

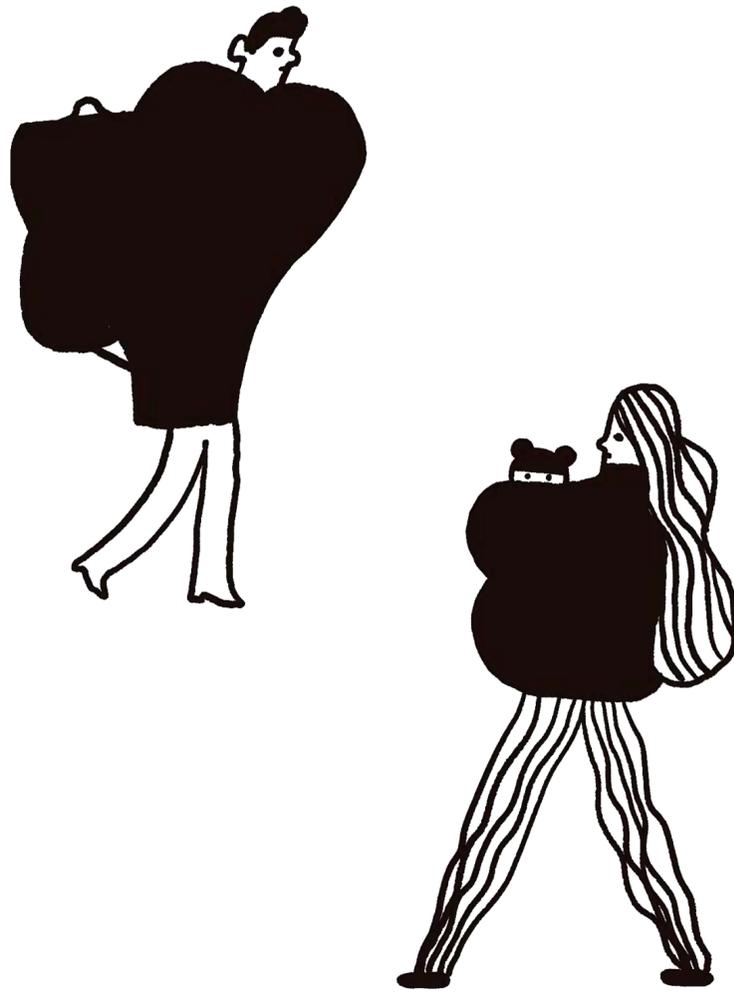
# Nordic Business Diversity Index

2023

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**IMPAKTLY**

# Foreword



The world is in turbulence due to the aftershock of the pandemic, the ongoing Russian invasion to Ukraine, energy crisis and economic disruptions happening globally. Womens' rights and especially reproductive rights are in turmoil with serious impacts on the health and safety of women and girls. Discrimination, be it based on e.g., gender, origin, skin color, age or sexual orientation, shows no signs of decrease. There are alarming signals of political extremism and on several arenas minority voices are silenced.

You might wonder whether this has anything to do with the diversity of senior leadership, but it does. Companies are in a powerful position to show that diversity is valued and intentionally sought after. In times like these, the power of example and having under-represented groups in leadership positions sends a clear message: Yes, you are welcome to our company, yes, we value and respect your background, and yes, we consider you to be our top choice.

People are also on the move. The Great Resignation, describing the record number of people leaving their jobs since the beginning of the pandemic, and the overall revolution of work is resulting in a tight competition for the best talent. But people are not moving just for a better pay, they are seeking for purpose, and a safe

environment to be their best selves with a healthy work-life balance.

This is where diversity, equity and inclusion kicks in. How does an organization treat its people and ensure that everyone can shine? What is being done to ensure that systemic discrimination, present in wider society, does not happen in our organization? How do our leaders show commitment to DEI in every decision?

## Did you know?

- Diversity is a direct driver of innovation and has a significant positive impact on business performance, engagement, and customer service.
- Research shows that gender-diverse and inclusive teams outperform their less inclusive counterparts by 50%. [1]
- Companies with more diverse leadership teams report higher innovation revenue - 45% of total revenue versus just 26% for organizations with less diverse leadership. [2]

[1] Gartner

[2] Boston Consulting Group

# Nordic Business Diversity Index

## So what have we done?

We have reviewed publicly available material on Nordic listed companies' Executive Management and Board of Directors, and gathered data on the number of women and men[1], the different age groups per decade, and the different nationalities and educational backgrounds.[2] The information has been used for two purposes: to define an Index result for each company and to paint an overall picture of what senior leadership in the Nordics looks like through these four metrics.

