

# FIM Partners

## Gender Parity – The Tide is Turning An Emerging & Frontier Markets Perspective



### Authors

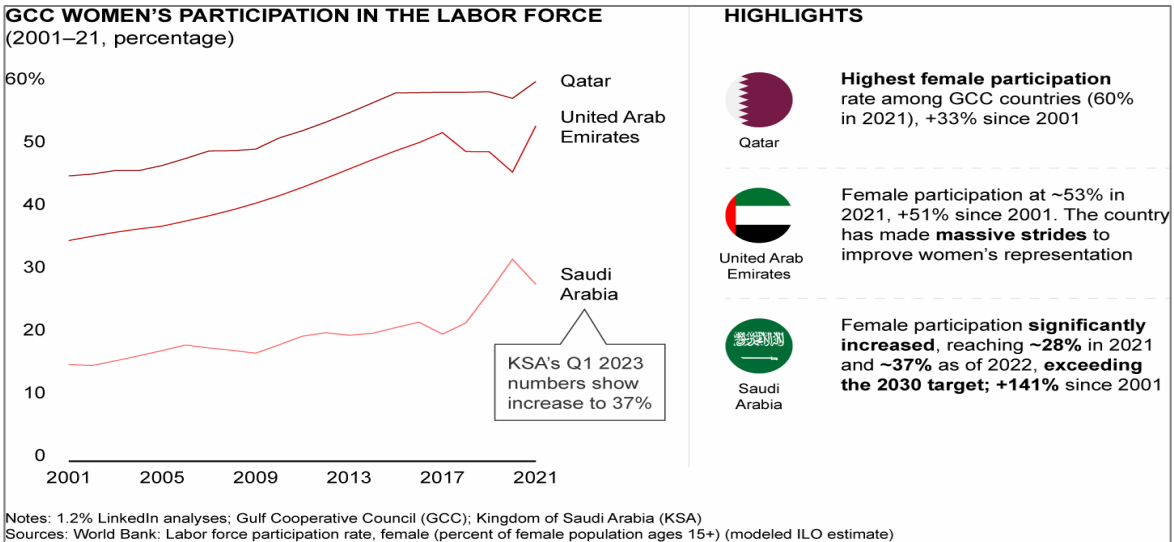


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Emerging & Frontier Markets have historically lagged their developed peers on workplace gender parity as corporates face relatively less regulatory and shareholder pressure to uphold fundamental ESG standards such as better female representation in the workforce and senior leadership<sup>(1)</sup>. However, the combination of policy reform and recognition of the importance of gender diversity across our key markets are translating to notable improvements that deserve due recognition.



The female labor force participation rate is at a wide spectrum across Emerging & Frontier markets with the likes of Pakistan, Sri Lanka, and Saudi Arabia lagging developed markets whilst Indonesia and Vietnam exceed that of the EU. Philippines is one of the highest-ranking countries in the East Asia and Pacific region that has closed almost 80% of its gender gap<sup>(2)</sup>.

It would surprise many though that it is the GCC region which is making the most notable strides in improving female workforce participation and representation in corporate leadership. Today, 62% percent of Qatari women and 55% of Emirati women are employed in the workforce, outpacing the current global average of 50%. These achievements stem from a combination of policy reforms and commitments to internationally recognized gender equity best practices, such as the United Nation's Women's Empowerment Principles. Although there is substantial headroom to



Source: World Bank database

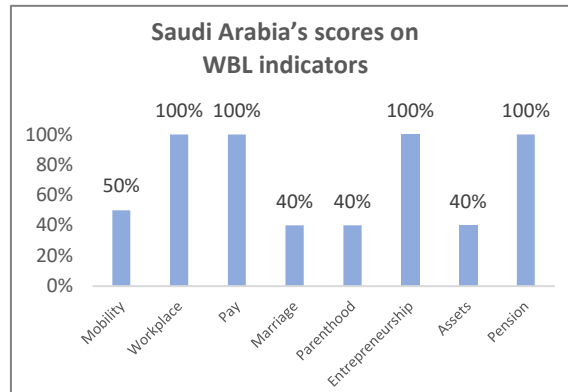
1. Credit Suisse, "The CS Gender 3000 in 2021: Broadening the diversity discussion," 2021  
2. World Economic Forum, "Global Gender Gap Report 2022: Insight Report," 2022

improve female representation in senior leadership positions, considering only 15 out of the 500 Fortune 500 Arabia companies are led by women, there are reasons to be optimistic. For instance, the UAE's Women on Boards initiative, launched in 2012, requires all companies to have at least one female board member and the recently launched Gender Balance Council aims to increase women's participation in corporate leadership roles to 30%.

