



“Women in Finance” Evening Seminar

July 19th 2017

The CFO Program | Japan

Welcome!

Thank you for taking time out of your busy schedule to attend today's evening seminar.

Deloitte Japan is delighted to hold this event for female executives in finance roles. We plan to discuss current topics on workplace diversity, followed by an informal social reception which will provide an opportunity for you to connect with your peers.

We hope that you will enjoy and participate actively in the discussions and look forward to hearing your thoughts and ideas on female leadership in finance in Japan.



Agenda

6:30p.m. – 6:35p.m. Opening

6:35p.m. – 6:55p.m. Global Perspective

6:55p.m – 7:15p.m. Japan Status & Development

7:15p.m. – 7:20p.m. Closing

7:30p.m. – 9:00p.m. Reception



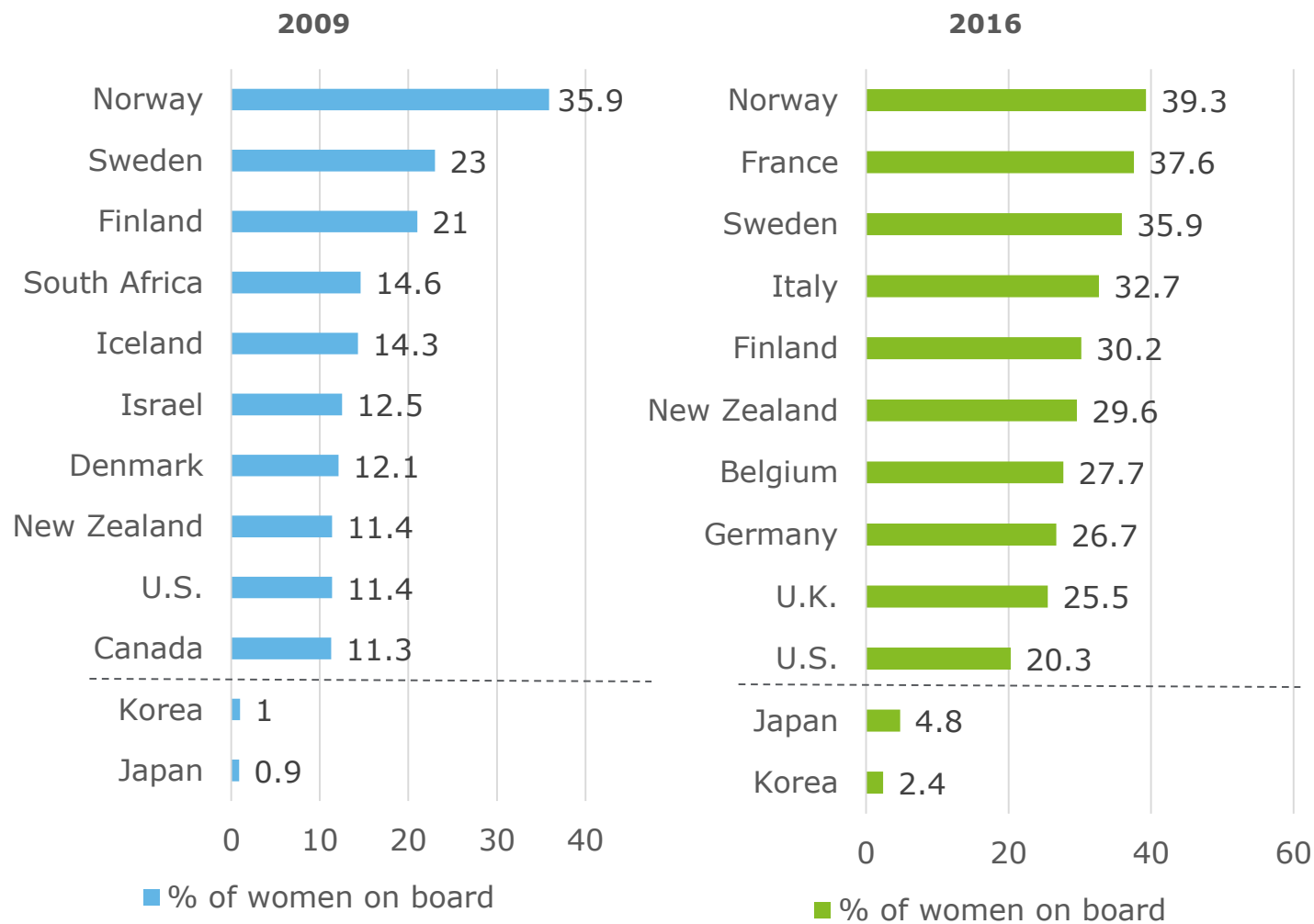
Global Perspective: Higher Degree of Gender Diversity but Slow in Progress in Some Countries

Globally, 15.8% of directorships of publicly listed corporates which are included in MSCI index were held by women, accordingly to MSCI ESG research in 2016.

Women held higher percentage of directorships in **developed-market (DM) countries (19.1%)** comparing to **emerging-market (EM) countries (9%)**, while higher growth rate of female CEOs and CFOs was noted among EM countries (+14.6% of change in EM countries vs. +10.8% of change in DM countries 2015-2016).

Despite growing research indicating greater representation of women in the company could yield better economic returns, the progress in gender diversity on corporate boards and senior executive ranks remains slow. Take Japan as an example, the percentage of senior managerial roles held by women increased by only 1.2% to 12.5% in 2015 from 11.3% in 2014. (Databook of International Labour Statistics, The Japan Institute for Labour Policy and Training).

