Sustainable Development and Gender Issues

Quick scan of sustainability reports for transnational benchmarking of the glass ceiling for women in companies

A report for

The Netherlands Ministry of Social Affairs and Employment
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Summary for policymakers

As part of the ESF/Equal program of the EU, The Ministry of Social Affairs and Employment is working with a broad group of expert organisations on initiatives aimed at developing a transnational benchmark for comparing companies with respect to the glass ceiling for women. The tool should be useful for benchmarking companies in various countries with respect to the success of their approach to the moving-up of women to higher-function levels. The difficulty was finding company-specific information that could be used for such a benchmark.

This report is the reflection of a quick-scan of sustainability reports of more than 100 companies (48 Dutch companies and 53 sustainability leaders). We assumed that the increasing amount of ‘sustainability reports’ that are being published by companies, could be a useful source for the required company-specific information. Our research has led us to seven conclusions.

Sustainability reports can provide useful information for benchmarking of Gender Issues in companies

1. Gender Issues are considered a topic in sustainable development
2. Sustainability reporting increases and becomes more uniform but shows significant variation
3. Reporting has potential for the benchmarking of Gender Issues performance
4. Not all by SZW proposed benchmarks can be based on sustainability reports
5. Initial benchmarking results confirm the presence of a glass ceiling in companies as well as some best practices
6. The Netherlands is a frontrunner in the quality of reports but the quantity can be increased
7. Three clear next steps

Given the differences in definitions and focus points that are being used by this large group of companies, there are still some challenges to be met. But we are convinced that the bridging of current research and practices on gender issues on the one hand and sustainable development on the other has potential. The three “next steps” that we have defined as our seventh conclusion give guidance on building on this potential.
1. Introduction

1.1 Rationale for this research: company-specific information
Research on the issue of the glass ceiling for women in companies has come up with a broad range of data. The *Emancipatemonitor 2002* covers the relative number of women in higher job levels in various sectors (profit, non-profit, government) in The Netherlands. The report *Women in higher position. Development of a benchmark*\(^1\), provides calculations of the thickness of the “glass ceiling” on a sector or industry basis. Other studies cover the state of affairs in various European countries. However, the availability of data on a company level is very limited.

The Ministry of Social Affairs and Employment (SZW) believes it is important to identify a single measure, or set of measures, that would enable the formal assessment of a company’s direct or indirect policies impacting the upward mobility of women within their organisation. Within the context of the ESF/Equal programme of the European Union, SZW aims to develop a tool for benchmarking companies with respect to the glass ceiling.

The quick-scan research that is described in this report is intended to be an initial exploration towards the development of such a benchmarking tool. A key assumption of the research for this project was that the increasing amount of ‘sustainability reports’ that are being published by companies, could be a useful source for the required company-specific information.

1.2 Why the popularity of sustainable entrepreneurship could improve gender diversity
51% of Dutch companies claim to be active with ‘sustainable entrepreneurship’\(^2\). It is broadly acknowledged that the importance of sustainable development will increase further. Apart from companies, national governments, the EU, supra-national organisations, non-governmental organisations, consumers, universities and other organisations have their stake in the debate on and future of sustainable development.

Many companies realise that the notion of sustainable development has a strategic edge that may prove to be vital for their long-term success. Consciously balancing ecological, social and economical aspects of their business improves the quality of their business and their relations with stakeholders at large. The wave of popularity of sustainable development has reached a stage where there is a competitive edge around it. Companies want to be recognised by investors as a ‘sustainable company’. The companies want to be included in the share indices of sustainable researchers. Many companies were waiting nervously for the new Dow Jones Sustainability Index, which was published this month. New comers celebrate their inclusion by issuing press releases in which they underline the importance of the recognition of their sustainable entrepreneurship. The comment of the CEO of DSM, Mr Peter Elverding, on September 4\(^{th}\) 2003 is a good example:

“This is an acknowledgement of DSM’s structural attention for Triple P: People, Planet and Profit. The concept of corporate sustainability is important for us as a company to ensure our

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\(^1\) SEOR, 2002
\(^2\) Ondernemingsmonitor, Ministry of Economical Affairs, 2002
added value for society. As it aims to increase long-term shareholder value, it can be attractive to investors as well.”

The research of sustainability analysts also touches upon the performance of the companies with respect to gender issues. More over the Global Reporting Initiative (GRI) promotes a set of guidelines for sustainable reporting that also addresses this subject. The GRI is emerging as the world standard on sustainability reporting and could therefore be a robust driver for benchmarking efforts. It is expected that not only will the number of sustainability reports increase dramatically, but also the number of companies that want to be “in accordance with GRI”, or use parts of these guidelines.

The described developments ignited the interest of The Ministry of Social Affairs and Employment in exploring opportunities for bringing together current research and practices on gender issues with the growing movement on sustainable development.

1.3 Research and advice
For this research we studied 48 Dutch companies and 53 international ‘sustainability leaders’ (based on the rankings as given by the Dow Jones Sustainability Index). We looked at the differences in various sectors, as well as in different geographical area (North America, United Kingdom, Northern Europe, Southern Europe and Asia/Australia). We did not simply tap information that is published but honed in on how the available information can be used to arrive at a useful benchmark. This enabled us to identify the next three steps that need to be taken.

