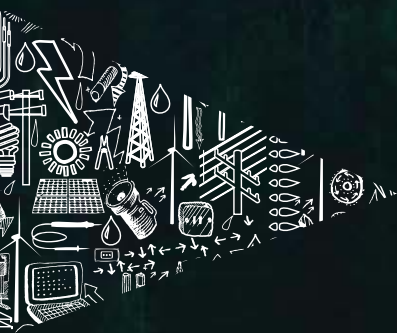


Talent at the table: index of women in power and utilities



Building a better
working world



Alison Kay

Global Power & Utilities Leader | EY





There I was, digging a hole in Wigan one snowy day, when an older man passed by. "A woman, digging a hole?" He shook his head in disbelief. "A woman in t' hole?"

I carried on, thigh-high in freezing water, and completed the graduate scheme training at United Utilities, just as I carry on every time people say I'm a novelty, an anomaly. I see no reason for women not to be working in power and utilities (though I must admit it's much more comfortable working indoors).

I was drawn to this industry because energy and water are fundamental to our lives – they reside at the place where society, politics and economics collide. And I am excited to be working in this industry at a time of transformational change.

No longer fit for purpose

What I am hearing from clients and the investment community is that the business models of yesterday are no longer fit for purpose. The global power and utilities (P&U) sector has significantly underperformed the broader markets in recent years, with global utilities lagging behind the global equity markets on price by almost two-thirds over the last five years.

P&U has become a master of "continuous change" and systems upgrades ... But the time for incremental change has passed.

While there is much acknowledgement that change is needed, unfortunately I am not seeing an appetite for real action. This may be because there has been so little structural disruption in the last 150 years. P&U has become a master of "continuous change" and systems upgrades: utilities can upgrade electricity networks without losing a single watt. And in a way, that's the problem. The time for incremental change has passed. We are facing a period of real transformation: how energy is produced, who generates it, how it is bought, sold and distributed is all changing and all at the same time (see *Sector in transformation*, page 6).

More gender diversity is needed

Although these trends are well accepted by the sector, what is less understood is how to navigate the challenges ahead. What's needed is new thinking. P&U leadership needs to become more diverse: in its executives, its board members and throughout the organization.

It needs more diverse teams, in terms of gender but also greater diversity of thought, experiences and backgrounds. Diversity will create competitive advantage – by encouraging businesses to challenge current approaches, consider alternatives and think the unthinkable. There is an overwhelming amount of evidence that diversity makes good business sense, and companies that embrace diversity outperform their competitors (see *The case for change*, page 12).

P&U leadership needs to become more diverse ... It needs more women on its boards, as well as greater diversity of thought, experiences and backgrounds.

Where we are now: women hold just 4% of executive board positions

This report sets a baseline for gender diversity on boards of the top 100 global utilities by revenue (see *Index: Women in P&U*, page 18). As part of our research, we also interviewed leading women in the industry to learn more about the changes they see already taking place in P&U, and their career paths to the boardroom. While the current *Index* makes for disappointing reading – only 4% of the top 100 utilities' executive board members are female – one of the themes to come out of the interviews was determination to improve things for the sake of the industry, the societies we serve and the next generation.

The journey toward better gender diversity

EY has committed to tracking the Index of women in P&U over a number of years (see *Changing the face of tomorrow's P&U leaders*, page 24), as part of a wider program to recognize and celebrate women in P&U. In doing so, we are not saying EY has the answers. We are on this journey as well.

This is our invitation to you to join the debate on gender diversity within P&U. We would like to encourage you – male and female – to take part in the next phase of our program. To contact us with your comments and suggestions, please go to www.ey.com/womeninutilities or via twitter @AlisonKayEY.

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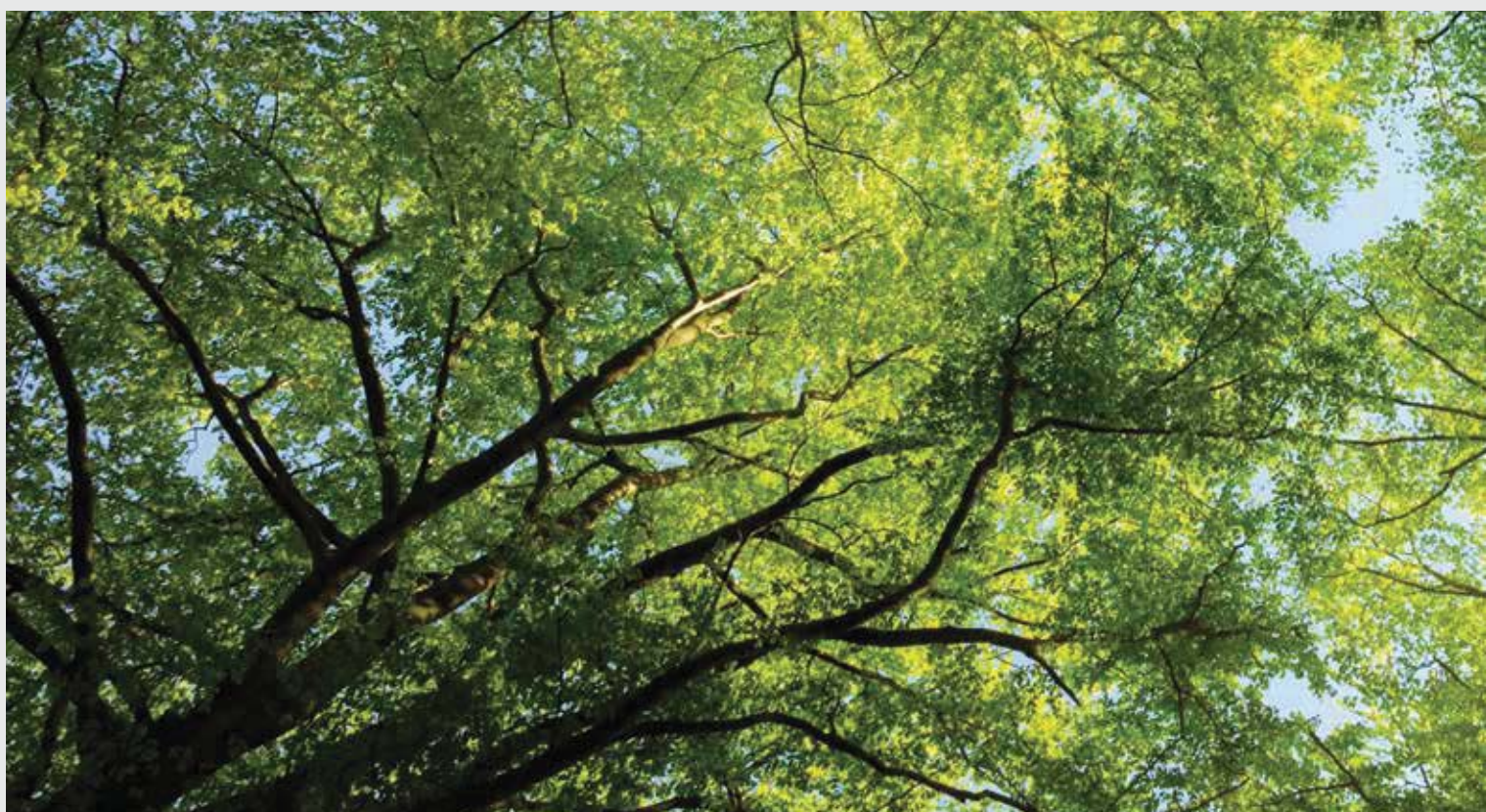
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Sector in transformation: business models must change

This is a time of monumental change for the power and utilities (P&U) sector. How energy is produced, who generates it, and how it is bought, sold and distributed is all changing - and all at the same time.

