

# Women in Icelandic Energy

Gender Diversity in the Icelandic Energy Sector  
May 2019





# President's Statement

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In a rapidly growing and ever-changing world, companies must be prepared to respond to change and tackle diverse tasks. This is especially true of energy firms that strive for innovation and progress. Therefore, companies within the energy sector need to be able to respond quickly to technological developments and improved business and institutional operations as well as having a diverse managing team at their disposal.

Since its foundation, Women in Energy has attracted a lot of attention for both its work and projects alike. The views and issues that the association upholds have been well received and sparked meaningful debate. We believe that the numerous individuals who have contributed to the association agree and together we can make a positive impact. We are grateful for the strong cooperative spirit that we have been met with.

## Reports such as this one plays a vital role in providing signals to the energy sector

As a second report has now been published on the status of women in utilities, it is worth looking at how things have developed over the past two years. The previous report included guidelines for decision makers in the sector, as it was quite clear that a major effort was needed toward balancing gender diversity. The energy sector has responded well and we are already seeing results.

I hope this report will encourage energy firms even further in doing their utmost to improve gender representation at all levels. It is positive to see that the ratio contained in the report has increased but we must aim even higher and thus there is considerable work ahead.

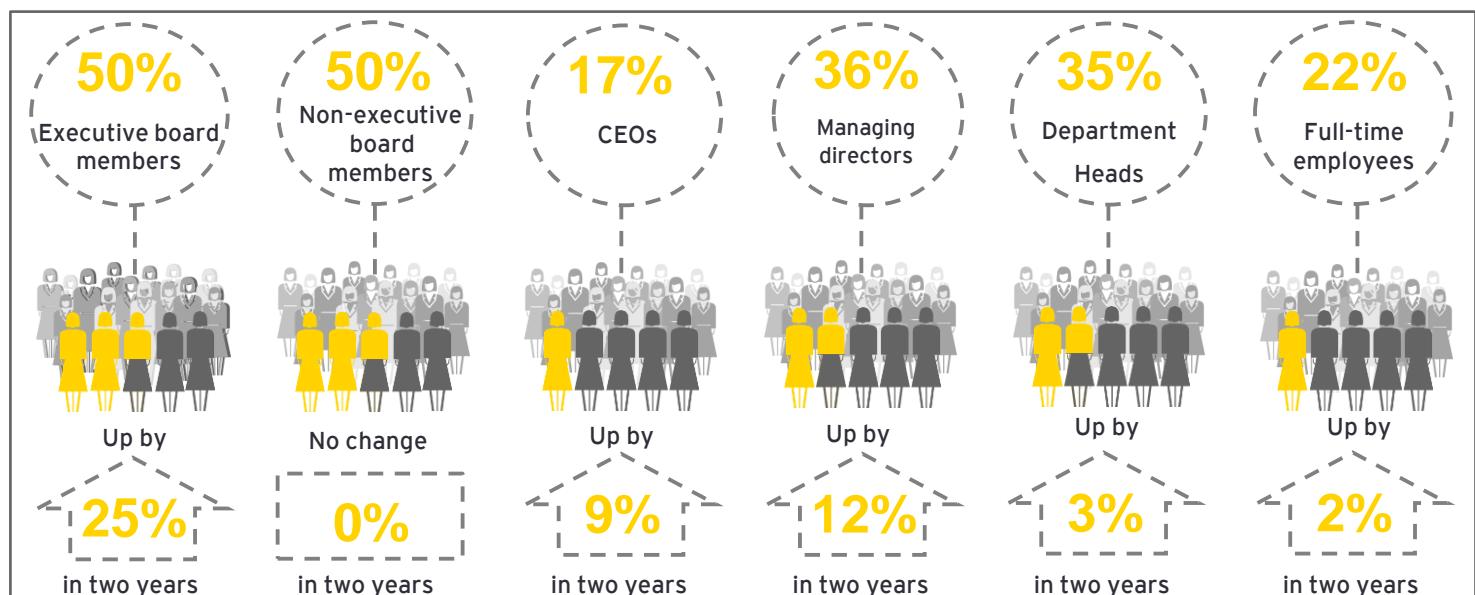
## The benefits of increased diversity are more than increased equality

Numerous studies have demonstrated that increased diversity does not only lead to increased equality but also better decision-making, improved management, greater innovation, and increased financial return for companies.

## We celebrate positive changes ... but there's still a long way to go

The main objective of these reports is to shed light on the position of women in the Icelandic energy sector at any given time, to follow up on the results, and try to have a positive impact on developments from year to year.

We hope that the results will be taken seriously and that as many as possible will contribute to bringing us closer to the common goal. The report shows a very positive development in a short period of time and we can, therefore, expect even more progress in the future. Let's continue on this voyage together until we've reached our destination!



# Contents



## 1 Main Results

The latest figures are in: women represent 50% of board members at the largest energy companies, 17% of CEOs, 36% of managing directors, and 22% of full-time employees.



## 2 Women's Status in Energy Companies

The Reykjavík utility Veitur remains as the top performer, where on average 38% of the decision-making power in Icelandic energy firms lies with women.



## 3 Women's Job Satisfaction Within Icelandic Energy Companies

In 2018, Women in Energy implemented a survey among women within the company. The results are shown in the report.



## 4 Iceland in Comparison

Gender balance among Icelandic energy companies is greater than the global average.



## 5 Increased Equity, Increased Revenue

Numerous international studies have demonstrated the positive impact that gender diversity in company management, as well as executive positions, has had on their performance and profitability.



## 6 Other Companies Related to the Energy Sector

An analysis of Samorka's largest companies showed that women's status in key management positions could be improved.



## 7 Taking Action

Despite progress, there is still a long way to go. Action steps were presented to companies along with questions to submit to the management.



## 8 Conclusion

Everyone benefits if both sexes are equally represented within the energy sector, and therefore, it should be everyone's common goal.

## A Methodology

The methods used in the report are based on EY's international methodology for evaluating the gender balance in decision-making power within companies.

# Main Results



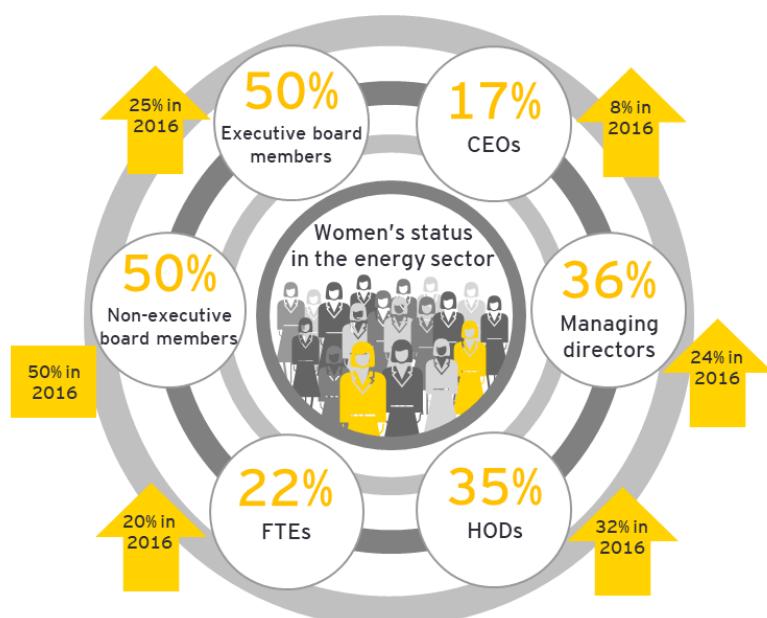
This is the second report published by Women in Energy that addresses the status of women within the Icelandic energy sector. Information was obtained on the main positions involving decision-making and influence within the largest energy companies in Iceland. Many of the report's findings indicate a positive development of the gender balance within the firms, but they also confirm that there is still a long way to go. The results show, for instance, that men and women are equally represented in chair positions at the largest companies as well as board members. The report also demonstrates an increase in the number of female executives and department heads, but slower growth in the number of female CEOs. Furthermore, the survey shows that Iceland is further along in comparison with other countries. These two reports have laid the foundation for monitoring the development of gender balance in decision-making and influence within the energy sector over the next few years.

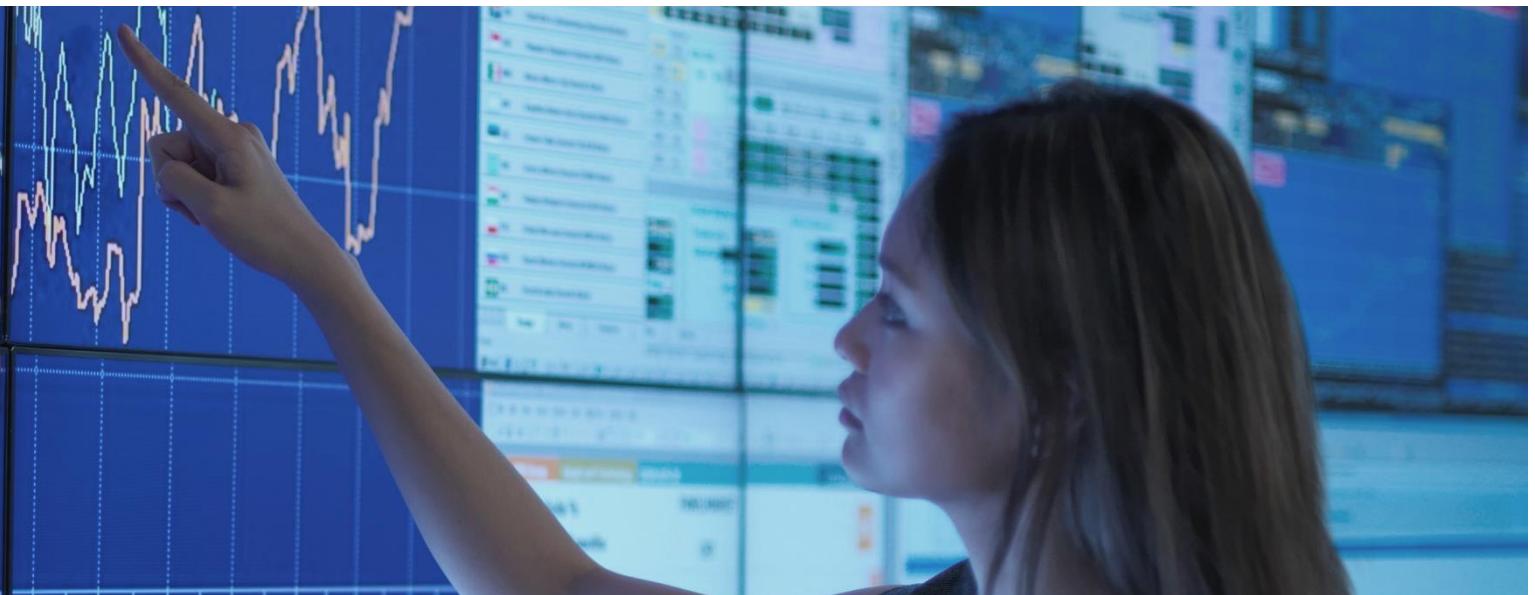
## Equal gender distribution on the boards of the twelve largest energy companies in Iceland

The main findings in the report on women's status within the sample companies can be observed on the figure on the right. It also shows changes that have occurred since the last report was released.

The biggest victory since the publication of the previous report is likely the equal gender division of chairpersons in the twelve largest energy companies in Iceland. It is worth noting that most of the companies are subject to laws that require the gender ratio on their boards to be no less than 40%, but nevertheless the law does not effect chairmanships

Overall, the number of women has been rising in all departments, which is certainly positive. However, the slow growth of equal representation at certain levels within the energy companies is still a concern, and hopefully, this report will be an incentive for companies to do everything in their power to correct the gender ratio in all areas.





**On average, about 38% of the Icelandic energy companies' decision-making power resides with women, compared with 30% in the previous report.**

The study examined the representation of women in chair positions and boards of the twelve largest energy companies in Iceland. The status of women within the sample was analyzed with respect to responsibility and decision-making power, and based on that the companies were given a rating, which reflected the proportion of impact women had within the company.

**The top companies when it comes to women's decision-making:**

# 1

## **Veitur Utilities**

Veitur Utilities has the highest sample score, as in the previous report.

Three of the five board members at Veitur Utilities are women, including the chairman of the board. The director is a woman, and she is also the sole manager of the company. Moreover, the company has six department heads, and four of them are women.

# 2

## **ON Power**

ON Power has moved from the second lowest place to the second top of the sample in two years.

60% of the company's board members are women, including the chairman of the board. The director and the only managing director is a woman and women are 40% of the department heads.

# 3

## **Nordurorka**

Nordurorka ranked 3rd in the sample and is up by three seats since the previous report. The company is also ranked 1st if looking at the sample on a consolidated basis.

At Nordurorka women are 60% of board members, including the chairperson. The director is male, but women constitute 67% of other managing positions. Only one in seven department heads is a woman.

Below you can see the three energy companies that received the highest rating in the analysis. The company that scored highest was Veitur Utilities, followed by ON Power. These top two performers are subsidiaries of Reykjavik Energy. The third best performer in the analysis was Nordurorka.

The average score per sample was 38%, compared to 30% in the previous report. This indicates that 62% of the decision-making power and responsibility of Icelandic energy companies lies with men.

