

White Paper about

Danish Non-Executive Boards in Numbers and Facts

With special focus on current and potential female board members -
their board experience and their career background

Volume 2: Non-executive Board Positions



Published by

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What to expect

I have prepared 6 reports in total, that deal with different aspects in the description Danish non-executive boards and their diversity. These reports will all be published under the following titles:

- Volume 1 – Non-executive Boards in Denmark
- Volume 2 – Non-executive Board Positions
- Volume 3 – Non-executive Board Recruitment
- Volume 4 – Non-executive Board Members
- Volume 5 – Female non-executive Board Members
- Volume 6 – Motivation to join a non-executive board

These reports are the preliminary highlight of many years of work in - and interest for Danish non-executive boards - their creation, their development, their renewal, and their composition, especially considering diversity.

The purpose of the report” Volume 2 – Non-executive Board Positions”

This report is made with the aim to take a snapshot of all Danish non-executive boards registered with the Danish Business Authority, in order to create a common reference point in the debate about the composition of Danish non-executive boards.

At the same time, it is an important starting point when I look into the composition of the non-executive board positions and members of the non-executive board in the subsequent reports.

The purpose of this report has not been to question whether we have too many or too few non-executive boards in Denmark, but only help to refine the debate around the non-executive boards in Denmark.

The key findings in this report, which will be elaborated in detail are:

- The number of non-executive board positions in Denmark
- The number of non-executive board positions occupied by people residing outside of Denmark
- How many of the non-executive board positions are occupied by females
- How often are Danish non-executive boards replaced

It was prejudice and a missing overview that initiated this work

What initially started this piece of research was especially two circumstances:

- Firstly, I was irritated that whenever I read an article about Danish non-executive boards and their composition or heard a lecture on the subject, the conclusions were always based on very limited samples that never provided the complete picture of the Danish non-executive boards:
 - It could be the Danish C20 companies
 - It could be all Danish listed companies - we have less than 200 in Denmark
 - It could be the 1000 largest Danish companies
 - Or another random sample
- Secondly, I was provoked by the following 3 statements that I repeatedly encountered in various media:

- There are not many potential female Danish non-executive board candidates available
- Those who are available – do not want to join a non-executive board
- Those who want to – do not have the necessary skills

In particular, the last point I had difficulty relating to, as I through my career have met many exciting and highly competent female executives, and I decided that I would strive to reject or confirm these prejudices or at least nuance the statement by considering what characterizes female Danish non-executive board members.

I hope that the reports - individually and especially collected - will give readers the same insight into new facts about Danish non-executive boards as they have given me.

In addition, I hope that the reflections highlighted will help illuminate new dimensions in the debate about non-executive board diversity and how we select our non-executive board members and put together our non-executive boards.

Last but not least, I hope the reports will help create a common reference point when we talk about Danish non-executive boards, their composition, as well as the Danish non-executive board members.

I hope you enjoy the reading.

The first outlining of all Danish non-executive boards

This analysis is conducted based on data extract from the Danish Business Authority's CVR register concerning all Danish non-executive boards based on the following criteria:

- Data is valid per. 31.12.2017
- All types of companies are included and not only A/S - i.e. that the survey also includes the types of companies ApS, P/S, K/S, IVS, Funds etc.
- Affiliated companies are all included as individual legal entities
- For the composition of the non-executive boards, deputies and employee-elected members are not included

The analysis is based on a number of different parameters, but since it is very limited what is currently required of information in connection with the registration of a non-executive board and individual non-executive board members, it is limited how many different dimensions can be used for description of the Danish non-executive boards - in the absence of better, I have had to go with the dimensions: Company type, number of non-executive board positions, the gender of the non-executive board members and their place of residence.