Exhibit 1: Women on corporate board: Top 10 countries in 2009 and 2016



Source: Women on Boards: A Statistical Review by Country, Region, Sector and Market Index; Governance Metrics International; March 2009

Source: MSCI Women on Board and Financial Performance, 2016

Global Perspective: Quotas/Recommendations Supporting Women on Board

Norway - Norwegian Public Limited Liability Companies Act requires **40%** representation of both sexes on the board **since 2005**.

France - Gender Equality Law sets targets of **20% by 2014** and **40% by 2017** representation of both sexes on the board, which effective since 2011, reinforced in 2014 and 2017.

Sweden - It has been dependent on self regulation for long which government concluded not effective enough. The government drafted a law calling for **40%** representation of each gender on listed and state owned company boards **by 2019** which is being approved.

Italy - Gender quota legislation requires public limited and state-owned companies to have less represented gender to hold at least **1/3** of the board statutory and auditors seats effective **since 2011**.

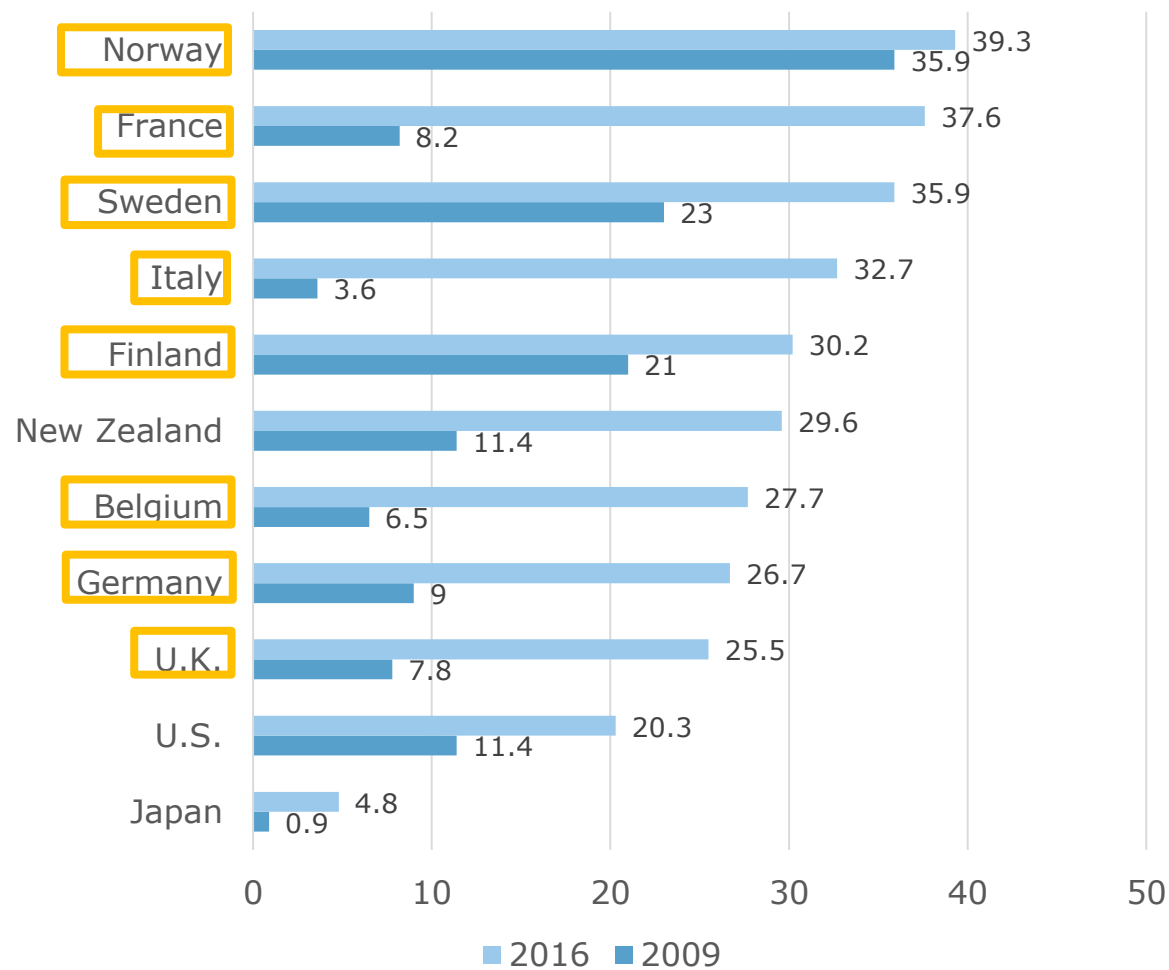
Finland - No gender quota legislation, but Finnish Government Action Plan for Gender Equality set target for listed and publicly owned companies to have at least **40%** representation of both genders on their boards in **2015**.

Belgium - The Belgian law of 28 July 2011, requires a minimum of **1/3** of each gender on boards of state-owned and listed companies by **2012** (state-owned companies), **2017** (listed companies) or **2019** (listed SMEs).

Germany - The German Corporate Government Code updated in May **2015** recommended that supervisory boards of most listed companies should have at least **30%** representation of each gender.

UK - No gender quota legislation but self-regulation. A government-commissioned report in 2011 (aka. Lord Davies report) recommended listed companies in the FTSE-100 aim for a target of **25%** women directors by **2015** and that smaller companies in the FTSE-350 set their own aspirational targets to be achieved by 2013 and 2015.