For the sake of completeness we would like to emphasize that many companies still struggle with sustainable development. The differences in the popularity of sustainable development are remarkable on the sector level as well as on the country level. Therefore it should be noted that this study has its limitations. Given the differences in definitions and focal points that are being used by this large group of companies, there are still challenges to be met. But as already stated, we are convinced that the gap between current research and practices on gender issues and sustainable development can be narrowed considerably. The next steps indicated are intended to help realise this potential
2. Overlap between Sustainability and gender issues

In this section we will show that sustainability and gender issues have a clear overlap from a vantage point of several perspectives. Gender issues are a natural ingredient of sustainable development: they are part of one of four dimensions that can be distinguished within sustainability. It is therefore not surprising that sustainability-related guidelines touch upon the subject. Lastly, many sustainable investors pay explicit attention to company performance on gender issues.

2.1. Gender issues are a natural ingredient of sustainable entrepreneurship

There are many definitions for ‘Sustainable Development’, which is also referred to as ‘Corporate Social Responsibility’. We steer away from elaborating on the various meanings of sustainable development and limit ourselves to explaining what is meant by ‘sustainability’ in this report:

*Sustainability implies the simultaneous pursuit of profitable economic growth, social progress and environmental quality in order to create value for shareholders, customers, employees and other stakeholders that have a legitimate interest in the company.*

Sustainable entrepreneurship therefore implies that a company balances ecological (Planet), social (People) and economical (Profit) dimensions while doing business. Sustainability is gaining momentum in an increasing number of boardrooms, since it is being recognised that this careful balancing of the interest of stakeholders is vital for the long-term success of organisations. Of course this concept comes with dilemmas. How do you balance the growth of your factory - and the interests of employees and suppliers that come with that - with the interests of the local neighbourhood? How does a company in an economic downturn balance the interests of the employees, with the necessity of cutting costs while trying to overcome a nearing bankruptcy? But taking on these dilemmas with an open mind, and recognising the perspectives of the parties involved, is a robust way to sustainable growth.

In this report we deal with the opportunities that sustainability offers to gender issues. Since labour participation is a fundamental right, companies should include gender issues in their efforts. Companies that voluntarily contribute to a better society by adhering to the concept of sustainable development should stand out for their more pro-active approach and commitment in this field. But even companies with good intentions and drive apparently face major challenges, given the confession of Niall FitzGerald³, co-chairman of Unilever, a company that is considered to be a frontrunner with respect to sustainability:

*“My God, how can we have put so much work into gender diversity and I see no reflection of it in the top leadership?”*

2.2 Gender issues are confined to one of four dimensions of sustainable entrepreneurship

There are four dimensions to sustainability, based on the differences between social and environmental, as well as internal and external aspects. As the graph shows, gender issues are part of the internal social dimension. It can therefore be concluded that any company can

³ Financial Times 2003, June 17
take its own independent position on gender diversity. There is no need for cooperation with other organisations, no need to take action vis-à-vis suppliers or other business partners. It is up to the company’s management and to no one else to take appropriate action. The previously quoted Mr. FitzGerald recognises the irony of his observation, since women make 80 per cent of the decisions about buying Unilever products. Fortunately, he is in the driver’s seat and capable of dealing with Unilever’s internal social challenges himself.

Gender issues have a place in the internal social policy of sustainable development

<table>
<thead>
<tr>
<th>Dimensions of sustainable development</th>
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<tbody>
<tr>
<td><strong>External</strong></td>
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<tr>
<td>Corporate citizenship</td>
</tr>
<tr>
<td>Child labour with suppliers</td>
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<tr>
<td>Community involvement</td>
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<tr>
<td><strong>Process focus</strong></td>
</tr>
<tr>
<td>Waste control</td>
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<tr>
<td>Eco-efficiency</td>
</tr>
<tr>
<td><strong>Internal</strong></td>
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<tr>
<td>Employment</td>
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<tr>
<td>Labour circumstances</td>
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<tr>
<td>Diversity</td>
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<tr>
<td><strong>Product focus</strong></td>
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<tr>
<td>Chain approach</td>
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<tr>
<td>Product life cycle analysis</td>
</tr>
<tr>
<td><strong>Social</strong></td>
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<tr>
<td><strong>Environmental</strong></td>
</tr>
</tbody>
</table>

2.3 Sustainability-related guidelines only touch briefly on gender issues
The thinking behind sustainable development is not exactly new. In his book “De Aartsvaders” Wim Wennekes describes the history of many Dutch multinationals. In this book there are numerous examples of how companies took care of their workers, for example by providing housing, education, etc.

However, the position of companies in society has changed a lot. The global economy brings opportunities for companies, but at the same some stakeholders apparently perceive companies as being very powerful. Some even argue that companies are more influential than national governments and it is maintained this upsets the balance of powers.

Many international treaties, (voluntary) codes and declarations address the issue of company responsibilities and obligations. It is beyond the scope of this paper to elaborate further on this but we have observed that various ‘sustainability-related statements’ touch upon the subject of gender issues. The depth or the level of specificity varies, as the graph below shows. No company, however can claim to be unaware of (the intentions of) these statements.
Sustainability related statements touch briefly upon the subject

<table>
<thead>
<tr>
<th>Guideline or Code</th>
<th>Remarks on gender issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA8000</td>
<td>The company shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on (...) gender (...),</td>
</tr>
<tr>
<td>Global Sullivan Principles</td>
<td>Promote equal opportunity for our employees at all levels of the company with respect to issues such as (...) gender (...)</td>
</tr>
<tr>
<td>AA1000</td>
<td>no relevant indicators or statements</td>
</tr>
<tr>
<td>ILO ’98 declaration</td>
<td>The elimination of discrimination in respect of employment and occupation(...)</td>
</tr>
<tr>
<td>OECD Guidelines for MNC’s</td>
<td>no relevant indicators or statements</td>
</tr>
<tr>
<td>UN Global Compact</td>
<td>(...) eliminate discrimination in respect of employment and occupation.</td>
</tr>
</tbody>
</table>