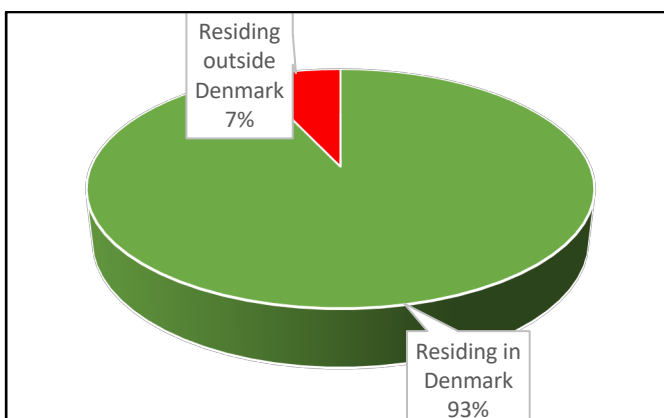
We have 200.000 non-executive board positions in Denmark

Statistics from the Danish Business Authority's CVR register show that there were 200,005 non-executive board positions in total in Danish non-executive boards as of 31.12.2017, and in the previous report (Volume 1), we found that we have approximately 60,000 non-executive boards in Denmark, which means that we have an average of 3.3 positions per Board.

Of these approximately 15,000 positions - corresponding to almost 7% - are occupied by persons residing outside of Denmark, while the remaining 185,000 positions were occupied by persons residing in Denmark.

Table 1 Number of non-executive board positions in Denmark per 31.12.2017

Residence	Number	Share
In Denmark	185.021	93 %
Abroad	14.984	7 %
Total number of non-executive board positions	200.005	100 %
Average number per board		3,3



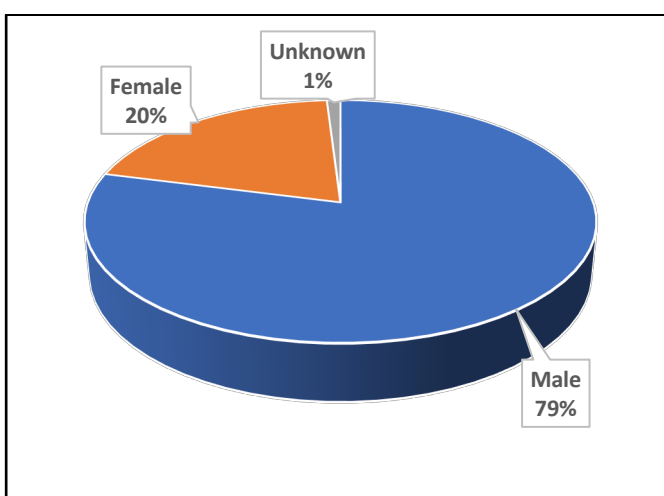
The available database is, unfortunately, unable to answer whether these 15,000 are foreigners or Danes living abroad, but in any case, I think that it is a relatively large proportion of our board positions that have this international dimension.

20% of Danish non-executive board positions are occupied by females

If we investigate the 185,000 non-executive board positions with Danish-resident members, my survey shows that 20% of these positions or just over 36,000 are held by women and since I have previously found that there are 26,556 non-executive boards in Denmark with female members (see Volume 1), it means that on average, there are 1.4 women in the non-executive boards that have female members.

Table 2 Gender composition amongst the Danish non-executive board positions per 31.12.2017

Gender	Number	Share
Positions held by men	147.673	79 %
Positions held by women	36.254	20 %
Unknown gender	1.094	1 %
Total number of board positions held by members residing in Denmark	185.021	100 %



The same calculation for men shows that on average there are 2.5 men per non-executive Board.

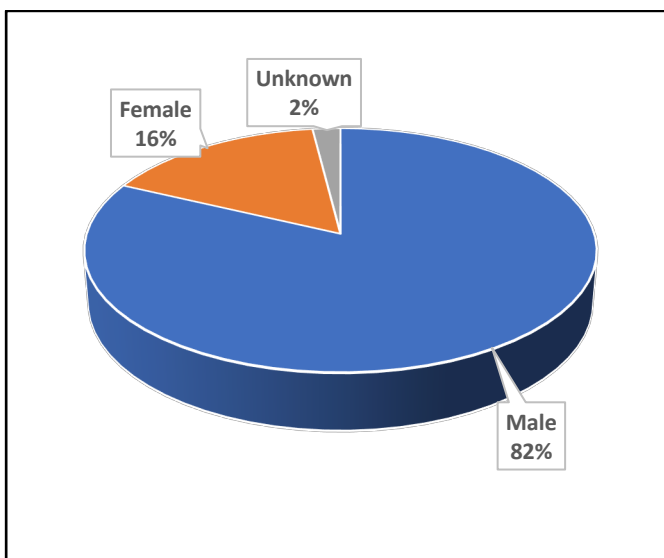
In 2017 over 35.000 non-executive board positions was filled

We know from figures from the Danish Business Authority's CVR register that in 2017 35,531 non-executive board positions were filled, corresponding to the replacement of 18% of all positions.

