

FEBRUARY 2025

Study

**Steady Progress in Challenging Times:
Diversity in German Supervisory and
Management Boards – The Role and
Relevance of Investors**
Executive Summary

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We gratefully acknowledge funding from Germany's Federal Ministry for Family Affairs, Senior Citizens, Women and Youth:



Bundesministerium
für Familie, Senioren, Frauen
und Jugend



Layout: Jasmin Jochum

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Executive Summary

Despite the difficult economic situation: institutional investors are not backing away from their diversity requirements for supervisory and management boards of German listed companies. After they significantly expanded their diversity-related demands between 2020 and 2022, the 30 most influential institutional investors in the DAX® and MDAX® have continued to push for more diversity since. Our trend analysis shows that 60 percent of them further intensified their diversity requirements over the past two years. As a result, in 2024, almost three quarters of the Top 30 demanded a minimum share of 30 percent women on supervisory boards; some even called for up to 40 percent.

In addition, many investors broadened their understanding of diversity to include aspects beyond gender, such as a person's origin, age or social background. This pressure that investors have exerted in recent years – which has been accompanied by regulatory requirements and heightened media attention – has generated significant momentum among companies. With 37 percent, the average share of women on the supervisory boards of German listed and codetermined¹ companies has reached a new all-time high. Many boards have already met or even exceeded the requirements put forth by investors, at least when it comes to gender diversity. Investors also report that data on diversity is now more readily available from large, publicly traded companies. At the same time, they also observe “signs of fatigue” at their portfolio companies when it comes to diversity and inclusion efforts. Extensive new reporting obligations and several ongoing crises have dampened companies' intrinsic motivation to do more in this area. Investors report that diversity is increasingly seen as a compliance issue that receives little attention as soon as the respective legal requirements are met or even surpassed.

The 40-percent-women quota that was laid out by the EU's 2022 directive on improving the gender balance among board members of listed companies is also emerging as a medium-term target for German companies – even though the directive's quota is not a mandatory goalpost in Germany. Background discussions we conducted for this study revealed that foreign investors in particular regard the European Union as one

uniform region. That is why national peculiarities, such as Germany's use of the option to suspend the directive's 40-percent quota as a compulsory target, have hardly affected the diversity requirements that international investors specify in their investment guidelines. As drivers of greater diversity ambitions, institutional investors retain significant clout. If they want to assess the progress their portfolio companies have made on aspects of diversity, investors must take a good look at companies' succession plans and diversity strategies.

Investors' own credibility, however, is significantly hampered by the lack of diversity among their leadership. The average share of women in the ranks of fund managers remains very small, particularly in Germany, where it is only 6 percent – one of the lowest numbers in Europe.² This discrepancy between the demands that investors direct at potential portfolio companies and the little progress they themselves have made on this issue weakens their position as diversity pioneers.

Despite the difficult economic situation: institutional investors are not backing away from their diversity requirements for the supervisory and management boards of German listed companies.

As part of the research for this study, we also analyzed to what extent diversity criteria like gender, age, nationality, or education are factored into the so-called qualification matrix for supervisory boards recommended by the German Corporate Governance Code. We found that 67 percent of all DAX® and MDAX® corporations have

already included at least one diversity criterion in their qualification matrix, while 50 percent included at least three criteria. We recommend that more businesses follow suit. By integrating information on their board members' gender, age, nationality, and education or professional background into the qualification matrix, listed companies help to improve the accessibility, standardization and comparability of diversity data – without having to expend any noticeable additional effort.

Diverse supervisory and management boards make companies more resilient, a quality that is especially valuable when circumstances are challenging. In times of crisis, when business can no longer fall back on tried-and-tested patterns, diverse leadership teams with a pluralism of perspectives not only help to detect critical risks earlier – they also outperform when it comes to identifying new opportunities.

1 The German system of codetermination means an approach to corporate governance by which a company's employees, through their elected representatives, participate in the organization's decision-making.

2 See Citywire (2024): Alpha Female Report 2020, https://citywire.com/Publications/WEB_Resources/alpha-female/alpha-female-2024-dollar.pdf.

