



EgonZehnder

2022/23 Global Board  
Diversity Tracker

Who's  
Really on  
Board?



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## INTRODUCTION

# Making Diverse Boards More Effective Boards

Representation matters. But inclusion is the next step.

Boards are now striving for more than targets when it comes to representation and more than acceptance when it comes to inclusion. They're recognizing they need directors who bring a mix of perspectives to the boardroom and a culture that integrates these views into every decision the board makes. Many are discovering that building and sustaining a diverse and inclusive board is an ongoing journey, with moments that inspire them to rethink some of their own practices and beliefs.

Every board's journey will be different, and the 2022-2023 Global Board Diversity Tracker captures the progress that has been made

and offers a view of what the destination can look like. We have seen boards that have reached, or come close to, gender parity shift their focus to identity diversity, including race and ethnicity, sexual orientation, culture, education, experience, and disabilities. Now, their attention must move to inclusion.

Egon Zehnder has been tracking diversity on boards for 18 years. We are actively part of ensuring that organizations are not only bringing more diversity into the boardroom, but also adapting their cultures to be more inclusive—to help diverse boards be more effective boards.

**Analysis covers all publicly traded companies with market cap of €8 billion and above across 44 countries; in countries where no company meets the market cap, the six largest companies are selected.**





## FINDINGS

# Boards are moving from intention to action

We no longer need to prove the business case for board diversity to drive action. Stakeholders and shareholders have made clear demands for more representation of minority groups in the boardroom by protesting racial injustice, requesting more transparency in board composition, and implementing regulations that mandate diversity on boards. Now, boards need to ensure not only that they have diversity represented among their members, but also that they have created an inclusive board culture where these perspectives are heard and valued. This heightened focus on both diversity and inclusion has significantly changed the role of board chairs, putting them in positions they may not have anticipated or previously considered.

This year's Global Board Diversity Tracker highlights milestones in representation and shares the stories of boards that are nurturing an inclusive culture and the ways chairs are adapting how they lead. Read on for our top takeaways from the 2022-2023 study.

## KEY FINDING

# Boards have gotten more diverse but not necessarily more inclusive

In our 18 years of tracking board diversity, we have seen progress around the world on representation. Because inclusion is an experience created by the behaviors of people around you, it has been harder to gauge in a quantifiable way. Qualitatively, however, there is evidence of inclusive board practices.

We see it in:

- The way chairs run meetings
- How dissent is handled
- New director onboarding and sitting director reorientation
- Candid conversations about director succession planning

While it is more difficult to measure, inclusion is what brings the power of diverse representation to life. You can gather a diverse group of people in the boardroom, but if the environment is not fully welcoming of their perspectives, then you have missed the opportunity to create a more effective board.

## OUR TAKE

# An inclusive board culture is every director's responsibility, but it starts with and is led by the chair

Board chairs must be culture champions—ensuring directors communicate and make decisions in an open and collaborative way as well as checking and balancing for possible bias. There are both high-level and pragmatic strategies they will need to implement to do this, from thoughtful consideration about where each director sits at a meeting, to ensuring there is time for each board member to be heard, to making space for productive dissent.

Another step board chairs can facilitate is rewriting their board charters to add inclusion. A [recent study](#) showed that while more than half of a sample of board charters mentioned representation, only a small portion mentioned inclusion. Adding inclusion to your board charter will establish a level of psychological safety in the boardroom that enables every director to bring their full selves to the table, which can unlock new ideas and solutions.

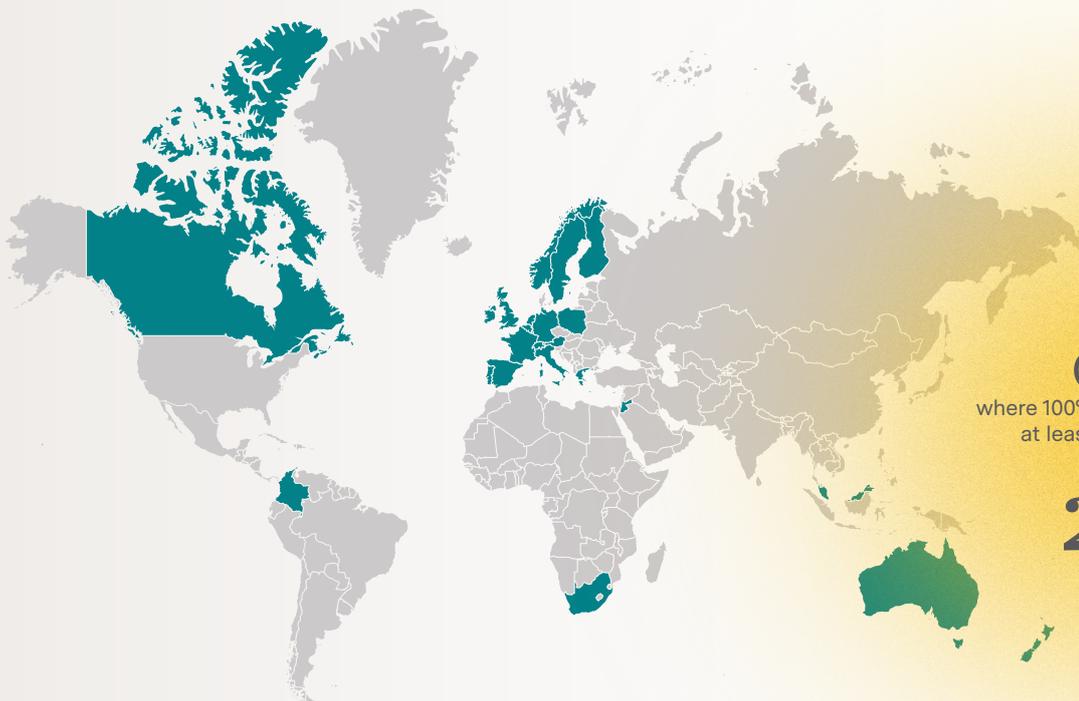
“Chairs have an important role in stimulating the process in the board of directors—from educating them on the proper language around diversity, to setting an agenda, to encouraging directors’ participation in external forums aimed at discussing various DEI issues, among other initiatives. The more knowledge provided, the more empowered everyone is, especially minority directors, to actively exert their voice on the board.”

**Rodrigo Galindo**  
Chair, Cogna Educação

# Progress on Representation

Globally, boards have improved in gender diversity. Overall, women hold 27 percent of board positions, up by 3.7 percent from 2020, marking the fastest improvement in the percentage of women on boards in 10 years. In addition, the number of major companies with at least one woman on the board has risen from 89 percent in 2020 to 93 percent. Across the 44 countries we studied, we mostly saw progress. Only five countries saw declines in the number of women on boards in the last two years: Argentina, Belgium, Israel, Malaysia, and Sweden, though the latter three fell by less than 1 percent. In 16 countries, the percentage of boards with women has improved by 5 percent since 2020.

These are nations in Europe (Greece, Luxembourg, Czech Republic, Hungary, Poland), South America (Brazil, Chile, Colombia), Middle East (Saudi Arabia, Turkey, UAE), and Asia (Hong Kong, Indonesia, Japan, South Korea, Taiwan). Boards that prioritize diverse representation are also contributing to advancing their organizations' overall environmental, social and governance (ESG) agendas.



2022

## Countries

where 100% of companies surveyed feature at least one woman on their board

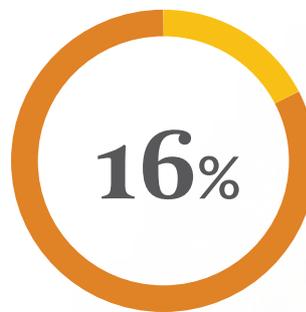
24/44

Australia	Finland	Malaysia	Republic of Ireland
Austria	France	Netherlands	South Africa
Belgium	Greece	New Zealand	Spain
Canada	Israel	Norway	Sweden
Colombia	Italy	Poland	Switzerland
Denmark	Luxembourg	Portugal	United Kingdom

## Racial and Ethnic Diversity Are Rising, Slowly

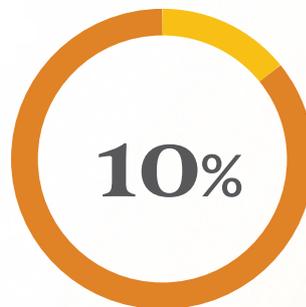
Progress was also made in racial and ethnic diversity, although this data is still emerging in many regions or not reported at all. In the UK, the Parker Review set a target to appoint at least one director from a minority ethnic group on each FTSE 100 board by 2021 and on each FTSE 250 board by 2024. According to the [2022 Parker Review](#), 89 companies in the FTSE 100 achieved that target by December 2021; five more companies announced new appointments of ethnic minority directors in early 2022; and another three companies said they were actively engaged in recruitment. In the FTSE 250, where companies still have two more years to hit the target, 55 percent of companies have already achieved it.

In the United States, in 2022 non-white board members held 19 percent of directorships among Russell 3000 companies, up from 12 percent in 2020, according to our analysis of data from Institutional Shareholder Services.



