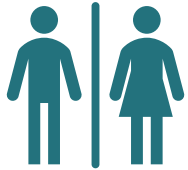


Tesi

Composition of Boards of Directors in Finnish companies

2024

Summary



25% of board members in Finnish companies are women

- The gender distribution of board members in Finnish companies did not change significantly in 2023
- Major differences in gender distribution of board members between sectors
- The percentage of female board chairs is still low (only about 15%)
- Between 20% and 30% of new appointments have been women every year for the past decade



5% of board members in Finnish companies are foreigners

- About 11% of new board members were foreigners in 2023
- The most foreign board members were in large-cap companies, and their appointments were also the highest in this size category in 2023
- Swedes are the most common foreign nationals in Finnish boards, with the highest number of appointments also in 2023



49 years average age of board members

- The age distribution of current board members are very similar among women and men
- The average age of new board members has fallen somewhat in the last decade
- The average age of board chairs (52 years) is higher than that of other board members

Survey and methodology

GENERAL INFORMATION ABOUT THE SURVEY

The data for the survey is from the Orbis database of Moody's (previously called Bureau van Dijk) Orbis contain financial and administrative information about Finnish private and public companies. The survey also utilised data collected by Finnish Industry Investment.



~16,500

Finnish companies



~62,300

Board members of Finnish companies

VARIABLES STUDIED

1. Gender distribution of boards of directors
2. International members in boards
3. Age distribution in boards
4. Length of board memberships

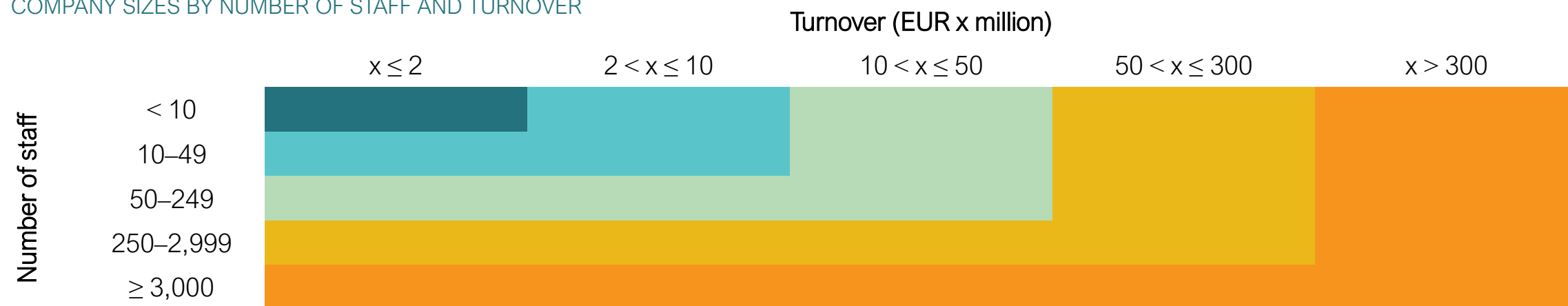
SCOPE OF THE SURVEY

- When studying the composition of existing boards, information is included in the survey only about companies that employed at least five people full time during the 2023 financial period. When studying the appointment of board members between 2014 and 2023, information is included in the survey only about companies that employed at least five people full time during the financial period of their appointment.
- The survey only includes companies that, according to information currently available, are Finnish parent companies. Subsidiaries operating in Finland, whether of foreign or Finnish companies, are excluded.
- The survey also excludes any persons or companies of which the following variables under study are not available:
 - Persons: gender, age and/or nationality (according to the latest information)
 - Companies: size category and/or sector (during the financial period under review)
- The more precise scope in this survey and the better availability of data may have changed the percentages compared to the previous year's report. The figures in this report are based on the latest available data.

Definition of company size^[1]

| Size category | Number of staff | Condition | Turnover (EUR) |
|---------------|-----------------|-----------|----------------|
| Micro | < 10 | AND | ≤ 2,000,000 |
| Small | < 50 | AND | ≤ 10,000,000 |
| Medium | < 250 | AND | ≤ 50,000,000 |
| Mid cap | < 3,000 | AND | ≤ 300,000,000 |
| Large cap | ≥ 3,000 | OR | > 300,000,000 |

COMPANY SIZES BY NUMBER OF STAFF AND TURNOVER





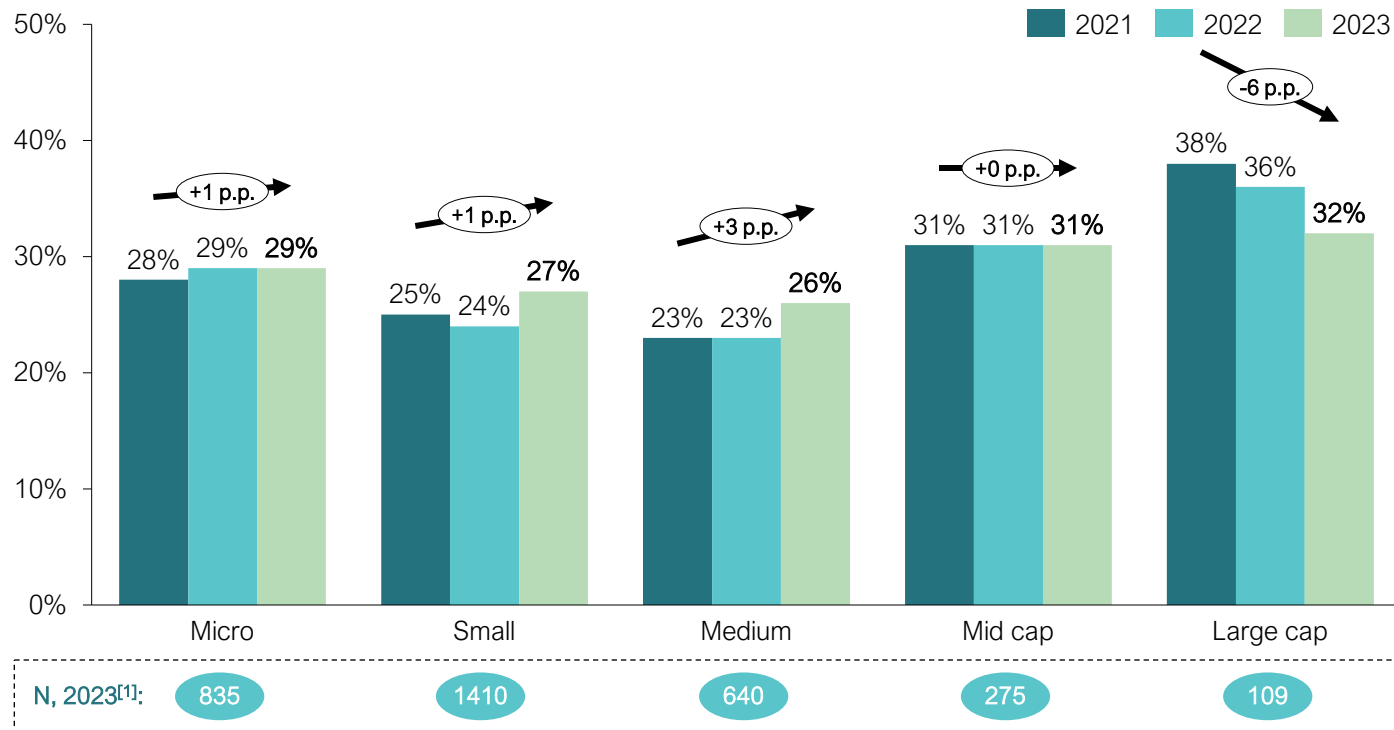
Recent changes in the board composition of Finnish companies

Women are appointed to boards in almost the same proportions in all company sizes being studied

- Large cap companies continue to appoint the highest percentage of women as board members (32%), although differences between different company sizes became smaller in 2023.
- A total of 15% of chair positions went to women in 2023. Proportionally, women have had more chair positions than regular board memberships in recent years.

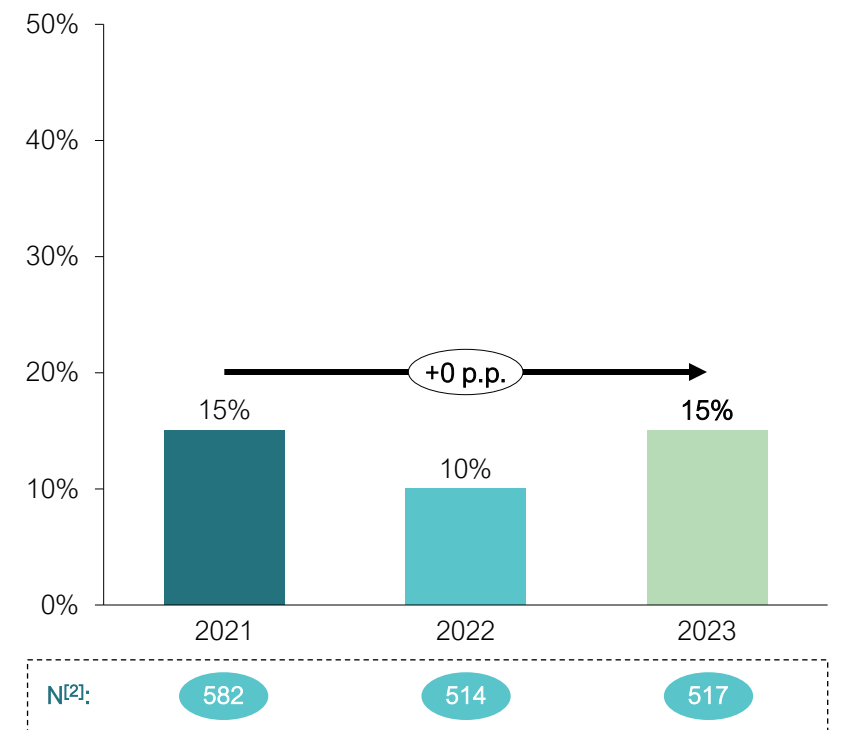
PERCENTAGE OF WOMEN AS NEW BOARD MEMBERS – BY COMPANY SIZE

% of new board members (per year)



