

Boarding Call

How diversity moves companies forward

BCG Gender Diversity Index Germany 2019



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1 Executive Summary

The BCG Gender Diversity Index 2019 offers new insights into the HR dynamics of management and supervisory boards at Germany's 100 largest public companies, with a particular focus on the differences between men and women on those boards. The report presents interesting facts that dispel misconceptions about the topic of women in top management:

1. Female board members are replaced less frequently than men

Women on boards of management do not exit more quickly than their male colleagues. Their turnover rate is actually lower: Between the beginning of 2017 and September 2019, the proportion of men leaving the board per year was 13 percent; for women it was only seven percent. That shows that female top executives have staying power and assertiveness, even if public discourse occasionally suggests otherwise.

2. Women on boards earn more in business- and support-related positions than men

It's true that there is a gender pay gap in top management as well, in other words women receive less compensation on average than their male colleagues. On the supervisory board, that gap is 17 percent; on the management board it's 23 percent. But it is also true that there is good news. In business related functions (for example in production or sales) as well as support related positions (such as HR or compliance) female management board members earn more than their male counterparts.

3. If C-level leadership is perceived as diverse, 83 percent of ambitious women aim for the top in the same company¹

So, the often-heard assertion, "We have no women in top management because we lack female junior staff," can be reversed: There is a lack of ambitious women because the company has no women at the top.

4. There is no shortage of female candidates for the supervisory board.

The argument that no women can be appointed to the highest governance body because of a lack of female candidates could not be confirmed: The proportion of female supervisory board members who sit on more than one of the boards represented in the index is only six percent—and thus just as high as for men with multiple mandates. If there was an actual shortage of suitable women—according to the conclusion of the report—the number of women with multiple mandates would have to be much higher.

1. Ambitious women are defined as women who are actively striving for a higher leadership position in the next three years (either at their current or a different company).

- Generally, the BCG Gender Diversity Index indicates there's a lot of catching up to do. Since the study has now been conducted for the third time, there are comparative figures from 2018 and 2017. Currently, only nine percent of management board members are women. If the development continues at the rate of the past three years, gender parity, i.e. a fifty-fifty ratio between men and women, won't be achieved until after 2050. On the supervisory board, the proportion of women is 32 percent and thus just above the mandatory quota of 30 percent.
- The participating companies only achieved an average of 46 out of 100 possible points (2018: 43 points), 100 points representing parity in staffing and remuneration. 50 points already seem to be achievable, though: An average of one in four board members needs to be a woman, and that woman must earn at least half of what her male colleagues do.
- Small change, big impact: Appointing one woman to the top already pays off noticeably in the ranking—it accounts for 70 percent of all ranking movements by more than ten points.
- At 59 of Germany's 100 largest public companies, there is yet to be a woman on the board of management.
- The gender diversity champions among Germany's 100 largest public companies are Aareal Bank, Evonik Industries, and Deutsche Telekom. Bringing up the rear are United Internet, Hypoport, TLG Immobilien, and Nemetschek, all in last place with zero points.
- One of the reasons for the sluggish gender diversity progress may be the different perspectives of ambitious women and male decision-makers; for instance, women see flexible working as an important issue for their development in a company. While men agree, they are less often willing to actively support it. Conversely, men feel participating in external events or rankings is effective. Ambitious women think of this as far less important; they see more of a lack in gender diversity² basics, like a corresponding change mindset and role models.
- Progress seems to be taking baby steps: Men see themselves as role models of gender diversity, women see room for improvement.
- Diversity in top management pays off for companies: BCG and Deutsche Börse Group simulated the development of a portfolio of 30 DAX-, MDAX- and SDAX-companies with the highest score for Gender Diversity (GD). Such a portfolio, which is characterized by a balanced weighting of small- and medium-sized companies according to their GD value, has improved by about two percentage points since 2017, and with somewhat less volatility than the DAX.

2. Gender diversity refers to women in leadership positions here, while the term diversity is broader in scope and also includes criteria such as country of origin, career track, industry, age, and academic background.

2 Gender Diversity Index

2.1 INTRODUCTION: WOMEN EXHIBIT STAYING POWER

What a milestone! Something even renowned HR consultants didn't think was possible happened last year: SAP was the first DAX company to appoint a female CEO, Jennifer Morgan, an American who shares the position with Christian Klein from Germany.

The appointment garnered great public interest, just like the departure of several female board members at various organizations in the previous year. The most prominent case was Valerie Holsboer who was the top officer in charge of resources (controlling, finance, personnel) at the German Federal Employment Agency (Bundesagentur für Arbeit) and had a public battle with her employer. Other examples include Janina Kugel, former CHRO at Siemens, whose recent departure had been the topic of speculation for weeks, and Sabine Eckhardt, who did not have her contract as management board member at ProSiebenSat.1 renewed after a new CEO had assumed office.

In light of such stories, one might think there's a lot of movement among female top executives in Germany. This report disproves that, however. Women don't leave the board of management faster than their male colleagues. On the contrary: The turnover rate is actually lower for female board members.

There is also no lack of female candidates for the supervisory board. The argument that no women can be appointed to the highest governance body because there are not enough female candidates was not confirmed by this index: Only six percent of all female supervisory board members covered by this index sit on more than one board; that's the same percentage as for men with multiple supervisory board mandates. Assuming a company aims for balanced board appointments, the fact that these percentages are the same does not indicate a lack of qualified female candidates.

The report also points out that female management board members in business- and support-related positions earn more than their male colleagues. Because they rarely hold the best-paid CEO or CFO positions, though—Jennifer Morgan of SAP being one of the few exceptions—the average compensation of women is markedly lower than that of men. So, there still seems to be a long and arduous journey ahead of us before we can speak of gender parity at Germany's 100 largest listed companies.

BCG and TU Munich have been researching gender parity on the management and supervisory boards of Germany's 100 biggest public companies for three years now, taking a look at the percentage of women on those boards and their compensation. The BCG Gender Diversity Index is the first gender diversity index for Germany's largest public companies that also covers compensation. For that purpose, they identified in a secondary assessment the gender distribution on boards of management and supervisory boards as well as the relative remuneration of women and men on both boards.

This year, the index was expanded to include a survey on diversity and inclusion that BCG conducted among 16,400 people worldwide (724 of which in Germany). The authors of this report focused among other things on ambitious women and male decision-makers in Germany. For certain issues, the statements of non-ambitious women were also considered.

Men and women differ in their assessments of progress in diversity

One possible explanation for why gender parity is making little headway on the German C-level can be seen from the aforementioned survey. While ambitious women lament that the basics for gender diversity are still lacking—such as the willingness to change (change mind-set) or role models, for instance—male decision-makers think they have made more progress already. They consider it particularly effective to speak out on the topic of gender diversity and participate in events or rankings. Ambitious women consider this much less important.

Female executives are much more focused on their own company: If they perceive the top management at their company as diverse, 83 percent of them strive to climb the ladder there rather than elsewhere ($p < 0.01$). That turns the statement “We don’t have women in top management because we lack female candidates” on its head. The companies don’t have female candidates because there aren’t enough women at the top.

In fact, the status quo of gender diversity at the top of Germany’s 100 largest public companies remains sobering, as the BCG Gender Diversity Index confirms. If the appointment of women to executive and supervisory board positions keeps progressing at the current rate, we are still miles away from gender parity here. Angela Merkel would turn 100 before that happens at the 100 biggest companies. Currently, the percentage of female executives at those businesses stands at nine percent for the boards of management and 32 percent for the supervisory boards.

After the ratio of women on supervisory bodies had increased rapidly—the mandatory quota introduced in May 2015 seems to have made a difference there—the figures have more or less plateaued. Many companies don’t even seem to strive for a fifty-fifty representation, they seem to be content with one-third women. “The minimum requirement has been met, we’ll leave the extra mile to the others”, seems to be their thinking. In terms of income things are moving slowly, too. Female management board members receive an average of 77 percent of what their male counterparts are paid (on supervisory boards that number is 83 percent).