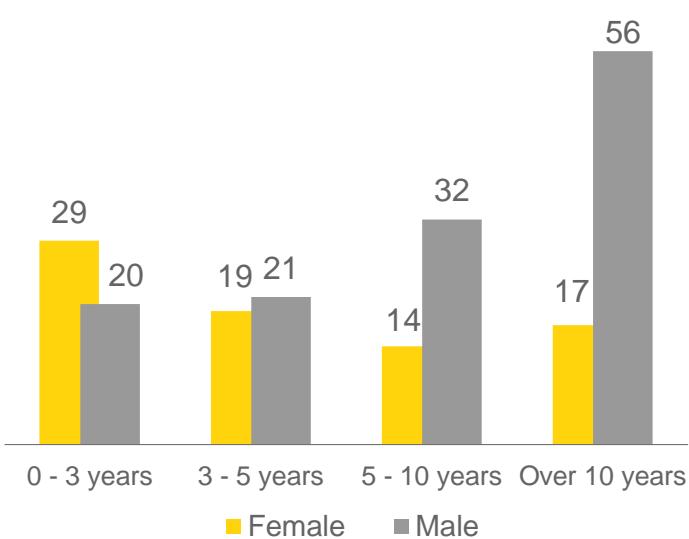
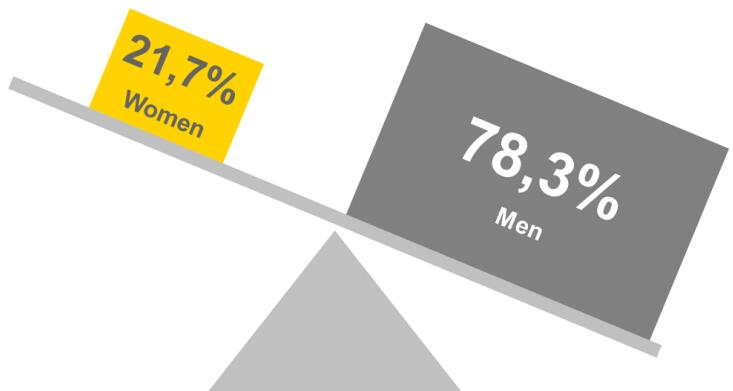
## **78% of executives with three years' experience or less are female.**

Female CEOs are still a minority. In the previous report, only one of the largest energy companies' CEOs was a woman, but now they are two, or 17%. Of managers with three years' experience or less, 78% are women. It shows a growing number of women in executive positions and also signifies a more equal gender ratio in the future.

Similarly, the findings show that the gender ratio of department heads is leveling out. 35% of the sample's department heads are women, which has increased by 3% over two years.

Although the main focus of this report is the status of women in positions of decision-making and influence within energy companies, other jobs in the energy sector are no less important. It is therefore disappointing to see how little progress is being made when looking at women's share of full-time employees (FTEs) at the largest energy companies. In 2016 - 2018, the ratio of women increased by 1.9%, from 19.8% to 21.7%.

## **Gender ratio of FTEs in the twelve largest energy companies in Iceland 2018**

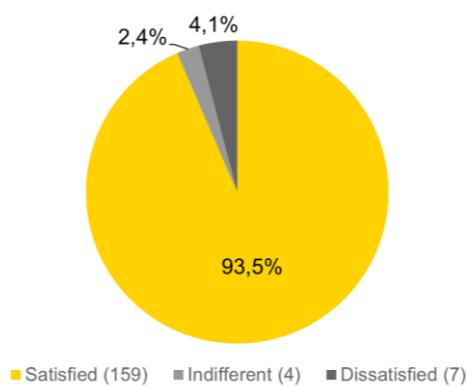


## **Executives of the largest energy companies with regard to seniority**

This graph to the left shows the seniority of the executives of the energy companies by gender. As can be seen, there are more women in the companies' management positions with 0 - 3 years of work experience. As the work experience increases, the proportion of male executives increases.

## **Indication of an improved gender ratio of executives in the future**

These results indicate that the number of women in management positions is increasing and that gender equality among executives is expected to increase in the future.



## **93.5% of women in the Icelandic energy sector are happy at work**

37.6% of women were very content with their job and 54.3% rather satisfied, indicating that 93.5% of women within the Icelandic energy sector are happy with their job. Seven women are slightly or very dissatisfied with their job.

Icelandic energy companies are at the forefront when it comes to the gender balance of executive positions compared with other countries

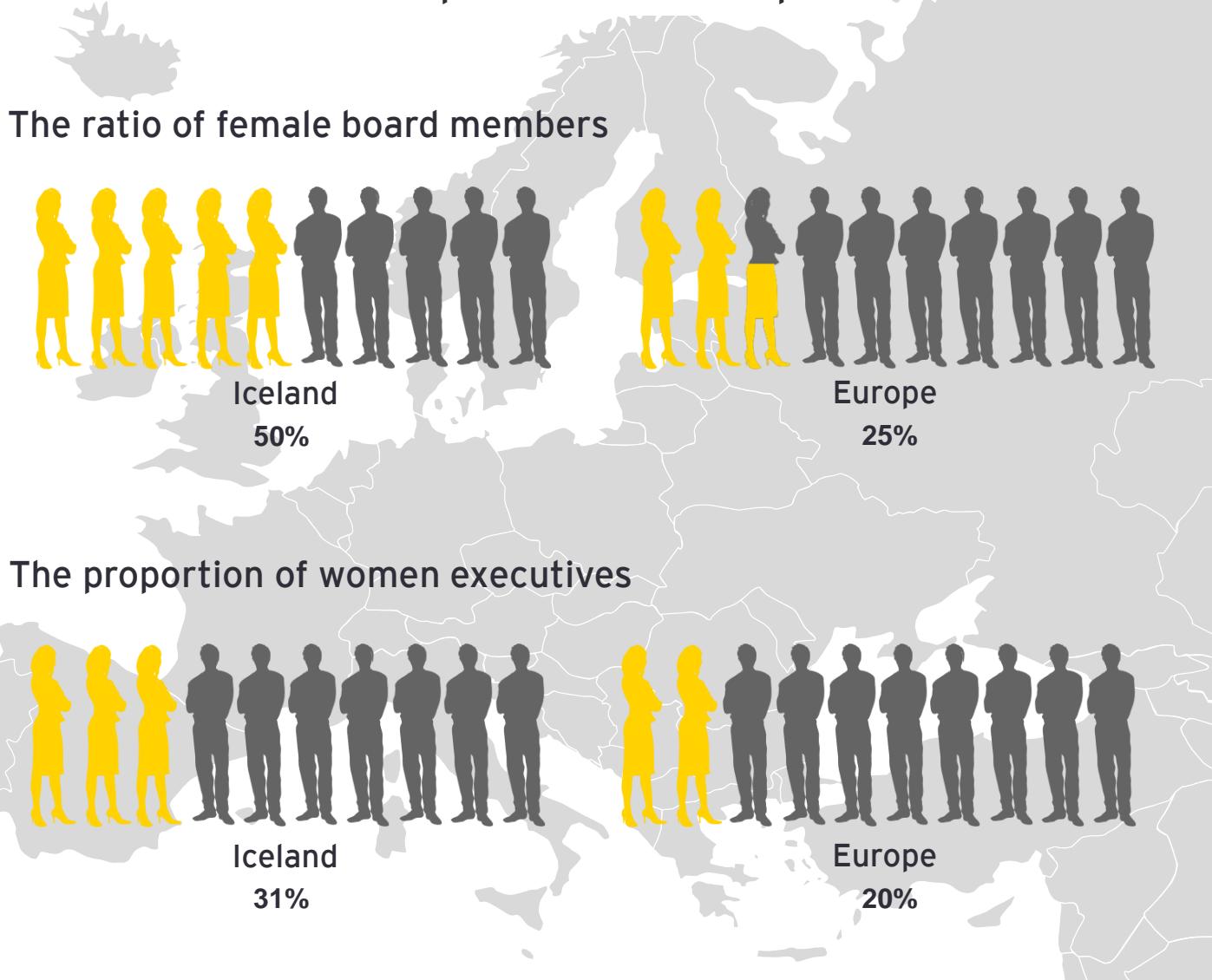
The gender ratio of decision-making power at Icelandic energy companies is significantly more balanced than that in other energy companies in international comparison.

Compared with other continents except for Europe, Icelandic energy companies are leading in terms of the gender balance of board members, managing directors, and department heads. Compared to European energy companies, Iceland has a dominant position when it comes to gender balance among board members and managing directors, but the average number of women leading departments at European energy companies is 2% higher than it is in Iceland.

In 2018, 50% of board members were female, compared to 25% of the 77 largest energy companies in Europe. At the same time, the proportion of female executives is 31% in Iceland and 20% in European companies.

It should be noted that legislation on gender equality on company boards is stricter in Iceland than in many other countries. However, a number of European countries have laws that regulate gender balance within companies. In most cases, the legislation does not go as far as in Iceland. For example, the minimum ratio is either lower, or the laws only involve mandatory reporting requirements.

## Comparison with Europe



# The Position of Women in Icelandic Energy Companies

The main findings of the survey are based on the country's 12 largest energy companies, which are all members of Samorka, the Federation of Icelandic Utilities.

This report focuses on the status of women within Icelandic energy companies, and therefore the statistical sample was defined as every energy producer and distributor in Iceland. The sample was comprised of Samorka's 12 largest companies which can be seen in Table 1 below. The sample is the same as from the previous report. A discussion on other companies in Iceland's energy sector can be found on p. 26.

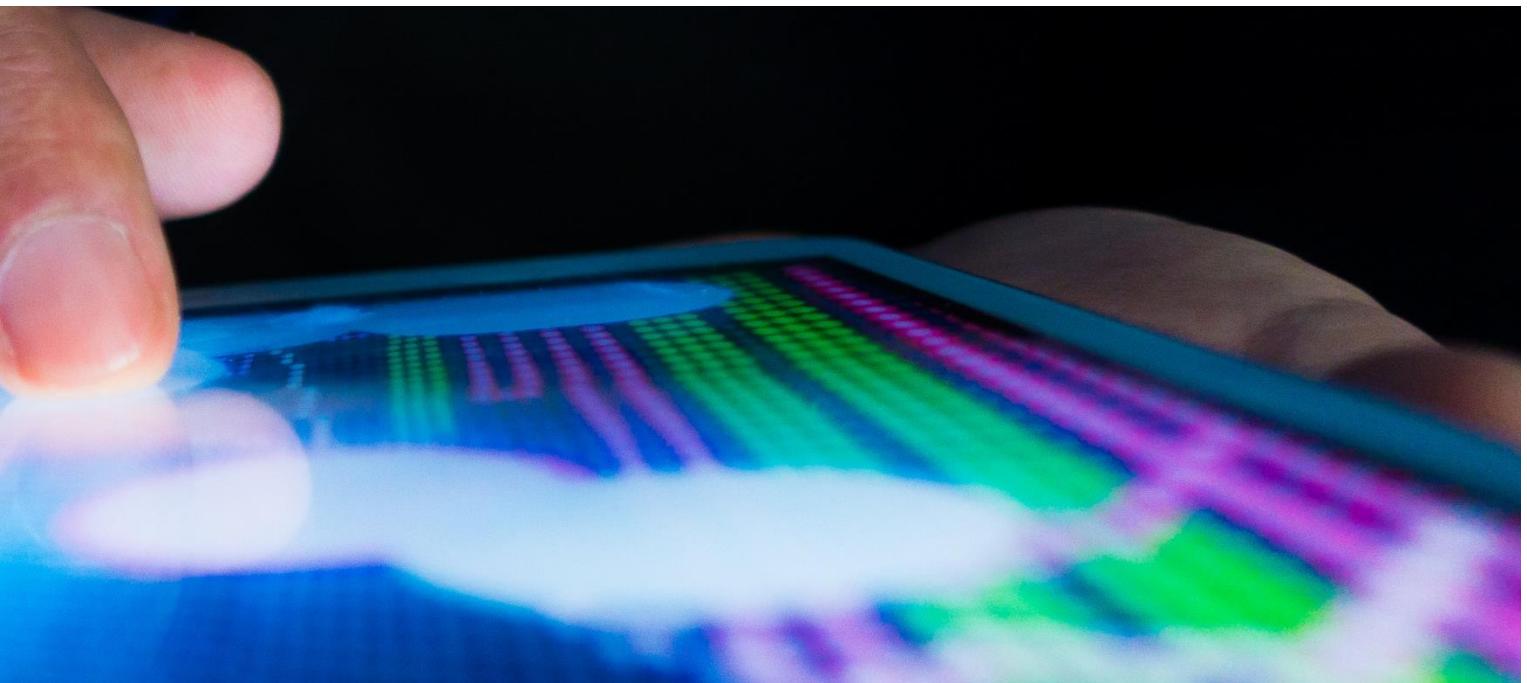
The study looked at both subsidiaries and independent units, as well as on a consolidated basis. Table 2 on p. 10 shows the sample when looking at companies on a consolidated basis.

The companies had a total of 1,409 full-time employee in 2018, of which 60 were board members, 53 were executive and departmental managers, and 107 were department heads. All the companies in the sample provided information on gender and seniority of its board members, managing directors, department heads, and internal auditors. Each full-time employee unit was ranked according to the weight of decision-making power and responsibilities, which was used to estimate the gender division of decision-making within the company.

The board of directors received the highest weighting in the analysis, of which a chairperson had the weighting of two board members. The second-highest weighting was given to CEOs, or senior executives if a CEO was not present. After that were other managers. Finally, the department heads weighted lowest. Further information on the applied methodology can be found in Appendix A.