PERCENTAGE OF NEW FEMALE BOARD CHAIRS

% of new chairs (per year)

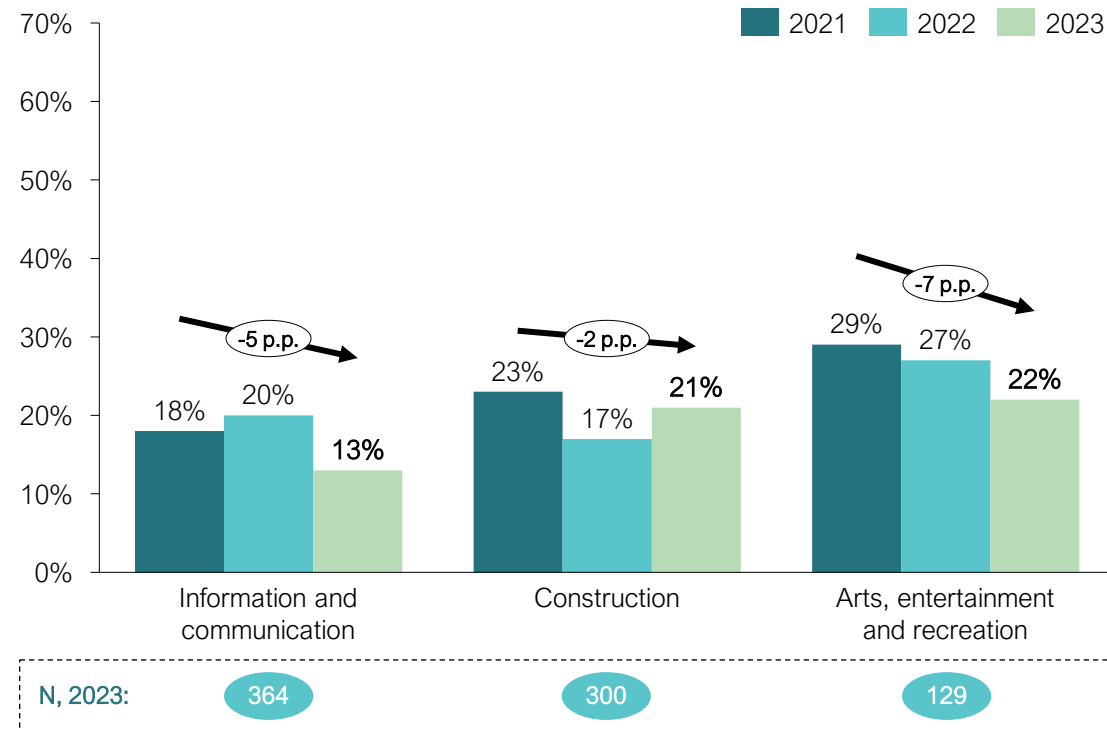


There are differences between sectors in the gender distribution of board appointments: women feature the least in ICT and the most in healthcare and social services

- When focusing on sectors in which at least 50 new appointments were made in 2023, the percentage of women appointed to the boards of companies operating in the ICT sector was lowest (13%), being the highest in the healthcare and social services sector (44%). Companies in financing and insurance in particular took a major step in 2023 to appointing more women.
- Differences between sectors are big: in some sectors, almost as many women as men are appointed, while in other sectors women only account for a fifth.

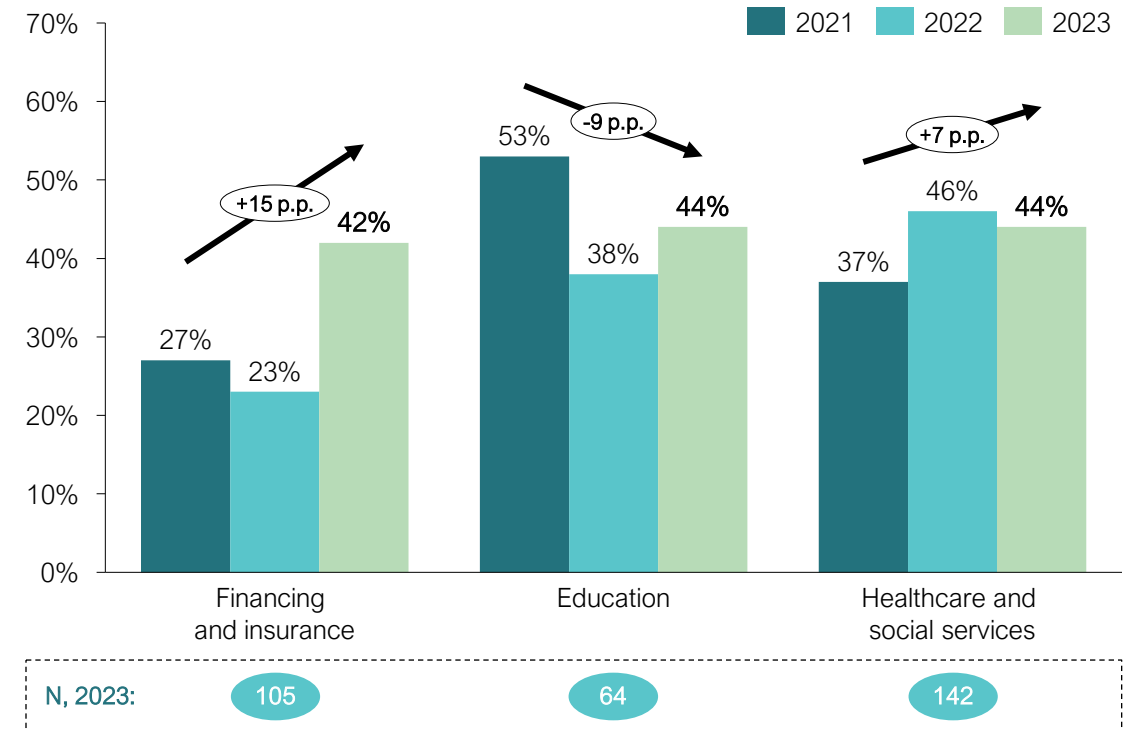
PERCENTAGE OF WOMEN IN NEW BOARD MEMBERS IN THE THREE MOST MALE-DOMINATED SECTORS (N, 2023^[1] > 50)

% of new board members (per year)



PERCENTAGE OF WOMEN IN NEW BOARD MEMBERS IN THE THREE LEAST MALE-DOMINATED SECTORS (NEW, 2023 > 50)

% of new board members (per year)

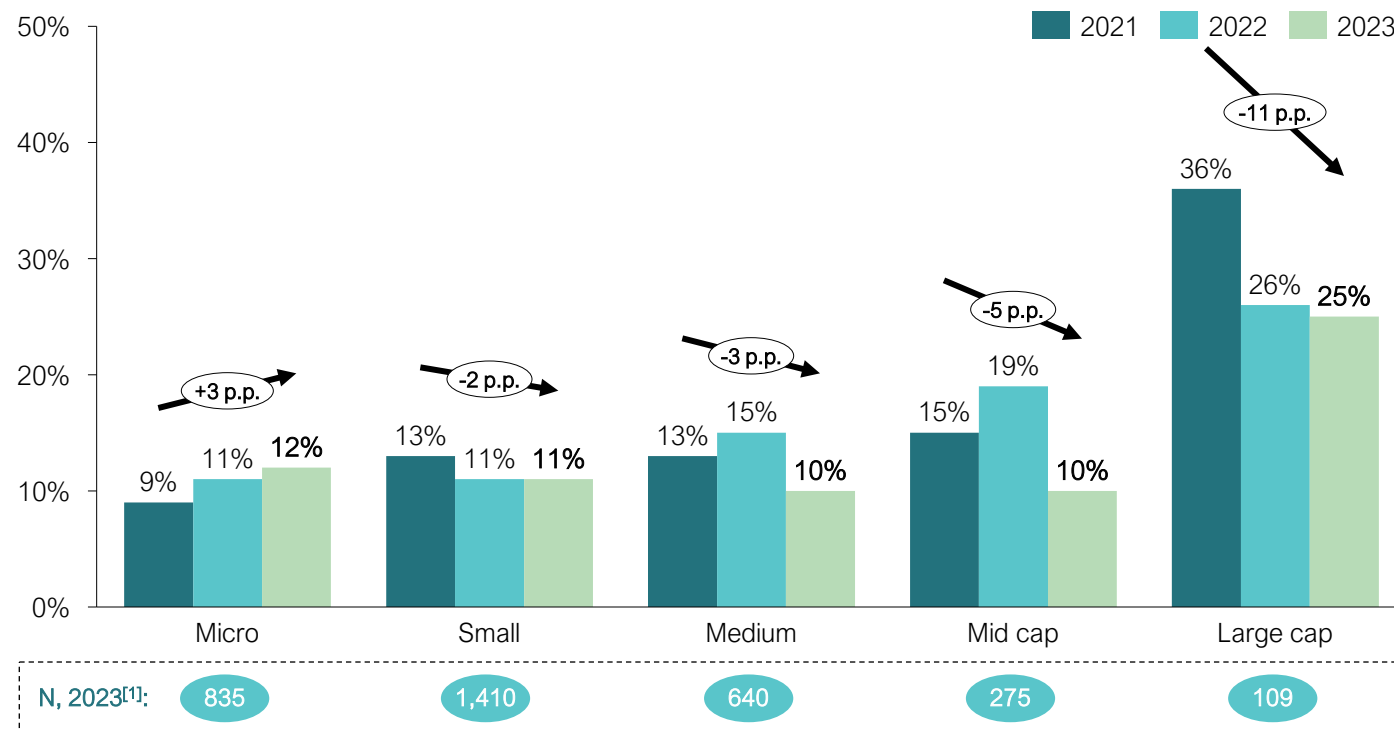


The percentage of the appointment of foreigners has decreased in recent years in the largest companies

- Large cap companies also appointed the highest percentage of foreigners (25%) in their boards. In smaller companies, only about 10% were foreigners in 2023.
- Foreign board chairs were appointed in Finland in the same proportion as in earlier years, and almost as many as female chairs.

