



**SHAREHOLDER RIGHTS**  
by CAPITAL CONCEPT S.A.L.



# WOMEN REPRESENTATION ON BOARDS OF DIRECTORS ON MENA EXCHANGES

**GENDER DIVERSITY RESEARCH & POLICY PAPER**

**OCTOBER 2016**

© 2016 Shareholder-Rights, a wholly owned subsidiary of Capital Concept sal. All rights reserved.

No part of this publication may be reproduced, stored or transmitted by electronic or other means except with prior written permission of the Shareholder-Rights® or, in the case of copyrighting, under the terms of the license issued by Shareholder-Rights® additional copies of this publication may be purchased from Shareholder-Rights® online store.

**A special thanks to The Euromena Funds for actively advocating for shareholder rights and promoting an investment environment that is ethical beyond laws and regulations.**

## TABLE OF CONTENTS

1. Introduction	4
2. Executive Summary	5
3. Methodology	6
3.1. Generation of Scoring Categories	6
3.2. Our Sample	6
3.3. Quantitative Scoring and Analysis of Scores	6
4. Findings and Analysis	6
5. Policy Recommendations and Conclusion	15
6. Case Study: The EuroMena Funds' Investment in Al Oyoum Al Dawli Hospital	17

## LIST OF FIGURES

Figure 1 – Percentage of Companies Represented by Each Industry Sector	7
Figure 2 – Total Number of Companies with Female Directors by Exchange	9
Figure 3 – Percentage of Companies with Female Directors by Industry	10
Figure 4 – Total Number of Companies Chaired by Women per Country	11
Figure 5 – Total Number of Companies Distributed among the 19 Industries per Country	12

## LIST OF TABLES

Table 1 – Women Participation by Exchange	8
Table 2 – Percentage of Companies with Female Directors by Industry	10
Table 3 – Top 10 Listed Companies with a Board Chaired by a Woman	14
Table 4 – Companies with More than 30% Women Participation Ratio	14

# 1. INTRODUCTION

Over the past fifty years, women have made significant advances in education, labor force participation, and political activism across the globe. Gender gaps still exist in low-income countries, but are much smaller than in previous decades. In middle-and high-income countries, many of these gaps have been reversed<sup>1</sup>. Women's productivity is sought after by economic systems that look to promote more inclusive and modern development programs as compared to the extractive economic systems. In business, women have increasingly assumed their role and positively contributed to the workforce. For instance, they replaced men in factories during the Second World War and then joined man's quest for higher education. Their contribution in support positions started to be noticed in the 70s and 80s then, in the 90s women began showing more interest in becoming key executives. In today's modern times, more women are taking a seat in boardrooms. "Modern corporate boardrooms have become the nerve centres of thriving businesses. High-impact decisions in boardrooms bring about revolutionized corporations. Biases and blind spots in the boardroom can easily ruin the entire path of the companies, and superstitions against inclusions of capacious people on a board of directors can be deadly. Misogynistic attitudes and superstitions are facts of history on corporate boards.

Given that women are of immeasurable value for devising corporate strategies and implementing governance at publicly traded companies, one wonders how long it will take for the numbers of women to rise on corporate boards in the Middle East and North Africa. But first, one needs to know how many women currently serve on Arab corporate boards. Companies that seek gender diversity need to understand the reasons for increasing female board participations and to set rational prospects.

The limited female presence in leadership positions leads to a consideration of whether and how public policy should respond. Due to the current regulatory framework and practices, women are being alienated and disregarded, therefore not benefiting the corporate world. Depriving shareholders from female nomination leads to shrinking the pool of talent by half.

## **To address these issues, we aim to:**

- Quantify the current participation of women on boards;
- Take a closer look at different policy approaches adopted around the world and experiences in other countries;
- Advocate for a 30% quota in the Middle East, not because women only deserve 30%, but rather act as a trigger in embedding a new culture that slowly but surely will erode this prejudice against women currently depriving shareholders of their right, and the economy of operating at full capacity.

One way to gain such understanding is to evaluate the impact of "gender quotas" direct policy interventions<sup>2</sup>.

Recent years have seen the introduction of female board quotas in some European countries and research into boardroom success has produced evidence of positive correlation between corporate performance and the presence of female board members. A media-savvy initiative by Morgan Stanley made use of the correlation by launching a gender lens investment strategy in 2013. One of this "parity portfolio's" investment requirements was the presence of at least three women on the invested company's board. This strategy was based on research findings suggesting that such companies outperform their peers<sup>3</sup>.

Advocates for greater boardroom influences by women highlight the ratio of women on the boards of listed companies in a number of developed economies, using inclusion in major indices as criterion for coverage. According to 2014 data from advocacy group Catalyst, the ratio of female board membership in companies included in the S&P 500 index of Standard and Poor's is 19.2 percent<sup>4</sup>.

Corresponding numbers from Canada were 20.2 percent. In developed Europe, ratios were highest in Norway, the first country to introduce a quota for women on company boards. Since its introduction in 2003, the number of "women on board" has reached 40 percent as required by the law, which regulates the gender composition of a wide spectrum of Norwegian company boards: public limited companies, state and municipality owned companies, as well as cooperative companies<sup>5</sup>.

Our research on the roles of women in Arab countries show that rates of female presence are similar to Japan; when looking at the most culturally conservative societies, the rates are even lower still but they are not zero.

<sup>1</sup> [http://scholar.harvard.edu/files/rpande/files/gender\\_quotas\\_-\\_april\\_2011.pdf](http://scholar.harvard.edu/files/rpande/files/gender_quotas_-_april_2011.pdf)

Shareholder-Rights® research unveils female board participation rates of listed companies in the Middle East and North Africa. Our figures examine female participation ratios for all companies with available board membership information in all MENA securities exchanges.

We examined 1483 publicly listed companies in the Middle East and North Africa region. The companies were distributed among the following 13 MENA countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Tunisia and the United Arab Emirates (UAE), in addition to Dubai. Based on the data collected from websites and stock exchanges, 305 out of 1,483 companies failed to disclose any corporate information on the composition of their Board of Directors. 1,178 MENA companies had full disclosures on the structure of the board of directors, ending up with only 249 companies having female directors represented at the board level. The remaining 929 MENA companies had no female participation at the board level; therefore, they were excluded from our analysis.

In favour of gender equality prospects, the percentages of companies with women on board roles are not completely dismal in the Arab markets. In the context of the negative perception biases against Saudi society, for example, the fact that almost five percent of listed Saudi companies have one female board member each can actually be read as positive, although in many cases these women inherited their position or are shareholders of the company. Were a harshly enforced barrier in place, these corporations would desist from naming female board members at all.