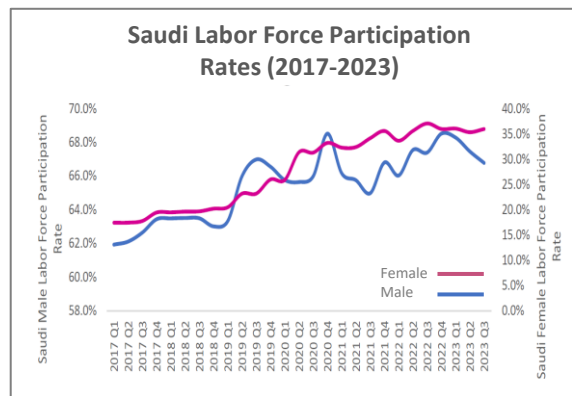
Saudi Arabia is a prime example of how seamless reform execution can rapidly bridge gender gaps; a feat cited in the recent World Bank Women, Business and Law publication (WBL)<sup>(3)</sup>.

Saudi, which scored a poor 31.8 out of 100 in the 2017 WBL assessment, has since seen its score catapult to 71.3 in 2023. This drastic improvement stems from the implementation of several gender parity reforms pertaining to mobility, workplace, etc., that have improved female labor-force participation leading to more dual-income households and most importantly improved overall female financial independence<sup>(4)</sup>. In fact, Saudi Arabia's Vision 2030 target of 30% female workforce participation was met ten years in advance in 2020.

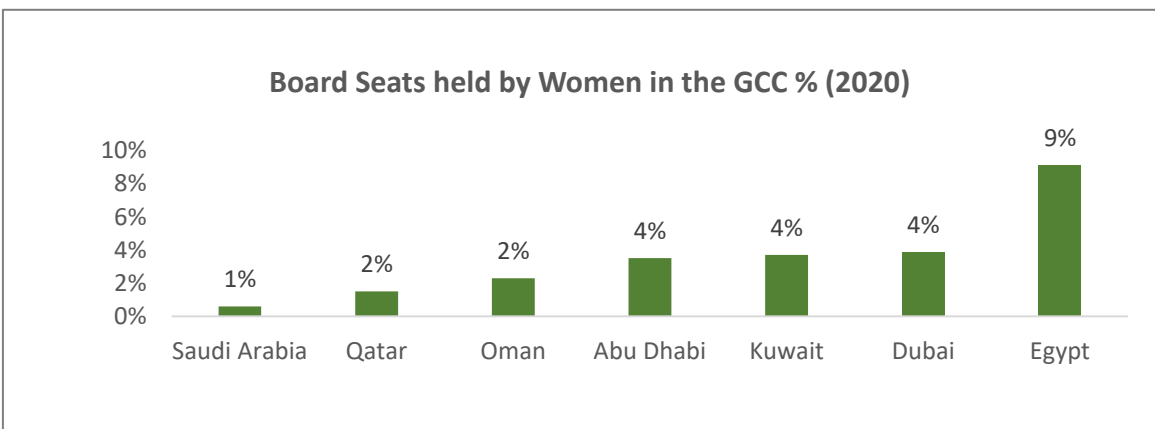
Gender parity is also gaining momentum in the corporate leadership ranks. In 2017, the Saudi Stock Exchange appointed a woman as its Board chairperson for the first time and the Kingdom's Ministry of Human Resources and Social Development signed a MoU with the Capital Market Authority to support the presence of more women on the boards of listed companies in 2020.



