

LONELY AT THE TOP

Companies bring women
into executive boards,
although usually
just one

ABSTRACT

ALLBRIGHT

ALLBRIGHT REPORT / SEPTEMBER 2023

ALLBRIGHT

THE GERMAN-SWEDISH ALLBRIGHT FOUNDATION is a politically independent and non-profit foundation based in Stockholm and Berlin. It is committed to promoting more women and diversity in executive business positions. It seeks equal career opportunities for men and women and better business results with diverse and contemporary management teams. AllBright addresses management and HR executives in companies as well as thought leaders and media, and intends to raise awareness for successful solutions in particular.



PUBLISHED BY:
AllBright Stiftung gGmbH
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NOTICE:

This report provides information as of 1 September 2023 on the executive boards (or management teams analogous to executive boards) and supervisory boards of the companies listed in the DAX40, MDAX and SDAX.

In an international comparison, this report provides information as of 1 September 2023 on the executive boards (or management teams analogous to executive boards) of the largest listed companies in Germany, France, the United Kingdom, Poland, Sweden and the USA. In Germany, these are the 40 DAX companies and in France the companies in the CAC40. In the UK, the USA, Sweden and Poland, the 40 companies with the largest market capitalisation on 1 September 2023 were examined.

The information used can be found on the websites, in business reports and press releases of the companies. The information presented is provided for general information purposes. The AllBright Foundation takes the utmost care to ensure the correctness, topicality and completeness of the information, but does not accept any liability in this connection.

LEGAL INFORMATION:

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More women at the top!

Slowly but surely, progress is being made in the proportion of women in executive board positions. Their share has grown by more than 3 percentage points since September 2022 – the second-largest increase over the course of a year ever. Finally, albeit rather late, there are now fewer exclusively male executive boards than mixed boards. Companies are moving away from the old norm (male-only executive boards) towards a new norm: every executive board should include a woman. Although just one woman. This is an alarming notion that we should not leave unchallenged.

A SUBSTANTIAL PROPORTION OF WOMEN IS NEEDED

There is a lack of women in executive boards who demonstrate that the path to the top is clear and that they are wanted there to help shape the business. However, this signal requires far more than one woman in the management team. Only then will other women aspire to these positions with greater confidence and also stay there. Women want to lead, but they naturally prefer to go wherever there are already other women.

Companies in the USA have been far ahead for quite some time. Well over half of the executive boards there already have more than 30 percent women in the team, and their number is increasing further. Germany is still very far behind and should not ease up on these efforts if it wishes to catch up with other countries eventually.

A small group of DAX40 companies is now getting started. There are meanwhile four DAX companies – **Beiersdorf**, **Merck**, **Siemens Healthineers** and **Zalando** – with at least 40 percent women in their executive boards, and **Allianz** will join them in January 2024.

VIRTUALLY NO WOMEN AT THE TOP OF EXECUTIVE AND SUPERVISORY BOARDS

There is not just a lack of women in executive boards, there is also especially a lack of women in key positions of power in companies: the chairs of executive boards and supervisory boards. Their number has been stagnating at a very low level for many years and has even declined slightly this year. These positions of power are also not yet entrusted to women in 2023. Only when something changes here will we have embedded equal opportunities in the German economy for the long term.