**Table 1 - Women's Decision-Making Power Within the Sample Companies**

Ranking	Company	Score 2016-2018	Score 2014-2016	Ranking 2016-2018	Ranking 2014-2016	Shift in ranking
1	Veitur Utilities	80,8%	62,9%	1	1	➡
2	ON Power	78,8%	19,2%	2	11	⬆
3	Nordurorka	44,4%	26,0%	3	6	⬆
4	Reykjavik Energy	43,4%	39,7%	4	3	⬇
5	Landsnet	42,3%	46,0%	5	2	⬇
6	Fallorka	40,0%	37,5%	6	4	⬇
7	Rarik	30,2%	30,0%	7	5	⬇
8	Westfjord Power Company	25,0%	25,0%	8	7	⬇
9	HS Orka	24,5%	22,9%	9	9	➡
10	Landsvirkjun	23,7%	20,8%	10	10	➡
11	HS Veitur	21,6%	23,3%	11	8	⬇
12	Orkusalan	3,0%	2,5%	12	12	➡
Average		38,2%	29,7%			



The results of the gender balance in decision-making power within the companies can be found in Table 1. The companies are ranked according to the gender ratio, on a scale of 0% - 100%.

The score of 0% means that neither the decision-making power nor the responsibility of operations or policy resides with female employees. The score of 50% means that there's an equal gender division in decision-making and responsibility, based on the different weighting of management positions. The 100% score indicates that all decision-making power lies with female employees.

**Women hold less than 40% of decision-making power and responsibility at six of the twelve companies in 2016-2018, compared to nine out of twelve in the 2014-2016 period**

As can be seen in Table 1, women have less than 40% of decision-making power and responsibilities in six of the twelve sample companies in 2016-2018, compared with nine out of the twelve companies in 2014-2016. This is truly a step in the right direction.

Veitur Utilities and ON Power are the two companies that are considered having more decision-making power for women than men, but in the previous report, Veitur was the only company on the list that did so, and ON Power held the second-lowest position. Both companies have female chairpersons, half of the board members are women, and each companies' CEO positions are held by women. Neither company has other executives so the director also has the weighting of managing director in the calculations. Four of the six department heads of Veitur Utilities are women, while two of the five department heads at ON Power are women, and there lies the only difference in the companies' rankings. It is worth noting that Veitur Utilities and ON Power are both subsidiaries of Reykjavik Energy.

The third highest score of the sample went to Nordurorka, which rose by three places from the previous report. There, women are 60% of the board members, including the chairperson. The CEO is a man, but women make up 67% of other executives. One of the seven department heads of Nordurka is a woman.

**38% of decision-making power and responsibility within Icelandic energy companies resides with women.**



The analysis was also carried out on a consolidated basis, where part of the sample were parent and subsidiary companies. That analysis came out worse in terms of women's status.

The analysis was also performed on a consolidated basis, where managing directors and department heads of the subsidiaries were added to parent companies' numbers, only taking into account the parent company's board of directors. The CEOs of the subsidiaries received the same weighting as other managing directors.

Two of the top companies in Table 1, Veitur Utilities and ON Power, are subsidiaries of Reykjavik Energy, and the subsidiaries raise the parent company's score on a consolidated basis. Orkusalan is a subsidiary of Rarik, Fallorka is a subsidiary of Nordurorka, and Landsnet is largely under the ownership of Landsvirkjun.

**Women held over 40% of decision-making power in three of the seven companies during 2016-2018, compared with only one during 2014-2016 when looked at on a consolidated basis**

The results of the analysis on a consolidated basis can be seen in Table 2 below. In three of the seven companies, more than 40% of decision-making power was with women during the period 2016-2018, compared with just one company during 2014-2016. Furthermore, the proportion of female decision-making power in the companies has also increased from 26.5% to 32.1% on a consolidated basis. However, the ratio becomes 38.2% when the consolidated basis sample is not taken into account, meaning that the ratio is lower on a consolidated basis.

HS Veitur is at the bottom of the list on a consolidated basis, since four of the seven board members are male, including the chairman. HS Veitur's CEO is male, but of the two managing directors, one is female. Three of the eight department heads are women.

**Table 2 - Women's Decision-Making Power Within the Sample Companies on a Consolidated Basis**

Ranking	Company	Score 2016-2018	Score 2014-2016	Ranking 2016-2018	Ranking 2014-2016	Shift
1	Orkuveita Reykjavíkur	45,7%	40,0%	1	1	➡
2	Nordurorka	44,2%	26,0%	2	3	⬆
3	Rarik	29,7%	26,0%	3	2	⬇
4	Westfjord Power Company	25,0%	25,0%	4	4	➡
5	HS Orka	24,5%	22,9%	5	6	⬆
6	Landsvirkjun	24,0%	22,0%	6	7	⬆
7	HS Veitur	21,6%	23,3%	7	5	⬇
<b>Average</b>		<b>30,6%</b>	<b>26,5%</b>			

# Company Boards

## Both genders are equally represented on the board of directors and chair positions

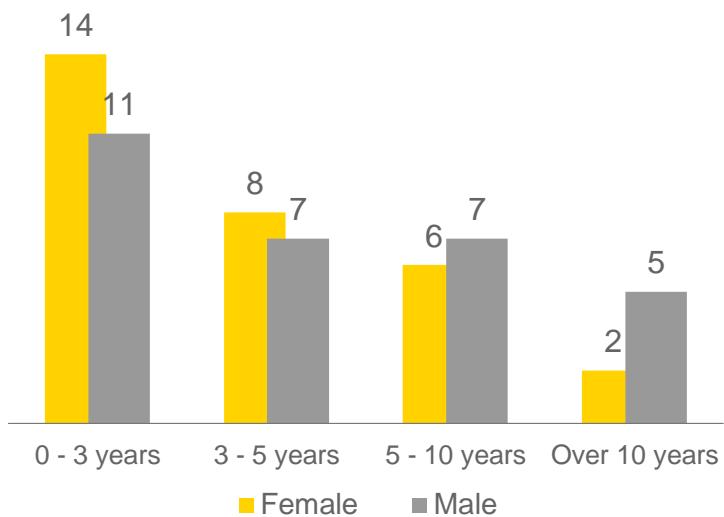
The gender ratio of the sample companies' board members and chairpersons are equal. Six out of the twelve chairpersons are women, and 24 out of 48 board members are as well. This is great news, as two years ago, women held only 25% of the chair positions. The gender ratio of board members has remained at 50%.

When examining gender distribution on the board of directors, it is worth remembering Article 63 of the Act on Public Limited Companies and Article 39 of the Act on Private Limited Companies, which stipulate that the ratio of each gender on the boards of public limited companies, as well as private and public limited liability companies, with more than 50 employees, shall not be less than 40% if it has more than three board members. If there are three board members, each gender must have at least one representative.

Of the twelve companies, ten of them had more than 50 full-time equivalent positions in 2018. Of these 10, there were a total of 54 board members, of whom 29 were women. The proportion of women on their board of directors, therefore, amounted to 53.7%, compared to 48% in 2016. The number of women on the board of directors of Fallorka, another company that is not obligated to comply with the law, fulfills its quota nevertheless as there are three board members and one is female. The board of Orkusalan, which is not obliged to follow the law, has three individuals who are all male.

Of the twelve companies, seven of them had a female majority on the board, compared with four in 2016. They are Landsnet, Nordurorka, ON Power, Westfjord Power Company, Reykjavik Energy, Rarik, and Veitur Utilities.

**Graph 1 - Board Members by Tenure**

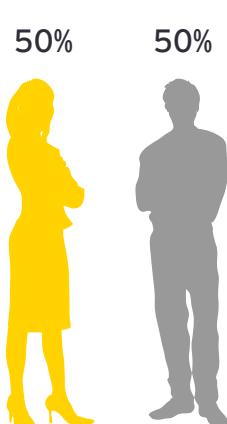


## A rather equal distribution of gender when looking at board members' age

The figure above shows the board members of the 12 energy companies itemized by sex and age.

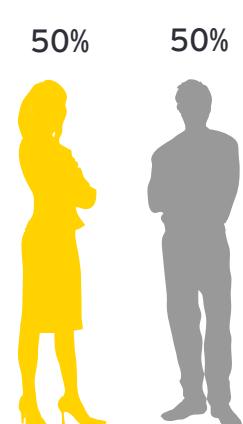
As can be seen, there are more women than men on the board with three years tenure or less. As board members' work experience increases, the number of male board members rises, and only two women have more than 10 years tenure from the sample, compared to five men.

## Gender ratio of board members within the sample companies



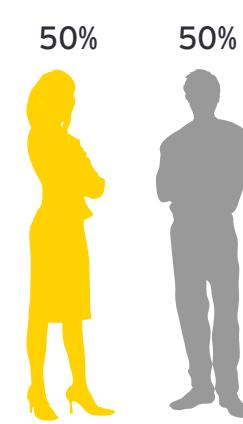
Chairman

Total number 12



Other board members

Total number 48

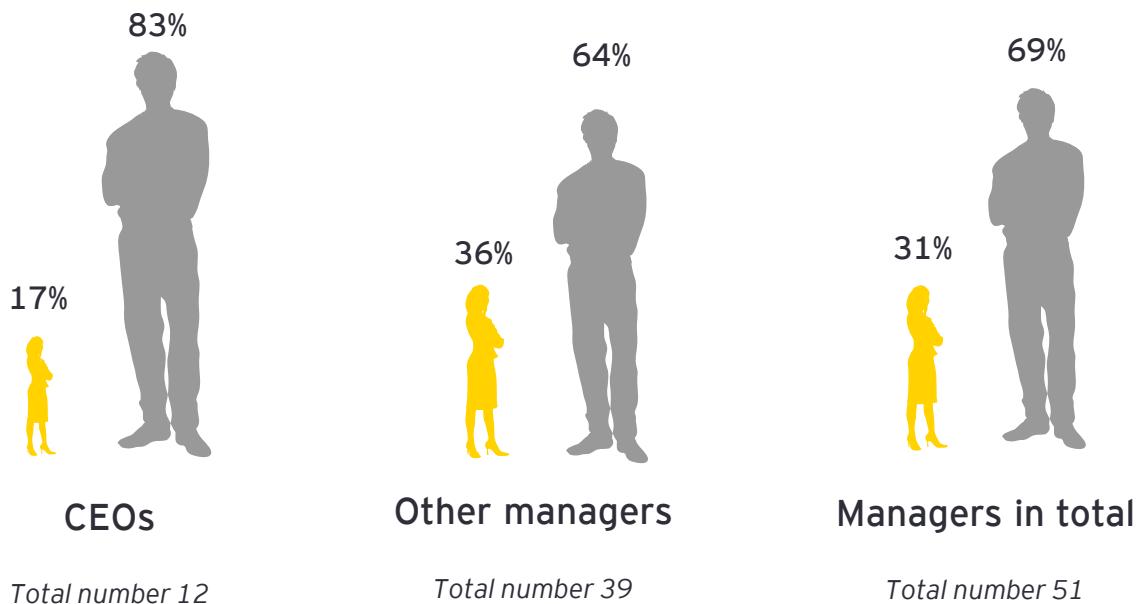


Board members in total

Total number 60

# Managing Directors within the companies

## Gender ratio of Managing Directors within the sample companies



**31% of the sample managing directors are women compared to 25% in the previous survey**

The sample comprises 51 managers in total, of which only 16 are women, which shows that 31% of the sample managers are women. If the CEOs are not taken into account and only other executives examined, the women are 14 against 39 or about one-third of other managers.

**Only two CEOs of the sample are women**

Among the 12 CEOs, there are two women. The number of female CEOs has thus doubled in two years, as there was only one female CEO in the 2016 sample.

**Average age of male managing directors is higher than their counterparts'**

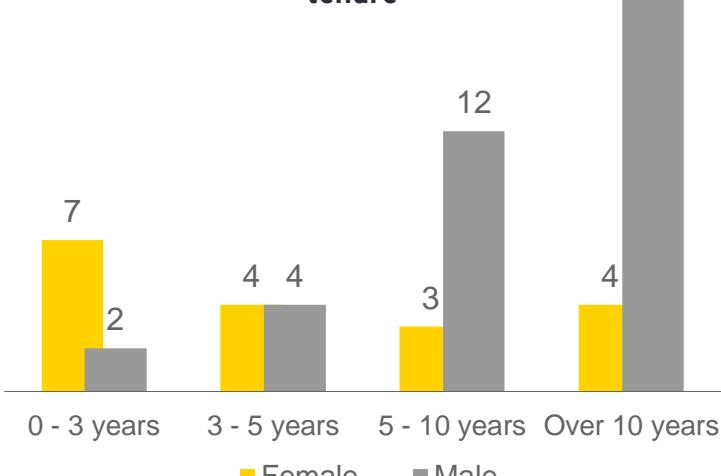
Graph 2 to the side shows the managing directors of the energy companies 12 broken down by gender and seniority. As can be seen, women are leading among managing directors with less than three years' tenure. When examining managing directors with more than 5 years tenure, women only make up 18%, which is the main reason for the companies' unequal gender ratio.

**Indication of a growing number of women in executive positions**

This predominance of women in executive positions with 0 - 3 years of experience, as well as the equal gender distribution of the managing directors with 3 - 5 years of experience, indicates that the number of female executives may increase in coming years.

