

2020 Nordic Spencer Stuart Board Index Highlights

The *Nordic Spencer Stuart Board Index* analyses the board governance practices of the 25 largest listed companies by market capitalisation in Denmark (OMX Copenhagen), Finland (OMX Helsinki), Norway (OBX), and Sweden (OMX Stockholm). Some of the most notable findings are highlighted below.

Diversity remains a top priority for boards

The percentage of women serving on Nordic company boards in the period covered by this year's Board Index (1 June 2019–31 May 2020) is high compared with elsewhere in Europe. Gains towards increased gender diversity are continuously being made across the countries in the region; progress, however, is uneven across countries:

- » 37% of all Nordic board directors are women, on a par with previous years
- » Differences between the region's countries remain noteworthy, ranging from 33% women in Denmark to 44% women in Norway, above the 40% quota.
- » Greatest progress since 2015 has been made in Denmark, which has increased the share of female boards members from 23% to 33%.
- » Women account for 20% of board Chairs in Norway, while they account for 8% in Denmark and Sweden and 4% in Finland.
- » Over half (52) of all boards (100) have at least 40% female directors. Of these, 16 boards have a 50% or higher share of women.

37%
of all Nordic board
directors are women

40%
of new directors across
the region are women

24%
of ExCo members
are women

18%
of chairs in the region
are foreign

This year's Board Index suggests that diversity is being prioritised both in terms of gender and, to a significant extent, nationality — reflected in both sitting and new directors appointed before our cut-off:

- » 40% of new directors across the region are women: Norway (53%), Denmark (44%), Finland (33%) and Sweden (31%).
- » 34% of board directors across the region are foreign: Denmark (51%), Finland (37%), Norway (21%), and Sweden (27%).
- » 43% of new directors across the region are foreign.
- » There has been a change to the percentage of new directors who are foreign: Denmark (70%), Finland (67%), Norway (33%), and Sweden (7%).
- » 74 of the 100 boards in the sample have at least one foreign board member.
- » Norway has fewest international boards, with the lowest average number of nationalities per board and the highest number of company boards with no foreign board members (10).
- » 18% of boards in the region have foreign chairs, 50% of whom are found at Danish companies.

Boards continue to add younger directors

The average age of boards across the region has not changed significantly. However, women tend to be younger than men on average across all board roles.

- » The average age of non-executive directors (excluding chairs) is unchanged at 58–59 years.
- » The average age of chairs in the region is 62.4 years.
- » Women directors are on average younger than their male counterparts, at 56.7 years compared with 59.7.
- » Among new directors, women are on average 52 and men over four years older at 56.5.
- » Norwegian boards remain the youngest in the region.
- » Boards in Denmark record the highest average age (both whole board and non-executives excluding chairs); however, they also have the youngest chairs in the region.
- » Across the Nordics, the youngest non-executives, at 57.1 years, are found at consumer companies; energy companies record the oldest (60.9).

The Nordic countries are regarded as top performers when it comes to gender equality and inclusion. Indeed, several of the Nordic countries have been at the forefront for many years in improving gender balance in the boardroom. However, at executive level there are still significant gaps.

- » 24% of ExCo members are women.
- » The share of female executive directors has increased slightly across the Nordics: Norway (28%, up from 25%), Sweden (24%, unchanged), Finland (24%, up from 21%), and Denmark (16%, up from 13%).
- » 16% of ExCos are all-male.
- » 11% of ExCos have 40% or more female members.
- » 27% of women on ExCos are in HR roles.
- » 28% of women on ExCos are either a divisional/regional CEO (22%) or CEO (7%).
- » 14% of CEOs across the companies in our sample are women, double the proportion seen in 2019.

Investor attention on overboarding is increasing

Investors and boards have become increasingly concerned over recent years about the dangers of ‘overboarding’, as the task of board directors becomes more onerous. The trend seems to be towards a recommendation of four or, at the very most, five mandates, with chair counting as two. This is a reflection of the growing demands and time commitment inherent in the role and, increasingly, limits being set by companies for current executives and in some cases by regulatory bodies.

- » 54% of chairs in the largest companies in the Nordic region have at least one additional public board commitment. 13% of chairs have three or more additional public company board positions.
- » Chairs at Finnish companies hold the fewest additional commitments with an average of 0.7 boards per director.
- » Chairs in Sweden are the busiest, where 24% of chairs hold more than three additional board roles in public companies.
- » Female audit committee chairs sit on an average of 2.6 public boards — more than the overall average for the board population.
- » Across the Nordics, non-executive directors (including chairs) hold an average of two public board directorships in total, giving an average of one external board commitment per director.

14%

of new directors are current or former CFOs or finance executives

43%

of new directors across the region are foreign

30%
of new directors are
first-time non-executives

- » 28% of directors sit on three or more listed company boards.
- » Swedish board directors are the busiest in the region, with 1.5 additional boards per director.
- » 54% of new non-executive directors serve as executives in other companies; the rest have portfolio careers.

New directors

Boards are appointing new directors without prior board experience, which helps to reduce the overboarding problem while also introducing diversity and new areas of strategic expertise.

- » 30% of new directors are first-time non-executives.
- » New directors across the region have on average 0.6 additional public board directorships in addition to the board they were appointed to.
- » New directors appointed to Danish company boards are the busiest, with one additional board on average.
- » Functionally, 76% of new directors have a general management background while 14% are current or former CFOs or finance executives.

Remuneration

Average remuneration is increasing, but big differences remain between countries and companies in the region.

- » €55,354 average retainer for non-executives, a 12% increase since 2014.
- » €186,610 average fee for chairs, an increase of 17% since 2017.
- » Chairs in Denmark are the highest paid in the region (averaging €265,695), followed by chairs of Swedish companies (€246,548) and Finland (€165,774). Norwegian chairs continue to receive far lower remuneration.
- » Vice chairs also earn, on average, the highest fees in Denmark followed by Sweden, Finland and Norway.
- » The average basic retainer for non-executive directors is €55,345, rising from €52,078 in 2019.
- » Directors in Sweden continue to receive the highest fixed fee in the region (averaging €66,180).
- » Sweden has also seen the highest percentage increase, rising by 35% since 2014.

2
the average number of
public company
directorships held by
non-executives
(incl. chairs)

Committees

In the Nordics, boards tend to be conservative in the number of committees they have. However, few boards have only one committee.

- » Nordic boards maintain an average of 2.5 board committees each, unchanged from last year.
- » Nine companies maintain only an audit committee.
- » Additional board committees are most common in Denmark, where boards have an average of 3.2 committees.
- » 37% of audit committees are chaired by women, up from 33% last year.
- » 34% of audit committee chairs are foreign.
- » 17% of audit committee chairs are non-independent.
- » 27% of first-time directors were appointed to an audit committee.
- » Female audit chairs sit on an average of 2.6 public boards — more than the overall average for the board population.

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