

Record Number of Women Directors in Finnish Listed Companies

The Seventh Women Directors and Executives Report 2017



FINNCHAM

**WOMEN
LEADERS
PROGRAM**

FOREWORD

Promoting women leaders through self-regulation is a strategic target of the Finland Chamber of Commerce. Our goal is that the best people are appointed to leadership positions in Finnish companies, regardless of their gender.

In order to reach this goal, Finland Chamber of Commerce has created Women Leaders Program. The program was awarded with the best corporate social responsibility innovation prize at the ICC World Chambers Congress in Torino in 2015. You may find more information about the program from program's website at www.naisjohtajat.fi/en.

A crucial element of the Women Leaders Program is an annual report on women in leadership positions of listed companies published by the Finland Chamber of Commerce. The report you are reading is our seventh Women Directors and Executives Report. The study compiles statistics and provides insights for the benefit of public discussion so that the public discussion on the topic as well as any related policy decisions would be based on facts and as opposed to feelings.

In 2011 the Finland Chamber of Commerce published its first study on the subject titled as *Men Lead Business Operations of Listed Companies – Women End up in Support Functions*. The study showed that although the number of women directors had risen sharply over the past decade, the number of women executives was still very low, especially in business operations. In 2012, the second women directors and executives study, titled as *The Glass Ceiling is Cracking – Self-regulation Beats Quotas*, was published. The second study showed that the number of women directors had continued to increase from 2011, and that the number of women executives in business operations had slightly increased, even though the number was still very low. The third study, *Boardroom Success for Women – Challenges in Business Management*, published in 2013, was extended to cover all state-owned companies and some of the largest unlisted companies in addition to the publicly listed companies that had been previously studied alone. However, collecting and analyzing data proved to be challenging as unlisted companies have no obligation to publish governance information on their websites.

The fourth report, *Women Executives Stepping up for More Business Responsibility*, published in 2014, found out that positive development had continued as the number of young women appointed to executive positions in business operations had increased notably. The fifth report, *Younger Women Advancing to C-Suite*, published in 2015, included observations as to directors' and executives' professional and educational background and their age structure. The study discovered that number of women executives was increasing in the younger generation, in particular.

The sixth report, *Women Become Board members, but Rarely Rise to the Business Management* issued in 2016 showed that the number of women board members and CEOs in listed companies had reached a record level. However, in the same year, the share of women in executive teams had decreased after years of steady growth. This seventh report, reveals that women now hold record high figures both in board member, CEO, and executive team positions in Finland.

The observations made through our Women's Leadership Surveys have encouraged the Finland Chamber of Commerce to take practical steps to promote women's leadership. Since 2012, the Finland Chamber of Commerce has been organizing a Women Leaders Mentoring Program with the fourth annual course starting soon.

Helsinki, December 2017



Leena Linnainmaa
Deputy Chief Executive



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INTRODUCTION

You are reading the seventh annual Women Directors and Executives Report by the Finland Chamber of Commerce. For this report, we have gathered fresh information on how women's share in executive teams and boards of listed companies has developed.

The first part of the report provides information on the number of women directors in Finnish listed companies. The section also includes a comparison between Finland and selected other countries. In the first part we also examine board members' professional background to better understand on why only a minority of board members are women across all listed companies.

In the second part of the study, we examine the executive teams of Finnish listed companies and describe the evolution of women leadership as well as the differences between female and male executives. The section analyzes to what extent women lead business operations versus support functions and are there any differences between different sized companies and sectors. The chapter provides interesting data on the differences between men and women executives in this regard. Differences are also examined in terms of company size and business sector.

In the third part of this report we examine the age structure of directors and executives as well as the length of tenure, identifying the differences between women and men in this regard.

Preparation of the Report

The data used in this report was collected from the public information made available on companies' websites.

With respect to board members, the data was gathered during spring 2017. The report covers all 123 Finnish companies listed on the Helsinki Stock Exchange including 28 large cap, 37 mid cap and 58 small cap companies.

As to the CEOs and executives the data for the report was collected in September 2017 when the number of listed companies had increased by 2 (mid cap) to 125 companies in total.

When we have used sources other than our own data base (e.g. international statistics), the source is explicitly mentioned.

The company information was collected by Legal Trainee, Anna-Maria Svinhufvud, and Assistant, Tanja Väkevä, while the results were analyzed by Deputy Chief Executive, Leena Linnainmaa, and Legal Counsel, Antti Turunen.

I. MORE WOMEN ON CORPORATE BOARDS WITHOUT QUOTAS

Approximately fifteen years ago, corporate boards of large companies were still dominated by men while women were practically rare exceptions. However, the situation has changed notably since the beginning of 2000, and the progress has been achieved without introducing quota legislation.

It is in the interest of the companies to create a balance, where the great amount of higher educated women and women's share in workforce is also reflected on the management level. In this way the companies can also find the best possible talent for their boards and other leadership positions.

The advocates of Finnish companies have taken proactive measures to promote women directors on corporate boards since 2003. Already in 2003, the topic of gender distribution at the board level was included in the Finnish Corporate Governance Code for listed companies. In spring 2008 a recommendation was added in the Finnish Corporate Governance Code requiring both genders to be represented on corporate boards. Furthermore, a revised Corporate Governance Code entered into force in 2015 introducing an additional recommendation regarding board diversity policy. The Corporate Governance Code calls for companies to define a diversity policy for the board, and to report more specifically on their objectives regarding the representation of both genders on the boards and the measures to achieve those objectives.

As part of the Government's Equality Program, the state leadership follows the development of women's status on the listed companies' boards.

Finland serves as an example on how to promote women directors without quotas. The number of women directors on Finnish corporate boards is on a high level compared to many other EU member states. The European Parliament recognized the effectiveness of the Finnish Corporate Governance Code and raised Finland as an example where the Corporate Governance Code has been able to significantly increase the amount of female board members.¹

As a result, many Corporate Governance Codes in Europe have been influenced by the Finnish model that aims to increase the number of women directors on boards without quota legislation. The Finnish model as well as the activities by the Finland Chamber of Commerce have gained also global distinction. The Finland Chamber of Commerce won the first prize for its Women Leaders Program in the Best Corporate Social Responsibility Project category at the World Chambers Competition in Torino in June 2015.



¹ Women and business leadership, European Parliament resolution of 6 July 2011 (2010/2115(INI)), point 6

Women on Corporate Boards

In 2003, only 7 percent of listed companies' board members were women while five years later the figure had risen to 12 percent. Over the past nine years, however, the number of women on the corporate boards has more than doubled. In 2017, 27 percent of board appointments went to women. Never before have women had the same share of all corporate board seats.

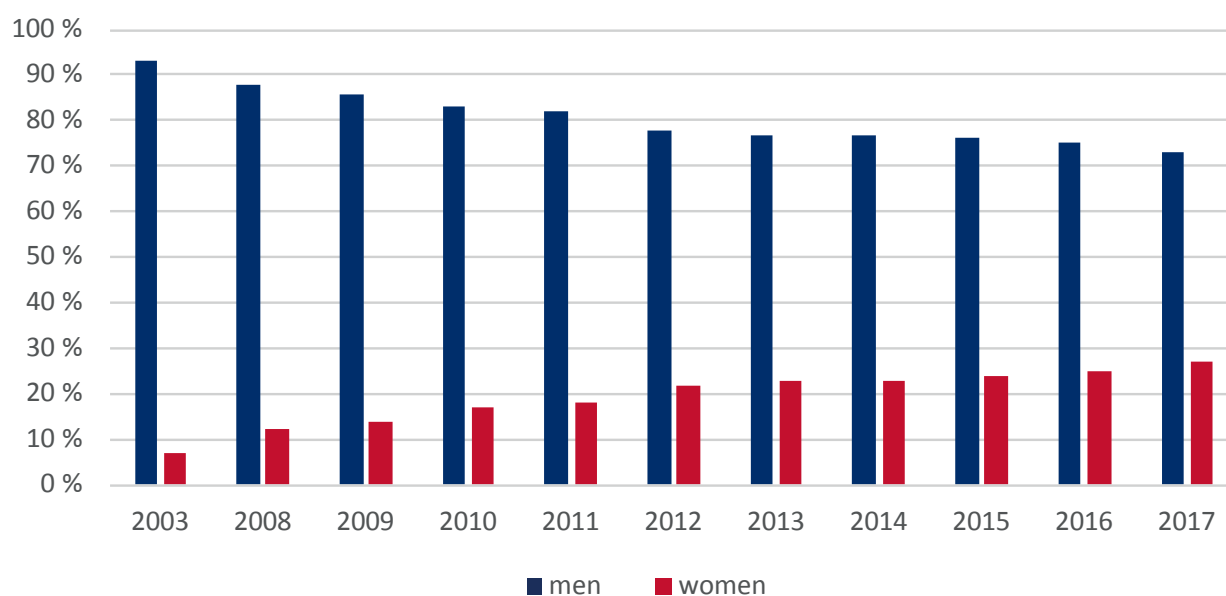
Finland's progress is especially meaningful because the record figures have been achieved via companies' own initiative and self-regulation as opposed to mandatory guidance of the authorities or new legislation.

As it is highlighted later in this report, a considerable number of directors have previous experience in line management, often as a CEO. The situation is clear: if the number of women leading businesses on the C-suite level does not increase, the number of women

directors cannot be expected to increase as rapidly as in the past. This issue should also be taken seriously when considering different policy options. Quotas are not a solution as they do not fix the reasons behind the development.

WOMEN'S SHARE OF BOARD SEATS IS RECORD HIGH AT 27%

Board Composition of Listed Companies 2003–2017



Source:

2003: Luottolista 5/2004, Suomen Asiakastieto Oy

2008-2010: Finnish Government Equality Report p. 105

2011-17: Finland Chamber of Commerce Women Executives Report

The Share of Women on the Boards of Different Sized Listed Companies

The size of a company has a significant impact on the proportion of women on company boards.

In large cap companies the number of women on boards is higher than in smaller companies on average. The same phenomenon has been observed in other countries. However, when compared to many other countries, the Finnish listed companies are rather small in size.

Since 2016 there has been growth in women board memberships across all companies regardless of their size. The number of women board members has increased with one percentage in both large cap and mid cap companies where the share of women board members of all board members is 33 percent and 27 percent, respectively. However, the relative number of women board members has risen the most in small cap companies where the year-over-year increase was three percentage points (23% in total). When looking at all listed companies, women's share of board seats had increased by two percentage points to 27 percent. Thus, the number of women board members is at a record high level, no matter what company size you look at.

In 20 companies, the proportion of women stands between 40 and 50 percent, which means that we can talk about equal representation. This means, for example, situations where there are six to seven board members and three of the board members are women. The number of companies that have met the equal representation has increased considerably over the year; in 2016 only 12 companies met this criterion. Currently there are still nine company boards or 7 percent of total with only men members.

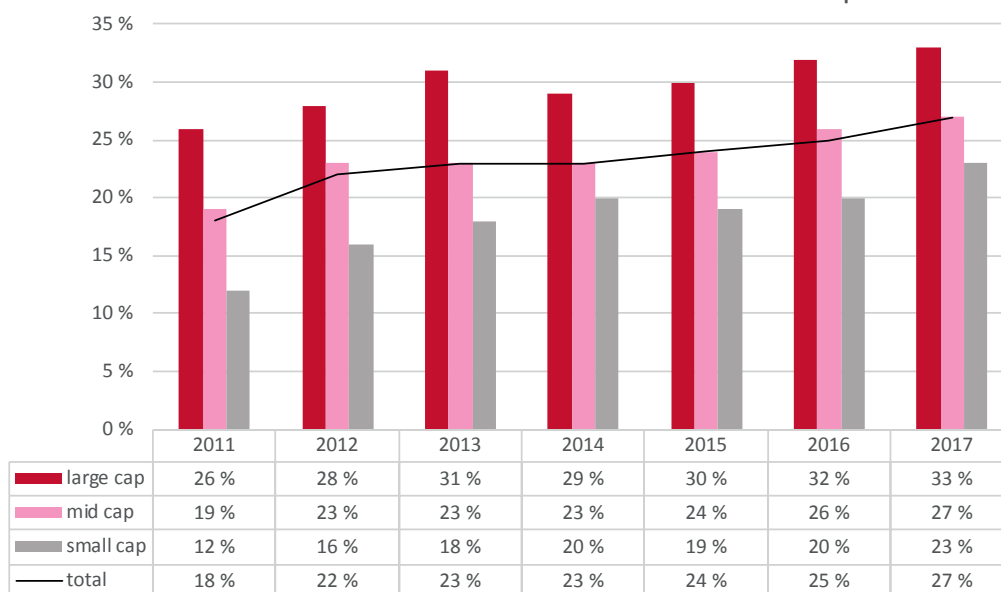
33% OF BOARD MEMBERS IN LARGE CAPS ARE WOMEN

Altogether 768 board members were appointed in 2017. The appointments were distributed to 660 people (in 2016 to 659), of whom 488 (in 2016: 501) were men and 172 women (in 2016: 158). Compared to 2016, the number of women increased by 14 persons, whereas the number of men decreased by 13 persons.

35% OF THE NEW BOARD MEMBER APPOINTMENTS IN 2017 WENT TO WOMEN

Altogether 158 new board members were appointed to the public listed companies in 2017. Out of 158 new board members 102 were men and 56 women. Share of the newly appointed women board members was 35 percent. During the same period, 148 people finished their board member positions, out of which 34 were women and 114 men. The share of women who ended their board membership was 23 percent. Thus, the net development of women in the boards has been positive.

Share of Women Board Members in Listed Companies



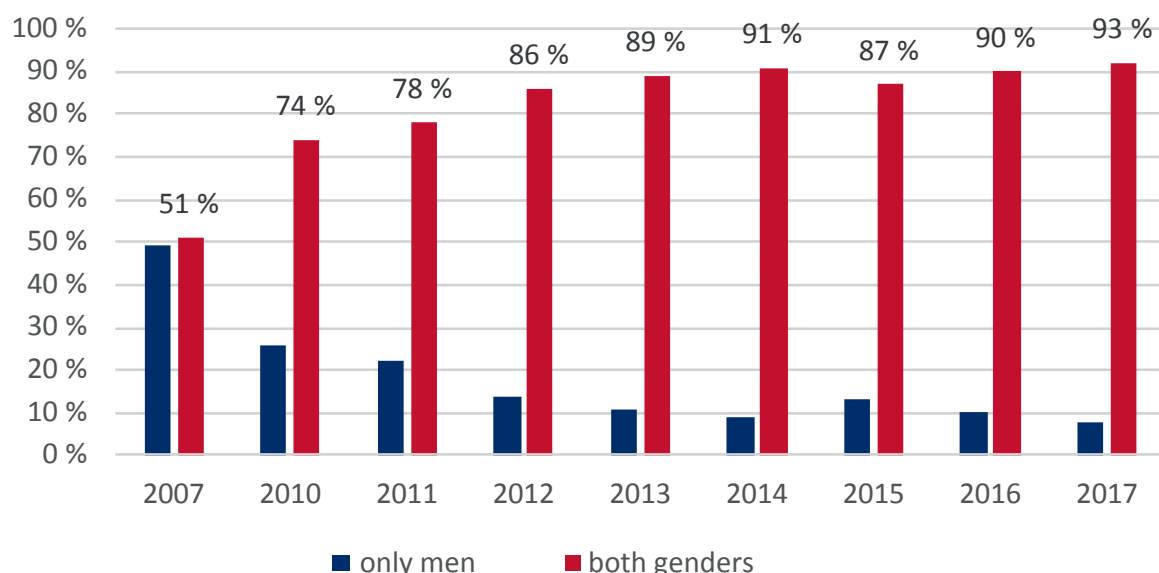
All-Male Boards Are Rare

In 2017, only 9 companies had all-male boards, constituting 7.3 percent of all listed companies. In comparison, 22 companies have all-male boards in Sweden (7.2% of the companies).² The number of companies with an all-male board has decreased in Finland by 3 companies. This continues the long-term trend which is illustrated in the chart below.

In 2017, two companies had women majority in the board in Finland. In addition, in three companies, half of the board members are women. In this respect, there has been positive development compared to last year when there were no boards with a women majority and only two equally represented boards.

In general women are still minority on the boards. In 47 companies the board comprises only a one woman director (i.e. 38% of all companies). On the other hand, in 44 companies the number of women directors is over a third (i.e. 36% of all companies). It should be noted that the average size of a board is relatively small in Finland. For example, the small cap companies in Finland have 5.3 board members on average, which is a low figure in an international comparison.³

Gender Composition in Boards of Finnish Listed Companies – Impact of the CG code



² <http://www.ap2.se/globalassets/nyheter-och-rapporter/pressreleaser/nis-ap2-kvinnoindex-2017.pdf>

³ Finland Chamber of Commerce Report Toimiiko hyvä hallinto ja avoimuus pörssiyrityksissä p. 26 <https://kauppakamari.fi/wp-content/uploads/2017/05/corporate-governance-selvitys-2017.pdf>

The Finnish Corporate Governance Code has Proved Its Effectiveness

Recommendation 8 of the Finnish Corporate Governance Code requires both genders to be represented on the board. The code has proved to be a powerful tool in increasing the number of women directors in listed companies because the code also requires the company to publish a public statement in case it has an all-male board. The Finnish Corporate Governance Code⁴ recommendation for listed companies stipulates the following:

"Both genders shall be represented on the board."

The gender distribution of the Boards has been discussed in the Finnish Corporate Governance Code since 2003. The world's first Corporate Governance Code, which stated that the composition of the Board may also take into account the gender distribution, was given by the Finland Chamber of Commerce, the Confederation of Industrialists and Employers, and Hex Ltd in 2003. The statement was included in the code purely by the initiative of the business community. At the time, the text was still soft and did not contain an actual recommendation, but it was an important starting point, and smoothened off the ground for further action. The opening received attention also globally, and acted as a model for many countries' management codes.