## 2. EXECUTIVE SUMMARY

Out of the 249 companies with female directors, the companies are spread among the following industries: **Banking & Financial Services** encompass 93 listed companies, 23 in **Real Estate**, 22 in **Insurance**, 17 in Engineering & Construction Materials, 17 in Manufacturing, 10 in **Hotel, Leisure & Tourism**, 10 in **Oil, Gas, Petrochemicals & Mining**, 10 in **Agriculture & Food Industries**, 9 in **Goods & Services**, 8 in **Transportation**, 7 in **ICT**, 7 in **Pharmaceuticals**, 5 in **Retail**, 4 in **Healthcare & Medical Services**, 3 in **Education**, 3 in **Energy & Utilities**, 1 in **Basic Materials**, 1 in **Chemicals**, and 0 in **Media**.

These companies are distributed among the following MENA countries, 51 in *Jordan*, 44 in *Egypt*, 37 in *Kuwait*, 22 in *Oman*, 14 in each of *Palestine* and *Morocco*, 13 in *Bahrain*, 12 in *Tunisia*, 11 in *United Arab of Emirates*, plus 12 companies in *Dubai*, 8 in *Saudi Arabia*, 5 in *Lebanon*, and 3 in each of *Qatar* and *Iraq*.

Out of the 249 companies, the percentage of companies with female directors on board is calculated to 17% of the total number of companies, which is below the average of the gender quota in the world. The total number of female directors sums up to 338 members, which is only 4% of the total number of board members, counted up to 9069 individuals.

We then calculated the percentages of female board participation for the 19 industry sectors and 13 MENA countries. The percentages ranged from 29% in **Pharmaceuticals** to 0% in **Media** and 50% in *Lebanon* to 3% in *Iraq*.

We also collected data on the presence of a female Chair on board, a total of 10 companies spread among *Oman, Egypt, Tunisia, Kuwait, Dubai and Bahrain*.

Out of the 249 companies with female presence, 16 companies achieved percentages above 30% on women's participation on board. The lowest score in terms of total number of board of directors and female directors' ratio was in *Emirates Reit Limited Company* with 1 female director out of 3 members.

<sup>2</sup> <http://www.morganstanleyfa.com/matterhorn/>

<sup>3</sup> <http://www.morganstanleyfa.com/matterhorn/>

<sup>4</sup> <http://www.executive-magazine.com/business-finance/defying-superstition>

<sup>5</sup> <http://library.fes.de/pdf-files/id/ipa/O7309.pdf>

## 3. METHODOLOGY

### 3.1. Generation of Scoring Categories

*Women on Boards*' Report utilized data from all listed companies in 13 MENA countries. Our data was collected from the securities exchanges of the following countries – United Arab Emirates including Dubai, Saudi Arabia, Qatar, Palestine, Oman, Lebanon, Kuwait, Jordan and Bahrain. The remaining countries – Tunisia, Morocco, Iraq and Egypt – lacked corporate information at the board level on their corresponding exchanges, thus we extracted some of the data from their companies' websites. We verified the total number of female directors and total number of board directors for the 1483 companies as of March 2<sup>nd</sup>, 2016.

Shareholder-Rights<sup>®</sup> computed female participation ratios of all the publicly traded companies with available board membership information as well as the ratios of companies inclusive of female directors in the 13 MENA countries.

### 3.2. Our Sample

Our sample comprises of 1483 publicly traded companies in 13 MENA countries, allocated to 19 industries. Since every stock exchange has different industry divisions, *we have compiled our own list of industries for better analysis*. We limited our research regarding the disclosure of relevant company information on stock exchanges, and if no information was available, we referred to the company's websites.

### 3.3. Quantitative Scoring and Analysis of Scores

We developed a quantitative score, where a company receives (1) point if a female director is present and a (0) point if no female exists at the board level, and also a (0) point if no corporate information can be found on stock exchanges or on company websites. We also used the data to calculate the percentages of companies with confirmed female members' on board, generating figures to identify all the companies per country and industry. Additionally, we collected data on the total number of female board members as well as the total number of board members, to calculate the percentages of Women on Board per country and industry.

## 4. FINDINGS AND ANALYSIS

Our sample contains 1483 companies in 19 industry sectors. **Banking & Financial Services** comprises of 385 companies, which is 26% of the 1483 publicly traded companies in the MENA region, followed by **Manufacturing** (12%), **Real Estate** (10%), **Insurance** (9%), **Engineering & Construction** (7%), **Agriculture & Food Industries** (7%), **Goods & Services** (5%), **Oil, Gas, Petrochemicals & Mining** (4%), **Hotel, Tourism & Leisure** (4%), **ICT** (3%), **Retail** (3%), **Transportation** (2%), **Chemicals** (2%), **Energy & Utilities** (2%), **Pharmaceuticals, Healthcare & Medical Services, Education, Basic Materials and Media** (1% each). Figure 1 illustrates the distribution of companies across those different sectors.