The data available to me, unfortunately, does not provide me an answer to how many of these are new non-executive board positions - either in new non-executive boards or through an extension of existing non-executive boards. Neither does the data reveal how many are recruits due to members who leave and where the position are re-occupied, but I still think that some interesting conclusions can be drawn about the Danish non-executive board positions based on these numbers.

Table 3 Number of board positions that were newly occupied in 2017 and the gender of the new board member

Gender	Number	Share
Men	29.300	82 %
Women	5.636	16 %
Unknown	595	2 %
Total number occupied	35.531	100 %
Replacement share		18 %
Average" lifespan" per board position		6 years



Of the approximately 35,500 non-executive board positions filled in 2017 more than 80% or approximately 29,300 positions were filled by men while approximately 5,600 items were filled by women.

The data I have accessed also does not answer how many of these are re-filled with the same gender and how many are re-filled with a different gender, but it can be seen, that the female proportion among the filled positions (the 16%) are lower than the general female share of all non-executive board positions (20%), which means that in 2017 there has been a slight decrease in the number of non-executive board posts occupied by women.

My studies of the female non-executive board members - as I will review in Volume 5 – will show a very large spread in their non-executive board experience – but plenty more about this later.

Table 3 also shows that the annual replacement rate corresponds to an average non-executive board position "lifespan" of approximately 6 years.

This is a somewhat more frequent replacement than I personally expected, and you can always discuss if 6 years is short or long time to sit in a non-executive board. I have no opinion on the matter.

All in all, I can observe that almost 100 non-executive board positions are filled every day, so for those who are actively seeking new board positions, there are many opportunities for a board career if only you are aware of how recruitment to the boardrooms takes place.

My reflections and new questions that arise

This report has revealed 3 key conclusions to me:

- We have many non-executive board positions in Denmark, but on average the non-executive boards are small with an average of only 3,3 positions.
- We have approx. 15,000 non-executive board positions in Denmark placed by people living outside Denmark - this is for me a clear indication that the "cultural" diversity is a reality in Danish non-executive boards.
- As we saw in my first report - Volume 1 - there are many non-executive boards that have not yet put gender diversity on the agenda and among those who have, women are still underrepresented in the ratio 1:2 compared to men.

In addition, my analysis of the Danish non-executive boards raises a few key questions that I have set out to examine in forthcoming reports:

1. Firstly, how the 35,000 new board positions are filled and how candidates are identified and qualified - this and much more can be read about in "Volume 3 – Non-executive Board Recruitment" published in late October 2018.
2. Secondly, what hides behind the average "lifespan" of six years and whether there is a significant difference in how long men and women hold on to their non-executive board positions – you can read about this and much more in "Volume 4 – Non-executive Board Members" to be published in late November 2018.

About the author

Tau Steffensen has in the last approximately 10 years worked as a Headhunter in Denmark, where he has worked with a extensive number of large and medium-sized Danish companies.

Before that time, Tau had a large number of CXO positions and, from 2002 to 2008, has been the owner of a smaller production and trading company.

His career within non-executive boards began in 1998 when Tau was elected to the non-executive board for both FDIH and DK-Hostmaster. Since that time he has been in a number of non-executive boards and Advisory Boards and is currently Chairman of HP Electronics Montage ApS, a position he has had since 2014.

Tau Steffensen has been working actively for many years in various non-executive board networks and is currently a member of ASNET Board, where he is the leader of their Pipeline Group in Region East.

Tau Steffensen has both academically and professionally worked with non-executive boards and board recruitment for many years and knows the dynamics of non-executive boards both inside and outside as a member of the board.

Tau Steffensen has worked with both professional international non-executive boards and semi-professional Danish boards, so his experience in this area is long-term and covers many types of non-executive boards.

His passion for board diversity began in 2011/12, where he began to analyse this area more systematically, and since then Tau has performed at a wide range of conferences and events as well as been quoted in articles and interviews about the preliminary results he has revealed.