However, a joint analysis carried out by BCG and Deutsche Börse Group indicates that working more toward gender parity wouldn’t just be fair to all parties involved but also lucrative for the companies: The top 30 diversity champions boast a better stock market performance, as well.³

3. BCG and Deutsche Börse Group simulated the development of a portfolio of 30 DAX-, MDAX- and SDAX- companies with the highest score for Gender Diversity (GD). Such a portfolio, which is characterized by a balanced weighting of small- and medium-sized companies according to their GD value, has improved by about two percentage points since 2017, and with somewhat less volatility than the DAX.



2.2 THE SURVEY: DIFFERENT VIEWPOINTS OF WOMEN AND MEN HALT THE PROGRESS OF GENDER DIVERSITY

Men are from Mars, Women are from Venus. What John Gray so entertainingly describes in his best-selling book of the same name—the small and big differences between the sexes because men supposedly come from Mars and women from Venus—seems difficult to deny: Women and men have notably different views and ways of approaching the tasks they're faced with. That's what the BCG Gender Diversity Index' underlying survey points to. One of the reasons for the sluggish progress in gender parity at the 100 largest German companies could actually be the diverging views of male bosses and ambitious women.

Women wanting to climb the ladder see certain measures as effective that male decision-makers don't find effective at all, such as financial incentives for hitting gender diversity targets in recruitment and promotions or organizational aspects like offering or supporting child care solutions. Furthermore, ambitious female employees would like to see more basics covered for increased gender diversity, such as diverse role models in leadership or a change mind-set, meaning the willingness to commit to change. In short: What junior female employees would like to see to achieve gender parity is not a priority for their superiors.

That fits with the fact that on the other hand male decision-makers regard measures as effective that ambitious women deem relatively unimportant: participating in external events and rankings, for example, an anonymous ombudsperson or masked applicant selection. Men also see room for improvement for their own

EXHIBIT 1 | From a woman's perspective: Ambitious women find basics lacking on the way to gender parity—unlike male decision-makers

	 Ambitious women		Male  decision-makers
Top 5 initiatives deemed effective once established	1	Company-wide gender diversity strategy	5
	2	Financial incentives for executive leadership	17
	3	Childcare	14
	4	Anti-discrimination policies	7
	5	Standing up for change	12
Top 5 initiatives missing in the company	1	Standing up for change	30
	2	Part-time models	15
	3	Diverse role models in executive leadership	11
	4	Anti-discrimination policies	1
	5	Parental leave	22

Source: BCG survey "Fixing the Flawed Approach to Diversity" from January 2019

EXHIBIT 2 | From a man's perspective: Managers consider ombudspersons, rankings, and events to be particularly effective in creating equal opportunities

	 Ambitious women		Male decision-makers 
Top 5 initiatives deemed effective once established	28	Participation in external events and rankings	1
	18	Anonymous ombudsperson/transcript	2
	6	Part-time models	3
	25	Masked HR process	4
	1	Company-wide gender diversity strategy	5
Top 5 initiatives missing in the company	4	Antidiscrimination policies	1
	15	Trainings (e.g. prejudice)	2
	7	Masked HR process	3
	13	Leadership coaching	4
	6	Balanced group of candidates at job interviews	5

Source: BCG survey "Fixing the Flawed Approach to Diversity" from January 2019

company in antidiscrimination measures, bias training, or management coaching.

The largest overlap can be found on a topic from the area of work organization: Wherever part-time models are established, both men and women rate them as effective. For male decision-makers, this is one of the top three measures, for women it is number six.

When it comes to implementation, though, opinions differ yet again. Almost three out of four ambitious women (72 percent) are willing to redistribute tasks within the team for the benefit of gender parity in order to make room for part-time working models; but only 60 percent of male decision-makers are willing to do the same. What's remarkable, though, is that among female employees without professional ambitions only one in two (55 percent) seems flexible if work were to be redistributed in favor of part-time workers ($p < 0.05$).

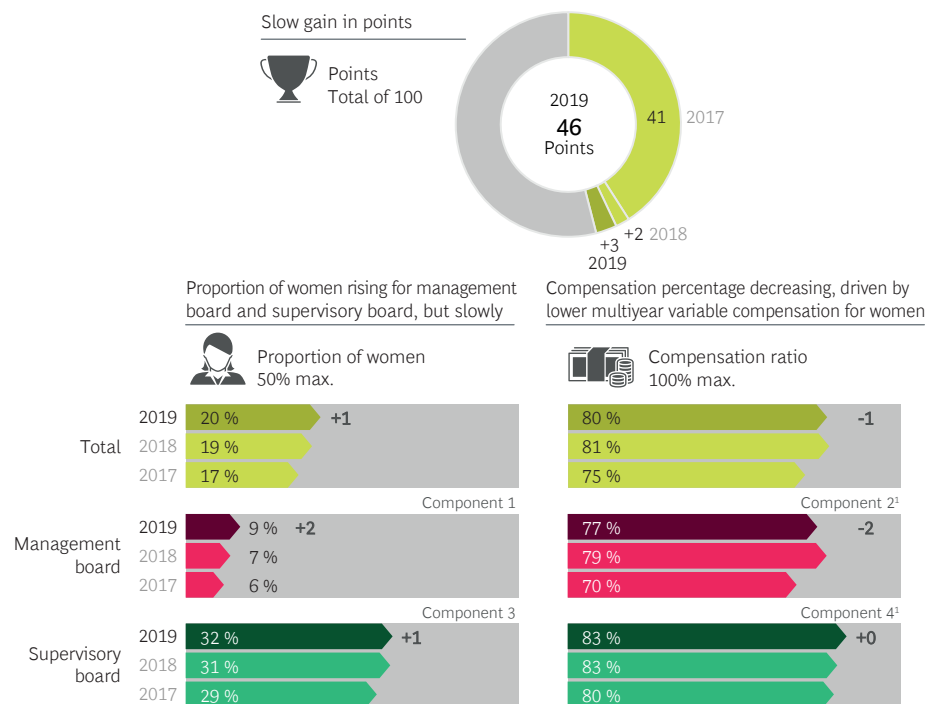
As long as these differing perceptions between both groups persist about the current status of the progress on gender diversity as well as the necessary steps and effective levers, the leap to gender parity will presumably continue to prove elusive. What's particularly glaring: While half of all male decision-makers see men in the company as gender diversity pioneers actively committed to diversity, ambitious women are less optimistic and continue to see room for improvement; only one-third of them perceive men in the company as front-runners in gender diversity ($p < 0.1$).

2.3 THE INDEX: GENDER DIVERSITY STILL SPARSE IN TOP MANAGEMENT

The results are sobering. Compared to the previous year, we registered only minimal improvements in terms of gender diversity on management and supervisory boards. The proportion of women in both bodies together is 20 percent, representing an increase of one percentage point over 2018. If progress continues at the same pace, gender parity won't be reached on the supervisory boards of the 100 index companies until 2030, on management boards it will take until 2050.

In terms of compensation, the picture is almost the same: Seeing that women on supervisory and management boards were previously paid 81 percent of what men were paid, that figure is about the same in 2019 at 80 percent ($p < 0.01$). Germany's 100 largest public companies scored an average of 46 out of a possible 100 points—the year before, it had been 43 points. The index considers both the percentage of women on management and supervisory boards and their income; the target score of 100 points indicates the same number of women and men at the top as well as the same compensation for the same performance.

EXHIBIT 3 | The 100 largest listed companies in year-by-year comparison: more women in leadership positions but less pay



1. The data illustrated here do not correspond exactly to the compensation component of the index: companies where women earn more than men are added with more than 100%. For the compensation component of the index, the relative compensation of men is used in that case (< 100%)

Note: Previous year's values for the compensation ratio were adjusted to a changed method of outlier calculation compared to the index 2018

Source: BCG Gender Diversity Index 2017, 2018, and 2019

It is striking that there's movement among the front-runners: The diversity champions from 2018 don't have much endurance—almost all of them have lost points. Sharing first place with Aareal Bank this year (2018: first place) are Evonik Industries (2018: sixth place) and Deutsche Telekom (2018: eleventh place). With Telefónica Deutschland (2018: second place), KWS Saat (2018: fifth place), Deutsche Börse Group (2018: ninth place), and Fraport (2018: tenth place), four diversity champions have fallen out of the top ten of the Gender Diversity Index 2019.