Table 1: Ranking of the Top-30 Institutional Investors According to Current Evaluation Grid

INVESTOR	OVERALL SCORE	NOTION OF DIVERSITY	CONCRETE DEMANDS	DIVERSITY STRATEGY	NOMINATION PROCESSES	HOLISTIC UNDERSTANDING
Schroders	A (1,0)	A	A	A	A	A
BlackRock	A (1,2)	A	B	A	A	A
JP Morgan	A (1,2)	A	A	B	A	A
Union Invest	A (1,2)	A	B	A	A	A
Allianz Global Investors	A (1,4)	A	B	A	A	B
Fidelity International	A (1,4)	A	B	A	B	A
Ostrum (Natixis)	A (1,4)	A	A	C	A	A
UBS	A (1,4)	A	B	A	A	B
Wellington	A (1,4)	A	B	A	B	A
Amundi	B (1,6)	A	A	B	A	C
BNP Paribas	B (1,6)	A	A	B	A	C
DEKA Investment	B (1,6)	A	B	B	A	B
Dimensional Fund Advisors	B (1,8)	A	B	B	A	C
Flossbach von Storch	B (1,8)	B	B	C	A	A
Invesco	B (1,8)	A	B	B	B	B
State Street	B (1,8)	A	B	A	A	D
Ballie Gifford	B (2,0)	A	C	B	B	B
Vanguard	B (2,0)	A	B	B	A	D
DWS	B (2,2)	A	B	C	A	D
Goldman Sachs	B (2,2)	A	B	C	A	D
The Capital Group	C (2,6)	A	B	D	B	D
MFS	C (2,8)	A	A	D	D	D

INVESTOR	OVERALL SCORE	NOTION OF DIVERSITY	CONCRETE DEMANDS	DIVERSITY STRATEGY	NOMINATION PROCESSES	HOLISTIC UNDERSTANDING
Norges	C (2,8)	B	C	D	B	C
T. Rowe Price	C (2,8)	B	B	D	C	C
FMR	C (3,2)	B	C	D	C	D
Franklin Templeton	C (3,2)	B	D	D	B	D
bpfBOUW	C (3,2)	C	D	C	C	C
Geode	C (3,4)	C	C	D	C	D
TIAA-CREF	D (3,6)	C	D	C	D	D
Ameriprise	D (4,0)	D	D	D	D	D
Overall Average	B (2,1)	B (1,5)	B (2,2)	C (2,5)	B (1,8)	C (2,6)

Table 2: Ranking of Two Largest Proxy Advisors According to Current Evaluation Grid

PROXY ADVISOR	OVERALL SCORE	NOTION OF DIVERSITY	CONCRETE DEMANDS	DIVERSITY STRATEGY	NOMINATION PROCESSES	HOLISTIC UNDERSTANDING
Glass Lewis	A (1,2)	A	B	A	A	A
ISS	C (3,0)	C	B	D	B	D

Table 3: Evaluation of Investment Guidelines by Select Public Investors in Accordance with Current Evaluation Grid

PUBLIC INVESTOR	OVERALL SCORE	NOTION OF DIVERSITY	CONCRETE DEMANDS	DIVERSITY STRATEGY	NOMINATION PROCESSES	HOLISTIC UNDERSTANDING
Federal Republic (in case of minority investments in listed companies)*	C (2,8)	C	B	B	D	C
State of Hesse**	B (2,4)	C	A	B	D	B
State of Lower Saxony***	C (2,8)	C	A	D	C	C

* Relevant for companies what that fall within the scope of this analysis (DAX® und MDAX® companies)

** Invested in Volkswagen (DAX®) *** Invested in Fraport (MDAX®)

Table 4: Ranking of Top-30 Investors Based on Trend Analysis of How Diversity Demands Have Evolved Since 2020 (Assessment According to Current Evaluation Grid)

