

# Gender Diversity on Boards in Gulf Cooperation Council Countries

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State Street Global Advisors believes that board quality is foundational to good governance and positive investment outcomes.

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## **Introduction**

We are especially concerned with ensuring effective independent board leadership, which involves achieving the right skill sets as well as a diversity of views, including gender diversity, on boards. Our Fearless Girl campaign has inspired companies and shareholders worldwide to focus on board diversity and join us in our call to action, with close to 900 companies identified by State Street Global Advisors responding to our call by adding a female director.

Research shows that closing the gender gap in the workforce in the Middle East and North Africa, including the Gulf Cooperation Council (GCC) countries, could add US\$2.7 trillion to the region's economy by 2025.<sup>1</sup>

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## **Key Takeaways**

- State Street Global Advisors examined 172 blue chip companies across the GCC region and found that one-third of them have at least one female board member, which represents a 130-percent increase over the last three years. The United Arab Emirates, Bahrain and Saudi Arabia have made greatest progress in terms of board gender diversity.
- Beginning in March 2022, we expect boards of companies in all markets and indices to have at least one female director and will take voting action in the case of non-compliance.
- We believe directors have an important role to play in increasing gender diversity on their boards and throughout their organizations, and have included guidance to help facilitate these efforts in the GCC countries.

## Background

At State Street Global Advisors, we view gender diversity as one of many ways a board can introduce a varied set of skills and expertise among its directors to help improve financial performance.

Gender diversity on boards has been a thematic engagement area for State Street Global Advisors since 2015. Leveraging these engagements we launched our [Fearless Girl](#) campaign in March 2017, which has contributed to the increased representation of women on boards in the major indices in the US, the UK, Europe, Canada, Australia, Japan, Hong Kong and Singapore, with close to 900 companies identified by State Street Global Advisors responding to our call by adding a female director.

Beginning in 2022, we expect boards of companies in all markets and indices to have at least one female board member. In the case of non-compliance or lack of a specific, timebound plan to add a female director to the board, we will vote against the Chair of the Nominating Committee. Should a company fail to add a female director to its board for three consecutive years, we will vote against the entire Nominating Committee.

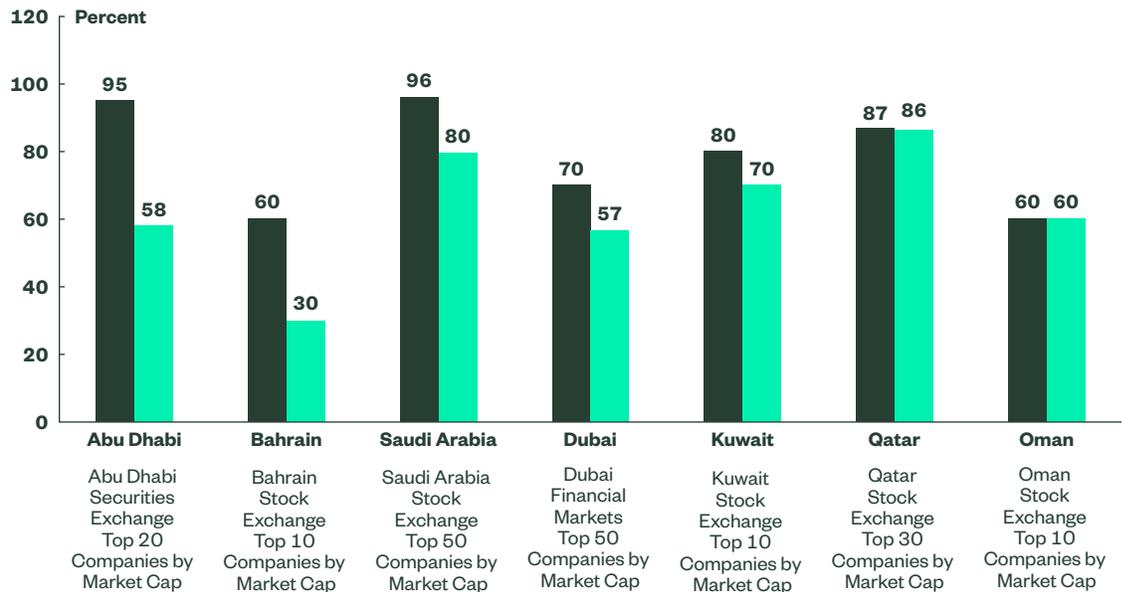
## Gender Diversity on Boards in GCC Countries

Our focus on the GCC region is supported by ongoing socio-economic reforms in the GCC countries, aimed at unlocking opportunities to increase female economic empowerment and participation in the labor force, and the 2018 decisions of index providers FTSE and MSCI to include Saudi Arabia, Kuwait, UAE and Bahrain in their emerging markets indices. We expect that over time, as more international investors increase their exposure to the GCC's equity markets, listed companies in the region will face more pressure to improve their governance standards and gender diversity across all levels within organizations.