2.4 Sustainability investors pay explicit attention to company performance on gender issues

An important driver of sustainability comes from the investment world. The roots of sustainability investing lie in ‘ethical investment’ by religious movements such as the Quakers and the Methodist Church in the USA movements (around 1900). In the 1990’s ethical investment was broadened to socially responsible investment (SRI) as new types of funds came into the market that sought not simply to exclude certain industries, but to engage proactively with all companies on social and environmental issues. It can be stated that sustainability investors apply non-financial screens in arriving at their investment decisions. A number of years ago several sustainability indices were developed to track the performance of leading ‘sustainability’ companies. The next diagram shows some of the major indices that pay attention to gender issues in one way or the other. Included in the diagram are examples of questions or performance indicators that they use in their investment analysis.
Many sustainability market indexes include performance on gender issues in their rankings

<table>
<thead>
<tr>
<th>Sustainability Market Index</th>
<th>Research</th>
<th>Examples of questions or performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dow Jones Sustainability Index</td>
<td>SAM</td>
<td>How many women are members of your company’s Board of Directors?</td>
</tr>
<tr>
<td>FTSE 4 Good</td>
<td>EIRIS</td>
<td>10% of managers being women or the proportion of managers who are women or from ethnic minorities exceeding two fifths of their representation in the workforce concerned.</td>
</tr>
<tr>
<td>Calvert Social Index</td>
<td>Calvert Group</td>
<td>Equal Employment Opportunity for Calvert includes non-discrimination/equal opportunity concerning pay, promotion, tenure, benefits, and training with regard to (…) gender. Calvert’s work in this area is focused on public disclosure, glass ceiling issues, board diversity.</td>
</tr>
<tr>
<td>Domini 400</td>
<td>KLD</td>
<td>Promoting women (…) to positions of substantial responsibility, including that of Chief Executive Officer</td>
</tr>
</tbody>
</table>

The market share of sustainability investing versus regular investing is growing. In the Netherlands regular investing grew by approx. 14.8% per year over the period 1988-1999. Sustainability investing however grew by 73.5%. The size of sustainability saving and investing overall is growing, although in absolute terms it is still just around 2% of the total4.

Sustainability investing has potential and momentum. Therefore the attention that sustainability investors pay to gender issues can be a positive driver. In light of the current discussions on corporate governance, Prof. Judy B. Rosener gives investors an additional reason. In a short letter to the editor of the Financial Times5 she claims that “numerous studies show that the presence of women in boardrooms improves corporate governance and the bottom line.” It is, however, beyond the scope of this study to elaborate further on this.

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4 Duurzame Geldgids, 2002  
5 Financial Times, June 26th 2003
3. Sustainability reporting increases, becomes more uniform but still shows large regional variation

As described in the previous section, sustainability is largely about a company’s relations and communication with its stakeholders. Reporting therefore is an essential element of sustainability. In this section we provide an overview of the current state of sustainability reporting. In three lines, the current status can be summarised by the following observations:

1. The number of companies reporting their sustainability performance is increasing
2. The Global Reporting Initiative (GRI) emerges as the most used guideline
3. There are large regional differences in the (relative) number of GRI reporting companies but Dutch companies are among the most active
4. Since MIXED partner Greece is not very active on sustainable development, very few or no Greek companies publish sustainability reports.

3.1 The number of companies reporting their sustainability performance is increasing internationally

Companies have been reporting on their environmental performance for a considerable period of time already. At first it was mostly companies that had a major environmental impact, which published these reports, but over time an increasing number of companies from other sectors have also been reporting their environmental performance. In 1999 the first sustainability reports started to appear. Since then, these have increased in number, partly at the expense of environmental reports. A recent survey among the 100 largest companies in eleven countries worldwide confirms this evolution, as indicated in the graphical display below.

![Graph showing increase in sustainability reporting](image)

*Source: KPMG 2002*
In the next section we investigate the suitability of sustainability reports for benchmarking on gender issues. A number of companies present in the graph above will be used.

3.2 The Global Reporting Initiative (GRI) emerges as the most used guideline and includes one indicator on gender issues

Financial reports typically follow a pretty strict format and contain predictable information. This is the consequence of the fact that companies have been reporting their financial performance for hundreds of years. Financial reporting standards have evolved to what they are today on the back of waves of success and failure spreading over decades. This is unlike the situation in the young discipline of sustainability reporting, reflecting the fact that the relevant issues differ between sectors and regions. In order to facilitate the comparison between sustainability reports some guidelines are proposed. Among these, the Global Reporting Initiative –located in Amsterdam since 2002– is becoming dominant. The diagram below summarises the mission of GRI, the indicator they have for performance on gender issues and its increasing adoption by the business community. This rise of GRI has greatly improved the uniformity of sustainability reports, although they still show significant variation.