We acknowledge, that the four metrics used are not all-emcompassing or as multidimensional as possible. There are however solid reasons behind the decision to look at the gender, age, nationality and educational background of senior leaders. First, these metrics are defined in the Corporate Governance Code of the Finnish Securities Market Association as those to be taken into account when defining diversity principles for Board of Directors. Second, even with gaps, this set of metrics seems to be most commonly used by companies when disclosing background information on Executive Management and Board of Directors. Third, we want to utilize metrics through which we can paint as comprehensive and comparable picture as possible. We all know that diversity is so much more than gender, age, nationality and educational background, but to make the issue visible and real, we need to start somewhere.

[1] We acknowledge that gender binary categorization leaves out all other gender identities.

[2] Please note, no names have been collected, just the amount of people per each variable.

## Sample & methodology

The sample in the Nordic Business Diversity Index includes all publicly listed companies from Nasdaq Helsinki main list, and the Large Cap companies from Nasdaq Stockholm, with an Executive Management and Board consisting of at least four people. Altogether 250 companies are included.

The Nordic Business Diversity Index points were given to companies which publicly disclose information for at least three of the four assessed variables.

Companies are grouped into three categories according to their size-based segment on Nasdaq Nordic in October 2022: Large Cap, Mid Cap and Small Cap. The companies have been compared separately in each category.

Number of analysed companies per category:

- Nasdaq Helsinki Large Cap, 33 companies
- Nasdaq Helsinki Mid Cap, 49 companies
- Nasdaq Helsinki Small Cap, 45 companies
- Nasdaq Stockholm Large Cap, 123 companies

The data was collected from public sources (web pages and annual reports) during October-November 2022. Possible changes to Board or Executive Management composition after this time period has not been taken into account in the Index.

# Nordic Business Diversity Index

## Scoring

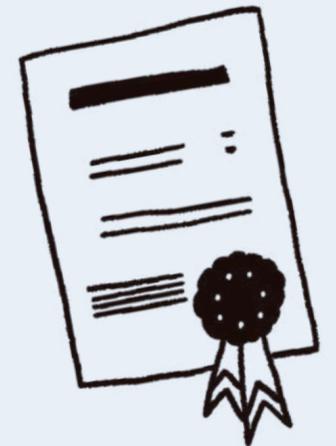
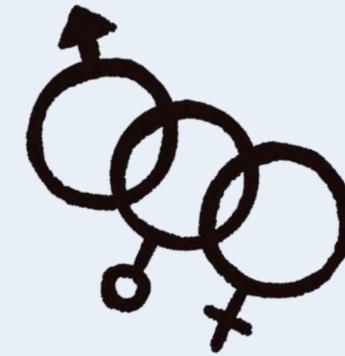
Maximum score = 100 (50 for Executive Management & 50 for Board)

The score is divided between four variables with max. 12.5 points per variable<sup>[1]</sup>

**Gender** - the more equal composition, the more points were awarded. In addition, companies received two bonus points if the CEO or the Chair of the Board was female and one bonus point for each female with business responsibility on the Executive team or for being the Vice-chair of the Board.

**Age, nationality, educational background** - the more different age groups (by decade), nationalities or educational backgrounds in proportion to the size of the group, the more points were awarded.

Nordic Business Diversity Index results are comparable to the previous Index results launched in January 2021 and regarding Nasdaq Helsinki also with the Finnish Business Diversity Index (FINDIX) report published in January 2020. Please contact us for the previous reports.



[1] The variables are based on the recommendations in the Corporate Governance Code of the Finnish Securities Market Association (2020) regarding the principles of diversity.

## Results

# Diversity in the Nordic top management 2023

The Nordic Business Diversity Index aims to paint a picture of what senior leadership looks like in the Nordics. We want the Index to also raise discussion, encourage to ask questions and push us to find ways in which companies can tackle the issue of homogeneous leadership.

So, please, step on board and take a look at the results!