### FTSE 100

16% of all director positions are held by non-white leaders



### FTSE 250

10% of all director positions are held by non-white leaders

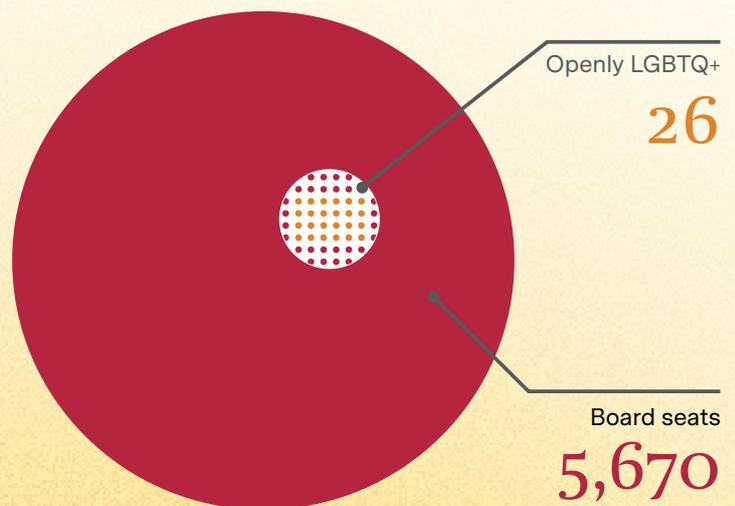
\* Data is from the UK Parker report. Due to GDPR restrictions, ethnic data was voluntarily disclosed and may not be fully representative of the director population

## LGBTQ+ Perspectives Are Often Underrepresented and Undefined

While companies are increasingly aware of the importance of including LGBTQ+ perspectives in executive leadership positions, this hasn't always translated into concrete actions in the boardroom. A [2022 Out Leadership report](#) found that less than 1 percent of Fortune 500 companies have inclusive policies at the governance level aimed at LGBTQ+ leaders, and LGBTQ+ leaders hold only 26 out of 5,670 board seats, several of which are held by the same person.

Fortunately, some board leaders are focused on steering their boards toward progress. Since our last Global Board Diversity Tracker two years ago, we have seen encouraging actions. In 2021, Nasdaq enacted board diversity requirements for its roughly 3,000 listed companies: hire at least one woman and a racially diverse or LGBTQ+ individual, and disclose the demographic makeup of their board directors.

Of the **5,670** board seats in the Fortune 500, only **26** are held by openly LGBTQ+ individuals

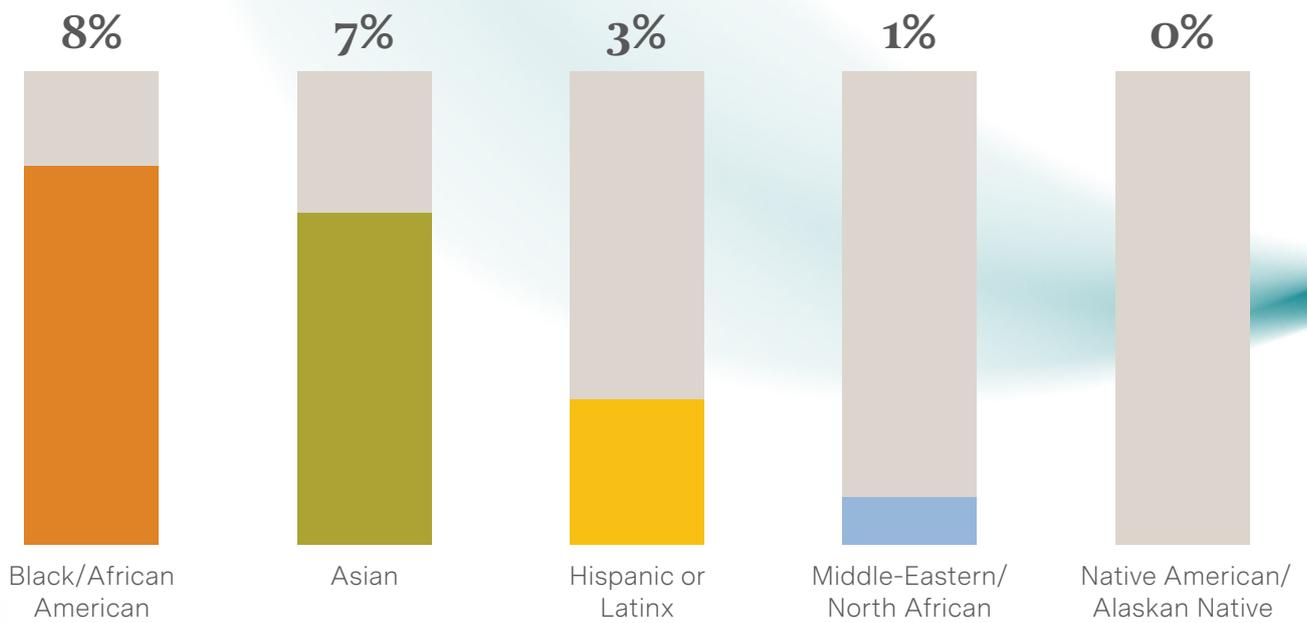


One of the reasons why the LGBTQ+ perspective is often not represented on boards is because it is largely missing from the definition of diversity. As the Out Leadership report finds, only 41 Fortune 1000 companies define board diversity as inclusive of LGBTQ+ individuals.

Even when there is overall support for DEI, LGBTQ+ inclusion may be lagging. For instance, in 2021, the UK's Financial Conduct Authority invited proposal submissions on board diversity and inclusion to improve transparency for investors, but the final rule left out any mention of LGBTQ+ diversity. In Australia, there are still no ASX-listed companies that explicitly include LGBTQ+ diversity in their board policies.

In Canada, the story is a bit different, with provisions aimed at increasing the representation of women on boards to 50 percent and other minority groups (including members of the LGBTQ+ community) to 30 percent within five and seven years, respectively.

## Percentage of directorships held by race or ethnicity in 2022



Source: Institutional Shareholder Services data analysis of Russell 3000 companies

## KEY FINDING

# Chairs of newly diverse boards must bridge the gap between how the board used to operate and how it needs to function today

As boards seek to reap the benefits of diversity, new challenges emerge for board chairs. Now that they have a range of perspectives around the board table, chairs must ensure they can get this multidimensional group to act as a team as they debate tough issues and align on decisions. To build a truly effective board, chairs will need to take the lead in making important updates in how the board functions, including enabling productive debate, managing conflict effectively, revising director onboarding to ensure inclusivity, and infusing diversity, equity, and inclusion into all board processes.

Conflict is inevitable on a board—and arguably necessary at times. But how the conflict is managed determines whether the experience is a stimulating debate that encourages curiosity or a personal grilling of someone’s beliefs and opinions. This is where a strong chair comes in, notes Toni Townes-Whitley, who serves on the boards of Nasdaq, PNC Bank, and the Thurgood Marshall College Fund. “Setting the tone of an inclusive environment,

creating opportunities for debate—respectful debate—and then modeling how to interrogate an idea, not a person,” she says.

This is especially important when directors who are new to board service join. Robust onboarding and integration processes enable new directors to feel comfortable in their role quickly, so they can have confidence contributing right away. Many boards have increased diversity by appointing more first-time directors and more functional and divisional leaders, and this warrants some extra consideration during onboarding. For example, preparation for first-time board service could be bolstered by director education courses. Business onboarding for new directors can be customized to lean into their functional expertise rather than a “cookie cutter” approach for every new director. Integration could include pairing each new director with an experienced director to act as a mentor and sounding board, particularly in the first few meetings. As new directors bring more diversity to the board, current board members



may benefit from a reorientation, opening their minds to operate in a new way. This could be a refresher on the DEI principles the board governs itself by, skill building on mitigating bias and inclusive leadership behavior, or practice communicating effectively with empathy.

The board chair also has the opportunity to model inclusive leadership behaviors at every moment. For example, they can show curiosity about new perspectives and approaches to problems, include different expertise in the room, or even talk about themselves and their own development journey. This openness and vulnerability can be the ultimate bridge builder between how the board operated in the past and how it needs to operate today and tomorrow.

## OUR TAKE

# Chairs can acknowledge and share their DEI “Aha!” moments to enable the full board to learn and grow from those experiences

In our work with board chairs, we found the “Aha!” moments—instances in which your perspective shifts—to be powerful tools for both personal and organizational change. For example, chairs have shared with us that although they intend to always act as champions of inclusion, they later may have an “Aha!” realization that something they said in a meeting may have shut down a conversation rather than encouraging a new director to speak up.

“Aha!” moments may make you feel vulnerable or self-conscious, but they are also moments of learning and change that can be even more impactful if they are shared with others. If board chairs show a willingness to shift perspective based on personal learning, it has a positive ripple effect through the board’s culture. Changing the way your board has run for years can be daunting, but if chairs approach the evolution with a genuine desire for continuous improvement, that mindset paves the way for the full board to collectively grow.

“When I got to the board of directors of the Central Bank, I was the second woman to hold that position, and that forced me to think about gender. In the first interviews, none were entirely centered on what I was thinking about monetary policy, but were hovering around, ‘You are the second woman to get to the board.’ It was then that I knew it was not neutral for me to be a woman in this world—it has been different. And what rankled me most was I did not reflect upon those differences while I was living them.”

**Ana Maiguashca**

Board Member  
Interconexión Eléctrica S.A.

# Building an Inclusive Board

## A chair's checklist for inclusive meetings

Board chairs must be intentional when creating an inclusive board culture. One important way to develop that culture is to reflect on what went on during the meeting and what the chair may need to do differently or continue doing. Here are nine key questions for board chairs to ask themselves post-board meeting.