POLICY NEEDS TO CREATE MUCH MORE CONSISTENTLY THE RIGHT FRAMEWORK CONDITIONS

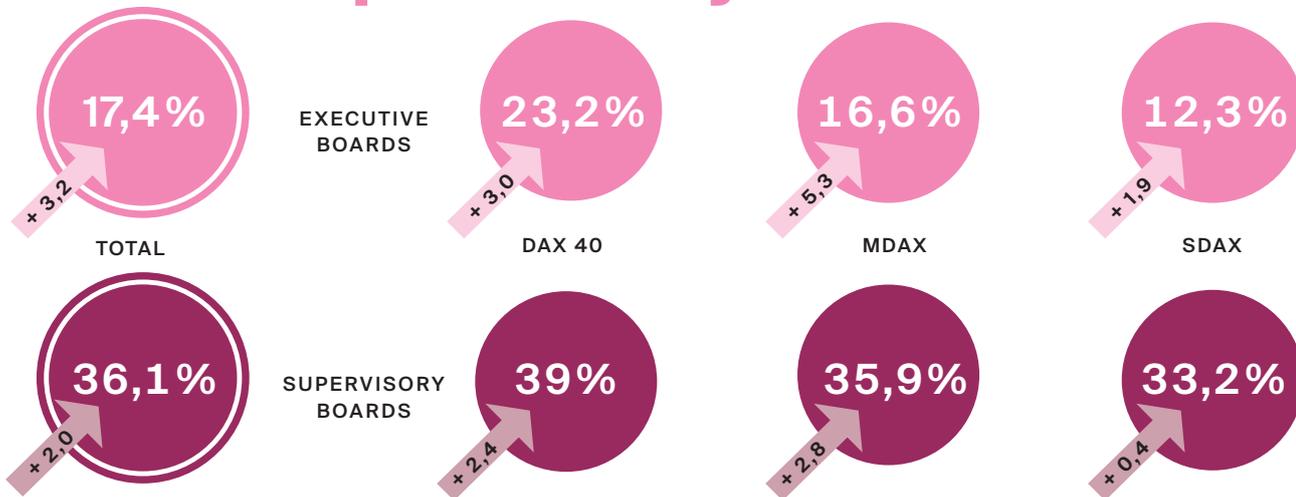
The fact that Germany is lagging behind internationally like this is also due to failures in policy. Many women work below their potential or in part-time positions because they are worried that a leadership position is incompatible with a successful family life.

This calls for a more rapid and consistent expansion of nurseries and all-day schools, the elimination of powerful disincentives, such as tax splitting in married couples, as well as an equal division of parental leave. This should be a matter of course for a government that has committed itself to progress and equality.



Wiebke Ankersen & Christian Berg
Executive Board of the AllBright Foundation

The proportion of women is growing in executive and supervisory boards



Proportion of women in the management teams of the 160 listed companies on 01.09.2023 (arrow: change since 01.09.2022 in percentage points)

On 1 September 2023, the executive boards of the 160 companies listed in the DAX, MDAX and SDAX consisted of 574 men and 121 women. That is 25 fewer men and 22 more women than on 1 September 2022. In comparison to the previous year, the trend in the rising proportion of women has gained momentum overall. However, around 83 percent of executive board members are still men.

Unlike in the previous year, the proportion of women in executive boards has grown in all DAX indices. The trend is currently strongest among MDAX companies. Following a slight decline in the prior year, they have now increased their proportion of women by 5.3 percentage points. The increase in all indices is likely to continue for some time, since the 160 listed companies have already announced the appointment of 11 new female executive board members.

THE NEW NORM: ONE WOMAN IN THE EXECUTIVE BOARD

For the first time ever, there are more companies (94) with women in executive board positions than companies that have no women in such positions (66). However, 71 companies have just a single woman in their executive management team.

DAX40: ONLY 2 COMPANIES LEFT WITHOUT FEMALE REPRESENTATION

While there were still seven DAX companies with male-only executive boards last year, there is now only **Adidas** and **Porsche Holding** left (**Vonovia** brought a woman into the executive board following the reference date of this report).

DAX40 companies with strong male dominance in the executive board:



5 DAX40 companies each have 3 women in executive board positions:



ONE IN THREE SUPERVISORY BOARDS NOW HAS 40 PERCENT WOMEN OR HIGHER

On 1 September 2023, a total of 631 women and 1,119 men occupied supervisory board positions in the 160 companies listed in the DAX, MDAX and SDAX, corresponding to a slight increase and a proportion of women of 36.1 percent. With a proportion of women of 39 percent, the supervisory boards of the 40 DAX companies are approaching a balanced ratio of men and women. An increase can also be seen in the number of companies that achieve a proportion of women of 40 percent or more; this figure has risen from 44 last year to 56 now. In other words, more than a third of companies now have a balanced gender ratio in their supervisory boards.

German companies are failing to catch up

When comparing the proportion of women in the executive boards of the leading 40 companies in Germany, France, the UK, Poland, Sweden and the USA, Germany has continued to hold second-to-last place for two years.