The Global Reporting Initiative (GRI) emerges as the most commonly used guideline and has one relevant indicator

<table>
<thead>
<tr>
<th>GRI considers Gender Issues</th>
<th>GRI emerges as the standard guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mission statement:</strong> To promote international harmonization in the reporting of relevant and credible corporate environmental, social and economic performance information to enhance responsible decision-making. The GRI pursues this mission through (...) design and implementation of widely applicable sustainability reporting guidelines</td>
<td>Number of companies reporting along GRI guidelines has risen dramatically</td>
</tr>
<tr>
<td><strong>Indicator of relevance to Gender Issues:</strong> Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate</td>
<td>1997 Foundation → 2002 313 participants</td>
</tr>
<tr>
<td></td>
<td>Many large companies in The Netherlands report along GRI guidelines, for example</td>
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<tr>
<td></td>
<td>• DSM</td>
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<td></td>
<td>• Heineken</td>
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<td>• ING</td>
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<td>• KLM</td>
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<td></td>
<td>• Koninklijke Olie / Shell</td>
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<td>• Philips</td>
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<td></td>
<td>• Unilever</td>
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</table>

3.3 There are large regional differences in the (relative) number of GRI reporting companies but Dutch companies are among the most active reporters

The rise of sustainability reporting has not been evenly spread over the different economic regions in the world. Considerable variation exists. The graph below indicates that the number of sustainability reports is highest in the Asia/Australia region and more or less the same in the United Kingdom, Northern Europe, Southern Europe and Northern America. When correcting for the different economic sizes of these countries (indicated by GDP) it
becomes clear that the United Kingdom has by far the highest reporting intensity, followed by Northern Europe. North America is the least active region. Given the importance sustainability or corporate responsibility has in the UK its top position had been expected, but a reporting intensity that is 6 times higher than that of the United States is quite remarkable. Another surprising finding is the relatively advanced position of Asia/Australia.

There are large regional differences in the (relative) number of GRI-reporting companies

![Graph showing number of companies using GRI by region](image)

Source: GRI, The Worldbank (2002); Triple Value Analysis

(1) Nr. companies with GRI reports per 100 billion $ GDP

Looking at individual countries, the differences are magnified even further. On the next page we show that the reporting intensity in The Netherlands is similar to that in the United Kingdom, although it remains well below those of New Zealand, Finland, Sweden and Australia.

3.4 Since MIXED partner Greece is not active on sustainability, very few or no Greek companies publish sustainability reports

In the context of the program MIXED, SZW actively cooperates on gender issues with the Greek government. The graph above did not include Greece and this is intentional. We have not found a single Greek company that reports along the guidelines of GRI. Nor is there a Greek company included in the Dow Jones Sustainability Index. The inaction of Greece in this respect is confirmed by the country ranking on sustainable development, as compiled by Columbia University, among others, as shown in the second graph on the next page.
Dutch companies are among the most active reporters.

No GRI reporters in Greece due to absence of private sector responsiveness.

Source: GRI, The Worldbank (2002); Triple Value Analysis
(1) Nr. companies with GRI reports per 100 billion $ GDP

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Private Sector Responsiveness (only European countries shown)

Source: 2002 Environmental Sustainability Index;
World Economic Forum; Yale Center for Environmental Law and Policy; CIESI, Columbia University

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4. Sustainability reports have potential for quantitative benchmarking on gender issues

Given the main conclusion of the previous section – the increasing number of sustainability reports – we will now show that these reports can be of considerable use for benchmarking studies on gender issues. This conclusion is supported by three findings:

1. 68% of best-practice companies publish a sustainability report
2. Of these almost 60% provide some form of quantitative data on the gender split in their workforce
3. Of these, 50% provide data both for the entire organisation as well as for the top management levels

Taken together, these three findings allow the determination of the glass ceiling index for 11 (21%) of the best-practice companies, as will be shown in Section 6.

4.1 68% of best-practice companies publish sustainability reports

A total of 53 best-practice companies have been selected for in-depth analysis. This selection is based on the rankings as given by the Dow Jones Sustainability Index*. This index is a leading benchmark of the sustainability performance of companies. By selecting companies from this index we have created a set of best (sustainability)-practice companies. Together these companies will indicate the upper limit of the value of sustainability reports for the benchmarking of gender issues.

It has been verified that these companies provide a representative sample over the various sectors. Furthermore, for each of the five regions considered in this report (North America, United Kingdom, Northern Europe, Southern Europe and Asia/Australia) approximately ten companies are present in the sample. Apart from these two conditions, the companies constitute a random sample, thus eliminating potential biases. Appendix I contains a list of all companies in this best-practice sample, as well as an overview of their distribution over sectors and countries.

Although highly variable over sector and region, the main finding is that a clear majority (36 companies or 68%) publish sustainability reports. Since these companies are often best in class (i.e. a biased sample with respect to sustainability performance), this percentage is much higher than the graph presented in Section 3.1. The graphs in the diagrams on the next page illustrate these findings.

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68% of best practices\(^{(1)}\) publish sustainability reports although large variation exists between sectors and countries

4.2 Almost 60% of best-practice companies with reports provide quantitative data on gender issues

We now take a closer look at the 36 best-practice companies that publish sustainability reports, mentioned in the previous section. Basically, companies can choose to disclose three types of information:

- Quantitative data about current performance on gender issues
- Qualitative description of company policies on gender issues
- Quantitative targets for future performance

These three categories reflect the increasing accountability of the companies involved. Providing data on current performance is relatively safe whereas describing company policies and, more especially, quantifying targets means accepting clear accountability towards external audiences. Unsurprisingly, the graphs below show that fewer companies disclose the higher levels of accountability information. However, it is also the case one that the majority of best-practice companies (58% or 21 out of 36) do disclose quantitative data. For the purpose of quantitative benchmarking this obviously is the more important conclusion.