Exhibit 2: Women on board - Transition of percentage for Top 10 in 2016



Source) : Women on Boards: A Statistical Review by Country, Region, Sector and Market Index; Governance Metrics International; March 2009 / MSCI Women on Board and Financial Performance, 2016

Woman BoDs of Fortune Global 200 & Women CEOs of the S&P 500

Exhibit 3: Ratio of women on corporate boards of Fortune Global 200: Transition from 2011 to 2014

2011 Rank	Company Name	Fortune Global 200 rank	Country	Total Number of Board members	Number of Women Board members	Percentage of Women Directors
1	Procter & Gamble	89	USA	11	5	45.5
2	WellPoint	135	USA	12	5	41.7
3	Statoil	67	Norway	10	4	40
4(Tie)	General Motors	20	USA	11	4	36.4
4(Tie)	Target	106	USA	11	4	36.4
6(Tie)	Wells Fargo	63	USA	14	5	35.7
6(Tie)	HP	28	USA	14	5	35.7
7	PepsiCo	137	USA	12	4	33.3

2014 Rank	Company Name (new names highlighted)	Fortune Global 200 rank	Country	Total Number of Board members	Number of Women Board members	Percentage of Women Directors
1(Tie)	Procter & Gamble	89	USA	11	5	45.5
1(Tie)	Statoil	39	Norway	11	5	45.5
3	GDF Suez (Engie)	37	France	17	7	41.2
4	Wells Fargo	78	USA	15	6	40
5(Tie)	PepsiCo	137	USA	13	5	38.5
5(Tie)	Total S.A.	10	France	13	5	38.5
7(Tie)	Saint-Gobain	171	France	16	6	37.5
7(Tie)	Enel	52	Italy	8	3	37.5

Among S&P 500 companies as of Jan 2017, women currently hold 28 (5.6%) of CEO positions at those S&P 500 companies.

Exhibit 4: Women CEOs of the S&P 500 by Industry (2017)

Industry	# of Corp.
Multi-Utilities	3
Packaged Foods & Meats	3
Aerospace & Defense	2
Specialty Stores	2
Apparel Retail	1
Application Software	1
Automobile Manufacturers	1
Broadcast and digital media	1
Consumer Finance	1
Electric Utilities	1
Financial Exchanges & Data	1
Health Care REITs	1
IT Consulting & Other Services	1
Leisure Products	1
Oil & Gas Exploration & Production	1
Pharmaceuticals	1
Property & Casualty Insurance	1
Regional Banks	1
Soft Drinks	1
Technology Hardware, Storage & Peripherals	1
Tobacco	1
Water Utilities	1

Diversity and Inclusion: a CEO-level Issue around the World

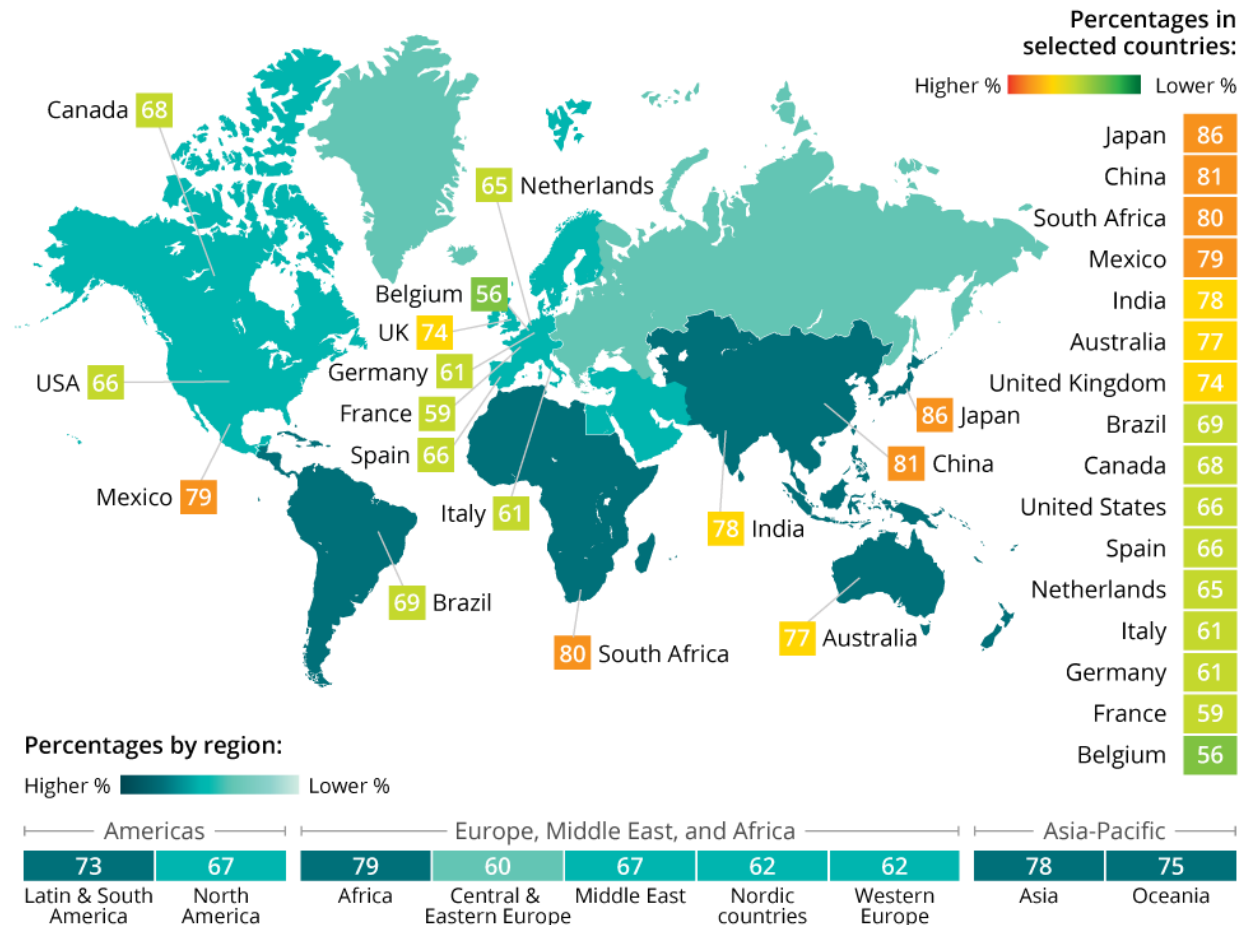
In our 2017 Human Capital Trend survey, the proportion of executives who cited inclusion as a top priority has risen by 32 percent compared with our 2014 survey.