These changes could be, among other things, due to changes in the Act on Public Limited Companies and Private Limited Companies in 2010. They were amended to supplement the sentences stipulating that gender ratios should be heeded when hiring a managing director and so that the Register of Limited Companies should be notified of the gender balance among its managing directors. The changes could also be due to the fact that more companies adopt a gender equality policy. However, it is difficult to determine whether these are the underlying principle for the changes.

**Graph 2 - Managing directors by tenure**



## The companies' HODs

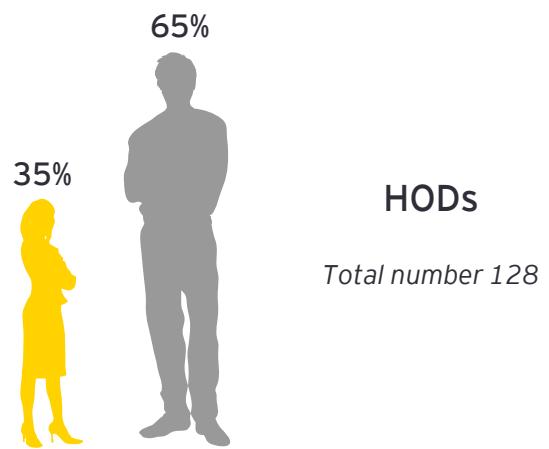
**Women make up 35% of the department heads within the sample, compared with 32% in the previous survey**

Of the 128 heads of departments, 45 were women, and therefore the total share of women department heads is 35%. In the prior survey, 32% of department heads were female. Since then, five more HODs have been added to the sample, but female department heads have increased by six. This is a step in the right direction, especially when looking at the HODs seniority.

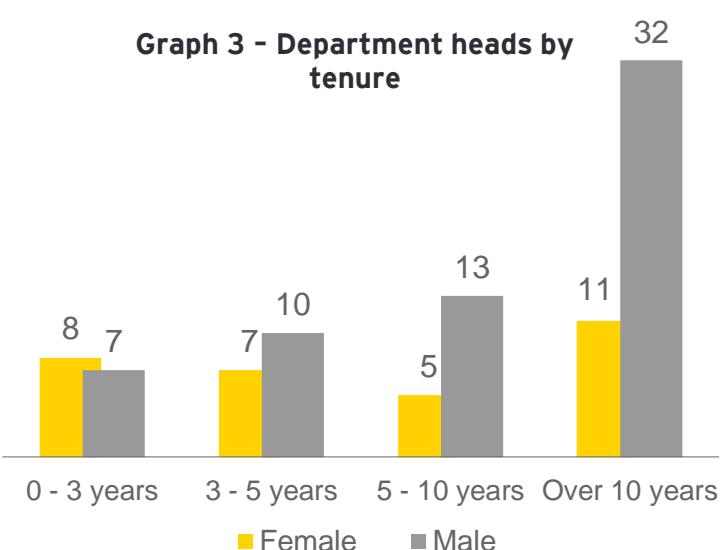
### An indicator of a more equal gender ratio of department heads in the future

The gender ratio among department heads with 10 years of work experience or less is quite balanced, as graph 3 displays. Looking only at this group, women comprise 40% of the department heads, which is only 26% of HODs with more than 10 years of experience.

The same can be said for the HODs as for CEOs; the equal gender distribution of HODs with less than 10 years of experience can indicate that the number of female HODs may increase in coming years.



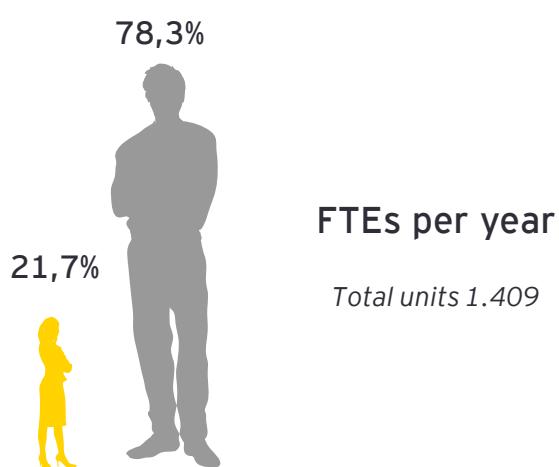
**Graph 3 - Department heads by tenure**



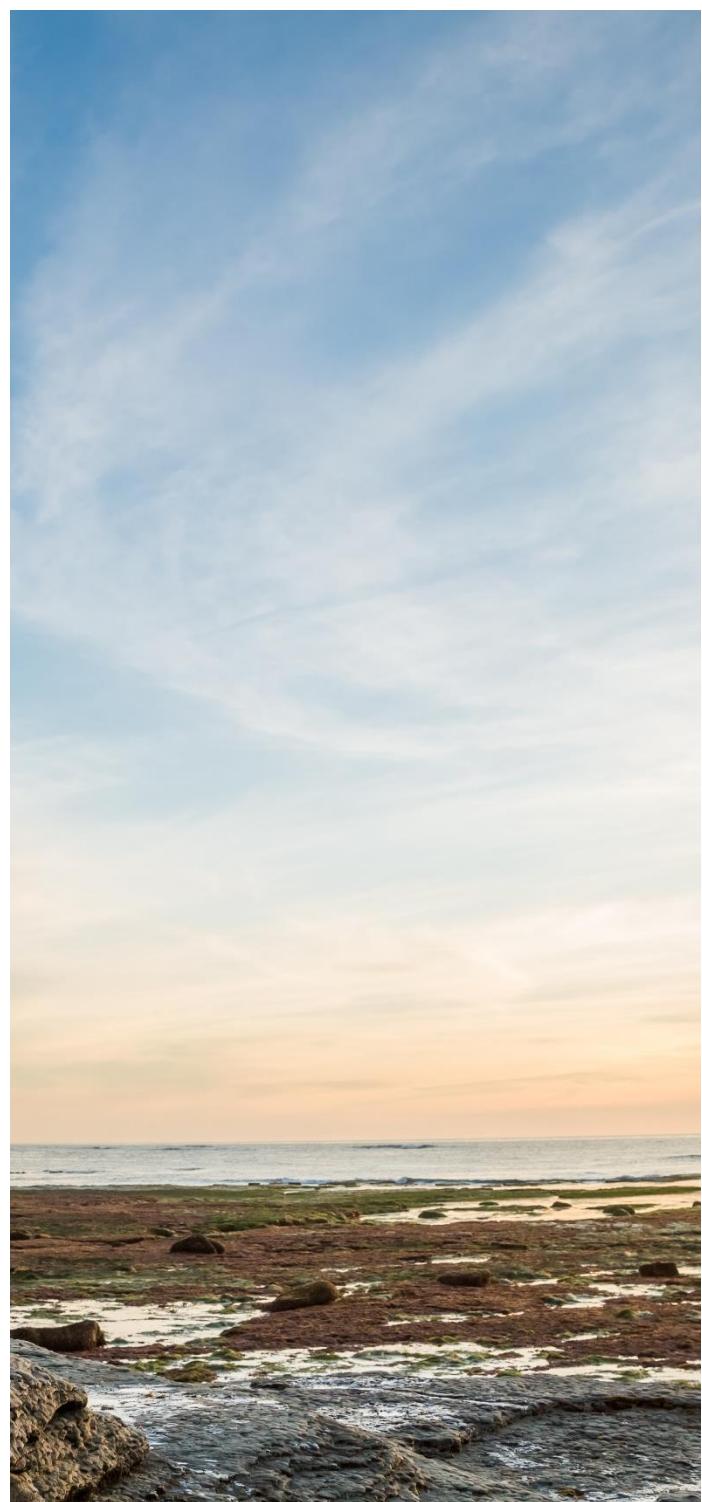
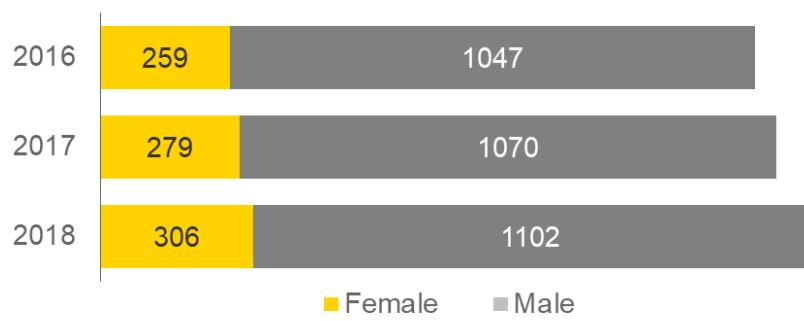
## Full-time equivalent positions in the companies

### **Women hold only 21.7% of the energy companies' full-time employees**

In 2018, women only accounted for 21.7% of full-time employees within the 12 largest energy companies. In 2016-2018, women have increased by 1.9%. Although this report places great emphasis on women in decision-making and leading positions, other jobs within the companies are no less important. Therefore, the representation of women and their slow increase within the companies, are disappointing.



**Graph 4 - FTEs of the twelve largest energy companies in Iceland during the period 2016-2018**



## Gender Equality and Wage Policies

**10 of 12 companies in the survey have implemented gender equality and equal pay policies**

Of the 12 companies, 10 of them have implemented both gender equality and equal pay policies. The particular companies can be seen in Table 3 below. When the first report came out, only seven companies had both policies implemented.

The companies Fallorka and Nordurorka have neither implemented gender equality nor equal pay policies. Fallorka could, however, claim that the company's full-time employees were just five in 2018. It is worth mentioning that Nordurorka is the parent company of Fallorka. Even though these companies have not implemented a gender equality policy, it does not mean that their gender ratio is insufficient. As Table 1 shows, Nordurorka was ranked 4th and Fallorka in 6th place based on women's decision-making power within the sample. Moreover, Nordurorka held second place when looking at the sample on a consolidated basis.

**Table 3 - Companies that have implemented gender equality or equal pay policies**

Company	Gender Equality Policy	Equal Pay Policy
Fallorka	No	No
HS Orka	Yes	Yes
HS Veitur	Yes	Yes
Landsnet	Yes	Yes
Landsvirkjun	Yes	Yes
Norðurorka	No	No
ON Power	Yes	Yes
Westfjord Power Company	Yes	Yes
Orkusalan	Yes	Yes
Reykjavik Energy	Yes	Yes
Rarik	Yes	Yes
Veitur Utilities	Yes	Yes



## A survey was conducted among women in the Icelandic energy sector in 2018

In 2018, Women in Energy conducted a study among its members. The company was able to do this survey with the support of Orkusalan. The sample size was 267 members and the response rate was 65%, ie. 174 women responded to the survey.

The survey's results show that women within the energy sector are very happy at work and this is particularly evident when compared with other sectors.

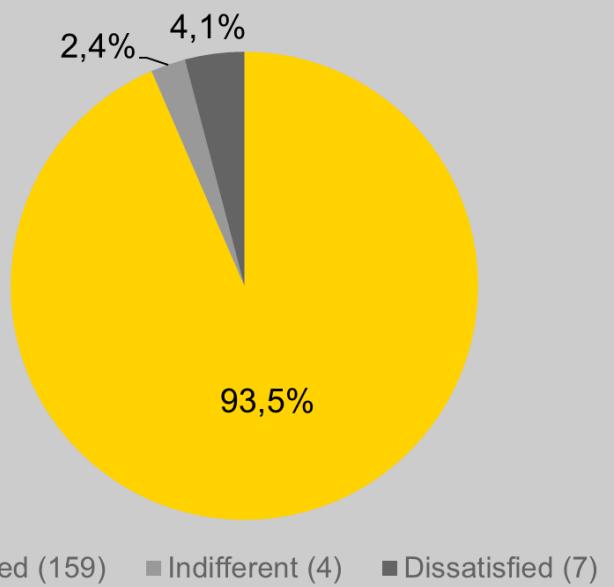
Throughout the survey, there is a high correlation between those who responded negatively to higher work and life expectancy. Then there was an unacceptable proportion of women who had been circumvented or experienced some type of sexual harassment.