\(^{(1)}\) Sample based upon Dow Jones Sustainability Index
Source: Triple Value analysis

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Almost 60% of best-practice companies with reports provide quantitative data on gender issues

4.3 Benchmarking is possible for 50% of companies that report quantitative data
The fact that the majority of best-practice companies disclose quantitative data is a necessary but not sufficient condition for benchmarking the glass ceiling. For this one needs to have data for both the entire organisation and the top-management level. Analysis shows that this condition is met by 50% of the companies that report quantitative data on gender-issues performance as is demonstrated in the diagram below.

Of the 21 companies that report quantitative data there are 11 for which a glass ceiling can be determined. Thus, of the 53 best-practice companies, 21% allow for quantitative benchmarking of the glass ceiling. After discussing the type of benchmarking that this data allows, some results of such a quantitative benchmarking will be shown in Section 6.
Benchmarking is possible for more than 50% of companies that report quantitative data

![Chart showing reported data on emancipation](chart.png)

Number of companies for which benchmarking is possible

Source: Triple Value analysis
5. Not all information for current SZW benchmarks is available in sustainability reports

In the previous section it was concluded that sustainability reports provide potential to the quantitative benchmarking of gender issues. In this section we will show that of the four benchmarks that were suggested in the SEOR report, only one can be calculated using information from sustainability reports. However, since two of the benchmarks show a large overlap with the other two, the situation is not quite as bad as may otherwise be concluded. Furthermore, we suggest an additional benchmark in order to include the supervisory level of companies. Lastly we will indicate two important biases that can arise in these types of benchmarking efforts.

5.1 Only 1 of the 4 SEOR benchmarks can be determined due to missing data
Currently SZW has four benchmarks that provide information about the glass ceiling in companies on an aggregated sector level. Two of these benchmarks regard the glass ceiling that may exist between the top management and the levels directly below whereas the other two look at the glass ceiling that exists between top management and the entire organisation. The other difference between the two benchmarks concerns the way in which the top management level is determined; be it by management echelon or salary level. The diagram below illustrates that of these four benchmarks only the glass ceiling between top management, as defined by management echelon, and the entire organisation can be determined based on sustainability reports.

Only 1 of the 4 SEOR benchmarks can be determined due to missing data on salary and sub-top management level

Only 1 of the 4 SEOR benchmarks can be determined due to missing data on salary and sub-top management level

Glass Ceiling for women between

<table>
<thead>
<tr>
<th></th>
<th>Sub top and top management</th>
<th>Total organisation / and top management</th>
</tr>
</thead>
<tbody>
<tr>
<td>(sub) Top level based on salary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(sub) Top level based on echelon</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Little data on salary

No data on sub-top management level

(1) 3% of the reports provide salary data

7 Women in higher position. Development of a benchmark, 2002
As can be seen, the reason for this lies in the typical unavailability of salary data and data on the composition of top management. However, we feel that the glass ceiling as it normally exists in companies can adequately be quantified by looking at the difference between the proportion of women in the entire organisation versus that in top-management. Because most top managers have taken an in-company route towards the highest echelon, this benchmark reflects unequal career opportunities for men and women.

5.2 A new benchmark is suggested to account for non-executives which can be derived from public data

We now introduce a benchmark that also includes the supervisory layer of companies. Since the career path towards the supervisory or non-executive board can be markedly different from the path towards executive management, this benchmark is likely to be quite different from the one discussed in the previous section. A recent article in the Financial Times discussed these differences\(^8\). Another reason to include this benchmark is that it is deemed important by many sustainability-rating agencies\(^9\). The suggested benchmark can be determined for every (listed) company since the names of all members of the management or executive board and the supervisory or non-executive board must be reported. Together with the benchmark discussed in the previous section, a sufficiently complete picture of the glass ceiling for women can be arrived at, as is indicated in the diagram below.

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\(^8\) Financial Times *Putting more talented women on the Board*, July 4\(^{th}\) 2003

\(^9\) Examples are the Sustainable Asset Management group in Switzerland and EIRIS in the UK
5.3 Two important biases can arise when benchmarking

Of the two benchmarks selected in the previous section, only the benchmark that includes the supervisory or non-executive level can be determined relying solely on information that is publicly available for all (listed) companies. This benchmark therefore is unbiased. As can be inferred from Section 4, the benchmark that looks at the glass ceiling between top management and the rest of the organisation relies largely on information that is disclosed on a voluntary basis. Moreover, the definitions used in this benchmark can be interpreted in different ways. Benchmark results can therefore be biased and may not entirely comparable with one another. The figure below indicates bias as lack of benchmark comparability arises. We would like to stress however that biases are not necessarily a problem, as long as one is aware of them. The results we show in the next section are therefore correct for each individual company, but results may not be entirely inter-comparable. (Although it will be shown that the inter-comparability of the results is actually quite good, with the exception of two outliers due to definition issues.) In addition, the results cannot be extrapolated to companies or the business community in general.

**Benchmark results can be biased and not entirely intercomparable**

<table>
<thead>
<tr>
<th>Bias through self selection</th>
<th>Lack of common definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting is part of a broader portfolio of sustainability activities</td>
<td>The definitions on (senior) management are not always given in the reports</td>
</tr>
<tr>
<td>Hence, there is a relationship between sustainability performance and reporting</td>
<td>Because of Glass Ceiling women are found less frequent in (sub) top positions</td>
</tr>
<tr>
<td>Companies reporting on gender issues are likely to have a relatively higher emancipation performance</td>
<td>Thus, different definitions of (sub) top management will lead to different percentages</td>
</tr>
</tbody>
</table>

Biases are not necessarily a problem as long as they are recognized
6. Initial benchmarking results and some examples of best practices

Based on the 11 companies described in Section 4 and the benchmarks elaborated upon in Section 5 we now discuss some initial benchmark results. It will be shown that in the 11 companies a glass ceiling is clearly present. In contrast, the glass ceiling for women in non-executive functions is much thinner. Finally we will outline three best practices with respect to the information disclosure of companies.