# Top 10 companies 2023

|                             | Helsinki Large Cap  | Helsinki Mid Cap  | Helsinki Small Cap  | Stockholm Large Cap  |
|-----------------------------|---|---|---|--|
| <b>Best total points</b>    | <b>Fortum</b> <u>80-84,5%</u><br><b>Nokia</b> <u>75-79,5%</u><br><b>Citycon</b><br><b>Sanoma</b><br><b>Uponor</b> <u>70-74,5%</u><br><b>Fiskars</b><br><b>Kone</b><br><b>Nordea Bank Abp</b> <u>65-69,5%</u><br><b>Outokumpu</b><br><b>Kemira</b> | <b>Musti Group</b> <u>70-74,5%</u><br><b>Marimekko</b><br><b>Anora Group</b> <u>65-69,5%</u><br><b>Tecnotree</b><br><b>Caverion</b><br><b>Oriola</b><br><b>Rovio</b><br><b>WithSecure</b><br><b>F-Secure</b><br><b>Ålandsbanken</b> <u>60-64,5%</u> | <b>Dovre Group</b> <u>75-79,5%</u><br><b>Biohit</b> <u>70-74,5%</u><br><b>Nixu</b> <u>60-64,5%</u><br><b>Optomed</b><br><b>Panostaja</b><br><b>Martela</b> <u>55-59,5%</u><br><b>Nurminen Logistics</b><br><b>Componenta</b><br><b>Apetit</b><br><b>Glaston</b> <u>50-54,5%</u> | <b>Orrön Energy</b> <u>70-74,5%</u><br><b>Electrolux</b><br><b>SAS</b> <u>70-74,5%</u><br><b>EQT</b><br><b>Stillfront Group</b> <u>65-69,5%</u><br><b>Mediacover</b><br><b>Telia Company</b><br><b>Arjo</b><br><b>Dometic Group</b><br><b>Sweco</b><br><b>SOBI</b> |
| <b>Best executive teams</b> | <b>Sanoma</b>   | <b>Oriola</b>   | <b>Biohit</b>   | <b>Arjo</b>  |
| <b>Best board points</b>    | <b>Fiskars &amp; Kone</b>   | <b>Caverion &amp; Tecnotree</b>   | <b>Dovre Group</b>  | <b>Electrolux</b>  |