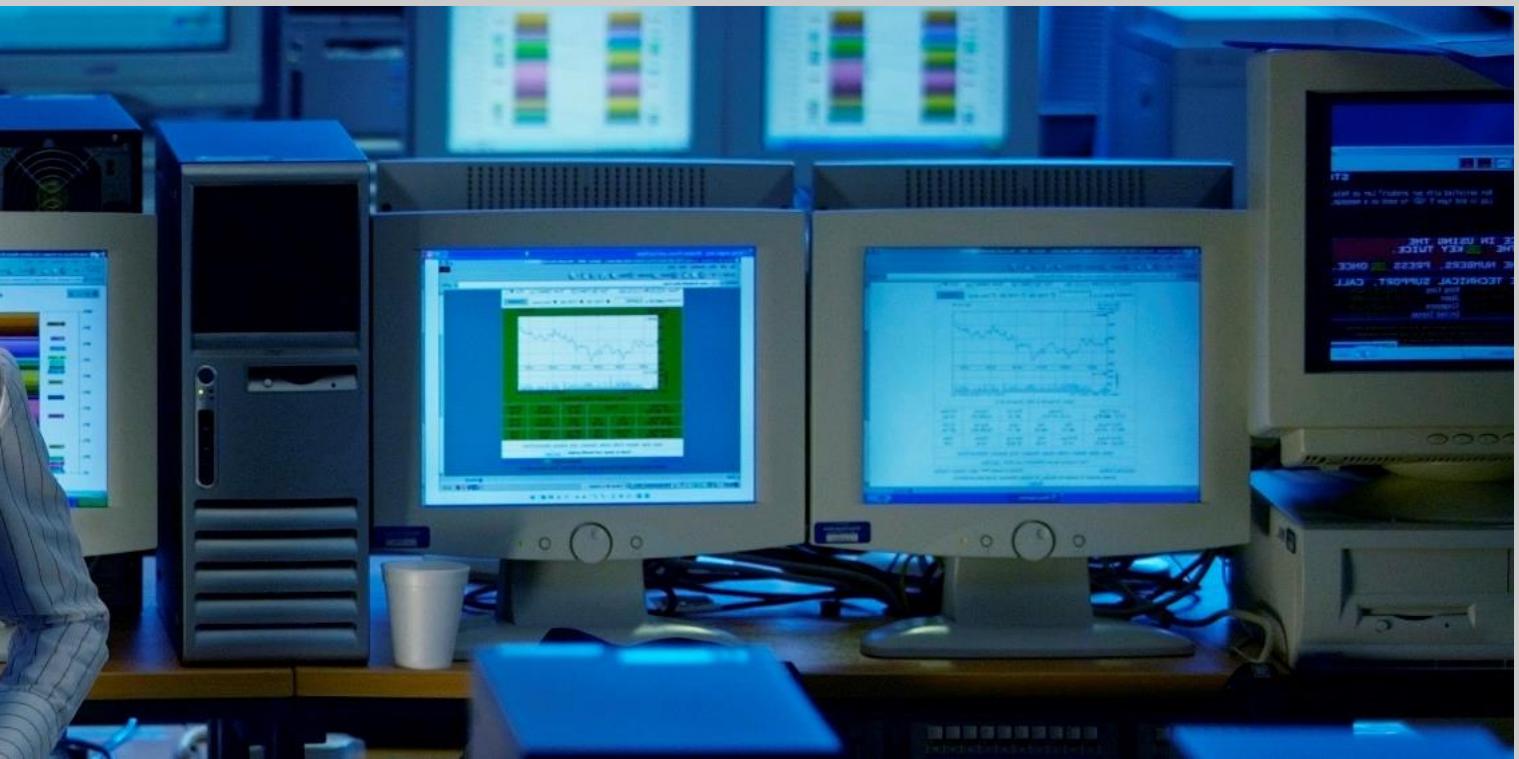
The results of the survey are published with the approval of Zenter Research.

### How satisfied or dissatisfied are you with your job?

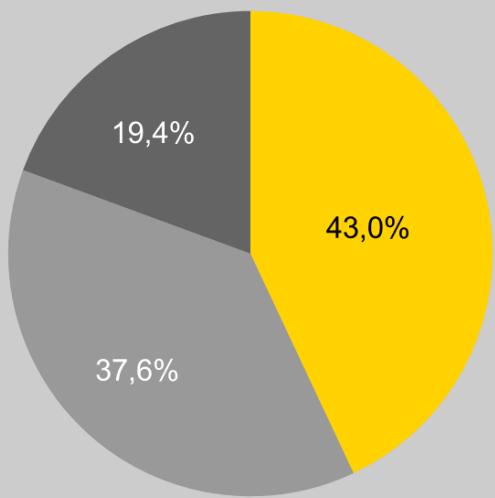
**93.5% of women in the Icelandic energy sector are happy with their work**

The first question of the survey showed very positive results. 37.6% of women are very happy with their job and 54.3% are rather happy, indicating that 93.5% of women within the Icelandic energy sector are satisfied with their job. Only seven women are rather or very dissatisfied with their job





## I feel encouraged to make an effort at my job



**80.6% of women in the Icelandic energy sector feel quite encouraged to make an effort**

The participants were given a scale of 1-10, with 1 representing "very disagreeable" and 10 representing "very much agreeing." on the scale 7-10.

The average index of Icelandic companies for this question is 7.1, while the energy index for women is 7.8.

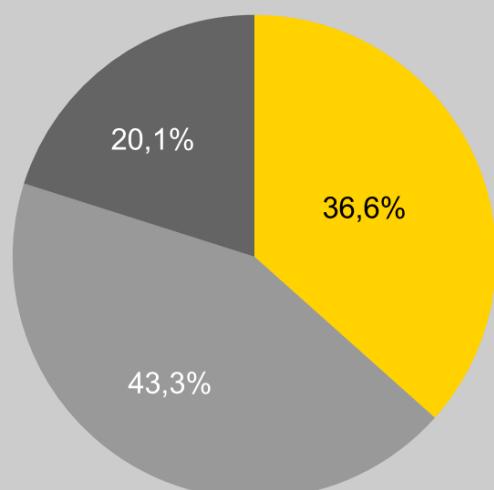
■ 9-10 (71) ■ 7-8 (62) ■ 1-6 (32)

## Please rate your opportunities for professional and personal development in your workplace

**79.9% of women within the Icelandic energy sector consider their opportunities for professional and personal development in their work to be quite significant**

If looking at participants who chose 7 or higher on the scale, 79.9% of them found their career- and personal opportunities quite significant.

The average index of Icelandic companies for this question is 7.1, while the index of women in energy is 7.7.



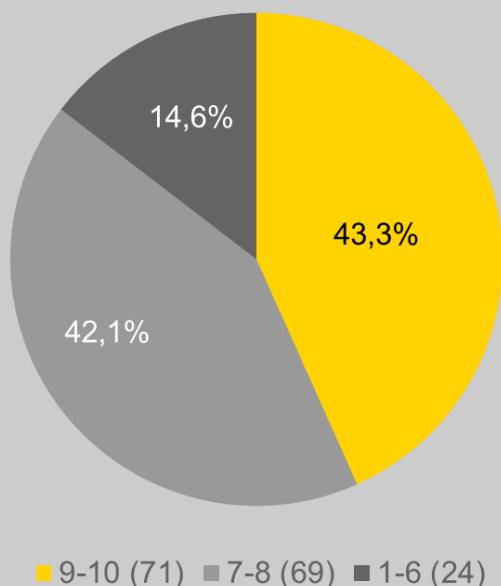
■ 9-10 (60) ■ 7-8 (71) ■ 1-6 (33)

## I have ample room for making independent decisions in my work

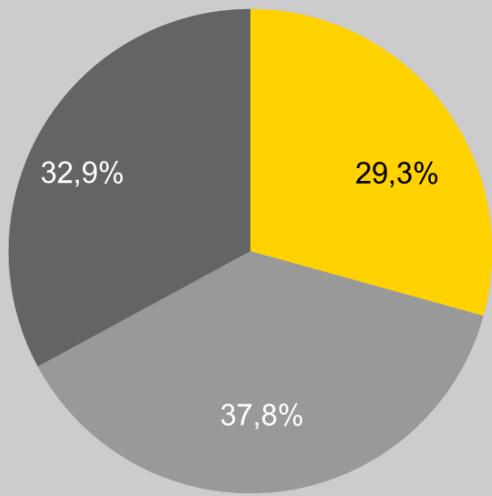
85.4% of women within the Icelandic energy sector believe they have ample room for independent decision-making in their work

The 140 women out of 164 who answered this question considered their leeway for decision-making to be 7 or higher on the scale 1-10.

The average index of Icelandic companies to this question is 7.5, while the women in energy index is 8.0.



## I feel that everyone within the company has equal opportunities and I do not feel discriminated against



29.3% of women in the Icelandic energy sector consider everyone's opportunities to be equal and don't feel discriminated against

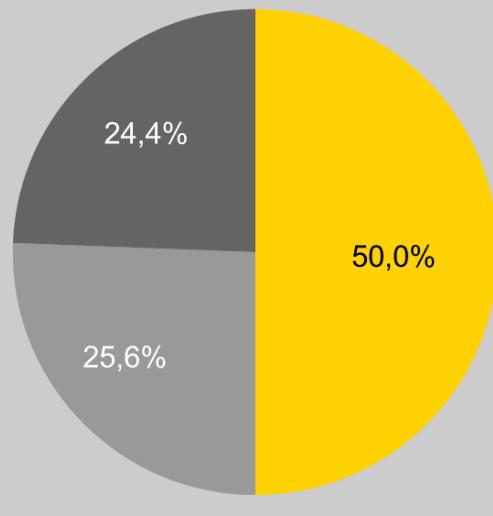
29.3% of participants agreed that everyone's opportunity within their company was equal and non-discriminatory. 32.9% of those who answered this question rated their company 6 or lower.

## It is clear whom to turn to within my company in the case of a negative experience

Half of the women in the Icelandic energy sector think it is clear whom they should consult in case of a negative experience

A quarter of the sample does not consider it clear whom to turn to within their company if negative incidents happen. A quarter seems pretty sure whom to seek out, and half think it's clear.

It is quite disappointing that half of the female participants aren't sure whom to talk to. However, this should be easy to fix within each company.

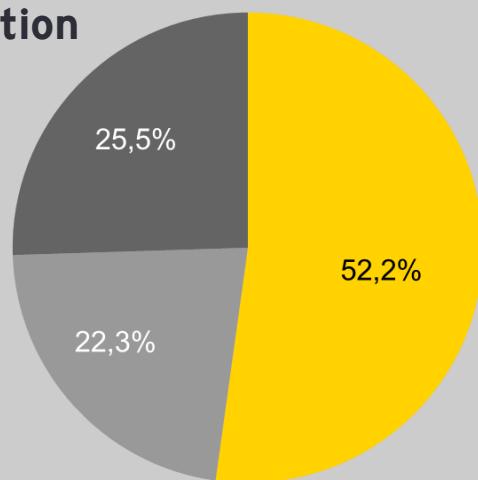


## I trust those responsible for receiving information about negative experiences and the processes set in motion

74.5% of women in the Icelandic energy sector have reasonable confidence in those who receive information about adverse events and the applied process

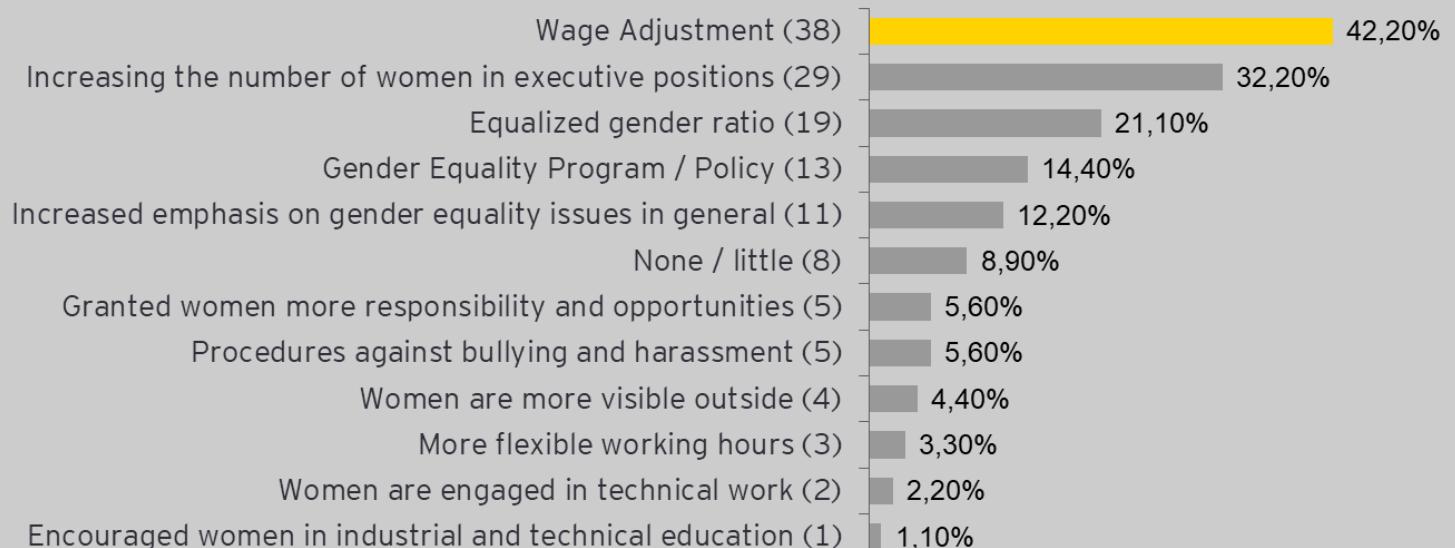
Although a large part of the participant has confidence in those who receive information about negative events and the process that follows, it is disheartening to see that quarter of the sample has little or no confidence in it.

It is important that energy companies react to these results and seek solutions.