Over two-thirds (69 percent) of executives rate diversity and inclusion an important issue (up from 59 percent in 2014).

38 percent of executives report that the primary sponsor of the company's diversity and inclusion efforts is the CEO.

Despite the overall increase in focus on and investment in diversity and inclusion, many businesses may be in denial about the reality in their own companies. Our research found that, while an overwhelming 71 percent of organizations aspire to have an "inclusive" culture in the future, their actual maturity levels are very low.

Exhibit 5: Diversity and Inclusion: Percentage of respondents rating this trend "important" or "very important" (2017)



Women Leaders in Finance on the Rise

Comparing with the number of female CEOs, female CFOs are much more common in current workplace. Based on MSCI ESG research 2016, 3.6% of companies in the MSCI All Countries index had one female CEO while 8.2% had female CFO as of 2016. Especially in EM countries, jump in the number of female CFOs was noted in the past few years, rising to 7% in 2016 from 3.9% in 2015.

The benefit in terms of women's leadership is the relatively high proportion of women in senior finance roles which seems to be leading to more women taking the top jobs.

It's also good for business growth prospects: greater diversity leads to better decisions and more effective utilizing talent pools. A study conducted by Catalyst showed that among Fortune 500 companies, financial performance of companies with 3 or more women board directors is stronger than average, by outperforming 5.2% in ROE (return on equity), 5.3% in ROS (return on sales) and 3.8% in ROIC (return on invested capital).

Exhibit 6: Global Trends in Female CEOs and CFOs

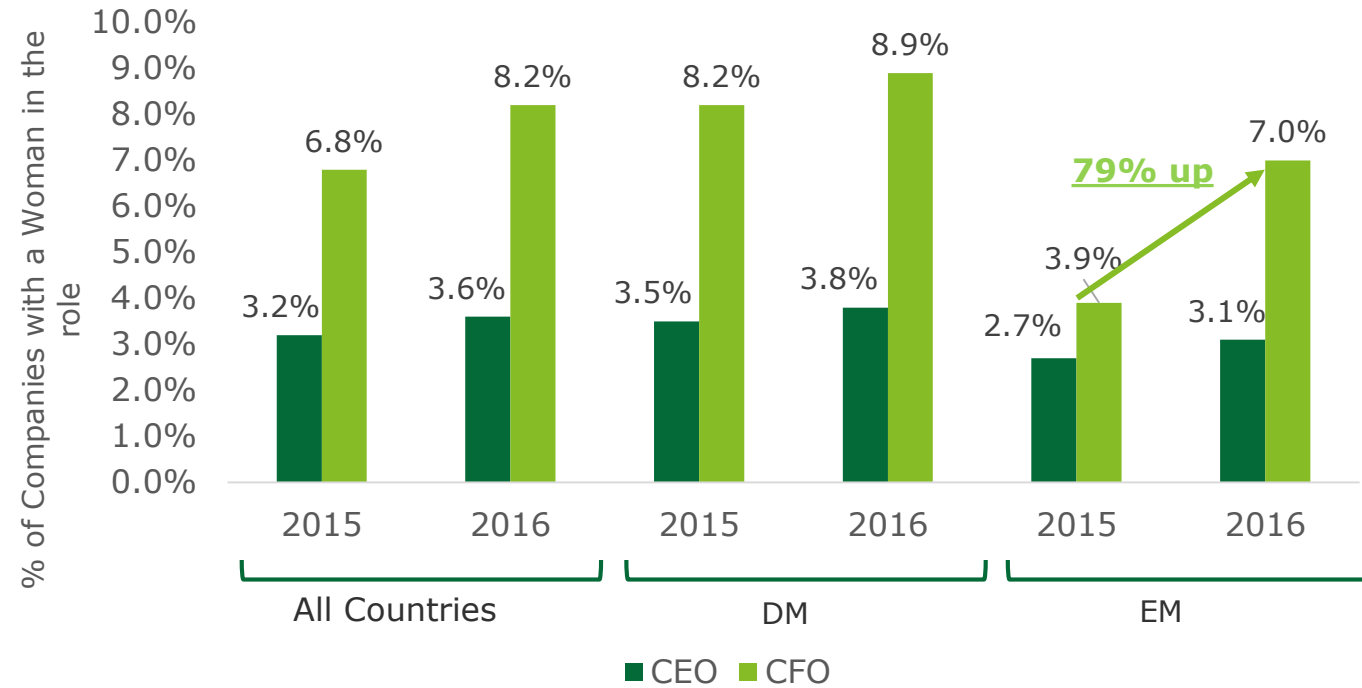
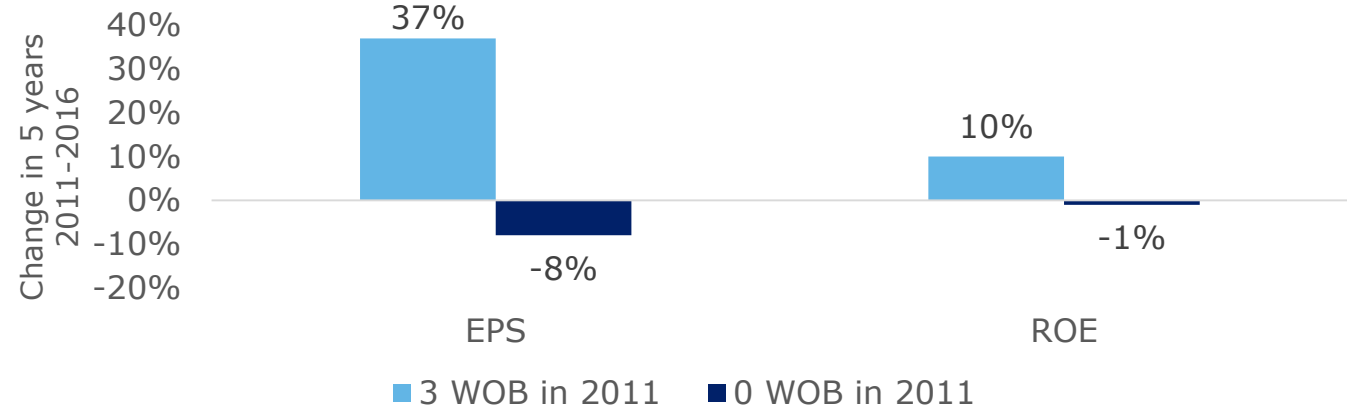