Source: World Bank database



Source: General Authority for Statistics, KSA database



Source: Credit Suisse, "The CS Gender 3000 in 2021: Broadening the diversity discussion," 2021

3. World Bank Group, "Women, Business and the Law 2024," 2024

4. Morgan Stanley Research, "The Future of Saudi Arabia: Emerging at 'Giga' speed," 2022

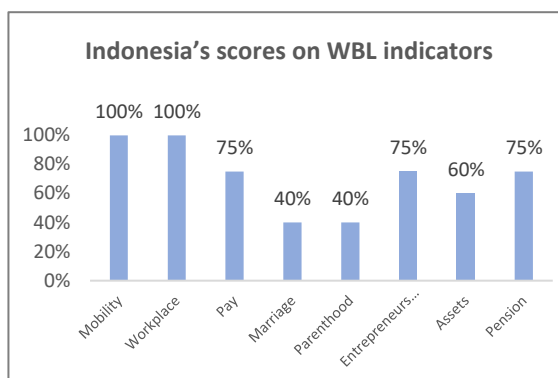
As investors in the GCC region for over a decade, we have witnessed this momentum shift across our investments. For instance, the percentage of companies in our MENA Equities strategy with at least one female board member has jumped from 34% in 2021 to 49% in 2023.

Indonesia is another noteworthy example. The country's laws and reforms have not always been linear in the path to gender equality. There were no reforms that promoted legal equality for women between 1975 and 1995. However, in the 2000s, the country began enacting laws that empowered its female workforce. Most recently, in 2022, Indonesia enacted a regulation that protects women from sexual harassment at the workplace, which reinforces their right to safety during employment.

While supportive government policies, as seen in the GCC, can be a positive catalyst, investors such as ourselves also have to play a part in supporting corporates that are championing these initiatives on their own accord. One such example is our investment in Cisarua Mountain Dairy (Cimory); a leading Indonesian packaged foods and dairy products manufacturer. The company has a unique distribution program called Miss Cimory (MCM) that involves establishing neighborhood distribution centers and hiring women from the surrounding neighborhood to conduct door-to-door sales under a lucrative commission structure.

Since 2018, the program has grown from 1,000 women to over 5,000 women in 2023, with the representatives serving around 400,000 homes on a weekly basis. Currently there are 233 MCM centers across the country with the MCM channel accounting for 10% of firmwide sales in 2023. Overall, women represent 30% of the work force of the company.

Last year, we had the opportunity to visit a MCM Distribution Center in Jakarta to partake in a sales training class and speak with their female agents to understand their experience. The overall feedback was that the MCM was a great avenue for enhancing household income and encouraging mobility



Source: World Bank database



Source: Credit Suisse, "The CS Gender 3000 in 2021: Broadening the diversity discussion," 2021



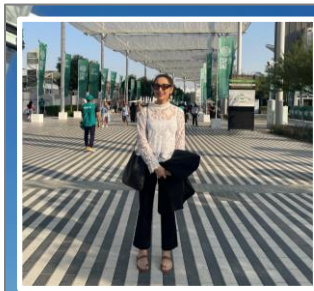
FIM Partners Head of Research Ali Hussain visits Cimory's MCM center in Jakarta, Indonesia

as owning a scooter is an employment requirement. The company plans to double their female MCM agents to over 10,000 in the next 4-5 years as it enhances its rural distribution footprint.

In conclusion, we continue to see positive tailwinds towards improving workplace gender diversity and enhancing female leadership representation in our investment universe. With positive regulatory changes that prioritize inclusivity and diversity at the workplace as well as stakeholder expectations from investors like ourselves, we are hopeful that this positive trend will continue.



Meeting with the management of Indonesian retailer Mitra Adiperkasa



### FIM at COP 28

In December 2023, we attended the 28<sup>th</sup> meeting of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in Dubai, UAE. On the Gender Equality Day, the UN Climate Change representative underlined the importance of including gender equality in 'just transition' policies to strengthen women's meaningful participation, leadership, and livelihoods in climate action. A call to action was also announced at COP 28 which aims to push for investing and prioritizing in gender and environmental data to ensure that just transition policies and processes are inclusive.

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