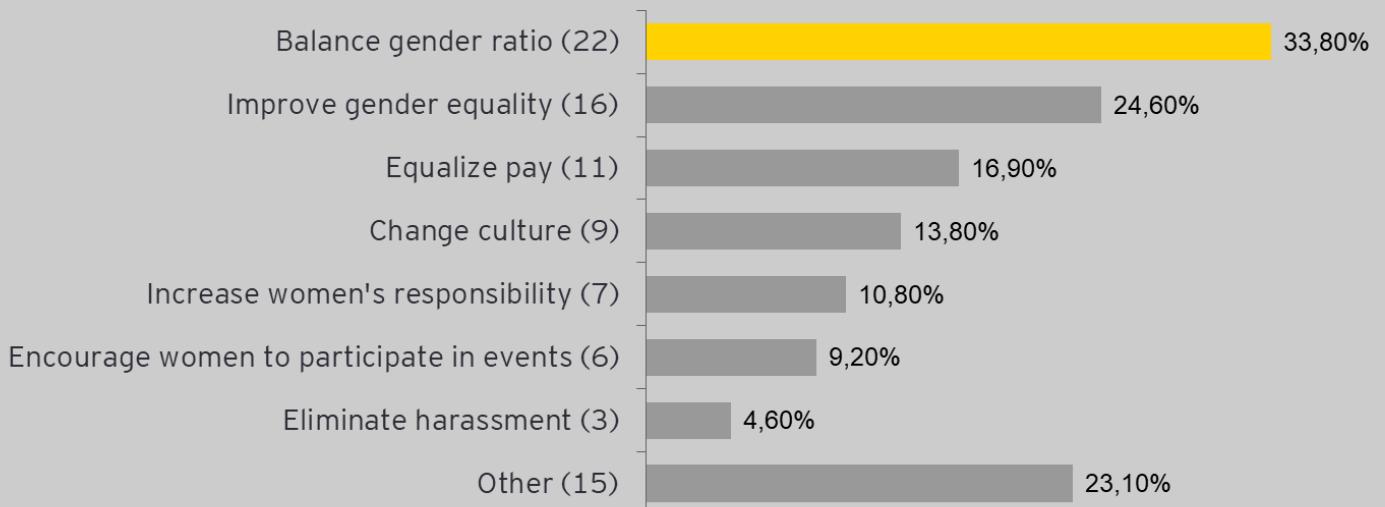


■ 9-10 (82) ■ 7-8 (35) ■ 1-6 (40)

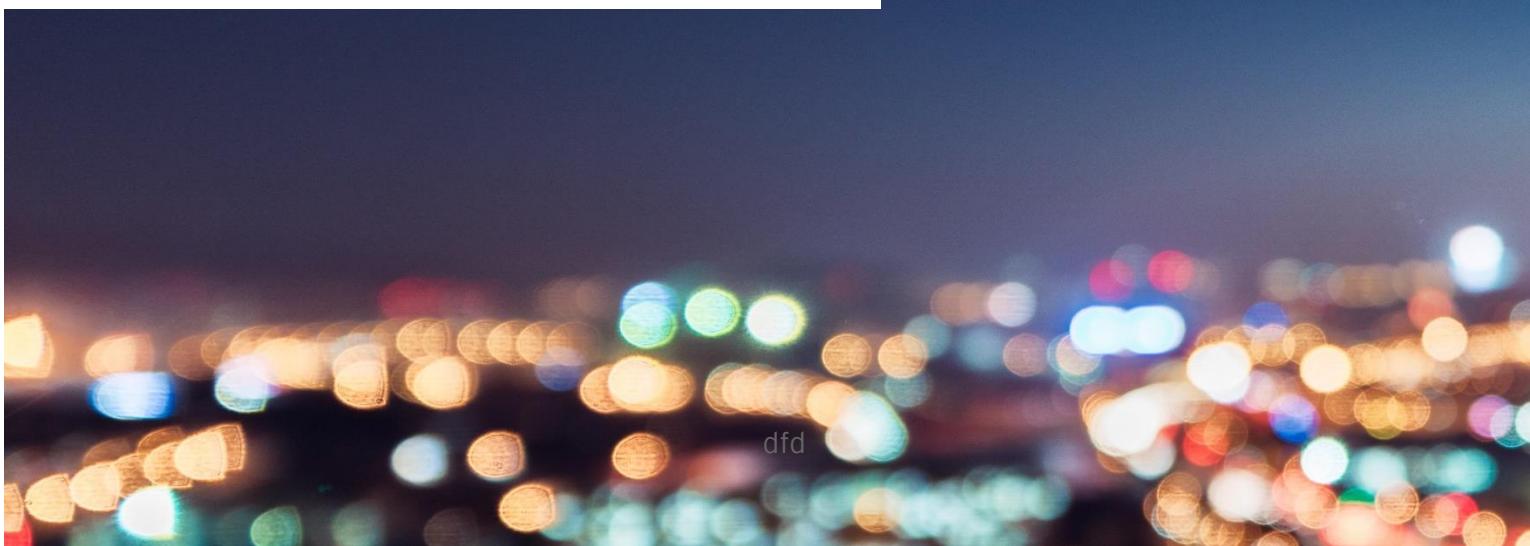
## In your opinion, what has been done for the better within your company to improve women's position in the energy sector?



## In your opinion, what could be done within your company to improve women's position in the energy sector?



# Iceland in comparison



It takes people with different perspectives to make a difference. If everyone has the same vision and the same attitude, it is almost impossible to improve the situation.

In a rapidly changing environment, energy companies must constantly respond to new demands, and altered circumstances, that is why more diverse management- and executive teams are crucial. With a more equal gender representation, companies are more likely to generate better revenue and excel in their field.

In recent years, more and more countries have realized how necessary it is to increase women's representation in executive positions in companies. However, due to excessively slow changes, many countries have resorted to law and legislation to achieve gender equality on corporate boards, as has been done in Iceland.

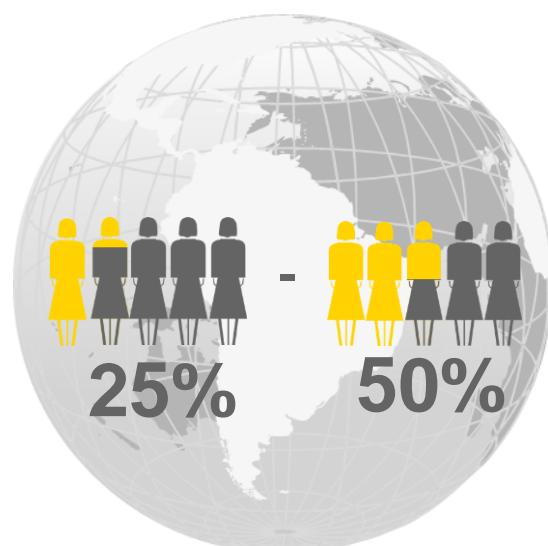
Those countries that either set targets or quotas to balance the gender ratio, typically set the limit between 25% and 50%, compared to 40% in Iceland.

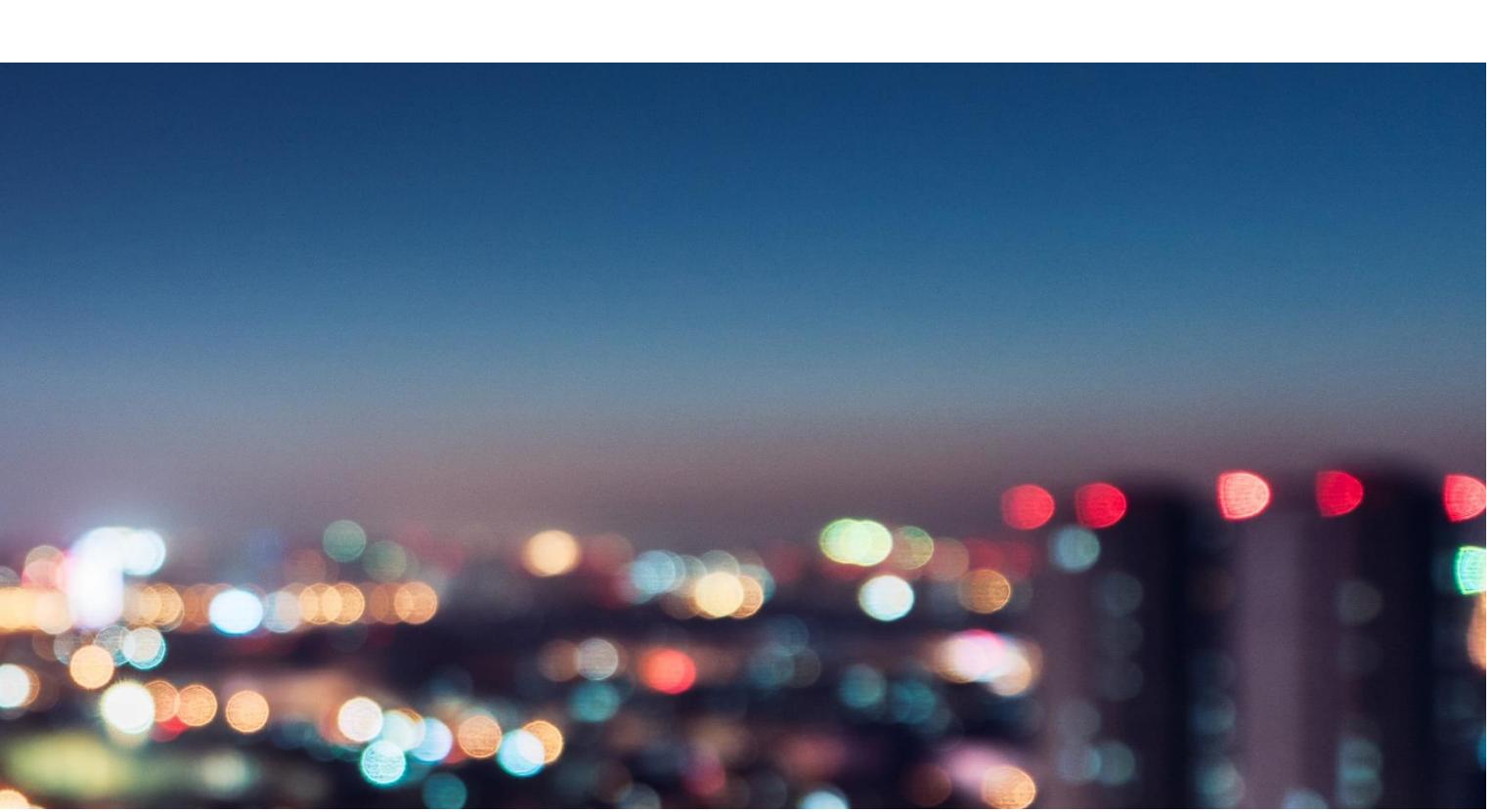
The required minimum of each gender on the boards of limited liability companies in Iceland



EY

Companies abroad who set targets for gender quotas usually set the limit at:





## Gender balance in Icelandic energy companies is more equal than internationally

On the next page, the proportion of female board members, managing directors and department heads in Iceland is shown in comparison with the Nordic countries and the rest of Europe. It also shows Iceland's global ranking. The comparison is based on figures from the world's 200 largest energy companies.

The figure on the right shows a comparison of the proportion of female board members in Iceland with those in Europe.

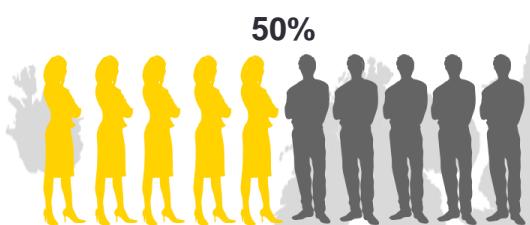
As the figure shows, Icelandic power companies are ahead in female decision-making power, in all comparison, except the European average of department heads which is 2% higher than in Iceland.

In 2018, 50% of Icelandic board members were female, compared to 25% of the 77 largest energy companies in Europe. At the same time, the proportion of female managing directors was 31% in Iceland and 20% in the European companies.

Gender representation among Icelandic energy companies is more equal than abroad, but gender quota legislation is also stricter in Iceland. However, other countries have also introduced laws to correct the gender balance in company boards. In most cases, their legislation does not go as far as Icelandic law. For example, minimum ratios are either lower or only require disclosure reporting instead of the minimum ratio of each gender.

## Comparison with Europe

Ratio of female board members in Iceland



Ratio of female board members in Europe



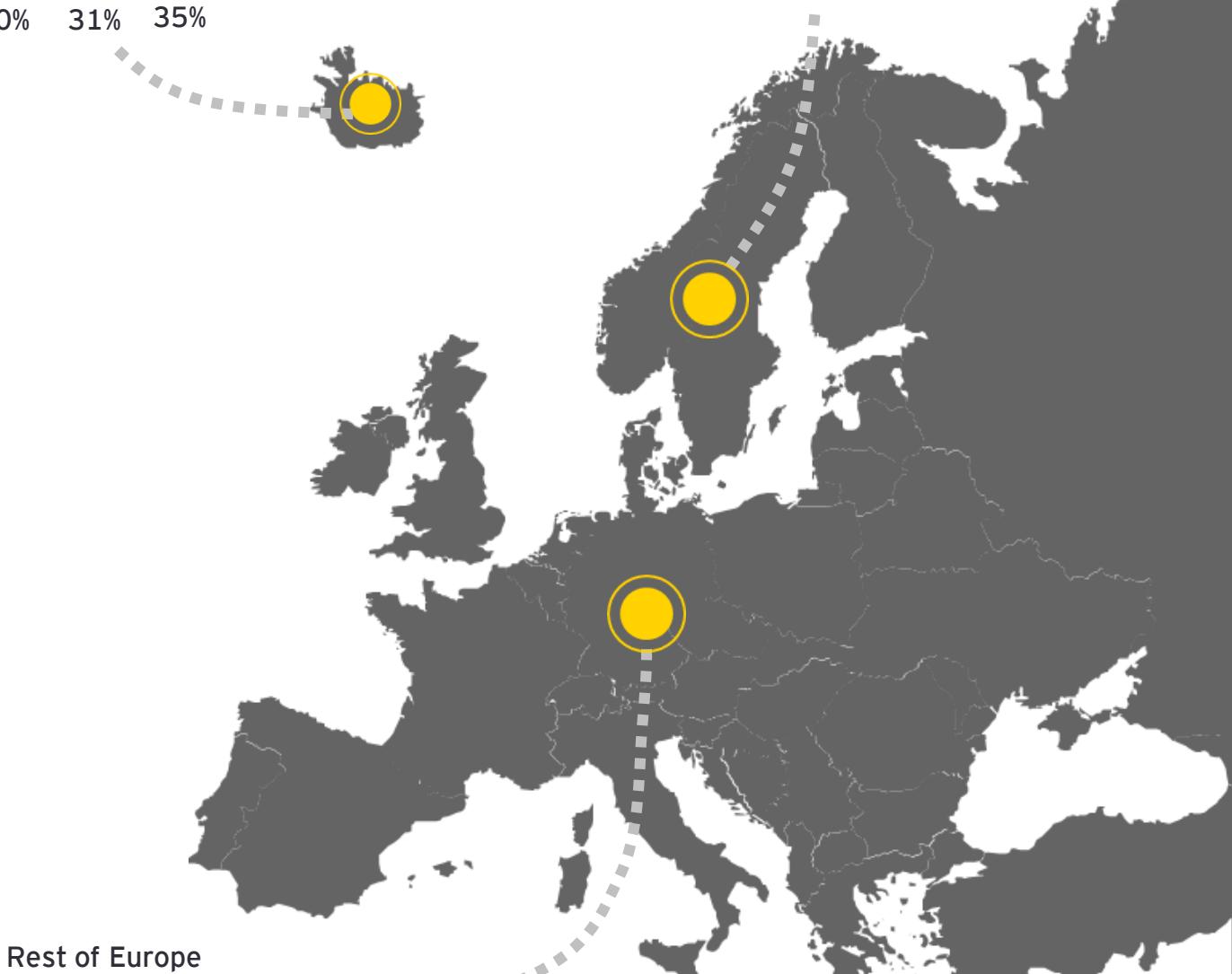
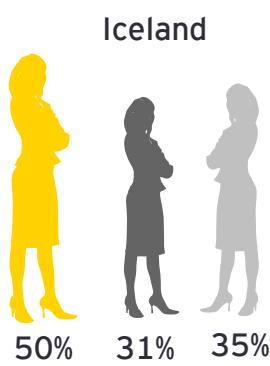
Ratio of female managing directors in Iceland