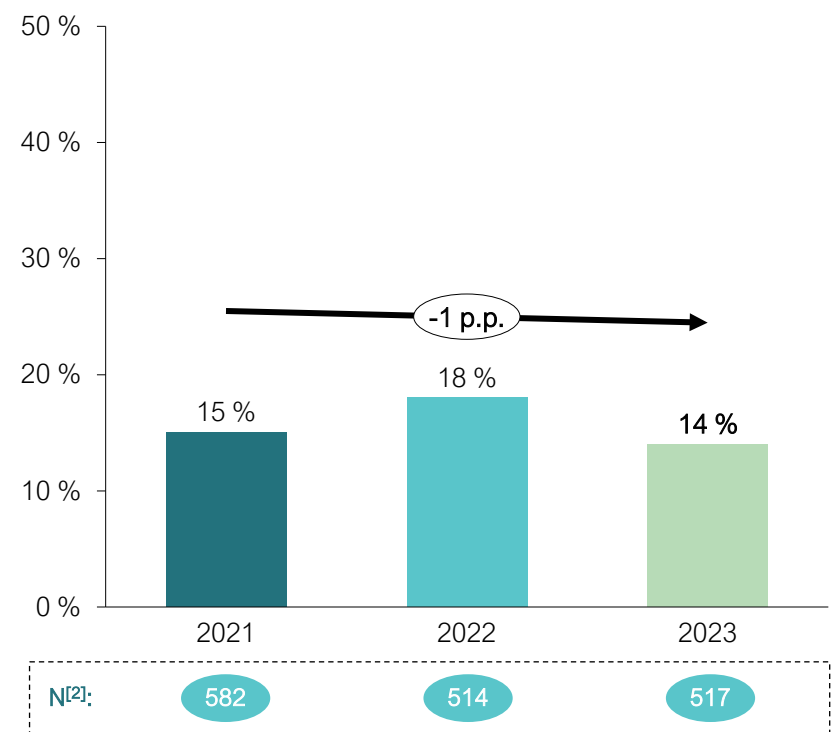
PERCENTAGE OF FOREIGNERS AS NEW BOARD MEMBERS – BY COMPANY SIZE

% of new board members (per year)



PERCENTAGE OF NEW FOREIGN BOARD CHAIRS

% of new chairs (per year)

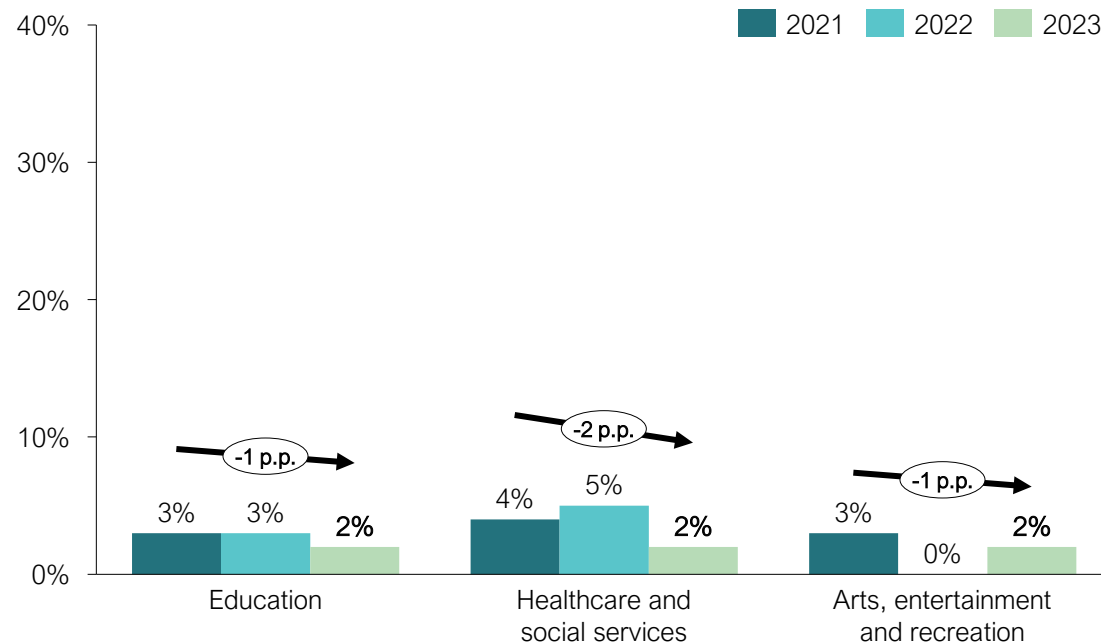


Foreign board members have been appointed the most in the hospitality sector

- When viewing sectors in which at least 50 new appointments were made in 2023, the fewest appointments of foreigners were in education, healthcare and social services and arts, entertainment and recreation (2%). Changes in these sectors were moderate between 2021 and 2023.
- The highest percentage of foreigners have been appointed in the hospitality industry (24%). The percentage of foreigners rose significantly especially in administrative and support functions in 2023. The differences between appointments of foreigners were considerable last year.

PERCENTAGE OF FOREIGNERS IN NEW BOARD MEMBERSHIPS IN THE THREE LEAST INTERNATIONAL SECTORS (N, 2023^[1] > 50)

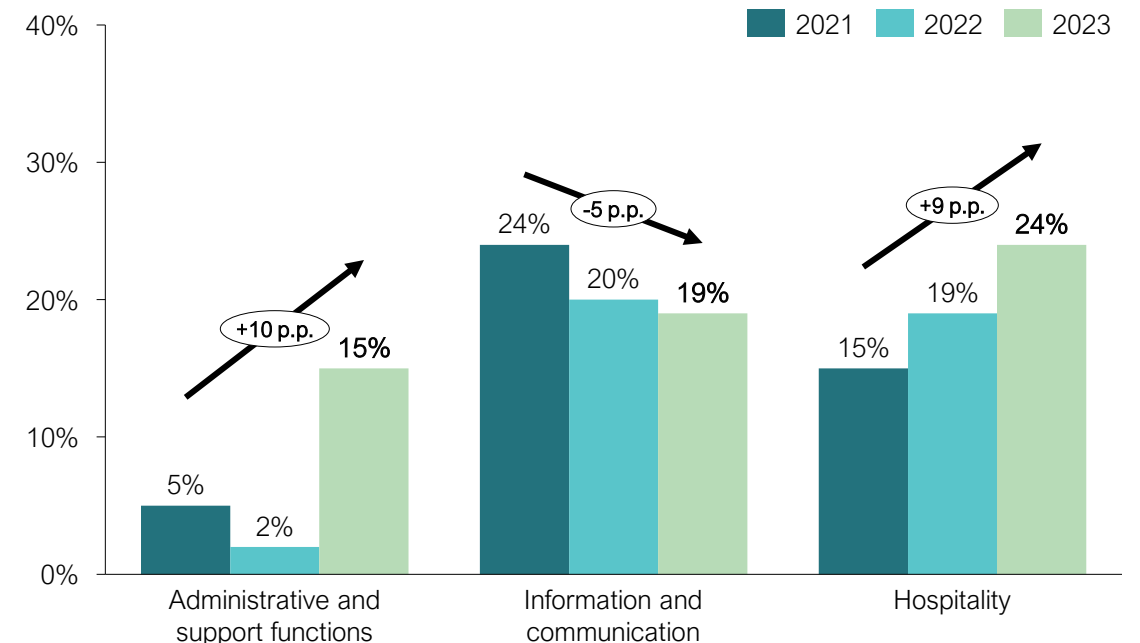
% of new board members (per year)



| N, 2023: | 64 | 142 | 129 |
|----------|----|-----|-----|
|----------|----|-----|-----|

PERCENTAGE OF FOREIGNERS IN NEW BOARD MEMBERSHIPS IN THE THREE MOST INTERNATIONAL SECTORS (N, 2023 > 50)

% of new board members (per year)