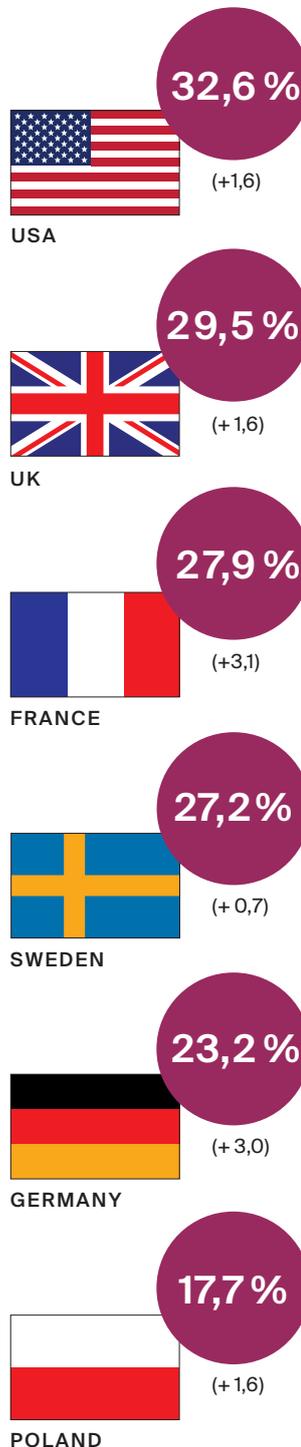
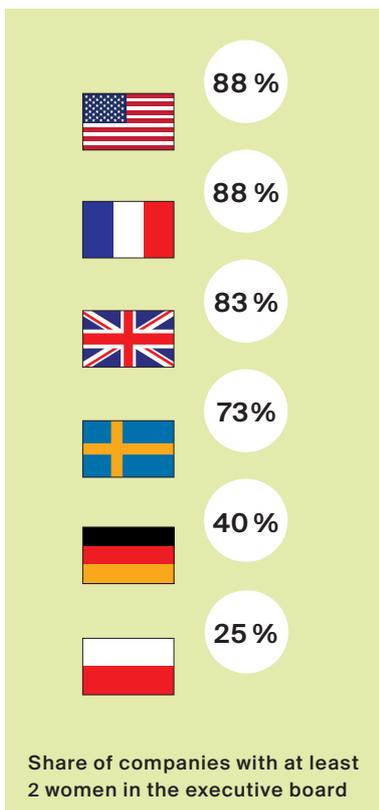
Although the executive boards of the 40 major DAX companies are already more international and female than the listed small and mid-cap companies, their proportion of men is still around 77 percent. Only Poland compares worse than Germany in September 2023.

While the leading positions in the ranking changed around and France overtook Sweden this year for the first

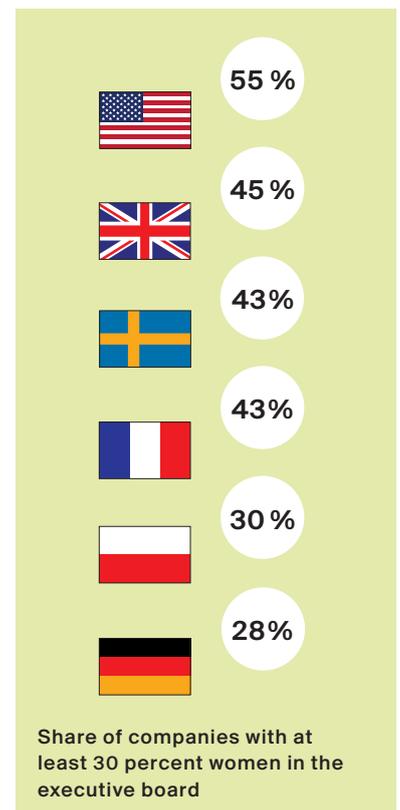
time, the increase in the proportion of women in German companies is insufficient to catch up to, let alone overtake, other countries.

In the USA, France and the UK, executive boards with multiple women have long been the norm: 88 percent of the American and French companies have multiple women in the executive board, while this figure is 40 percent for the German companies.

In the USA, more than half of the companies have a proportion of women in the executive board of at least 30 percent. This threshold is considered the »critical mass« to effect change in team dynamics. In Germany, only 28 percent of the companies achieve this value; all other countries do better.