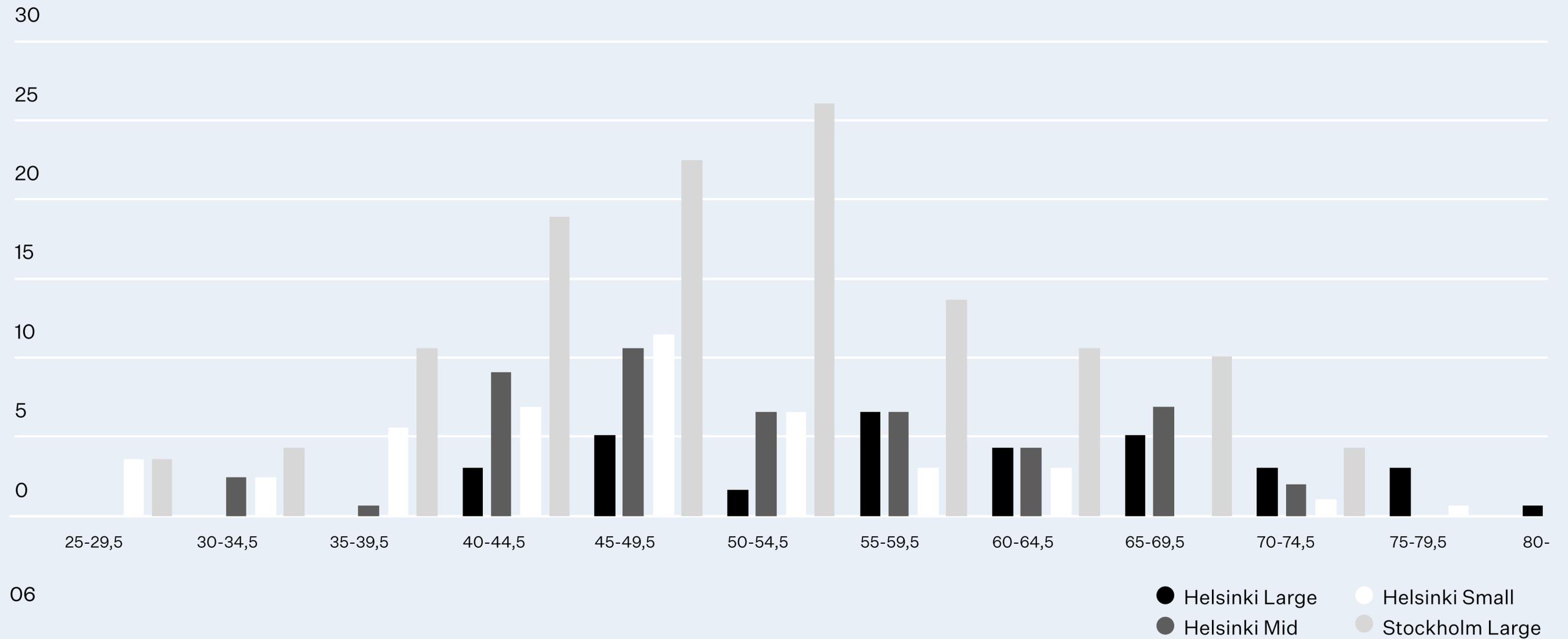
# Division of total index scores

Only 1 company scores over 80%

48% of all companies score less than 50%

9% of Finnish companies and 3% of Swedish companies score over 70%

Number of companies

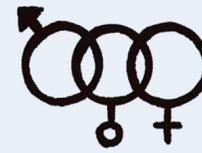


# Variable results

To understand better what the total Nordic Business Diversity Index score is comprised of it is interesting to look at the average points given per each variable.

The maximum points per each variable is 12,5. For gender, points can be however even higher, due to bonus points given for female CEO, Chair or Vice-Chair of the Board or business head positions.

On average, most points are scored from Board of Directors' gender variable signalling that Boards are more advanced in gender equality. On the other hand, least points are score from Executive Team nationality variable signalling that especially Executive team positions are mostly dominated by company HQ nationalities. Helsinki Small Cap companies are most diverse from age perspective and the variable specific results show that especially the number of members born in the 1980's is significantly higher than in other Caps.



Gender



Nationality



Age



Education

Average

7,4

9,0

3,8

5,3

5,2

7,3

7,7

7,6

Helsinki Large Cap

9,1

9,8

5,7

7,9

4,2

6,4

8,9

8,2

Helsinki Mid Cap

7,1

8,7

3,6

7,9

5,4

7,8

8,4

7,8

Helsinki Small Cap

5,5

7,3

1,8

1,5

6,3

7,8

7,2

7,9

Stockholm Large Cap

7,8

9,0

3,8

5,3

5,2

7,3

7,7

7,6

● Executive Team

● Board of Directors

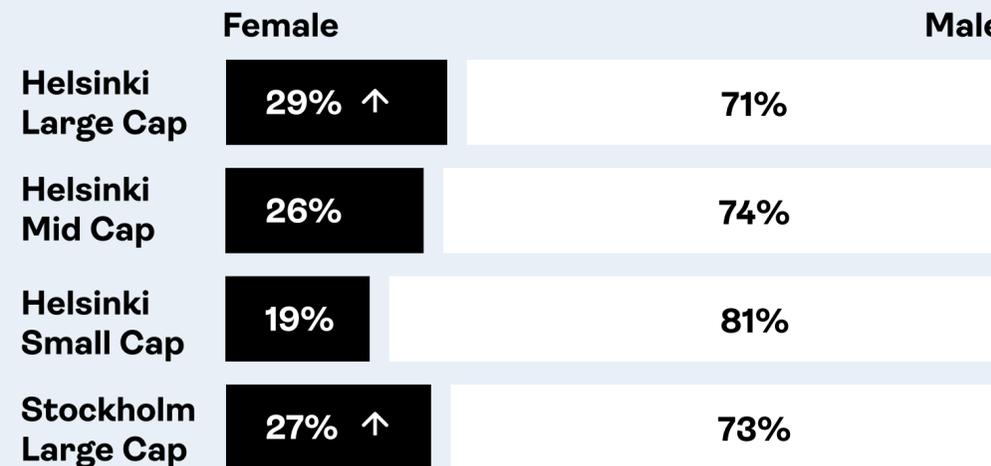
# Gender

Comparing to the results from 2021, the number of females has increased or remained the same in all caps and groups, except one (Helsinki Small Cap Boards). Helsinki Large Cap is the only cap with no all-male groups. The overall number (35) of all male groups has however increased from 17 all-male groups in the 2021 Index.

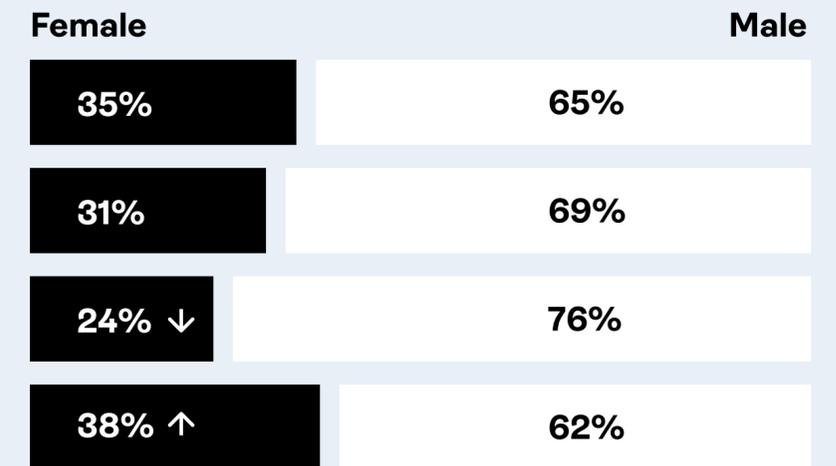
In November 2022, the European Parliament formally adopted the new EU law on gender balance on corporate boards. By 2026, companies will need to have 40% of the underrepresented sex among non-executive directors or 33% among all directors. Listed companies in the EU will have until the end of June 2026 to meet these targets.