- Have I connected with board members in advance of the board meeting to ensure they are ready and comfortable and prepared to discuss the issues at hand?
- How do my board members feel about this board? How regularly am I assessing their energy and contribution levels?
- How was the agenda structured to ensure breadth of leadership and balance of voice?
- How did we broaden perspectives and understanding?
- Has everyone had an opportunity to speak?
- Did any one person dominate a discussion?
- Did we get to consensus too quickly or have we considered the opposing perspective(s)?
- Are we missing critical perspectives?
- How have we invited debate on the issue not the person?

## KEY FINDING

# Directors from minority groups are landing board seats, but diversifying board leadership is a critical next step

We have seen increases in the number of underrepresented minorities on boards, but the number of minority directors who hold committee chair or board chair roles is disproportionately lower. While every seat on a board is highly impactful, leadership seats carry additional responsibility and influence, so it is important to bring diverse perspectives into the leadership level of a board.

There has been progress in gender. In 2022, 25 percent of board committee leaders globally were women, up from 21.2 percent in 2020. There also was a slight increase in non-executive chair positions held by female directors (from 7.2 percent in 2020 to 8.4 percent) and in the number of female executive chair positions (from 3 percent in 2020 to 3.7 percent).

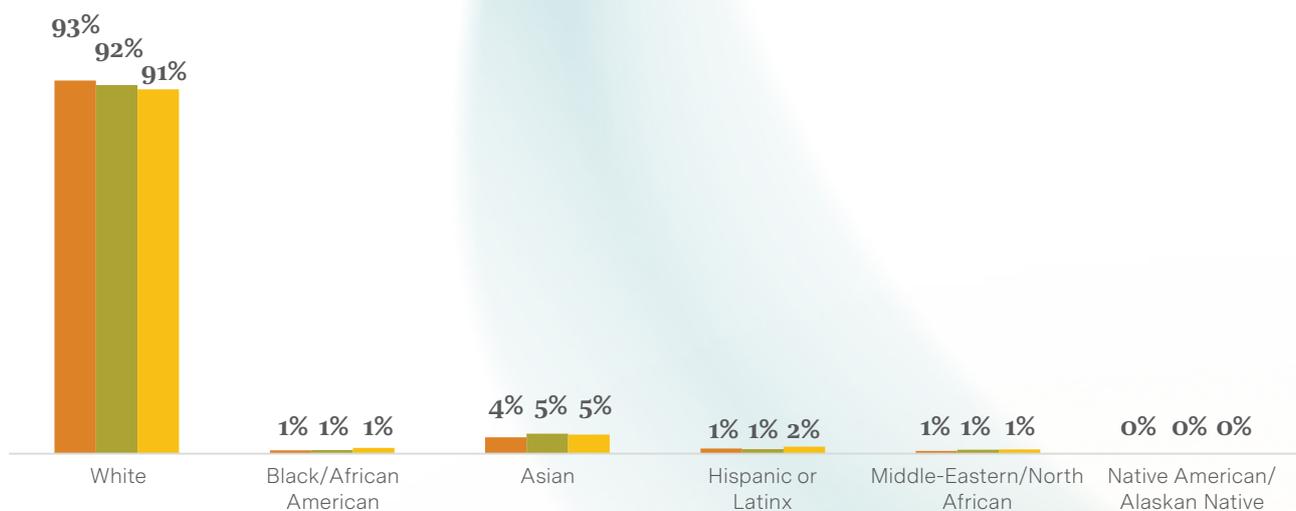
The recent improvement of diversity among directors presents an opportunity to bring that diversity into the development pipeline to board leadership roles. History tells us that progress in representation does not happen without intention.

How can boards intentionally address this representation gap? For Yvonne Hao, board member of Gentherm Inc., Flywire Corp., CarGurus Inc., and ZipRecruiter Inc.,

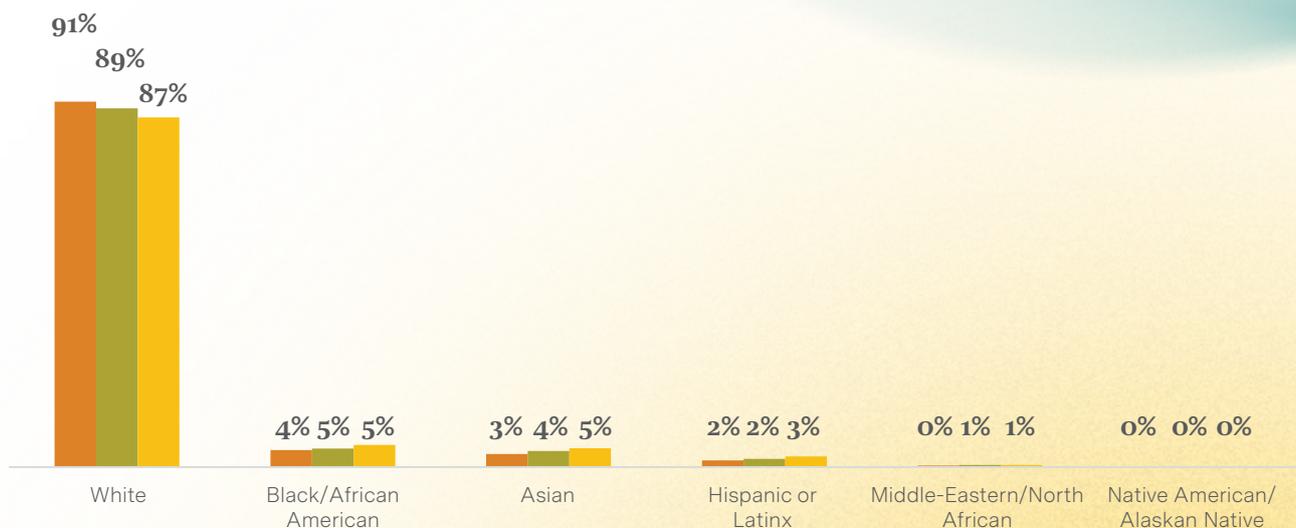
an answer could be to create a leadership succession plan from within the board, including identification of potential successors and mentoring and development to prepare directors for board leadership. “A couple of boards I’m on now have been really good at being proactive in thinking through how do we map out [future board leadership]. You do this with a company for seamless succession planning for CEOs. You’ve got to do the same thing for the board.”

Most companies we work with have historically used very informal processes to determine committee leaders, perhaps through natural inclination for some directors to raise a hand, or through the chair unsystematically gauging individual interest. By shifting the leadership succession approach to be intentional, systematic and strategic, board chairs have the opportunity to consider diverse representation across board leadership roles, equitably engage directors in conversations about their development, and avoid possible biases or blind spots in determining possible successors.

## Percentage of board chairs by race or ethnicity (2020-2022)



## Percentage of key committee chairs by race or ethnicity (2020-2022)



2020 2021 2022

Source: Institutional Shareholder Services data analysis of Russell 3000 companies

## OUR TAKE

# Create a formal process for selecting and developing future committee and board chairs

Chairs must ask themselves if their boards have a clear development process in place or if it's more ad hoc. If board leadership succession processes are lacking, inconsistent, or nonexistent, now is the time to design or update them.

An effective process could start with the chair allocating individual time with each director to hear about their aspirations on the board and what development journey they want to pursue. The chair can also talk to current committee chairs about the committee's expertise needs both today and in the future. Together, these insights can start to inform a succession plan based on necessary expertise while also considering diverse representation across the range of leadership roles. Mentorship and apprenticeship by committee may follow, and even formal training at an academic institution or board-focused association. Finally, there should be consideration for which committee experiences may prepare an individual best for the chair role in the future.

“If you don't see yourself as lead director or as chair, and if you're not developing toward those responsibilities and capabilities, I'd say you should think differently about if that is the board for you.”

**Robin Washington**

Board Member  
Alphabet Inc.  
Salesforce Inc., and  
Honeywell International Inc.



# A Framework for Board Leadership Succession

To advance diversity and inclusion at the board leadership level, chairs should adopt a formalized succession process that intentionally starts from the time a new director joins the board.

## Mentorship for integration

There's always a learning curve for directors when joining a board. The first two to three years is a time for a board member to get exposure to the board dynamics and directors (while still contributing their views) and become comfortable with governance if this is their first directorship. To support this adaptation period, the board chair and nomination committee chair should team up to pair new members with a more tenured director in order to accelerate integration. This mentor would provide additional cultural or business context, observe and provide real-time feedback, gather feedback on how early meetings are feeling, and enable a safe space for questions new directors may not feel comfortable asking in front of the full room. This is also an opportunity for new members to build relationships with other directors, as close interaction time is scarce in a full board setting. Over time, chairs and nominating committee chairs could also shuffle mentors and mentees to foster a cycle of inclusion and integration.

## Apprenticeship in committee

Based on a new director's functional expertise, some committee roles may be obvious, but others may be informed by the board or committee chair's thinking about where their new perspective may be most additive or by the new director's own interests. Whatever the source, giving new directors the time to apprentice under experienced directors in a committee is another important step in their development.

## Committee leadership

After a period of apprenticeship (perhaps in multiple committees), directors could be considered as possible committee chair successors. A director's successful contributions as a committee member, their functional expertise, their passion and interest to play the committee chair role, as well as considerations of diverse representation across the breadth of board leadership roles will influence committee chair succession decisions. The board and committee chairs should work together on selection, development, and transition planning into the committee chair role, and ideally allow time for candidates to apprentice with a future committee chair before a full transition.