That shows that even small changes in one of the two bodies are enough to make a big difference, since the number of women is generally low. The appointment or departure of only one woman at the top of one of the 100 largest companies makes up 70 percent of all changes by more than ten points in the rankings.

Big companies are more likely to make diversity a priority

Beyond the ups and downs within the top ten, the field is split. The top 50, i.e. the upper half of the ranking, put more women in top management roles than the bottom half. The laggards that didn't even reach 40 points have practically no progress to report.

It's the large companies that tend to make diversity a priority. The DAX 30 corporations, with front-runners Deutsche Telekom, Henkel, and SAP, achieved a bit more than 58 points on average. The MDAX constituents only scored an average of 42 points, even though the MDAX includes the diversity champions Aareal Bank, Evonik Industries, and Grenke. Bringing up the rear are the SDAX companies with barely 40 points on average—even diversity leaders DWS Group, KWS Saat and Hamburger Hafen und Logistik AG (HHLA) couldn't change that.

It seems women have the best chances to get a seat at the table when boards reach a certain size. This leads to the conclusion that companies are more likely to “take a chance” with female board members if sufficient male competence is represented. If the management board is comprised of only two or three people or the supervisory board is made up of only five members, firms tend to forgo female support. Among the top ten companies, the management board comprises 6.5 seats, on average, and the supervisory board 15.8 seats. For the bottom ten, there are an average of only 2.8 mandates on the management board and 5.4 on the supervisory board.

Looking at the industries: trade sector is catching up

A sector view of Germany's 100 largest public companies reveals that, in 2019, the financial and insurance sector was the diversity champion with around 55 points, just like the previous year. With Aareal Bank (1st place), asset manager DWS (9th place), reinsurer Munich Re (10th place), insurance company Allianz (13th place), and Grenke (8th place), the leasing provider for office communication, five finance and insurance sector players made the top 15.

The biggest winner among the industries is the trade sector (incl. transport and warehousing) that increased its score compared to the year previous by a good ten points, ending up with 54 points. The leaders are Lufthansa (6th place), Fraport

(14th place), and HHLA (15th place), the operating company of the Port of Hamburg. Thus, the transport sector pushed the chemical and pharmaceutical industry, which scored almost 53 points, to 3rd place. The best in the industry are Evonik (2nd place), Henkel (4th place), and Merck (7th place). The mechanical and vehicle engineering sector, ranked number four with an average of 51 points, just made it into the top half of the index. The top places here are taken by Kion Group (11th place), GEA Group (16th place), and BMW (19th place).

Lagging behind in the last spots are manufacturers of electronics and technical products (39.9 points), the information and communications industry—a sector that only got about 38 points despite strong constituents such as Deutsche Telekom AG (3rd place) and SAP AG (5th place)—as well as the process and materials industry (36.1 points), the energy and construction sector (34.4 points), and the real estate industry (33.9 points). Interestingly, the last of all sectors, the real estate industry, exhibits a strong urge to change: On average, each company—including Vonovia, Deutsche Wohnen, TAG Immobilien—improved over the last two years by 15 points. Due to their low starting point, however, they still come in last place.

EXHIBIT 4 | Gender Diversity Index 2019: little progress in equality between women and men

Diversity Advances Slowly in Top Management: Average in BCG Gender Diversity Index Rises from 43 to 46 Points in 2019

