

Gender Equality and Capital Markets

Focus on effective communication to investors

Why gender equality (should) matter to investors

Gender equality reporting: where we are today

How to effectively communicate on gender equality

Q&A

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AGENDA



Why gender equality (should) matter to investors

1

“Companies in the top quartile for both gender and ethnic diversity in executive teams are on average 9 percent more likely to outperform their peers.”

Diversity Matters Even More, McKinsey & Company, 2023

“Companies in the bottom 25 percent for gender diversity were significantly less likely to see higher profits than their national industry average.”

Why Gender Equality in the Workplace is Good for Business, Harvard DCE, 2020

Gender equality is an indicator for superior performance

1. Research shows that higher levels of women's inclusion in an organisation – especially in leadership positions – correlates with better **financial performance** and **risk management**, **less employee turnover** and **more innovation**.¹⁾
2. Gender, race, ethnicity, and other types of diversity positively affect organisational performance. The important success factor is a holistic approach to diversity – **not just representation but also creating inclusive environments where all voices are valued**. Companies that **successfully embrace diversity tend to outperform their peers in profitability and productivity**, making diversity a critical factor for **long-term success**.²⁾

OBX25 and OMX Nordic 40 – average performance, 2024-2018³⁾

	Average annual revenue growth	Average annual equity growth	Average profit margin	Average annual return on equity	Average relative volatility
Companies with above average female board representation	+90.6%	+31.9%	6.7%	9.5%	17.3%
Companies with below average female board representation	+10.9%	+8.7%	5.2%	8.2%	31.4%
All companies	+42.8%	+18.0%	5.8%	8.7%	25.8%

Why gender equality matters for investor communication

- ✓ Positive broader **social and environmental impact**¹⁾ and **respect of human rights**
- ✓ Compliance with **regulation**
- ✓ Correlation with Financial Performance
- ✓ Many institutional investors now **incorporate ESG criteria into their investment decisions**.
Disclosing gender equality data increases the chance of a company to be integrated into **gender-related indices and funds**.
- ✓ Gender equality indicators are often seen as a proxy for **good corporate governance**, enabling **better decision-making** and a strong working culture, able to **attract and retain top talent**.
- ✓ **Risk mitigation**: poor gender equality can be a source of operational and reputational risk. By disclosing gender equality data, companies can demonstrate that they are actively managing these risks, which can enhance investor confidence.

How ESG engagement creates value for corporations and investors

Value creation dynamics	Corporations	Investors
COMMUNICATIVE Exchanging information	Clarifying expectations and enhancing accountability	Signaling and defining ESG expectations
	Managing impressions and rebalancing misrepresentations	Seeking detailed and accurate corporate information
	Specifying the business context	Enhancing investor ESG communication and accountability
LEARNING Producing and diffusing knowledge	Anticipating and detecting new trends	Building new ESG knowledge
	Gathering feedback, benchmarking and gap spotting	Contextualising investment decisions
	Developing knowledge on ESG issues	Identifying and diffusing industry best practice
POLITICAL Deriving political benefits	Enrolling internal experts	Advancing internal collaboration and ESG integration
	Elevating sustainability and securing resources	Meeting client expectations
	Enhancing the loyalty of long-term investors	Building long-term relationships



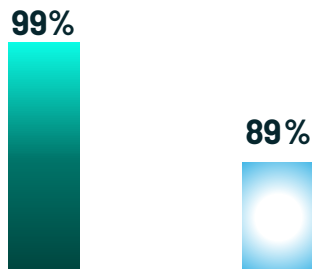
Gender equality reporting: where we are today

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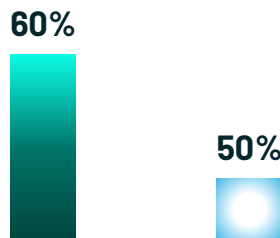
Reporting on gender equality: where we are today

Disclosure of gender equality data by Euronext issuers via My ESG Profile

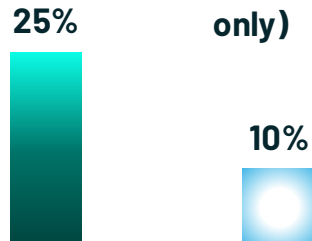
Gender diversity in boards



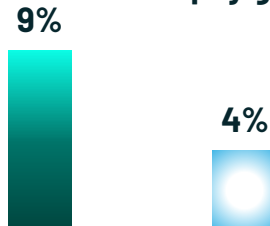
Gender equality in total workforce



Professional equality index (France only)



Gender pay gap



■ 2023
■ 2020

1,900 ESG Profiles
available
on Euronext live

Reporting on gender equality: where we are today

Growing share of women on boards

All industries have increased the gender diversity of their boards over the last three years.