Society is also forcing this change, as consumers are increasingly dissatisfied with rising energy prices, aging infrastructure or lack of infrastructure, and the environmental consequences of fossil-fueled generation.

So how does the world solve the opposing yet equally important forces of affordability, accessibility and environmental sustainability? That is the energy trilemma facing the sector.

"It is unacceptable to consumers in the developed world to have the lights out. It is unacceptable to consumers in the developing world to continue to be denied access to power. And it is unacceptable for power generation to be unsustainable. People are concerned - and they want utilities and governments to take action."

Alison Kay
Global Power & Utilities Leader
EY

Transformation is pushing the traditional utility business model - which assumes stable, predictable cash flows within a familiar regulatory framework - beyond its comfort zone. Forward-thinking P&U businesses are now realigning investments, rethinking their models and exploring new commercial strategies and value-added services to appeal to customers.

P&U: beset by change from all directions

Technology is a primary force behind this change, from smart grids and meters, to data analytics to renewables. But change is coming from multiple directions, including:

Infrastructure investment: Infrastructure renewal and expansion is needed on a huge scale - current estimates show a US\$17t investment is needed in global power infrastructure through to 2035. In production, and transmission and distribution (T&D), investment is being driven by the growing demand for cleaner, smarter and more reliable energy supply.



"The utility as a model is going to change, and it's moving quicker than anyone would have imagined. We need solutions and we can't just tinker around at the edges."

Julia Johnson
Founder of Women's Emerging Issues Policy Forum (WEIPF), board member of FirstEnergy and NorthWestern Energy

Cheap renewables and distributed generation: The costs of delivering cleaner, smarter and more sustainable energy solutions have fallen dramatically – solar PV module unit costs have fallen by over 75% since 2006¹ and are expected to continue to fall, which will make grid parity for renewables a reality. Growth in distributed generation (DG) and improved energy efficiency is disrupting the traditional

model of centralized energy supply over large transmission and distribution (T&D) networks. Combined with lower-cost energy storage, this could become a real game-changer that empowers customers and challenges traditional utility business models.

Empowered customers: The growth in DG, together with the rollout of smart meters and other digital devices, will enable two-way data flow that allows customers to take increasing control of energy generation and usage. And with the rise of new entrants offering energy-related services, consumers will be able to choose with whom they want to do business.

Digitization: Big data and analytics promise to transform and unlock significant competitive advantage. Global utility company expenditure on data analytics is expected to grow from US\$700m in 2012 to US\$3.8b in 2020, with gas, electricity and water suppliers all increasing their investment. Customer and grid analytics will make sense of vast amounts of data from smart meters to help improve processes and business intelligence.

"The big change that I anticipate is more partnering: the relationship aspects of my job will assume greater importance. We see real opportunities with new entrants targeting consumers and innovation."

Stephanie Hazell
Group Strategy and Corporate Development Director, National Grid

Market reforms: Political will is a proven catalyst for sweeping change. Energy markets set to undergo major reform in the next few years include Japan and Mexico, where we can expect to see challenges to the status quo for entrenched monopolies. Privatization and deregulation create new opportunities for investment, accelerating transformation.

¹ "Solar PV Market Forecasts," Navigant Research, 3Q 2013.

Regulatory and policy frameworks: New environmental rules and the low-carbon agenda demand that P&U businesses build more effective relationships with policy makers and regulators to increase their visibility and impact. Many utilities operate in a highly regulated environment and will need to develop new rate case strategies to earn acceptable returns on investment in smart metering and grid modernization programs.

“Our infrastructure build-out carries a massive cost, and there are challenges in terms of human resources as well as fuel resources.”

Roslina Zainal
Vice-President of Planning,
Tenaga Nasional Berhad (TNB)

Competition: Lessons learned from other industries that have faced disruptive change include a willingness to adapt business models, develop new approaches to risk and embrace innovation. The line between utility customer and competitor is already being blurred, with major commercial players, such as Google, Apple, IKEA and WalMart becoming buyers and self-producers of electricity and/or providers of new energy services.

“Up to now, utilities have lagged behind the technology curve in terms of customer tools and interfaces. We need to accelerate progress, so that we can be proactive and give customers what they want, in a format and timescale that suits them.”

Gayle Lanier
Senior VP and Chief Customer
Officer, Duke Energy

Aging workforce: The P&U sector is facing enormous human capital risks with a significant number of workers nearing retirement age in many countries. Approximately 60% of the global utility industry workforce is over 40 years of age with many expected to retire in the next 10 to 15 years.² Their vast knowledge – built up over decades – will not be easily transferred to the next generation. The sector needs effective strategies for succession planning and knowledge transfer to maintain operational effectiveness and improve productivity during this critical period of transition.

“Whether you are state-owned or liberalized, in a developed or developing economy, don’t let the P&U transformation leave you behind. It impacts the entire value chain – from distributed generation to more empowered customers – and will completely change the rules of the game. There is no safety net.”

Alison Kay
Global Power & Utilities Leader
EY

² EnergyCentral, *energybiz website*, <http://www.energybiz.com/event/webcast/aging-utility-workforce-business-impacts-and-strategies>, accessed 15 April 2014.





Transformation at a glance

US\$17t

cost to expand/refurbish global power infrastructure up to 2035.³

US\$3.8b

level of utility spending on data analytics by 2020 – up from US\$700m in 2012.⁴

130%

increase in global revenue from smart grid technologies from US\$33b in 2012 to US\$73b by 2020.⁵

+36GW

distributed solar installations expected to nearly triple between 2012 and 2018 from 19GW to 55GW.⁶

>75%

fall in solar PV module unit costs since 2006.⁷

18%

expected CAGR in yield from utility distribution microgrids – from just over 400MW in 2012 to 1,153MW worldwide by 2018.⁸

³ World Energy Outlook 2013, *International Energy Agency*.

⁴ The Soft Grid 2013-2020: Big Data & Utility Analytics for Smart Grid, *GTM Research*, December 2012.

⁵ "Smart Grid Technologies," 1Q 2013, *Navigant Research*.

⁶ "Distributed Solar Energy Generation," 2Q 2013, *Navigant Research*.

⁷ "Solar PV Market Forecasts," 3Q 2013, *Navigant Research*.

⁸ "Utility Distribution Microgrids," 3Q 2012, *Navigant Research*.

The future is now

These changes are not in the distant future – they are having an impact on utility businesses across the globe today.

The biggest impact of these changes is that traditional business models need to co-exist and co-evolve with increasingly decentralized models. We simply can't meet the trilemma of security of supply, affordability and sustainability with the old model alone.

Utilities who respond in flexible, innovative ways can turn disruptive threats into opportunities, remain relevant to their customers and develop new revenue streams beyond point to point energy supply. Ultimately, this could redefine what it means to be a P&U business.

"My fear is that if we don't address these challenges head on in the next 10 years, then price rises, environmental issues, political unrest and struggling utilities will become the norm."

Alison Kay
Global Power & Utilities Leader
EY

Utilities need to embrace a culture of innovation and entrepreneurship with a willingness to embrace the best ideas – wherever they come from. We need diverse thinking in and out of the boardroom. To succeed, we need to bring in and develop new skills and approaches.

One pool of talent that is currently untapped is women.



Susanne Nies

Head of Unit Energy Policy Power Generation, EURELECTRIC

"As EY's Index shows, there are not many women at the top of this industry. Although they are shocking numbers when you see them in black and white, it's something I experience every day. Recently, I was at a conference in Berlin that opened with 'Dear Dr Nies, dear gentlemen'. We need to change that for the next generation."