INVESTOR	2024	2022 (ADAPTED)	2020 (ADAPTED)	EVOLUTION SINCE 2020
Schroders	A (1,0)	B (1,8)	B (2,4)	↑
BlackRock	A (1,2)	A (1,4)	C (3,0)	↑
JP Morgan	A (1,2)	A (1,4)	A (1,4)	↑
Union Invest	A (1,2)	B (2,0)	C (3,0)	↑
Allianz Global Investors	A (1,4)	A (1,4)	B (1,8)	↑
Fidelity International	A (1,4)	B (1,6)	B (2,0)	↑
Ostrum (Natixis)*	A (1,4)	C (2,6)		↑
UBS	A (1,4)	B (1,6)	B (2,4)	↑
Wellington*	A (1,4)	B (1,6)		↑
Amundi	B (1,6)	B (2,4)	C (3,0)	↑
BNP Paribas	B (1,6)	C (3,0)	C (3,4)	↑
DEKA Investment	B (1,6)	B (2,0)	C (2,8)	↑
Dimensional Fund Advisors	B (1,8)	B (1,8)	C (3,4)	↑
Flossbach von Storch	B (1,8)	C (3,2)	D (3,8)	↑
Invesco	B (1,8)	C (2,6)	D (4,0)	↑
State Street	B (1,8)	A (1,4)	B (2,0)	↑
Ballie Gifford	B (2,0)	A (1,4)	C (2,6)	↑
Vanguard	B (2,0)	B (1,8)	C (3,0)	↑
DWS	B (2,2)	B (1,6)	C (3,0)	↑
Goldman Sachs*	B (2,2)			
The Capital Group	C (2,6)	C (2,6)	D (4,0)	↑
MFS	C (2,8)	C (3,2)	C (3,2)	↑
Norges	C (2,8)	C (3,0)	C (3,2)	↑
T. Rowe Price	C (2,8)	C (3,0)	C (3,2)	↑

INVESTOR	2024	2022 (ADAPTED)	2020 (ADAPTED)	EVOLUTION SINCE 2020
FMR	C (3,2)	C (2,8)	C (3,0)	↓
Franklin Templeton	C (3,2)	C (3,2)	D (3,8)	↑
bpfBOUW	C (3,2)	D (4,0)	D (3,8)	↑
Geode*	C (3,4)	D (3,6)		↑
TIAA-CREF	D (3,6)	B (2,2)	C (3,4)	↓
Ameriprise	D (4,0)	D (4,0)	D (4,0)	→
Overall Average	B (2,1)	B (2,4)	C (3,1)	↑

* Investor not part of scope for analyses in 2020 and/or 2022

Table 5: Analysis of Evolution for Biggest Proxy Advisors, 2020–2024
Assessment According to Current Evaluation Grid)

PROXY ADVISOR	2024	2022 (ADAPTED)	2020 (ADAPTED)	EVOLUTION SINCE 2020
Glass Lewis	A (1,2)	A (1,2)	B (1,6)	↑
ISS	C (3,0)	C (3,4)	C (3,4)	↑

Table 6: Analysis of Evolution for Select Public Investors, 2020–2024
(Assessment According to Current Evaluation Grid)

PUBLIC INVESTOR	2024	2022 (ADAPTED)	2020 (ADAPTED)	EVOLUTION SINCE 2020
Federal Republic (in case of minority invest- ments in listed companies)*	C (2,8)	C (2,8)	C (3,0)	↑
State of Hesse**	B (2,4)	C (2,6)	B (2,4)	→
State of Lower Saxony***	C (2,8)	C (2,8)	C (2,8)	→

* Relevant for companies what that fall within the scope of this analysis (DAX® und MDAX® companies)

** Invested in Volkswagen (DAX®) *** Invested in Fraport (MDAX®)

FIGURE 1

Share of Top-30 Investors Who Demand at Least 30 Percent Women on Supervisory Boards (2020–2024)