## Board chair succession

Committee chair roles provide the best preparation for potential board chair succession. If these roles have had diverse representation, there should be a naturally diverse slate of candidates to consider as possible board chair successors. The sitting board chair may spend time reflecting on the most critical skills and committee experiences needed to prepare for the chair role given the expected challenges and opportunities ahead, and chart director development plans accordingly. Another important consideration is the relationship between the CEO and a future board chair, so enabling relationship-building time between the committee chairs and CEO is also a vital part of development and preparation for board chair selection and transition. Overall, the critical shift is toward

planful development of a diverse group of directors to be future board chairs. As this year's Tracker shows, board diversity is on an upward trajectory, and this far more diverse class of new directors could rise to the chair position within the next five to seven years, yielding far more diverse representation at the chair level—but the process must be intentionally designed for boards to achieve this outcome.

Regardless of how the process is structured, two critical elements are intention and inclusion. Boards should enable access to opportunity and development from the time new directors join, and begin thoughtful, intentional succession planning for chair roles well in advance of a transition.

# Building a More Inclusive Board

As boards transition from primarily focusing on representation to inclusion, there are several actions they can take to promote progress.

## **ACTION 1**

### **Add inclusion into the board charter**

Diverse representation has been added into many board charters. By adding inclusion as well, you can ensure you are reaping the benefits of bringing a diverse boardroom together. Even the process of reviewing the charter will drive important and helpful conversations on building an inclusive culture within the board.

## **ACTION 2:**

### **Make intentional changes to board practices to ensure space for every director's voice on every topic**

Take time to reflect on all the steps that could be taken to allow space for every voice on every agenda item and practice the art of constructive debate that incorporates multiple perspectives. This might require addressing possible biases around tenure on board, prior executive positions held, communication style, and more, that might have created barriers to inclusion. Consider meeting preparation, agenda setting, time management, moderation of discussions, among other modifications.



**ACTION 3:****Ensure onboarding and integration of new directors is robust, which enables them to contribute with confidence right away**

Tailor onboarding to each new director's needs, based on their level of prior board experience and their industry and functional expertise. Consider specific topics on which a new director's contribution would be particularly additive and help them prepare for those conversations. Enable relationship building across the board, and intentionally select an experienced director to act as a mentor and sounding board through the first several meetings at a minimum.

**ACTION 4:****Move away from ad hoc decisions on board leadership to intentional succession planning, incorporating diverse representation in leadership into the strategy**

Long-term, strategic succession plans enable better preparation at an individual and organization level for transitions in leadership. With the increases in diverse representation among directors today, there should be an increase in diverse representation in board leadership in the future if board chairs are intentional about diverse and inclusive succession planning now. Consider the leadership needs for the board over a multi-year time horizon as well as the motivations and ambitions of each director to develop toward leadership roles—from mentorship, to apprenticeship, to rotation in committee leadership roles, to chairing the board. Build development and succession plans that are reviewed on a regular basis, embedding diverse representation goals into the strategy and plans.



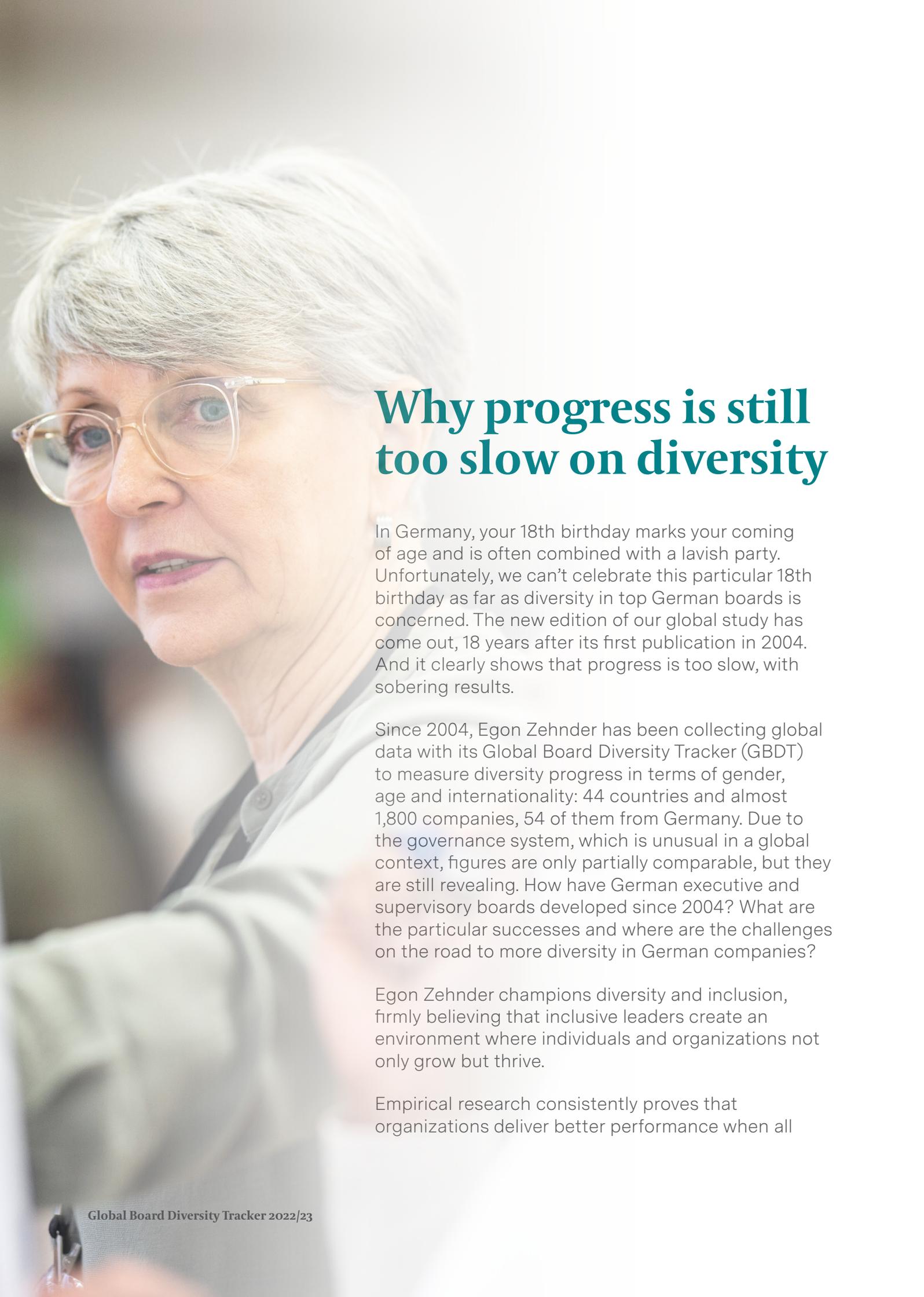


**EgonZehnder**

**2022/23 Global Board  
Diversity Tracker**

# Who's Really on Board?

**Spotlight on  
Germany**



# Why progress is still too slow on diversity

In Germany, your 18th birthday marks your coming of age and is often combined with a lavish party. Unfortunately, we can't celebrate this particular 18th birthday as far as diversity in top German boards is concerned. The new edition of our global study has come out, 18 years after its first publication in 2004. And it clearly shows that progress is too slow, with sobering results.

Since 2004, Egon Zehnder has been collecting global data with its Global Board Diversity Tracker (GBDT) to measure diversity progress in terms of gender, age and internationality: 44 countries and almost 1,800 companies, 54 of them from Germany. Due to the governance system, which is unusual in a global context, figures are only partially comparable, but they are still revealing. How have German executive and supervisory boards developed since 2004? What are the particular successes and where are the challenges on the road to more diversity in German companies?

Egon Zehnder champions diversity and inclusion, firmly believing that inclusive leaders create an environment where individuals and organizations not only grow but thrive.

Empirical research consistently proves that organizations deliver better performance when all

people can simultaneously embrace their uniqueness and experience a true sense of belonging at all levels.

But if we look at boards around the world, you might ask yourself whether diversity is actually happening or is simply a topic for discussion in speeches and in the media. Yet diversity is more important than ever. An individual leader may be decisive, but it is much more important to have a top team that stands for resilience and relevance thanks to its diversity. This is the only way to meet the many challenges that companies are facing in ever shorter succession and with ever greater complexity. We live in a time that represents an unprecedented stress test for leaders and their teams. So, it's surprising that change is so slow in Germany, especially in international comparison.

Below you will find the key insights for this spotlight on Germany.

## HIGHLIGHT 1

# Gender representation is lagging in Germany

On almost every metric of gender diversity, Western Europe shows higher proportions of women in the boardroom than the global average. However, Germany is one exception. It's often one of the few – and sometimes the only – Western European country that scores below the global average on measures of gender diversity.

Germany has a unique two-tier board system as part of its corporate governance, with both a supervisory board and an executive board. The supervisory board is made up of shareholders and, when needed, employee representatives. This board establishes the dividend, votes on strategy changes, sets executive pay, and holds the power to fire executives. The executive board manages day-to-day operations, proposes strategy changes, and dividends to the supervisory board. On the whole, supervisory boards tend to have better female representation than executive boards in Germany, but there is a need for increased gender diversity across both.

**Gender diversity on German boards has developed only slowly since the first GBDT study 18 years ago and has increasingly stagnated over time:**

- Over the entire period from 2004 to 2022, the proportion of women on German executive and supervisory boards increased by an average of about two to three percentage points annually.
- While the share of female board members in Germany was 10 percent in 2004, above the Western European average of 8 percent at the time, it is now 30.8 percent, below the Western European average of 35.5 percent. In comparison: In France, the Western European leader, the proportion of women has increased from 6 percent in 2004 to a total of 45.3 percent in 2022.