- In 2023, **large caps report an average 42.6%** of women on their boards
- **Women represent 38.6% on mid caps' boards** and
- **28.9% on small caps' boards**



Disclosure of gender equality data is increasing

- Since 2020, **disclosure of gender equality in the workforce** has increased by **+38.5%**, driven mostly by small caps
- **>90%** of issuers disclose their **gender diversity on boards**



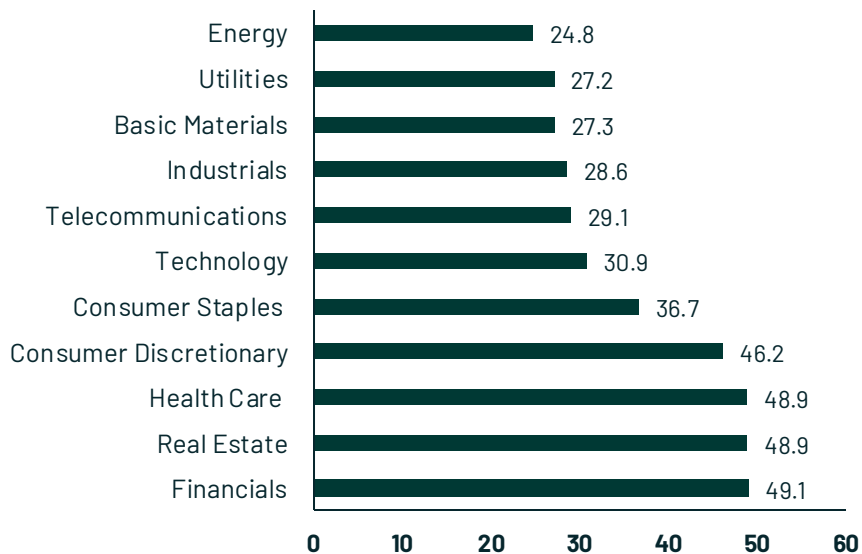
Gender equality integrates financial results publications

- Data on gender equality are the second most likely non-financial indicator to be disclosed in annual financial results by French issuers, following climate-related KPIs



Sectorial differences and what to do about them

Average share of women in workforce by sector
(in %)



Gender equality of Euronext-listed companies varies largely by sector.

Women represent 25% of workforce in the energy sector, compared to 50% in the financials sector.

Issuers have implemented various **initiatives** to tackle this issue:

- **Partnerships with universities and schools**
- **Educational initiatives** to close the knowledge gap
- **Mentorship programmes** with young students and graduates
- **Exchange with peers** to establish best practices
- Recruitment & career development policies that promote gender equality



How to effectively communicate on gender equality

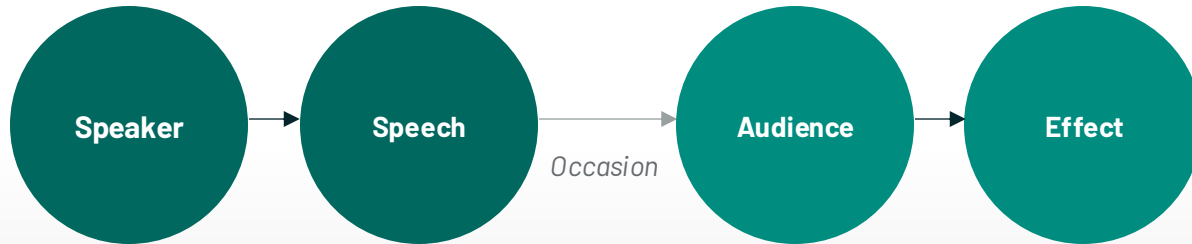


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What is communication?