A new code was issued in 2008, which clearly stated that a board must include both genders. This recommendation came into force after the Annual General Meeting that was held on the 1st of January, 2010. In 2008, when the code was first issued, only 51 percent of the listed companies had both genders on their boards.

As a result of the recommendation on gender distribution, the percentage has now risen to 93 percent. The development in this respect has been impressive. Also, the proportion of women on boards has more than doubled since the recommendation.

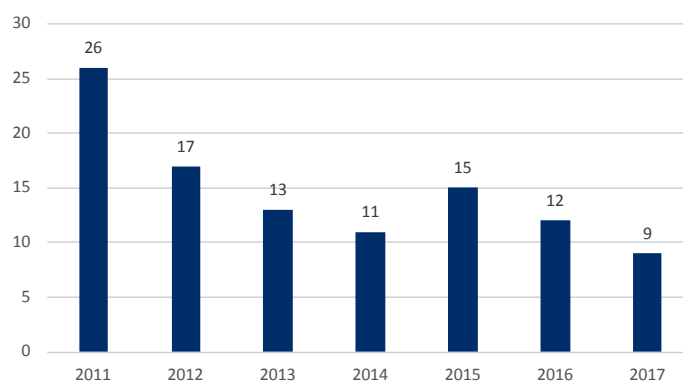
The Governance Code is Binding to the Listed Companies

The corporate governance code set by Securities Market Association (www.cgfinland.fi) for listed companies unifies the policies of listed companies and promotes openness related to governance and remuneration. The code applies to all companies that are listed on the Helsinki stock exchange. The code is binding as the rules of the Helsinki stock exchange state that a listed company must follow it. The stock exchange oversees that the listed companies comply with the code of governance, and if a company fails to do so, the breach will be evaluated by the stock exchange which may rule sanctions against the company.

The corporate governance code is to be followed on a basis of a comply or explain rule. It is assumed that a company will follow all the recommendations in the code. However, should a company need to deviate from a specific recommendation, it is allowed to do so, if it has a valid reason for the deviation(s). The valid reason for the deviation must be explained as well as how the deviation is dealt with. The company has to announce any deviations from the code annually.

The company may not, however, deviate from the reporting requirements of the code. This ensures transparency of listed companies' governance.

Number of All-Male Boards 2011–2017



⁴ <https://cgfinland2.fi/wp-content/uploads/sites/6/2015/10/hallinnointikoodi-2015eng.pdf>

Deviations to Be Explained

Representation of both genders

The composition of the listed companies' boards differs considerably from each other. The number of board members ranged from 3 to 10 people in 2016. Irrespective of the company or board size, the corporate governance code requires that both genders need to be represented. In 2016, 12 of the listed companies deviated from this recommendation. All the deviating companies were small cap companies, except for one medium-cap company. One company's board was completed by a female member in 2017, and one company which deviated from the recommendations has since left the stock exchange. The companies that reported deviation, justified it in most cases in a very subtle way, for example:

"[The company] complies with the Corporate Code with the exception that the Company's Board of Directors does not include a female member ... "

"The current board of directors deviates from the recommendations of the Finnish Corporate Governance Code as a justification for their industry expertise and the small size of the Board."

"The Board does not fulfill the requirement 9 of the Corporate Governance Code requiring both genders to be represented on board. Yet, the long-term objective of the company is to meet this requirement."

"The composition of the company's Board of Directors differs from the requirement of the Corporate Governance Code that both genders shall be represented on the board. The 2016 Annual General Meeting did not select women as members of the company's Board of Directors."

While it is clear that the Board of Directors is ultimately determined by the General Meeting, in such situations that lead to a deviation of the code, the company should describe the reasoning behind the decision. A further explanation could be given, for example, of what has been the role of the preparatory body - the board or a possible nomination committee - in the decision-making process.

"By the recommendation of the Corporate Governance Code 8, the composition of the Board of Directors, both genders have not been represented by the Board of Directors during the term commenced in 2016. The company's shareholders representing more than 50% of the company's shares and votes and preparing a proposal for the Board of Directors to the Annual General Meeting have failed to present women candidates to the Annual General Meeting. The company's objective is to have both genders represented in the composition of the company's Board of Directors."

Sometimes, the reasoning behind the statement may prove to be weak if the company uses the same justification from year to year.

An example also demonstrates why it is important for the justification of the deviation to describe the measures that have been taken to correct the deviation or to reach the goals of the recommendation. Only in this way will shareholders and investors be able to assess the significance of the deviation and monitor the development of the company in the company. For example, in the justification of the next company, it is clearly stated that the situation is considered to be temporary and exceptional, so investors can also monitor the development of the board of directors:

“The board did not include both genders in 2016 as the recommendation number 8 in the code of conduct recommends. The deviation is a result of a company restructuring in which company’s stock holders decided to temporarily decrease the size of the board and select only board members who know company’s situation very well. At the same time, the previous female board members were not available for board membership. As a result, the company has temporarily deviated from the the recommendation number 8 in the corporate governance code, but it aims that both genders will be represented on the board in the future.”

Diversity Principles and Gender Representation Objectives

The new corporate governance code, which entered into force at the beginning of 2016, requires the company to define the principles of board diversity (recommendation 9). The recommendation is based on an EU Directive.

The company defines the principles from its own starting point, taking into account the scale of the business and the developmental needs. For example, age and gender as well as professional, educational and international backgrounds can be taken into account when defining the principles. The company selects principles and objectives that are relevant to its own operations and discloses the principles to the extent it chooses.

However, the company must disclose in its description on the principles of diversity, at least the objectives for the representation of both genders in the company's board, as well as measures for achieving the objectives and progress made. This is the minimum content specified by the corporate governance code for reporting board's diversity principles.

LISTED COMPANY MUST REPORT THE OBJECTIVES, MEASURES AND PROGRESS OF THE REPRESENTATION OF BOTH GENDERS ON BOARDS

A listed company must report its objectives in the annual report on its corporate governance statement. Spring 2017 was the first year when a company must publish the principles of diversity and gender representation. The new obligation proved to be challenging for many listed companies, as reflected in the policy descriptions given:

"The Board, which is the company's highest governing body and its committees, has taken into account diversity issues such as gender and past experience. The company seeks sufficient diversity to promote open discussion and independent decision-making. In addition, sufficient diversity promotes good governance. The Nomination Board takes into account diversity when preparing the proposal for the Board of Directors."

"The diversity of the board is especially supported by the age and gender distribution. This is considered to be central to business-oriented customer orientation. The achievement of the targets is assessed regularly."

"When choosing members of the Board, the aim is to take into account the diversity of people who represent different professions, fields of study, international background, age and gender. In addition, the majority of the members of the Board of Directors must be independent of the company and at least two of these members also independent of the major shareholders of the company. At the end of 2016, five of the eight members of the board are men and three women."

"Both genders have long been represented in the company's board of directors. Since 2009, the company's Board of Directors has had two to three female members, and the proportion of women has been 25-43% of the board."

"In the preparation and proposal of the Nomination and Compensation Committee, the Annual General Meeting draws attention to the diverse and complementary background, experience, competence, age, gender and vision of its members ..."

30% OF THE COMPANIES DO NOT REPORT OBJECTIVES FOR THE GENDER DISTRIBUTION OF THE BOARD

As many as 22 listed companies have failed to comply with the corporate governance code, and have not included the principles of diversity in their CG statement. Mostly these are small listed companies. In addition, 15 companies have mentioned the existence of diversity principles, but have not included any gender-related objectives in the text. Consequently, around 30 percent of listed companies do not meet the corporate governance code obligations with respect to the principles of diversity. Nevertheless, many of these companies' boards have a good share of women on their board.

The objective is to have both genders

Out of the companies that report on their objectives, as many as 39 have merely stated that the company's objective is to have both genders represented in the board. However, this is included in the Corporate Governance Code Recommendation 8, which means that this type of target does not introduce anything beyond the code that would steer the company further.

Nevertheless, in the nine companies whose board is composed exclusively of men, the objective of having both genders represented on the board indicates the intention to follow the code in the future. Some companies also reported that their intention was to correct the situation.

"The board shall have both genders."

*"Both genders shall be represented in the board. The principles of diversity have been well implemented in the Board of Directors of 2016. Both genders are represented in the board."
[One of five members of the Board of Directors is female.]*

"The company seeks to ensure that the board consists of responsible and skilled people, representing a variety of professional and educational backgrounds, diverse experience in different markets and business areas, and both genders. As outlined above, in 2016, the Board of Directors has not exceptionally had a female member of the Board of Directors. The company seeks to remedy the situation as quickly as possible and to ensure the board's diversity in this respect as well."

"The composition of the Board of Directors does not meet the diversity of recommendation 9 of the Corporate Governance Code, in that both genders are represented in the Board of Directors. The company's goal, however, is that its board is composed of both genders."

Accummulation of Board Seats

It is commonly publicly stated that the board seats of listed companies would be often aggregated to the same people. However, the findings made by the Finland Chamber of Commerce do not support this belief. The listed companies have 768 seats out of which 209 are occupied by women. The seats are divided to 660 different people, 172 women and 488 men. Therefore, a board member has only 1.2 board seats in Finnish listed companies on average. The figure has slightly increased from the previous year when the average was 1.1 seats per board member. Still, the figure is still low, for example, the respective number for S&P 500 companies in the United States is 2.1⁵ while in Sweden, the average number of board seats is 1.25 with men, and 1.42 with women.⁶

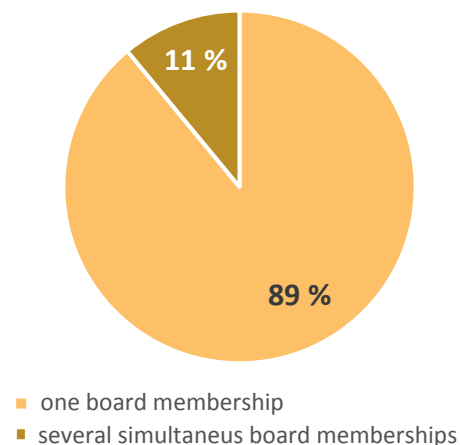
In summary, an aggregation of board seats for the same people is fairly moderate compared to international statistics. In addition, in Finland, you cannot observe the so-called "golden skirt" phenomenon commonly seen abroad, where the same women occupy multiple different board seats in different companies as most of the men and women have only one board seat. There are 51 people of whom 38 are men who occupy 2 board seats. Furthermore, there are only 15 people (8 men) who have three board positions and 9 people (6 men) who have four board seats.

As for women, 13 have two board seats, seven have three, and three have four seats. The same applies to men, as only 11% of all male board members have

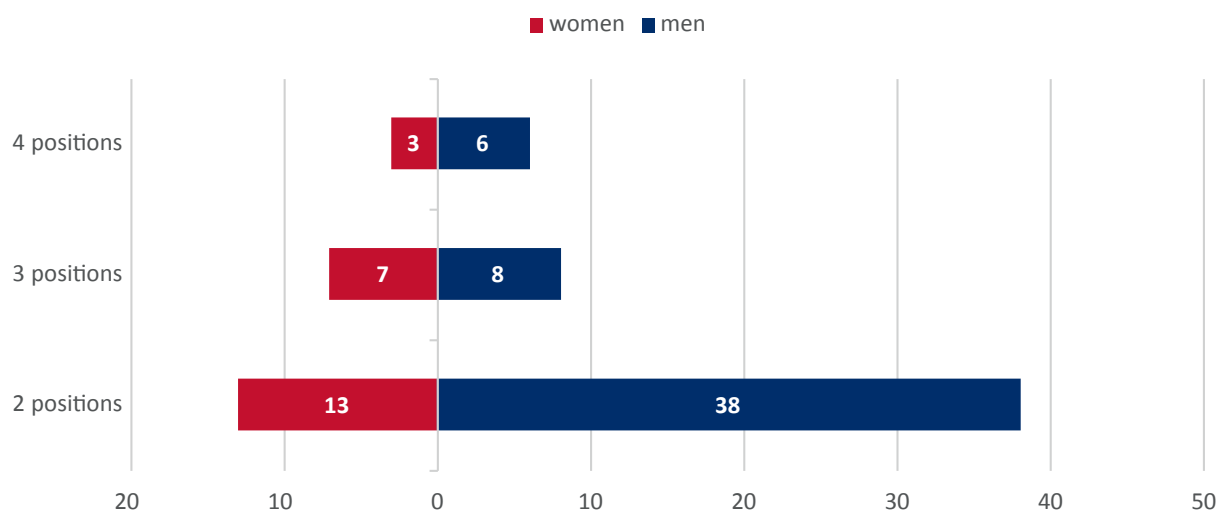
more than one board membership. It is worth noting, however, that the survey only covers those companies that are listed on Helsinki's main stock exchange. In other words, these people may also have seats in non-listed companies and foreign listed companies.

IN FINNISH LISTED COMPANIES, BOARD SEATS DO NOT GO TO THE SAME PEOPLE

Simultaneous Board Memberships



Accumulation of Board Positions



⁵ Spencer Stuart Board Index 2016

⁶ <http://www.ap2.se/globalassets/nyheter-och-rapporter/pressreleaser/nis-ap2-kvinnoindex-2017.pdf> p. 31.



The Finland Chamber of Commerce's Women Leaders Program 4.6.2015

Background of Board Members

Often when we speak about women's situation in listed companies' boards, analysis is only limited to changes in the share of women on board. It should be noted, however, that the board nomination is often an ultimate end result of the career path. Therefore, no quota can in reality promote the situation if women do not have enough appropriate work experience for board memberships.

2016: 69% OF BOARD MEMBERS HAVE BACKGROUND IN BUSINESS MANAGEMENT

The Finland Chamber of Commerce has found that board members are primarily selected among people who have gained experience in business management - often as a CEO. On the other hand, executive roles in support functions of a company do not provide the same stepping stone for board positions.

The Finland Chamber of Commerce's corporate governance study conducted in 2014 and 2016 gathered information on the background of each board member.⁷ The results show that special value is given to experience in business management when selecting a

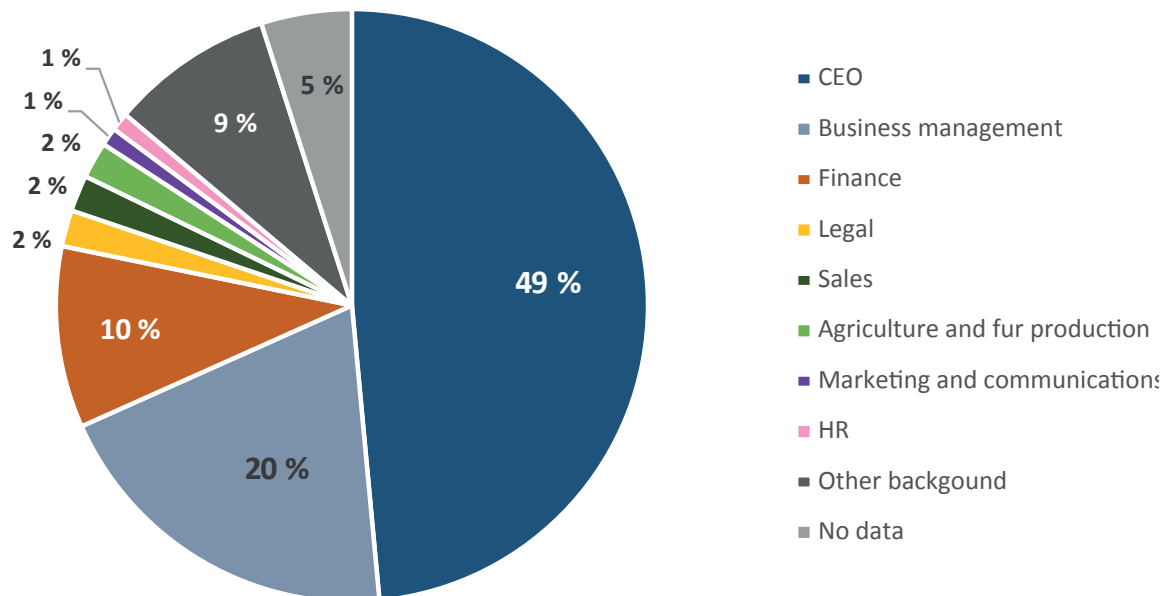
new board member. In 2016, 69 percent of the board members had management background in business functions (2014: 70%). Since changes take place slowly in this respect, we have not investigated the personal background information in this year's study.

MEN HAVE MORE OFTEN CEO EXPERIENCE THAN WOMEN DO

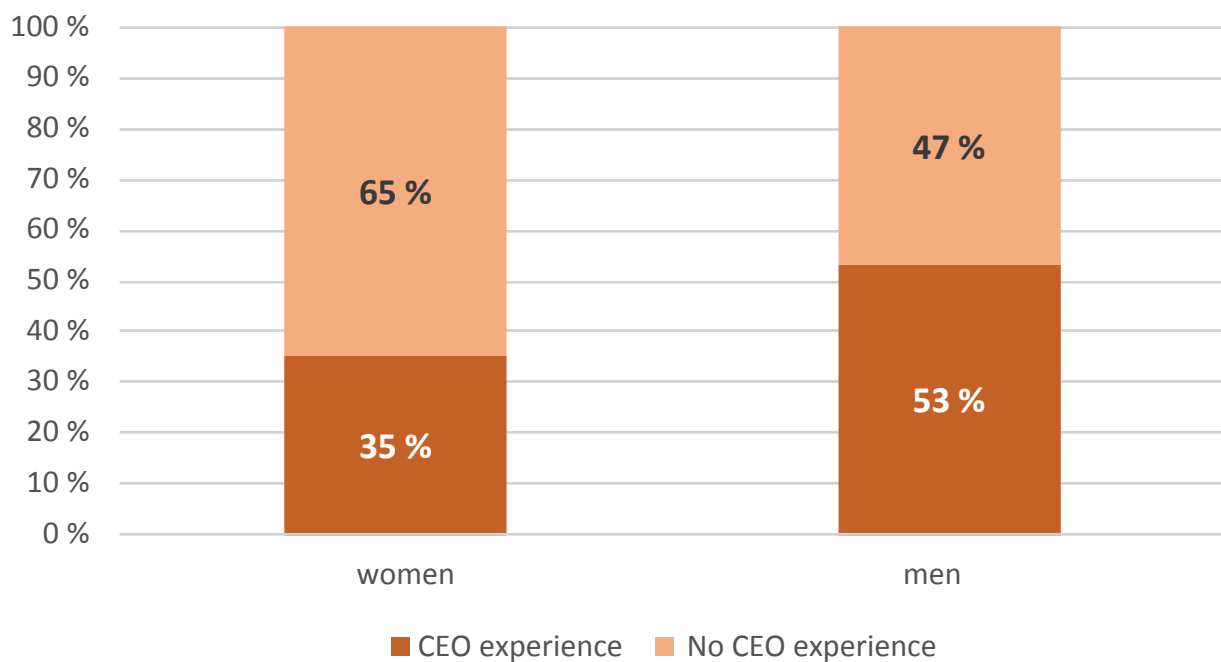
In 2016, 49 percent of board members had executive management experience, either from a listed company or unlisted company. However, differences between men and women are significant. The majority of men, 53 percent, had a CEO background, while with women the share was only 35 percent.