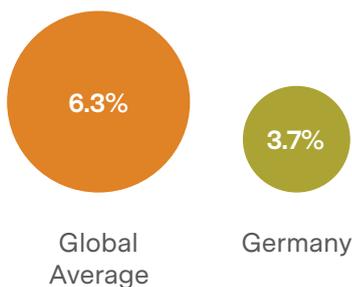
**Gender disparity is decreasing faster on supervisory boards than on boards of directors in Germany.**

- In most countries, the share of women on supervisory boards is significantly higher than on executive boards. In Germany, more than every third supervisory board mandate is held by a woman, but only every fifth board mandate. In Western Europe, the proportion of women on supervisory boards is significantly higher, at almost 40 percent.
- Only two of the 56 CEO positions examined are held by a female chair of the board. This still puts Germany, together with countries

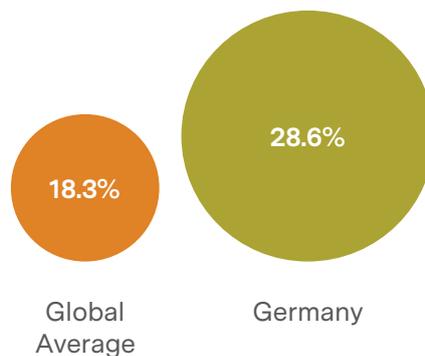
such as Switzerland (2.9 percent), in one of the last places in an international comparison. At the same time, German companies have made progress in filling their finance portfolios. In 2022, the share of female CFOs is over 28 percent, 12 percentage points higher than the Western European average.

Overall, the data for Germany shows that although there has been a shift toward having more women in the boardroom, the transition has been too slow. Germany's position below the global average on many of these measures tells us that there is still a lot of work needed to make corporate culture more accessible for women.

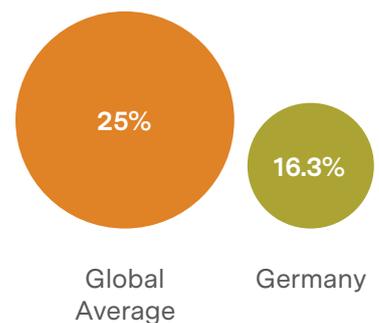
**Percentage of companies with a female CEO**



**Percentage of companies with a female CFO**



**Percentage of committee chair positions filled by women**





## HIGHLIGHT 2

# The case for gender quotas

There has been much talk of the gender quota. A gender quota of 30 percent was introduced in 2016 for supervisory boards of listed, equally co-determined companies in Germany. A quota for executive board positions, on the other hand, did not come into force until August 2021 with the Second Leadership Positions Act (Fü-PoG II). For affected companies, a minimum participation requirement of one woman applies if the executive board consists of more than three persons. If the personnel requirements are not met (i.e., if a position is nevertheless filled by a man instead of a woman) the position is considered legally vacant. In future, even stricter gender quotas will apply. It is significant that a change toward more diversity obviously won't happen without a quota.

In order for a company to be diversified at the highest levels of management, it's necessary to dismantle disadvantageous mechanisms. This includes, not least, long-term, systematic succession planning for top management roles. Once a high proportion of board members with diverse backgrounds has been achieved, they can act as role models and create perspectives for other, previously underrepresented candidates at all organizational levels.

## HIGHLIGHT 3

# Globally diverse

Diversity is not just about gender balance: In a globalized world, internationality within an organization and its management bodies is also an important entrepreneurial success factor. This is especially true for companies that do a large part of their business outside their home country.

Western Europe continues to lead the way in terms of internationality and is the only region to record a continuous, yet slow, upward trend.

- Germany, with a share of 23.9 percent of international board directors, is below the Western European average of almost 39 percent.
- However, the share of board and supervisory board members with a non-German nationality has doubled since 2006. In particular, the proportion of women without German citizenship has

risen to almost one in four (25.8%).

- 92.6 percent of the companies surveyed have at least one non-German member in their top management bodies. This is just above the Western European average of 90.2 percent and well above the global average of 73.1 percent. This is an improvement compared to 2008, when the share was 84.1 percent.

Even though German corporate boards are more diverse today than in the past, many organizations are slowly realizing that the most difficult step to bring this diversity to real fruition is to develop an inclusive culture. A diverse leadership team can contribute to creating such a culture, but the reverse is also true: An inclusive culture attracts diverse talent. This requires a holistic approach that aims to further develop the organization, its culture and—at its core—its leaders, with whom an inclusive culture stands or falls.



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2022/23 Global Board  
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# Who's Really on Board?

**Spotlight on  
India**



Who's Really on Board?

# Spotlight on India

The 2022-2023 Global Board Diversity Tracker highlights the progress toward diversity in boardrooms globally. India has made significant strides on gender diversity, increasing both the number of boards with at least one woman and the number of leadership positions held by female leaders. But there remains room for improvement, as representation is just one part of the equation—inclusion matters, too.

In this deep dive, we analyze 77 leading companies in India with a market cap of € 8 billion or more, focusing on:

- Advancements in gender diversity in the boardroom
- Progress in board and executive leadership positions held by women

## HIGHLIGHT 1

# Gender diversity in boards in India is among the best in Asia

Driven by regulation, nearly all companies we analyzed this year in India (97.4 percent, or 75 out of 77) have at least one female director on board, a trend that is being consolidated over time as we will discuss throughout this spotlight. However, as the graphic below shows, boards with at least two or three women are less common—a trend we also observe across Asia.

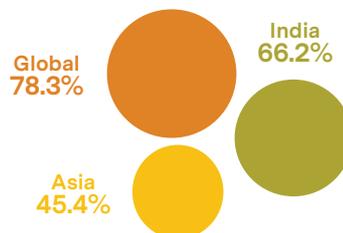
## Female representation in Indian boardrooms is higher than the global and Asian averages

Based on the analysis of 77 Indian companies with a MarCap  $\geq$ 8bn EUR

### Boards with at least 1 woman



### Boards with at least 2 women



### Boards with at least 3 women

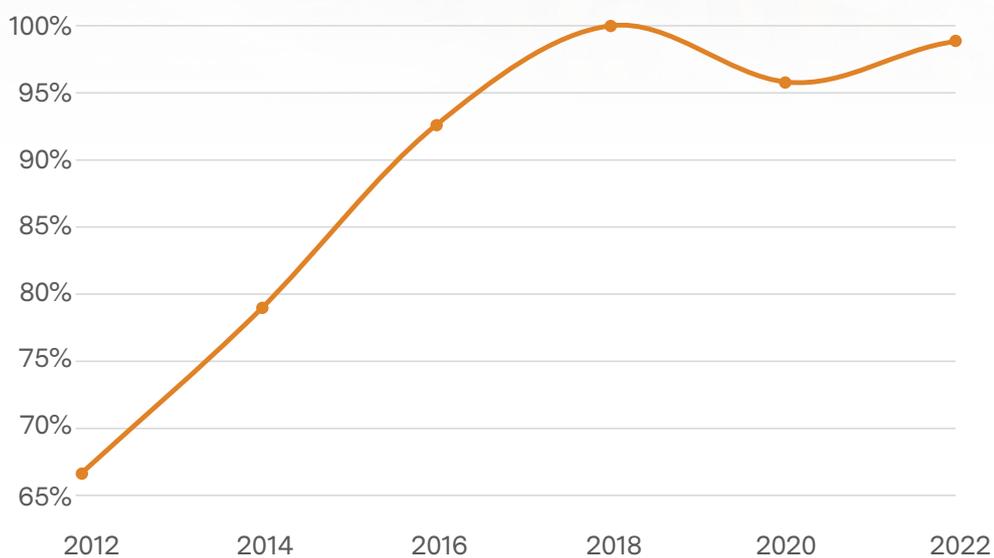


Source: Egon Zehnder, 2022



## Nearly all Indian boards now have a female director

Growth over the past decade of boards with at least one woman



Source: Egon Zehnder, 2022



Looking at boardrooms with at least one female director, there has been outstanding growth over the past decade as the graphic above shows—the share jumped from 66.7 percent in 2012 to 97.4 percent in 2022.

Now, when we look at all **board seats** in India, 18.7 percent of them are held by women—up from 17 percent in 2020. The nation performs better than the Asian average (14.8%), but still ranks behind the global average (27%). Analyzing change over time, the share of female board seats has grown just a little over 1 percent. While it may not seem much, this growth rate positions India as the sixth fast-changing country among all 10 Asian countries in this study.

Diversity doesn't just happen. It takes intentionality and policies that enable it, such as quotas. In India, a set of regulations have been in place for some time, mandating that boards of publicly listed companies have a minimum of one female director.

While the rules were first introduced nearly a decade ago, they sparked concerns around timing to find a qualified candidate, given that the pool of female leaders is, unfortunately, narrower if we consider the traditional

parameters boards use to recruit, such as executives with CEO, CFO or COO experience. However, chair of Mahindra Group Anand Mahindra believes that many companies should rethink what the parameters of qualification to serve on a board really mean. “If you look around, there was always somebody you could get if you broadened your horizon into not looking just for a CV, which said, you know, this was the corporate history of that woman. You have to recognize that women in other fields bring tremendous, tremendous value to. And I think that's something we still have to do,” he says.