Right now in P&U there are only a few excitable market-focused people with the mindset of Google's Page and Brin or Facebook's Zuckerberg and Sandberg. We need people who are like nervous thoroughbreds, who charge ahead and ask - what haven't we done before?

Utilities need these types to innovate business models, to reinvent themselves. Diversity is key here: more people with international backgrounds and of different ages, and more women. That's vital if we are to survive the bleak times we are in today. If we don't, then the music will be elsewhere - it will be with those willing to innovate.

I believe the most important challenge for the industry today is to adapt, to change both the environment and business model. Utilities across Europe are responding in very different ways to this. But there is a danger that the major difficulties caused by market distortions and unfavorable investment climate actually reduces the utility's capacity to adapt, making them even more conservative.

The future is not in 50 years, or even 10 years. The future is around the corner - and this applies to regulated as well as competitive markets. If the European utilities choose not to act, there is a real risk that they could disappear altogether - becoming, if you like, "Ministries for Baseload."

Although European policies have led, in many cases, to fragmentation, utilities cannot blame external factors alone. There's a need for new blood to shake things up and move beyond the old world of engineers only. We need a new world of men and women of different ages, ethnicities and backgrounds. We need people to stop acting like an endangered species and protecting their little patch, to open up, think beyond their operational silos and take a more holistic view of the industry, its challenges and its future.

Before becoming Head of the Unit Energy Policy Power Generation at EURELECTRIC, which represents the electricity industry in 32 European countries, I had a career in academic research and consulting. I was

in charge of oil and gas issues on a think tank's energy program when I became fascinated by P&U. Electricity is a sector where public and private interaction have to be optimal; it is not Coca-Cola, it is more of a public good. By necessity, the industry is highly regulated, and regulation has to be well articulated and long term. Electricity moves at the speed of life; it brings societies forward.

As EY's Index shows, there are not many women at the top of this industry. Although they are shocking numbers when you see them in black and white, it's something I experience every day. Recently, I was at a conference in Berlin that opened with "Dear Dr Nies, dear gentlemen." We need to change that for the next generation.

Gayle Lanier

Senior VP and Chief Customer Officer, Duke Energy

“It takes diversity at the top of an organization to recognize the value of people that are different - and that can have an immediate impact - and take a chance of bringing different skill sets into the company.”



I think it's a common misconception: people don't see P&U as a progressive industry. In fact, there's a lot here once you scratch the surface. P&U is facing so many changes and new challenges: our customers and their expectations of us are changing daily.

As a sector, P&U needs to attract people with a business-savvy mindset who may not have considered working in this sector before. We need people to apply new thinking and leverage technology. We have to become champions of thinking differently. We have to listen to customers and understand how - and if - they want us to be a part of the changing world.

Incorporating the best approaches from other industries into what we do, to make Duke Energy one of the best utilities, is really our goal and mission. We're looking at practices from telecommunications companies, banks, airlines and couriers - that have succeeded in putting control and flexibility into the hands of customers.

At Duke, we need diverse teams more than ever as we get more personal with customers and move from the meter into the home. One of the reasons I joined Duke five years ago was to bring diversity of thought. My prior experience was in computers and telecommunications, so I had to learn about utilities fast. In doing so, my technical skills have been very important; my degree in engineering taught me to problem-solve. It also made me a role model, something it took me a long time to accept. You didn't see many female African-American engineers in the early 1980s.

I wasn't surprised by the results of this survey. I quite often find women outnumbered at least 10 to 1 on boards. It's disappointing that nothing much has changed in 20 years. But I don't think it's solely a result of traditionalists holding us back. Women have a tendency not to talk about their accomplishments and this has to change. The best advice I've ever had

from a mentor is: "Never let other people take credit for your work." I've learned to be more vocal and make sure I'm heard.

Diversity is critical, in terms of gender, race, age, backgrounds, etc. It makes our teams better and stronger, and ensures our plans are robust. On a big project, I always say: "Let me talk to the biggest naysayer first." I need to understand what that person is thinking, because there may be something I've missed. A lack of diversity could lead to unintentionally excluding excellent ideas, thoughts and people, because you can't talk about things you don't know.



More women at the table: the case for change

The transformation of P&U demands fresh approaches and new thinking - and diverse boards can help deliver this. There is an overwhelming body of well-validated research, from a wide variety of sources analyzing companies around the world, which documents the links between gender-balanced boards and improved financial performance. In this section, we share some important highlights from that research.

Countries around the world are recognizing the need to bring more women into the boardroom. Women represent more than half of graduates in most of the developed world, yet account for only 11% of board members on average globally.⁹

Impatient with the slow pace of voluntary change, a number of nations have introduced or are introducing legislative or corporate governance measures to get more women on boards (see inset box).

“In any complex business environment, companies with a strong representation of women on their boards increase their chances to outperform competitors.”

Marie-José Nadeau
Chair of World Energy Congress
and EVP of Corporate Affairs,
Hydro-Québec

Government action to get more women on boards

Countries that have introduced legislative or corporate governance measures to promote better gender diversity on boards include:

- ▶ Australia - Equal Opportunity for Women in the Workplace Amendment Bill amended in 2012; public disclosure of gender equality indicators required for companies from 2013. Minimum standards for gender equity for FY 2014-15 are no longer certain due to corporate lobbying over compliance costs.
- ▶ Belgium - Law introduced in 2012 to ensure at least one-third of directors of state-owned firms are of a different gender than the majority.
- ▶ Brazil - Recommendations to Corporate Governance Code published by the Brazilian Institute of Corporate Governance in 1999 and revised in 2004; legislation for quota of 40% female representation on boards of state-controlled firms is under consideration.

⁹ GMI Ratings 2013.



- ▶ Canada - Law on equality (2011 target); Québec quota of 50-50 gender split on state-owned corporations' boards of directors; national proposed legislation for 40% female representation on boards by 2019.
- ▶ Finland - Legislation introduced in 2005 for quota of 40% for female board directors; regulation introduced in 2010 directs companies to issue a corporate governance statement which describes board composition.
- ▶ France - Corporate Governance Code adopted in 2011; quota requires publicly listed companies to ensure 40% female representation on boards by 2017.
- ▶ Germany - Proposed legislation to ensure at least 30% female representation on boards of companies listed on German stock exchange from 2016.
- ▶ Iceland - Legislation passed in 2010 to have at least 40% of both genders on boards by September 2013.
- ▶ Italy - Corporate Governance Code adopted in 2009; gender parity law adopted in 2011 (targeting at least 20% representation for underrepresented gender by first renewal of board of directors and one-third by subsequent renewal).
- ▶ Israel - Adequate representation bill amended in 2007; proposed legislation to ensure at least 40% representation of each gender on boards with more than nine members.
- ▶ Kenya - Legislation passed in 2010 requires that no gender should occupy more than two-thirds of the board in state-owned companies.
- ▶ Malaysia - In 2011, the Prime Minister suggested a quota of 30% for females in decision-making positions across all Malaysian public listed companies by 2016.
- ▶ Mexico - Labor reform bill passed in 2010.
- ▶ The Netherlands - Legislative amendment (went into effect in 2013) requires each gender to hold at least 30% of the boards of listed companies. Mandate will cease by 2016 - companies required to comply or explain.
- ▶ Norway - Legislation introduced in 2003 mandated a 40% quota for females on boards of state-owned firms by 2006 and on boards of publicly traded firms by 2008.
- ▶ New Zealand - Corporate Governance Code adopted in 2012.
- ▶ Philippines - Legislation proposed in 2010 currently pending with the House of Representatives Committee on Women and Gender Equality.
- ▶ South Africa - Women empowerment and gender equality bill passed in 2014.
- ▶ Spain - Law on equality (compliance mandated from 2015) requires at least 40% and at most 60% representation of each gender on the boards.
- ▶ Sweden - Disclosure regulation passed in 2007, which required gender breakdown disclosure for the board of directors of publicly-traded companies.
- ▶ UK - Corporate Governance Code adopted in 2010; Lord Davies recommended UK FTSE 100 companies should aim for at least 25% female representation by 2015.
- ▶ US - Disclosure Regulation adopted by SEC in 2010.

