

## **Topline version**

# **Gender balance on the boards and executive management of the Danish C25 companies**

Date:

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# Background

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In 2008 the Danish Committee of Corporate Governance recommended that listed companies establish a **diversity policy**. In 2011 the Committee strengthened the guidelines by recommending that the diversity policy should include concrete goals. The guidelines have been revised several times since then, but still include the clear principle that **diversity** (including age, gender, educational and commercial background, among other possible areas) is **critical for companies**. Companies should seek to have relevant diversity not only on the leadership and executive management teams, but also on the boards of directors.

**The board**, with its responsibility to safeguard the company's and stakeholders' interests and ensure short- and long-term value creation, **is responsible** not only for ensuring and publishing details on its own relevantly diverse board composition (section 3.1.1), but also **for discussing on an annual basis what actions the company is taking to ensure relevant diversity at the different management levels** (section 3.1.2).

The recommendations suggest the company adopts a diversity policy which should be included in the management commentary and/or on the company's website, and that this policy should focus on issues that strengthen management's qualifications and competencies and support the company's future development. In its policy, the company may (should) explain how it actively works on increasing diversity, including the **gender distribution** at the different management levels in the company.

# Purpose of this report

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**Our aim is to generate, for the first time in history, an overview of how well the Danish C25 companies are complying with the recommendations to publish a diversity policy as well as to publish and achieve gender targets for the board and executive management\*.**

We recognize that diversity includes more dimensions than gender, but we start with gender and may look at other aspects later.

This report is the first part of a series that will include a look in early 2022 at how well the C25 have progressed toward creating and publishing good quality diversity policies, as well as to what extent they are setting and reaching (gender) diversity targets for both the board and the executive management.

\*The board is defined as shareholder elected members – not including employee elected board members. The executive management is defined as the officially registered executive management – in Danish called “direktionen”. We ideally would have liked to include the management level reporting to executive management. However, as this level is not publicly registered, it varies how and to what extent the C25 companies present these leaders on their webpage, so this layer of management is not included in this report.

# Overall findings 1: Setting and meeting targets

Our research shows that C25 boards are well on their way toward complying with the recommendations to set, publish and achieve gender targets, while the situation looks much weaker for executive management teams.

**Boards** currently (Feb. 2021) have an average of 36% female, and 21 of C25 (88%) state a clear gender goal while 14 (58%) actually achieve their goal.

**Weaker compliance is seen on executive management teams**, as they have on average only 13% female, with 13 companies having zero women on the exec. mgmt. team, only 3 companies having set a clear gender goal, albeit at low levels of 20% to 25%, and only 1 (AP Moller Maersk) having achieved their target.

## C25 Boards: Goals and achievements

1	Current % female	Average of 36%
2	Has set a specific goal for the board	21 out of 24 C25 Companies (88%) state a goal
3	Achieved the goal in relation to their target	14 out of 24 C25 Companies (58%) achieve their goal

## C25 Executive Management Teams: Goals and achievements

1	Current % female	Average of 13% (including the thirteen companies with 0% females)
2	Has set a specific goal for the exec. mgmt. team	3 out of 24 C25 Companies (13%) state a goal
3	Achieved the goal in relation to their target	1 out of 24 C25 Companies (4%) achieves its goal

## Overall findings 2: Ambition level

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The findings show a wide variety of ambition levels for gender targets, for both boards and executive management teams. This table shows the number of companies at each target level:

Target level for % female	Number of C25 Boards	Number of C25 Exec. Mgmt. Teams
No published target	4	21
15% to 29%	6	3
30% to 40%	10	0
50%	4	0

## Overall findings 3: Measurability of Diversity policy

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In many cases, the policy for making progress toward diversity consists of a few sentences in the CSR or SDG report notes, without concrete measures or milestones. See extracts from the policies in the individual company one-pagers later in the report. Overall, only 3 out of 24 C25 companies (13%) are completely clear with regard to their goals for BOTH board of directors and executive management and therefore qualify for the green light\*.