Another measure of diversity is the share of female board hires. When compared to its Asian peers and the global average, India is ahead: 20.8 percent of new board hires are female in India, against 20.6 percent in Asia and 17.2 percent globally. However, 22.6 percent of female board leaders hold more than one seat, while only 12.8 percent of male board leaders do. This means that more women are serving on multiple boards compared to men, and companies should broaden their lens to hire new female talent as well.

## HIGHLIGHT 2

# India is improving its share of female leaders in board and executive leadership positions

Beyond the share of board seats, it's important to also look at *who* sits in leadership positions. India has an outstanding share of 11.1 percent of female board chairs when compared to Asia, where the average share is 3.9 percent; and globally, with only 3.7 percent.

Looking at women in leadership positions more broadly, particularly at the executive level, we found that the proportion of female CEOs has gone up dramatically in India. The share

of female CEOs in India is now 7.7 percent, up from 2.1 percent in 2020. Asia has an average share of 5.1 percent, and the global average is 6.3 percent. This portends well for creating a pipeline of talent for board members of the future. On the other hand, women are rising to the CFO role at a much slower pace—with a 0.6 percent change in two years in the country.

Placing diverse leaders can cascade positively on the entire business. Anand Mahindra recalls

## India fares better than the global average on the share of female board chairs

	Executive board chairs		Non-executive board chairs	
	Female	Male	Female	Male
India	11.1% (3 women)	88.9% (24 men)	5.7% (3 women)	94.3% (50 men)
Asia	3.9% (11 women)	96.1% (269 men)	5.1% (9 women)	94.9% (166 men)
Global	3.7% (29 women)	96.3% (764 men)	8.4% (79 women)	91.6% (862 men)

Source: Egon Zehnder, 2022

when a newly hired female CEO of a business was an action of change by finding and hiring other highly qualified women under her. “You have to put somebody at the helm, not just populate them on the shop floor and say, ‘Look how many women I’ve got,’ or ‘Tech Mahindra has 40 percent women, which is why we still fail in tech’—because how many of those women are leaders? Until they become leaders, you will not transform [the organization]. A man has to be led by a woman in order for him to really change his bias,” he argues.

For Vikram Singh Mehta, lead independent director of Mahindra & Mahindra Ltd., tackling the challenges of today require a diversity of views. “This is a truly new world. A world where the unexpected is the expected. You really do need the board as sort of the body that’s so that oversees strategy, that oversees management, and in some sense, not management or the management structure and the executive decision making, the quality of executive decision making,” he says. And this is where diversity comes in as a major asset, he adds. “You really do need a board that compels the management to ask to look at issues from every perspective. And that is only possible if the board asks challenging questions, and that is only possible if the chairman allows for that culture to develop, to evolve.”

Anish Shah, CEO of Mahindra Group, shares this sentiment. “There are certain glass ceilings or certain constraints and first, from an organization standpoint, diversity is very important because it’s about bringing in diverse ideas. It’s about bringing in diverse mindsets,” he says.

When we expand our findings to look at international diversity in Indian boards, we find that companies here tend to prefer national leaders as boards with international board members is very low compared to global numbers and stands at 44 percent while the global average is 73 percent. This isn’t necessarily negative as companies that predominantly do business in India may not necessarily benefit from an international director.

Ultimately, diversity is also about empowerment. “You can have diversity. You can tick the box with that. You can get people to dance at the party. That’s about inclusion, equity. You can again say it on a paper, but the fact is you have to empower people. If you don’t have a culture of empowerment, you won’t get any of this to be a success,” says Mahindra.



EgonZehnder

2022/23 Global Board  
Diversity Tracker

# Who's Really on Board?

Spotlight on  
Japan



**Who's Really on Board?**

# Spotlight on Japan

This year's Global Board Diversity Tracker highlights both the progress and setbacks toward diversity in boardrooms across the world. Japan has made remarkable progress on gender diversity, with a significant increase in the number of boards with at least one woman, but there remains room for improvement.

In this deep dive, we analyze 127 leading companies in the country, with a market cap of €8 billion and above, focusing on:

- Advancements in gender diversity in the boardroom
- Progress in board leadership positions held by women, as well as some setbacks in executive leadership positions

## HIGHLIGHT 1

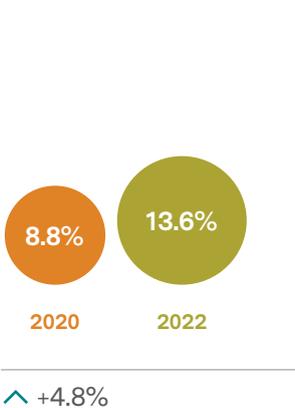
# Female representation has significantly increased in Japanese boardrooms.

While this year's Global Board Diversity Tracker highlights a progressive global trend in bridging the gender gap inside the boardroom, Japan in particular has stood out. Women hold 13.6 percent of the board seats across the 127 companies we studied in the country—a solid increase from 2020, when that figure was 8.8 percent. This 4.8 percent change puts Japan ahead of the global average increase of 3.5 percent.

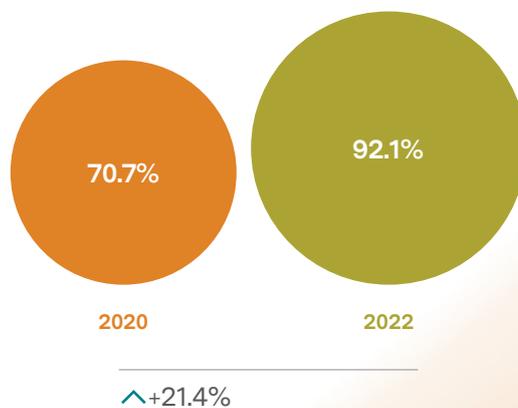
But Japan has made an even more impressive advancement this year with a 21.4 percent increase from 2020 in boards with at least one

woman. Now, 92.1 percent of the country's boards have at least one female director; in 2020, this number was 70.7 percent. This is the largest change in this market since we began tracking board diversity 18 years ago. By comparison, the global average increase in boards with at least one female director was 4.7 percent, which highlights the massive progress Japan has made in only two years. Additionally, if we look at boards that have at least two female directors in Japan, the number has more than doubled from 18.3 percent in 2020 to 40.2 percent today.

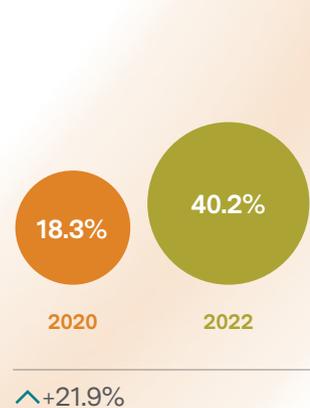
### Boards with at least 1 woman



### Boards with at least 2 women



### Boards with at least 3 women



Source: Egon Zehnder, 2022

A close-up, profile view of a woman with dark hair, wearing a dark grey blazer over a white collared shirt. She is looking off to the right with a thoughtful expression. A blue lanyard with a badge is visible around her neck. The background is a blurred office setting.

If we compare Japan against other Asian countries analyzed in the Tracker (China, Hong Kong, India, Indonesia, Malaysia, Singapore, South Korea, and Taiwan), the nation ranks third in the number of boards that have at least one female director, behind only Malaysia and India, which have a perfect score of 100 percent.

What explains such improvement? A possible justification could be the Corporate Governance Code that the Tokyo Stock Exchange enacted in 2015, which has a strong component of ensuring transparent, fair, timely, and decisive decision-making that meets the needs and perspectives of shareholders, customers, employees, and communities. For Kimie Iwata, outside director and the chair of the board of Ajinomoto Co., Inc., it is possible that further improvements may happen as well. “Companies are seriously reviewing the ratio of inside and outside directors of companies and considering how to have more outside directors on the board, in addition to what areas of diversity are necessary for their boards in light of the business and management strategies of their respective companies,” she explained.

## HIGHLIGHT 2

# Japan had made progress but also encountered setbacks in women undertaking board and executive leadership positions.

When it comes to female directors in board leadership positions, Japan fares better than its Asian peers: women hold 13.3 percent of committee chair positions in Japan—up from 11.6 percent in 2020 (the Asian country average is 12.9 percent). Additionally, 18.2 percent of female directors hold committee positions—up from 16 percent in 2020.

If we zoom in on the non-executive chair role across Japanese boards, women account for 6.9 percent of chairs in 2022, up from 4.5 percent in 2020. (Here, the nation is also above the Asian country average of 5.1 percent, but still below the global average of 8.4 percent.) However, the number of female executive chairs fell from one to zero in 2022.

While there were major strides in gender representation across Japanese boards, the same cannot be said about the pipeline of female executives. Unfortunately, the share of female leaders at the top of their organizations was already scant in our last Global Board Diversity Tracker, and we saw little to no progress in 2022. There were zero female CEOs

across of the 127 Japanese companies we studied this year, down from one female CEO out of 162 companies in 2020. On the other hand, the number of female CFOs in Japan grew to one, compared to zero in 2020 out of a sample of 93 CFOs.

These statistics are understandable given the broader cultural context. A few decades ago, an executive career pathway for female leaders was rarely available in Japan, as Ms. Iwata's career illustrates. "I graduated from university in 1971, and at that time, it was not common for women to be active in the private sector," she explained. "Even if you were lucky enough to get a job in the private sector, the assumption was that you would get married and retire."

Ms. Iwata added: "There is a long history of companies that have been overwhelmingly dominated by men. As a result, the common sense in the company is male-oriented. Many women were not able to adjust to this standard, and therefore were not able to be active in the company."