These actions have been taken for a variety of reasons, from wanting boards to be more just and representative, to improving the professionalism of board nominations to better business performance. It's encouraging to see such a large number of countries pursuing policies and programs to support a better gender balance on boards. Because as we highlight below, this isn't just "the right thing to do" - it delivers measurable hard economic benefits.

Improved economic performance

Back in 2010, EY and the Economist Intelligence Unit conducted a globalization survey (see Figure 1) that included a question on the link between diversity and reputation/financial performance: 85% agreed that there was a link, with 53% stating that diversity improved both reputation and financial performance.

"You need people with different perspectives to change things. With the same people thinking the same thoughts, it's impossible to change. Board members have to stop re-recruiting themselves, and accept new approaches."

Susanne Nies
Head of Unit Energy Policy Power Generation, EURELECTRIC

EY research confirms there is a correlation between gender diversity on boards and business performance. In our report *High achievers: Recognizing the power of women to spur business and economic growth*, we documented some of these statistics:

55%
average EBIT for companies with representation of women in top leadership and executive committee, which is higher than that of companies with no women in leadership¹⁰

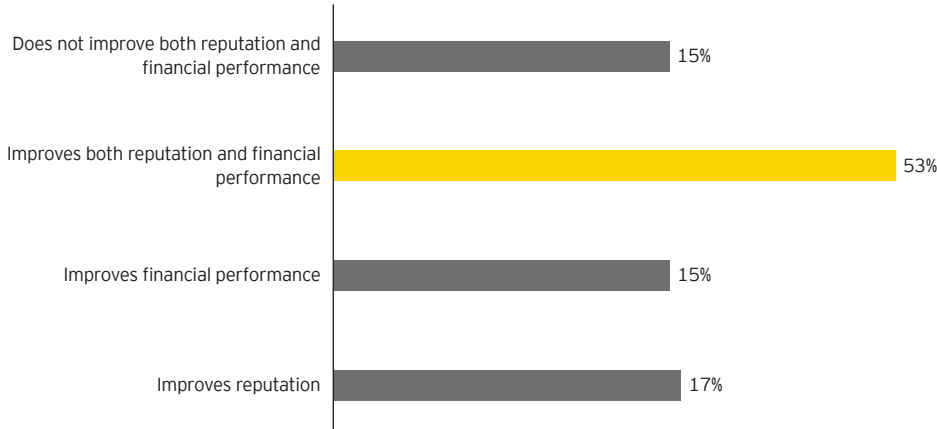
18%-69%
more profitability for companies with the best record of promoting women to high positions¹¹

53%	42%	66%
ROE	return on sales	ROIC

for firms with highest representation of women board directors, outperforming those with the least representation¹²

Figure 1: Link between diversity and reputation/financial performance

Q. Which of the following statements best describes your assessment of the link between diversity and reputation/financial performance?



So how are these benefits being achieved? EY's research for this report suggests that, in general, women are often more willing than men to ask questions and challenge the status quo. In many cases, they also bring good interpersonal skills and a more collaborative, inclusive approach.

There is a wealth of research supporting the premise that gender diversity can lead to improved business performance. Highlights include:

A report published by the Association of Chartered Certified Accountants and the Economic Social Research Council:¹³ "Research suggests that [gender] diversity facilitates better decision making, greater independence, better adherence to corporate governance, less insolvency, greater innovation and creativity, and less 'group-think', where members of similar backgrounds can tend to ignore alternative views or concerns, leading to flawed decision making."

10 Women Matter 2013: Moving corporate culture, moving boundaries, McKinsey & Company, 2013.
11 Roy Adler, "Women in the Executive Suite Correlate to High Profits", Harvard Business Review, 2001,
12 Lois Joy, Nancy Carter, Harvey Wagener and Sriram Narayanan, The Bottom Line: Corporate Performance and Women's Representation on Board, Catalyst, 2007.
13 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, November 2012.

Research by **McKinsey** revealed that “The companies with three or more women in senior management functions score more, on average, for each organizational criterion than companies with no women at the top. The top rated companies also outperform their sectors in terms of return on equity (11.4% vs. an average 10.3%) and operating result (EBIT 11.1% vs. 5.8%).”¹⁴

Research by **Thomson Reuters**, based on 4,100 public companies, highlighted the links between gender diverse boards and lower share price volatility: “Globally we observe that companies with mixed [gender] boards tend to have better tracking in relation to a benchmark such as ... MSCI World, whereas those companies with no women on their boards display slightly more volatility. Analysis carried out across sectors also shows that companies with mixed boards not only have lower tracking errors but in many cases also have better returns.”¹⁵

A PwC report on the mining industry documented the financial business case for more women in executive and board positions: “Despite low numbers there is striking correlation between return on assets and the number of women on boards. Return on assets ranges from -2.86 for all male boards to +6.40 for boards with two or more women. In simple terms, this means on average, for every £1 invested in a business, those with all male boards lose £2 and those with two or more women get £6 back.”¹⁶

These are just a few reports that confirm that gender diversity makes good business sense.

Links between diversity, quality and innovation

Diversity delivers more than just financial benefits to an organization. There are wider business benefits as well, many of which we set out in our *High achievers* report.

For example, in a study of 101 large corporations, companies with three or more women in senior management functions scored higher than companies with no women at the top on nine criteria of organizational excellence, including key factors such as leadership, accountability and innovation.

There are strong links between diversity and quality and innovation. Data on the top 1,500 US firms from 1992 to 2006 shows a strong correlation between firm quality as measured by Tobin's Q (the market value of a company divided by the replacement value of its assets) and female participation in senior management.¹⁷ A comprehensive study of 1,000 international teams also found that innovation was positively correlated with an equal gender ratio within work teams and negatively correlated with an unequal ratio.¹⁸

Interestingly, we found that all-male boards are less likely to renew and diversify. EY's report *Diversity drives diversity* revealed that only 57% of US boards added a new director between 2011 and 2013, compared to 82% for companies with at least one female director. Only 77% added a new director between 2009 and 2013, versus 94% for companies with at least one female director.

“Past success can lead to an unwillingness to change. People who have been together for 30 years, who have had success together with one model that worked, will ask: ‘Why should I change?’”

Susanne Nies
Head of Unit Energy Policy Power Generation, EURELECTRIC

From this wide array of research, we can see the benefits to utilities in achieving gender-balanced boards. Homogenous boards limit leadership's ability to develop fresh solutions to the tough challenges outlined in *Sector in transformation* (page 6). At a time when everything has been turned on its head, and utilities have seen an eroding of their market value, growth is only going to come from emerging markets, new energy sources and new services. Diversity can help to support the fundamental rethink that is required.

So just how many women are on the boards of P&U companies around the world? We answer that question in the next section.

Questions for the board

1. Given the evidence, can you afford to ignore the business benefits of more women in the boardroom?
2. What is stopping you from bringing more women onto your board?



¹⁴ *Women matter*, McKinsey & Company, 2007.

¹⁵ André Chananvat and Katharine Ramsden, *Mining the metrics of board diversity*, Thomas Reuters, June 2013.

¹⁶ *Mining for Talent 2014*, PwC, February 2014.

¹⁷ Columbia University. University of Maryland.

¹⁸ London Business School.