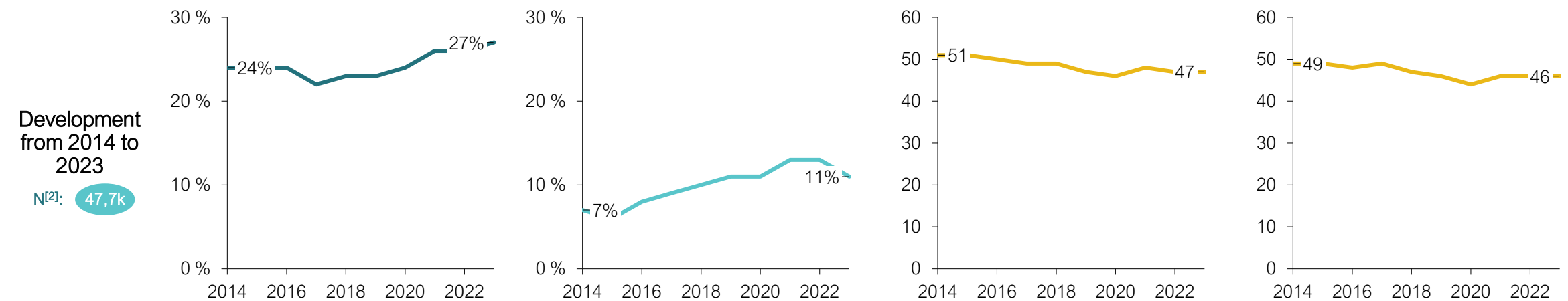
| N, 2023: | 216 | 364 | 191 |
|----------|-----|-----|-----|
|----------|-----|-----|-----|



Very few changes have occurred in the demographic structure of annual appointments in the past decade

- No major changes took place between 2022 and 2023 in the demographic structure of new appointments. Also, longer time series indicate that women and foreign board members have been appointed in pretty much the same proportions during the past decade. However, development has been positive in terms of these two features.
- The age differences between men and women have remained steadily at less than three years during the period in focus, although the average age of the members has fallen.

| Variable |  Percentage of new female members |  Percentage of new foreign members |  Average age of new members |  Average age of new female members |
|----------|--|--|--|---|
| 2022 | N ^[1] : 3,5k 26% | 13% | 47 years | 46 years |
| ⋮ |  |  |  |  |
| 2023 | N: 3,3k 27% | 11% | 47 years | 46 years |

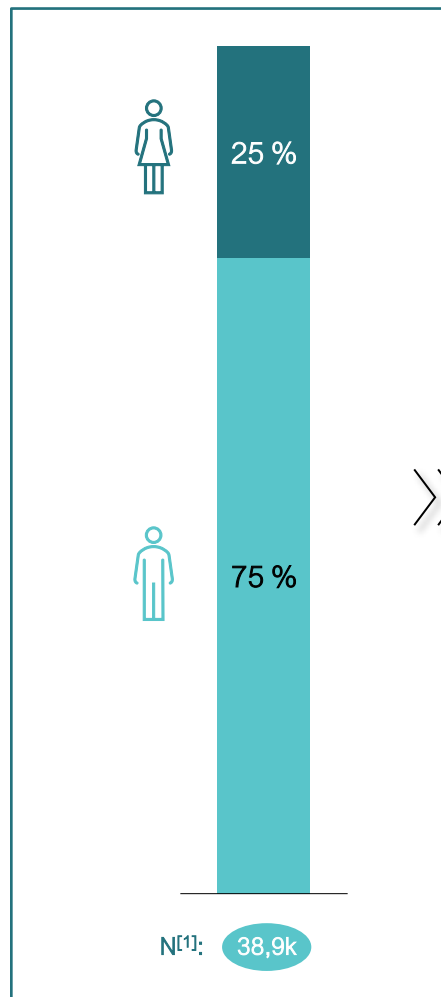




Finnish boards of directors 2024

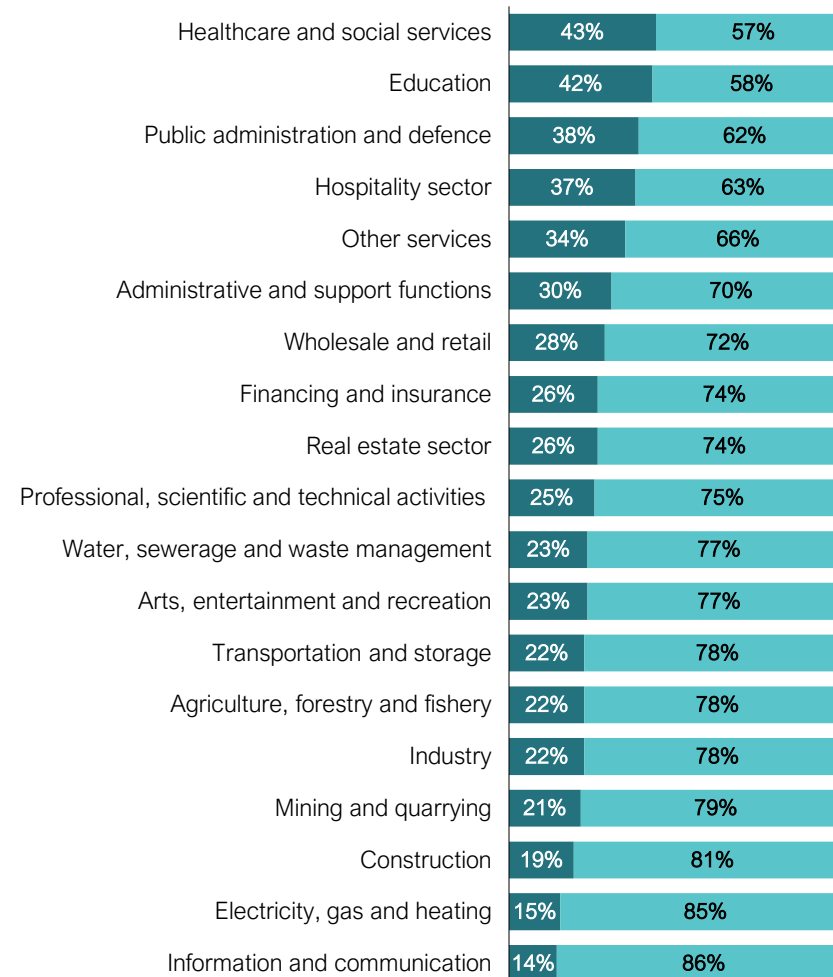
About a quarter of Finnish board members are women

GENDER DISTRIBUTION OF BOARD MEMBERSHIPS



GENDER DISTRIBUTION BY SECTOR

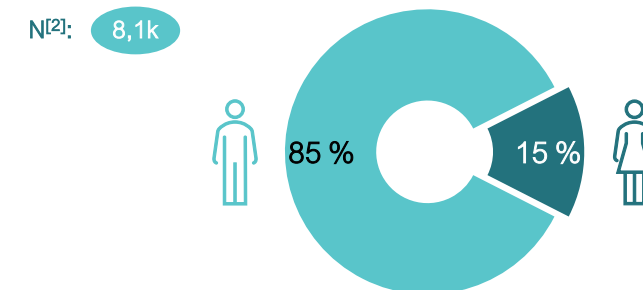
% of board members in the sector



OBSERVATIONS

- Although more women have been appointed to boards, only a quarter (25%) of board positions are held by women in Finland.
- There are also differences in current boards: 29 percentage points between and highest and lowest percentage. Female board members have the highest percentage in healthcare and social services (43%) and the lowest in the ICT sector (14%).
- About 15% of board chairs are women. Women were also appointed is chairs in the same proportion as in 2023.

GENDER DISTRIBUTION OF CHAIRS

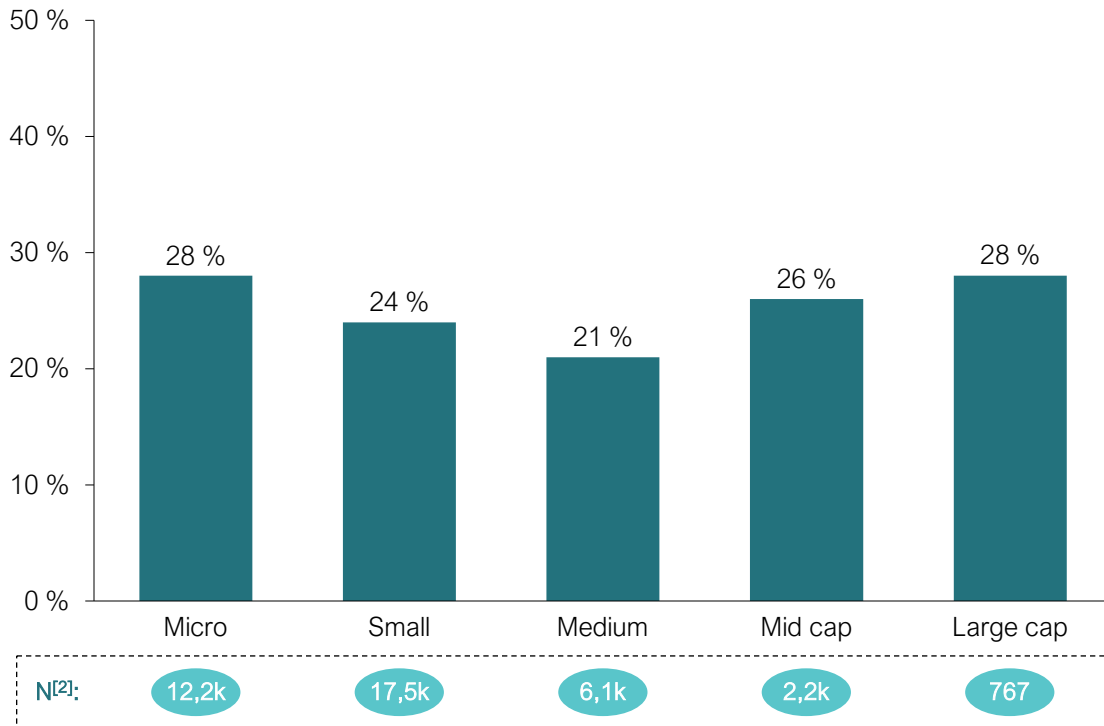


The boards of mid cap and large cap companies have proportionally more women than SMEs

- The highest percentage of women worked in micro companies (28%) and large cap companies (28%).
- After 2020, mid cap and large cap companies have appointed women somewhat more frequently than SMEs.
- In the end, differences between size categories are rather small: women account for an average of 20–30% board members regardless of the company's turnover or number of staff.