Small Cap companies have the longest way to go to reach these targets. Other Caps are moving to a more equal gender balance with a 1-2% yearly rate, so no room for slowing the pace!

## Executive Team



## Board of Directors



## All male groups



# Females in top executive positions

In total all the Nordic companies in our sample have 552 females in their Executive teams. Fifteen percent of these holds a business head position, while the remaining 85 percent are leading support functions.

Even though the number of female leaders are slowly increasing, the number of female business heads is not. Female leaders are clearly seen fit for several support functions, mostly related to human resources, marketing, communications or legal affairs, but, the identities seen suitable for leading business content continue to derive from a very narrow pool.

|                     | # of companies | % of BoD Chair | % of BoD Vice-Chair | % CEO      | % of Business Heads of all Executive Team females |
|---------------------|----------------|----------------|---------------------|------------|---|
| Helsinki Large Cap  | <b>33</b>      | <b>1%</b>      | <b>6%</b>           | <b>12%</b> | <b>25%</b>  |
| Helsinki Mid Cap    | <b>49</b>      | <b>4%</b>      | <b>6%</b>           | <b>10%</b> | <b>17%</b>  |
| Helsinki Small Cap  | <b>45</b>      | <b>12%</b>     | <b>10%</b>          | <b>4%</b>  | <b>12%</b>  |
| Stockholm Large Cap | <b>123</b>     | <b>7%</b>      | <b>5%</b>           | <b>7%</b>  | <b>18%</b>  |

# Nationality

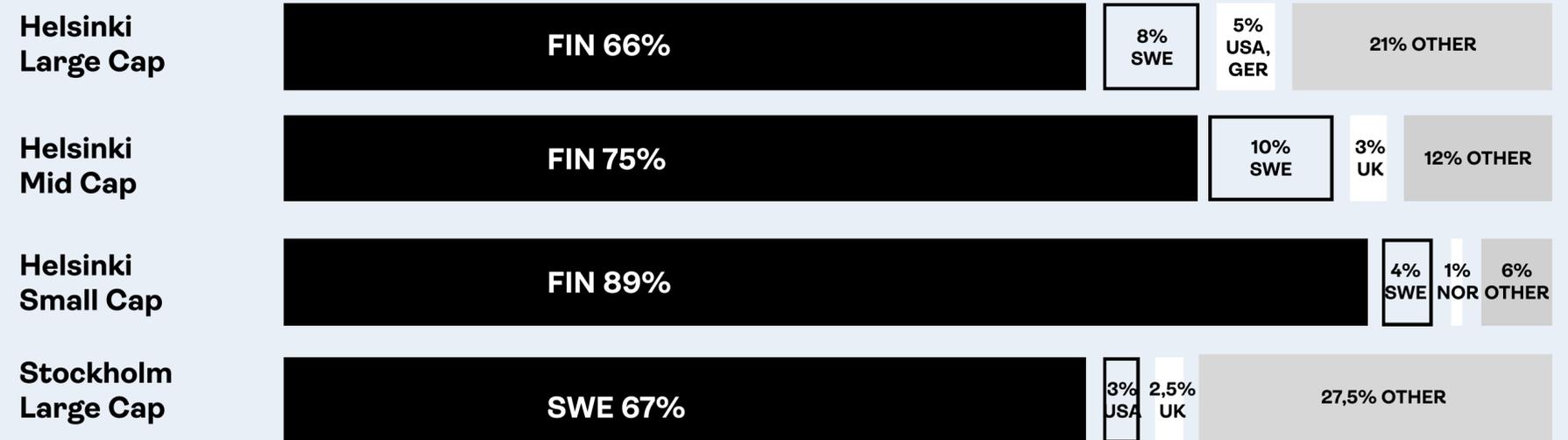
The Board and executive team positions continue to be dominated by individuals having the nationality of the company's HQ country. Some decrease in Finnish nationals can be seen in the Helsinki Mid Cap companies (both Board and executive team) as well as Swedish Large Cap executive teams. Finland is being criticized for not making it easy for international talent to work here[1]. We know that foreign names[2] block opportunities to be employed or even interviewed. So how can we assume that the merits we are looking for in top management are filled by a globally diverse group of people, if we are not willing to open the door even a crack for diversity?