⁷ Finland Chamber of Commerce Report Toimiiko hyvä hallinnointi ja avoimuus pörssiyrityksissä 2014 ja 2016. <http://kauppakamari.fi/wp-content/uploads/2014/05/cg-selvitys-2014.pdf>; <https://kauppakamari.fi/wp-content/uploads/2016/05/corporate-governance-selvitys-2016.pdf> – In order to do the study, we have had to analyze and categorize the information about board members disclosed by listed companies. The emphasis of the analysis is put on the position that the board member has held before being selected into the board or the position that the board member holds currently. In terms of categorization, we have utilized the categories introduced in the previous studies done by Finland Chamber of Commerce. It is worth noting, however, that with all companies and board members, the information available has not been sufficient to apply this categorization mentioned above. For example, information about a board member disclosed by a company may only include academic credentials or job title. It may often also be a significant owner of a company or a person related to such a person. The statistics presented here, however, cover about 90% of all board members.

Board Members' Background (2016)



Background of Board Members, CEO Experience (2016)



Comparison of EU Countries

Country specific differences are high in EU, not to mention about the variance in global statistics. Nevertheless, Finland's figures have been one of the highest in EU, and at the same time in the world. This year again, Finland will be among the leading countries in this respect, even though Finland has no quota regulation. Credit should be given to Finland's business sector, self-regulation, and especially to the corporate governance code.

The results can be considered strong also because listed companies in Finland are small on average compared to companies listed on other major European stock exchanges. This fact should also be taken into account in a statistical comparison between the countries. In addition, an international comparison is meaningful for large Finnish listed companies only, since comprehensive statistics from abroad are usually available only regarding large cap companies. The comparison should also take into account the different governance structures of different countries.

In an international comparison, it is particularly noticeable that Finland is among few countries where board gender statistics are available for listed small and mid cap companies. In elsewhere, public discussion is mainly directed at large cap companies.

Government Resolution on the Realization of Gender Equality in the Boards of listed companies

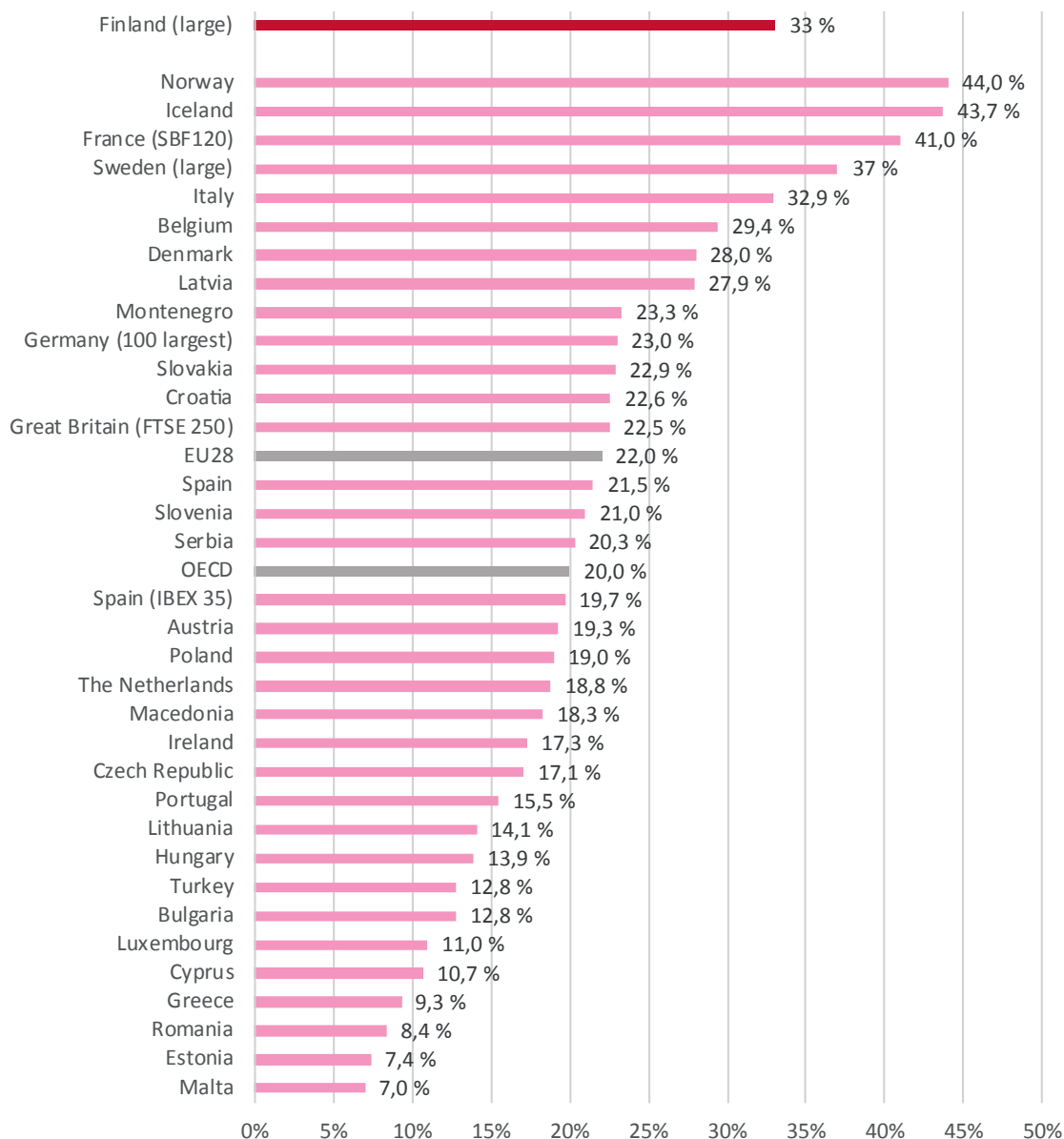
On 19 February 2015, the Finnish Cabinet (FIN: "Valtioneuvosto") made a decision of principle⁸ that the boards of listed large and medium cap companies should have at least 40 percent of women and men by the beginning of 2020. The current government has taken the principle into its equality program, which states that the government's goal is to increase the gender balance in the boards of listed companies. The companies must decide on their own goals and measure and report on the progress. The government follows the development, and evaluates the need for a new legislation in 2018. The government's objective is to achieve equal representation in accordance with the recommendations set by the Securities Market Association Management Code and through companies' own actions.

⁸ http://valtioneuvosto.fi/artikkeli/-/asset_publisher/hallitus-haluua-edistaa-sukupuolten-tasa-arvon-toteutumista-porssiyhtioiden-hallituksissa



The Finland Chamber of Commerce's Women Leaders Program 2016-2017

Number of Women Directors in the Largest Publicly Listed Companies within the EU



Source:

OECD: The Pursuit of Gender Equality p. 178 http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/the-pursuit-of-gender-equality_9789264281318-en#page181

EU-28: The Gender Equality Index 2017, covers the largest companies in the EU <http://eige.europa.eu/gender-equality-index/2015/domain/power/2>

Finland: The Finland Chamber of Commerce 2017 (number includes also CEOs that serve as board members), large cap

Sweden: http://www.corporategovernanceboard.se/UserFiles/Archive/636/Statistik_konsfordelning_20170610.pdf

Germany: 100 largest companies, Women Executive Barometer 2017 p. 4 (https://www.diw.de/documents/publikationen/73/diw_01.c.550588.de/diw_econ_bull_2017-01.pdf)

France: <http://www.boursier.com/actualites/economie/entreprises-cotees-une-feminisation-des-conseils-toujours-en-hausse-sous-la-pres-sion-de-la-reglementation-36306.html>

The Netherlands: The Dutch Female Board Index 2017 p. 8-9 <https://www.tias.edu/docs/default-source/Kennisartikelen/rapport-female-board-index-2017.pdf?Status=Temp&sfvrsn=2>

Great Britain: <http://www.boardsforum.co.uk/boardwatch.html>

Spain: <http://www.cnmv.es/portal/Publicaciones/PublicacionesGN.aspx?id=21>

Other countries: Gender balance in decision-making bodies: Board members, European Commission, 2017 (http://eige.europa.eu/gender-statistics/dgs/indicator/wmidm_bus_bus_wmid_comp_compbm)

Comparative Challenges

Comparison of international board composition is challenging. Often statistics are only made available of large cap when statistics for Finland cover all listed companies. In addition, even the major Finnish companies are relatively small for example compared to large cap companies in Great Britain, France and Germany. Furthermore, there is a large number of small cap companies on the main stock exchange list in Finland that would not meet the listing criteria of major foreign stock markets.

The global phenomenon is that in large cap companies, the proportion of women on boards is higher than in small to mid cap companies. Therefore, to do any comparison, you have to first choose the right reference. For example, in case of Great Britain, the companies listed on FTSE 250 are more relevant than those of the FTSE 100, as the majority of Finnish large cap companies match the size of FTSE 250 companies. Similarly, for France, the appropriate benchmark for Finnish large cap companies is not CAC 40, but SBF 120.

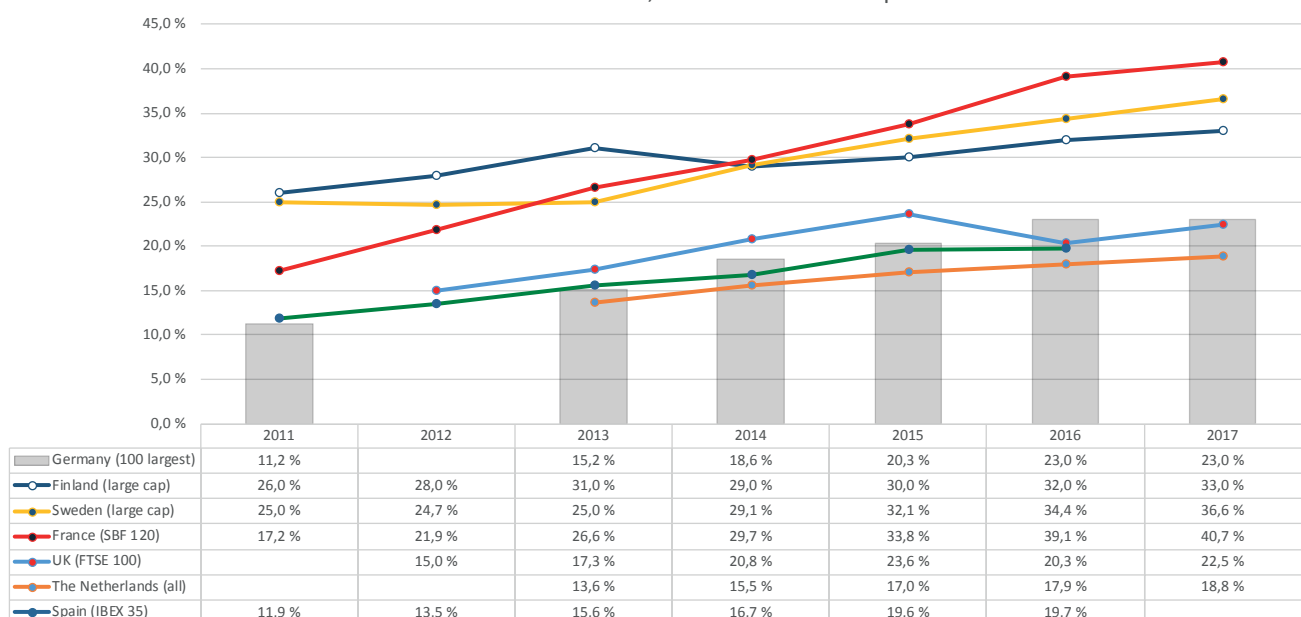
For Germany, we have applied the 100 largest companies as a benchmark, which is also subject to fairly recent quota regulation in the country. DAX 30 companies are mostly larger than the Finnish large cap companies. The case of Germany also reveals another obstacle to comparison. In different countries, the governance models of listed companies differ.⁹

In Finland, listed companies do not generally have a supervisory board whereas in Germany they do. In some countries, boards typically include, in addition to members of the board of directors elected by shareholders, employees of elected representatives. These factors are also relevant in comparing figures.

Sweden – Top Figures without Quotas

In Sweden, women's share of board seats in the listed companies has turned to a rapid rise after a few-year stagnant period. In 2003, the number of women in company boards was 11.4 percent and the share has risen to 34 percent by 2017. Interestingly, in Sweden (as opposed to Germany), employee representatives decrease women's total share as only 31 percent of them are women. In large cap companies, women account for 36.6 percent of all board members, but only 29 percent of the employee representatives are women. Without employee representatives, there would be as many as 39 percent of women in the boards of Swedish large cap companies in total.¹⁰

Women's Share of Board Seats, International Development 2011–2017



9 https://www.diw.de/documents/publikationen/73/diw_01.c.550588.de/diw_econ_bull_2017-01.pdf

10 http://www.corporategovernanceboard.se/UserFiles/Arhive/636/Statistik_konsfordelning_20170610.pdf

United Kingdom – the Proportion of Women Growing without Quotas

Women's share of the listed large cap companies' boards has risen in the UK, especially since the government set a target for large companies to have at least 25 percent of female board members by 2015. The possibility of government intervention has undoubtedly triggered the business community to take steps to increase the share of women board members.

FTSE 100 companies now have 26.7 percent women on their boards while in 2014 the share was 20.8 percent. All of FTSE 100 companies have both genders represented on boards. In 2010, 21 companies still had an all-male board (21%).¹¹

Among FTSE 250 companies, the share of women board members is not as high as with FTSE 100 (22.5%), but figures are rising (20.3% in 2016, 16.3% in 2014 and 7.8% in 2010). Three percent of the companies have an all-male board (7 companies), while one year ago the respective figure was six percent and in 2014 almost one fifth (17.6%, 48 companies) had all-male boards and in 2010 over half had only men (52.4%).⁸

As mentioned earlier, the FTSE 250 is be a better benchmark for most of the large cap Finnish companies.

France – the Proportion of Women Growing After Quotas

In France, the number of women on company boards has almost doubled in five years' time, in particular due to quota laws introduced in 2011.

In CAC 40 companies, the share of women on boards has increased from 21.1 percent in 2011 to 42 in 2017. Also, in companies that form the SPF120 index, the share of female board members has increased from 17.2 percent to 40.7 percent during the same time period.¹²

Taking into account the size of listed French companies, the SBF 120 list is a better benchmark for large cap Finnish companies than the CAC 40 list.

Germany – the Development After Setting the Quotas

The 30 percent quota regulation for the management boards of the 100 largest companies in Germany has increased the proportion of women, although some positive change was observed already before setting the quota. 23 percent of the members of the Supervisory Board of the 100 largest companies are women, and all of these companies have women in their supervisory board. It should be noted, however, that more than half of the women board members represents employees (51.5%), and only in two of the 100 companies the supervising board is being chaired by a woman.¹³ Nevertheless, quotas have increased the proportion of women, as in 2011, women had only 11.2 percent of the seats on the supervisory boards of the 100 largest companies.

The Netherlands - Steady Rise

The Dutch figures are based on a sample of approximately 85 companies used by the Dutch Female Board Index. In 2017, women account for 18.8 percent of company boards (2016: 17.9%). Women's share has been growing in recent years, but the growth has not been very rapid. The growth rate seems to be approximately one percentage point per year. In 2017, 21.6 percent of board nominations went to women while in the previous year the figure was 3 percentage points higher (24.5%).¹⁴

Spain – Share of Women Rising Slowly but Steadily

Although the current number of women board members is not very high, it has been increasing steadily. For example in 2008, 8.7 percent of board members of IBEX 35 companies were women.¹⁵ Since then women's share has continued to increase annually. The share of women board members in IBEX 35 companies was 15.6 percent in 2013, 16.7 percent in 2014, 19.6 percent in 2015 and 19.7 percent in 2016.¹⁶ Despite Spain's (non-sanctioned) quota legislation and the continuing increase of women board members, the share of women is still relatively modest compared to France and the Nordic countries.