6.1 In best-practice companies a glass ceiling can be clearly shown to exist
As shown in Section 4, from the total sample of 53 best-practice companies a complete benchmark of the glass ceiling can be performed for only 11 companies. The results are shown in the following graph.

Positions below the diagonal line correspond to relatively more women in the organisation than in top management, hence the presence of a glass ceiling (note that an index of 1 would indicate no glass ceiling). A position in the area above the diagonal line would indicate the opposite and thus the presence of a “glass funnel”. Clearly, for all companies analysed here, a glass ceiling is present. Expressed in terms of the SEOR benchmark, the thickness of the glass ceiling would be 1.4. This value, however, excludes the two outliers that are probably due to different interpretations or definitions.

6.2 Three ‘best practices’ have been identified with respect to data delivery, policy development and target setting
The benchmarking results reflect the current company performance with respect to gender issues. In terms of the diagram in Section 4.2 this only covers the pie chart on the left-hand
As indicated in that diagram, the possibilities for benchmarking are significantly less for qualitative policies and quantitative targets. We therefore here show the three best practices for each of the information categories. These best cases provide a good indication about the type of information that can be retrieved from some sustainability reports. Typically, the policies are not extensive statements, but some concrete things that companies focus on. They are therefore not as clearly defined as the quantitative performance data or targets that companies provide information on.

### Best Practices of information disclosure

<table>
<thead>
<tr>
<th>Quantified current performance</th>
<th>Qualitative policies</th>
<th>Quantified targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unicredito Italia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reports gender split for parent company and often subsidiaries:</td>
<td>Focus on working mothers</td>
<td>Increase the % of women in top management (780 managers) from the current 4% to 10 % in five years</td>
</tr>
<tr>
<td>Women in different organisational layers</td>
<td>Work life balance</td>
<td></td>
</tr>
<tr>
<td>Seniority and age</td>
<td>Childcare facilities</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Parental leave packages</td>
<td></td>
</tr>
<tr>
<td>Career development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra hours worked</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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7. Dutch companies provide high quality data but more companies could report

After discussing the initial benchmarking results for the international best-practice companies we now turn our eye to Dutch companies. The companies analysed here are the 48 largest companies listed on the Amsterdam Stock Exchange. The 25 largest companies constitute the AEX index and the next 23 make up the AMX index. An overview of all companies can be found in Appendix II. This selection excludes large non-listed companies like SHV, Rabobank, Achmea and the major utilities but it avoids arbitrary choices of which ones to include. Note that the best-practice benchmark before was aimed at identifying the maximum information on gender issues in sustainability reports. It therefore was a biased selection, not representative of the international situation. The Dutch benchmarking here serves the purpose of identifying the actual usefulness of sustainability reports for benchmarking gender issues. Arbitrary choices of which companies to include is therefore unacceptable. We conclude that:

1. Those Dutch companies that publish sustainability reports provide above average quality data, even when compared to their international best-practice counterparts
2. Compared to the (biased sample of) global best practices, considerable potential exists for an increase in the number of companies that publish sustainability reports
3. In all companies analysed, a glass ceiling for women is present
4. A “glass funnel” seems to exist for women on the supervisory-board level

7.1 Dutch companies with sustainability reports provide above average-quality data on gender issues

In order to benchmark the glass ceiling one needs quantitative data of the relative number of women in top management and in the entire organisation. Based on the first diagram on the next page, we conclude that Dutch companies provide above-average quantified data.

The graph on the left hand side shows that of the companies with a sustainability report, Dutch companies provide more quantified information on gender issues than best-practice companies worldwide and in Northern Europe. The 36 best-practice companies included here are the same ones presented in Section 4.2. Furthermore, of the Dutch companies that provide quantitative data, a higher percentage of companies actually provide all the information needed for benchmarking the glass ceiling, as shown in the graph on the right hand side. The 21 best-practice companies included in this comparison are the same ones as in the graph in Section 4.3.

7.2 The number of Dutch companies that report has significant improvement potential

Although the sustainability reports of Dutch companies are relatively well suited for benchmarking the glass ceiling, more companies could publish sustainability reports. This can be concluded by comparing the percentage of reporting companies in The Netherlands with the best practices in the world and Northern Europe, as is done in the second graph on the next page.
Dutch companies with sustainability reports provide relatively more quantified data on gender issues

The number of Dutch reporting companies has significant improvement potential
Obviously this comparison is not entirely fair, since we here compare a random sample of Dutch companies with a selected set of best-practice companies (on average Dutch companies are among the most active reporters, as was outlined in Section 3.3). However, because both the international as well as the Dutch companies are spread over different sectors, this comparison provides some insight into what would happen were Dutch companies as a whole to become best practices. The increasing presence of Dutch companies in the Dow Jones Sustainability Index\(^\text{10}\) shows that it can safely be expected that more Dutch companies will start publishing sustainability reports.

### 7.3 Dutch companies that provide sufficient data have a glass ceiling but less than suggested by the SEOR study

A similar benchmarking analysis of the glass ceiling as was presented in Section 6.1 has been performed for the 6 Dutch companies that provide adequate quantitative data (see Section 7.1). As expected, the next graph shows that these companies do have a glass ceiling. The Glass Ceiling Index of 1.9 is higher than the 1.4 found for the best-practice companies. However, it is lower than the value 2.5 found by SEOR based on the questionnaires sent out to a much larger sample of companies. This difference can be caused by the small sample size used here, the self-selection bias discussed before and/or different interpretations or definitions.