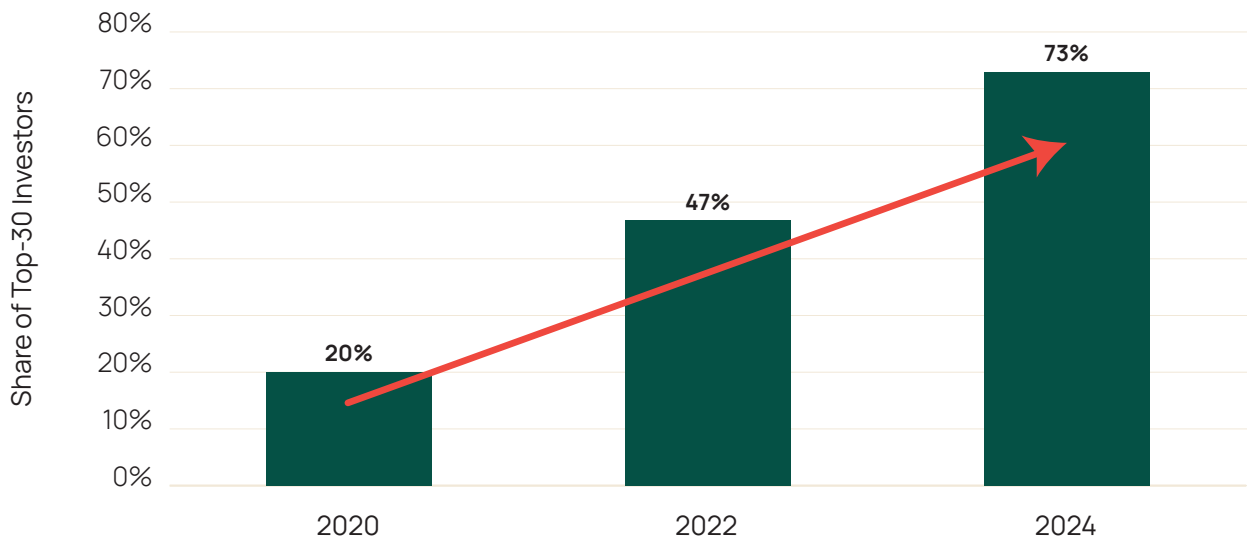


FIGURE 2

Changes in Institutional Investors' Minimum Requirements on Gender Diversity (2020–2024)



FIGURE 3

Inclusion of Diversity Criteria in Qualifications Matrix of DAX® and MDAX® Companies