11 Ibid. Boardwatch 2014, October 2015, May 2016, September 2017. <http://www.boardsforum.co.uk/boardwatch.html>

12 AFEP 2016 http://www.afep.com/uploads/medias/documents/Rapport_HCGE_2016.pdf; 2017: CAC 40: <https://www.lesechos.fr/finance-marches/marches-financiers/030577256235-cac-40-la-grande-transformation-des-conseils-dadministration-2115125.php>; 2017: SBF 120 <http://www.boursier.com/actualites/economie/entreprises-cotees-une-feminisation-des-conseils-toujours-en-hausse-sous-la-p pression-de-la-reglementation-36306.html>

13 Women Executives Barometer 2017 p. 4 https://www.diw.de/documents/publikationen/73/diw_01.c.550588.de/diw_econ_bull_2017-01.pdf

14 The Dutch Female Board Index 2017 p. 8-9 <https://www.tias.edu/docs/default-source/Kennisartikelen/rapport-female-board-index-2017.pdf?Status=Temp&sfvrsn=2>

15 Corporate Governance Report of Entities with Securities Admitted to Trading on Regulated Markets 2011, CNMV http://www.cnmv.es/DocPortal/Publicaciones/Informes/IAGC2011_ENen.PDF, page 37

16 Informe de Gobierno Corporativo de las entidades emisoras de valores admitidos a negociación en mercados secundarios oficiales, Ejercicio 2016, CNMV, http://www.cnmv.es/DocPortal/Publicaciones/Informes/IA-GC_2016.pdf, page 47

II. WOMEN EXECUTIVES – A WIDER PERSPECTIVE TO WOMEN’S LEADERSHIP POSITIONS

Year 2017 has been a record breaking year when it comes to women on boards, CEOs, and executive teams in Finnish listed companies. In the Finnish and international public discussion, the situation of women in companies’ management is mostly limited to women’s board memberships. Thus, women’s participation in decision-making throughout the company is too narrowly examined. Board membership choices do not take place in a vacuum, but women’s success in other management positions is a prerequisite for women’s greater share on company boards to further increase. Future board professionals work today as CEOs or are members in executive teams.

Quota legislation can perhaps quickly increase the number of women on company boards. Quotas do not, however, increase the number of woman CEOs or the number of women in executive teams. The statistics show that the gender distribution of boards does not correlate with the gender distribution of executive teams.¹ Also, the data available from countries with quotas, such as from Norway, does not support the belief that board gender quotas could increase women’s number across companies’ different management levels.

In addition to the number of women in the executive teams, more attention should be paid to the roles of women in the executive teams. It is not just the number of women working in the executive teams of listed companies we should be focused on, but also on the functions that these women are responsible for.

In executive teams, women continue to have roles mainly in support functions, although this tendency seems to be decreasing among the younger generations. Nevertheless, the fact that women end up in support function seems to be an international phenomenon. This is important observation, because it is difficult to move on from support functions to CEO or board positions.

The lack of women in business line management is not a straightforward and quick problem to solve. Many things have an impact on the situation ranging from women’s education and career choices to excessive self-criticism and employers’ passiveness to promote women’s career development. However, long-term work is important to get the best resources for business leadership.

The Finland Chamber of Commerce announced on Women’s Day 2015 its 20 Women’s Leadership theses, which are concrete ways to promote women’s leadership. The theses give tips to the society, employers and women themselves, on how women’s leadership can be advanced. The theses can be found later in this publication and online at <https://kauppakamari.fi/wp-content/uploads/2015/06/20-ways-to-promote-women-leaders.pdf>.

¹ <https://kauppakamari.fi/wp-content/uploads/2014/03/naisten-suuri-osuus-hallituksissa-ei-nosta-naisten-maaraa-johtoryhmissa.pdf>

Women CEOs

The number of women in both listed companies' executive teams and boards has increased significantly in Finland. When it comes to women CEOs, positive development has taken a bit longer to take place. Even in 2011, none of the CEOs of listed companies were women, and up until 2014, only one woman held a CEO title in a listed company.

Over the past 3 years, however, the development has taken big leaps. This year, 2017, women's share of the CEOs of listed companies rose to a new record level, as 9 out of the 125 listed companies now have a female CEO. Thus, women account for 7.2% of the CEO positions today, which is also a good figure in an international comparison.

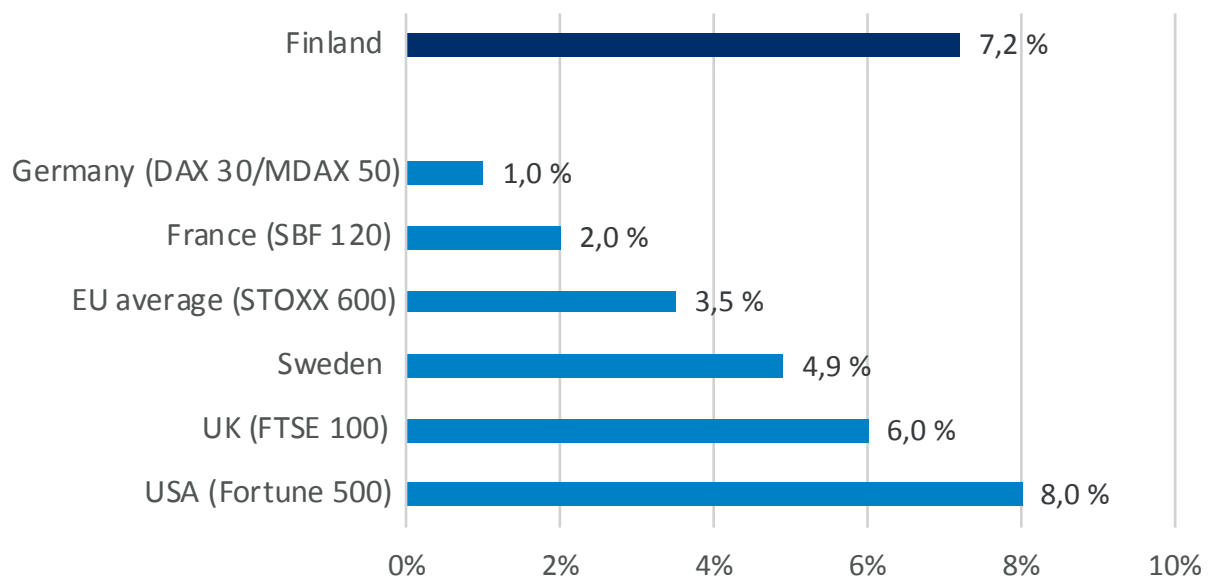
For example, in the Norway's OBX index companies or in the DAX30 index companies in Germany, there are no female CEOs. In companies included in the AEX25 index in Netherlands, OMX index in Denmark, and Hang Seng index in Hong Kong, only one woman acted as a CEO.²

RECORD: 9 WOMEN AS A CEO

The number of woman CEOs in the listed companies in 2011–2017 (At the time of Finland Chamber of Commerce's Woman Leadership Report in the respective year.)

2011	2012	2013	2014	2015	2016	2017
0	1	1	1	3	5	9

Women CEOs in Listed Companies



Source:

<http://fortune.com/2017/08/04/ftse-100-ceo-pay-women/>
<http://fortune.com/2017/06/07/fortune-500-women-ceos/>
https://static1.squarespace.com/static/5501a836e4b0472e6124f984/t/59b5b954a9db0927a10e1b66/1505081782344/Al-Brightrapporten_2017.pdf

² <http://www.boardsforum.co.uk/boardwatch.html>

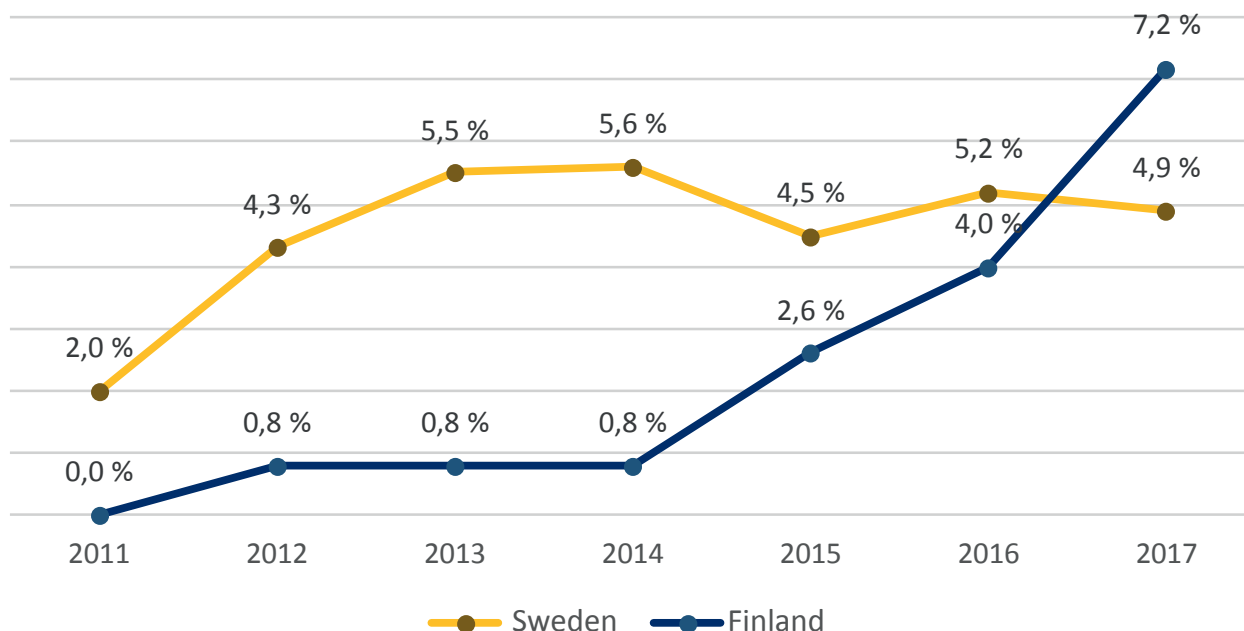
Sweden 4.9%

The number of women CEOs in Swedish listed companies has been higher than in Finnish public companies in previous years. This year, however, Finland passed Sweden, as the share of women CEOs in Sweden is 4.9 percent (2016: 5.2%)³. Nevertheless, the development in Sweden has been steadily positive if you look at the longer-term development between 2011–2016 even if the positive development has now stopped. On the other hand, a comparison between Finland and Sweden shows how fast the development in Finland has been recently.

United Kingdom 7 %

In the UK, FTSE 100 companies have seven women as CEOs.⁴ It's worth noting that this is less than the number of CEOs named David (8) in the same company group.⁵ During the recent years, the number of women CEOs in FTSE 100 companies has varied from three to seven.

Women CEOs in Listed Companies (Sweden and Finland)



3 Andra AP-fondens Kvinnoindex 2016. <http://www.ap2.se/globalassets/nyheter-och-rapporter/pressreleaser/nis-ap2-kvinnoin-dex-2017.pdf>

4 <http://www.telegraph.co.uk/business/0/seven-female-bosses-ft-se-100/>

5 <http://fortune.com/2017/08/04/ftse-100-ceo-pay-women/>



Women Leaders Mentoring Programme 2012-13 of Finland Chamber of Commerce

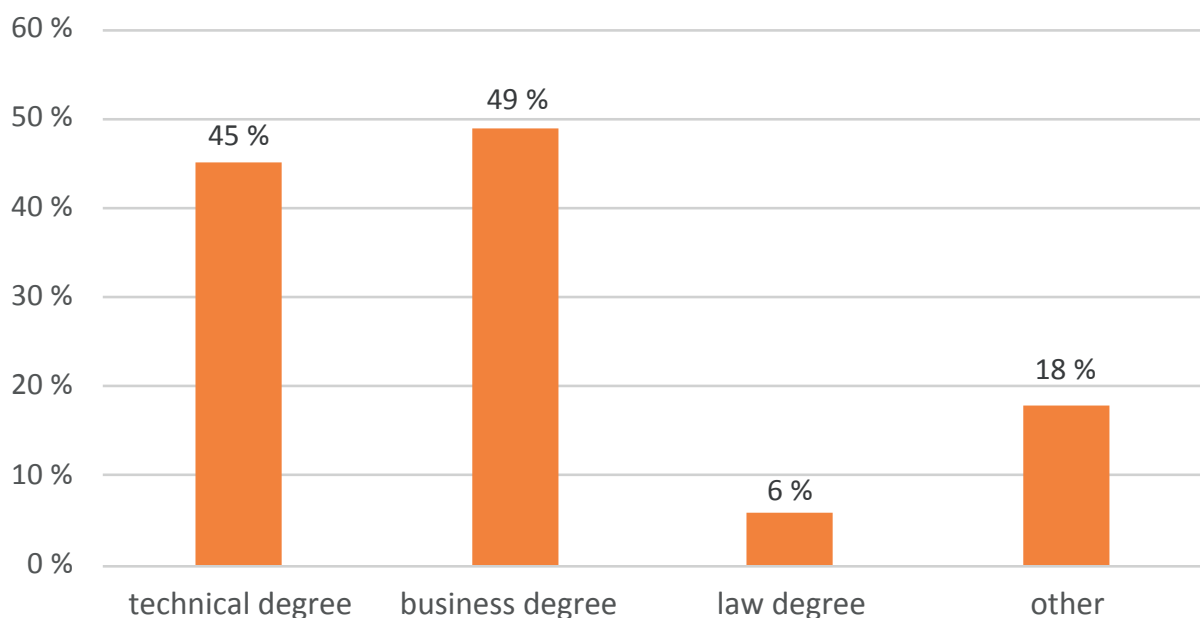
Educational Background of CEOs

In our previous reports, we have studied the educational background of CEOs. The outcome has been that most of the CEOs of Finnish listed companies have a master's degree in either engineering or economics/business. Based on the data collected for this year, the situation has not changed significantly.

116 listed companies' CEOs have reported their education.⁶ Out of these, 45% (2016: 48%, in 2015: 45%, in 2014: 47.8%, in 2013: 43.6%) have a degree in engineering, Business or Economics degree is even more common 49%, (2016: 53%, in 2014: 46.8%, in 2014 48.7%, in 2013: 50.9%) and 6% has a law degree (in 2016: 6%, in 2015: 6.4%, in 2014: 8.8%, in 2013: 8.2%). In addition, 12% (2016: 10%, in 2015: 10.1%, in 2014: 6.2%, in 2013: 10.9%) of the CEOs have some other degree, such as in political sciences, medicine or agriculture-forestry. Furthermore, some CEOs have a dual degree such as economics and engineering.

Due to dual degrees, the sum of different degrees is more than 100 percent in the bar chart above. About one fourth (27%) of Finnish CEOs have a double degree. The most typical degree combination is a M.Sc. in Engineering and M.Sc. in Economics. 15 CEOs hold this degree combination.

CEOs' Educational Background



⁶ The corporate governance code requires that listed companies disclose the educational background of the CEO. Eight companies are not currently complying with this requirement.

Women in Executive Teams

Women's share in listed companies' executive teams increased from 18.5 to 21.5 percent between 2012 and 2015 but declined in 2016 to 20.0 percent. In 2017, however, the share of women in executive teams increased significantly from 20.0 to 22.9 percent. The growth took place in listed companies of all sizes, but particularly strong growth was recorded in smaller companies, where women's share grew from 19.0 to 24.2 percent.

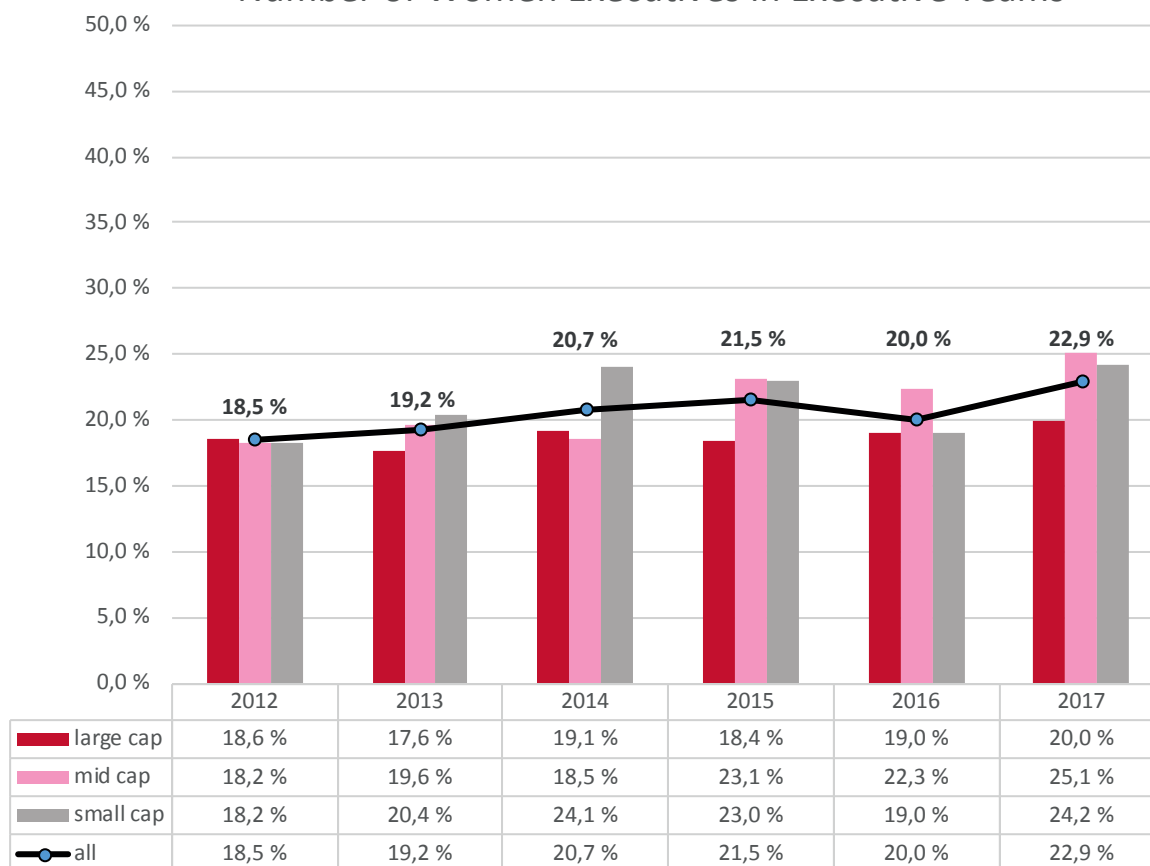
WOMEN HOLD 23% OF EXECUTIVE TEAM POSITIONS

SHARE OF WOMEN IN EXECUTIVE TEAMS IS RECORD HIGH

In comparison, in Sweden, there are fewer women in the executive teams this year than in Finland. The share of women in Swedish executive teams was 21.7 per cent in 2017 (2016: 20.9).⁷ The size of the company plays an important role when examining the share of women in executive teams.