2017	2018	2019	Company	2017	2018	2019	2017	2018	2019	Company	2017	2018	2019
5	1	1	Aareal Bank AG	72.3	↑ 80.4	⇒ 80.9	40	48	51	Dürr Aktiengesellschaft	38.8	⇒ 39.4	⇒ 39.5
3	6	2	Evonik Industries AG	74.7	⇒ 73.9	⇒ 74.9	36	47	52	Infineon Technologies AG	40.1	⇒ 39.5	⇒ 39.0
13	11	3	Deutsche Telekom AG	67.5	⇒ 67.7	↑ 72.9	34	41	53	Symrise AG	41.0	⇒ 40.5	⇒ 38.9
1	4	4	Henkel AG & Co. KGaA	76.6	⇒ 74.4	⇒ 72.3	N/A	62	54	Jenoptik AG	N/A	35.4	↑ 38.6
24	22	5	SAP SE	51.3	↑ 58.7	↑ 71.6	92	50	55	NORMA Group SE	24.4	↑ 38.8	⇒ 38.2
10	7	6	Deutsche Lufthansa AG	69.4	⇒ 72.3	⇒ 71.5	45	49	56	HOCHTIEF Aktiengesellschaft	37.3	⇒ 38.9	⇒ 38.2
8	8	7	MERCK KGaA	69.5	⇒ 72.3	⇒ 70.9	84	52	57	Aurubis AG	29.8	↑ 38.7	⇒ 38.2
4	3	8	Grenke AG	73.1	⇒ 75.1	↓ 70.7	68	82	58	Thyssenkrupp AG	34.2	⇒ 31.9	↑ 37.8
N/A	N/A	9	DWS Group GmbH & Co. KGaA	NA	NA	70.4	51	59	59	freenet AG	36.8	⇒ 36.9	⇒ 37.7
14	16	10	Münchener Rück	67.5	⇒ 64.6	↑ 70.3	65	38	60	DMG MORI AKTIENGESELLSCHAFT	34.5	↑ 43.9	↓ 37.7
59	31	11	KION GROUP AG	35.2	↑ 50.4	↑ 70.0	N/A	N/A	61	Fielmann Aktiengesellschaft	N/A	N/A	37.4
6	5	12	KWS SAAT SE & Co. KGaA	70.8	↑ 74.0	↓ 69.7	63	57	62	Carl Zeiss Meditec AG	34.6	⇒ 37.5	⇒ 37.3
19	18	13	Allianz SE	62.5	⇒ 64.0	↑ 68.3	52	63	63	Brenntag AG	36.8	⇒ 34.9	⇒ 36.8
18	10	14	Fraport AG	62.7	↑ 69.1	⇒ 67.9	93	69	64	HeidelbergCement AG	23.9	↑ 33.9	⇒ 36.6
2	14	15	Hamburger Hafen und Logistik	76.4	↓ 65.5	⇒ 67.9	89	43	65	Software Aktiengesellschaft	27.3	⇒ 26.1	↑ 36.5
63	36	16	GEA Group Aktiengesellschaft	34.6	↑ 45.2	↑ 67.8	N/A	84	66	AIXTRON SE	N/A	31.2	↑ 35.9
N/A	2	17	Telefónica Deutschland Holding AG	NA	79.5	↓ 67.2	88	71	67	MTU Aero Engines AG	27.9	↑ 33.6	⇒ 35.6
16	12	18	Fuchs Petrolub SE	65.3	⇒ 66.8	⇒ 67.0	75	79	68	K+S Aktiengesellschaft	31.6	⇒ 32.4	⇒ 35.4
17	17	19	BMW	62.8	⇒ 64.2	⇒ 67.0	60	65	69	RWE Aktiengesellschaft	35.1	⇒ 34.5	⇒ 35.3
N/A	43	20	Ceconomy AG	NA	39.8	↑ 65.7	70	61	70	Gerresheimer AG	34.1	⇒ 36.0	⇒ 35.2
15	15	21	Siemens Aktiengesellschaft	66.0	⇒ 64.8	⇒ 65.0	N/A	N/A	71	Wacker Chemie AG	N/A	N/A	35.1
20	21	22	Schaeffler AG	56.5	⇒ 59.1	↑ 64.8	N/A	N/A	72	Knorr-Bremse Aktiengesellschaft	N/A	N/A	34.7
41	25	23	Wirecard AG	38.5	↑ 54.9	↑ 64.6	71	72	73	Salzgitter AG	33.9	⇒ 33.2	⇒ 34.6
9	9	24	Deutsche Börse AG	69.4	⇒ 69.7	↓ 64.3	N/A	90	74	Zalando SE	N/A	28.8	↑ 34.3
21	20	25	BASF SE	56.3	↑ 60.1	⇒ 62.8	55	80	75	Sartorius Aktiengesellschaft	36.2	↓ 32.3	⇒ 34.2
12	13	26	Deutsche Bank Aktiengesellschaft	68.9	⇒ 66.0	↓ 62.6	62	78	76	Siltronic AG	34.6	⇒ 32.9	⇒ 34.0
46	34	27	Vonovia SE	37.2	↑ 48.2	↑ 62.5	79	88	77	LANXESS Aktiengesellschaft	31.0	⇒ 30.1	⇒ 33.7
33	42	28	Fresenius Medical Care AG & Co. KGaA	41.3	⇒ 40.0	↑ 62.0	80	81	78	E.ON SE	30.9	⇒ 32.0	⇒ 33.5
38	37	29	Commerzbank AG	39.1	↑ 44.9	↑ 61.8	67	70	79	Bechtle AG	34.4	⇒ 33.6	⇒ 33.0
39	30	30	adidas AG	38.9	↑ 50.8	↑ 59.8	N/A	86	80	Uniper SE	N/A	30.6	⇒ 32.8
26	29	31	Continental Aktiengesellschaft	50.8	⇒ 51.4	↑ 59.7	82	45	81	Scout24 AG	30.6	↑ 39.6	↓ 32.6
N/A	94	32	Pfaff Vacuum Technology AG	N/A	20.8	↑ 59.5	61	76	82	1&1 Drillisch AG	34.7	⇒ 32.9	⇒ 32.4
35	24	33	Fresenius SE & Co. KGaA	40.4	↑ 56.9	⇒ 59.4	N/A	N/A	83	Siemens Healthineers AG	N/A	N/A	32.0
72	73	34	Beiersdorf Aktiengesellschaft	33.5	⇒ 33.1	↑ 57.8	76	77	84	Evotec SE	31.6	⇒ 32.9	⇒ 31.6
32	32	35	TAG Immobilien AG	41.5	↑ 48.7	↑ 57.5	N/A	83	85	Xing SE	N/A	31.5	⇒ 31.5
25	27	36	Daimler AG	51.0	↑ 54.9	⇒ 56.3	85	68	86	Talanx AG	29.3	↑ 34.1	⇒ 31.3
28	19	37	ProSiebenSat.1 Media SE	48.2	↑ 61.3	↓ 56.2	83	74	88	CompuGroup Med. Societas Europaea	30.4	⇒ 33.1	⇒ 31.3
27	28	38	Volkswagen AG	50.3	⇒ 52.4	⇒ 54.6	74	85	88	Rheinmetall AG	32.3	⇒ 31.2	⇒ 31.3
23	26	39	Deutsche Post AG	55.2	⇒ 54.9	⇒ 54.3	69	75	88	CTS Eventim AG & Co. KGaA	34.2	⇒ 33.0	⇒ 31.3
29	40	40	Bilfinger SE	46.3	↓ 40.7	↑ 53.0	47	87	90	Krones AG	37.2	↓ 30.2	⇒ 30.6
22	23	41	Bayer Aktiengesellschaft	55.7	⇒ 57.2	↓ 50.8	N/A	98	91	Delivery Hero SE	N/A	0.0	↑ 29.8
53	54	42	Covestro AG	36.4	⇒ 38.3	↑ 50.7	N/A	89	92	Cancom SE	N/A	29.9	⇒ 29.3
94	95	43	Ströer SE & Co. KGaA	17.0	⇒ 18.4	↑ 43.2	87	91	93	LEG Immobilien AG	28.2	⇒ 28.6	⇒ 28.0
11	33	44	MorphoSys AG	69.1	↓ 48.4	↓ 43.0	N/A	N/A	94	Nordex SE	N/A	N/A	26.4
54	44	45	OSRAM Licht AG	36.3	↑ 39.8	↑ 42.9	N/A	N/A	95	Encavis AG	N/A	N/A	21.6
86	64	46	Hannover Rück SE	28.7	↑ 34.8	⇒ 42.6	98	97	96	Deutsche Wohnen SE	0.0	↑ 8.3	↑ 21.3
49	35	47	Metro AG	37.0	↑ 46.9	↓ 41.0	98	98	97	Nemetschek SE	0.0	⇒ 0.0	⇒ 0.0
42	39	48	Deutsche Pfandbriefbank AG	38.1	⇒ 40.8	⇒ 40.6	N/A	96	97	TLG Immobilien AG	N/A	13.3	↓ 0.0
73	67	49	Wüstenrot & Württembergische AG	33.1	⇒ 34.2	↑ 39.9	N/A	N/A	97	Hypoport AG	N/A	N/A	0.0
66	53	50	RHÖN-KLINIKUM Aktiengesellschaft	34.5	↑ 38.6	⇒ 39.5	98	98	97	United Internet AG	0.0	⇒ 0.0	⇒ 0.0

Companies new in GDI 2019/not in 2018 index
 Improvement > 3 points
 Change < ±3 points
 Decrease > 3 points
 Change < ±1 points

Source: BCG Gender Diversity Index 2017, 2018, and 2019

2.3.I Looking at Management Boards: Women Exhibit Staying Power

The female members of the management boards at the 100 biggest German companies listed on the stock market are remaining in office longer and longer: Well over a third (39 percent) kept their position for four years and longer. In 2017, that figure was just 15 percent. This development is logical, since female top executives have only started being appointed more frequently to board positions in the last few years. But it's far from a matter of course. After all, it is often said that women were replaced faster; for instance, because—allegedly—they couldn't handle the pressure of top positions or they didn't meet the requirements.

That is a myth, and this index proves it. Women on management boards are not ousted more quickly than their male counterparts. On the contrary, the turnover rate on boards of management is lower among women than among men. Between the beginning of 2017 and September 2019, an average of 13 percent of male top executives left their positions every year—after an average term of seven years. For women on the board of management, the percentage of leavers is seven percent. That proves that women in top management have staying power and assertiveness, even if public discourse suggests otherwise from time to time.

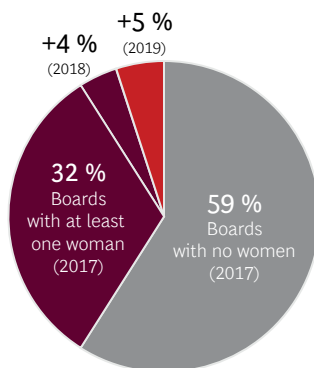
But what's the use of just a few having endurance if gender diversity isn't more widespread? Of the 100 largest listed companies in Germany, 59 still allow themselves to have an all-male board of management. The proportion of women in senior management at the top 100 companies comes to an average of nine percent—after a bit more than seven percent the year before.

EXHIBIT 5 | 59 of the 100 biggest corporations still have an all-male management board

In More Than Half of the Companies, Board Positions Are Still Filled Only by Men—and There Are Only Two Female CEOs in the Ranking

Proportion of women on management boards

6.3 % (2017) 7.4 % (2018) 8.9 % (2019)



In the 100 largest companies, there are only two female CEOs¹

2017 and 2018 just one each



1. Angela Titzrath—Hamburger Hafen und Logistik AG and Antje Leminsky—Grenke AG

Note: Based on the ranked companies as of September 1, 2019

Source: BCG Gender Diversity Index 2017, 2018, and 2019

Ceconomy and Pfeiffer Vacuum Technology⁴ are the only two companies as of this writing that have achieved gender parity on the management board. At Ceconomy, the operating company of the electronics stores MediaMarkt and Saturn, the board of management was recently reduced from three to two positions. With Bernhard Düttmann as CEO and Karin Sonnenmoser as CFO, the highest leadership body is now gender equal.

Women on the board of management are paid less

In terms of compensation, there is room for improvement, too. Female management board members earn only 77 percent of what their male counterparts do, on average ($p < 0.01$). Thus, at 23 percent, the gender pay gap on German management boards is even higher than the nationwide average of 21 percent across all occupations and hierarchical levels.⁵

That gap—or better: that chasm—stems from women rarely occupying the best-paid positions of CEO or CFO. Angela Titzrath, CEO of Hamburger Hafen und Logistik AG (HHLA), and Antje Leminsky of Grenke are the only two female CEOs at the 100 companies included in the index.⁶ Among CFOs, there are ten women as of this writing at least.