We first analyzed the level of gender diversity on boards of GCC blue chip companies in 2018, when we looked at 170 issuers. Four years later, our analysis focuses on board gender diversity levels at 172<sup>2</sup> companies listed on the same indices.

Figure 1  
Percentage of GCC Companies with No Female Directors

■ 2018  
■ 2021



Source: State Street Global Advisors' Research as of August 2021. Analysis is limited to the availability of data.

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Of the 172 companies examined in 2021, 56 (32%) have at least one female board member, compared to 23 (14%) in 2018. Of these, 12 have more than one female director. This is a staggering increase over a three-year period and reflects the region's ongoing efforts to increase gender diversity levels at GCC company boards. Each of the GCC countries has implemented specific measures to increase the participation of women in the workforce and in leadership positions, as outlined in the "Market Practices on Gender Diversity" section below.

There are considerable variations in embracing board gender diversity among the GCC countries. The United Arab Emirates (UAE), Bahrain and Saudi Arabia have made the greatest progress in terms of board gender diversity since 2018. Not coincidentally, the World Bank has named them as top performers for most significant improvement globally in terms of women's legal rights in the last two consecutive years.<sup>3</sup>

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## Market Practices on Gender Diversity

According to the World Bank, the **UAE** has one of the highest levels of women active in the workforce — 57.5 percent in 2020 — of any country in the Middle East and North Africa,<sup>4</sup> while Emirati women make up 70% of all university graduates. One of the initiatives of 'UAE Vision 2021,' aimed at improving quality of life in the country, was a target for listed companies to achieve a 20-percent female representation on the board. The 'comply or explain' mechanism was used to monitor compliance. In March 2021, the mechanism was eliminated, and public companies are now legally required to have at least one female director on their boards.<sup>5</sup> They are expected to comply with the law 'as soon as possible.' Companies must also disclose the percentage of female board representation in their annual governance reports, while their boards are required to establish gender diversity policies.

**Saudi Arabia**, where women represent more than 50 percent of all university graduates, announced in 2016 an economic and social reform program 'Saudi Vision 2030.' Among others, the program aims at developing women's role in the economy and increasing their participation in the workforce to 30 percent. The next year, the all-male board of the Saudi Stock Exchange — the largest exchange in the Arab world — appointed a woman as its Chair. The same year, Samba Financial Group, one of Saudi Arabia's largest banks, named a woman its CEO — the first female CEO of a listed Saudi commercial bank. As reported by the Brookings Institution in April 2021, Saudi Arabia's 30-percent goal for women's participation in the workforce was achieved ten years earlier, with the labor force participation rate of Saudi women increasing from 20 percent in late 2018 to 33 percent by the end of 2020 — a 64-percent increase in just two years.<sup>6</sup> In celebration of the International Women's Day 2020, the Saudi Stock Exchange (Tadawul) hosted "Ring the Bell for Gender Equality," a celebration of gender diversity in partnership with the United Nations' (UN) Sustainable Stock Exchanges initiative.

In 2019, the National Bank of **Bahrain** launched a 'Director Development Program for Women.' Its goal is to support the accession of current and developing female executives into leadership roles. Subsequently, the University of Bahrain, where women represent approximately 60 percent of all students, offered a 'She Leads' program to female academics, aimed at developing and enhancing the skills of female leaders in higher education. In Bahrain, women represent 49 percent of the workforce, while the level of their participation in government and private sector jobs is at 46 and 34 percent, respectively.<sup>7</sup> Women's participation in the boards of directors at private companies has touched 17 percent.<sup>8</sup>

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**Kuwait**, where the percentage of companies without a single female director dropped by 10 percent since 2018, as seen in the chart above, has launched the New Kuwait 2035 Vision. Similar to the efforts of the three GCC leaders mentioned above, the Vision aims at empowering women socially and economically. Seventy-six percent of all university graduates in the Kingdom are female,<sup>9</sup> women represent 31 percent of the total workforce, occupy 20 percent of leadership positions in the private sector and 15 percent in government agencies.<sup>10</sup>

As seen in Figure 1, the percentage of companies without female board members has remained almost the same in the top ten Omani companies by market cap and the top 30 Qatari companies by market cap.