Marie-José Nadeau

Chair of World Energy Congress
and EVP of Corporate Affairs,
Hydro-Québec

“In any complex business environment, companies with a strong representation of women on their boards increase their chances to outperform competitors.”

Everywhere I go, everywhere I speak, I'm asked questions about gender diversity. As the first female chair of WEC, the first female member of Hydro-Québec's senior management team back in the 1990s, and a current board member, I'm happy to answer these questions. But when I see the results of EY's Index, I'm disappointed that so little has improved over the years.

I graduated in law at the turn of the 1970s, in the aftermath of the oil shock, when energy was at the top of the political agenda in North America. In retrospect, my decision to complete a Master's degree in law with a focus on energy issues was decisive. My background as a lawyer allowed me to bring a different perspective to an environment of engineers.

At that time, I was part of the first wave of women to combine families and careers. I didn't have any role models; we were all working through it by trial and error. When I talk to younger women, I tell them, “You may be looking for a role model, but beware: these are personal choices. You cannot mimic someone else's career path.

It's too easy to look at a female leader with 40 years of experience and want to be like her without recognizing what compromises and choices have been made.”

In Québec, there is legislation requiring a 50-50 gender split on state-owned corporations' boards of directors. I prefer voluntary action, but I have seen that quotas do make a difference. It's a shame we need them because there are women perfectly capable of holding these roles and being successful in them.

Diversity comes in many forms. If you have a team of ten people with the same background, the same age, the same cultural and professional background, who all think alike, you will definitely miss something. For an organization like WEC, diversity is essential: we have 93 national member committees and 15 board members from all over the world.

We are privileged to be involved in a key sector without which the world cannot survive. The energy sector is currently not known for its diversity but, given the challenges ahead, we simply cannot afford to discourage or exclude anyone. It's time to move on from talking about diversity to making change happen and reporting on it.

Today we are building tomorrow's solution to our energy problems. Tomorrow's generation, men and women, have to be part of the thinking. We are facing complex issues and we simply can't afford to discount half of the population.

Roslina Zainal

Vice-President of Planning,
Tenaga Nasional Berhad (TNB)

“Unfortunately, I frequently see qualified women not applying for jobs, whereas men will just go for it. Women look at the qualifications needed and say, ‘Oh, I’m not good enough. I’ve never done it.’ That mindset needs to change.”



As part of incentive-based regulation introduced by the Malaysian Government in January 2014, I've been working on the calculations for the Fuel Cost Pass-Through Mechanism and meeting with the regulators to discuss the numbers. We hope to be approved to use the FCPT for the first time this July.

We are all gearing up to make sure that this goes smoothly; it should help boost our share price and ensure that we have enough finance to build our infrastructure. With electricity demand growing at 3% to 4% a year, we are looking at an increase of 500 MW annually.

We currently have two major hydroelectric plants and a coal plant under construction, and a gas-fired plant in planning. With additional capacity needed from 2018 to 2020, our infrastructure build-out carries a massive cost, and there are challenges in terms of human resources as well as fuel resources.

In my role, my engineering degree has been critical. I have worked in various roles in transmission and my work can be quite technical. Our regulators are predominantly engineers, and we have to defend our case in technical as well as business terms.

When I moved into strategic forecasting, I felt I needed a broader skill set so I got an MBA. This has been very useful in particular with incentive-based regulation, where you have to calculate elasticity of demand and justify sales growth, demand growth, etc. We are now encouraging our engineers to take up MBAs, because the skill set required now is so analytical and economics-based.

I think there's a misconception that, if you're a lady, you cannot do engineering because you might have to climb poles, which is totally untrue. I expected other companies to have similar numbers of women on the board as TNB, but I am not surprised that women represent a low percentage.

Unfortunately, I frequently see qualified women not applying for jobs, whereas men will just go for it. Women look at the qualifications needed and say, “Oh, I’m not good enough. I’ve never done it.” That mindset needs to change.

The culture of Tenaga has always been very open and receptive to female leaders. We have always had women on the management team and the company has proactively promoted gender diversity. Last year I was in charge of nominating women to the boards of our wholly owned subsidiaries. They received training from the Ministry of Women and Development. The Ministry also maintains The Women Directors' Registry, an online database of board-ready women directors that companies can search.

Women in P&U Index: women represent only 4% of executive board members

“Let’s look at this in classic economic terms: what is the supply and what is the demand? There is no problem with supply. Women are well represented up to middle management levels. Is there a problem with demand? There are bright, talented, qualified women out there. But 4% in executive positions in P&U? You can’t hear 4% – they have no voice.”

Alison Kay
Global Power & Utilities Leader
EY

Given the tremendous changes transforming P&U, and the value that women bring (both economically and socially) to boards and senior management, what is the current state of gender diversity in P&U?

Unfortunately, it seems the pace of change in P&U is outdistancing the pace of change in the boardroom.

When we first searched for statistics on the number of women on P&U boards globally, we struggled to find them. So EY commissioned independent research into the top 100 global P&U companies by revenue to create the *Women in P&U Index*.

For the Index, we analyzed the top 100 P&U companies to discern the number of women on the board of the headquartered company and on the senior management team. Our research revealed that women account for:

4% of board executives in P&U

18% of non-executive directors¹⁹

15% of board members
(both executive and non-executive)

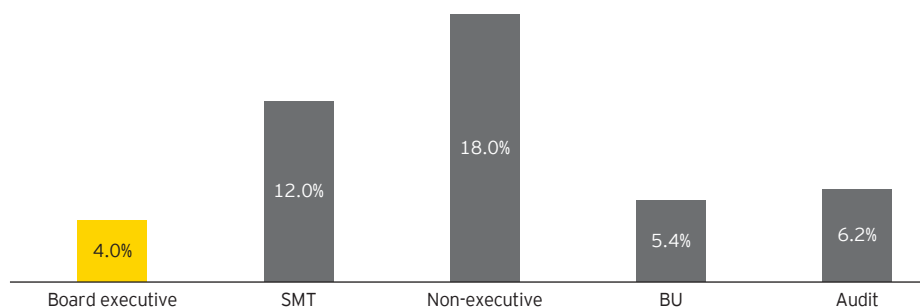
12% of the senior management
teams (SMT)²⁰

¹⁹ A non-executive director (also called external director, independent director and outside director) is a member of a company’s board of directors who is not part of the executive team. A non-executive director typically does not engage in the day-to-day management of the organization, but is involved in policy making and planning exercises. A glossary of terms used is provided at the end of this report.

²⁰ We defined “senior management teams” as the executive management of the company, including the chief executive officer and chief financial officer or equivalent roles. A glossary of terms used is provided at the end of this report.



Figure 2: Percentages of women in leadership positions in top 100 global utilities by revenue



With just 4% of women in executive board positions across the top 100 global P&U companies, it is clear there is much room for improvement. Even the 18% of female non-executive directors falls far short of the 25-40% ratio of women board directors put forward by countries suggesting or implementing quotas (e.g., Finland, Iceland and Norway already have quotas of 40%; Canada is proposing 40% by 2019; UK proposes 25% for FTSE companies by 2015).

"The culture of Tenaga has always been very open and receptive to female leaders. We have always had women on the management team."

Roslina Zainal
Vice-President of Planning,
Tenaga Nasional Berhad (TNB)

"I quite often find women outnumbered at least 10 to 1 on boards. It's disappointing that nothing much has changed in 20 years."

Gayle Lanier
Senior VP and Chief Customer
Officer, Duke Energy

We also looked at the different roles held by women within the SMT. Just over half held positions in legal and compliance, operational and HR, followed by finance, subsidiary leadership and strategy. This presents a real opportunity for utilities. As demonstrated in the previous section, *The case for change*, there is a strong correlation between the presence of women in top management and improved financial and overall company performance.