## Percentage of Companies by Industry

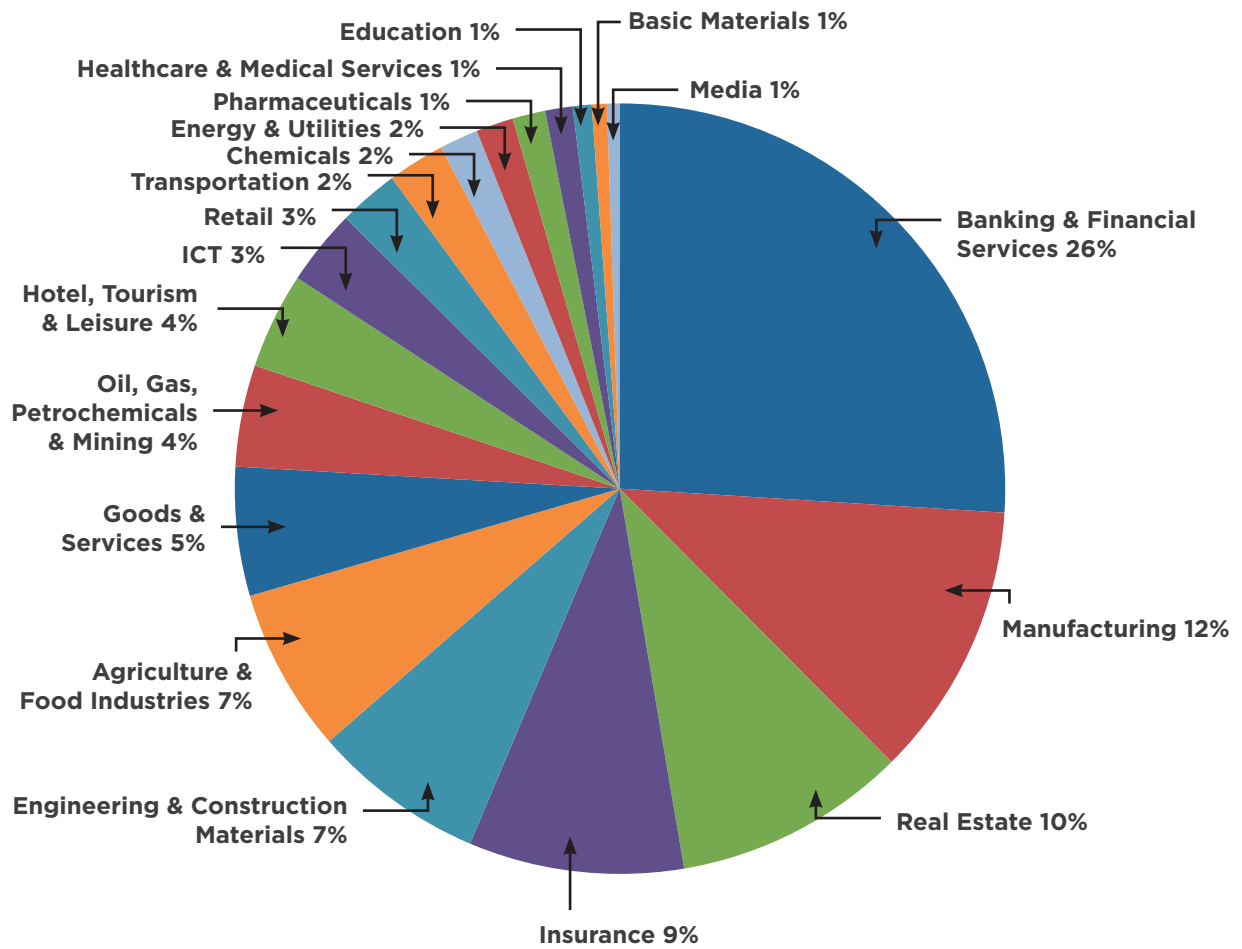


Figure 1 - Percentage of Companies Represented by Each Industry Sector

Table 1 shows the distribution of all companies on 14 exchanges in 13 MENA countries.

- 305 companies out of the 1483 did not disclose any board-related information on their website or stock exchanges.
- Iraq, Tunisia, Morocco and Egypt disclose less than 50% of board-related information on their websites and stock exchanges. The 4 countries have limited information disclosure on board compositions, where the percentages ranged from 19, 24, 42 and 49 percent of companies respectively - having information on the total number of companies and gender presence.
- Iraq disclosed board information in 20 companies out of 107, and only 3 companies have female directors. Even though the percentages were too low, 20 companies are quite representative of their total number of companies, but only 3% denote female participation.
- Tunisia disclosed board information in 19 companies out of 78 companies, with 12 companies inclusive of female board participation. The percentage of companies with board information inclusive of female directors is above 50%, which is indicatively high; if considered representative of the total.
- Morocco scored 42% for the companies disclosing board related information. Almost half of those companies have female directors serving on board.
- Egypt scored 49% for the companies with board information, with only 20% of the total companies having female directors.
- The remaining country exchanges made the companies' corporate data available online, which imply a more precise analysis when comparing their percentages of female presence on board.

Country	Total Number of Companies	Total Number of Companies with Board Information	Percentage of Companies with Board Information	Total Number of Companies with Female Directors	Percentage of Companies with Female Directors <sup>1</sup>	Percentage of Companies with board information inclusive of Female Directors <sup>2</sup>	Percentage of Companies (out of 1483)
Jordan	227	227	100%	51	22%	22%	15%
Egypt	221	108	49%	44	20%	41%	7%
Kuwait	203	203	100%	37	18%	18%	14%
Saudi Arabia	171	171	100%	8	5%	5%	12%
Oman	116	116	100%	22	19%	19%	8%
Iraq	107	20	19%	3	3%	15%	1%
Tunisia	78	19	24%	12	15%	63%	1%
Morocco	74	31	42%	14	19%	45%	2%
UAE	71	69	97%	11	15%	16%	5%
Dubai	70	70	100%	12	17%	17%	5%
Palestine	49	49	100%	14	29%	29%	3%
Bahrain	43	43	100%	13	30%	30%	3%
Qatar	43	43	100%	3	7%	7%	3%
Lebanon	10	9	90%	5	50%	56%	1%
<b>Totals</b>	<b>1483</b>	<b>1178</b>	<b>80%</b>	<b>249</b>	<b>17%</b>	<b>21%</b>	<b>6%</b>

Table 1 - Women Participation by Exchange

<sup>1</sup> It is calculated by total number of companies with female directors divided by the total number of companies

<sup>2</sup> It is calculated by the total number of companies with female directors divided by the total number of companies with board information