Women constitute half of **Oman's** population; yet, as recently as 2020, they accounted for only one-third of the overall workforce in both the government and private sectors.<sup>11</sup> 'Oman Vision 2040' aims at ensuring women's participation in all fields. To start with, in April 2021, the Muscat Stock Exchange appointed two women to its seven-member board amid a push to boost gender diversity within the country's business community.

One of the goals of '**Qatar** National Vision 2030' is to enhance women's capacities and empower them to participate fully in the political and economic spheres, especially in decision-making roles.<sup>12</sup> About 36 percent of the total number of Qataris in the private sector who actively contribute to the Qatari economy are Qatari women.<sup>13</sup> The Qatar Chamber of Commerce & Industry (QCCI) has one woman on its board.

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## Engagement Insights — Companies' Gender Diversity Efforts

As part of this update to our 2018 research, we have reached out to 43 GCC companies to discuss their gender diversity efforts. Below are examples of their women-focused initiatives worth highlighting.

Our engagement with **Saudi Telecom Company (STC)**, the biggest telecom operator in Saudi Arabia, highlighted some of the cultural changes the region is beginning to experience. The company hired its first female employee in 2017 and, currently, employs approximately 3,000 female workers. Women make up about 18 percent of the members of the company's 'High Potential' (HiPo) leadership program, STC's most important program designed to prepare outstanding employees for leadership positions. STC also maintains the "Women Council," an internal committee chaired by the Group CEO that supports female employees in their career development and ensures that they have access to equal opportunities. In 2020, STC signed a statement of support for the United Nations' "Women's Empowerment Principles." Finally, two of the company's board members are female.

We also spoke with **First Abu Dhabi Bank**, the UAE's largest lender, which in January 2021 appointed its first-ever female CEO. Women represent 40 percent of the bank's total workforce and 30 percent of all senior and middle management positions. The company offers 60 paid calendar days and an additional 30 half-paid days' maternity leave for eligible employees, which is higher than the 45-day minimum required by law. In 2020, the lender joined the "20 for 2020 Program" — a UAE government initiative aimed at driving gender balance at board level. As part of the program, 20 women participated in a year-long professional development course to gain board-level experience.

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During our engagement with **Ooredoo**, a Qatar communication company, we learnt that it places a strong focus on female employees and their career opportunities by tailor-making leadership development and accelerated-learning initiatives to actively help women up the corporate ladder. Ooredoo has joined the International Finance Corporation, a member of the World Bank Group, in a pledge to improve employment opportunities for more than 300,000 women. The partnership, called She Works, will implement measures to enhance women's employment opportunities, such as mentorship programs, flexible working arrangements, and leadership training to increase diversity in management. In addition, Ooredoo offers "SmartWomen" — an app designed especially for women in Oman and Qatar. It provides an online community incorporating a variety of features for professional and personal development, such as expert content, and networking tools to support women's economic empowerment.

At **Emirates NBD Bank**, where the Chief Human Resources Officer is female, women represent 40 percent of the total workforce, 10 percent of top managers and a whopping 61 percent of new hires annually. In 2019, the company launched the LetsLink Women's Club. Its mission is to empower female employees with a supportive community dedicated to engagement, leadership development and special events that focus on the growth and success of women.

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## Key Challenges

In our engagements with GCC companies, we often heard about cultural and social norms that make it difficult for educated women to transition into board members and advance in a male dominated workforce. These are beginning to change now, however, as evidenced by the variety of country-wide and company-specific initiatives aimed at empowering women and described above.

In addition to engaging with our portfolio companies from the GCC region, we spoke to a few regional non-profits, including the Middle East Investor Relations Association and the GCC Board Directors Institute, to gain more insight into some of the obstacles to increasing female board representation.