It is also interesting notice that the share of women on boards is relatively small in Finnish listed companies whereas the situation is just the opposite in Sweden; women's share of executive teams in large cap companies is higher (25%) than their share in mid cap (19%) and small cap (22%) companies.⁸

Number of Women Executives in Executive Teams



7 <http://www.ap2.se/globalassets/nyheter-och-rapporter/pressreleaser/nis-ap2-kvinnoindex-2017.pdf> p. 2

8 https://static1.squarespace.com/static/5501a836e4b0472e6124f984/t/59b5b954a9db0927a10e1b66/1505081782344/All-Brightrapporten_2017.pdf

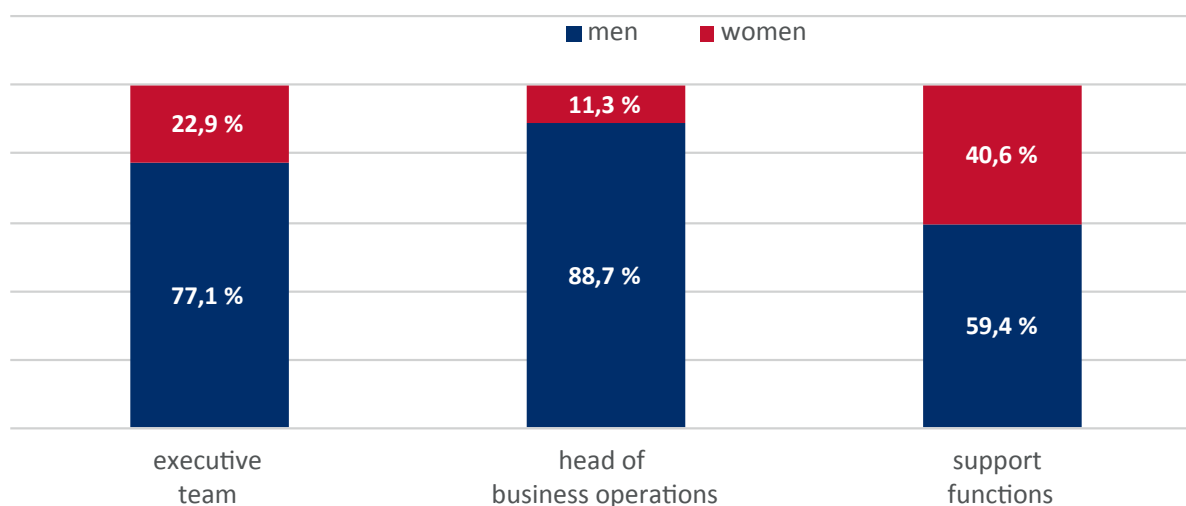
THE NUMBER OF ALL-MALE EXECUTIVE TEAMS HAS DECREASED BUT THE NUMBER IS STILL 21%

In Finland there is one listed company where women represent a majority in the executive team and four listed companies where the amount of men and women in the executive team is equal. In comparison, there are six listed companies in Sweden with a woman majority in the executive team.

There are still publicly listed companies with no women in the executive teams. However, the number of such companies has fallen over the past year. This year, there are only 26 listed companies with an all-male executive team (21%), while in the last year the number was 32 companies (26%). Most of these companies are small cap, but there are also three large caps and seven mid cap companies with no women in the executive teams.

In comparison, there are no women in executive teams in 77 Swedish listed companies (26%).⁹ In addition, out of the 30 German DAX companies, 13 have no women as Vorstand members (43%). On the other hand, less than 7 percent of TecDAX companies have no women in Vorstand.¹⁰

Gender Distribution in Different Management Groups



⁹ https://static1.squarespace.com/static/5501a836e4b0472e6124f984/t/59b5b954a9db0927a10e1b66/1505081782344/All-Brightrapporten_2017.pdf

¹⁰ Women Executive Barometer 2017 p. 7 https://www.diw.de/documents/publikationen/73/diw_01.c.550588.de/diw_econ_bull_2017-01.pdf

Women in Business Management

The listed companies are managed by the CEOs, which are discussed in more detail above, and by the executive teams. The executive team typically includes also people who lead company's support functions – i.e. the functions that do not, in principle, have a direct earnings-related goals or obligations. Company's support functions include, but are not limited to, human resource management, financial administration, IT administration, legal support, sales, marketing and communications. Especially the role and importance of a CFO has grown in recent years.

WOMEN USUALLY END UP IN THE MANAGEMENT OF SUPPORT FUNCTIONS

The distinction between business management and support function management is an important one because you are more likely to become a CEO if you have been in a manager of a business line than if you have been heading a support function. Typically, a woman in an executive team of a listed company heads a support function such as a Communications, Human Resources or Legal department, or works as a CFO.

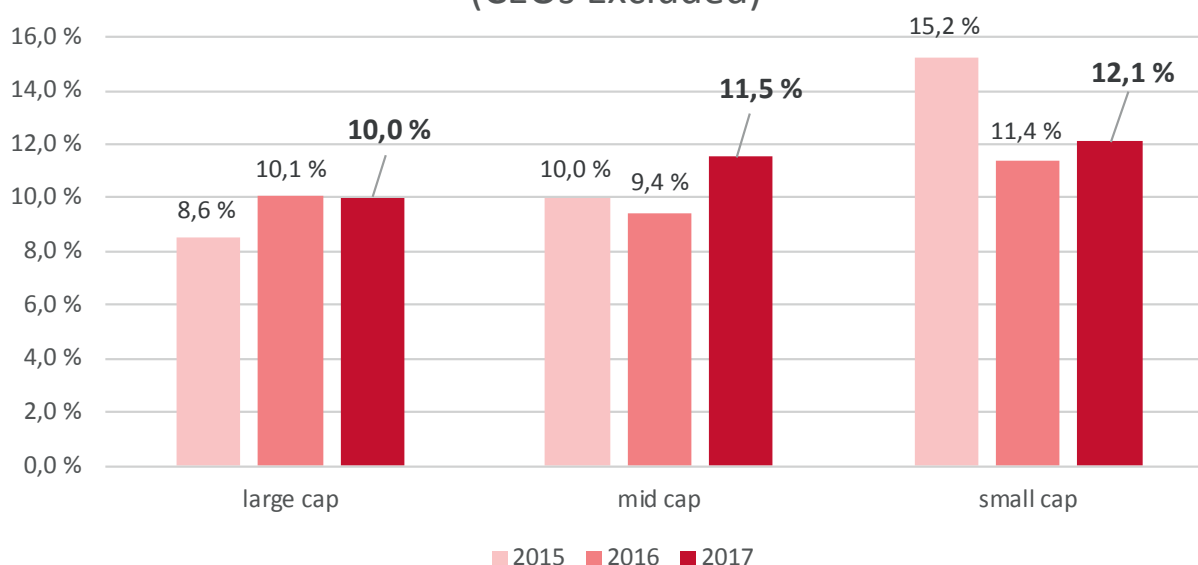
There are only a few women in executive teams who are heading or have experience from heading a business line or department. This fact has multiple significant repercussions. The low number of woman CEOs can be partly explained by the fact that women are rarely selected to lead a business line, and most of the CEOs are chosen from these positions (i.e. business line managers) as opposed to support functions with CFOs being an exception.

WOMEN COMPRISE 11.3% OF BUSINESS MANAGEMENT

In 2017, listed companies have a total of 906 CEOs and executive team members of whom 187 are women (20.6%). Excluding CEOs, the executive teams have 781 members, of whom 602 (80.0%) are men and 179 (22.9%) women. Excluding CEOs, business operations are headed by 471 people that is 60.3 percent of executive teams on average. Out of these 471 managers, 418 (88.7%) are men and 53 (11.3%) are women.

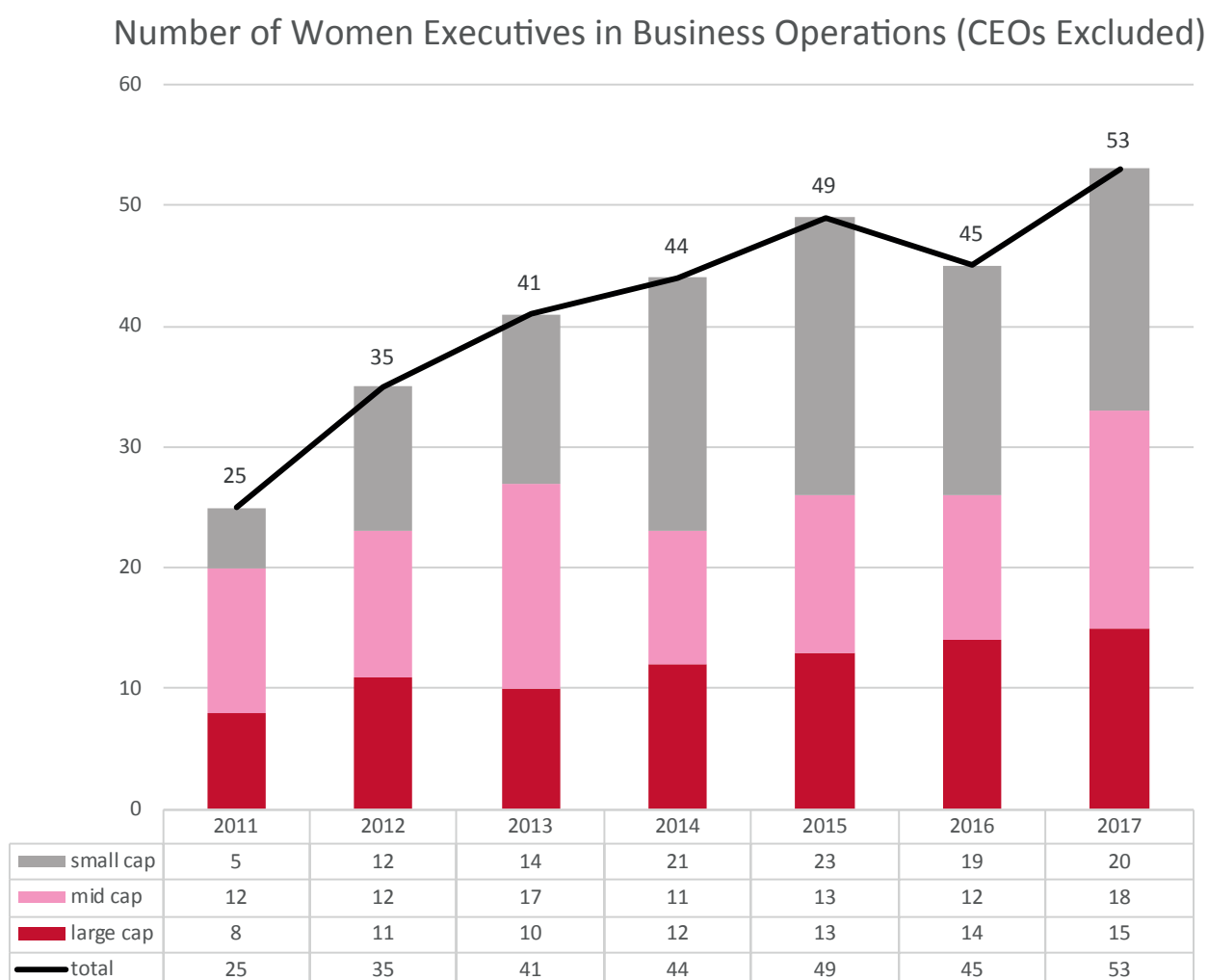
Figures have notably improved over a year. In 2016, 17.7 percent of CEOs and board members were women, and excluding CEOs, the share of women was 20.0 percent. In 2016, companies' businesses lines were managed by 45 women or 9.8 percent of total.

Share of Women Executives in Business Operations (CEOs Excluded)



The size of a company does matter when looking at the share of women in business management functions across listed companies. It is interesting to notice that the share of women managers in listed small cap companies is the highest whereas in the case of board of directors, the situation is the opposite. In large listed companies, the proportion of women in executive teams is lower than in smaller companies, although the number has risen steadily.

THE NUMBER OF WOMEN EXECUTIVES IN BUSINESS OPERATIONS HAS MORE THAN DOUBLED OVER SIX YEARS



Business Leaders in Different Industries

The sector and industry also have an impact on the number of women in business management. Women's share of business management is the highest in the healthcare sector (28.6%), though the number of companies in this sector is relatively small. The second largest share of women is in the consumer goods and services sector, as well as in tourism and recreation (22.5%), which also have the largest number of women in absolute terms.

The lowest share of women is in the industrials sector (2.9%) with no change to the previous year.

WOMEN'S SHARE IS LARGEST IN HEALTHCARE AND CONSUMER SECTORS

The industry classification of this report is based on the industry classification of the Helsinki Stock Exchange. However, we have combined some industries in case the number of companies in the industry is so small that making an analysis of the whole industry based on the limited sample group would not be meaningful. In our classification, the energy sector includes companies in the oil and gas industry, as well as utility services companies. The telecommunications companies are included in the technology industry category. Consumption services and products have also been combined into one sector which also includes tourism and leisure companies.

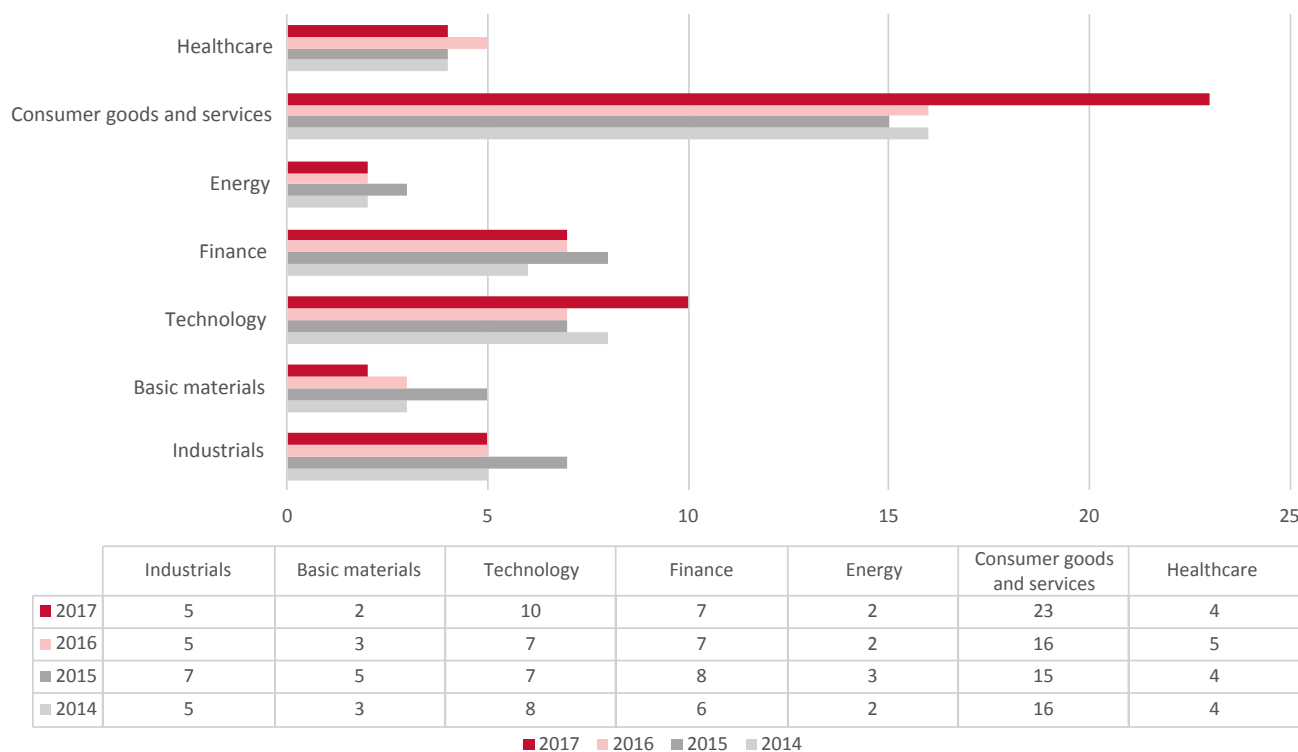
INDUSTRIALS: 3% OF BUSINESS MANAGEMENT ARE WOMEN

The industrials sector forms the largest group of listed companies with 45 companies in total (36% of all listed companies). In this sector, however, the share of women heading business operations is less than 3 percent which is clearly lower than in other sectors. For example, in male-dominated sectors such as the basic materials (7.7%) and the energy sector (16.7%), the number of women who are heading business operations is clearly higher. Consequently, the lack of women heading business operations in the industrials sector lowers the women's overall share in business line management. Without the industrials sector, women's share of business line management would almost double to 16.2 percent.