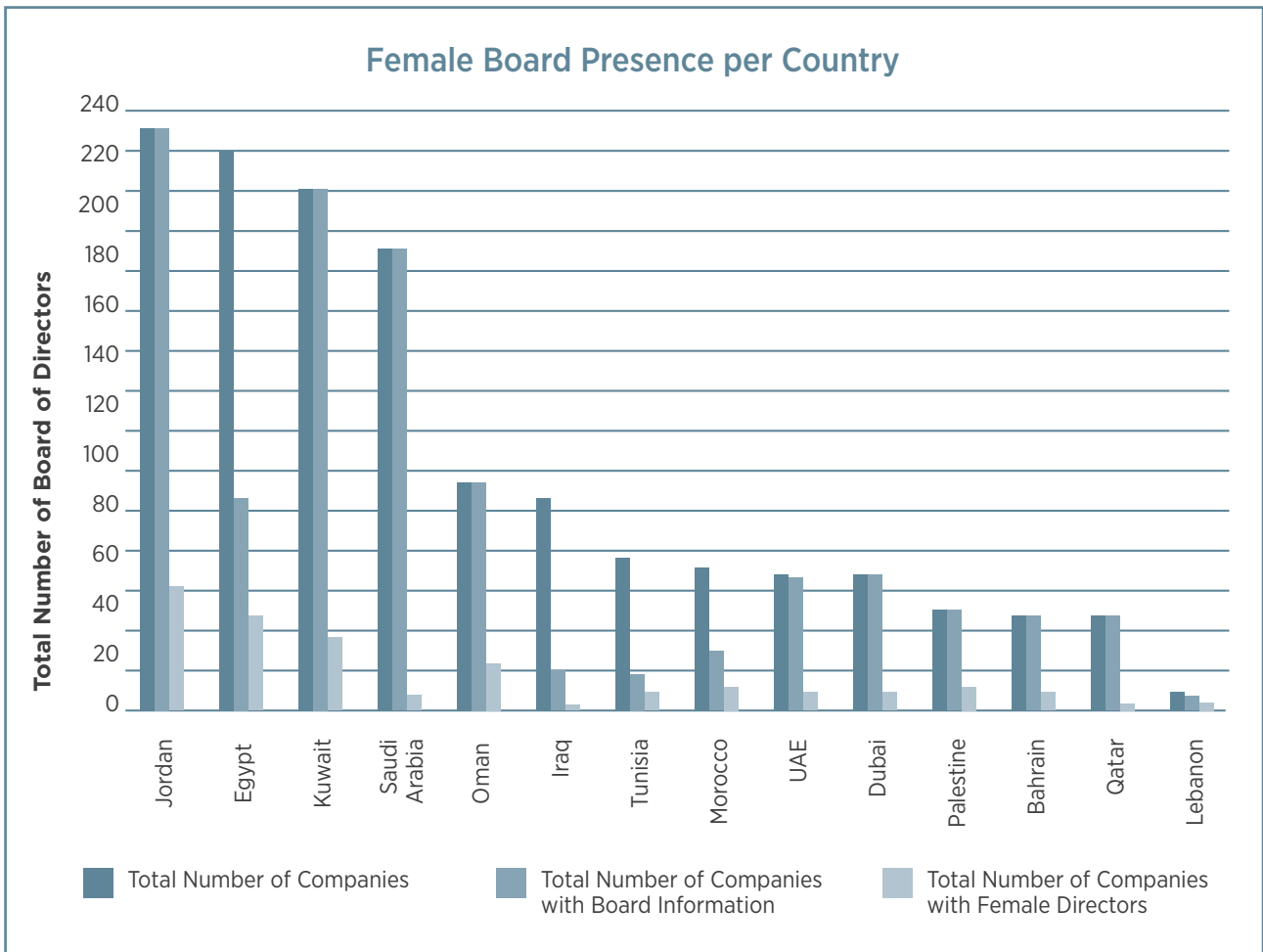


Figure 2 - Total Number of Companies with Female Directors by Exchange

The majority of companies with female directors are based in Jordan with 51 companies, or 22 % of the total number of companies. The repartition of companies with female boards by exchange is found in Figure 2.

Total Number of Companies	Total Number of Companies with Female Directors	Percentage of Companies with Female Directors
1483	249	17%

Of the 1483 publicly traded companies on 14 MENA exchanges, only 17% of them have women board participation, or a total of 249 companies.

Total Number of Board Members	Total Number of Female Directors	Percentage of Female Directors
9069	338	4%

The female participation rate in Arab corporate boards stands at 338 individuals out of the total number of boards 9069, or 4%

Industry	Total Number of Companies	Total Number of Companies with Female Directors	Percentages
Pharmaceuticals	21	6	29%
Education	11	3	27%
Banking & Financial Services	391	93	24%
Transportation	34	8	24%
Healthcare & Medical Services	17	4	24%
Hotel, Tourism & Leisure	50	10	20%
Insurance	134	22	16%
Real Estate	142	23	16%
Oil, Gas, Petrochemicals & Mining	63	10	16%
ICT	47	7	15%
Energy & Utilities	22	3	14%
Engineering & Construction Materials	129	17	13%
Retail	39	5	13%
Goods & Services	73	9	12%
Basic Materials	9	1	11%
Manufacturing	169	17	10%
Agriculture & Food Industries	102	10	10%
Chemicals	25	1	4%
Media	7	0	0%

Table 2 - Percentage of Companies with Female Directors by Industry

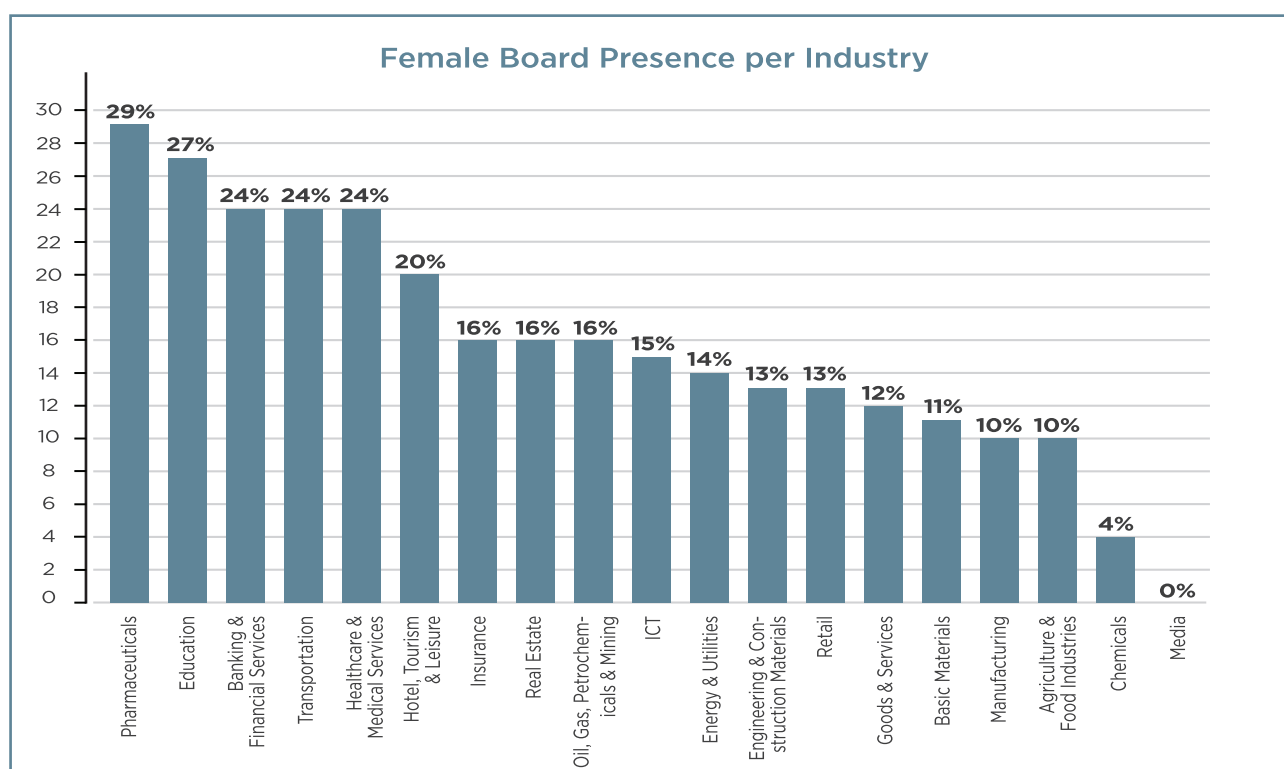


Figure 3 - Percentage of Companies with Female Directors by Industry

- **Pharmaceuticals** (29%) and **Education** (27%) attained the highest percentages of women serving on boards. Women form the majority of education-related occupations in developing countries. Merit becomes more important in Pharmaceuticals when competition rises among men and women.
- **Banking & Financial Services** (24%) achieved relatively higher in terms of total number of companies with female directors compared to the 18 industries. It comprises 93 companies, among which Jordan (18%), Egypt (16%), and Kuwait (14%) add up to almost 50% of the total number of companies with female board members.
- **Healthcare & Medical Services** also scored 24% with 4 companies out of 17 comprising of female directors.
- **Transportation** also achieved 24%, where 8 companies out of 34 have female directors.
- **Hotel, Tourism & Leisure** scored 20% of women's presence, which is 1/5th of the total companies with female directors.
- **Real Estate** received a score of 16%, resulting in 23 companies with female directors at the board level, out of 142, which is the total number of publicly listed Real Estate companies with women boards in the MENA region.
- **Insurance** and **Oil, Gas, Petrochemicals & Mining** received 16% each.
- **Chemicals** (4%) and **Media** (0%) have the lowest percentages of women on board. Even though Media is perceived to entail more females in the industry, there are no female directors represented at the board.