From a one-sided approach

Aristotle's model of communication



Aristotle, circa 300 BCE

What is communication?

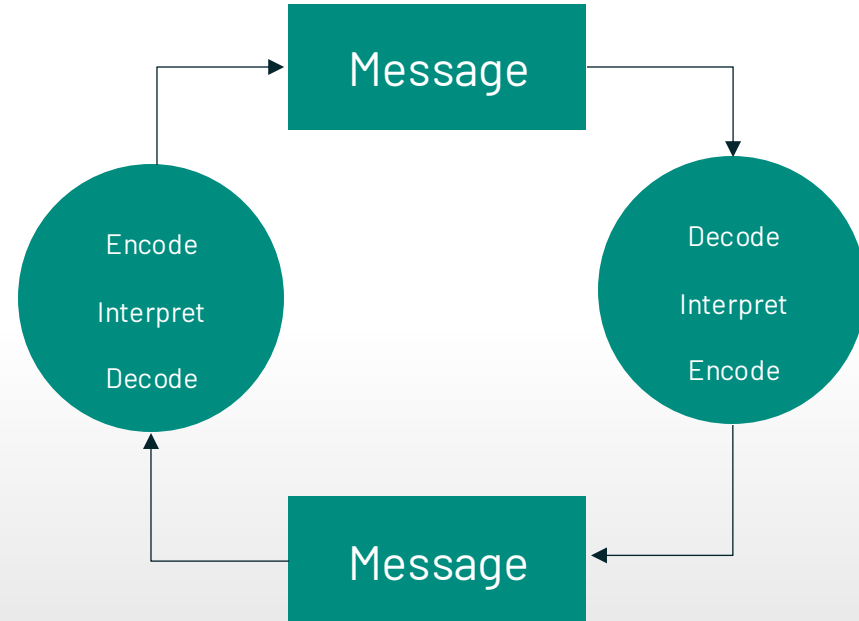
To a two-sided approach

com·mu·ni·ca·tion

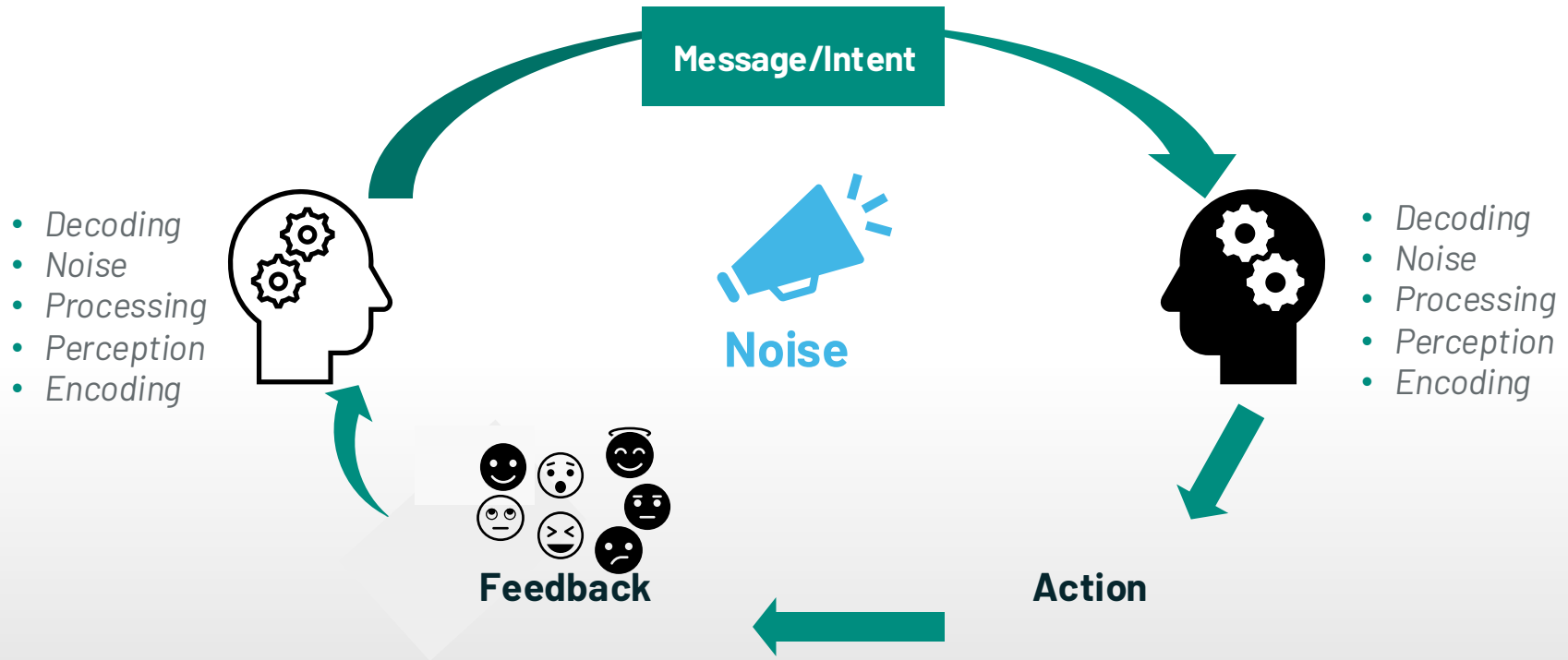
“A process by which information is **exchanged** between individuals through a common system of symbols, signs, or behavior”