[1] In a recent survey (Dec 2022) conducted by Helsingin Sanomat, 49% of Finns agreed with the statement "All foreigners willing to come live and work in Finland, should be welcomed", but 46% disagreed. The % of people agreeing with the statement has gone down from 67% in 2017.

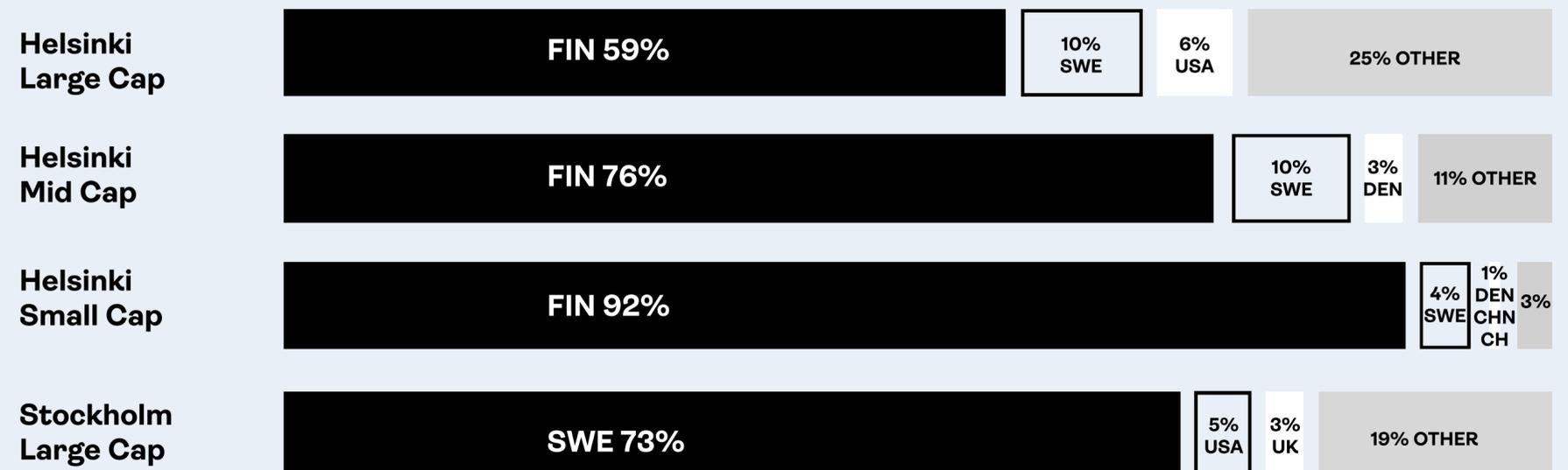
[2] When the Name Matters - An Experimental Investigation of Ethnic Discrimination in the Finnish Labor Market. <https://onlinelibrary.wiley.com/doi/abs/10.1111/soin.12276>