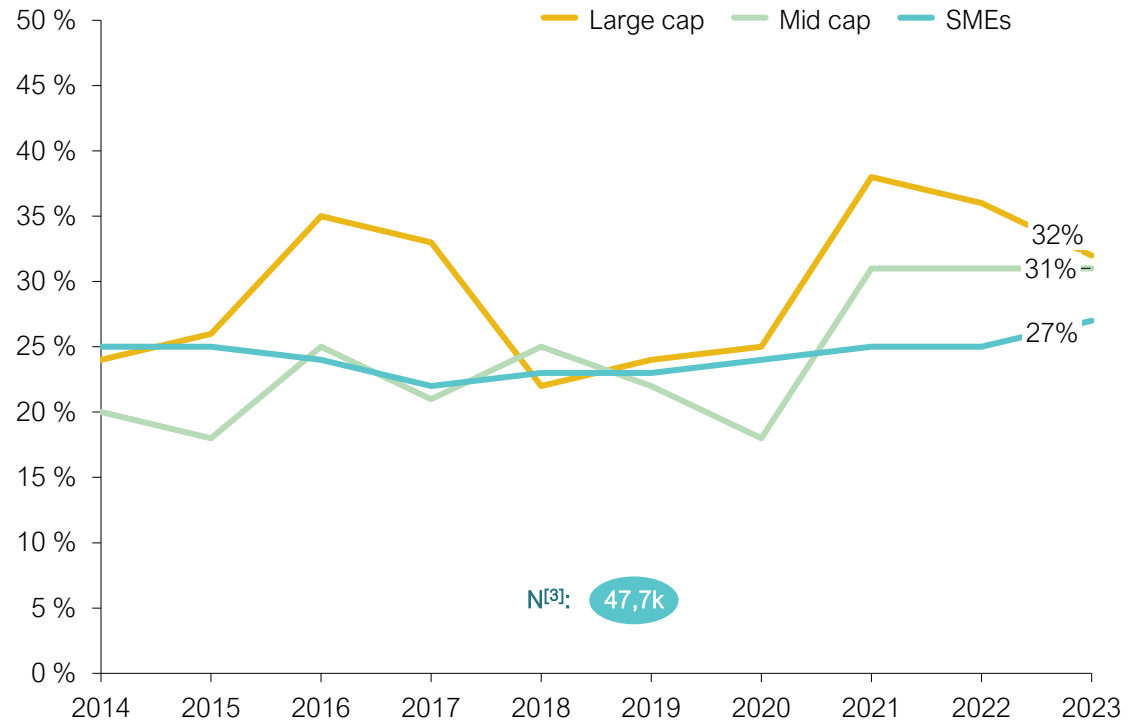
PERCENTAGE OF FEMALE CURRENT BOARD MEMBERS – BY COMPANY SIZE^[1]

% of board members in the size category



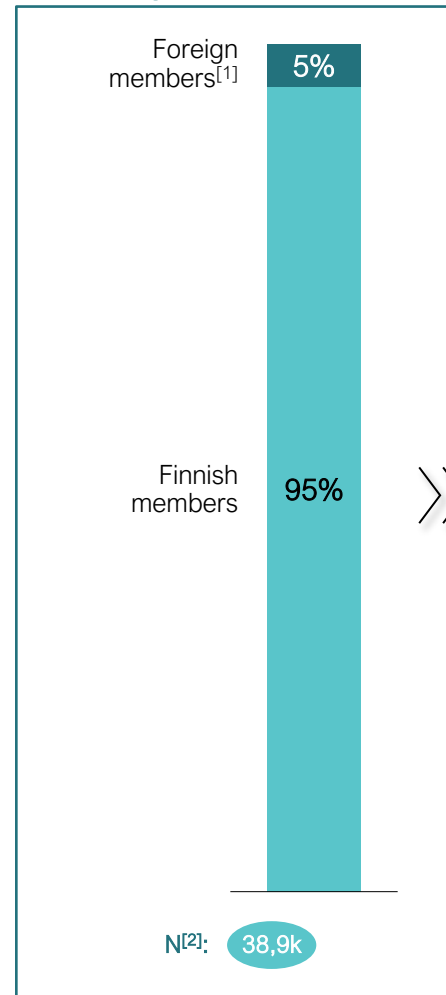
PERCENTAGE OF FEMALE NEW BOARD MEMBERS – BY COMPANY SIZE

% of new board members (per year) in the size category



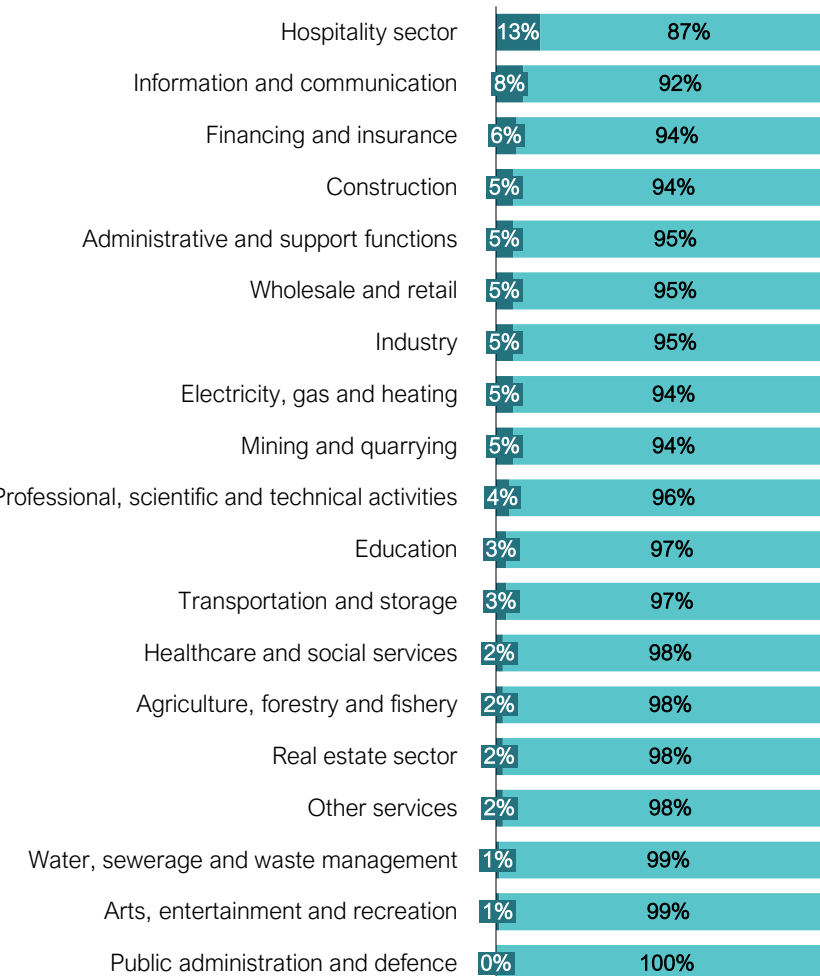
Only five per cent of board members in Finnish companies do not have Finnish citizenship

DISTRIBUTION OF INTERNATIONAL BOARD MEMBERS



DISTRIBUTION OF INTERNATIONAL BOARD MEMBERS BY SECTOR

% of board members in the sector

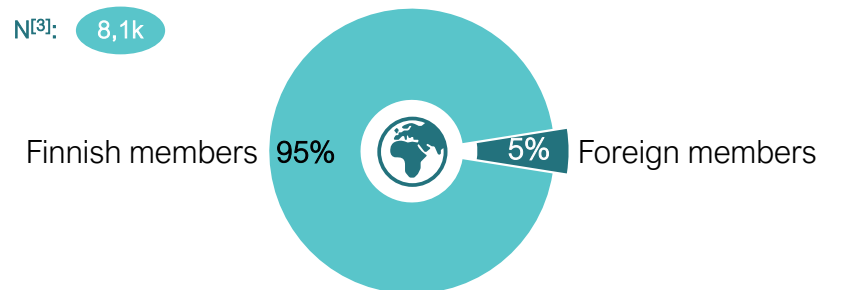


OBSERVATIONS

- Foreign board members account for only about 5% board members in Finnish companies, although their percentage has increased in the past decade.
- Differences are smaller in terms of foreign board members that female board members between the observed sectors. Foreign board members were most common in the hospitality sector (13%) and the least in public administration and defence, with the percentage rounded to 0%.
- Foreign members have chair roles in the same proportion as in other board positions, at 5%. However, more foreigners have been appointed as chairs during the last three years.