Merriam-Webster dictionary

Schramm, 1954



Towards a transactional communication model



Communication as an ongoing process of a series of “transactions”

Best practices of ESG investor engagement

✓ Use the feedback loop

Gather feedback of investors on ESG strategy and KPIs, directly in conversations or indirectly through perception studies

✓ Keep the dialogue going

Engagement should start way ahead of the general meeting season to allow investors to be heard as part of the decision-making process

✓ Create links between experts

Facilitating meetings between ESG investors and in-house experts can reinforce credibility and create value for both sides

Communicating on gender equality: where to start?

A **self-assessment** of the **maturity model** can help to see where my company stands and how it can position itself externally



How to avoid the gender washing trap

✓ Walk the talk

If company **communication does not fit the companies' practices**, it can **backlash**.

To avoid this trap, make sure that **your company is implementing real action before becoming vocal** about it. Make sure your gender equality initiatives consider **all levels of your organisation**, including the supply chain.

✓ Transparency is key

Nobody's perfect just yet. Real large-scale change takes time. Your communication will become more trustworthy if you talk about your areas of improvement, showing you have understood the problem and how you want to address it.

How to avoid the gender washing trap

✓ Get the data in order

- Make sure the **metrics** that the business uses to measure its progress on gender diversity are **fit for purpose**, and that the data generated is transparent and publicly available.
- Keep in mind that ESG due diligence might dig deeper. If a company discloses to have 40% women in workforce, how many of those are in senior leadership roles? And in which departments? Which roles in the board are held by women?

✓ Fit form and content

- Use **inclusive, gender-neutral language** (e.g. in job offers).
- Favour **real images over stock images** to increase credibility.
- **Avoid “memals”** (panels featuring exclusively men), but also avoid to integrate women into panels just for the sake of it.
- Gather feedback from diverse audiences to maximise the impact of your communication.

Minimum reporting requirements for listed companies

- EU Directive on gender equality in corporate boards:**
 by 2026, listed companies should aim to have members of the underrepresented sex hold at least **40% of non-executive director positions** (or 33% of all director positions).¹⁾
- Once a year, **companies must provide information about the gender representation on their boards** and the **measures they are taking** to achieve the 33% or 40% objective.
- In addition, with the entry into force of CSRD progressively from 2025, companies that have assessed D&I as a material topic will have to disclose their **unadjusted gender pay gap**, alongside many other gender-related metrics and actions.