## Top 3 nationalities

### Executive Team



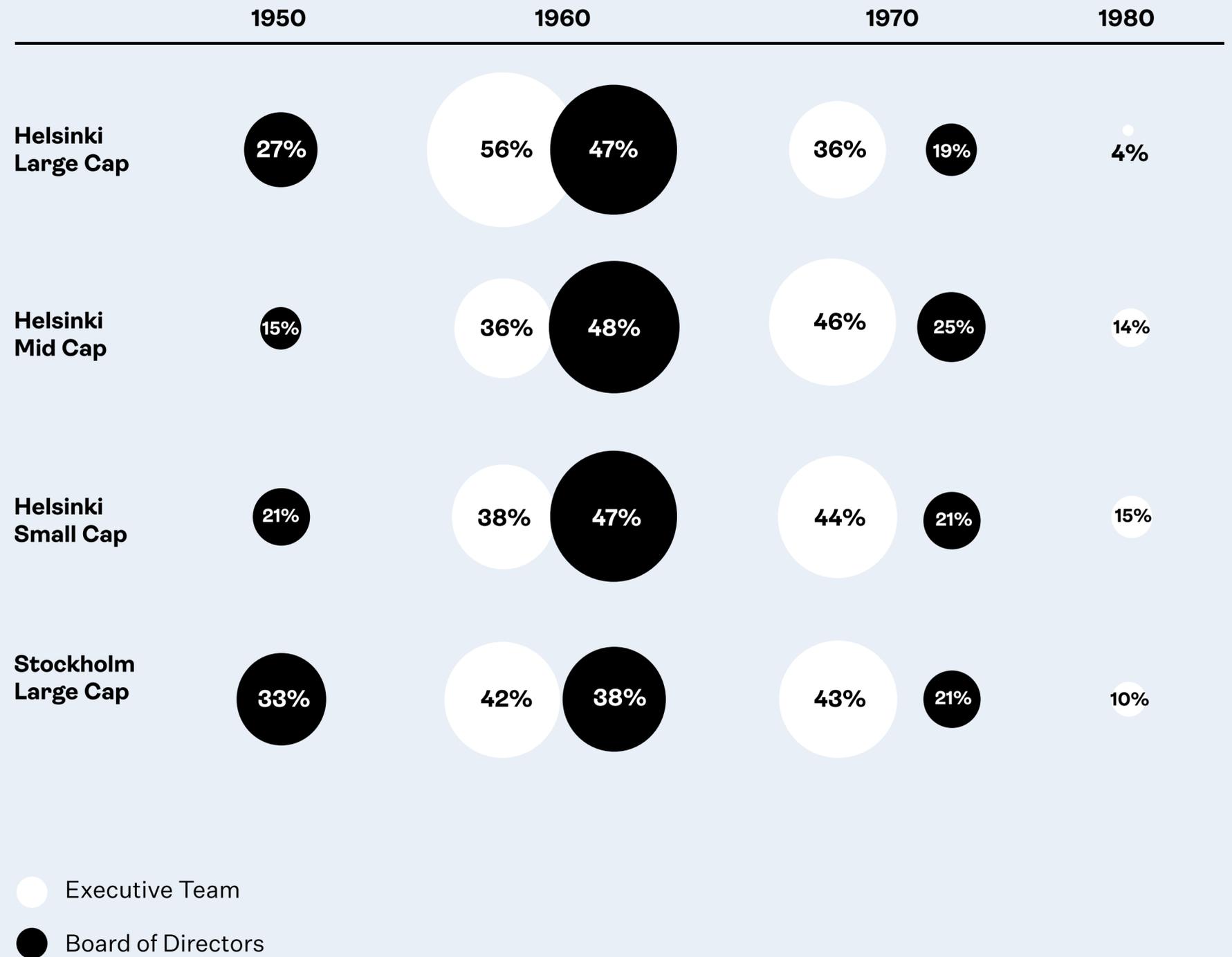
### Board of Directors



# Age

The number of individuals born in the 1980's has increased (1%-6%) in all Executive Teams. On the other hand, Board positions continue to be largely held by individuals born in the 1950's, 1960's and 1970's.

Age representation is often argued to derive from natural reasons, such as retirement or years needed to gain sufficient qualifications, but it is worthwhile to stop and consider: are missing crucial insights from decision making if Millennials and Gen Z are mostly missing from Board and Executive Team positions?