Interestingly enough, there isn't a clear trend in the development of the gender pay gap on boards of management. The gap was 30 percent in 2017, 21 percent in 2018, and 23 percent in 2019. Last year's deterioration can be attributed to the decrease in multiyear variable compensation for women on the board.⁷

There is at least some good news in regard to pay: Women in business- and support-related management board positions earn better than their male counterparts on average ($p < 0.01$). In the business-related functions—including revenue-relevant departments like production or sales—female members of the board receive eight percent more salary than men. In the so-called support-related positions, the supporting functions like HR or compliance, women's compensation is six percent higher ($p < 0.01$).

The best-paid female C-level executive at the 100 biggest publicly traded companies in Germany is Helga Jung, chief human resources officer at Allianz, beating out all of the insurance company's other management board members (with the exception of the CEO). There are three other comparable cases: Milagros Carreiro-Andree, head of human resources at BMW, receives the highest salary among both men and women on the board. At the pharmaceutical group Merck, Belén Garijo, head of health care, is the best-earning board member, as is TAG Immobilien's Claudia Hoyer as director of operations.

4. As of September 1, 2019, Pfeiffer Vacuum Technology had two of four management board posts vacant. In the meantime, the board went down to three positions and the vacant spot was filled by a man.

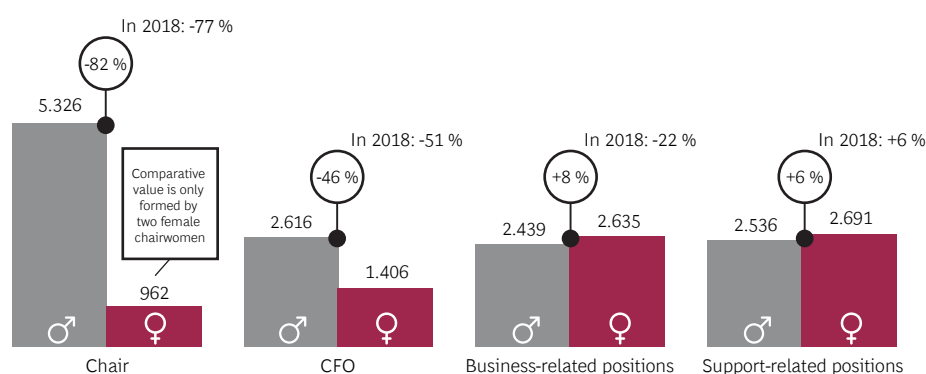
5. Source: www.destatis.de, German Federal Statistical Office.

6. SAP CEO Jennifer Morgan was appointed after our report deadline.

7. If, for example, new members of the board are appointed, they don't normally profit from the multiyear variable compensation defined in the past; they have to wait until the next review period.

EXHIBIT 6 | In business- and support-related director positions, women earn more than their male colleagues. CEO and CFO compensation shows room for improvement, though

Average compensation for management board members by position in BCG Gender Diversity Index 2019 (in €m)



Note: Analysis based on all companies that report the compensation of female management board members (companies n = 39); of which the number of chairwomen n = 2, CFO n = 10, business-related positions n = 17, and support-related positions n = 18. Analysis of compensation components excluding outliers (i.e., people with an above average income that exceeds three times the standard deviation)

Source: BCG Gender Diversity Index 2018 and 2019

2.3.2 Looking at Supervisory Boards: Obligation Met, but That Extra Mile Is Looking Long

Among the supervisors, too, there's really only cosmetic improvement. Not quite a third (32 percent) of all supervisory board members at Germany's 100 biggest publicly traded firms are women. That's a minimal increase compared to the prior year: In 2018 there were 31 percent, and 29 percent the year before that. This means, on average, the companies meet the mandatory quota of 30 percent female representation on supervisory boards the German government has put in place. Beyond that, however, the commitment seems to be weak. In other words, the companies have fulfilled the legal requirement, but are having a hard time going the extra mile.

At least, there are only few companies left that completely forgo women's expertise in their top governance body; 96 of the 100 firms in the index have at least one woman on the supervisory board. That means only four percent of the companies have an all-male supervisory board—after five percent in 2018 and 2017. If the trend continues as slowly as it has (with a linear growth of 1.6 percentage points per year), the 100 largest German corporations will reach gender parity on the supervisory board in 2030. To put this in perspective: Even other mammoth projects that are famously slow to progress would long be finished by then; for instance, it would be eight years after the scheduled end of nuclear energy in Germany.

There are currently not more than a handful of companies that have achieved gender parity on their supervisory boards. They are seed manufacturer KWS Saat, the technology group SAP, and financial services company Wirecard. The reinsurer Hannover Rück is the only company who has even exceeded the 50 percent target; five of nine members of its supervisory board are women.

For any firm that says there aren't enough women waiting in the wings to fill supervisory board positions, the BCG Gender Diversity Index has good news: That is a myth. If there were in fact too few suitable female experts, the number of female supervisory board members with multiple mandates would have to be much higher—assuming the companies want to strike a gender balance. In fact, the proportion of women who are active in the controlling bodies of multiple corporations is just six percent—identical to that of men with multiple mandates. Therefore, 94 percent of women on supervisory boards in Germany have only one mandate at the companies in the index.

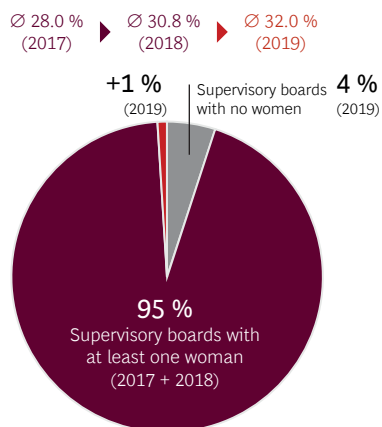
Just like for the members of the management board, the following is also true for supervisory board members: Women have a better chance of attaining a board seat when that governance body is large. The top ten of the diversity index exhibit an average supervisory board strength of 15.8 seats; at the last ten on the list, the top governance body comprises only 5.4 seats.

In regard to the compensation of women on supervisory board, the 100 biggest companies are running in place, too. Female supervisory board members receive just 83 percent of what their male colleagues earn ($p < 0.01$)—that hasn't changed from the year before. Two causes are responsible for this gender pay gap: Women are less frequently represented in committees that are paid according to attendance, and they rarely take over the well-paid top position on the board.

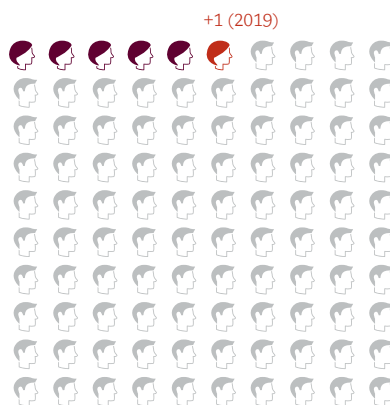
As of our research cutoff on September 1, 2019, there are six female heads of the supervisory board: Marija Korsch at Aareal Bank, Simone Bagel-Trah at consumer goods manufacturer Henkel, Ayla Busch at Pfeiffer Vacuum Technology, Martina Merz at steel producer and processor thyssenkrupp, Laura Abasolo García de Baquedano at the telecommunications company Telefónica, and Cristina Stenbeck, chief controller at the online shop Zalando.

EXHIBIT 7 | Women are represented on almost all supervisory boards, but they rarely lead them

Proportion of women on supervisory boards



In the 100 biggest companies there are only six women heading the supervisory board¹



1. Marija Korsch—Aareal Bank AG, Dr. Simone Bagel-Trah—Henkel AG & Co. KGaA, Ayla Busch—Pfeiffer Vacuum Technology AG, Martina Merz—Thyssenkrupp AG, Laura Abasolo García de Baquedano—Telefónica Deutschland Holding AG, Cristina Stenbeck—Zalando SE

Note: Based on the ranked companies as of September 1, 2019.