Exhibit 7: EPS&ROE Change by # of WOB 2011-2016



Japan Status & Development: Initiatives

In Japan, the active participation in business by women is being discussed, and initiatives are being developed by politicians and business executives

■ The Initiative by Government ①: “2020 30%”

Positioning the facilitation of women’s active role in society as an essential element of the “third arrow” of Abenomics, Shinzo Abe, Japan’s prime minister, developed initiatives to encourage greater female inclusion in the workforce and to promote higher participation rates in leadership positions. The positive action is called “2020 30%” which is to achieve **30 percent** of all managerial & above positions filled by women **by 2020** was developed to increase the number of female leadership positions in workplace.

■ The Initiative by Government ② : Act on Promotion of Women’s Participation and Advancement in the Workplace (女性活躍推進法)

The Act requires companies with more than 300 employees to:

- Collect and analyze the data on issues of gender and employment
- Devise and disclose action plans to improve gender equality with concrete objectives and measures based on these analyses
- Announce the data regarding women’s participation and advancement.

■ “Nadeshiko Brands” (なでしこ銘柄)

The Ministry of Economy, Trade, and Industry (METI) and the Tokyo Stock Exchange (TSE) have been jointly selecting and publicizing enterprises that encourage female empowerment. In 2013, TSE changed its disclosure rulings: listed companies are to disclose the number/percentage of **women board members** in their corporate governance reports.



Women Leaders: Japan Status & Development

The Numbers

◆ Managerial Position Ratio

According to Databook of International Labour Statistics 2017 released by The Japan Institute for Labour Policy and Training, female managerial ratio was **12.5 percent** in all industries in fiscal year 2015.

◆ Women on Board Ratio

According to the MSCI ESG report: Women on Boards and Financial Performance 2016, the percentage of women serving on boards increased to **4.8 percent**, which was a 0.8 percent increase change as compared to 2015.

This slow progress indicates significant structural barriers to promote women's workforce leadership.