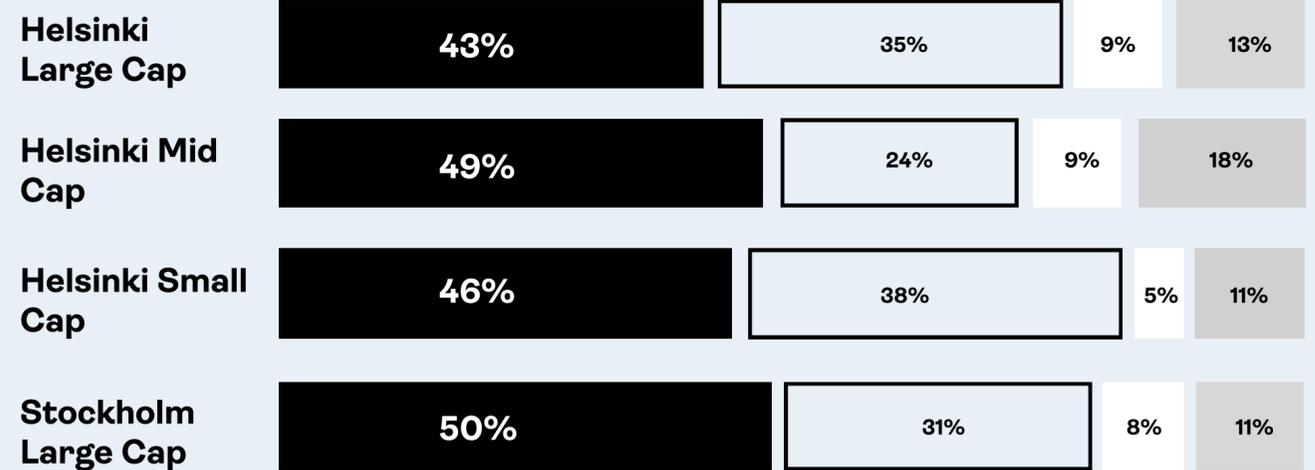
# Education

Educational and talent diversity has the potential to create teams, where innovative approaches, productivity and problem-solving are mastered by a range of diverse mindsets.

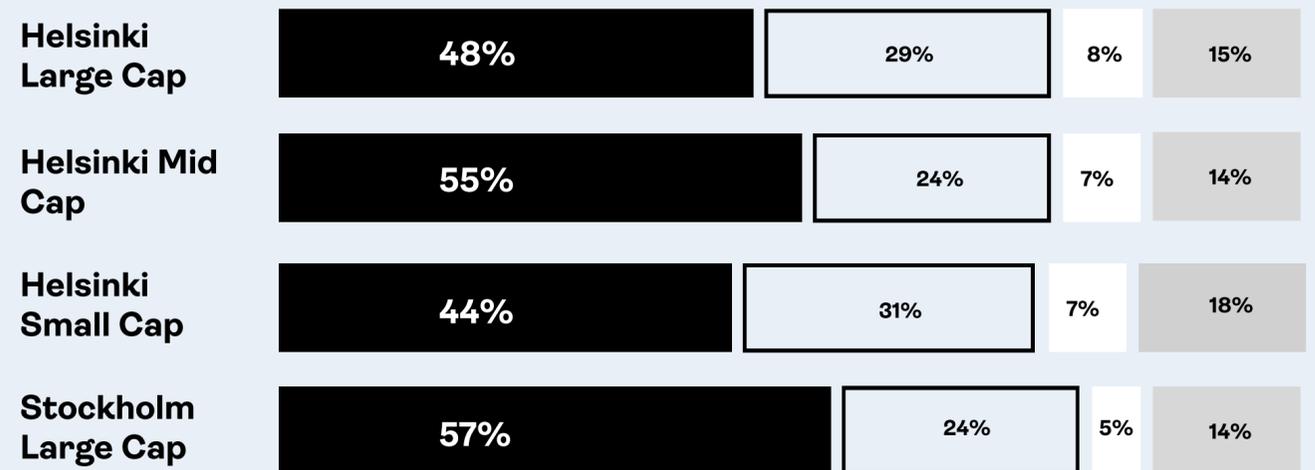
The top three educational backgrounds are the same in all the company groups, and the dominance of business administration qualification continues to be significant. It is however noteworthy to mention that there is nevertheless diversity in the educational backgrounds of top executives as the proportion of “other” is between 10-18 percent in all company groups.

We tend to favour people similar to us, but without breaking the self-cloning pattern, the homogenous situation will never change. In times like these, when understanding peoples’ behaviour is more important than ever, consider hiring a, for example, a social scientist!

## Executive Team



## Board of Directors



# Conclusions



The Index results reveal a similar situation as in the previous years. Executive team positions continue to be predominantly held by males, born in the 1960s with a degree in Business Administration and Economics, and having the nationality of the company's HQ country.

We can see some progress in the Index results, but change is taking painfully long. Even though, diversity, equity and inclusion are becoming everyday topics for companies, systematic transformation is still predominantly non-existent. When we begin seeing company cultures where diversity is visible and valued, career development and succession planning takes consciously into consideration the different starting points we all have and inclusion is the new normal, we can start seeing permanent change.

The important message concerning representation remains the same. When leadership in our societies and companies reflects diverse backgrounds, we send the message that opportunity and success is not limited to a closed, homogeneous group. Additionally, representation empowers those who have traditionally been left voiceless, and it encourages all of us to encounter our unconscious biases and learn about people who are different from us.

**As individuals we are scared and as organisations unprepared to welcome diversity.**

As individuals we are scared and as organisations unprepared to welcome diversity and to walk the extra mile to ensure our workplaces are inclusive.

Impaktly challenges you: expand your circles, practice empathy, be a role model and if you are in a position of power, use your power to make the change.

**Contact us**

[impaktly.com](http://impaktly.com)

**Suvi Halttula**

suvi@impaktly.com

+358 40 509 11 77

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