Source: BCG Gender Diversity Index 2017, 2018, and 2019

3 Diversity in Top Management Pays Off for Companies

The mediocre progress in terms of gender parity at the top of the 100 largest listed corporations in Germany is enough to make experts wonder. After all, diversity in top management is more than just a positive signal externally, it also affects the retention and development of men and women in the company.

The BCG survey mentioned at the beginning shows the following with the help of correlation analysis: Ambitious women in Germany consider diversity in top management as a significant indicator of their own prospects. If they see the C-level as diverse, 83 percent of them aim to climb the ladder in the same company instead of looking to make it to the top elsewhere ($p < 0.01$). That doesn't just refute an often-heard excuse, it turns it on its head. Instead of, "We don't have women in top management because we lack the candidates," the correct statement would be, "There is a lack of ambitious women because the company has no women at the top." Women in top leadership positions can also have a pull effect on junior female employees and thus greatly contribute to employee retention and development.

That argument can be developed further. If top management is perceived as diverse, it serves as a role model for the entire firm on multiple fronts:

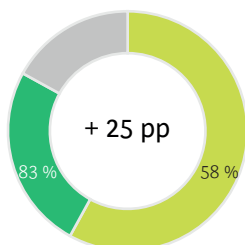
- Diversity in top management lets employees know that diversity and inclusion are high on the corporate agenda. As a matter of fact, as evidenced by BCG's survey in Germany, the probability that companies commit to diversity throughout the organization increases by 37 percentage points to 82 percent if senior management is perceived as diverse. For companies without diverse top management, that figure is just 45 percent ($p < 0.01$).
- Employers that stand up for gender diversity promote and demand more diversity in terms of sexual orientation or ethnic background, too. BCG's global data shows that companies with programs for gender diversity are also 67 percentage points more likely to have an LGBTQ+ program (85 percent probability vs. 18 percent, $p < 0.01$) and 59 percentage points more likely to have a program for various ethnic groups (89 percent probability vs. 39 percent, $p < 0.01$) than companies without any systematic support for women's advancement. These results are supported by scientific research that has indicated a positive correlation between promoting women in top management and launching LGBTQ+-friendly guidelines in American firms.⁸
- In organizations with a diverse top management employees with different backgrounds feel that their voice is heard and feel encouraged to be authentic in their everyday work. (This probability is 24 percentage points higher for all employees than at companies without a diverse top management, $p < 0.01$.) Moreover, employees of either sex feel included if they themselves are a role model—such as a mentor or sponsor—or have one around them.

8. Cook, A., & Glass, C. (2016). "Do Women Advance Equity? The Effect of Gender Leadership Composition on LGBT-Friendly Policies in American Firms"

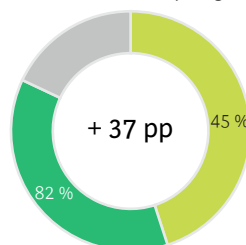
EXHIBIT 8 | Diverse top management has lighthouse effect for the company

If Top Management is Perceived as Diverse, Then ...

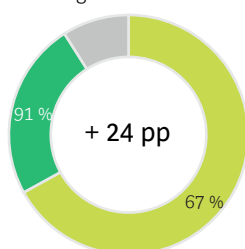
... 83 percent of ambitious women want to climb the ladder in their company



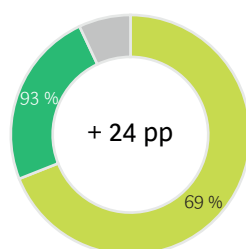
... 82 percent of the companies are committed to diversity in general



... 91 percent of employees feel encouraged to be authentic



... 93 percent of employees indicate that their voice is heard



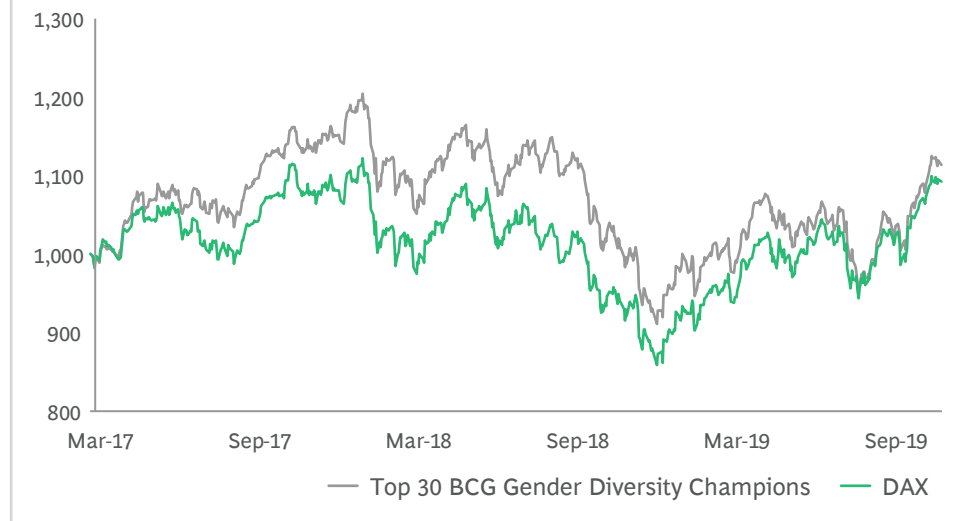
■ Top management diverse ■ Top management not diverse

Beyond corporate culture, diversity in top management has other positive impacts that can be put to numbers. BCG and Deutsche Börse Group simulated the development of a portfolio of 30 DAX-, MDAX- and SDAX- companies with the highest score for Gender Diversity (GD). Such a portfolio, which is characterized by a balanced weighting of smaller- and of medium-sized companies in accordance with their GD value, has outperformed the DAX with 11.3 percent since 2017 compared to 9.2 percent. In addition, the volatility of 22.2 percent was a little lower than that of the DAX at 22.7 percent. These first positive results are therefore suitable for an extension of the analysis with the BCG Gender Diversity Champions to further years.

This positive correlation is supported by a meta-analysis from 2016⁹ that also identified a positive, albeit low correlation between the proportion of women in leadership positions and market capitalization.

9. Hoobler, J. M., Masterson, C. R., Nkomo, S. M., & Michel, E. J. (2016). "The Business Case for Women Leaders: Meta-Analysis, Research Critique, and Path Forward."

EXHIBIT 9 | Development on the stock market: diversity champions outperform the DAX



Gender lens investing gaining in significance

Other countries have already recognized the benefits of having women in leadership positions—interest in so-called gender lens investing (GLI) is on the rise. It entails investment vehicles focused on gender equality. They target either companies with an above-average proportion of women in top management or in the workforce, or companies offering products and services that promote gender equality.

Originally a niche offering on the US market, GLI products have increasingly gained in presence in recent years. They spread from the USA and Canada to Europe. According to a study done by Veris Wealth Partners, the GLI products' AUM (assets under management) grew from \$100 million in 2014 to \$2.4 billion in 2018. At the same time, the number of available products more than quadrupled from eight to 35.¹⁰ The recent momentum indicates that this is only the beginning: Since mid-2018, at least two dozen new gender lens investing products have been launched; and the range of these products has widened considerably—they are available in every asset class now.

Established investors like BlackRock or State Street Global Advisors, the world's third-largest asset manager, have already announced they were going to use their voting power to get more women appointed to supervisory boards and block all-male leadership bodies¹¹.

10. Source: Veris Wealth Partners: Gender Lens Investing: Bending the Arc of Finance for Women and Girls (2018).

11. Source: BlackRock voting guidelines American securities, 2019.

At the World Economic Forum in Davos in January 2020, Goldman Sachs officially advocated gender lens investing, too. One of the reasons for this might be that in the US IPOs of companies with a woman in top management have been significantly more successful in the last four years than IPOs of businesses with an all-male management. Accordingly, Goldman Sachs has a new motto for initial public offerings: “Boards packed with bros don’t get IPOs”—Goldman Sachs won’t launch a company on the stock market if there’s not a single diverse top executive there, with a special focus on women. This policy comes into effect for both the US and Europe on July 1, 2020. From 2021, two diverse members of top management will be required.

