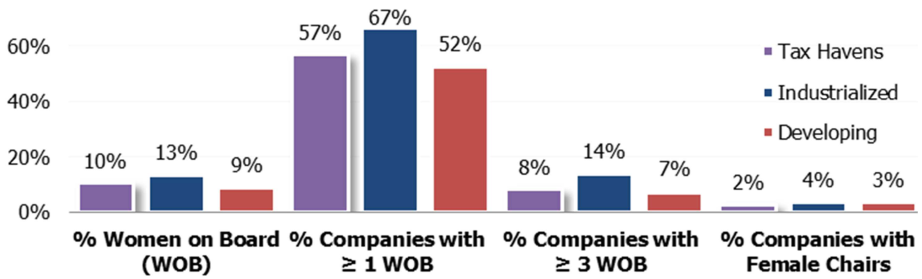


Source: MSCI ESG Research

Arbitraging Regulators: Tax Havens and Women on Boards

The percentage of female directors on the boards of companies in Tax Havens is more in line with developing nations then with industrialized nations. Of the 28 companies in this dataset that are operating primarily in the US, UK, or Australia, 20 have a lower percentage of women their boards than the average for their 'home' country. Companies seeking tax haven status may also be signaling a broader management style that seeks to skirt regulatory and stakeholder pressure.

FIGURE 3 **WOB %, Industrialized Markets vs Emerging Markets, 2014**

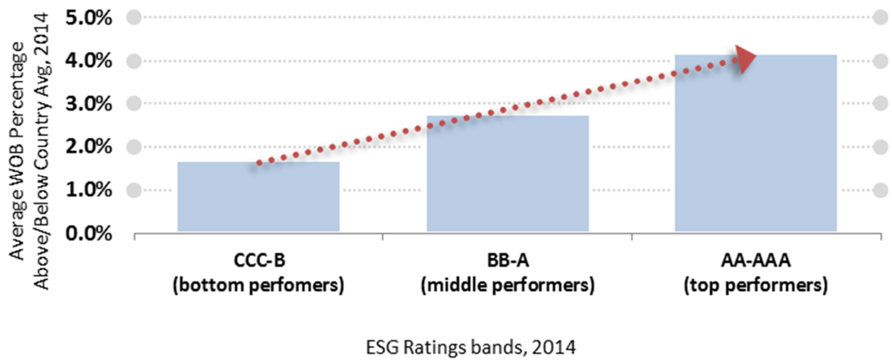


Source: MSCI ESG Research

ESG, Controversy, and Women on Boards

We found that companies with a higher percentage of WOB tend to have fewer governance related controversies, including fraud, accounting, bribery, and corruption-related controversies, in the last three years. Further, companies with higher percentages of women on boards had higher ESG risk management ratings and strategies across virtually all risk issues.

FIGURE 4 **WOB %, Industrialized Markets vs Emerging Markets, 2014**



Source: MSCI ESG Research

Female Leadership

As of October 9, 2014, there are only 67 female CEOs at S&P 1500 companies. At these companies, there are on average 29% more female directors (adjusted for CEOs on boards) than their male-led counterparts. Further, where 17.2% of S&P 1500 boards have at least 3 female directors, female-led companies more than triple that figure to 54% of the boards at the 67 S&P 1500 companies (also adjusted).

FIGURE 5 **Female CEOs and the Effect on WOB, 2009-2014**

	2014	2013	2012	2011	2010	2009
Avg WOB / Female CEO	2.8	2.5	2.6	2.5	2.4	2.5
Avg WOB (ex CEO) / Female CEO	1.8	1.5	1.6	1.5	1.4	1.5
Avg WOB / Male CEO	1.4	1.3	1.3	1.2	1.2	1.1
WOB: Female CEO vs. Male CEO	29%	15%	23%	25%	17%	36%

Source: MSCI ESG Research

Contact Us

esgclientservice@msci.com

Americas	Europe, Middle East & Africa	Asia Pacific
+1.212.804.5299	+44.207.618.2510	+612.9033.9339

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[1] *As of September 30, 2013, as reported on January 31, 2014 by eVestment, Lipper and Bloomberg*