### Measurability of Diversity Policy

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3 out of 24 C25 Companies (13%) publish a diversity policy with specific targets for both the board AND executive management



12 out of 24 C25 Companies (50%) publish EITHER a goal for the board or executive management (not both) AND a target for the entire org. or wider group of management in general



9 out of 24 C25 Companies (38%) only publish EITHER a goal for the board OR Exec. mgmt. OR a target for the entire org. or wider group of management in general

\*Note that with these “traffic lights” we mean that companies with Green are doing well, companies with Yellow still have opportunities, and companies with Red have a longer way to go toward compliance. Note also that with these lights we have not considered the actual number of women each company has on the board and in executive management. As you will see in the detailed findings, many companies have increased the number of women but may not have reached their targets yet.

## Overall findings 4: Companies to celebrate

Here are the top companies as measured in several areas of importance (based on data from Feb. 2021\*):

Highest % females on the Board	Highest % female on Exec. mgmt.	Target of 50% female on the Board (achieved= <b>bold</b> )	Have a target for % female on Exec. mgmt. (achieved= <b>bold</b> )
<i>Pandora</i> 75%**	Vestas 50%	<b>GN Store Nord</b>	Danske Bank 25%
GN Store Nord 57%	GN Store Nord 33%	<b>Tryg</b>	SimCorp 25%
Chr Hansen 50%	Chr Hansen 33%	DSV	<b>APMM 20%</b>
Coloplast 50%	Novo Nordisk 33%	Vestas	
Tryg 50%	Novozymes 33%		
	Ørsted 33%		

\* Data collected Feb. 2021, not from older company reports

\*\* **Pandora** overachieves its goal of 40% for one gender but in doing so, does not achieve desired diversity as there are in principle too many women.

## Final remarks

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**The board**, with its responsibility to safeguard the company's and stakeholders' interests and ensure short- and long-term value creation, **is responsible for reviewing on an annual basis what actions the company is taking to ensure relevant diversity at the different management levels** (section 3.1.2).

The Danish Corporate Governance Guidelines contain the clear principle that **diversity** (including age, gender, educational and commercial background, among other possible areas) is **critical for companies**. Companies should seek to have relevant diversity not only on the leadership and executive management teams, but also on the boards of directors.

**The board should actively work with the company to continuously improve the development and implementation of diversity policies** which address ways to strengthen management's qualifications and competencies and support the company's future development. The board should ensure that the policy explains how the company actively works on increasing diversity, including the gender distribution but also other diversity which may be relevant for the company, at the different management levels in the company.

## Final remarks

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As the saying goes, “you get what you measure”. Setting up a general goal for the entire organization can become diffuse and difficult to follow up on, making the diversity policy seem less meaningful.

It is important that the C25 companies, as well as any others who wish to tap into the talent base of women, continue to set specific numerical goals and to measure progress toward those goals. Diversity and inclusion activities should be occurring not only at the board and the executive management levels, but also at the levels below in order to ensure the best results for the company as well as a continuous supply of qualified talent.

We are delighted to experience that the C25 companies are taking this issue seriously and that progress is beginning to become visible.

# Individual company results

For each company, we report the source of information, extract important parts of the content, and add our comments.

Company	Page	Company	Page
<a href="#">A.P. Møller Mærsk</a>	19	<a href="#">Lundbeck</a>	31
<a href="#">Ambu</a>	20	<a href="#">ISS</a>	32
<a href="#">Bavarian Nordic</a>	21	<a href="#">Netcompany Group</a>	33
<a href="#">Carlsberg</a>	22	<a href="#">Novo Nordisk</a>	34
<a href="#">Chr. Hansen Holding</a>	23	<a href="#">Novozymes</a>	35
<a href="#">Coloplast</a>	24	<a href="#">Pandora</a>	36
<a href="#">Danske Bank</a>	25	<a href="#">Rockwool International</a>	37
<a href="#">Demant</a>	26	<a href="#">Royal Unibrew</a>	38
<a href="#">DSV Panalpina</a>	27	<a href="#">SimCorp</a>	29
<a href="#">FLSmidth &amp; Co.</a>	28	<a href="#">Tryg</a>	40
<a href="#">Genmab</a>	29	<a href="#">Vestas Wind Systems</a>	41
<a href="#">GN Store Nord</a>	30	<a href="#">Ørsted</a>	42

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