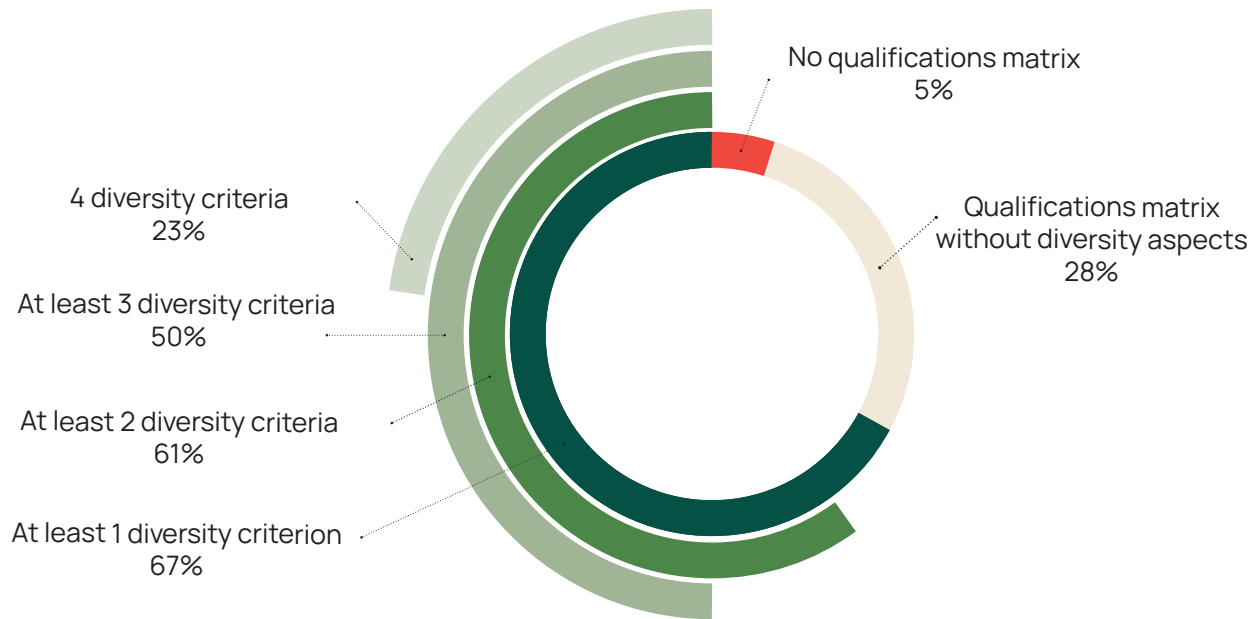
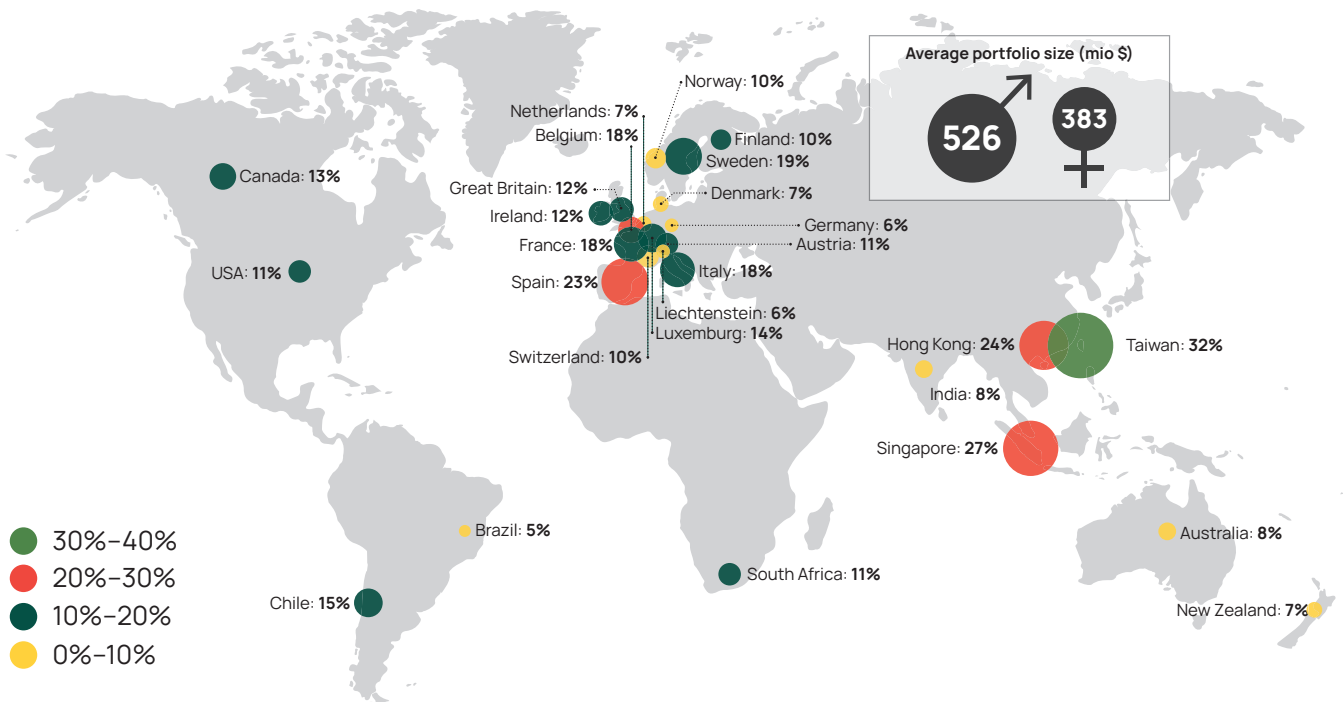


FIGURE 4

Share of Women Among Portfolio Managers Per Country (Data: Citywire, 2024)



About the Berlin Institute for Governance & Leadership

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Founded in March 2024 as a non-profit association, the institute is currently affiliated with Berlin School of Economics and Law. It is led by Dr. Philine Erfurt Sandhu and Katarin Wagner.

For more information, please visit www.bigl.org.

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