DISTRIBUTION OF INTERNATIONAL CHAIRS

N^[3]: 8,1k

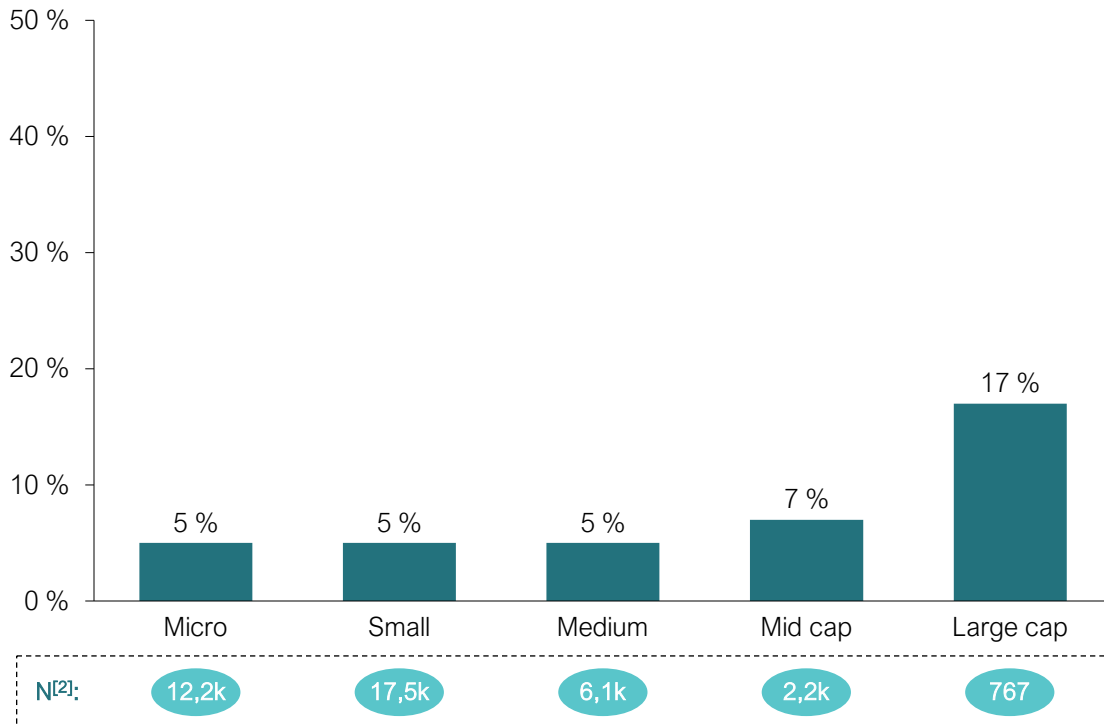


The proportion of foreign appointments is clearly the highest in large cap companies

- About 17% of all board members in large cap companies are other than Finnish companies. Although mid cap companies have a higher percentage of foreign board members (7%) than in SMEs (5%), the difference with large cap companies is considerable.
- The percentage of foreign appointments has risen steadily in SMEs until 2023, at which point it also exceeded the level in mid cap companies for the first time since 2017. Annual appointment trends indicate that the boards of Finnish companies are becoming more international every year.

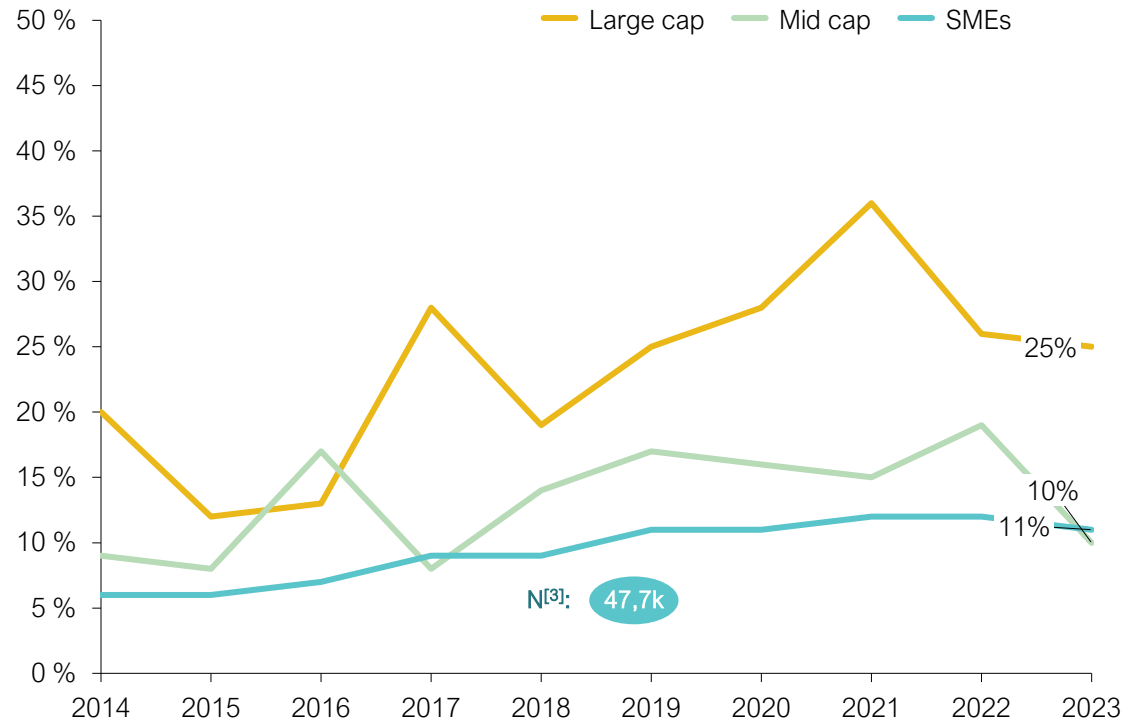
PERCENTAGE OF FOREIGN-BORN CURRENT BOARD MEMBERS – BY COMPANY SIZE^[1]

% of board members in the size category



PERCENTAGE OF FOREIGN-BORN NEW BOARD MEMBERS – BY COMPANY SIZE

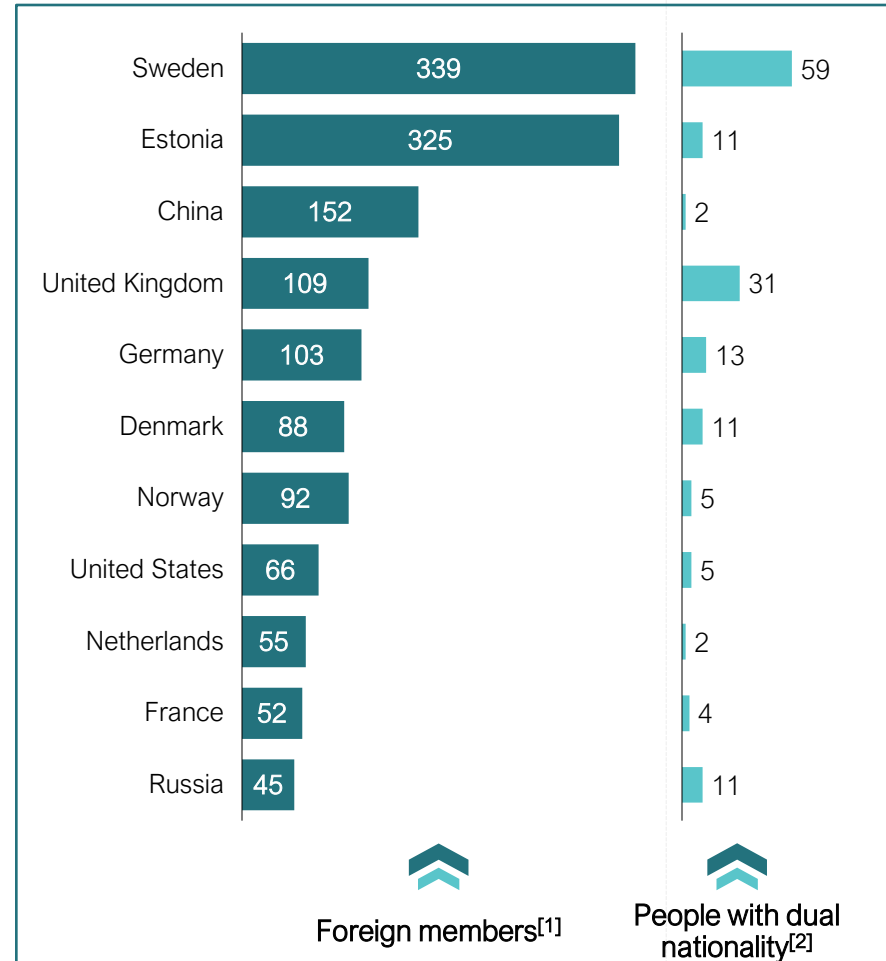
% of new board members (per year) in the size category