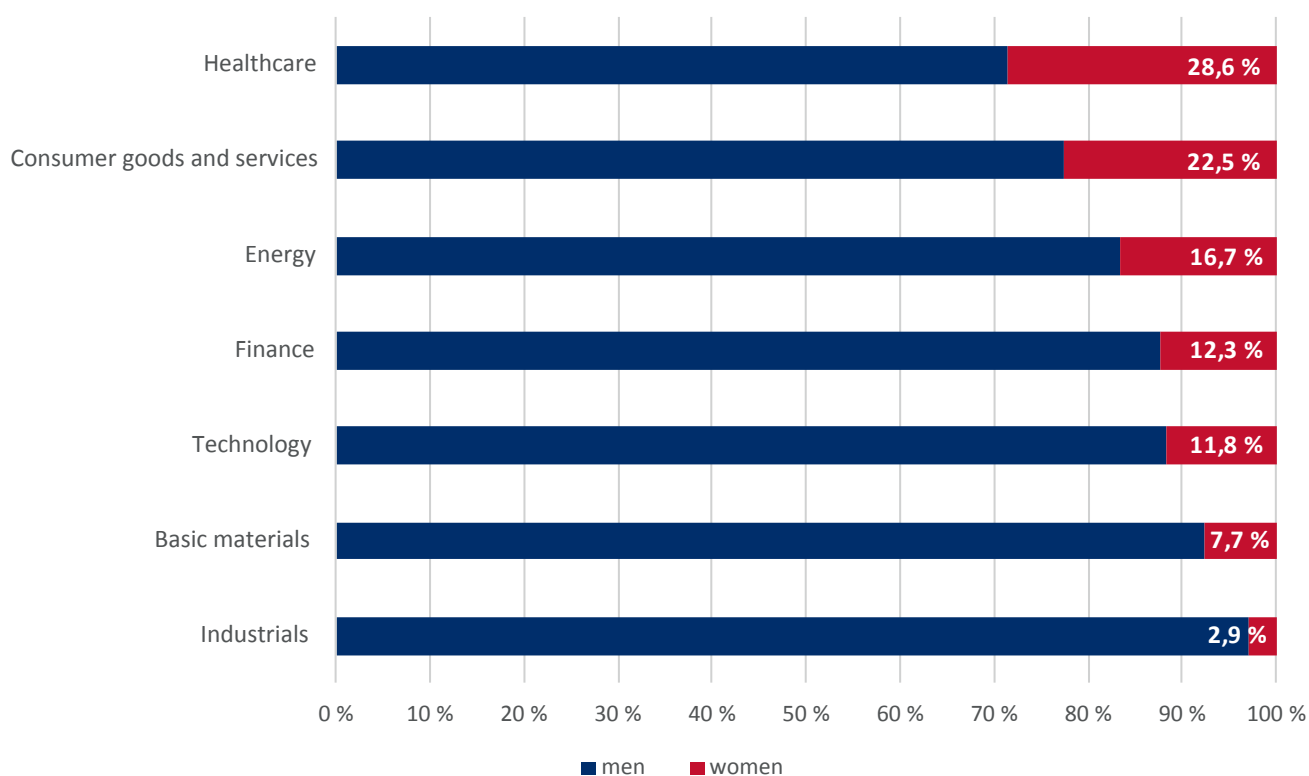


The Finland Chamber of Commerce's Women Leaders Program 2016-2017

Number of Women Executives in Business Operations by Sector



Gender Distribution by Sector (Business Management)



Women in the Lead of Support Functions

The share of women in business management functions continues to rise, although the overall figures are still low. In addition, there are major differences between the sectors. Despite the positive development, however, women are still clearly under-represented in business line management. In addition, the number of women leading the support functions of companies is relatively high (40.6% in 2017 and 37.6% in 2016).

MORE THAN 40% OF SUPPORT FUNCTION LEADERS ARE WOMEN

On the other hand, there are clear differences between different support functions. There are more women than men as HR directors (78%) and communications and marketing directors (55%). Also, almost half of the chief legal officers are women (48%). On the other hand, most of the CFOs are men (74%). However, it should be noted that in the previous year, men accounted for 80 percent of CFOs so the number of women CFOs is clearly increasing. The lowest number of women are in

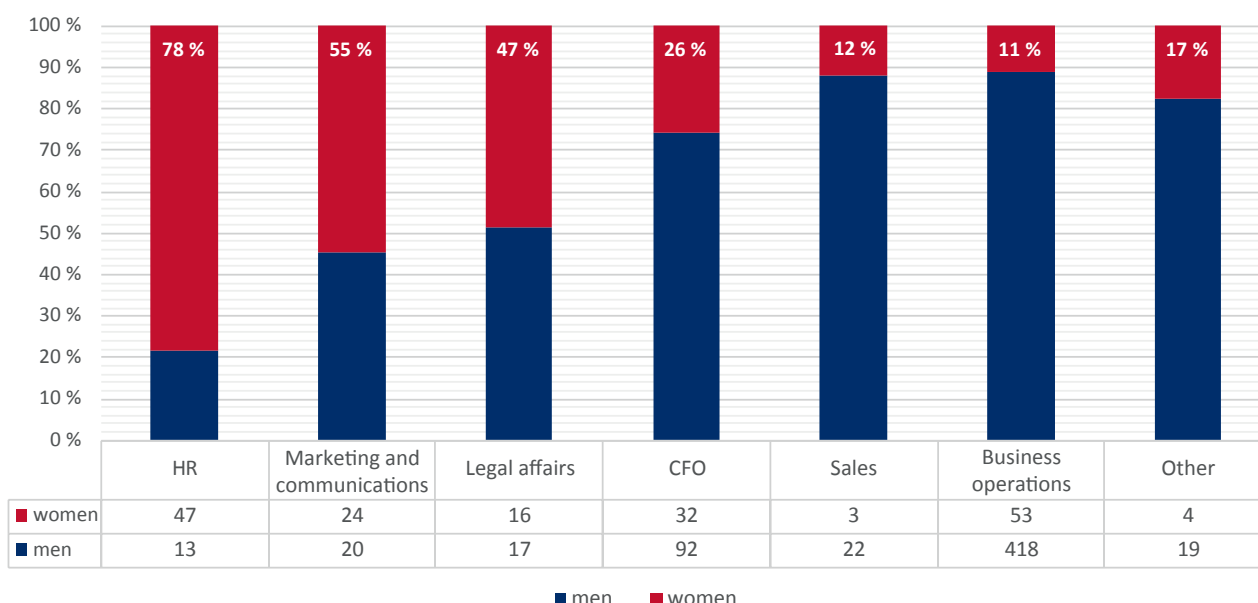
the leadership positions is sales (12%). In this respect, no change was noticeable compared to the previous year.

The report covers only those leaders who are members of the executive team. In most listed companies, for example, the Communications Director or General Counsel are not members of the executive team.

78% OF HR DIRECTORS ARE WOMEN

It is also worth noting that although a clear majority of CFOs in Finnish listed companies are men, the 20 percent share of women can be considered a moderate figure. In addition, three of the large cap companies (Nokian Tires plc, Metso Corporation and Fiskars Corporation) have a woman CFO.

Gender Distribution in Different Executive Functions



International Situation

Although there are clearly fewer women in the Finnish listed companies' executive teams than men, our numbers are still higher than in Europe on average. It is worth noting, however, that the data available in other countries is to certain extent incomplete and outdated. Finland Chamber of Commerce's Women Executive report serves as a positive exception in terms of its comprehensiveness. According to the public statistics, the EU average of women in executive teams was only 15 percent¹¹ whereas in Finland women now account for 23 percent of executive team members (20 percent in large cap companies).

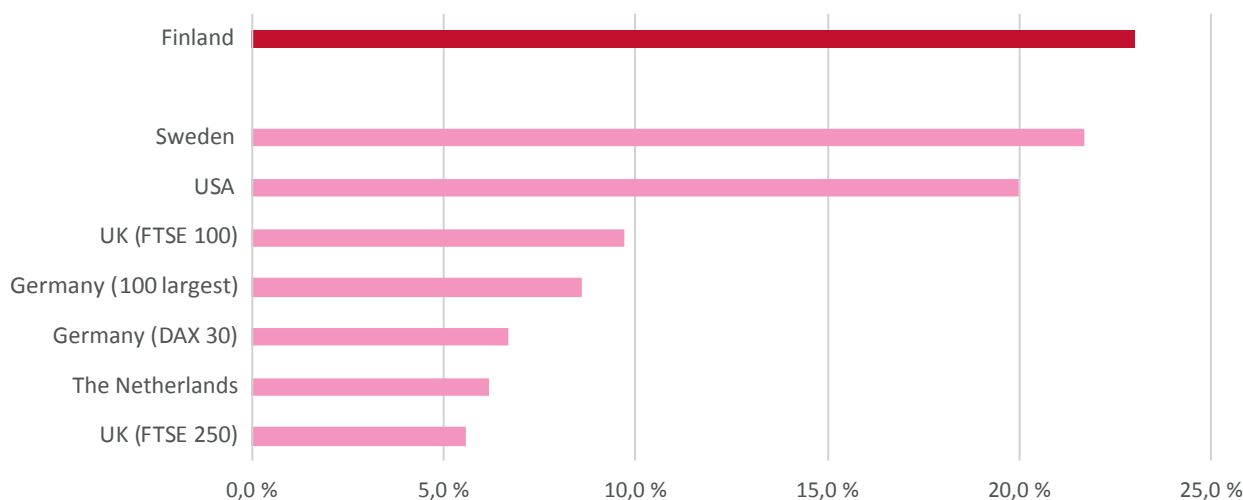
In Sweden, the number of women in executive teams of listed companies is 21.7 percent on average, which is less than in Finland.¹² In the large cap companies, however, women represent 25 percent¹³ of executive team members in Sweden while the comparable figure in Finland is 20 percent.

In the Netherlands, only 6.2 percent of key executive positions (Executive Directors) are occupied by women.¹⁴

In addition, there are only very few women in companies' Vorstand (management board) in Germany. In the 100 largest companies only 8.6 percent of Vorstand members were women, and in the 30 largest companies, the share of women was only 6.7 percent (DAX 30). In 13 out of the 30 DAX30 companies, there are no women in company's Vorstand (43%). On the other hand, only fewer than 7 percent of TecDAX companies have no women in Vorstand.¹⁵

In the United Kingdom, 12 percent of executive directors of the FTSE 100 companies are occupied by women in 2017 while in the FTSE 250 companies, the respective share is 7 percent.¹⁶ The figures are not fully comparable with Finland, as they do not cover all executive level positions. In the United States, there are 20 percent women in the C-suite.¹⁷

Share of Women in Executive Teams Internationally



11 EU Commission: Gender balance in decision making bodies – Executives and Non-Executives 2016 http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/business-finance/executives-non-executives/index_en.htm

12 <http://www.ap2.se/globalassets/nyheter-och-rapporter/pressreleaser/nis-ap2-kvinnoindex-2017.pdf> p. 2

13 <http://www.ap2.se/globalassets/nyheter-och-rapporter/pressreleaser/nis-ap2-kvinnoindex-2017.pdf> p. 10.

14 The Dutch Female Board Index 2017 s. 8 <https://www.tias.edu/docs/default-source/Kennisartikelen/rapport-female-board-index-2017.pdf?Status=Temp&sfvrsn=2>

15 Women Executive Barometer 2017 p. 4, 6-7 https://www.diw.de/documents/publikationen/73/diw_01.c.550588.de/diw_econ_bull_2017-01.pdf

16 <http://www.boardsforum.co.uk/boardwatch.html>

17 McKinsey, Women in the Workplace 2017, <https://womenint-heworkplace.com/> The sample group covers 222 companies that have approximately 12 million employees.

III. CAREER PATH AND AGE STRUCTURE

In the Corporate Governance Code for listed companies it reads that “to fulfill executive board’s duties in an effective manner, it is important that the board has a sufficient number of members who have a versatile and complementary professional background, expertise, and sector specific knowledge.” Thus, leaders are often selected among individuals who possess these characteristics together with relevant business line management experience. It is worth noting, however, that besides industry expertise and experience, what leaders often have in common is an open-minded and venturesome attitude.

The existence of different age groups in a company’s management enables diversity of views and strengthens company’s decision-making. Also, by examining the age distribution of companies’ management and the share of female leaders, we can also try to identify development trends in these companies.

Our analysis of the age structure of executive teams does not bring any surprises. The majority of executive team members come from the age group covering 41- to 50-year-old leaders with 51- to 60-year-old leaders being runner-ups. The share of women in executive teams has grown in these age groups in particular compared to the previous year. In the youngest age group, 40-year-old and younger, the share of women declined slightly year-over-year, although the share of women is still the largest in this group.

The second observation is that in younger age groups, women are more likely have business line management experience than in older age groups. In addition, the number of women serving as CEOs is greater than ever before with nine companies having a female CEO. In addition, female CEOs are younger than men on average. On the other hand, these observations do not bring any visibility on how women’s career paths evolve within companies towards the executive teams.

Age Structure of Executives

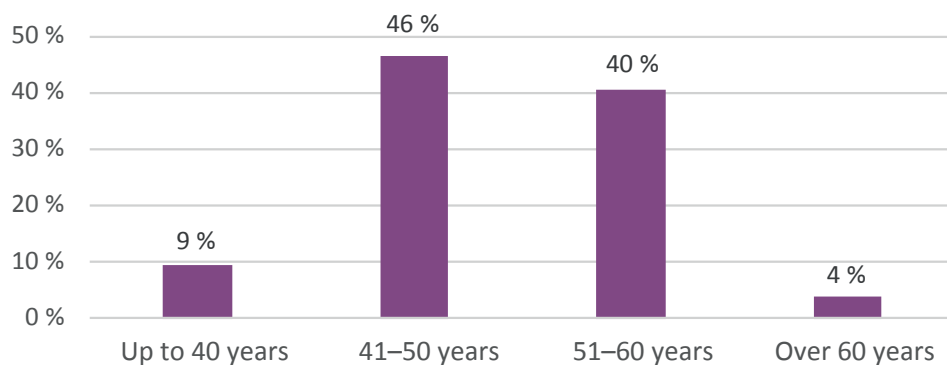
When looking at the age distribution of all members of executive teams of listed Finnish companies¹, it is clear that regardless of the gender, the vast majority of managers are between 40- and 60-year-old. The most represented age group is 41- to 50-year-old people.

Different age groups can also be scrutinized by gender. The statistics show that women working in executive teams are younger than men on average.

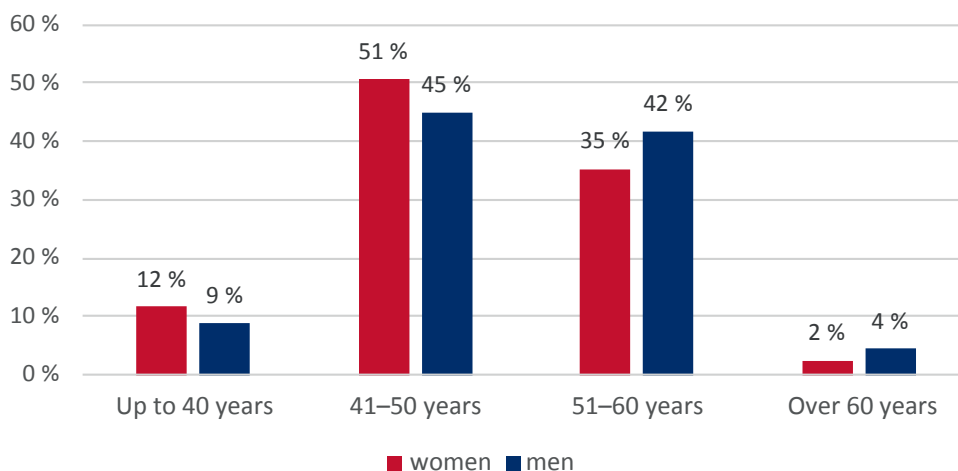
A positive observation in the age distribution of executive teams is that the share of women in younger age groups (40 or older and 41- to 50-year-old) is clearly higher than in the older age groups. In particular, in the age bracket of 40-year-old or younger, the share of women has risen from 21 to 28 percent in four years. In other words, every fourth executive who is 40-year-old or younger is a woman.

ALMOST A THIRD OF YOUNG MEMBERS OF EXECUTIVE TEAMS ARE WOMEN

Executives by Different Age Groups



Age Distribution of Executive Team Members (men and women)

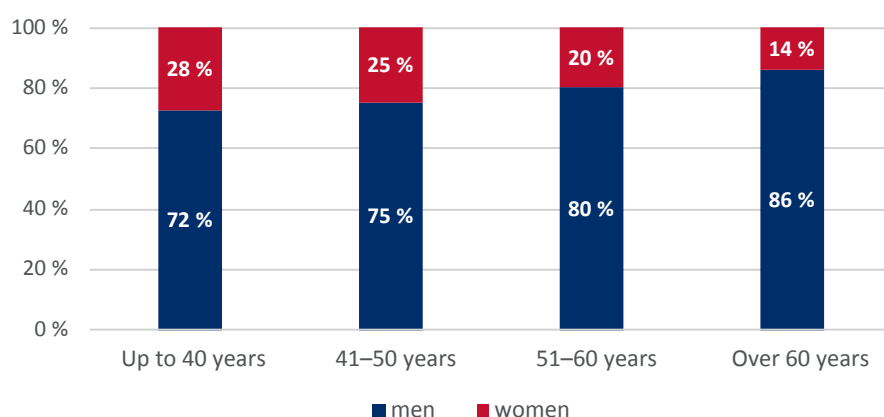


¹ Age information was missing from 49 executive team members which account for 6 percent of all executive team members.