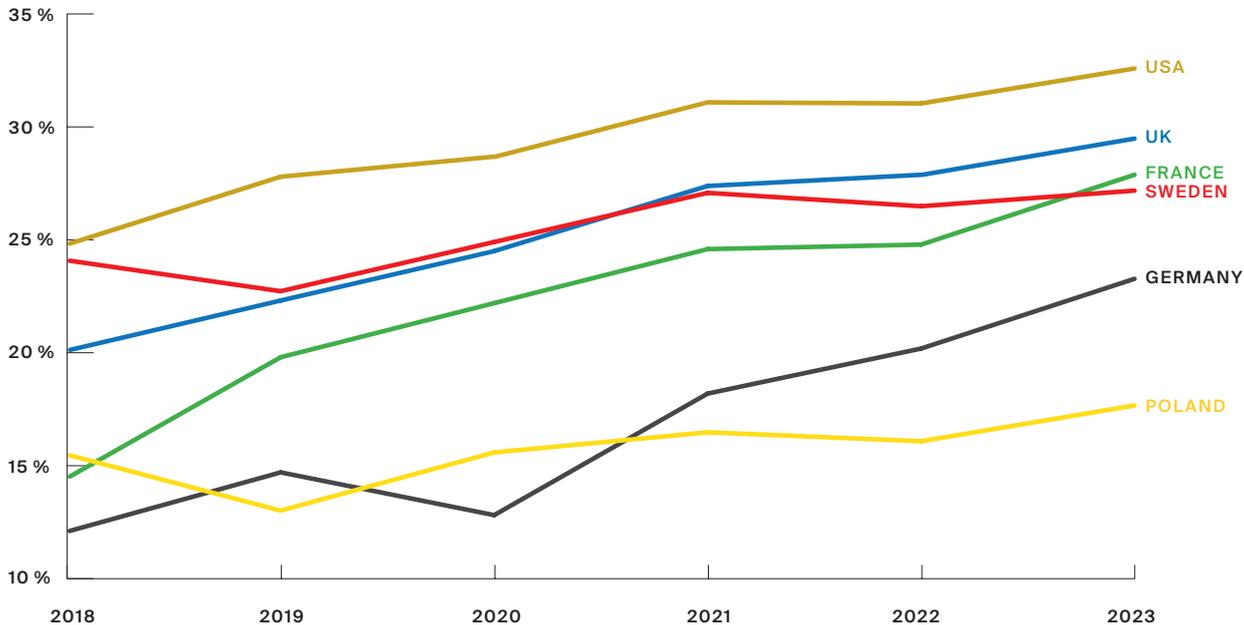


Proportion of women in the executive boards of the 40 largest listed companies of the country on 1 September 2023 (see notice on p. 2).



INTERNATIONAL COMPARISON

The USA is well ahead



Development of the proportion of women in the executive boards of the 40 largest companies (until 2021: the 30 largest companies) in the leading national indices since 2018 in percent

WHAT IS BEHIND THE TREND IN THE INDIVIDUAL COUNTRIES?

USA (1st place)

In the USA, a third of the executive board members of the 40 largest companies are female, even although the framework conditions for working women are poor. There are neither parental benefits nor low-cost nationwide daycare services available. As a result, women are gainfully employed less frequently. However, they generally work in a full-time capacity and are promoted to leadership positions more consistently. No statutory quotas apply to the boards, but there is a strong awareness for diversity and a long tradition of anti-discrimination legislation.

SWEDEN (4th place)

In Sweden, women work in a full-time or near-full-time capacity and still have more children than in Germany. Companies and the state operate under the assumption that both parents are fully employed. Nurseries and all-day schools have been ubiquitous throughout the country for decades, and fathers take care of more family work than in Germany. The proportion of women in the executive board positions is significantly higher than in Germany, however, it has only grown very slowly in the 40 largest companies most recently.

UK (2nd place)

The UK has the second-highest proportion of women in executive boards compared to the other countries. No statutory quotas apply, but businesses have set themselves voluntary targets as part of the FTSE Women Leaders Review. The concept is also backed by investors and headhunters – and it works: the 350 largest listed companies have achieved a proportion of women in supervisory boards of 40% three years ahead of schedule. By 2025, women should also achieve 40-percent representation at the two highest levels of management.