1) Some member states may go beyond these rules.
 Sources: European Commission,
 Euronext Corporate Services ESG reporting guidelines

Company size	Date of application of the CSRD
Large European and non-European companies checking the NFRD thresholds: <ul style="list-style-type: none"> >500 employees >€50m turnover and/or >€25m balance sheet total 	2025 (FY 2024)
Other large European (listed and unlisted) and non-European (listed EU) companies, which meet at least two of the criteria: <ul style="list-style-type: none"> >250 employees >€50M turnover >€25m balance sheet total 	2026 (FY 2025)
SMEs (European and non-European) listed on a public market, except micro-enterprises	2027-2029 (from FY 2026)
Other large non-European companies (a subsidiary or branch based in the European Union) <ul style="list-style-type: none"> >€150M turnover 	2029 (FY 2028)
Micro enterprises businesses with less than: <ul style="list-style-type: none"> 10 employees, < €450,000 total balance sheet < €900,000 turnover 	No obligation

CSRD and gender equality reporting

The Corporate Sustainable Reporting Directive (CSRD) requires companies to report according to the European Sustainability Reporting Standards (ESRS), which provide sector-specific guidance on material sustainability topics. For companies with ESRS S1 "Own Workforce" identified as a material topic, reporting on **social factors** related to their own workforce is mandatory. One of these social factors is **Diversity & Inclusion (D&I)**. If D&I is deemed material, companies must report on factors including:

Workforce Gender Composition

The CSRD requires companies to disclose the **gender composition of their workforce**, including:

- Proportions of men and women in **different job categories**.
- Gender diversity in **management and executive roles**.
- Gender balance at the **board and governance levels**.

Gender Pay Gap Disclosure

- Companies are required to report on the gender pay gap, which refers to the difference in average pay between men and women. The directive calls for transparency on the measures that companies are implementing to reduce the gender pay gap and ensure fair and equal remuneration practices.

Diversity Policies and Measures

Companies must disclose the policies they have in place to promote gender equality and diversity, such as:

- Recruitment and promotion policies to ensure gender balance.
- Training and development programs targeted at improving diversity in leadership.
- Parental leave and flexible working policies that support gender equality.

Board Diversity Reporting

- The CSRD emphasizes the need for companies to provide information about the diversity of their governance bodies, particularly in terms of gender representation. Companies must disclose the gender breakdown of their boards of directors and explain the measures taken to improve gender diversity in decision-making positions

Other reporting standards touching gender equality

EU Taxonomy Regulation

- **Applicability:** Affects companies required to report under the NFRD and CSRD.
- **Gender Equality Requirements:** Although primarily focused on environmental sustainability, the EU Taxonomy indirectly encourages social and governance factors, including gender equality. The taxonomy aims **to promote activities that do not harm social objectives**, which includes **gender equality** as part of the **"Do No Significant Harm" principle**.

Global Reporting Initiative (GRI) Standards

- **Applicability:** Not mandatory in most countries.
- **Gender Equality Requirements:** GRI 405 (Diversity and Equal Opportunity) specifically addresses gender diversity. It requires companies to disclose the gender composition of governance bodies and the entire workforce, as well as their policies on equal remuneration for men and women.
- GRI 405 also includes reporting on gender pay gaps, diversity training, and leadership representation.

Task Force on Climate-related Financial Disclosures (TCFD)

- **Applicability:** Voluntarily
- **Gender Equality Requirements:** While TCFD focuses on climate risks, it indirectly influences gender reporting by encouraging diversity in governance and risk management processes. Companies often include gender-related disclosures when aligning with TCFD recommendations.

Sustainable Accounting Standard Board (SASB)

- **Applicability:** Widely used for sector-specific reporting, especially by companies in Europe.
- **Gender Equality Requirements:** SASB standards for specific industries include diversity and inclusion metrics. In industries such as consumer goods, healthcare, and financials, SASB requires gender equality disclosures related to workforce diversity and pay gaps.

Going beyond the status quo

Examples of gender equality indicators that go beyond the minimum requirements

Gender balance on different organisational levels

- Board of directors
- Senior management
- Management
- Corporate divisions
- Workforce

Equal compensation

- Gender Pay Gap
- Equal Pay

Work-life balance

- Flexible work options
- Maternity/paternity leaves

Corporate Strategies and policies

- Promotion & career development opportunities
- Training & career development
- Equal opportunity recruitment strategy



Q&A



Resources

- The ESG profiles of Euronext issuers can be consulted on <https://live.euronext.com/>
- Discover the Euronext [ESG Trends Report 2024](#)
- [Access the Euronext 2024 ESG reporting guide for issuers](#)
- If you are interested in support on your ESG strategy and reporting, reach out to the **Euronext Corporate Services ESG Advisory** team under <https://www.corporateservices.euronext.com/esg-advisory#ESG-advisory>



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