By promoting more women into these underrepresented roles, utilities can create more diverse leadership teams to navigate the disruptive change facing the sector.

Top 20 utilities worldwide for gender diversity

We ranked the top 100 global utilities to determine who vested the most decision-making power in their women leaders. Scores were awarded to each company based on the number of women in leadership positions. The highest weightings were given to executive board positions, followed by senior management teams, non-executive board positions and heads of business units (generation, networks, trading and retail) in that order. For more information, see *Methodology* on page 30.

Based on our findings, Figure 3 shows the top 20 utilities worldwide for gender diversity.

We congratulate these top 20 utilities for their commitment to diversity, and look forward to tracking the progress of utilities worldwide in the coming years.

Looking at our top 20 P&U list in terms of geographic regions, we can see that North American utilities rank high, with 3 of the top 10 utilities and 6 of the top 20 positions held by US/Canadian utilities. Europe is represented by 8 utilities in the top 20 list, followed by 4 Asia-Pacific utilities, 1 Australian utility and African utility.

How does P&U compare to other industries?

Across all industries, companies are struggling to meet the 25% to 40% targets set by governments. Although P&U fared better for gender diversity than other infrastructure-specific industries such as telecommunications, oil and gas, mining (see Figure 4), it lags behind consumer services and consumer goods.

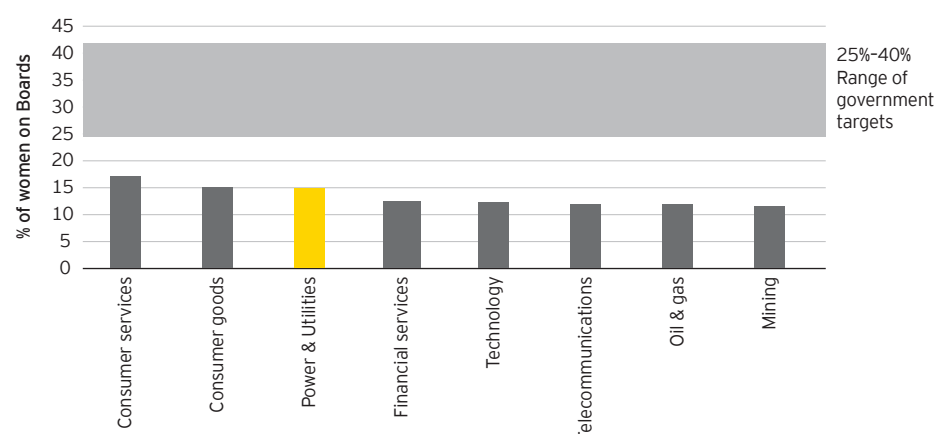
When you strip out non-executive directors from these numbers, and consider the fact that only 4% of executive board members in P&U are female, it is clear there is still a long way to go to reach the desired levels.

Figure 3: Women in power and utilities index: Top 20 global utilities for gender diversity

Rank	Utility	Country	Score
1	Duke Energy Corporation	US	7.04
2	Sempra Energy	US	6.40
3	Eskom Holdings SOC Limited	South Africa	5.75
4	Alpiq Holding AG	Switzerland	5.00
5	Tenaga Nasional Berhad	Malaysia	3.80
6	China Resources Power Holdings Co. Ltd.	Hong Kong	3.28
7	Centrica plc	UK	3.13
8	Hokkaido Electric Power Co. Inc.	Japan	3.00
9	Origin Energy Limited	Australia	2.93
10	Hydro-Québec	Canada	2.81
11	National Grid plc	UK	2.46
12	Fortum Oyj	Finland	2.29
13	PGE Polska Grupa Energetyczna Spolka Akcyjna	Poland	2.29
14	Consolidated Edison Inc.	US	2.00
15	Dominion Resources, Inc.	US	1.97
16	Statkraft	Norway	1.90
17	GDF Suez S.A.	France	1.84
18	Acciona SA	Spain	1.82
19	Tennessee Valley Authority	US	1.80
20	Singapore Power Ltd	Singapore	1.73

Source: EY Women in power and utilities index

Figure 4: Global industry comparison of percentage of women on boards 2013 (executive and non-executive positions)



Source: PwC (Mining for Talent 2014) and EY's Women in power and utilities index

Gender diversity across regions

The number of women on boards – both executive and non-executive positions – is growing. But progress has been slow and much of the recent growth in new female board members – globally and across industries – has been fuelled by one region. From Q1 2009 to Q1 2013, GMI Ratings research²¹ into nearly 6000 companies in 45 countries reveals that over half (55%) of the new female board appointments were made in the Nordic countries and Europe.

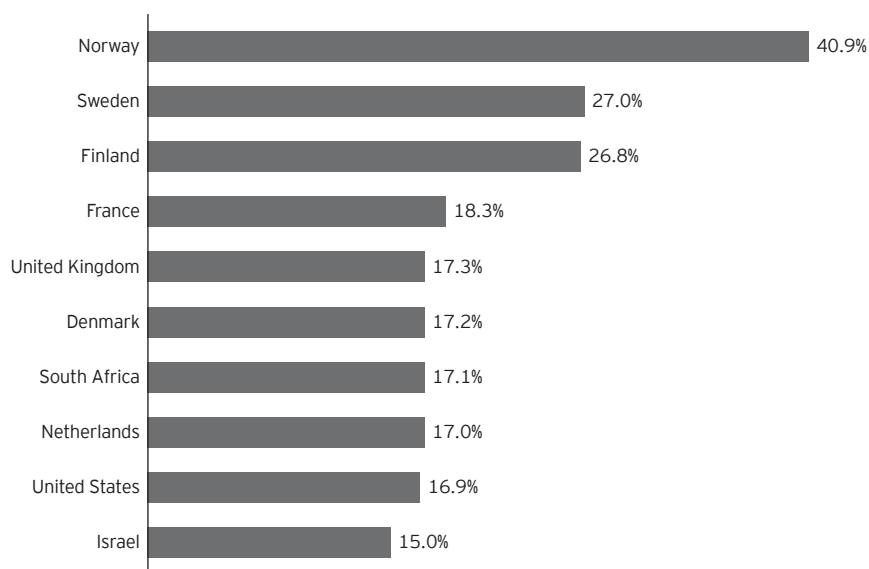
Looking at the countries with the highest number of women in board positions (see Figure 5), Europe – which has been actively introducing legislation to promote gender diversity on boards – accounts for 7 of the top 10 positions. The stand-out leader, Norway at 40.9%, first introduced target quotas for women board directors in 2003. Other countries that have introduced quotas include Finland (3rd) and France (4th). Countries adopting voluntary measures such as codes of governance or disclosure requirements include Sweden (2nd), the UK (5th) and the US (9th); see page 12 for further details of government actions to promote better gender diversity on boards.

EY's Women in P&U Index can only present a picture of diversity in the sector at a given time. What it can do is help trigger a discussion among today's P&U leaders on the current state of gender equality and diversity. Recruitment of the next generation of employees, and promotion of future P&U leaders, will need to draw from a wider pool than it has in the past.

Countries around the world have begun taking action, and there are many practical steps that utilities are taking to encourage promising female talent.

The next phase of EY's commitment to diversity in P&U is to consider what the sector is and should be doing to improve diversity and to build a more robust pipeline of future women leaders – across the P&U sector.

Figure 5: Top 10 countries for women on boards across all industries (March 2014)



Source: Catalyst

Questions for the board

1. Do these results surprise you?
2. What do investors say about your boardroom?
3. Are talented women in your organization making it to the top?