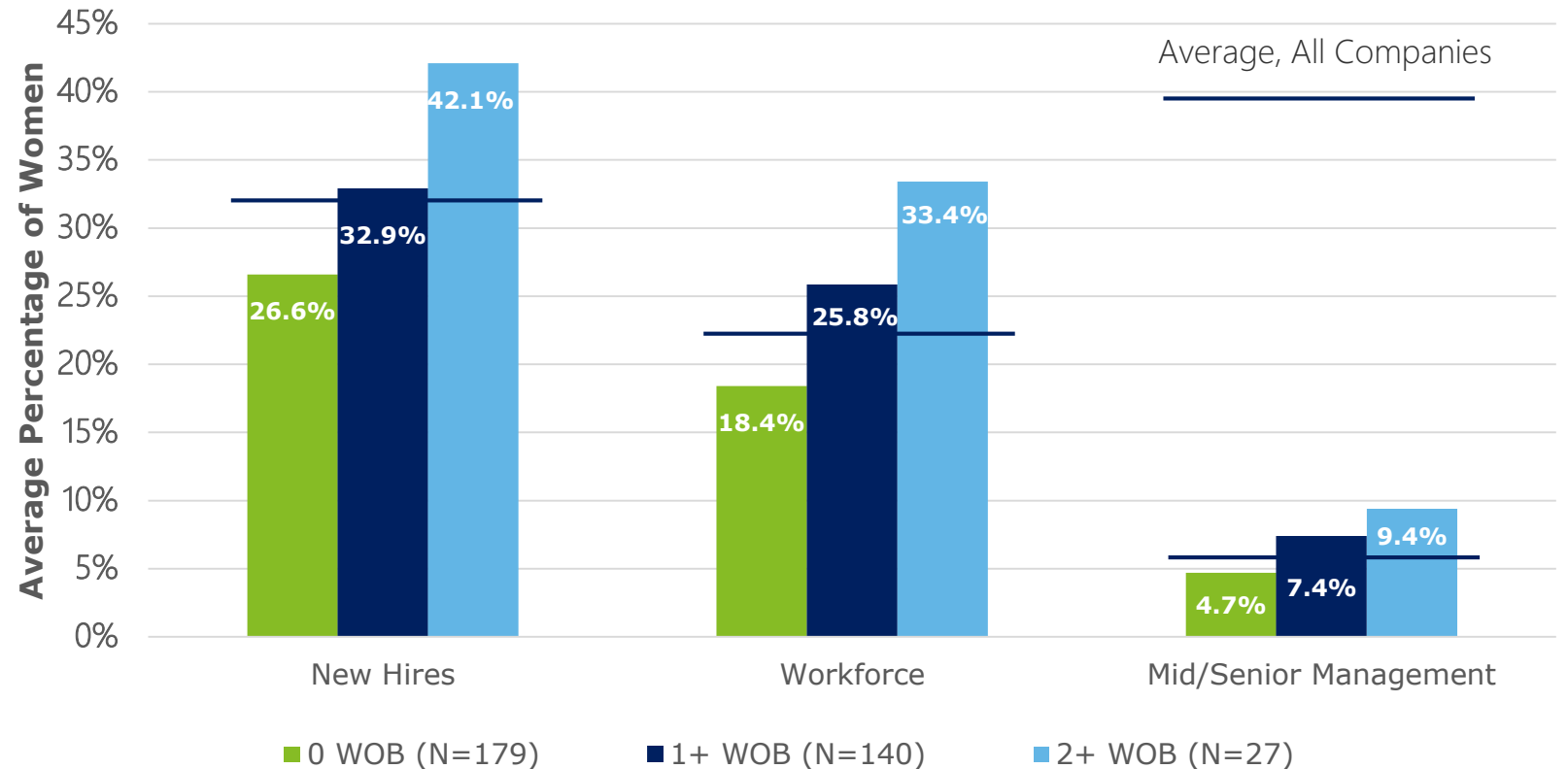


Women Leaders: Japan Status & Development

In Japan, which has adopted new reporting requirements on gender diversity, we found that companies that had **more women on their boards** also had **more women among new hires and the workforce** at large.

Studies have tied workforce gender diversity to higher employee engagement and lower turnover among both men and women, which could be seen as a positive indicator of a better-performing company and of a more functional organization overall.

Exhibit 8: Women on Board (WOB) and Japanese Women Workers



Source: MSCI ESG Research; Japanese Ministry of Health, Labour and Welfare; and company disclosures

Japan: Barrier and Focus

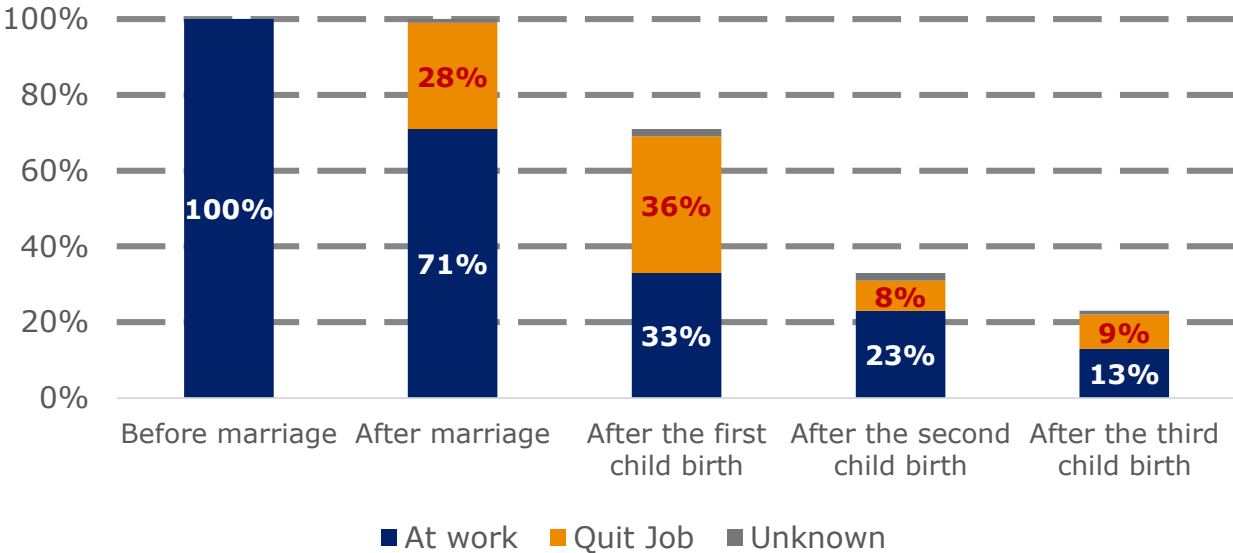
Barrier



Shortages of Childcare

Only **33%** of women who had jobs before marriage continued working after having their first child. Companies face high future risk of losing experienced female workforce after childbirth.