---

**Dutch companies that provide sufficient data have a glass ceiling but less than suggested by the SEOR study**

![Graph showing glass ceiling index comparison](image)

**Glass Ceiling in Dutch companies with sufficient data\(^{(1)}\)**

- Glass Ceiling index = 1.9
- SEOR Glass Ceiling index = 2.5
- Outlier due to different definition

---

\(^{(1)}\) Included companies: ING, DSM, Nutreco, Reed Elsevier, RD/Shell, Unilever

---

\(^{10}\) In the new index released September 4\(^{th}\), 2003 the number of Dutch companies has increased, both in absolute as in relative terms.
7.4 A “glass funnel” seems to exist for women on the supervisory-board level

In Section 5.2 Triple Value suggested an additional benchmark to cover the presence of women on supervisory or non-executive boards. It appears that many more companies have women present on their supervisory boards than they have on their executive boards, as shown in the graph below. This points to the presence of a “glass funnel” for women on a supervisory-board level\(^{11}\). As stated in Section 5.2, this reflects the different pathways that exist for the non-executive board as compared with the executive board on the other. The “glass funnel” in Netherlands is comparable to the one in the United Kingdom. There, 1 in 40 executives is a woman, compared to 1 in 10 non-executives\(^{12}\). The Dutch figures are 1 in 100 and 1 in 14 respectively.

A “glass funnel” seems to exist for women on the supervisory board level

![Graph showing the number of companies with female executives and non-executives](image)

Source: Reach database and annual reports
(1) 6 missing values
(2) 8 missing values

For the sake of completeness the diagram on the next provides an overview of the above information per company.

\(^{11}\) Since in The Netherlands, except for two, no companies have a female member in the executive board, these companies have a glass ceiling index (between non-executive and executive board) of zero (or, in the absence of women in the non-executive board, an undefined value). The values for Royal Dutch Shell and Wolters Kluwer are 1.21 and 1.20 respectively, indicating that relatively more women are present in the executive than in the non-executive boards, largely because of the larger size of the latter. As indicated in the graph in Section 7.3, values lower than 1 indicate a “glass funnel”.

\(^{12}\) Financial Times *Putting more talented women on the Board*, July 4\(^{th}\), 2003.
Few Dutch companies have women in the executive board

<table>
<thead>
<tr>
<th>Women in executive board</th>
<th>Women in non-executive board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Dutch/Shell</td>
<td>KLM</td>
</tr>
<tr>
<td>Wolters Kluwer (CEO)</td>
<td>LogicaCMG</td>
</tr>
<tr>
<td></td>
<td>Reed Elsevier</td>
</tr>
<tr>
<td></td>
<td>Royal Dutch</td>
</tr>
<tr>
<td></td>
<td>Unilever</td>
</tr>
<tr>
<td></td>
<td>United Services</td>
</tr>
<tr>
<td></td>
<td>Vedior</td>
</tr>
<tr>
<td></td>
<td>Wolters Kluwer</td>
</tr>
</tbody>
</table>

- ABN AMRO
- Aegon
- Ahold
- Akzo Nobel
- CSM
- Draka Holding
- Gucci Group
- Imtech
- ING Groep
8. Three next steps can be taken by SZW to further the state of gender issues in sustainability reporting

The main findings presented in the previous sections show the potential of using sustainability reports for benchmarking gender diversity on a company level. The findings also show some shortcomings, which could be (partly) compensated for by focused action.

There is one course of action that is possibly beyond the remit of the Dutch Ministry of Social Affairs and Employment. Namely the promotion of sustainable development among companies and governments in general. This report aimed to at investigating the possibility of linking current research and practices on gender issues with sustainable development. This is obviously only possible for those companies that have recognised the opportunities presented by sustainable development and which therefore report on their performance. Differences between the progresses of companies in various countries are remarkable. Reducing these differences would enhance benchmarking efforts. However, the Ministry is not be expected to take action on this point. But there are three other recommendations to be made within the Ministry’s reach:

1) To stimulate efforts for increasing the number of Dutch companies that produce sustainability reports
This paper has shown the contribution that sustainability reporting offers to the benchmarking of gender diversity on a company level. Therefore the Ministry of Social Affairs and Employment has an incentive in promoting this type of reporting. It seems appropriate to attempt to link in with initiatives taken by other Dutch Ministries, which are being co-ordinated by the Ministry of Economic Affairs.

2) To participate in the feedback process of the Global Reporting Initiative
The GRI emerges as the dominant guideline for sustainability reporting. GRI touches upon the issue of gender diversity, but does not ask for all the information that our research has identified as valuable. Since the GRI guidelines are ‘work in progress’ which continue to develop with new insights and debate, it seems logical to inform GRI of the desires and needs of the Ministry. GRI should naturally be willing to engage in a dialogue on the findings of this paper and on the opportunities for refining their guidelines in this respect.

3) To engage in dialogues with individual companies
This research has shown clear opportunities for benchmarking on a company level. The shortcomings that have been identified will be compensated for further development of sustainability and third-party action. However, this is not to say that the Ministry of Social Affairs needs to hold back on the benchmarking until such a time when these initiatives would have brought about the desired results.