However, we are starting to see change, with some progressive companies in Japan setting ambitious targets. Recruit Holdings, for example, has begun to set ambitious goals to achieve gender parity among senior executives, managerial positions, and all employee levels throughout the group by FY2030.

Looking at diversity more broadly, there are two interesting findings. On age, Japanese female board directors are slightly younger than their male counterparts: Women are 60.8 on average, while men are 64.8. And when looking at board composition from an international angle, we found that boards with at least one international director in Japan account for 40.9 percent of the 127 companies we surveyed (an 8 percent increase from 2020). Out of these, the share of female directors is 10.2 percent.

## HIGHLIGHT 3

# Japan is behind, but international diversity representation in the boardroom is at an upward growth trajectory

When it comes to international board directors, we observe steady progress among Japanese companies: 40.9 percent of the companies surveyed have at least one non-Japanese director, a significant increase from 32.9 percent in 2020. In addition, the percentage of non-Japanese directors on the boards of the companies analyzed grew to 8 percent, up from 6.4 percent in 2020.

As with gender diversity, the reference to "internationality" as a prerequisite for ensuring the effectiveness of boards of directors in the 2015 Corporate Governance Code could be a major factor driving these changes. Companies are growingly appointing non-national directors to incorporate foreign perspectives in the face of fierce global competition. In some cases, foreign directors recommended by investors are appointed as part of shareholder activism.

On the other hand, Japan is still less diverse on the measure of internationality than other countries. For instance, the **share of companies** with at least one non-national board director is 40 percent in Japan, 61.3 percent in Asia, and 73.1 percent globally. The share of non-national board directors in Japan is 8 percent, way below the 25.1 percent mark in Asian and the 25 percent mark globally.

The language barrier is a major obstacle, but the fact that Japanese companies hold more board meetings than other countries may also justify why Japan is behind on this metric. In this regard, the spread of teleconferencing tools will be a factor that could encourage the appointment of foreign directors.

Focusing on senior executive positions, the appointment of foreigners as CEOs and CFOs also remain very rare in Japan, where only 4 out of 129 CEOs and 3 out of 75 CFOs in the analyzed companies were non-Japanese. Companies with non-Japanese CEOs include those with global operations and those where foreign capital is influential. Although there are various obstacles to overcome in Japan, such as language and cultural differences and geographical restrictions, more diversity in leadership can certainly help Japanese companies improve their global competitiveness, and further internationalization of boards of directors is expected.

# Looking Toward a Future Where Diverse Leaders Shine

For Ms. Iwata, the future holds hope not only for gender diversity, but for leaders of all backgrounds. “I think that if such an era comes where the ratio of men to women in management becomes 50-50, I believe that men will be able to live more satisfying lives and work more productively than they do now,” she said. “Women, foreign nationals, and people with illnesses or disabilities who are not able-bodied people will be able to work. Not just women, but all kinds of people will be able to make the most of their talents and be active in their respective fields. It is not just women who are ‘50-50’. I can’t wait to see it with my own eyes.”



**EgonZehnder**

**2022/23 Global Board  
Diversity Tracker**

# Who's Really on Board?

**Spotlight on  
Latin America**



**Who's Really on Board?**

# Spotlight on Latin America

This year's Global Board Diversity Tracker highlights both the progress and setbacks toward diversity in boardrooms across the world. In the five Latin American countries we examined—Argentina, Brazil, Chile, Colombia, and Mexico—we observed both improvements from our 2020 report and challenges that persist.

# Methodology

We divided our Latin America data into two clusters of companies. The first cluster encompasses companies with a market cap of €8 billion or more, which is the cap we have used globally for the Tracker over the last 18 years. However, as the table below shows, this cluster is a smaller set of companies and may not paint the full picture within each country.

The second cluster encompasses companies with a market cap of at least €500 million, enabling us to expand the number of organizations analyzed for a broader overview of Latin American boardrooms.

## Companies analyzed in the Latin America spotlight

By country and by market cap

Argentina  
Brazil  
Chile  
Colombia  
Mexico  
**LATAM Total**

	<b>Cluster 1</b> Companies with <b>&gt;€8bn MarCap</b> (benchmark against historical data)	<b>Cluster 1</b> Companies with <b>&gt;=€500mm MarCap</b> (expanded number of companies in the region)
	6	8
	24	104
	6	31
	6	11
	12	65
	<b>54</b>	<b>219</b>

# Highlights

In this deep dive, we focus on:

- 1** Progress on gender diversity in the boardroom, with one Latin American nation particularly standing out in the €8 billion market cap cluster
- 2** Gaps in developing a diverse talent pipeline and ideas on how to bridge them
- 3** How chairs can foster a culture of inclusion within the board



## HIGHLIGHT 1

# Progress on gender diversity is uneven across Latin American countries

Globally, companies are slowly bridging the gender gap inside the boardroom, with the number of board seats held by women increasing 3.7 percent from 2020. When looking at our cluster of 54 companies with an €8 billion or higher market cap, the five Latin American countries we analyzed in this year's Tracker saw a 2.9% increase in board seats held by women compared to 2020—slightly below the global average. However, progress differs among these nations. Three out of the five countries we studied made improvements, while two had lower performances.



## Colombia

- **€8 bn MarCap cluster:** Colombia stood out this year, outperforming not only its Latin American peers but several other countries globally. Women on Colombian boards now account for 24 percent of board seats—an 8.8 percent increase from 2020. This growth puts the nation among 16 others whose performance in female board member representation grew at a rate above 5 percent since 2020.

What explains this uptick? Colombia, like the other Latin American countries in this study, doesn't have diversity quotas for publicly listed companies in the private sector. However, the country enacted a bill 12 years ago establishing equal participation of women in high-level state offices, requiring that at least 30 percent of public offices be occupied by women.

For Ana Maiguashca, co-director and member of the board of directors at Banco de la Republica, the prevalence of female government officials could potentially be inspiring a mindset change. "In government, the participation of women is very high, very powerful women," she said. "And that also means that when the private

sector sits down with government, you're going to find a powerful woman to interact with. That already starts changing your brain."

- **€500mm MarCap cluster:** Broadening our analysis to the 11 Colombian companies with a €500 million or higher market cap, women account for 20.8 percent of board seats, and only three companies have no female directors. Here, we also see two female leaders holding the executive chair position, which is an exciting signal of progress.

Percentage  
of board seats  
in the 11 Columbian  
companies with a  
€500 million market cap

Female share of board seats  
**20.8%**

## Brazil

- **€8bn MarCap cluster:** Brazil also made improvements. In this cluster, women now hold 18.2 percent of board seats, a 3.1 percent increase from 2020—signaling that some companies are committed to raising the bar on gender diversity.
- **€500mm MarCap cluster:** In this cluster, women hold 14.8 percent of board seats (125 out of 1,093 seats), and 74 percent of companies have a female board director. However, out of the 128 companies analyzed in this cluster, 30 have no women on the board.

For Luiza Helena Trajano, chair of Magazine Luiza, the board plays a fundamental role in paving the way for more diversity at the top levels of the organization. “I always say that no paradigm can be changed unless it comes from the top down,” she said, adding that ESG has accelerated the movement toward greater diversity both at the board and executive levels of a company. “Simply put, when the financial market enters, everyone enters very quickly, then having this for us female leaders was a very good thing.”

## Chile

- **€8bn MarCap cluster:** Chile was also among the countries that made progress, yet we recognize the small sample of companies that meet this criterion is not representative of the entire country. In the six companies in this cluster, women hold 11.5 percent (or six out of 52) of board seats—up from 4.8 percent in 2020 .
- **€500mm MarCap cluster:** In the 31 Chilean companies in this cluster, women hold 14.2 percent of board seats (34 out of 239 seats). Additionally, 65 percent of these companies have at least one female leader on the board, and women hold 9 percent of non-executive chair positions.

## Argentina

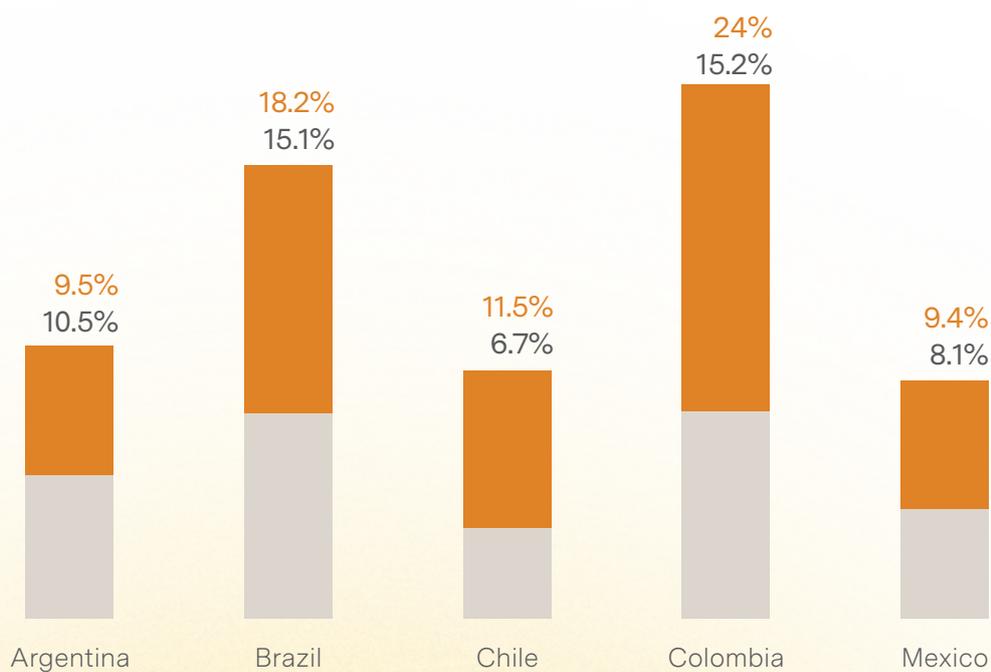
- **€8bn MarCap cluster:** Argentina is the only Latin American country that saw a decline in the number of board seats held by women in the last two years, dropping from 10.5 percent in 2020 to 9.5 percent in 2022. At the same time, 83 percent of Argentinian companies have at least one female director on the board, which is the third-highest for this cluster among the five countries we analyzed.
- **€500mm MarCap cluster:** On one hand, there is a slight decline in the number of board seats held by women in this cluster. On the other, this broader cluster of companies reveals that Argentina has the highest percentage of companies with a female board member (88%) of the Latin American nations studied. Women hold 15.8 percent (12 out of 76) of these seats.