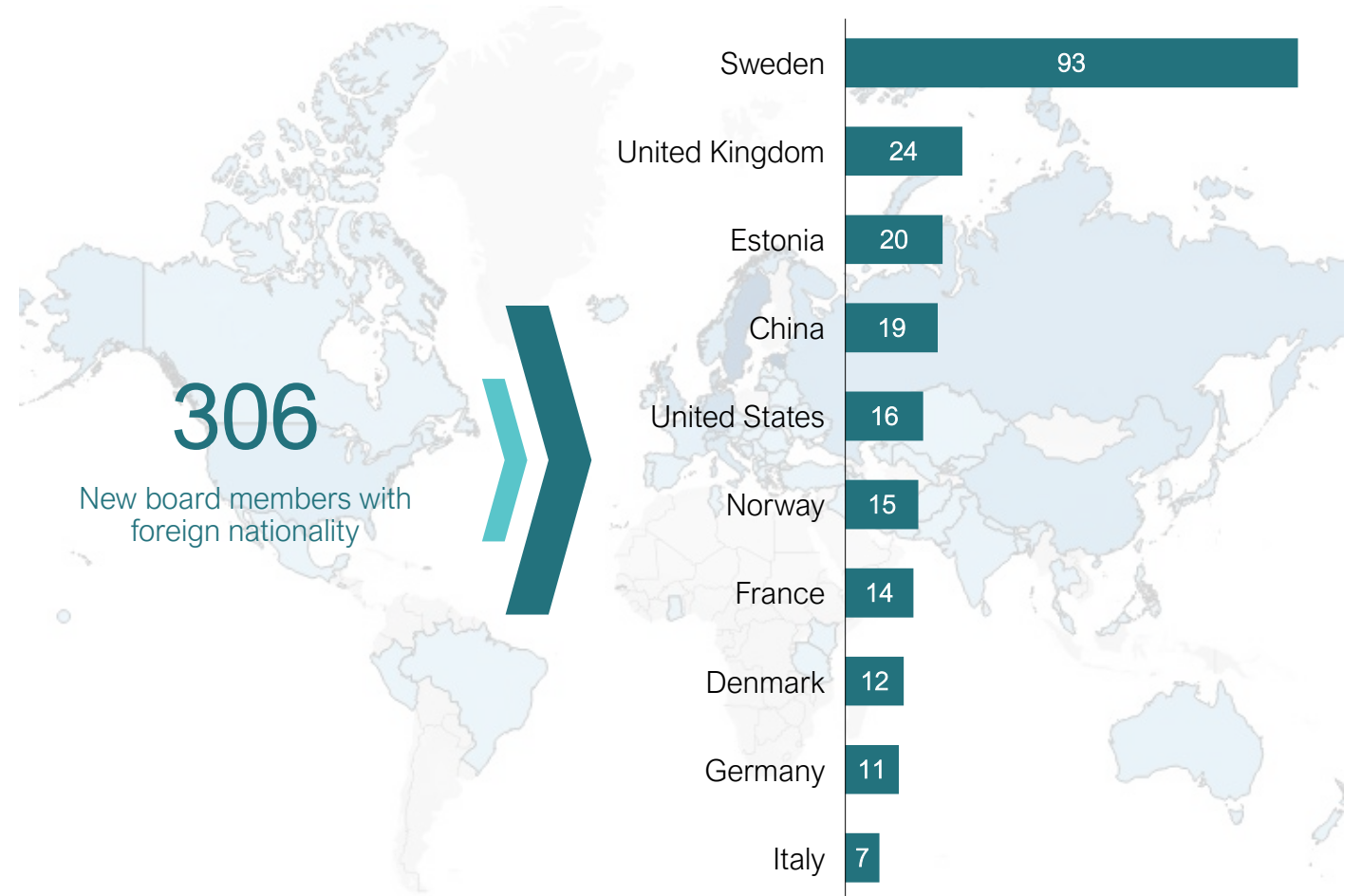
The boards of Finnish companies have plenty of Swedish and Estonian nationals

MOST COMMON NATIONALITIES OF CURRENT BOARD MEMBERS

Number of board members



MOST COMMON FOREIGN NATIONALITIES OF BOARD MEMBERS APPOINTED IN 2023

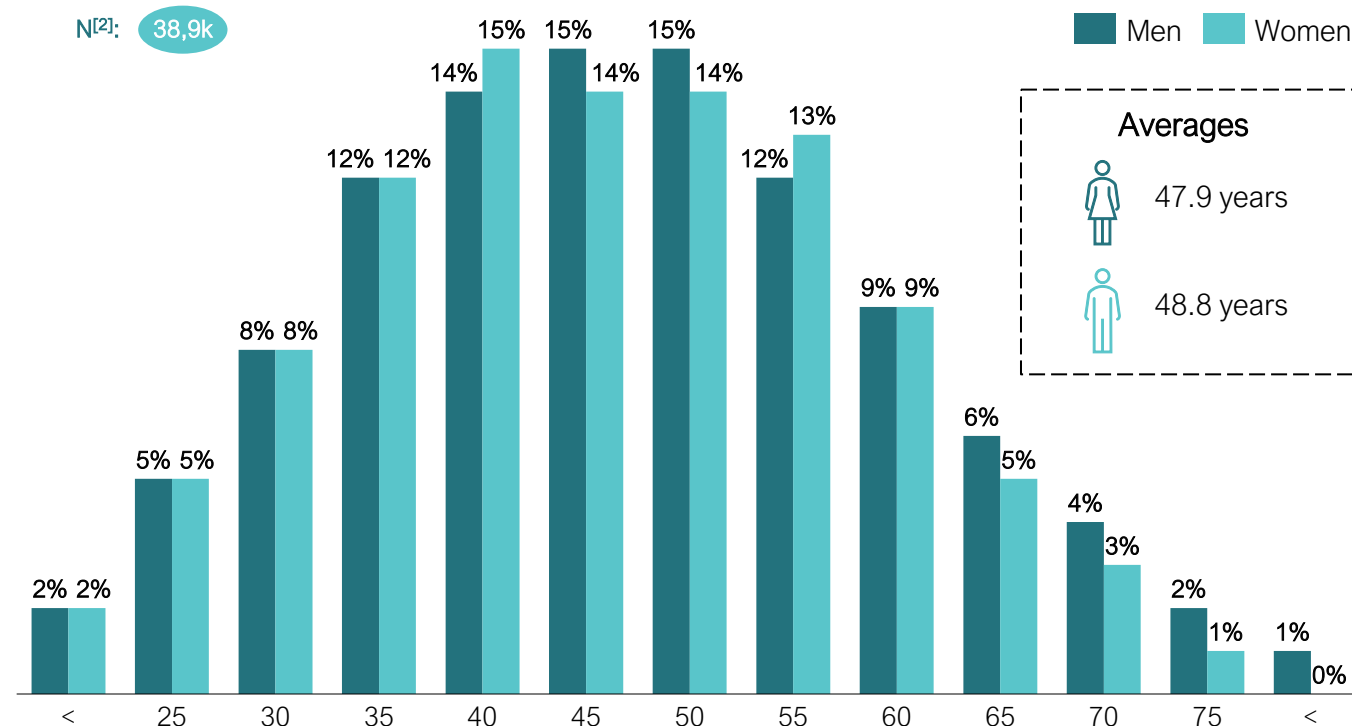


The average age of current board members is about 49 years, with an average term of 9 years as board member.

- The age distribution of Finnish board members is largely normally distributed regardless of gender. The average age of a board member is around 49 years.
- Board members appointed in the recent years are slightly younger than the average age of the board members. The average age of men appointed in 2023 was around 47 years, that of women 46.
- Some 33% of the current board members have been in their position for at least ten years. There is no significant change between men and women in terms of the length of board terms.

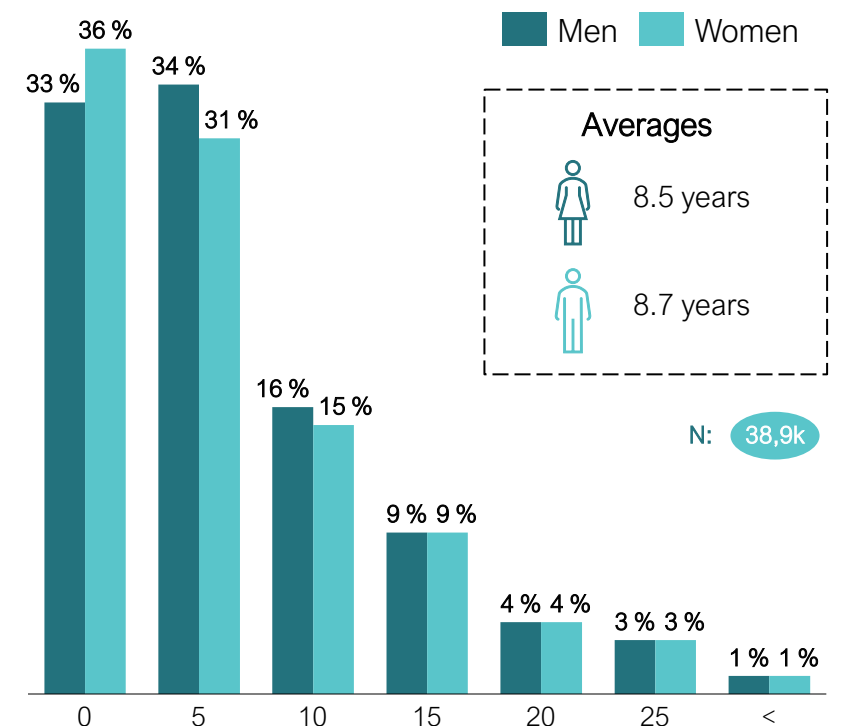
AGE DISTRIBUTION OF CURRENT BOARD MEMBERS BY GENDER – IN 5-YEAR GROUPS^[1]