The Ministry can take the initiative to start an “annual gender diversity benchmark” along the findings of this research. This would require approaching individual companies with a request for information. We expect a reasonable appetite on the part of companies for participating in such research, especially if it is to be linked to some kind of competition. We therefore recommend the Ministry to award an annual prize for the best European (not just
Dutch) company in the field of gender diversity. This benchmark, together with a prize-awarding event would contribute to a greater awareness among companies of best practices and may even inspire GRI and other parties to accelerate their contribution to the gender diversity effort.
Appendix I – Overview of the best-practice companies used in this study

Companies in Sustainability Best-Practice sample (N=53)

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Region</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcan</td>
<td>BSC</td>
<td>FIN</td>
<td>IDU</td>
</tr>
<tr>
<td>Aventis</td>
<td>HCR</td>
<td>FIN</td>
<td>IDU</td>
</tr>
<tr>
<td>Aviva</td>
<td>FIN</td>
<td>NCY</td>
<td>IDU</td>
</tr>
<tr>
<td>BHP</td>
<td>IDU</td>
<td>CNY</td>
<td>IDU</td>
</tr>
<tr>
<td>BP</td>
<td>ENE</td>
<td>CYC</td>
<td>TEC</td>
</tr>
<tr>
<td>Brisa</td>
<td>IDU</td>
<td>Lufthansa</td>
<td>CYC</td>
</tr>
<tr>
<td>Bristol Myers Squib</td>
<td>HCR</td>
<td>Lend Lease Corp. Ltd.</td>
<td>FIN</td>
</tr>
<tr>
<td>BT Group Plc</td>
<td>TLS</td>
<td>Lufthansa</td>
<td>CYC</td>
</tr>
<tr>
<td>Canon</td>
<td>TEC</td>
<td>Lufthansa</td>
<td>CYC</td>
</tr>
<tr>
<td>Caterpillar</td>
<td>IDU</td>
<td>Marks &amp; Spencer PLC</td>
<td>CYC</td>
</tr>
<tr>
<td>CRH plc</td>
<td>IDU</td>
<td>3M com</td>
<td>IDU</td>
</tr>
<tr>
<td>Degussa</td>
<td>BSC</td>
<td>Nikon</td>
<td>TEC</td>
</tr>
<tr>
<td>Deutsche Bank</td>
<td>FIN</td>
<td>Nokia</td>
<td>TEC</td>
</tr>
<tr>
<td>Dixia</td>
<td>FIN</td>
<td>NovoLys A/S</td>
<td>IDU</td>
</tr>
<tr>
<td>Dofasco Inc.</td>
<td>BSC</td>
<td>Pearson PLC</td>
<td>CYC</td>
</tr>
<tr>
<td>DuPont de Nemours &amp; Co.</td>
<td>BSC</td>
<td>Philips Electronics</td>
<td>CYC</td>
</tr>
<tr>
<td>Electrolux</td>
<td>CYC</td>
<td>Pirelli</td>
<td>IDU</td>
</tr>
<tr>
<td>Groupe Danone</td>
<td>NCY</td>
<td>Procter &amp; Gamble Co.</td>
<td>NCY</td>
</tr>
</tbody>
</table>

Sectors in best-practice sample

Regions in best-practice sample
Appendix II – Overview of the Dutch companies used in this study

AEX and AMX Companies in Dutch sample (N=48)

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABN AMRO Holding</td>
<td>FIN</td>
</tr>
<tr>
<td>Aegon</td>
<td>FIN</td>
</tr>
<tr>
<td>Ahold</td>
<td>NCY</td>
</tr>
<tr>
<td>Akzo Nobel</td>
<td>BSC</td>
</tr>
<tr>
<td>ASM International</td>
<td>TEC</td>
</tr>
<tr>
<td>ASML Holding</td>
<td>TEC</td>
</tr>
<tr>
<td>Buhmann</td>
<td>CYC</td>
</tr>
<tr>
<td>Corio</td>
<td>FIN</td>
</tr>
<tr>
<td>CSM</td>
<td>NCY</td>
</tr>
<tr>
<td>Diak Holding</td>
<td>TEC</td>
</tr>
<tr>
<td>DSM</td>
<td>BSC</td>
</tr>
<tr>
<td>Fortis</td>
<td>FIN</td>
</tr>
<tr>
<td>Fugro</td>
<td>IDU</td>
</tr>
<tr>
<td>Getronics</td>
<td>TEC</td>
</tr>
<tr>
<td>Gucci Group</td>
<td>CYC</td>
</tr>
<tr>
<td>Hagemeyer</td>
<td>CYC</td>
</tr>
</tbody>
</table>

Frequentie

BSC CYC ENE FIN HCR IDU NCY TEC TLS UTI
Basic Materials Cycliclal Energy Financial Healthcare Industrial Non-cyclical Consumer Technical Telecom Utilities

Dutch Sample of AEX and AMX companies (N=48)

Sectors in Dutch sample

Dow Jones STOXX market sector
Literature and other sources

Dow Jones Sustainability Index: www.sustainability-index.com

Global Reporting Initiative: www.globalreporting.org

Financial Times, Interview Niall Fitzgerald, June 17, 2003

Financial Times, Putting more talented women on the Board, July 4th 2003

Ministry of Economic Affairs, Ondernemerschapsmonitor, 2001

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SCP and CBS, Emancipatiemonitor, 2002


VBDO, Duurzame geldgids, 2002

Wennekes, De Aartsvaders. Grondleggers van het Nederlandse bedrijfsleven, 1993

Colophon

This report was produced for The “Directie Coördinatie Emancipatiebeleid” of The Netherlands Ministry of Social Affairs and Employment.

The report has been produced by Triple Value Strategy Consulting in The Hague, The Netherlands (www.triple-value.com).

September 2003

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