²¹ Kimberly Gladman and Michelle Lamb, 2013 *Women on Boards Survey*, GMI Ratings, 2013.



Stephanie Hazell

Group Strategy and
Corporate Development
Director, National Grid

"For me, the most compelling reason for diversity is that we need to access the best talent.

It's an enormously competitive world out there and if we're not getting the best talent, we can't compete."

I was surprised to receive a call from a headhunter about a role in National Grid - my previous experience had been in the telecoms and media sectors, most recently at Virgin Management, which is much more consumer focused.

I had all the biases one would expect about the utility sector - in particular that it was too regulated and slow. I did a lot of research and I found a number of interesting parallels, particularly with the telecoms sector. They're both industries with big, physical infrastructure and, as I'm comfortable talking to engineers and taking the business implications of technology into strategy, it has been a relatively smooth transition.

This is an interesting time in the P&U sector - the speed of change has significantly increased and that's what you look for in a strategic role. You want to be in an industry where things are moving. Telecoms has been transformed by mobile technology over the past 20 years. Now utilities face a similar challenge. I see technology playing an increasing role in

P&U in the future, for example in energy storage, more competitive solar panels and wind generation, and innovative solutions around demand management.

One of the big changes I anticipate is more partnering: the relationship aspects of my job will assume greater importance. We see opportunities to partner to enter new markets and gain access to expertise which is not core to National Grid. We also expect new entrants into our value chain, exploiting new technologies and delivering innovation.

Utilities will be dealing with more engaged, discerning and demanding customers. Customers compare the experience of interacting with a utility with the levels of service they receive in other segments and often we come up wanting. In the UK, our regulatory deal now incentivizes us to improve customer service levels and we would expect this approach to be adopted in other markets as well.

At National Grid, I think diversity at board level has proven to be helpful because people look to the senior leadership team to see what is possible. A diverse team at the top encourages people throughout the business.

I see real value in getting lots of different opinions and perspectives around the table. If you have different types of people looking at a problem from different angles, you're more likely to come up with a robust and rigorous response to the problem. You need people willing to challenge the status quo.

For me, the most compelling reason for diversity is that we need to access the best talent. It's an enormously competitive world out there and if we're not getting the best talent, we can't compete.

Julia Johnson

Founder of Women's Emerging Issues Policy Forum (WEIPF), board member of FirstEnergy and NorthWestern Energy

"The industry is evolving and people realize we have to behave differently ... The old tradition of the same band of people serving on 30 boards, repeating the same decisions, is being busted up."



I founded WEIPF in 2010 to accelerate relationship building and the exchange of ideas in the energy sector. Our members have diverse interests - they are C-Suite or next in line for leadership, regulators, consumer advocates. We are not all naturally "on the same side." But we speak a common language - and we speak it to each other, not at each other. We listen, problem-solve, and feed that unique energy back into the Emerging Issues Policy Forum (EIPF) and our own businesses.

As a board member of two big US utilities, I see how distributed generation (DG) and technology advances will turn this sector upside down. Innovation and customers are valued in a way they haven't been before. We need technology innovators that understand the opportunities and security implications of free-flowing information. We need retail innovators who understand digital engagement and customer choice. These skills don't typically reside in utilities and this could open up big opportunities, particularly for women.

The results of EY's Index surprised me. I had hoped for better. On the positive side, I see increasing acceptance of the benefits of diversity; it's becoming part of people's DNA. At one board meeting, a member rejected an applicant because they were "just more of the same."

Boards know they need to reflect the people that they service, and institutional investors are demanding greater diversity. Some boards limit the number of years members can serve, creating space for fresh thinking. We don't have quotas in the US. I'm not concerned with why people appoint me to a board. Put me in the briar patch: if it's needed, let's get it done.

P&U executives understand they don't have all the answers. They're learning a greater respect for different points of view: they know they need to ask new questions and think differently.

I've been lucky to have strong female and male mentors. They didn't care about my gender, race or age; they thought I deserved to progress. One encouraged me to go into government service, where I was appointed to a Public Service Commission that regulated a US\$12b industry. I was in front of CEOs as a chief regulator at the age of 29, interacting with people that otherwise might never have noticed me.

In my career, it's been an advantage to come from a different industry, not to be shackled by the past. I've never been constrained by what has been; I'm more interested in what will be.



Changing the face of tomorrow's leaders: a journey

"It takes diversity at the top of an organization to recognize the value of people that are different – and that can have an immediate impact – and take a chance on bringing different skill sets into the company."

Gayle Lanier
Senior VP and Chief Customer Officer, Duke Energy

To navigate the transformational change buffeting the sector, P&U companies need to attract, retain and nurture the best talent. To accomplish this, the sector needs to be more diverse at the top – and specifically to get more women into the boardroom.

Obviously appointments need to be made on merit, but the current underrepresentation of women suggests that utilities are losing out by not drawing from a wider pool of talent. Diverse views bring vigor, fresh thinking, innovation and better decision-making. Companies with significant numbers of women in leadership positions outperform their competitors.

This index creates a baseline for evaluating progress on gender diversity. We hope to look back in 5-10 years and see a real difference in the numbers documented in these reports; that will be a testament to the willingness of sector leaders to make change a reality.

Commitment to change

EY is committed to joining the P&U sector on its journey to address the imbalance of women in leadership positions. The purpose of this index is to shine a light on the current state of gender diversity and to track progress. But that alone will not bring about change.

What is needed to bring about real and meaningful change? We will debate this issue extensively with industry leaders – men and women – to explore how to identify, attract and nurture future P&U women leaders.

As part of this, we'll be conducting research to identify successful diversity programs in the sector, obstacles to progress and what steps P&U companies can take to get more women into the senior leadership positions and build a pipeline for future women in the boardroom. We will also explore the role of coaching and mentoring of future women leaders throughout their careers, drawing on the knowledge and experience from many markets and many leaders. Another key enabler is the use of networks and networking, connecting women in both local markets and across P&U markets worldwide.



Having said all of this, it is clear that education has an important role to play. The power of education and training is critical to building a pipeline for every country's future, and starts with the promotion of Science, Technology, Engineering and Maths (STEM) education for girls in all areas of the world.

"Governments and companies need to approach diversity consistently. I've seen too many instances where a focus on gender diversity faded away under a new leader. There has to be consistency over time."

Marie-José Nadeau
Chair of World Energy Congress
and EVP of Corporate Affairs,
Hydro-Québec

Join the debate: what will drive greater gender parity in P&U?

There is real momentum to build more diverse boards that tap into the potential of female leaders more effectively. Many countries are exploring legislation and quotas for women in the boardroom. Others are relying on voluntary action driven by sound business benefits, as outlined in Case for change.

What do you think the sector should be doing to accelerate change, increase its diversity and foster a better gender balance in the boardroom? What actions do you think would be the most effective?

We would welcome your thoughts and encourage you to contact us with your comments and suggestions. Please provide your feedback on www.ey.com/womeninutilities or via twitter @AlisonKayEY.

Clearly there is a journey ahead. We are not saying we have all the answers, only that we are ready to ask the questions and, along with the P&U sector, to embark on the path to better gender equality.

At heart, the question of gender diversity on boards is not a women's issue; it's a business issue.

"The industry is evolving and people realize we have to behave differently. That provides for a more open environment to bring new and different people to the table ... The old tradition of the same band of people serving on 30 boards, repeating the same decisions, is being busted up."

Julia Johnson
Founder of Women's Emerging
Issues Policy Forum (WEIPF),
board member of FirstEnergy and
NorthWestern Energy

One final question for you - **if your daughter asked you how to succeed in this industry, what would you say to her?**



EY and diversity: programs and initiatives

Undoubtedly, women have the potential to play a greater role in the world's economic and social success than they currently do. By 2017, women's income will increase to US\$15.6 trillion. This means that over the next decade, they will have an enormous influence on business, politics and society – as producers, entrepreneurs, employees and consumers.