Exhibit 9: Drop in female employment after marriage and childbirth



Source: Gender equality white paper, Gender Equality Bureau Cabinet Office (2013); MSCI ESG Research, 2016

Japan: Barrier and Focus

Focus



Promotion

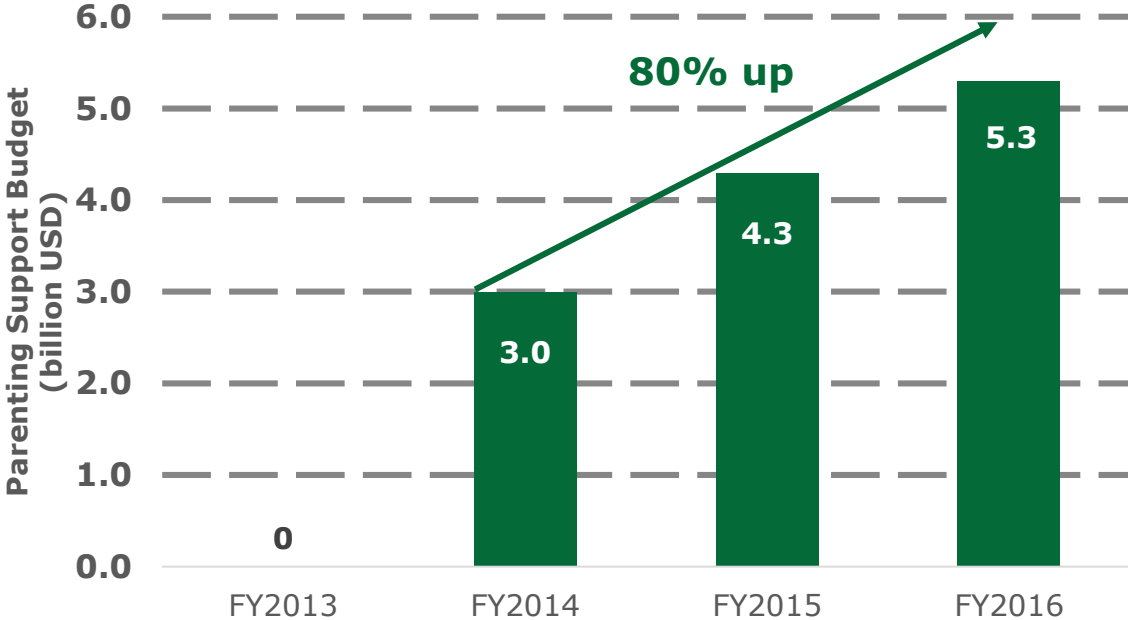
In April 2016, the Ministry of Health, Labour and Welfare (MHLW) established the law to help promote women in the workplace by requiring companies with more than 300 employees to develop a **women's empowerment plan**. (女性活躍推進法)



Parenting Support

Both the central and local governments have taken up parenting support as one of the main agenda items. Between FY2014 and FY2016, there's an **80% increase** in budgets for parenting support such as subsidies for childcare operation fees .

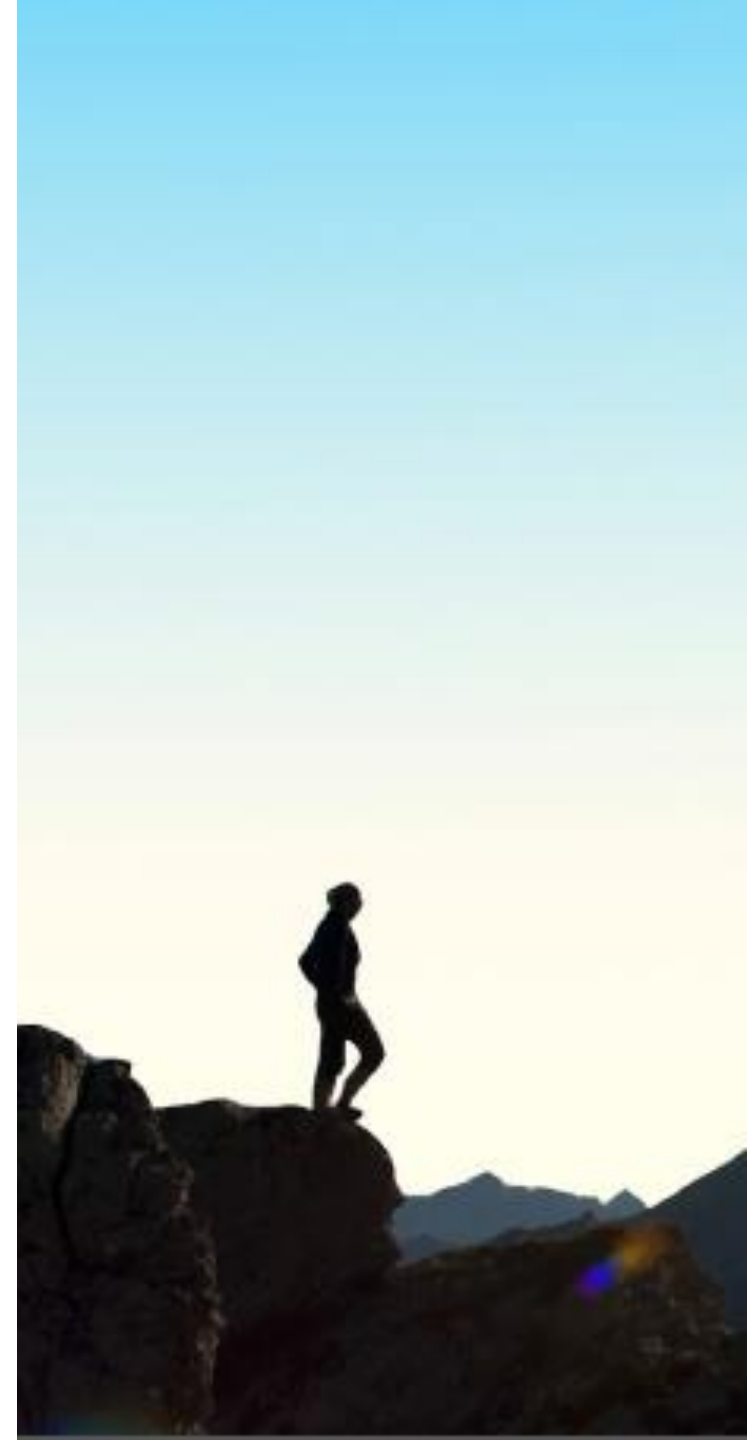
Exhibit 10: Japanese government budgets for parenting support (billion USD)