- **Nominating process** In some countries, the legal frameworks for nominating board candidates do not grant boards the authority to nominate director candidates, thus leaving nominating committees disempowered in terms of board gender diversity. Such is the case in Saudi Arabia, for example, where individuals wishing to serve on a company board nominate themselves and the nominating committee merely ensures the candidates comply with the legal requirements for board service. If no women nominate themselves, there will not be any female representation on the board. In addition, director elections at Saudi companies take place via cumulative voting and it is a requirement that there be more director candidates than board seats. Hence, even if the list of candidates includes women, their election is by no means certain.
- **Training** Although companies often define board eligibility criteria that are inclusive of women, there is a widespread lack of board training available to female board candidates. In a socio-cultural environment where women are not used to speaking up in an all-male environment, non-profits offer training programs to equip women with proper communication skills. This is addition to other educational programs on corporate governance, industry specific topics, etc.

- **Sponsorships** Unlike men, women in the region find it more challenging to receive sponsorship from their companies. Often, they have to fund their own board nomination process. They also lack the support system to juggle their everyday jobs, a board role and at the same time achieve the work-life balance.
- **Networking** Those — mostly men — looking through their network to fill up board roles might hesitate to reach out to qualified women, and their networking options might be limited to their family or social circles. This is due to limited interaction between men and women in general.

We will continue our efforts to facilitate gender diversity on boards through an active dialogue with companies and wider stakeholders in the GCC region, generating debate around this issue.

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**State Street Global  
Advisors' Guidance  
for Enhancing Gender  
Diversity on Boards**

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We believe boards have an important role to play in increasing gender diversity and, therefore, we have developed a framework to help facilitate greater gender diversity within their organizations.

<b>1. Assess the current level of gender diversity on the board and within management ranks</b>	<b>2. Establish goals aimed at enhancing the level of gender diversity on the board and senior management</b>
<b>3. Identify “diversity champions” on the board and within management who would support initiatives to meet established goals</b>	<b>4. Address behavioral bias in the director search and nomination process, including expanding the search for potential director candidates beyond existing director networks</b>
<b>5. Consider female directors for leadership positions and on key board committees</b>	<b>6. Enhance transparency and communication with investors on the board’s position on gender diversity and report on progress against established goals</b>

We hope board members of our portfolio companies find this guidance useful. In January 2022, we also published *Guidance on Diversity Disclosures and Practices*, available [here](#). Any questions or comments may be directed to [governanceteam@ssga.com](mailto:governanceteam@ssga.com).

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## Endnotes

- 1 [Council on Foreign Relations, Growing Economies Through Gender Parity \(cfr.org\).](#)
- 2 The difference in the sample stems from the availability of data among a total of 180 GCC blue chip companies.
- 3 “Women, Business and the Law 2020,” The World Bank Group, 2020, <https://openknowledge.worldbank.org/bitstream/handle/10986/32639/9781464815324.pdf>. “Women, Business and the Law 2021,” The World Bank Group, 2021, <https://openknowledge.worldbank.org/bitstream/handle/10986/35094/9781464816529.pdf>.
- 4 [UAE: The sky is the limit for gender reform \(worldbank.org\).](#)
- 5 [The SCA Board Makes It Mandatory for Listed Companies to Comply with the Percentage of Women’s Representation on Their Boards | News | Media Center | Securities and Commodities Authority.](#)
- 6 Sofia Gomez Tamayo, Johannes Koettl, and Nayib Rivera, “The Spectacular Surge of the Saudi Female Labor Force,” The Brookings Institution, April 21, 2021, <https://brookings.edu/blog/future-development/2021/04/21/the-spectacular-surge-of-the-saudi-female-labor-force/>.
- 7 [Kingdom of Bahrain Portal for Sustainable Development Goals \(sdgs.gov.bh\).](#)
- 8 <https://gccbusinessnews.com/49-women-representation-at-work-bahrain-beats-the-world-with-new-record/>.
- 9 Global Gender Gap Report 2021, World Economic Forum, WEF\_GGGR\_2021.pdf (weforum.org).
- 10 World Bank Country Engagement Framework 2021-2025, World Bank Group, [KuwaitCEF-2021-2025-Final-English.pdf \(worldbank.org\).](#)
- 11 [Equal partners in nation building and development — Oman Observer.](#)
- 12 [GCO-QNV-English.pdf.](#)
- 13 [Women leaders upbeat on rising gender equality in workforce | The Peninsula Qatar.](#)

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- Start with rigor
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 30 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's fourth-largest asset manager\* with US \$4.14 trillion<sup>†</sup> under our care.

\* Pensions & Investments Research Center, as of December 31, 2020.

<sup>†</sup> This figure is presented as of December 31, 2021 and includes approximately \$61.43 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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