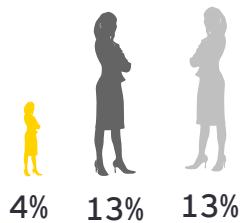
Ratio of female managing directors in Europe



# Women's position in energy companies in Europe

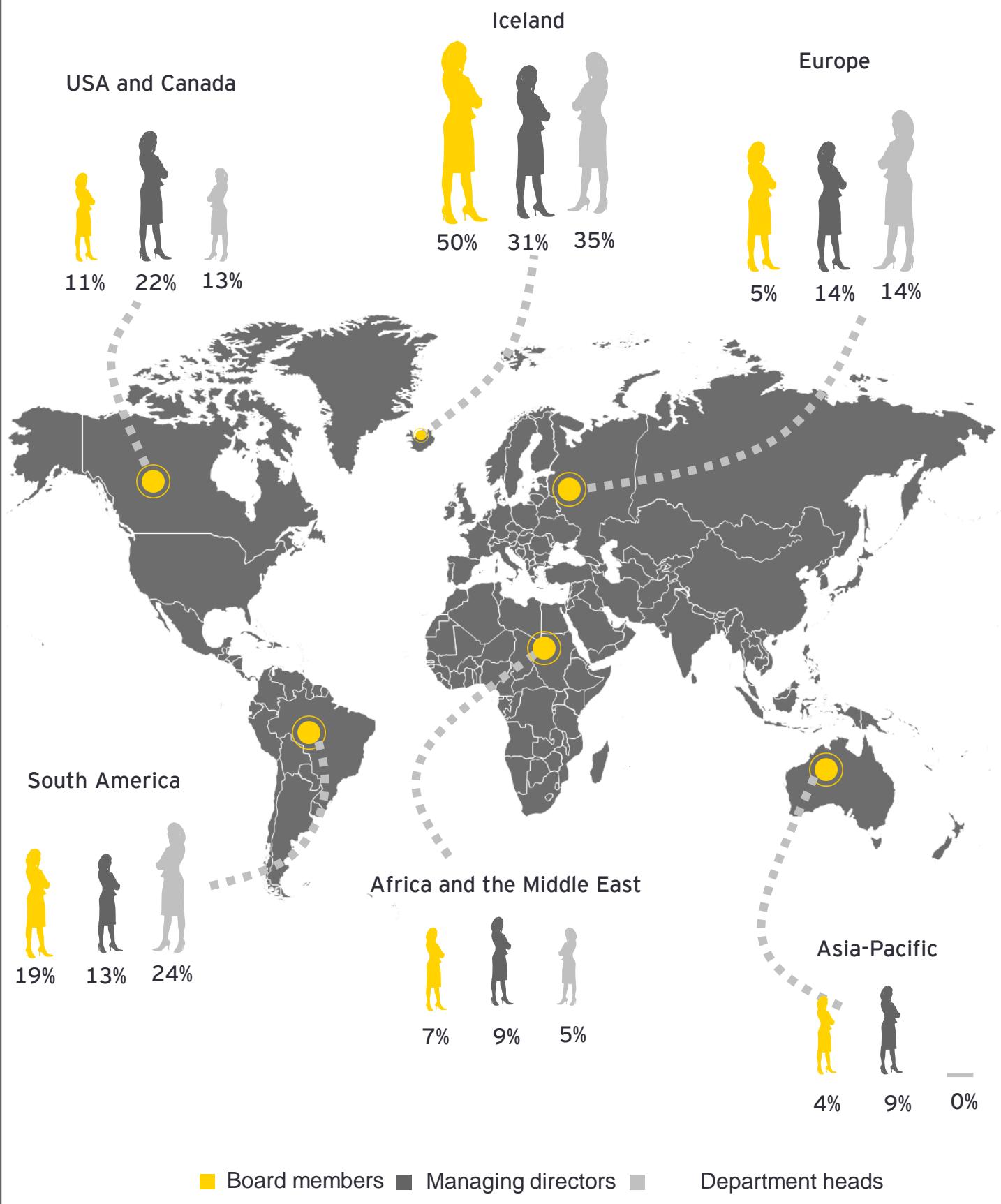


Rest of Europe



■ Board members ■ Executive directors ■ Department heads

# Women's status in energy companies worldwide



# Increased equality, increased profit



Studies worldwide have shown that increased diversity results in increased revenue

A number of international studies have shown a positive impact on gender equality in boards and corporate management, on their performance and profitability.

Numerous theories have been cited on the reason behind these positive effects. One proposed by the ACCA and the ESRC in 2012 suggested that increased diversity leads to better decision making, increased individuality, better management, greater innovation, and a decrease in herd behavior.<sup>1</sup>

A report made by EY in 2016, Women Fast Forward, showed that 64% of the most productive companies reported that gender in the company's decision-making power was equal, compared with 43% of the least efficient companies.

Also, an MSCI study was conducted in 2015, which used almost two thousand companies in its sample. The study showed that companies with more women chairs on the board returned a 36% higher return on equity. The report also concluded that the companies with a low proportion of women on the boards were, on average, struggling with some sort of management issues.<sup>2</sup>

At the same time, McKinsey's research has shown that companies with three or more women in executive positions deliver better returns on equity and EBIT ratios than other companies in the same sector with fewer female executives.<sup>3</sup>

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1. Noeleen Doherty and Ruth Sealy, "Women in Finance: a springboard to corporate board positions?" Association of Chartered Certified Accountants and the Economic Social Research Council

2. Women in Power and Utilities, EY, 2016.

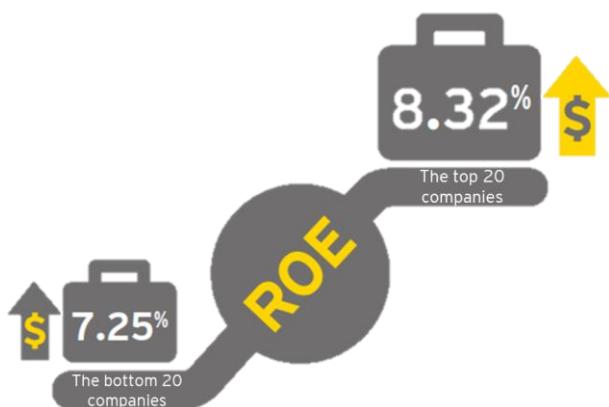
3. Women matter, McKinsey & Company, 2007.



In 2016, EY conducted an international study on the world's 200 largest energy companies in the past three years. The results showed a significantly better performance for the energy companies with the same gender division in boards and management positions compared to those with lower gender ratio.<sup>2</sup>

The 20 companies that were considered at the forefront of gender equality had an 8.32% return on equity compared to 7.25% the 20 most disproportionate companies. It is worth noting that these are the world's 200 largest energy companies, so the difference of 1.1% on return on equity can mean a lower profit of billions of Icelandic krona. In 2015, this difference was 1.5%.<sup>2</sup>

#### **Energy companies with the most diversity yielded a higher return on equity (ROE)**



#### **It is difficult to assess the link between profitability and diversity of the largest Icelandic energy companies due to the small sample size**

Due to the small size of the sample, statistical results from regression analysis are not significant. For the sake of curiosity, it was decided to check whether the calculations showed comparable research results on larger samples, as was done in the previous report.

A regression analysis was performed using the rating of the population as an independent variable and the average return on equity for the last three years as a dependent variable.

The results didn't show any correlation this time, which was mainly due to HS Veitur and Orkusalan having the highest return in the period 2016-2018 at the same time as the companies received the two lowest ratings in the report. If these two companies were taken out of the population, the results immediately showed a correlation between profitability and women's representation in the boards.

This confirms that the results aren't significant due to the small size of the sample, as they are very subject to change within a small group of companies.

# Other companies related to the energy sector



The results of the analysis of Samorka's largest companies demonstrated that women's status in the most effective management positions could be improved.

## Other companies and organizations

Information was obtained on the status of women in all of Samorka's member firms. These include the affiliate members of Samorka, which can be seen in table 4 on the right, that are connected to the Icelandic energy sector without directly producing or distributing energy.

In addition to Samorka's member firms, information was also collected on female representation in other utilities than electricity production. At the same time, an attempt was made to obtain information on the status of women within separate public institutions related to the energy sector.

## Consulting firms

Three of these member firms are engineering firms that provide consulting and services to the energy sector.

The energy sector is one of the seven marketing divisions of the engineering firm Efla. The director of the energy and utility division is male, within that division are six supervisors and one is female. The division employs 54 people, including five women.

Mannvit's operation is divided into three core sectors; utilities, industry, and construction. More than a third of the company's revenue during the last operating year came from the energy sector, which has seven female employees. However, many of its departments are associated with energy-related projects and has 37 female employees.

**Table 4 - Other companies and organizations**

Additional members of Samorka	Business Type
Arctic Hydro	Electricity Production*
Efla	Engineering
Iceland GeoSurvey (ISOR)	State institution
Mannvit	Engineering
Netorka	Information Technology Solutions
National Energy Authority	State institution
Verkís	Engineering
Other entities	Business Type
Metan	Methane producer
CRI	Methanol producer
ANR	State institution

The engineering firm Verkís has an 85-person energy division. Of the 85 employees, 20 are women. The division has three executive managers, they are the department director, COO, and account manager. The director of the energy division is male, but the COO and account manager female. The chairperson of Verkís is a woman.

IT company Netorka, a central metering- and settlement company for the Icelandic electricity market, had six full-time equivalent positions in the period 2016 - 2018, all of which were held by men. The only managing director of the company, who is also its CEO, is a man. The company's chairman is a woman, but the other four board members are all men.



## Government Institutions

Iceland GeoSurvey (ÍSOR) is a public institution administered by the Ministry of Environment and Natural Resources. It is also an affiliate member of Samorka. The agency had an average of 68 full-time employees in 2018, of which 25 were female. Women are 60% of board members, including the chairman. The CEO is a man, but the company's other executive director is a woman. Of the institution's six department heads, one is female. Based on the weighting used in the sample of energy companies, 50% of the institution's decision-making power lies with women.

The National Energy Authority is the national regulator and answers to the Ministry of Industry and Innovation. There are three managers within the organization and they are all men. In 2018 there were 38 full-time employees and 45% of them were women.

The Ministry of Industry and Innovation administrates the energy sector in Iceland and the study looked at women's representation within its energy department. The Minister of Tourism, Industry, and Innovation is a woman, while the permanent secretary is a man, as is the Director General of Energy, Industry and Business affairs.