GERMANY (5th place)

Germany takes second-to-last place in the ranking. There is a growing awareness for equal opportunities, but traditional roles are still highly pronounced. Although the rate of women in employment is very high, they frequently work on a limited part-time basis which makes it more difficult for them to assume leadership positions. Statutory disincentives, such as tax splitting in married couples and mini-jobs, as well as inadequate daycare services inhibit women's careers.

FRANCE (3rd place)

France currently has the largest increase in the proportion of women in executive boards. There are statutory quotas for the executive boards (at least 30% by 2026, at least 40% by 2029) and for the supervisory boards (at least 40%). Another aspect that facilitates women's careers is that women are less constrained to their role as mothers, most women work full-time, and public daycare services are trusted and used at an early stage.

POLAND (6th place)

The gap between Poland and the other countries in the comparison is growing. The proportion of women working full-time is very high, but the rate of women in employment overall is low – similar to the USA. The traditional division of roles in families continues to be very prominent; children are placed in public daycare facilities less frequently than in other countries.



Never have there been as many women in the executive boards of large listed companies in Germany as today. However, their number is only growing slowly. The top levels of management continue to be dominated by men. This is also reflected by the gender pay gap. One of the causes of the pay gap is that women

hold leadership positions less frequently. In practically no other Western country is the difference in hourly pay as high – at 18 percent. The gap is narrowing, but at its current pace it will take more than 50 years before women have caught up.

Studies show that women do not want to assume leadership responsibility less frequently, they just often hit a glass ceiling. This has improved with the mandatory quotas for executive boards and supervisory boards at large companies subject to co-determination rules. Nonetheless, women's career prospects are worse.

An increasing number of men also want equal opportunities for their partners' careers and are assuming more responsibility for their families and children. This transformation has begun, but it often cannot be implemented because companies do not offer the right conditions and policymakers fail to eliminate disincentives such as tax splitting in married couples. It is up to policymakers, companies and society to dismantle the hurdles for women and ensure fair pay. This would mobilise enormous potential, improve the future viability of social systems and create more freedom and equal opportunities.

As current ECB President Christine Lagard said following the US bank failure in 2008 that plunged the world into a financial crisis: »If it was Lehman Sisters, it would be a different world.« She believes that had the bank been run by women, the financial crisis could have been averted. I can't say whether she is right. But it is time for all societal groups to critically examine the established structures and clear the way for a genuine change of course.

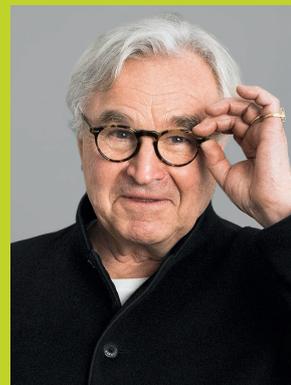
MARCEL FRATZSCHER
PRESIDENT
GERMAN INSTITUTE FOR ECONOMIC RESEARCH



I am pleased to see that more and more German companies are now promoting women into executive board positions. At this same time, I have an uneasy feeling that this does not always happen on a voluntary basis, but often to evade coming under the fire when organisations like AllBright publish their rankings, or simply because they have to implement the gender quota required by law.

As a businessman and supervisory board chair, for me it is clear why more women belong in executive boards. Simply because the most qualified should enter the highest decision-making positions and not just those who feel entitled due to their contacts or established tradition. Mixed management teams have a better foundation to understand the environment correctly and to respond to changes in customers, employees and the labour market. A company whose management team rejects societal developments cannot be successful in the long run.