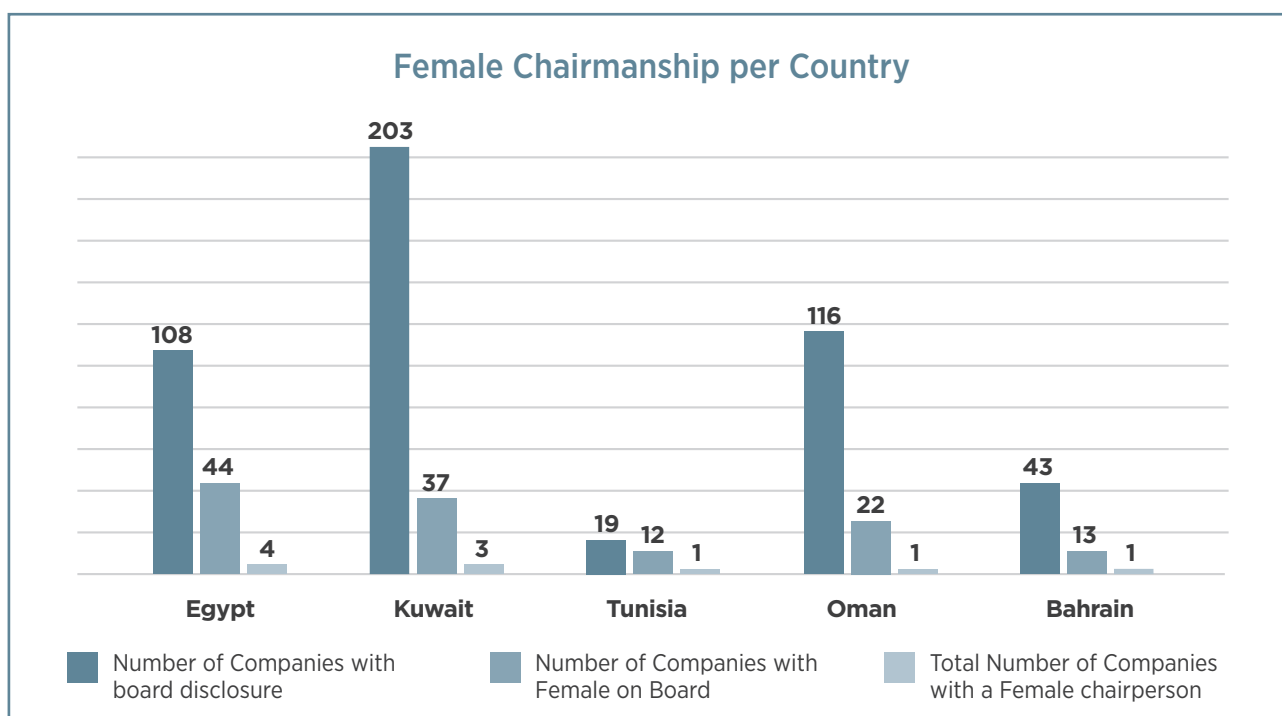


Figure 4 - Total Number of Companies Chaired by Women per Country

Figure 4 presents a demonstration on the total number of companies with board disclosure, dispersed between the total number of companies with female directors and the number of companies with a board chaired by a woman. Only 5 countries - Bahrain, Egypt, Kuwait, Oman, and Tunisia - have companies with board of directors chaired by a female member, which is less than 5 percent of the total number of companies with women participation (249).

Arab markets on average have female board members in one of six companies. This is much lower than the ratios in most developed economies.

### Total Number of Companies with Female Directors in Each Country by Industry (estimate)

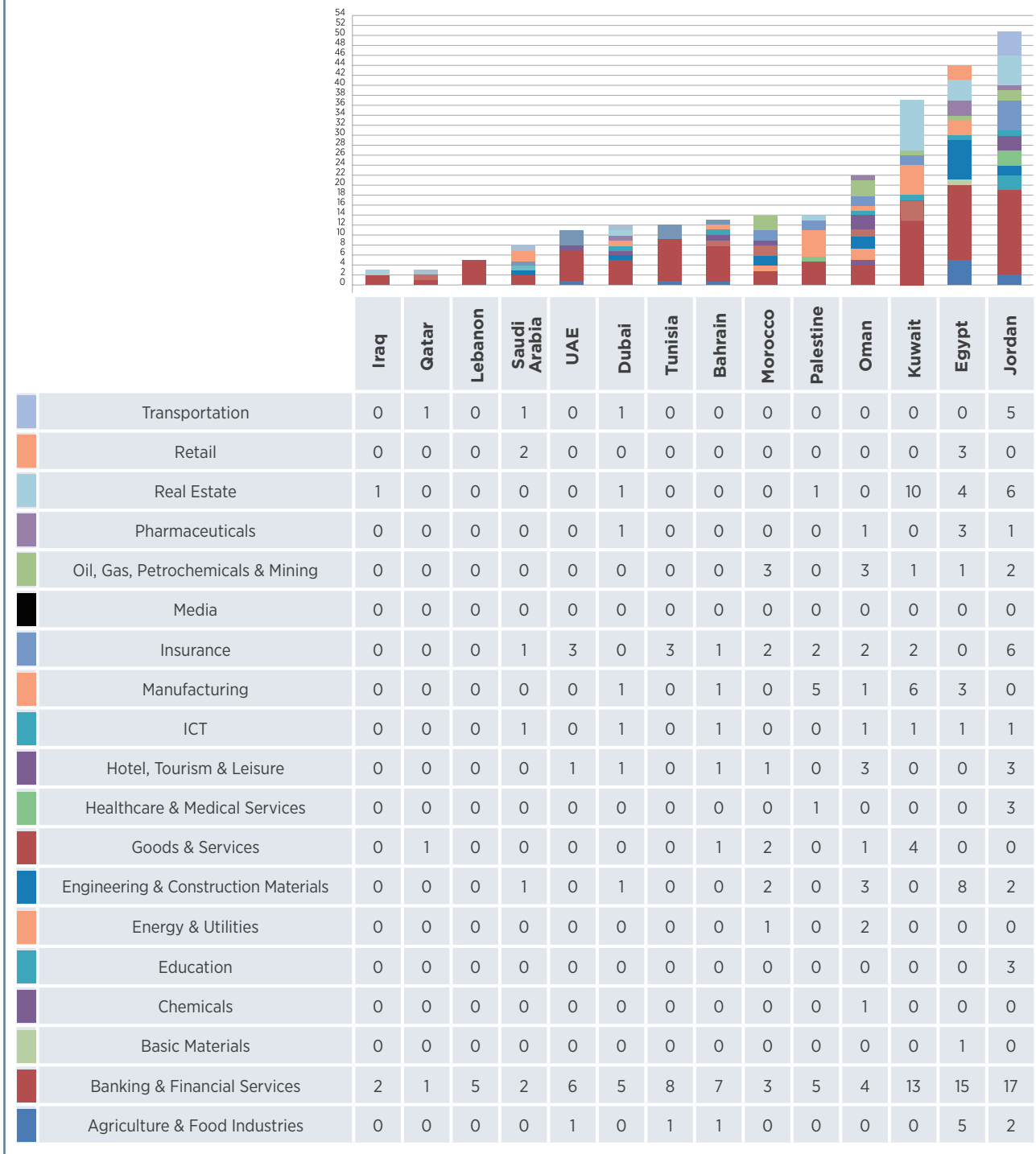


Figure 5 – Total Number of Companies Distributed among the 19 Industries per Country