## Arctic Hydro

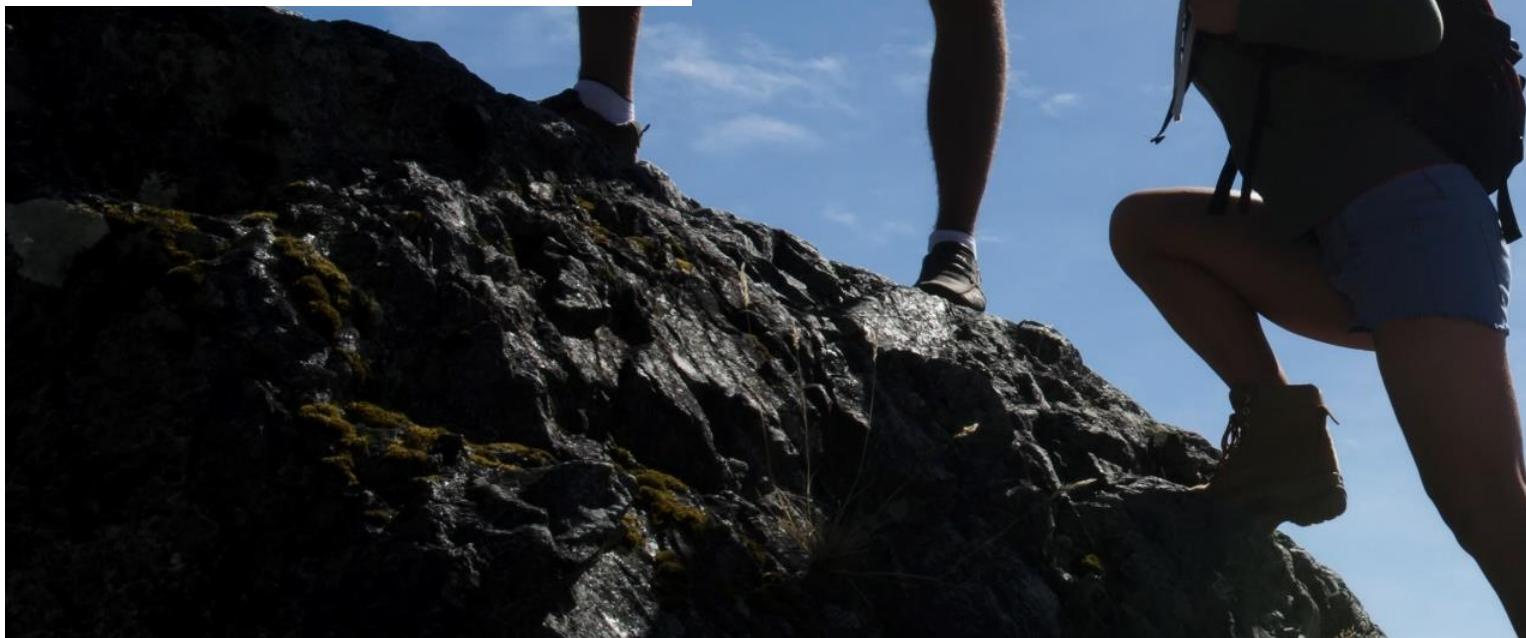
Arctic Hydro is a member of Samorka. It is relatively new but aims to develop, build and operate power plants. Arctic Hydro's three board members are all male. The company's only full-time employee is its male CEO.

## Other energy producers

The company Metan Ltd. produces methane from landfill gas. The company's operations are limited and only 0.05 full-time employees were registered within that company in 2018. Metan Ltd. has three board members. The only managing director of the company is the CEO who's a man.

Carbon Recycling International, CRI Ltd., produces renewable methanol from waste carbon dioxide. The methanol is used, *inter alia*, as fuel. The company had 40 full-time employees in 2018, five of whom were women. The board has six members, of which the chairman and two directors are female. The only CRI executive is male and the only department head is female.

# Taking Action

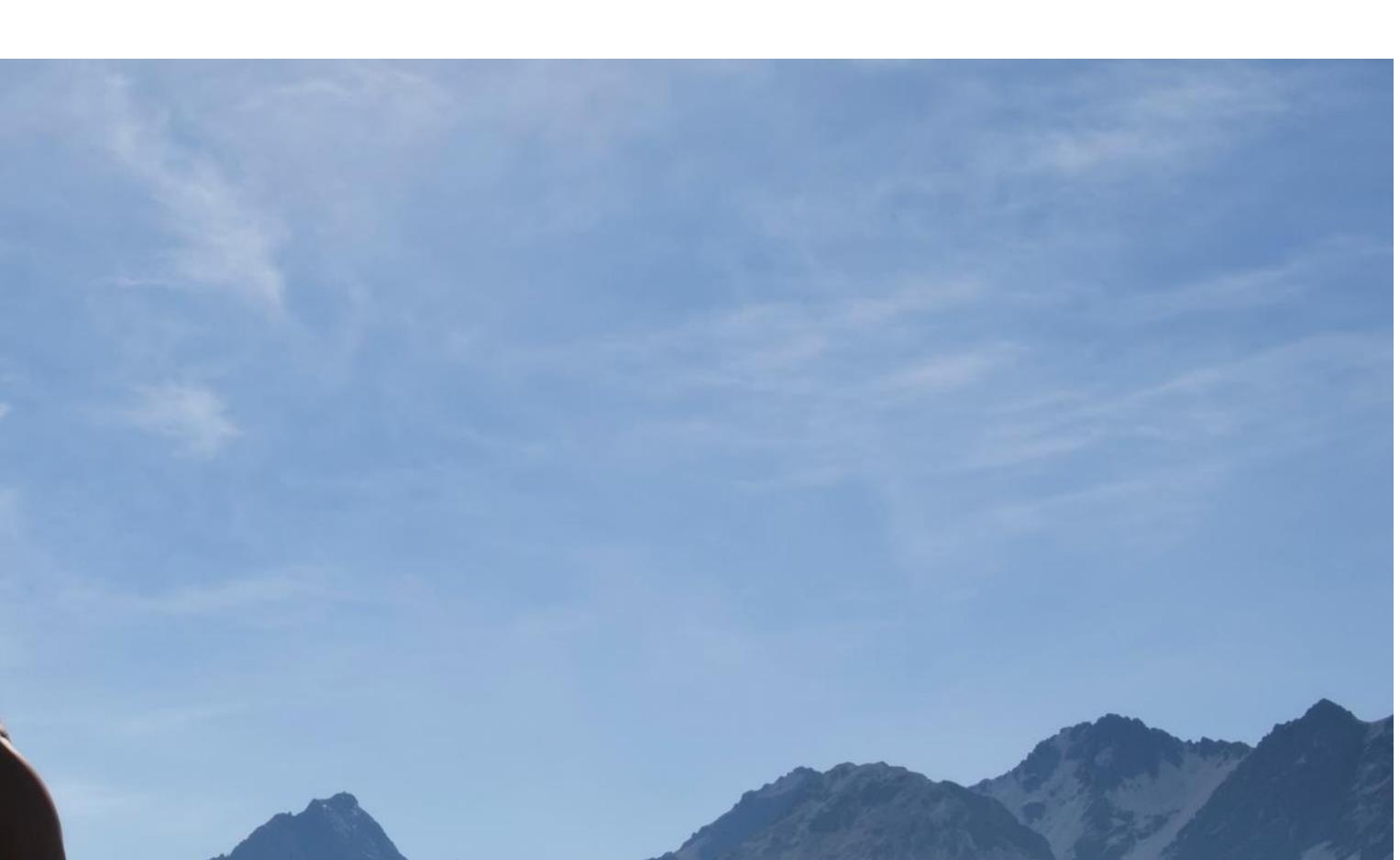


Despite progress, there is still a long way to go. It is important to take immediate action to achieve the gender balance on the executive and non-executive level. Here are some steps that your company can start taking, along with questions to submit to the management of the company.

Increased diversity in management yields better revenue, however, international research shows that very few companies in the energy sector follow an organized program to support female directorship. Additionally, data and reports on gender representation are lacking. It is necessary for companies to do this in order for important changes to happen. Without information and facts, only personal opinion and experience remains. Therefore, surveys as this one is an important addition to the Icelandic energy sector, both for information and facts, as well as encouragement for companies to do better.

According to the report's sample, half of the management and board members of the 12 largest companies were women, which is certainly reason to celebrate. At the same time, women only made up 17% of CEOs, and 36% of the other executives in the companies. It adds up to a total of 31% female executives. Women were only 21.7% of full-time employees in 2018 in the country's largest energy companies, compared with 19.8% in 2016. If the ratio of women in all of the companies' position only increased by 1.9% in two years, how long will it take for it to reach 40%? Or even 50%?

The good news is that corporate executives can take action right now, whether they want to improve the share of women within their company or ensure a steady balance. Here are three suggested actions that can be taken immediately.



### **1. Support future women's leaders and encourage other directors to do the same**

If you do not find promising women in the sector, look harder. Help open the door to new opportunities and encourage women to step out of the comfort zone. Two common tendencies that limit women's job opportunities are "waiting for somebody to notice them" and "underestimating their own skills." You can help correct this tendency and shape the next generation of leaders.

### **2. Let your workplace culture be based on the participation of all parties**

We need to find out how professional freedom can be provided for all employees and ensure that this freedom is not an issue if employees make use of it. Consider how you can employ more women in executive positions. Take control of unspoken tendencies within the workplace and measure the gender ratio so that employees can exchange facts and not just opinions.

### **3. Explore all the possibilities**

While this report focuses on women in decision-making and influential positions, it is also important to look at what is available beyond it. E.g. many young women study scientific disciplines, but only a handful make their way to executive positions within the energy sector. Build a workplace culture that supports all areas of the company, especially in human resources and performance management, as it will spread over to all aspects of your business.

In the long run, there are even more plans, actions, and policies that can be implemented that support improved gender equality.

#### **Questions to submit to the company management**

- Board candidates are often sourced from existing members' networks – how can we avoid appointing "more of the same" and challenge the status quo?
- Which surveys are we conducting to show the exact state of diversity within the company? What are the companies doing that have more equal gender balance?
- How do our female employees evaluate our initiative to find and promote future women leaders? How do we become aware of their opinions?
- Are we looking at all possibilities by also identifying talent that stands outside of the existing decision-making and influential power? What is our approach to ensuring equal gender representation?
- When and why do women leave the company? Are we losing women from the company that should be in management?

Every single company leader can decide to get the best out of employees by making equality a priority - right now. Why should we let such a good business opportunity wait that has so much potential?

# Conclusion



## Equal opportunities benefit everyone, regardless of gender

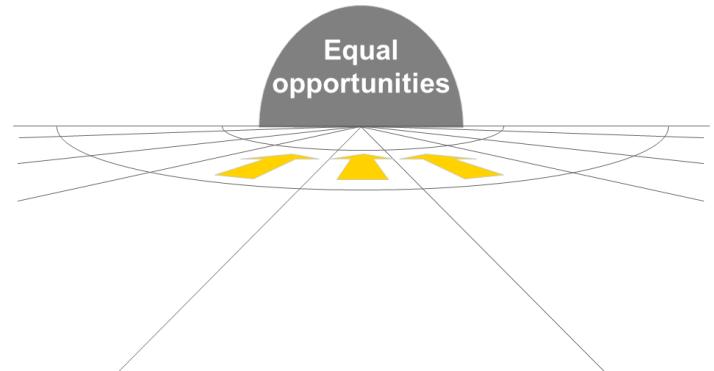
The survey concludes that the majority of decision-making power and responsibilities within Icelandic energy companies still lies with men. However, we have seen progress over the last two years, as the average rate of female decision-making power increased from 30% to 40% during that time. Moreover, all other female ratios have risen and only one has remained unchanged, i.e. diversity of board members.

However, there is still concern that women are a minority of CEOs and general staff in Icelandic energy companies. We hope this report will encourage companies in the sector to do everything in their power to correct gender balance across all ranks.

The report, nevertheless, shows a positive trend in gender diversity among board members with relation to seniority, which indicates better gender balance in the future.

The representation of women within the Icelandic energy sector is, however, greater than what is common abroad. Based on the results of the largest 200 energy companies in the world, Iceland ranks very well globally.

A major factor in correcting gender balance in the highest levels of responsibility and decision-making is to consider gender equality in other places within the company.



It's in everyone's best interests if both sexes are equally represented within the energy sector and therefore everyone should work together toward this common goal. Each individual should do what they can to provide equal opportunities for all, regardless of gender, when it comes to retraining and career development.

# Appendix A

## Methodology



### Data collection methodology

In order to analyze the representation of women within the Icelandic energy sector, the population was defined as all energy producers and distributors in Iceland. A sample that provided a clear picture of the population was then determined based on Samorka's member companies. EY's final sample consists of Samorka's 12 largest members, exempting the smaller rural heating, water, and sewerage suppliers. The Samorka members were adjusted in our sample to ensure the comparability of the analysis.

Data was collected from the sample by giving its companies access to a survey conducted by EY. Information on the number, gender, and seniority of chairpersons and board members was obtained through the survey. The survey was completed by the employees of the companies themselves. Furthermore, information on the full-time employees and equal opportunities policies were also reached from the survey. Finally, the annual accounts for the past three years were acquired from the sample companies.

### Decision-making methodology

In order to analyze the gender ratio of decision-making power within the sample companies, each category of chairperson and board member was assigned a weighted score. The methodology is based on the international methodology of EY in assessing the gender balance of decision-making within companies. Since corporate governance and organizational structure in Iceland is not fully transferable to international companies, the value was adjusted accordingly.

The highest weighting was assigned to the company boards, of which the chairman received the weighting of two board members. The second-highest weighting was given to CEOs, or executive managers if the CEO was not present. Subsequently, came other managing- and division directors. Finally, the department heads received the lowest weighting in the analysis.

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Further information about the company can be found on its home page, [www.ey.is](http://www.ey.is).

### **Disclaimer**

All information regarding the status of women within the companies that were included in the report was received from the relevant companies. EY is not responsible for the accuracy and completeness of the information contained in the report.

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## **Women in Energy**

### **About Women in Energy**

Women in Energy was founded in early 2016 after several months of coaching five women in the energy sector. The aim of the company is to increase the impact of women on energy issues, to better match their rows, to increase visibility and thereby increase the number of women in the sector.

Further information about the company can be found on its home page, [www.kio.is](http://www.kio.is).

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