In Germany, gender lens investing is practically unknown

In view of this development, it seems surprising that in Germany the possibility of investing in stocks with a focus on the gender-lens aspect is largely unknown. So far, there is not a single investment vehicle focusing on Germany (as of January 2020). Initial feedback from discussions with German pension funds, investment banks, and asset managers shows that investors are currently focusing on diversity in all dimensions and not specifically on gender in management positions.

Based on correlation analysis, BCG can show, however, that diverse top management and the promotion of women in the workforce can foster a more inclusive corporate culture throughout the company—benefitting, for instance, LGBTQ+ and ethnic groups, too. Women on the management and supervisory boards seem to be an indicator of diversity in all dimensions of a company, then.

It remains to be seen, however, whether the popularity of GLI products will also gain traction in Germany, like it has already been the case for ESG investments, i.e. investments focusing on environmental, social, and governance aspects.¹² The investor interest in companies with a diverse management could put additional pressure on corporations to increase the diversity of their workforce and thus accelerate the progress of diversity in general. The commitment of institutional investors such as BlackRock and Goldman Sachs can be seen as early signs of rising pressure from capital markets in the future.

For all the reasons given above, true diversity still seems to be a long way off, though.

12. For many institutional investors, putting money to work is not only about profit any longer but also about the social and ecological consequences of an investment.

4 Summary: The Time for Excuses Has Passed

The proportion of women in top positions at the 100 largest publicly traded German companies increased by one percentage point over the last year. That result is anything but satisfactory, especially since it translates to just one-fifth of all positions on management and supervisory boards being filled by women. That's miles away from gender parity.

In terms of pay, the situation is similarly deplorable—here, too, progress is stagnant: In 2019, female management and supervisory board members earned one-fifth of what their male counterparts made. This even represents a decrease of one percentage point compared to the previous year.

How is that possible in such a highly industrialized nation like Germany?

Back in 2018, BCG showed in its report entitled *How Diverse Leadership Teams Boost Innovation* that mixed-gender leadership teams produce more innovation and better results. The analysis conducted in cooperation with Deutsche Börse Group revealed another benefit: Even on the capital market, firms with diverse leadership seem to be more successful.

If more diversity leads to more business and more value, the transformation should be a no-brainer, shouldn't it?

One reason for the sluggish development seems to be the different approach of ambitious women and male decision-makers to gender diversity and promoting women in the workforce.

This report has cleared up a slew of misunderstandings and prejudices in that regard. Companies can use this; now they know where to start to achieve gender parity faster. They should launch initiatives and measures that uncover differences in perception and foster a better understanding of each other.

Abroad, companies have long recognized the benefits of gender diversity. German companies need to see that they are about to be left behind. It's time for Germany's economy to wake up.

In addition, many excuses that are still popular don't reflect the reality, as this report shows. Women don't leave board positions faster than men; the turnover rate among them is actually lower. There is also no lack of female candidates for supervisory boards. If that were the case, the number of women with multiple supervisory board mandates would be much higher. And finally, companies can fill their pipeline with women, provided their top management is perceived as diverse.

The time for excuses is over. At the current level, even small initiatives can have great impact. Companies that act now stand to gain a lot.

5 Methodology

5.1 SURVEY

Database

The main focus of the survey was to determine the status quo in terms of diversity and inclusion at companies and to figure out what needs to be done to make more progress in the future. Data was collected from 16,400 participants from 14 countries, published in January 2019 as part of the BCG-survey “Fixing the Flawed Approach to Diversity”. Respondents were full-time and part-time employees from companies with less than 500 to over 100,000 employees.¹³ Of those respondents, 8,600 were female, 3,200 ethnically diverse, and 1,700 LGBTQ+ participants (including nonbinary genders). The survey was conducted in the following countries: Australia, Brazil, China, Denmark, Finland, France, Germany, India, Italy, Japan, Norway, Spain, the UK, and the US. The survey covered various industries¹⁴ and every hierarchy level¹⁵ and age group¹⁶.

Statistical Analyses

In order to test whether a diverse top leadership body has a lighthouse effect on the rest of the company, correlation analyses were carried out. On top of that, the different viewpoints of three other target groups were analyzed: 1) Ambitious women in Germany (n = 131) who are actively striving for a higher leadership position in the next three years (either at their current or a different company); 2) male decision-makers: men in the company with a position no farther than two levels below the CEO, older than age 35 and heterosexual (n = 85); and 3) non-ambitious women in Germany (n = 170) who are not actively striving for a higher leadership position in the next three years (neither in their current nor a different company). The statistical significance was tested and is indicated in each section. The participants were asked to assess the relative effectiveness of 31 initiatives on the topic of gender diversity. In addition, the respondents were asked which of the initiatives for gender diversity were currently lacking at their company.

If not indicated otherwise, the analyses refer to the entire data set. Due to the mostly ordinal data structure and the given monotonicity, especially Spearman's rank correlation coefficient was used for the statistical analysis; the Pearson product-moment correlation coefficient was also used. The sample size for these analyses varies between n = 724 for the focus on Germany and 16,400 for looking at all the countries. The main focus of the analyses is Germany; only the analyses of LGBTQ+ and ethnic programs were carried out internationally.

13. By the survey deadline, 99 percent of companies had over 500 employees.

14. Automotive, chemical, consumer goods, energy and mining, financial services, health care, industrial goods, media, metal industry, services, technology, transportation, and others.

15. Asking for the number of hierarchy levels between employees and CEO of the respective company, with over six hierarchy levels as the highest possible selection.

16. The categories from “under 18” to “over 65” were surveyed. 98 percent of respondents were between 18 and 65 years of age at the time of the survey.

5.2 INDEX

a) Overview of methodology

In order to ascertain the status quo of gender diversity in German top management, BCG and the Technical University of Munich designed an index for Germany's 100 biggest public companies by market capitalization. That index indicates which corporations are particularly good in terms of gender diversity and how sizable the differences between the companies are¹⁷. We also interpret the development that has taken place since 2017 when the figures were first compiled.

The index is based on an analysis of two equally weighted main components: the proportion of women on boards and their pay; these two factors were assessed for the two subcomponents: management board and supervisory board. The proportion part is based on data from BoardEx in combination with information on current board appointments on company websites, as at the report deadline of September 1, 2019. The pay data was taken from the most recent annual reports available on a person-by-person basis on the above date:

- Analysis of the **proportion of women** on supervisory and management boards on the aforementioned date:

The target is 50 percent; therefore, a proportion of 50 percent of women equals 100 points.

- Analysis of the **compensation ratio** based on the average compensation of men and women on the management and supervisory boards of the respective companies (actual inflow into the corporation according to the German Corporate Governance Code¹⁸):

The objective is equal compensation for men and women; a proportion of 100 percent of compensation therefore equals 100 points.

The four subcomponents count equally (25 percent each) toward the total score.

Criteria for inclusion in the index:

- Stock exchange listing in the German Prime Standard (DAX, MDAX, SDAX)
- Company headquarters in Germany
- Classification as "public company" according to Capital IQ
- Name, date of start and exit, as well as individual compensation data are publicly and separately available for every member of the management and supervisory boards (e.g. from annual reports and the BoardEx database).

17. The index focuses on gender diversity as part of the wider definition of diversity, which also includes other criteria such as country of origin, career track, industry, age, and academic background.

18. German Corporate Governance Code.

- Listing among the 100 largest companies by market capitalization as of September 1, 2019 (source: Capital IQ)

b) Composition of the index

Companies were evaluated in terms of their gender diversity along the following dimensions:

- Proportion of women (quantity) on the supervisory board (1.1) and on the management board (1.2)
- Distribution of the average compensation among both genders (quality) on the supervisory board (2.1) and on the management board (2.2)

Quantitative component: Since the corporations assessed and their boards are different sizes, the proportions of the smaller group were put into relation to each other and not the absolute values.¹⁹

Qualitative component: Because every company pays each position on the management and supervisory boards differently, the average payments across all compensation components of each gender were put in relation to each other in order to be able to compare them among all the companies.