- Figure 5 displays a graphic representation of the 19 industries and 13 countries in the MENA region, identifying the number of companies with female presence on board of directors.
- Jordan has the highest number of female boards participation in 51 companies, where 33% of the companies are from the **Banking & Financial Services**, followed by 12% each in **Real Estate** and **Insurance**, 10% in **Transportation**, 6% each in **Hotel, Tourism & Leisure, Healthcare & Medical Services**, and **Education**, 4% each in **Oil, Gas, Petrochemicals & Mining, Engineering & Construction Materials**, and **Agriculture** and **Food Industries**, and 2% each in **Pharmaceuticals** and **ICT**.
- Egypt comes in second with a high rate of women board participation in 44 companies, where 34% of the companies are from the **Banking & Financial Services**, followed by 18 % in **Engineering & Construction Materials**, 11% in **Agriculture & Food Industries**, 9% in **Real Estate**, 7% each in **Retail, Pharmaceuticals** and **Manufacturing**, and 2% each in **Oil, Gas, Petrochemicals & Mining, Basic Materials** and **ICT**.
- Kuwait falls behind Egypt with a total of 37 companies with women presence, where 35% of the companies are from the **Banking & Financial Services**, followed by 27% in **Real Estate**, 16% in **Manufacturing**, 11% in **Goods & Services**, 5% in **Insurance**, and 3% each in **Oil, Gas, Petrochemicals & Mining** and **ICT**.
- Lebanon has only 5 companies with female board participation, operating in only one industry, **Banking & Financial Services**. It is calculated to 50% of the total number of companies listed on the Beirut Stock Exchange. There are no female boards represented in other industries.
- Iraq and Qatar have the lowest number of female presence on board, with only 3 companies each. Iraq has 2 companies operating in the **Banking & Financial Services**, and 1 company in **Real Estate**, out of 107 companies, which is only 3% of the total. Qatar has 1 company operating in each of the following industries, **Banking & Financial Services, Goods & Services** and **Transportation** out of 43 companies, which is 7% of its total number of companies.
- None of the listed companies in the MENA region have female board directors operating in the **Media** industry.
- Only 10 out of the 249 publicly traded companies with women on board have a female chairperson at the board level (See Table 3), which is only 0.67% of the total number of publicly listed companies (10/1483).
- 7 out of the 10 companies have only 'one' female board member out of the total board members that also serve as a 'chairperson'. The remaining 3 companies have more than two female directors, with one female Chair on each board.
- Of the 7 companies with only 'one female director', two Chairwomen operate in the **Banking & Financial Services** in Egypt and Bahrain, and one female Chair in each of the following industries: **Energy & Utilities** in Oman, **Manufacturing, Insurance** and **Real Estate** in Kuwait, and **Pharmaceuticals** in Egypt.
- The percentage of female directors are less than 30% of the quotas participation rate compared to Norway's law, except for Tunisia - Modern Leasing company operating in the **Manufacturing** sector that has a board with 1 female Chair and 3 female directors, representing 1/3 of its total board members.

	Company	Country	Industry	Total Number of Board Members	Total Number of Women on Board	Percentage of Women on Board
1	Modern Leasing	Tunisia	Manufacturing	12	4	33.33%
2	Orascom Hotels And Development	Egypt	Engineering & Construction Materials	11	3	27.27%
3	Alexandria Pharmaceuticals	Egypt	Pharmaceuticals	5	1	20.00%
4	Tijara & Real-estate Investment Co.	Kuwait	Real Estate	5	1	20.00%
5	Zahraa Maadi Investment & Development	Egypt	Real Estate	13	2	15.38%
6	Agility Public Warehousing Company	Kuwait	Manufacturing	7	1	14.29%
7	First Takaful Insurance Company	Kuwait	Insurance	7	1	14.29%
8	Abu Dhabi Islamic Bank- Egypt	Egypt	Banking & Financial Services	8	1	12.50%
9	Al Salam Bank - Bahrain B.S.C.	Bahrain	Banking & Financial Services	10	1	10.00%
10	Al Batinah Power (BATP)	Oman	Energy & Utilities	11	1	9.09%

**Table 3 - Top 10 Listed Companies with a Board Chaired by a Woman**

- 16 companies out of 249 achieved 30% and above of women participation ratio, regardless of the companies' board size. The highest percentage of Women on Board was 71.43% in *Al Arafa for Investment and Consultancies Company*, operating in the **Manufacturing** sector, and listed on the Egyptian Exchange. It comprises 5 female directors out of 7 board members, which indicates a high women membership but remains unclear as to whether they actually represent the company according to the specified roles and responsibilities, or just increase their presence to adhere to the gender quota.
- Three companies have reached 40% of women on board presence, in Kuwait and Oman operating in the **Banking & Financial Services** sector, and Palestine in **Manufacturing**. They have the same number of female board members ratio 2:5.
- The lowest companies have 1/3 in women's participation ratio, of which the sizes of the boards varied from 3 to 12 board members in total. Tunisia and Morocco have the highest board sizes of 12, with 4 female directors each. As previously mentioned, *Modern Leasing Company* in Tunisia was among the Top 10 list of companies with a female Chair. (See Table 4)
- *Emirates Reit Limited* is a **Real Estate** Company with only 3 board members and 1 female director, which is 1/3 of women's participation ratio.