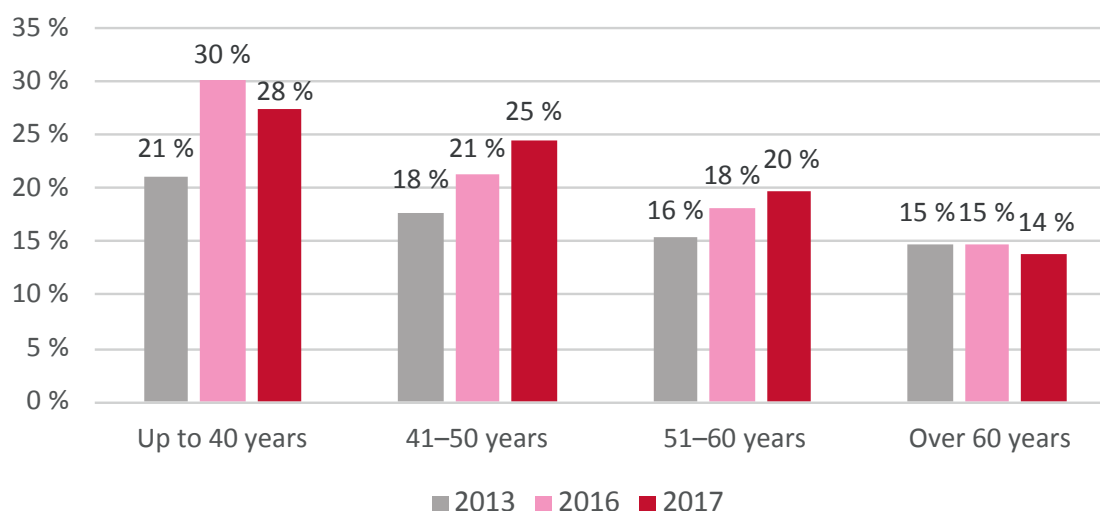
Women's share in executive teams in the age group of 40-year-old and younger has slightly fallen since last year when women accounted for as much as 30 percent of all members. However, at the same time, women's share of 41- to 50-year-old executives has notably increased from last year, from 21 to 25 percent so a larger transition of women between the age groups can explain the recent changes in statistics. In the latter age group, women's share has increased by 7 percentage points from 18 to 25 percent just in four years.

This development can be seen encouraging since in previous years, women's share in the age group of 41- to 50-year-old has been significantly lower than in younger age groups. The statistics, however, support the view that the differences between the age brackets will be smoothed over time as younger female leaders progress in their careers and move on to the older age groups.

Age Distribution of Executive Team Members (men and women)



Women Executives by Different Age Groups 2013–2017



Age Structure in Different Executive Positions

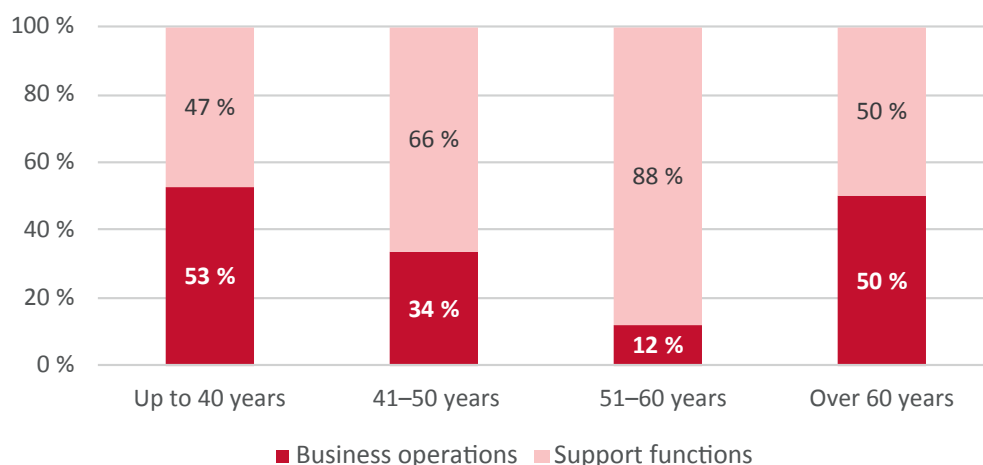
It is also interesting to analyze how different managerial positions are represented in executive teams by gender. Most men in executive teams (67%) are in charge of business operations. This share has remained almost the same in recent years (2016: 68%, in 2015: 69%). On the other hand, most of the women working in executive teams (65%) act in support functions. Compared to the recent years, the proportion of women leading business operations has been slightly increasing. In 2017, 35 percent of female members of executive teams led a business line, which is more than ever before recorded by the study by the Finland Chamber of Commerce (2016: 31%, in 2015: 32%). However, the difference to men in this respect is still high.

YOUNG WOMEN PROCEED MORE OFTEN TO LEADERSHIP POSITIONS IN BUSINESS LINES THAN OLDER GENERATIONS

On the other hand, the different age groups have notable differences. 53 percent of women in executive teams in the youngest age group of 40-year-old or younger are leading business operations. On the other hand, in the age group of 41-to 50-year-old, the share of women in business line management dropped to 34 percent. Furthermore, in the age group of 51-to 60-year-old, only 12 percent of the business line managers are women. Compared to last year, the largest single change has taken place in the age group of 51- to 60-year-old leaders. In our last year's Women's Leadership Study, we paid attention to the small number of business line leaders especially among women aged 51 to 60 years old, out of whom 87 percent were in charge of a company's support function in 2016. This age group had only 7 women in charge of a business line whereas the number of men was 167 so over twenty-fold.

At least in light of statistics, women leaders aged between 51 to 60 differ from the younger generations in two ways: firstly, in this age group, women's total share of all executives is lower than in other age groups, and secondly, in this age group, a larger number of women leaders work in support functions than in younger age groups.

Women Executives in Different Functions by Different Age Groups

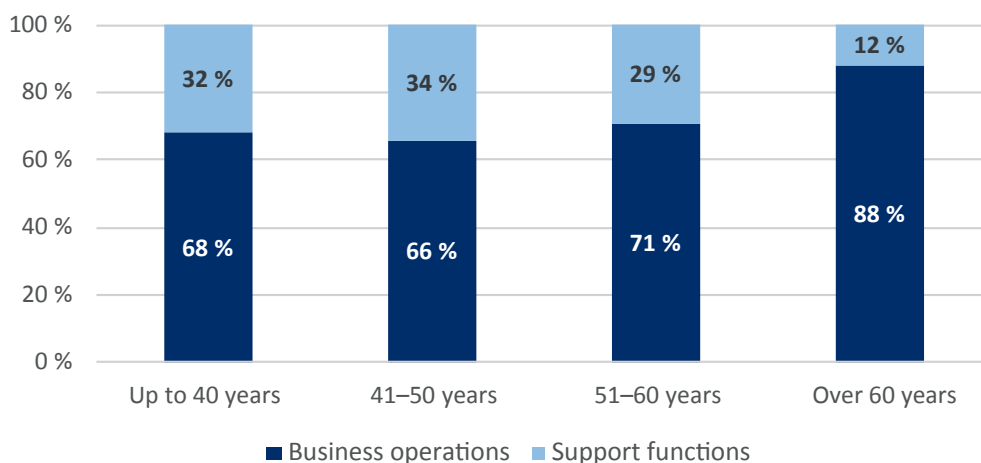


Based on the statistics, however, it is still difficult to say to what extent the different share of women in business line management in different age groups is a generational question, and to what extent other factors influence the larger share of women in support functions in older age brackets. In the oldest age group, the number of women leading business lines is also high, but as there are very few women in this age group, no conclusions can be drawn.

When it comes to women executives, it seems that the number of executive team members who lead support functions as opposed to business line increase with age, while when it comes to men, the situation is just the opposite. The share of men in executive teams who lead business lines increases with age. Out of all male executive team members aged 40-year-old or younger, 68 percent lead companies' business lines whereas the respective share among men executives aged 51- to 60-year-old is 71 percent and among 60-year-old up to 88 percent.

OVER HALF OF WOMEN LEADERS UNDER THE AGE OF 40 ARE HEADING A BUSINESS LINE AS OPPOSED TO A SUPPORTIVE FUNCTION

Men Executives in Different Functions by Different Age Groups



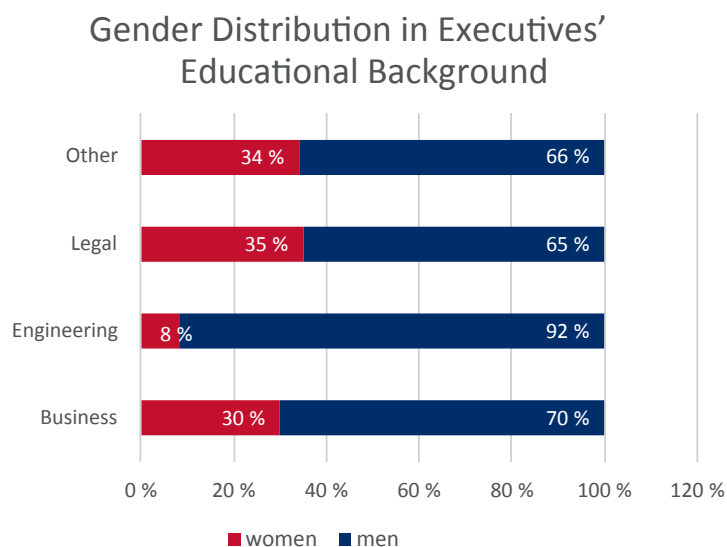
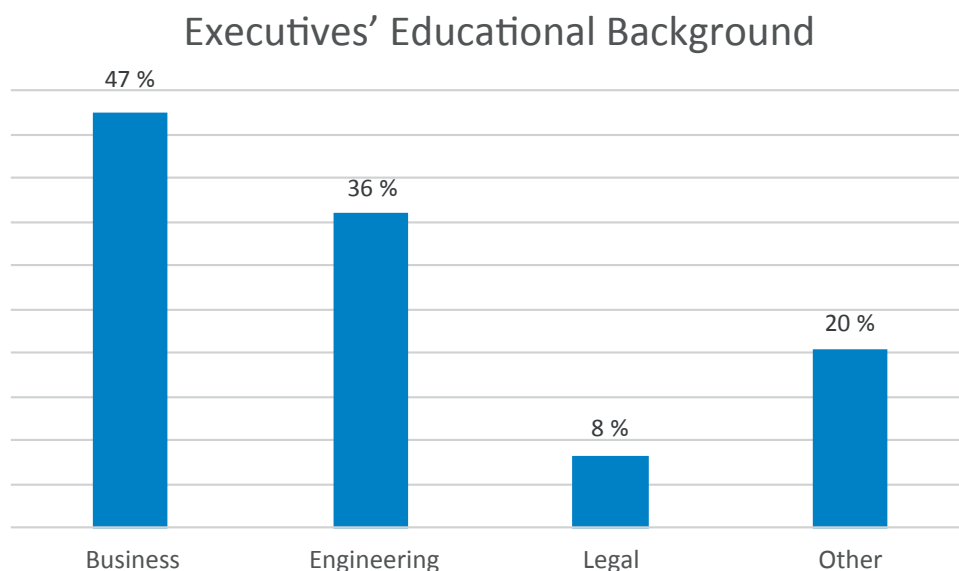
Educational Background of Executive Teams

When looking at the academic backgrounds of executive team members², the most common background is a university degree in economics which is possessed by 47 percent of executive team members. In addition, about a third or 36 percent possess a technical university degree.

The difference between the academic backgrounds of male and female executive team members is clear. For example, only 8 percent of executive team members who possess a technical university degree are women.

Also when it comes to executive team members with a university degrees in economics, only 30 percent members are women, and when law degrees are concerned, women account for 35 percent.

WOMEN IN EXECUTIVE TEAMS RARELY HAVE A TECHNICAL UNIVERSITY DEGREE



² Out of all listed companies' executive team members, 725 had disclosed their education, which represents 93 percent of total. The figures presented in this report are calculated on a basis of the disclosed information.

In the last year's study, we also studied the academic background of executive team members.³ As the situation has unlikely changed significantly during the year, we did not repeat the study in 2017. As a result, the following data mirrors the situation in 2016 which is assumed to reflect the present situation too.

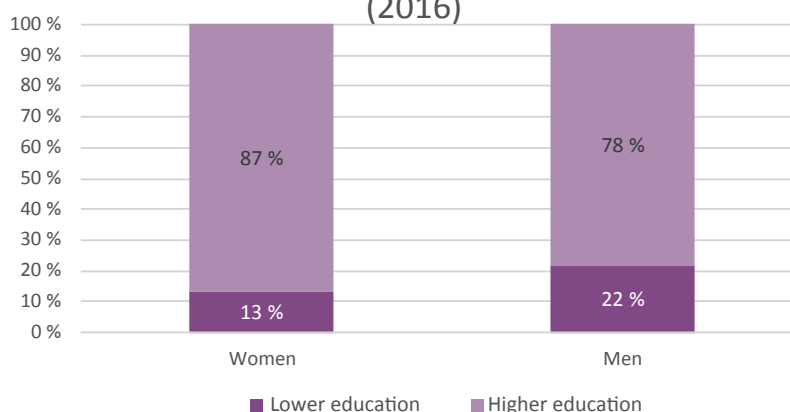
Executive team members typically possess a university degree. Of those who reported their educational background, 80 percent had completed a higher university degree (i.e. MS, MA etc.).

Female members of executive teams had a higher educational background compared to male members on average. Up to 87 percent of female executive team members had a master's degree level education compared while the respective figure with male members was 78 percent.

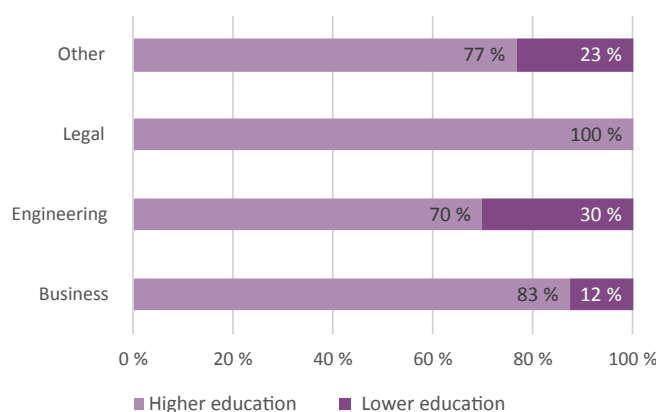
The educational background of executive team members also varied on the basis of their field of study. For example, all executive team members who possessed a law degree had a master's degree. Also, 86 percent of executive team members who possessed a degree in economics had completed a master's degree. Finally, executive team members with a technical degree, 70 percent had a master's degree while 30 percent had a lower degree.

A technical degree is the second most common educational background of executive team members. In addition, a lower technical degree is clearly the most common out of all lower degrees possessed by executive team members. This also explains the lower education level of male executive team members as a whole as the vast majority of executive team members with a technical degree are men.

Gender Distribution in Executives' Educational Level (2016)



Executives' Educational Level (2016)



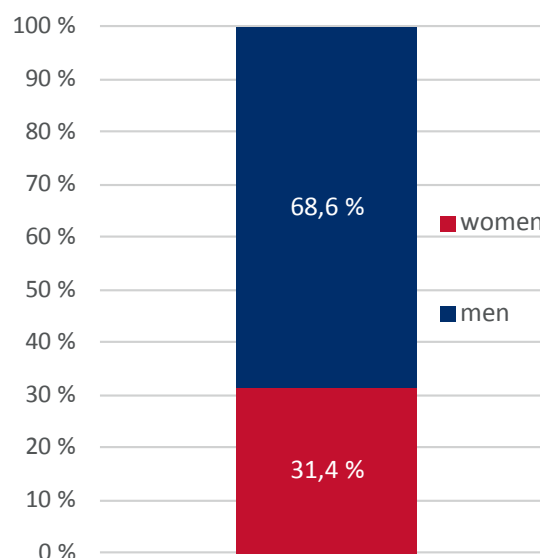
³ In the study, lower degrees include Bachelor's Degree and all degrees below it while upper degrees include Master's degree and any subsequent studies. If a person has a lower and upper degree in the same field of study, then only the upper has been counted.

The Executive Team Appointments 2017

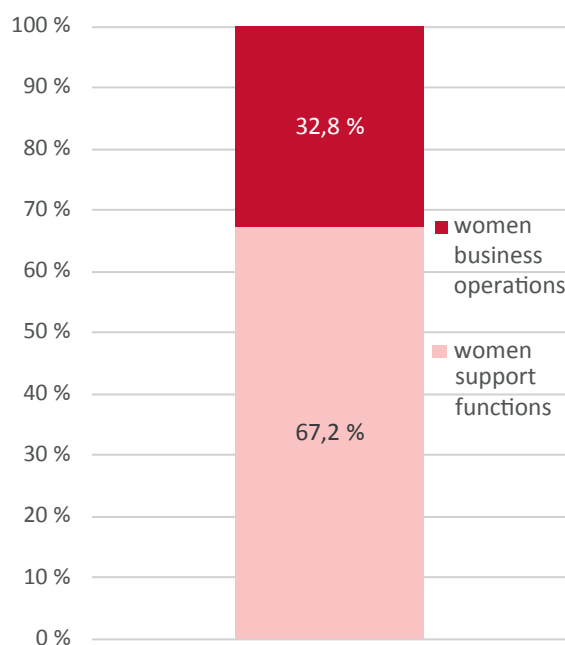
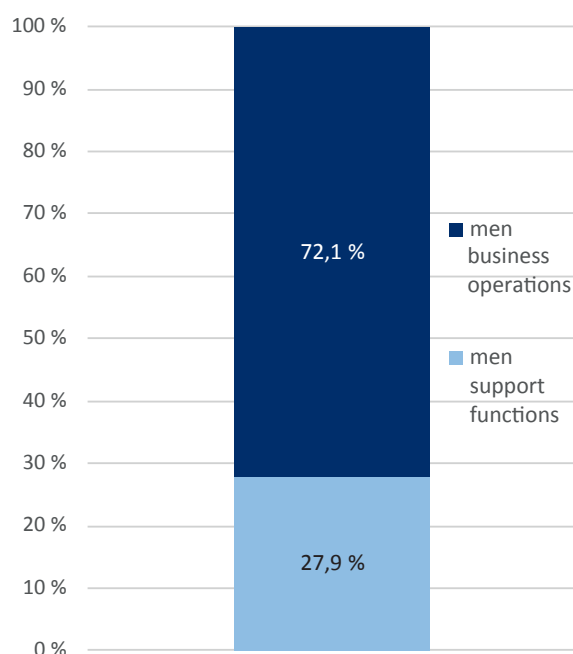
31 percent of executives selected to executive teams in 2017 were women, which is significantly more than in the previous two years. In 2016, women accounted for 21 percent of new members and a year before 25 percent. Thirty-three percent of women who were appointed to executive teams headed a business line, which is a bit lower than in last year (37%). The figures do not, however, include new CEO appointments.

