

Organization for Economic Co-operation and Development (OECD) Corporate Governance Committee
OECD
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Dear OECD Corporate Governance Committee:

Public Consultation on Draft Revisions to the G20/OECD Principles of Corporate Governance

The COVID-19 crisis has irreversibly transformed the way in which the world works, requiring corporations to adapt their approach to doing business in this post-pandemic era. As such, we understand the importance of this review to update the G20/OECD Corporate Governance framework in order to better align the stewardship principles with the new normal of the working world.

At Cefeidas Group, we work with key leaders of regional companies and international investors across a diverse range of industries to implement and strengthen sound corporate governance and sustainability practices (for more information on Cefeidas Group, please visit: www.cefeidas.com).

Fundación FLOR is an NGO that promotes the training and transformation of responsible leaders for more sustainable, diverse, inclusive and equitable organizations. Its work has reached more than 600 organizations, with over 1000 leaders empowered by its principles (for more information on Fundación FLOR, please visit: www.flor.org.ar).

For the review of gender diversity in boards and senior management, Cefeidas Group and Fundación FLOR believe that the Committee should reinforce and consider the following:

1. Raise awareness among regulators regarding the systemic phenomenon of "policy resistance".
2. Invest in the training, development and promotion of women in the talent pipeline, especially in middle management where most opt-out occur.
3. Strengthen mechanisms to provide reliable data on the gender composition of boards and senior management.

1. Raising awareness on the phenomenon of "policy resistance"

At Cefeidas Group and Fundación FLOR we believe that energy should be devoted to raising awareness among regulators regarding the systemic occurrence of "policy resistance", a phenomenon that occurs when a desired system faced with new regulation finds ways to circumvent the measures and generates new patterns of behavior that embody the very issue that the regulation seeks to address. Thus, for example, in the face of measures such as mandatory quotas to ensure the representation of women at certain levels or decision-making bodies, a single woman is appointed (tokenism), or women who participate are not committed to any feminist movement, self-distancing from the women's collective (queen bee syndrome), or a small number of women receive the lion's share of offers to fill board seats reserved for women (golden skirts phenomenon).

Although we understand that regulatory agencies have made efforts to implement the Diversity agenda among their regulated entities, these efforts seem to be framed as "best practices" suggestions that entities may or may not comply with, making it almost impossible to achieve a real gender parity in decision-making spaces. In the absence of a concrete panorama of compliance, regulated entities rehearse superficial responses to structural problems in their organizations, assuming that through ad hoc solutions, they "check the box" for their oversight regulator.

We believe that this trend could be neutralized by establishing a common Action Plan, which could be aligned with the 2030 Agenda of the United Nations (SDG 5) to set milestones for medium and long-term compliance. Based on an incremental scheme, the regulatory bodies would set specific, mandatory percentages for gender parity in decision-making spaces, with the intention of achieving stated gender parity objectives by 2030.

The possibility of leveraging these metrics into incentives associated with implementation should not be ruled out. Such incentives could motivate regulated entities to meet certain gender parity targets in exchange for special business waivers or other commercial benefits.

2. Building out the talent pipeline for women

We also believe that it is necessary to invest in the training, development and promotion of women talent in middle management (pipeline), where the greatest number of women choose to leave the workforce. To this end, it is important to ensure that organizations have the resources to monitor pipelines and measure progress in the retention of women. It should be noted that training for women leaders requires a holistic approach to the obstacles faced by women on a daily basis. It is necessary to adjust the company's people and culture policies to promote the development of women with potential and ambition for growth, since training them without this adjustment would be a waste of resources.

The role of the board is very important in creating and promoting mechanisms that strengthen the support of women within organizations. One of these mechanisms is the creation of management performance metrics to analyze whether they consider diversity in their management, which could be translated into remuneration. Another mechanism that the board could implement is a mentorship program to ensure that women in the pipeline have the opportunity to learn from the management. In terms of reporting and transparency, one mechanism that the board could introduce is to include a diversity section, paying special attention to the pay gap, in the organization's annual report with a baseline diagnosis.

3. Need for comparable data

Finally, it is essential to have comparable data that allows for the establishment of benchmarks that facilitate a comparative analysis between companies in the same industry. Doing so allows for a standardization of the definition of "woman in a decision-making position". In this regard, some countries are more advanced than others, which is why it is vital to strengthen data collection mechanisms that make accurate and statistically rigorous information readily available, free of bias and with correct samples. For this reason, we recommend the creation of gender observatories and the promotion of coordination of civil organizations dedicated to the subject in order to make use of resources to generate such data more efficiently.

We also recommend that the G20/OECD Corporate Governance Principles continue to support the idea that it is the role of the market to ensure that gender composition data on boards and senior management is measured, as it is of crucial importance not only for institutional investors, which is a key issue for future generations.

However, beyond the market reports on diversity that each regulator can make¹, we believe that the regulator can explore new methods to reward companies that implement self-reporting practices, managing information in a public and transparent way and identifying medium- and long-term projections for diversity indicators.

Conclusion

Cefeidas Group and Fundación FLOR thank you for the opportunity to comment on the Public Consultation on Draft Revisions to the G20/OECD Principles of Corporate Governance, which we hope will serve to improve corporate practices in gender diversity in boards and senior management. Ensuring gender diversity can facilitate a stronger and more inclusive corporate governance with a diverse board better able to navigate the challenges brought on by a rapidly changing world in the post-pandemic era. If you would like to follow up with questions or comments, please contact Santiago Chaher and Marcela Lomba at: schaher@cefeidas.com and marcela.lomba@flor.org.ar

Yours faithfully,

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¹ [CNV “Informe sobre la participación de mujeres en el mercado de capitales” 2021](#)