	Company	Country	Industry	Total Number of Board Members	Total Number of Women on Board	Percentage of Women on Board
1	Al Arafa For Investment And Consultancies	Egypt	Manufacturing	7	5	71.43%
2	Delattre Levivier Maroc	Morocco	Engineering & Construction Materials	8	5	62.50%
3	Ihdathiat Co-Ordinates	Jordan	Real Estate	5	3	60.00%

Table 4 - continued on the next page

4	Gulf Plastic Industries (AKPI)	Oman	Manufacturing	5	3	60.00%
5	United Group For Land Transport Co. P.L.C	Jordan	Transportation	8	4	50.00%
6	Cairo Pharmaceuticals	Egypt	Pharmaceuticals	7	3	42.86%
7	Palestine Investment & Development	Palestine	Banking & Financial Services	7	3	42.86%
8	Kamco Investment Company K.S.C (Public)	Kuwait	Banking & Financial Services	5	2	40.00%
9	Al Shurooq Inv. Ser. Holidng (SISC)	Oman	Banking & Financial Services	5	2	40.00%
10	Arab Company For Paints Products	Palestine	Manufacturing	5	2	40.00%
11	Nexans Maroc	Morocco	Engineering & Construction Materials	13	5	38.46%
12	Maridive & Oil Services	Egypt	Manufacturing	14	5	35.71%
13	(Reit) Emirates Reit (Ceic) Limited	Dubai	Real Estate	3	1	33.33%
14	Risma	Morocco	Hotel, Tourism & Leisure	12	4	33.33%
15	Oman Oil Marketing (OOMS)	Oman	Oil, Gas, Petrochemicals & Mining	9	3	33.33%
16	Modern Leasing	Tunisia	Banking & Financial Services	12	4	33.33%

**Table 4 - Companies with more than 30% Women Participation Ratio.**

## 5. POLICY RECOMMENDATIONS AND CONCLUSION

Good corporate governance helps companies improve performance, drive growth, manage risks, attract and retain investors, and weather financial crises. To be truly effective, a board requires a diversity of skills, cultures, and views to make smart decisions with lasting impact.

A diverse board comprised of highly qualified men and women with complementary skill sets and a wide range of experience can positively affect company operations and strategy. Indeed, a growing body of research shows a broad set of business benefits associated with gender diversity on corporate boards, including improved decision making, reduced risk, broader and deeper market knowledge, increased customer and employee satisfaction and enhanced reputation. Companies should understand the reasons for their diversity initiative and set reasonable expectations for what they hope to achieve. There is further evidence, as uncovered by the MSCI survey, that companies with a higher percentage of women on their boards tend to have fewer governance-related controversies, as well as higher environmental, social and governance risk management ratings and strategies across virtually all risk issues. Such benefits contribute to increased investor confidence and better valuations, as well as expanded access to lower cost financing through reduced risk.

Companies in search of true diversity should look beyond the relatively small inner circle of familiar corporate boardroom faces to find equally qualified individuals who can offer fresh perspectives. Board directors at different companies often move in the same social, cultural and professional circles. They know each other. They share similar outlooks, backgrounds and circumstances. When a board seat comes open at one company or another, they may naturally suggest their friends or colleagues. This creates a narrow perspective that may not serve the company well. Greater diversity can help. Finding qualified women to serve on boards is not difficult, even in emerging markets.

Board diversity holds the promise of tangible benefits, including deeper market knowledge, better decision making, reduced risk profile, brand enhancements and increased investor interest. In addition, reducing the gender disparity in the boardroom to better reflect the composition of the world's professional workforce is, quite simply, the right thing to do. As more companies come to understand this, it will be those that don't risk falling behind.

---

#### **OUR POLICY RECOMMENDATION:**

Shareholder-Rights<sup>®</sup> research team have looked at Women on Board policies and quotas in several countries and looked at recommendations from the IFC, OECD and GCGF, as well as consultation with our institutional investors, such as The EuroMena Funds, we have compiled a comprehensive policy based on international best practice.

While individual firms may make it their own responsibility to enhance the role of women in business, governments may want to play an active role in supporting their efforts in light of the broader social and economic benefits that can flow from women's empowerment.

- In order to improve the underrepresentation of women on boards of listed companies in the Middle East, companies have to strive to have at least 30 percent of the seats in their executive board and their supervisory board held by women.
- Companies should take this into account when nominating and appointing board members
- It is proven that mandating quotas to increase female representation on corporate boards, as countries such as Norway have done, will hasten the realisation of these benefits. Our policy recommendation is to mandate a 30% quota for listed companies in the Middle East to act as a trigger in embedding a new culture that slowly but surely will erode this prejudice against women.

The proposed recommendations would follow a “comply or explain” approach and require listed and regulated companies to provide disclosure regarding the representation of women on boards and in executive officer positions. Accordingly, Shareholder-Rights<sup>®</sup> made the following recommendations:

**Recommendation 1:** Establish a nomination/corporate governance committee with defined roles and responsibilities in a formal board charter that clearly defines the committee's duty in nominating women as an integral part of their nomination process.

**Recommendation 2:** Require disclosure of nomination/corporate governance committee charter and women on board related articles to the regulatory body as well as online.

**Recommendation 3:** Require reporting of any weakness regarding the representation of women on the board in the auditor's report and in case of non-compliance, reasons behind it.

**Recommendation 4:** Provide all shareholders the right to nominate board members.

**Recommendation 5:** Establish an appropriate reporting mechanism on compliance with women's representation to the board.

**Recommendation 6:** Require disclosure of the board's or nomination committee's consideration of identification and selection process of women directors or an explanation for the absence of such consideration online and in the annual report.

**Recommendation 8:** Require disclosure of the 30 percent quota adopted regarding the representation of women on the board or an explanation for the absence of such quota.

**Recommendation 9:** Require disclosure of the number of women on board.

**Recommendation 10:** Internal Audit to plan and report weaknesses in compliance with the gender quota to the nomination/corporate governance committee.

**Recommendation 11:** External Audit to plan and report weaknesses in compliance with the gender quota to the nomination/corporate governance committee and then to the board.

**Recommendation 12:** Ensure gender ratio, for boards of less than five, both genders should be equally represented. If there are four or five board members, both genders should be represented with at least two members each.



**Recommendation 13:** Take steps to strengthen women's access to high-level executive posts by creating an enabling environment and institutional mechanisms that provide support and access to female leaders, including networking and training and development for female directors.

This policy was prepared by Shareholder-Rights® by Capital Concept sal in collaboration with the Lebanese League for Women in Business (LLWB).

## 6. CASE STUDY: THE EUROMENA FUNDS' INVESTMENT IN AL OYOUN AL DAWLI HOSPITAL

As part of its investment strategy and active involvement in its portfolio companies, The EuroMena Funds is keen to be represented at the board of directors, guaranteeing a direct monitoring and supervision of the companies' operations and performance. Moreover, The EuroMena Funds' objective is to always ensure a balance in gender among its team, recognizing the important role that women can play on strategic and operational levels, in addition to enhancing corporate governance and complying with environmental and social standards.

In March 2012, The EuroMena Funds acquired a majority stake in Al Oyoun Al Dawli hospital, one of the leading ophthalmology hospitals in Egypt. To date, the hospital operates through 5 branches located in Cairo and other Egyptian governorates receiving more than 200,000 clinics visits and operating more than 30,000 surgeries per year.

The board of directors of Al Oyoun Al Dawli is composed of 9 board seats; among them the founders of the hospital who are entitled to 3 board seats. One board seat is occupied by an independent senior ophthalmologist and The EuroMena Funds is represented at the Board with 5 board seats of which 3 are occupied by women, each specialized in a different field, thus bringing an added value to the board of directors.