31% OF NEW EXECUTIVE TEAM MEMBERS WERE WOMEN IN 2017

Executive Team Appointments 2017



Appointments of Leaders in Business Operations and Support Functions by Gender



Summary of Men and Women in Executive Teams

Women are still a clear minority in the executive teams of listed companies. Out of all members of executive teams, 62 percent head business lines and 38 percent head support functions with no major changes from the previous year (61% / 39%). Women's slow transition to business line management is still visible this year also, although the share is still quite small. Out of all business line leaders, 89 percent are now men and 11 percent are women. Women's share in business line management has increased by one percentage point compared to last year.

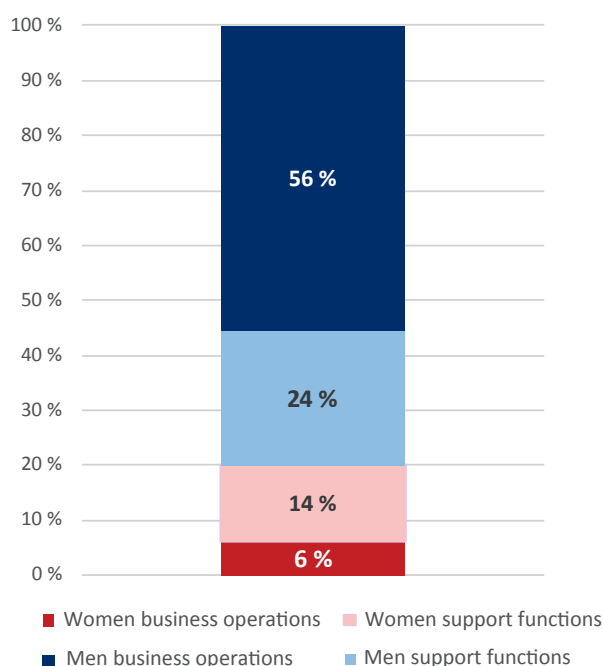
Women in executive teams often head support functions. Out of all executive team members who are leaders of support functions 63 percent are men and 37 percent are women. A year ago the respective shares were 65 percent and 35 percent.

In summary, out of all executive team members 56 percent are men who lead a business line, 24 percent are men who lead a support function, 6 percent are women who lead a business line, and 14 percent are women who serve as a head of a support function. There has not been any major changes in the figures over the last two years although the share of female executive team members leading support functions seems to be on the rise.

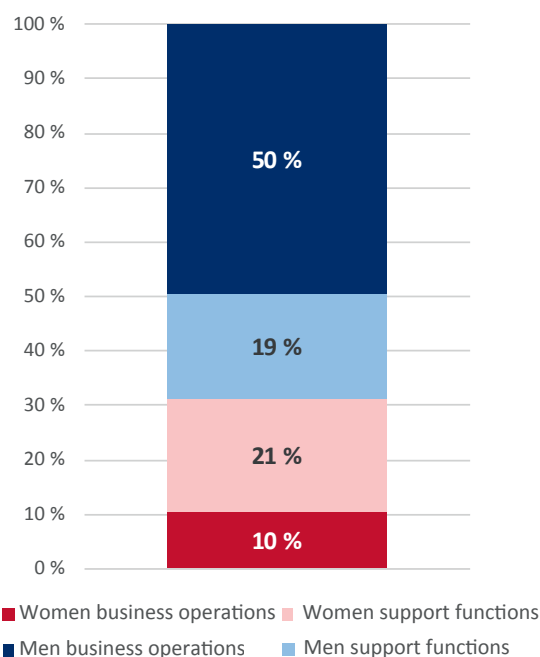
6% OF FEMALE EXECUTIVE TEAM MEMBERS LEAD A BUSINESS LINE

The most central figure for women, leadership positions in line management is still very low at 7 percent. However, the figure has more than doubled since 2011, when we made our first report on women's leadership. The near future will show whether this trend continues and further strengthens. It would be essential that listed, especially large cap companies, could find more women to their executive teams and above to leadership positions in companies' business lines. The more women progress to business line leadership positions in companies, the more women become CEOs and get selected into executive teams. On the other hand, companies should aim that in support functions, where men currently account for roughly two-thirds of leadership positions, men's share would not further increase either. Especially when it comes to CFOs, men are over-represented.

All Executive Team Members
2017



New Executive Team
Appointments 2017



CONCLUSIONS

Finland serves as a good example of how women's leadership can be effectively promoted without introducing any quotas. In order to achieve any results, however, businesses themselves have to take an active role in promoting women's leadership as the change does not happen by itself.

The fastest progress has been witnessed on companies' boards. In large cap companies, a third of board members are already women. A crucial factor is the corporate governance code which has been created by the Finnish business community. The corporate governance code requires companies to take concrete measures to ensure that both genders are represented in companies' top management.

The number of female CEOs and executive team members has also increased although the pace has not been as fast as in companies' boards.

The role of media has been also important. The Finnish media has proactively supported women's leadership which has been an important catalyst in the process. Media attention creates role models, generates discussion around the topic, and signals the importance of the issue to companies.

It is worth noting, however, that educational backgrounds have an impact on employees career paths, and women tend to pursue business and engineering degrees less often than men which are the two most common academic backgrounds for top managers. Nevertheless, the study shows that in younger generations women have progressed to top leadership positions, not only in support functions but also in business lines, more than ever before.

The Finland Chamber of Commerce puts a lot of effort to study the issue and to promote the important cause. The Women Leadership Report will be published also in the future, and in addition, the women leaders' mentoring program is about to launch again soon.

20 WAYS TO PROMOTE WOMEN BUSINESS LEADERS

Promoting women business leaders benefits everybody. Companies need the best leaders and this is not fulfilled if the recruitment pool excludes women. Statistics show that women have not yet reached their full potential in the corporate leadership positions. Gender segregation in the labour market means that women end up in lower paid, lower status sectors.

Changing the status quo requires new attitudes among employers and women and the whole society.

Society – 4 Ways to reduce the gender segregation of labour market

1. Promoting women's participation in the labour market
 - providing affordable and flexible day care for children
 - ensuring that the costs of family leave are laid not solely on women's employers
2. Bringing new attitudes and role models into primary and secondary education
3. Motivating girls to study mathematics and sciences at school
4. Motivating women to choose engineering and economics in their vocational and professional studies

Employers – 7 Ways to Promote Women Business Leaders

1. **Making a strategic and targeted decision to promote women's leadership in the company.**
The company should make a high-level decision to promote women's advancement in the career pipeline and follow the progress of the situation. The results could be used as criteria in the executive remuneration schemes. A chief level (C-suite) representative should be assigned responsibility of the issue.
2. **Using equality planning as a tool to promote women's careers.** Employers should issue meaningful equality plans. An analysis of the company's equality status should be used as a basis for equality planning. The analysis should include statistics of men's and women's positions and pay in the company, as well as an assessment of the existence of any possible internal glass ceilings. It should also identify the point where women start to drop out of the path to the top executive roles. Employee surveys should be used to detect inequalities. Equality planning should involve setting concrete goals and measures as well as the follow-up on their success. A C-suite representative should be assigned responsibility of equality in the workplace.
3. **Building recruitment processes that promote both genders to seek all kinds of jobs.** When using recruitment consultants, they should be required to propose both women and men on long and short lists.
4. **Recognizing the talent potential among the employees and ensuring that women are fully considered in the talent management process.** Employers should be aware of women's often cautious reaction to taking up new challenges and encourage women to advance in their career.
5. **Diversifying women's skills.** In order to advance in their career, women need experience of business operations leadership and line management. Also, training opportunities should be offered to women and men equally.
6. **Taking diverse private life circumstances into account by allowing flexibility in working time and methods, as well as giving up the 24/7 working culture.** Even executives do not need to be available 24/7. It should be enough that they are reached when needed. Employers should also provide appropriate induction for employees returning to work from parental leave.
7. **Providing mentoring for women in their career path.**

Woman– 9 Ways to Promote Your Own Career

- 1. When making educational choices consider mathematics and sciences at school and engineering and economics in your studies.**
- 2. Bridge the confidence gap and be merciful to yourself!** Self-doubt can be a major barrier to women's advancement. Being perfect should not be the goal – better done than perfect!
- 3. Delegate - a leader cannot do everything herself.**
- 4. Take up on opportunities and go beyond your comfort zone.**
 - give a positive answer to inquiries from recruitment consultants
 - update your CV in order to identify which skills need further development
 - accept promotions offered by your employer
- 5. Diversify your skills and seek new tasks**
 - use your development discussions with your superior as a tool to diversify your skills and promote your career
 - be curious and seek new tasks to widen your skills, even though it would not mean a promotion
 - seek line management positions
- 6. Make such choices in your private life that support a balanced private and working life.**
 - be ambitious but accept that you cannot get it all
 - agree with your spouse on the division between household and childcare duties and use outside help
- 7. Organize your work so that it supports both your career and private life.**
 - make sure that you can be reached when needed but don't be available 24/7
 - utilize remote working methods, but remember the importance of leisure time
 - keep yourself up-to-date on working life even during parental leaves.
- 8. Find yourself a mentor.**
 - sparring with a mentor helps you develop your skills
 - in discussions with a mentor you will find new views to your work, career and personal development
 - look for a mentor who can also act as a sponsor to promote your career
- 9. Invest in your future by finding time for networking, also beyond your current business sector.**

5 REASONS TO AVOID GENDER QUOTAS IN LISTED COMPANIES

- 1 Self-regulation proved efficient in Finland – quota legislation unnecessary**
- 2 Quotas are inefficient in promoting women leadership**
- 3 Quota legislation restricts unjustly the rights of the company owners and disrupts the level-playing-field between different types of companies**
- 4 Insufficient candidate pool of women with experience in business operations creates difficulties to meet quotas properly**
- 5 More focus should be given to raising a deeper talent pool of qualified women leaders for the future**

1 Self-regulation proved efficient in Finland – quota legislation unnecessary

- The Finnish Corporate Governance Code prescribes both genders to be represented on corporate boards.
- If a company deviates from the recommendation, the company must give a public notice and explanation of the deviation.
- The number of women directors has doubled, since the recommendation was included in the Corporate Governance Code five years ago.
- The number of women directors in Finnish listed companies is among the top of EU countries.
- The percentage of women directors is more than three times higher than ten years ago.
- All large caps have women directors on board.
- 35 percent of the newly appointed board members in 2016 were women.
- The new Finnish Corporate Governance Code requires the companies to define a diversity policy. The companies are required to report on their objectives regarding the representation of both genders on the board and the measures to achieve those objectives. The companies are also required to report on their progress annually.

2 Quotas are inefficient in promoting women leadership

- In Norway, quota legislation has failed to include more women executives in the operation of businesses.
- There is no positive correlation between the number of women directors and the number of women executives
- Quotas may lead to multiple board memberships being overly concentrated to same women directors
- Quota legislation may draw women to leave their promising career paths as business leaders to become professional board directors.
- Quota legislation shifts the focus away from the initial goal to promote women leaders..

3 Quota legislation restricts unjustly the rights of the company owners and disrupts the level-playing-field between different types of companies

- Quota legislation restricts the most important right of the company owners to choose the board members from the people they deem most qualified.
- Half of the Finnish listed companies are small caps, where the board composition is of limited societal importance. Many larger companies are not listed on stock exchange.
- The boards of the Finnish listed companies are among the smallest in Europe. Mandatory quotas might lead to unnecessary increase in the size of the boards.
- Mandatory quotas would constitute a new barrier for companies to list on stock exchange.

4 Insufficient candidate pool of women with experience in business operations creates difficulties to meet quotas properly

- The majority of directors should have experience in business operations in the relevant sector.
- At least some of the directors should have CEO experience.
- Women are considerably less experienced in leading business operations in listed companies.
- The majority of women executives are leading support functions.
- The professional backgrounds of women and men directors have significant differences.
- Men directors are much more likely to have CEO background.
- There is an overrepresentation of women among the directors with a background as CFO or Chief Legal Officer.

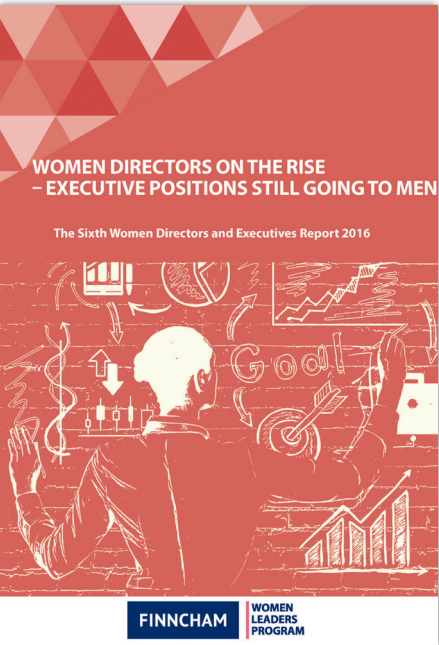
5 More focus should be given to raising a deeper talent pool of qualified women leaders for the future

- The number of women executives has increased from 18,5% to 22,9% within five years.
- In 2017, 31.4% of the executive appointments went to women.
- In 2017, one third of the women appointed to executive positions were appointed to lead business operations.
- The executive appointments of recent years forecast a more gender-balanced talent pool of directors within the up-coming 5-10 years.

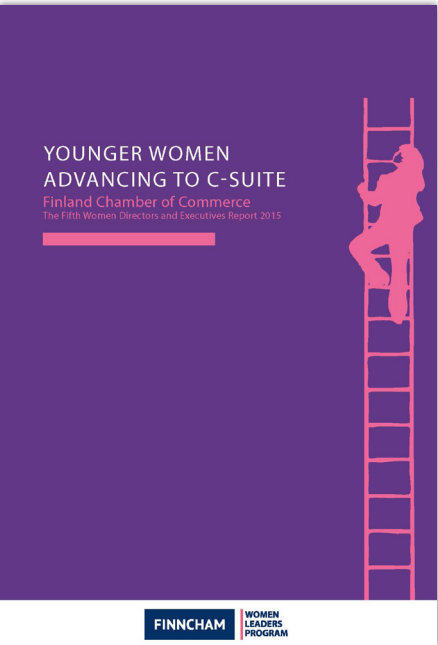
WOMEN EXECUTIVE REPORTS

naisjohtajat.fi/en

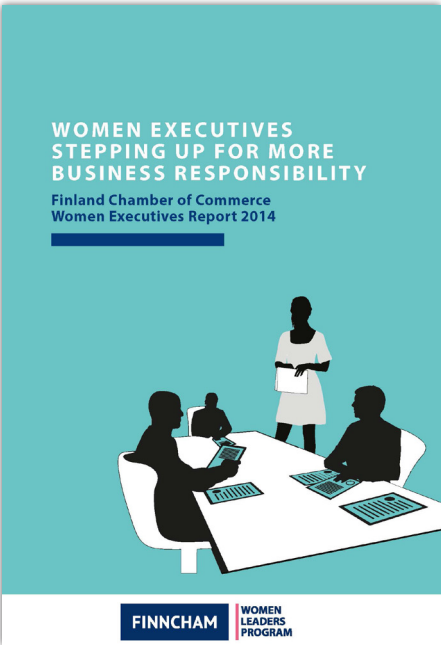
WOMEN EXECUTIVE REPORT 2016:
Women Become Board members, but
Rarely Rise to the Business Management



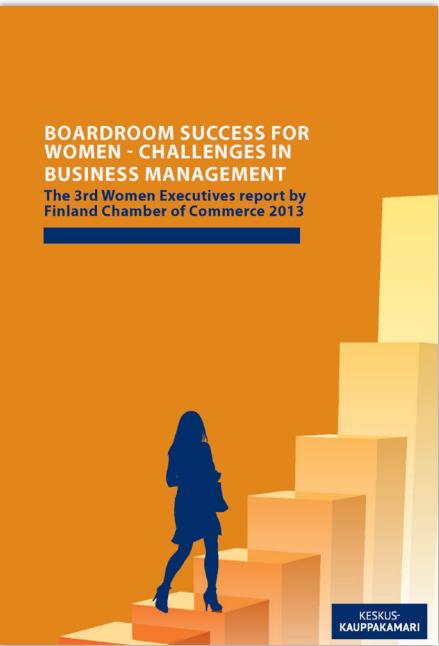
WOMEN EXECUTIVE REPORT 2015:
Younger Women Advancing to C-Suite



WOMEN EXECUTIVE REPORT 2014:
Women Executives Stepping up for More
Business Responsibility



WOMEN EXECUTIVE REPORT 2013:
Boardroom Success for Women –
Challenges in Business Management



WOMEN EXECUTIVE REPORT 2012:
The Glass Ceiling is Cracking – Self-
regulation Beats Quotas



WOMEN EXECUTIVE REPORT 2011:
Men Lead Business Operations of Listed
Companies – Women End up in Support
Functions



The seventh Women Directors and Executives Report of Finland Chamber of Commerce covers all the Finnish listed companies and is part of the Finland Chamber of Commerce's award-winning Women Leaders Program.

The number of female CEOs, number of women in the executive teams and in the companies' boards are in the record level. The figures are of top-level among the EU member states as well as globally. This has been achieved without legislated quotas. In 2017 the number of women directors is 33 percent in large caps, 27 percent in mid caps and 23 percent in small caps constituting an average number of 27 percent women directors in all listed companies. The number of women CEOs has also increased from five to nine.

After last year's decrease, the number of women in the executive teams rose to the record level – 23 percent of executive team members are now women. Despite of the record numbers, women's share of the business operations leadership is still low, 11 percent, and the sectoral differences are quite evident. The highest number of women executives in business operations can be found in healthcare, consumer goods and services. In industrials, which is the single largest sector, the number of women executives in business operations is just three percent.

Younger women are taking a relatively greater share of executive positions than the women of elder generations. This gives a positive glimpse into the future.