Compensation comprises the following:

- Management board: Fixed salary, fringe benefits, one-year variable compensation, multiyear variable compensation, benefit expenses, and special payments
- Supervisory board: Fixed salary, committee remuneration, and variable compensation

Not all companies pay every one of the aforementioned components to management and supervisory board members. For that reason, only the compensation components contained in the corporate annual reports were included in the analyses.

c) Weighting the components

All of the components in the index are weighted equally, i.e. all components are equally included, at 25 percent, in the overall outcome.

- Proportion of women (quantitative components 1.1 and 1.2)
 - Proportion of women on the supervisory board with 25 percent
 - Proportion of women on the management board with 25 percent

¹⁹. Assumption: full-time position for members of the management board.

- Ratio of the average compensation of each gender (qualitative components 2.1 and 2.2):
 - Distribution of compensation on the supervisory board with 25 percent
 - Distribution of compensation on the management board with 25 percent

The weighting of the index was selected for the following reasons:

There is no scientific proof of the relative significance of the management board compared to the supervisory board in terms of diversity. In light of that, BCG decided on equal weighting of the management board and the supervisory board in the BCG Diversity Index—as was the case in 2017 and 2018.

In the report from 2017, BCG carried out sensitivity analyses in regard to alternative weight variants, in other words, the original weighting of half and half was compared to other possible weights (with more weight on the management board). Ultimately, the sensitivity analyses had little effect on the index of the companies. That was assumed to mean that the methodology and thus the index are sound.

d) Calculation of the quantitative and qualitative components

Points per component and overall

In total, 100 points can be achieved in the index. These 100 points result from four equal parts (25 percent each) of the components, in each of which a maximum of 25 points is possible (100 points × 25 percent weight).

- From two **quantitative components**:
 - Proportion of women on the supervisory board (1.1)
 - Proportion of women on the management board (1.2)
- From two **qualitative components**:
 - Ratio of compensation of the gender earning less to that of the gender earning more, on the supervisory board (2.1)
 - Ratio of compensation of the gender earning less to that of the gender earning more, on the management board (2.2)

Awarding points and calculating the quantitative components

- Both quantitative components were designed so as to consider women and men the same way, since receiving the full amount of points possible can only be achieved if there are exactly the same number of women as men on the respective board.

- So, the smaller group of one gender is divided by the larger group of the other gender.
- Meaning, companies receive the full amount of points with a gender ratio of 50:50.
- The points are calculated by multiplying the percentage by two, with 100 being the maximum points possible.
- Each score is then multiplied by 0.25 when added to the total score.

Awarding points and calculating the qualitative components

- Both qualitative components were designed so as to consider women and men the same way, since receiving the full amount of points possible can only be achieved if women and men are paid exactly the same.
- So, the smaller average compensation of one gender is divided by the larger average compensation of the other gender.
- The proportion of compensation as a percentage 1:1 can be translated to points, so that the maximum number of points is 100.
- Each score is then multiplied by 0.25 when added to the total score.

e) Compensation projections

If a member of the supervisory or management board was not in the position for the whole fiscal year, his or her salary was annualized, i.e. projected to a full year. Committee members who had the position less than three months were excluded from the analysis. For members of the management board who weren't in their positions the entire year, all compensation components except for the following components were projected to a full year: multiyear variable compensation, severance payments, compensation for lost work packages with the previous employer. For the supervisory board, all compensation components were extrapolated.

f) Basis for calculation for additional analyses based on the BCG Gender Diversity Index 2019

Averages across all companies were calculated on a company-by-company basis, that means the individual averages of each firm were calculated first, and then the average across all companies was determined.

It's important to differentiate between calculations based on the averages of all companies and those based solely on the averages of companies with women on the respective governance body. Unless noted otherwise in the text, the proportions of women on management and supervisory boards were calculated for all 100 companies together, while compensation ratios were only calculated for companies that report the compensation of female members of management and supervisory boards.

Please note the following: 41 companies report women on management boards, but only 39 of them indicate their compensation. The discrepancy comes from the fact that in two companies a woman joined the management board after the date of the annual report but before the research date for this report (September 1, 2019). Therefore, these women were included in the proportion of women but not in the compensation component, since no information on their pay was available.

For calculating the total score of each firm, the salaries of each person—as found in the company's annual report—were included in the compensation component. In analyzing the compensation component for all companies, outliers (i.e. people with an above average income that exceeds three times the standard deviation) were excluded.

g) Note about the statistics

T-tests were used to examine whether the compensation of men and women on management and supervisory boards differ in a statistically significant way. Existing statistical significance of the pay gap between men and women is shown in the text at the appropriate place in each case. The test results presented in the results section of this study are statistically significant with a probability of error between $p < 0.01$ und $p < 0.1$.

h) Sources

The BCG Gender Diversity Index 2019 is based on data taken from the following sources: the most recent annual reports as at our reporting date of September 1, 2019 (for the majority of companies, that means the fiscal year from January 1, 2018–December 31, 2018), company websites, press releases, BoardEx, and Capital IQ. Additional sources are indicated in the text, exhibits, or footnotes.

If you have any questions about the methodology used, please contact the authors of this report.

5.3 DEUTSCHE BÖRSE GROUP ANALYSIS

Based on the data of the BCG Gender Diversity Index 2019, Deutsche Börse Group developed a preliminary index concept on the topic of diversity for the largest publicly traded companies in Germany.

To that end, BCG provided Deutsche Börse Group with the diversity scores for the 100 companies of each BCG Gender Diversity Index 2017, 2018, and 2019, from DAX, MDAX, and SDAX (for more on the company selection process for the BCG Gender Diversity Index, see the methodological notes in chapter 5). The index concept takes all companies into consideration that were evaluated in the BCG gender diversity report; the criteria correspond to those described in chapter 5.2. In a first step, the top 30 companies were selected based on their overall diversity rating. The second step saw weighting the companies in the index by their overall diversity score—the higher the rating the higher the weight in the index portfolio. The calculations were done for the period between March 2017 and November 2019, since the BCG Gender Diversity Index now encompasses the years 2017–2019.

EXHIBIT 10 | Concept of the Diversity DAX: composition of the index concept of the top 30 companies of the BCG Gender Diversity Index and corresponding weight of companies based on their score in the Gender Diversity Index

	Company	Index	Diversity score	Weighting
1	Aareal Bank AG	MDAX	81	3.97 %
2	Evonik Industries AG	MDAX	75	3.68 %
3	Deutsche Telekom AG	DAX	73	3.58 %
4	Henkel AG & Co. KGaA	DAX	72	3.55 %
5	SAP SE	DAX	72	3.52 %
6	Deutsche Lufthansa AG	DAX	71	3.51 %
7	MERCK KGaA	DAX	71	3.48 %
8	Grenke AG	MDAX	71	3.47 %
9	DWS Group GmbH & Co. KGaA	SDAX	70	3.46 %
10	Münchener Rück AG	DAX	70	3.46 %
11	KION GROUP AG	MDAX	70	3.44 %
12	KWS SAAT SE & Co. KGaA	SDAX	70	3.42 %
13	Allianz SE	DAX	68	3.36 %
14	Fraport AG	MDAX	68	3.34 %
15	Hamburger Hafen und Logistik AG	SDAX	68	3.34 %
16	GEA Group AG	MDAX	68	3.33 %
17	Telefónica Deutschland Holding AG	MDAX	67	3.30 %
18	Fuchs Petrolub SE	MDAX	67	3.29 %
19	BMW AG	DAX	67	3.29 %
20	Ceconomy AG	SDAX	66	3.23 %
21	Siemens AG	DAX	65	3.19 %
22	Schaeffler AG	SDAX	65	3.18 %
23	Wirecard AG	DAX	65	3.17 %
24	Deutsche Börse AG	DAX	64	3.16 %
25	BASF SE	DAX	63	3.09 %
26	Deutsche Bank AG	DAX	63	3.07 %
27	Vonovia SE	DAX	63	3.07 %
28	Fresenius Medical Care AG & Co. KGaA	DAX	62	3.05 %
29	Commerzbank AG	MDAX	62	3.03 %
30	adidas AG	DAX	60	2.94 %
				Σ 100 %

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Contact

If you would like to discuss the study and its results, please contact one of the authors.

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