### Me. Maya Mansour

**Biography:** Maya Mansour is a Partner and Legal Counsel at The EuroMena Funds. Me. Mansour is an Attorney at Law affiliated to the Beirut Bar Association since 2001 and a lecturer at the Beirut Arab University since 2008. Moreover, she is Legal Counsel to many companies and institutions and acts as a consultant for several international organizations. Authored of numerous legal comparative studies on international law, human rights, and the judiciary systems in Lebanon and the MENA Region. Board member of several companies including Al Oyoun Al Dawli hospital, organizations and the Rapporteur of the International Relations Committee at the Beirut Bar Association since 2013.

**Role as a board member in Al Oyoun Al Dawli:** Me. Mansour plays a key role at the board of directors of Al Oyoun Al Dawli as she maintains the regulatory aspect of the meetings and handles the legal matters submitted to the board. She offers her legal expertise, advises on compliance and ensures the good implementation of Corporate Governance at the level of the board and the hospital. She also guarantees the compliance of the hospital with environmental and social standards when applicable.

Me. Mansour also provides legal advice to the board covering different areas taking into consideration the rights and interests of the shareholders of the hospital.

### Mrs. Rita Mathieu

**Biography:** Rita Mathieu is specialized in restructuring, reorganization and driving change in companies. She is currently acting as such in certain companies of The EuroMena Funds among them:

(i) ITWorx (the largest software development company in the Middle East) where she is handling since 2014 the Syrian children refugees education program, (ii) Khoury Home Appliances SAL (the leading household retailer in Lebanon) where she acts as the advisor to the Chairman and the operations coordinator of its Executive Committee, (iii) Al Oyoun Al Dawli hospital in Cairo (the largest Eye hospital in Egypt) where she is an Executive Board Member and the operations consultant of the hospital. She holds a nursing degree from St Joseph University Beirut (USJ).

**Role as a Board member in Al Oyoun Al Dawli:** Mrs. Mathieu handles all the operational and medical subjects at the hospital given her experience in the nursing field and provides consultancy services. She is present on the ground 2 days per week in Cairo to assist the management on all matters and subjects covering the operational and medical sides of the business. Her active involvement helps the board rely on her opinion and advice concerning decisions pertaining to the practical and operational aspects. Her presence at the

board as an executive board member is very important given her know how and implication in the day to day operations, allowing the board to take appropriate decisions.

### Miss Sandra Abbas

**Biography:** Sandra Abbas is a Manager at The EuroMena Fund Management Team. Miss Abbas role includes deal and fund sourcing, due diligence and monitoring. She is currently involved in several of the firm's investments and potential opportunities in diverse industries including banking, FMCG and healthcare. Miss Abbas holds a Bachelor's degree in Business and Management and a Master's degree in Finance from SaintJoseph University- Lebanon (with Honors in both). She has been also appointed as a board member in Al Oyoum Al Dawli representing The EuroMena Funds.

**Role as a Board member in Al Oyoum Al Dawli:** Miss Abbas is responsible of assisting the management in enhancing operational and financial reporting and ensuring regular monitoring and follow up on all board matters to ensure the implementation of all decisions taken by the board. She also assists the management on all financial matters, including financial analysis, accounting, budgeting and supervises the hospital's operations. Her presence at the board is essential to monitor the execution of all strategic and operational decisions taken by the board.

The EuroMena Funds strongly believes that the board diversity in terms of gender enhances corporate performance significantly. Board members should not be appointed because of their gender only, but their professional experience, ability, qualifications and the important role they can play at the board. The participation of women at the board is valuable because it supplements discussions with a different perspective and dimension. Although female representation on companies' boards is still low in the Arab world, The EuroMena Funds is taking the lead in reinforcing such role, empowering the participation of women in different fields and sectors where The EuroMena Funds invests.

---

### **ABOUT THE EUROMENA FUNDS**

Established in 2005, The EuroMena Funds is a pioneer private equity investor focused on growth markets across the Middle East, North Africa, and Sub-Saharan Africa (through the footprint of the MENA diaspora). At its third generation fund, The EuroMena Funds has today a significant track record in these markets.

The EuroMena Funds Management Team has raised almost USD 350 million to date from prominent investors such as the IFC (International Finance Corporation), the EIB (European Investment Bank), the DEG (the German Investment and Development Corporation), EDF (Électricité de France), Proparco and the Caisse des Depots (sponsored by the French Public Wealth Fund), and CDC along with local family offices and high net worth individuals, and has closed more than 20 investments and divestments in diversified sectors from healthcare, consumer staples, financial services to pharmaceutical, information technology and oil and gas, amongst others.

In June 2016, The EuroMena Funds has announced the second closing of its latest fund, EuroMena III, for a total consideration of \$150 million. EuroMena III's goal is to invest in high growth local companies in the MENA region and Sub-Saharan Africa, turn them into Regional Leading Groups, and prepare them for a profitable exit within a timeframe of 3-7 years.

The Fund aims at achieving an emerging market level of return on a medium to long term basis from a combination of capital appreciation and current income through investment in select direct equity and equity related investments

© 2016 KConcept Holding, Capital Concept sal, Shareholder-Rights® and/or their licensors and affiliates (collectively, “Capital Concept”). Shareholder-Rights® is a wholly owned subsidiary of Capital Concept sal. All rights reserved.

Corporate governance ratings issued by Capital Concept And its ratings affiliates (“CC”) are Capital Concept’s current opinions of the corporate governance structure and disclosure of entities and ratings and research publications published by Capital Concept (“Capital Concept publications”) may include Capital Concept’s current opinions of the corporate governance structure of entities, their disclosure and transparency, and / or shareholder treatment. Capital Concept’s publications may also include quantitative model-based estimates of corporate governance risk and related opinions or commentary published by Capital Concept analytics. Corporate governance ratings and Capital Concept’s publications do not constitute or provide investment or financial advice, and ratings and Capital Concept’s publications are not and do not provide recommendations to purchase, sell, or hold particular securities. Neither corporate governance ratings nor Capital Concept’s publications comment on the suitability of an investment for any particular investor. Capital Concept issues its ratings and publishes Capital Concept’s publications with the expectation and understanding that each investor will, with due care, make its own study and evaluation of each security that is under consideration for purchase, holding, or sale.

Capital Concept’s ratings and publications are not intended for use by retail investors and it would be reckless for retail investors to consider Capital concept’s ratings or publications in making any investment decision. If in doubt you should contact your financial or other professional adviser.

All information contained herein is protected by law, including but not limited to, copyright law, and none of such information may be copied Or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without Capital Concept’s prior written consent.

All information contained herein is obtained by Capital Concept from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided “as is” without warranty of any kind. Capital Concept adopts all necessary measures so that the information it Uses in assigning a corporate governance related rating is of sufficient quality and from sources Capital Concept considers to be reliable including, when appropriate, independent third-party sources. However, Capital Concept cannot in every instance independently verify or validate information received in the rating process or in preparing the Capital Concept publications.

To the extent permitted by law, Capital Concept and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any Indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any.

Such information, even if Capital Concept or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular rating assigned by Capital Concept. To the extent permitted by law, Capital Concept and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, Capital Concept or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such Rating or other opinion or information is given or made by Capital Concept in any form or manner whatsoever.