Source: Cabinet Public Relations Office, Cabinet Secretariat

Key Challenges of Leadership Gender Gap in Japan

- Unconscious gender bias in the HR process in the organization
- Lack of female managerial candidates
- Lack of company top management commitment
- Lack of recognition of female career development
- Long working hours / Lack of flexible work solutions
- Lack of adequate HR evaluation policies and practices



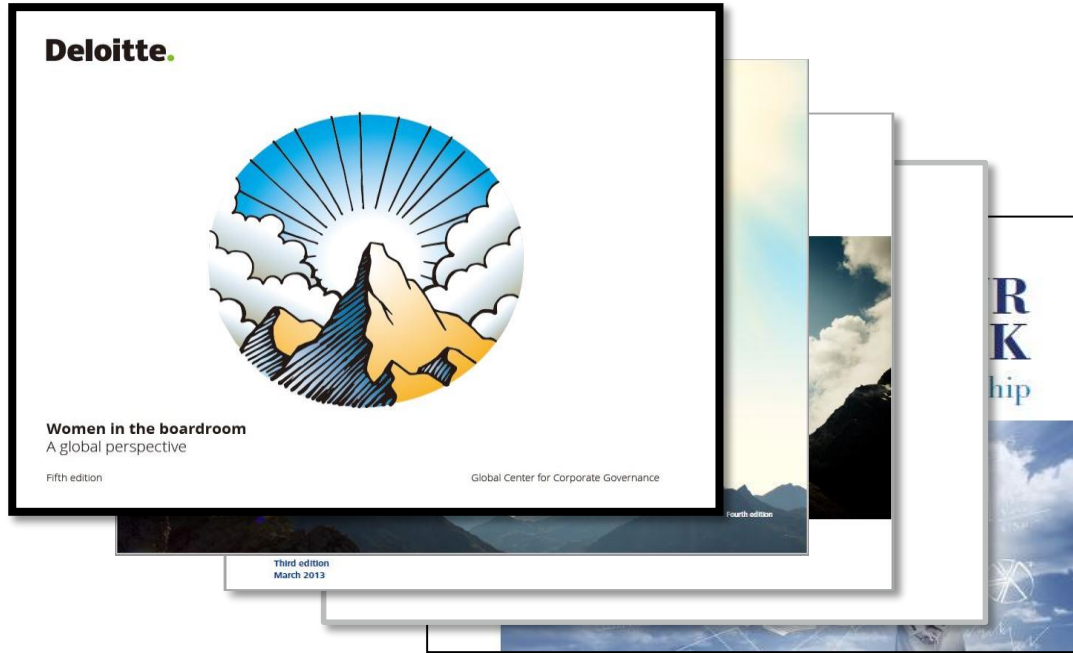
Where to start? Best Practices

1. Ensure that top leadership understands the importance of diversity:
Share the research on the value of inclusion to build consensus at the organization's highest levels. Then hold top leaders accountable through metrics and transparent reports on diversity in promotion, hiring and compensation
2. Use technology and data to identify problem and measure progress:
Analytics can now help in identifying patterns of gender and racial bias, disparities in compensation and rewards, and bias in hiring and promotion
3. Move beyond HR:
Consider diversity and inclusion as part of the corporate infrastructure; it must be practiced by everyone and owned by all line leaders. Diversity and Inclusion is a business responsibility not an HR responsibility.



Deloitte's Eminence

Research and Publication



Since 2011, Deloitte publishes 'Women in the Boardroom', compiling trends and statistics on female executives and board members by country.

The 5th edition issued in 2017 outlines efforts in over 60 countries to increase the number of women occupying board seats. It also features perspectives of non-executive directors from Australia, Japan, UK, and US into how boardroom diversity is progressing in their parts of the world.

Deloitte Japan Women in Leadership

In Deloitte Japan, we support our female professionals by building a work environment that enables them to have high goals and a long career, with initiatives including:

- ◆ Training system improvement
Each of our businesses is implementing a system to support their female professionals' growth and career development, which will bring more women to the top by tackling possible issues and increasing their strengths.

- ◆ Career-boost training
We provide effective programs on each level, from introducing work methods and diverse careers to our professionals, to specific training for Partners and Directors in order to instill them with strong leadership skills.

- ◆ Career program for mothers
We regularly carries out training to help returnees learn the skills and attitude required to realize balance between company and family. D&I develops this training for the entire group.



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