## Mexico

- **€8bn MarCap cluster:** Women hold 9.4 percent of board seats in Mexico, on average—a 1.4 percent increase from 2020.
- **€500mm MarCap cluster:** In this cluster, women hold 9.9 percent of board seats, or 70 out of 709 seats. Among the five Latin American nations analyzed, Mexico has the lowest number of companies with a woman on the board (62%), with 40 of 65 companies having no female representation.

## Female Representation Across Latin American Boardrooms

Percentage of board seats held by women, companies with a MarCap  $\geq$ 8bn, 2020 to 2022



Source: Egon Zehnder, 2022

2020 2022



Addressing the gender gap in Latin American boardrooms will require that organizations see past old perceptions of female workers as not giving “the right care” to their families or as power-hungry and ambitious above all else. Latin America still assigns family responsibilities mainly to women, so allowing for flexible options and fostering co-responsibility at home are key enabling factors in raising the number of women on boards in the region. This reality also underscores how critical it is for chairs and executive leaders to mentor and develop an executive pipeline of female leaders across every organization. This will help build talent who will ultimately become board-ready.

“When I was chairwoman of the National Petroleum Company in Chile, I really allocated a lot of resources to hunt for female talent,” said Maria Loreto Silva, independent director

at Barrick Gold. “As a result, 50 percent of our top executives were women. And they were very, very talented, very prepared. As chair, you need to make a strong decision if you want to improve...I would also say to the new female executive and board members to take advantage of any opportunity that is presented to them. That is very important in Latin America because many women quit in the road up.”

Chairs are also instrumental in enabling the entire board to seek out educational opportunities on diversity and the value it adds to the boardroom. As these boards appoint members from minority groups, they will feel more equipped to adjust their dynamics and ensure inclusion.

## HIGHLIGHT 2

# Creating a more diverse pipeline requires a broader definition of diversity

Latin America still carries the stigma of being a male-dominated region, and that's largely reflected in our data. But the debate on diversity often takes on the gender angle—which is a critical marker of diversity, but it shouldn't be the only one. Expanding the parameters of what diversity means will require chairs to have open discussions with the full board and ensure that companies are creating a pipeline of qualified, diverse leaders, including women, minority groups, and individuals with diverse backgrounds who could eventually serve on a board.

One barrier to increasing the talent pool of board-ready directors is that boards typically seek former CEOs and CFOs when adding new members. Looking at the 219 Latin American companies in our **€500mm MarCap cluster**, this means that the pool of diverse leaders who qualify is tiny. We found that only seven of the 224 CEOs in this cluster are women (3.2%), and only 20 of 212 CFOs are women (10.4%). Conversely, when zooming in on the smaller €8bn MarCap cluster, we found there are no female CEOs in the companies studied.

Out of the 219 companies analyzed as part of the **€500mm MarCap cluster**, the country with the largest representation of female CEOs is Colombia, with 1 out of 11 (10%) CEOs being a woman, followed by Brazil, with 5 out of 110 (4.8%). Argentina and Mexico had no female CEOs at all in the companies analyzed in this study.

To bridge the talent gap, some boards are reassessing the requirements for new directors to join. But this doesn't mean they are targeting less qualified candidates. "Boards are also looking for people who have different ideas about society, about strategy, about the future of the world," explained Vivianne Blanlot, board member of Colbún S.A., CMPC S.A., and Antofagasta PLC. "If you look at the women who have been incorporated on boards in the last few years, there is a mixture of people who work in companies, in the public sector, and in universities."

## Executive positions are largely held by men in Latin America

### CEOs (MarCap >=500mn)

2022

% Men

% Women



### CFOs (MarCap >=500mn)

2022

% Men

% Women



Source: Egon Zehnder, 2022

# Fostering the New Wave of Board Leaders

Undoubtedly, societal issues such as stark economic inequality, lack of access to high-quality educational opportunities, and intolerance toward minority groups pose tougher barriers to entry into a workforce that is often homogenous. To actively change the racial-ethnic makeup of their workforce and foster the new wave of Black executive leaders, some companies are taking proactive steps.

To fully leverage the benefits of a diverse board, directors must be intentional about whom they appoint. Can this person's skills and background be complementary to the board's current directors? Even if they haven't followed the traditional CEO/CFO pathway to the board, it may be worth assessing and developing their leadership profile. Sometimes the missing link to a more effective board may not be the obvious choice, but one that brings a new outlook—provided they get the tools they need to effectively serve.

Diversity also means different things to different people. Another dimension to take into account is diversity of thought, which has been getting more traction in the region. Previously, most board members were white men over the age of 60. Now, with new skills needed and investor demands, boards are also considering younger directors who can add value on change, innovation, and digital capabilities.

Cogna Educação is one company that added intentionality to enhance and scale its diversity efforts. “At Cogna, 60 percent of our board members are from a minority group,” said Rodrigo Galindo, the company's chair. “These highly qualified directors are women, people of color, members of the LGBTQ+ community. Our initial goal was to have a representation level of minority groups of 33 percent, but we surpassed this goal, so obviously it is a board that will defend diversity causes, because the board itself is diverse.”

### HIGHLIGHT 3

# Representation is only step one—a culture of inclusion matters too

Advancing representation is only the first step on the journey toward a more effective board. The chair has the critical role of fostering a culture where directors are empowered to fully contribute, even when they are less experienced in governance. In Latin America, the contrasting representation among countries is the first layer of challenge. Even within countries, each company has its own maturity level when it comes to leveraging board diversity as an asset.

But what makes a chair value and foster diversity? For Sergio Rial, chair of Santander Brasil, it's the quantity and quality of professional experiences acquired throughout directors' careers. "If they haven't been exposed to several experiences, the tendency is for them to be monochromatic as a chair," Rial said. "It is important for them to have faced discomfort, which is what keeps the curiosity cell alive. This propensity and history—of learning in the midst of adversity—will make the executive, when they get to a chair position, value different perspectives."

With uneven progress across Latin American countries when it comes to board diversity, it will take higher levels of commitment from boards to bring on more diverse candidates. But they can ensure the conversation starts now among current directors to set the stage for newcomers. "Chairs have an important

role in stimulating the process in the board of directors, from educating them on the proper language around diversity to setting an agenda, to encouraging directors' participation in external forums aimed at discussing various DEI issues, among other initiatives," said Rodrigo Galindo of Cogna Educação. "This is an empowerment process. The more knowledge provided, the more empowered everyone is, especially minority directors, to actively exert their voice on the board."

Board dynamics are different in each company. What most of them have in common, though, is a shared commitment to achieving the company's mission. The board chair should infuse diversity, equity, and inclusion as a topic of conversation into every meeting, because the more engaged members feel about it, the more likely they will be to embrace differences as new directors with varied backgrounds join the board.

Especially in Latin America, where the gender gap is so large, Sergio Rial of Santander Brasil worries that some boards do not value female directors' perspectives in the same way they do male directors: "The chair should foster the spirit of discomfort, and bring to the board people who generate discomfort, learn to live with discomfort, look for people who are going to be 'trouble.'"

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# EgonZehnder

## About Egon Zehnder

Egon Zehnder is the world's preeminent leadership advisory firm, inspiring leaders to navigate complex questions with human answers. We help organizations get to the heart of their leadership challenges and offer honest feedback and insights to help leaders realize their true being and purpose.

We are built on a foundation that supports partnership in the truest sense of the word and aligns our interests with the interests of our clients. Our 560+ consultants across 63 offices and 36 countries are former industry and functional leaders who collaborate seamlessly across geographies, industries and functions to deliver the full power of the Firm to every client, every time.

We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide a comprehensive range of integrated services, including executive search, leadership solutions, CEO search and succession, board advisory and diversity, equity & inclusion. Our leadership solutions cover individual, team and organizational effectiveness, development and cultural transformation. We work with world-class partners including Mobius Executive Leadership, a transformational leadership development firm. In addition, we have partnered with Paradox Strategies, co-founded by Harvard University Professor Linda Hill, to develop the Innovation Quotient (IQ), a proprietary culture diagnostic.

We believe that together we can transform people, organizations and the world through leadership.

For more information, visit [www.egonzehnder.com](http://www.egonzehnder.com) and follow us on [LinkedIn](#) and [Twitter](#).

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