% held by gender in all board positions



LENGTH OF TERM OF CURRENT BOARD MEMBERS BY GENDER – IN 5-YEAR GROUPS

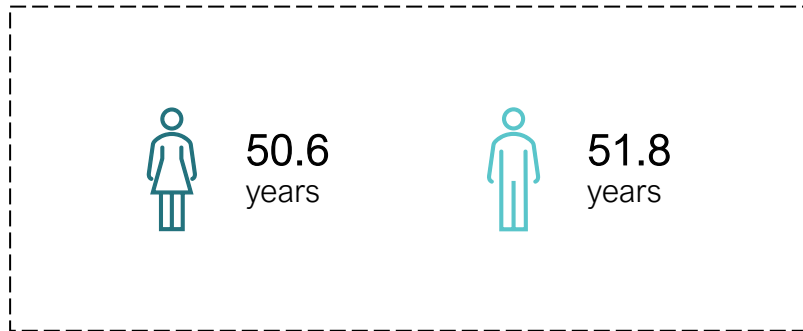
% held by gender in all board positions



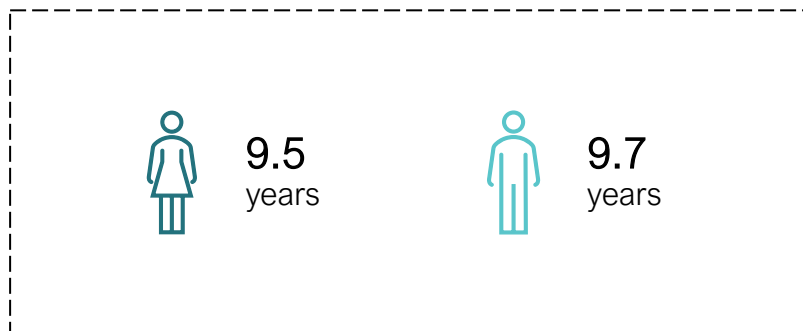
Chairs are on average slightly older with longer terms in the board

- Compared to all board members, chairs were on average slightly older and their board memberships of longer duration, regardless of gender.
- When viewing sectors with at least 50 board chairs, the highest percentage of female chairs is in healthcare and social services (44%) and the lowest in the ICT sector (5%). Between these sectors, there is a 39-percentage point difference in terms of female chairs.

AVERAGE AGE OF CHAIRS

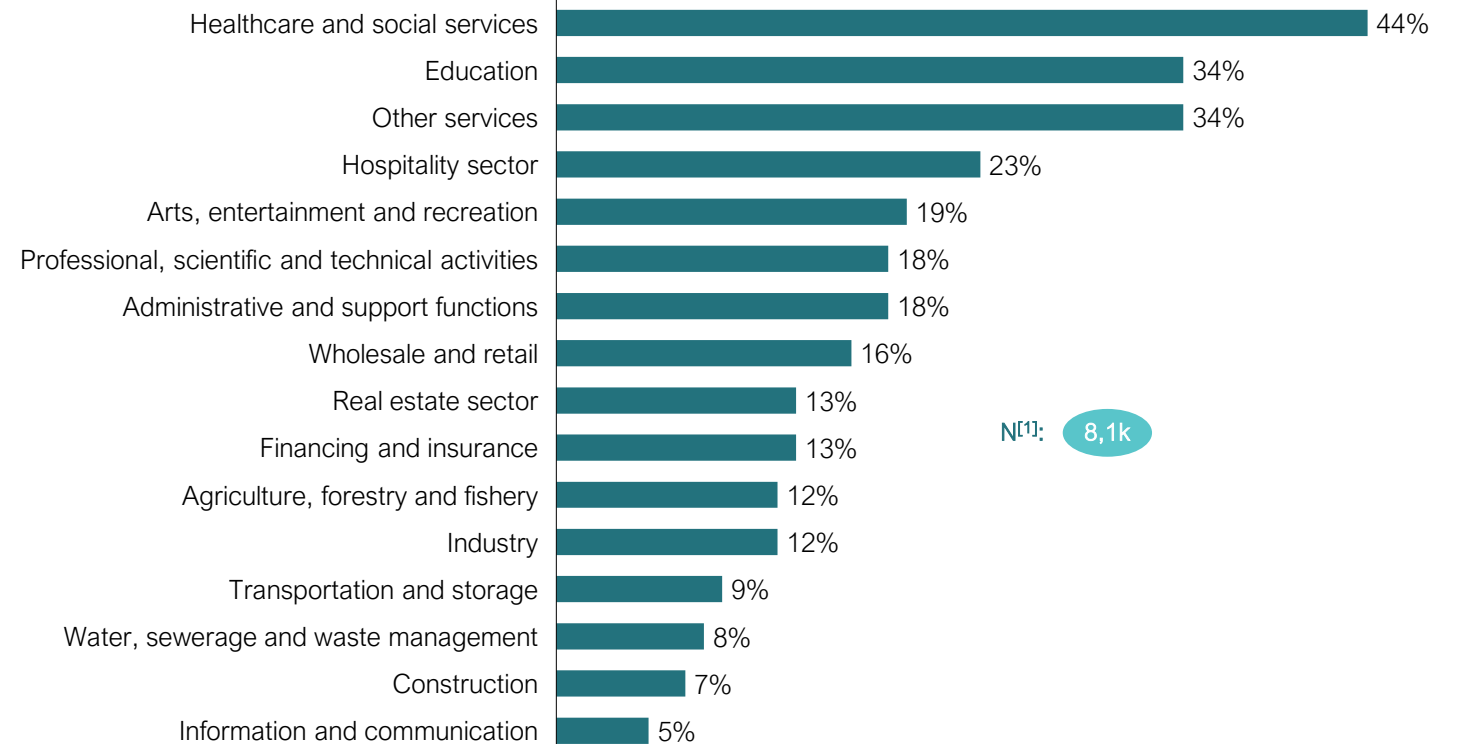


AVERAGE TERM OF CHAIRS



PERCENTAGE OF FEMALE BOARD CHAIRS BY SECTOR (N > 50)

% of chairs in the sector





Boards of companies seeking growth

In growth-seeking SMEs, the percentage of women is smaller and the board terms are shorter

- The composition of companies that responded to the annual SME survey by Tesi have differences depending on the companies' growth appetite. In companies seeking growth, only 15% of the board members are women, while in companies not seeking growth, the figure is 28%. The difference is explained by, for example, gender distributions and growth prospects in the sector.
- The board memberships of growth-seeking companies are almost half (6 years) of those in companies that do not seek growth (11 years).

PERCENTAGE OF WOMEN AS CURRENT BOARD MEMBERS...

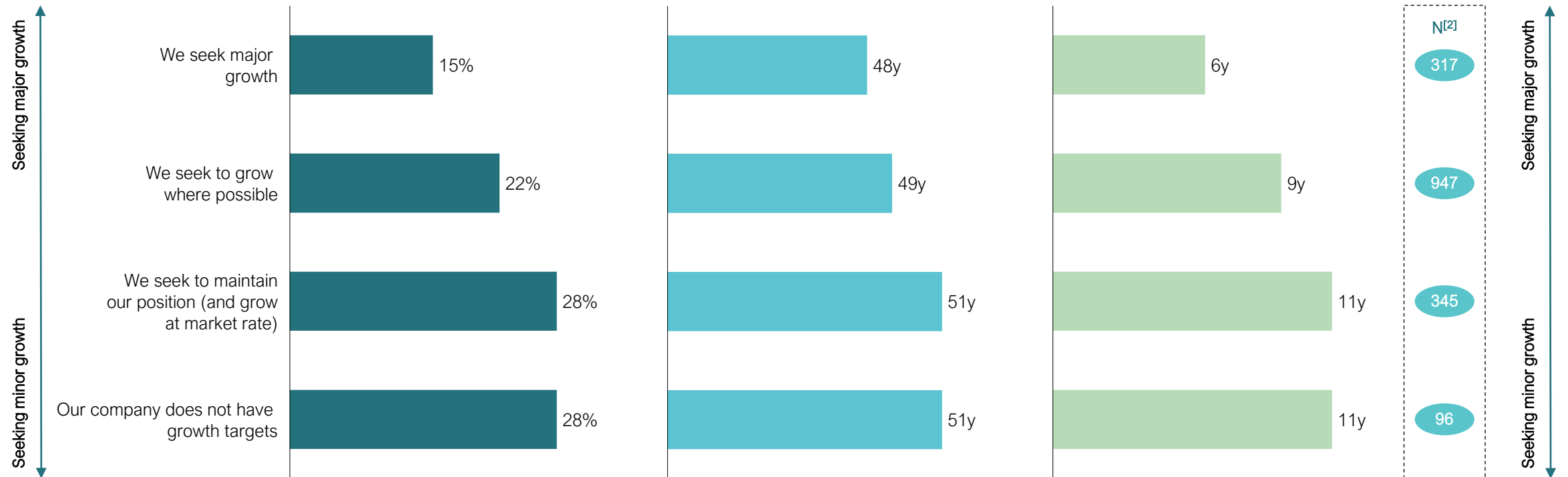
% of all board members giving this answer

...AVERAGE AGE OF MEMBERS...

of all board members giving this answer

...AND THE AVERAGE LENGTH OF BOARD MEMBERSHIPS BY GROUPS DIVIDED ON THE BASIS OF GROWTH APPETITE^[1]

of all board members giving this answer





Tesi