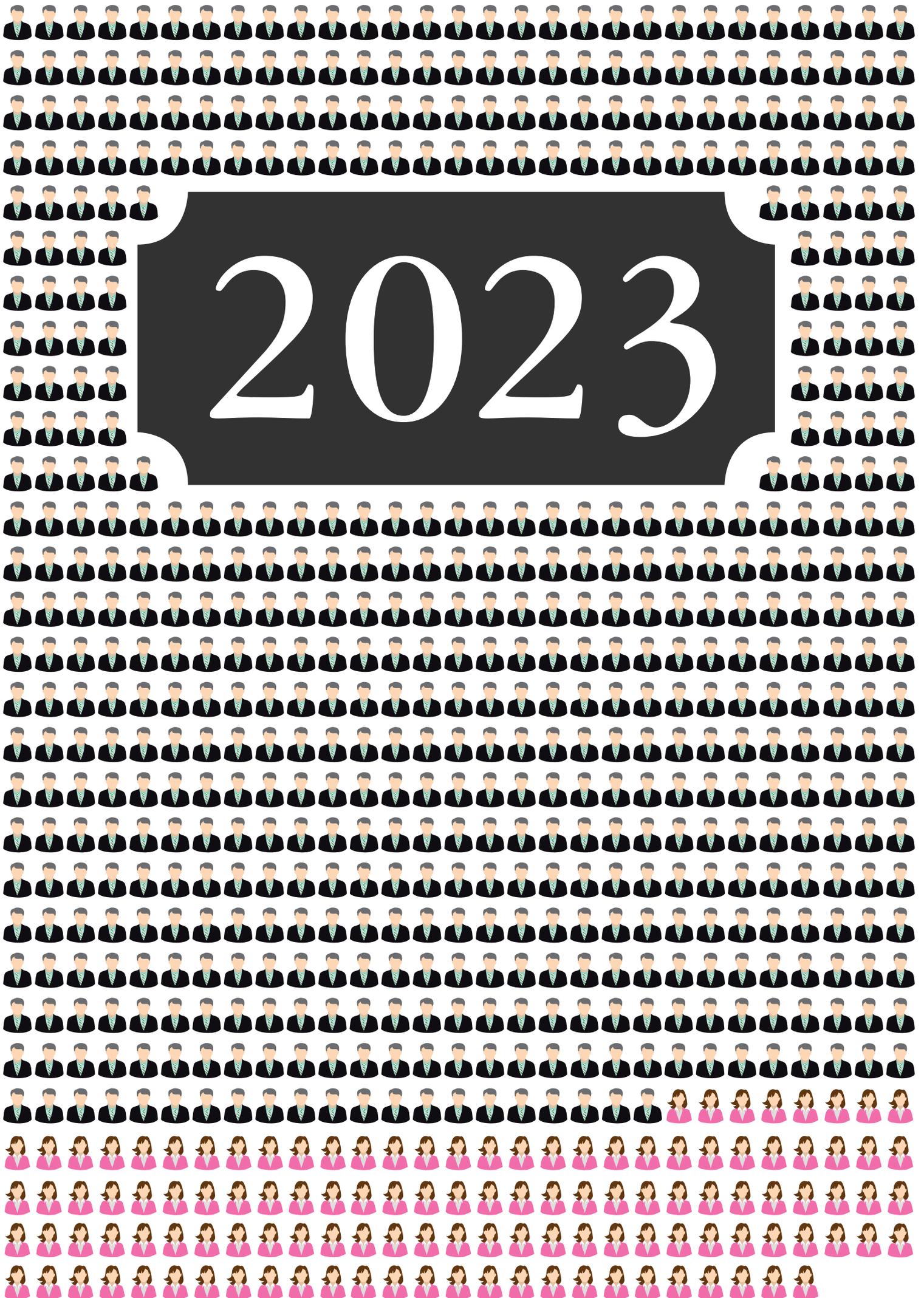
The vast majority of German companies have just one woman in their executive board. This looks like an alibi. Not only are multiple women in executive board positions more effective, they also develop into future supervisory board members.



In my home country of Sweden, I unfortunately currently see a tendency for companies to rest contentedly on their laurels once a quarter of their executive board members are women. But resting on one's laurels is rarely a sign of successful business. Follow the good example of successful companies and keep developing yourselves. Bring

multiple women into the executive board and also appoint women to key positions as chairs of the executive board and supervisory board. There is still much left to do for all German companies!

SVEN HAGSTRÖMER
FOUNDER OF THE ALLBRIGHT FOUNDATION



ON 1 SEPTEMBER 2023 IN THE EXECUTIVE BOARDS OF THE 160 LISTED GERMAN COMPANIES: 574 MEN AND 121 WOMEN