EY has launched several programs and initiatives with the purpose of promoting diversity and inclusiveness. Making sure that we are helping our women achieve success requires a strong “tone at the top” from senior leaders at EY, and they hold our executives accountable. In 2013, 26% of EY's 520 new partners were women. This is the highest percentage intake yet and represents a steady increase from 19% in 2008. The Global Advisory Council is made up of partners from all of EY's geographic areas: of its 40 members, 11 are women. Our Senior Leadership team includes seven women.

Recent internal EY research analyzing 22,000 different client engagements showed that gender-balanced teams out-innovate and out-perform non-gender balanced teams – so the business imperative for developing and advancing women throughout our organization is conclusive.

We've learned that providing opportunities to women is not enough. High-potential women need access to role models and to hear them talk about their experiences. So, in addition to employee resource groups, such as our Professional Women's Network, which has groups in markets all across the Americas, we run women's leadership forums and other networking events to connect senior manager women to senior-level women.

This holistic approach to women's advancement is paying off. Our retention of women has risen, and the number of executive women has more than doubled.

EY is proud to support and convene inspiring women around the world through collaboration, sponsorship and networks, covering the public, private and non-profit sectors. And even before women begin their careers, we are helping girls access the right skills so that they can become inspiring young women and future leaders.

Global Women in Business Advisory Council: We launched Global Women in Business Advisory Council, a network that helps to promote, support and better understand women in business. Women business owners and leaders can benefit from access to capital, a forum to exchange ideas and experiences, and broader networking and mentoring opportunities.



Worldwide Women Public Sector Leaders

Network: Despite women constituting a significant part of the overall public sector workforce in many countries, they are underrepresented at leadership levels – with only 20% of women holding cabinet positions worldwide, according to our own research. We are helping to address this gender imbalance through our Worldwide Women Public Sector Leaders Network, which gives women leaders in the public sector visibility of each other, enabling them to connect with other women in similar positions at a global level, and facilitates exchange on leading practices.

Entrepreneurial Winning Women™

Program: Created in 2008, the program identifies women entrepreneurs with established, successful businesses and clear growth goals. It then connects them to an influential network of entrepreneurs, corporate leaders, investors and advisors, as well as potential partners, strategic alliances, customers and suppliers who can help them think bigger and scale their companies.

Women Athletes Business Network: We believe that elite female athletes possess unique leadership traits and skills learned through sports that enable them to pivot successfully into the business world. Through our new Women Athletes Business Network, we use our experience to harness the potential of female athletes after they retire from sports, connecting them with business leaders and entrepreneurs around the world to mentor, open doors and create next-chapter opportunities.

An ongoing dialogue

We have researched and written many papers dealing with women's workplace and business issues, here are some examples:

- ▶ **Women:** The next emerging market, www.ey.com/women
- ▶ Unleashing the power of women entrepreneurs, www.ey.com/womenentrepreneurs
- ▶ Worldwide Index of Women as Public Sector Leaders, www.ey.com/womenleadershipindex
- ▶ **High achievers** – Recognizing the power of women to spur business and economic growth, www.ey.com/highachievers
- ▶ **Women of Africa** – a powerful untapped economic force, www.ey.com/womenofafrica

For more information please go to ey.com/women

EY's commitment to diversity



90%
played sports

In our 2013 survey, 90% of senior business women who responded had sports in their background. Recognizing that athletes are uniquely equipped for leadership, we developed the Women Athletes Business Network.



1,000+
LinkedIn members

EY's Worldwide Women Public Sector Leaders Network includes over 1,126 members from around the world and is increasing!

Several members of the Forbes 100 Most Powerful Women list attended EY's event at the World Economic Forum to celebrate women's leadership in the world economy.



50%
growth

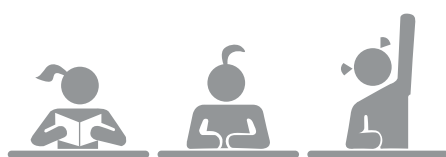
The companies of those who participated in our US Entrepreneurial Winning Women™ Program grew at almost 50% each year on average between 2009 and 2012, with a corresponding average annual job growth rate of more than 25%, research shows.

Awards

We are in the National Association for Female Executives, Top 10 Companies for 2014.

We have been recognized as one of Working Mother's Top 10 Companies for Working Mothers for 15 consecutive years.

Just two of our many awards.



100 schoolgirls have been selected to date for our NextGen Africa Program, which identifies and develops future women leaders. The class of 2013 achieved a **100% pass rate** and 78 A grades.



In 2013, 26% of our 520 new partners were women. This is our highest percentage intake yet and represents a steady increase from 19% in 2008.



Our Senior Leadership team includes **7** women.



1st

EY was the first of the Big Four to assign full-time, partner-level leadership to diversity recruiting in the US. We are committed to embedding D&I into our recruiting practices.



7
principles

EY's proud to be a signatory of the UN Women's Empowerment Principles, a set of principles for business that offer guidance on how to empower women in the workplace, marketplace and community.



Our Global Advisory Council (GAC) is made up of partners from all of our geographic Areas. Of its 40 members, **11** are women.



15,000
women entrepreneurs

EY is one of the participants of a multi-stakeholder Clinton Global Initiative commitment (2013) to support the development and advancement of women-owned businesses.

We launched the Global Women in Business Advisory Council last year to promote, support and better understand women business leaders.

Further reading

Women: the next emerging market

Over the next decade, women will wield enormous influence over politics, business and society. This report explores the many ways EY is helping to economically empower women.

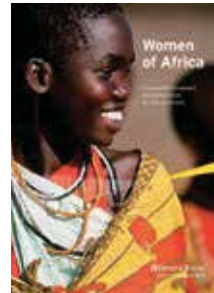


In their own words: Women in leadership

Find out more about the women leading by example – in their own words. We speak to some of Australia's successful and inspirational business women who have made a difference in their chosen fields and in their communities.

Scaling up: why women-owned businesses can recharge the global economy

Women entrepreneurs own or operate up to one-third of all private companies around the globe. Get a fresh look at the productive potential of women in this special report.

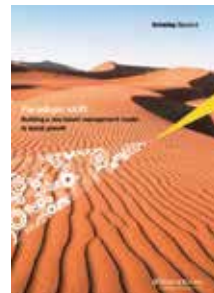


Women of Africa: a powerful untapped economic force for the continent

African women's under-representation must be addressed if Africa is to leverage fully its promise and potential.

High achievers: recognizing the power of women to spur business and economic growth

Focusing on the foundation that women have established in sports; the impact they are now making in all segments of business and society; and the work that remains to be done. It also examines the anticipated impact of women as the largest emerging market in the world.



Paradigm shift: building a new talent model to boost growth

Businesses are on the brink of a talent crisis. Only a major shift in thinking can help tackle the global talent shortfall.

The new global mindset: driving innovation through diversity

The new rules of leadership await codification. But sifting through available trends and studies, we find certain themes repeatedly emerging.



Utilities Unbundled

Explores how the business of power and utilities is transforming. Leading companies share their insight and innovative approaches as they deal with the profound changes impacting the sector.

Methodology and glossary

Methodology

EY identified the top 100 P&U companies by revenue, and commissioned an independent research company to investigate publicly accessible data to ascertain the structure of the companies, target specific positions and business units, and determine the percentage of board members that were women. Information sources include company websites, annual reports and data gathered directly from the company over email or telephone. This research was conducted in October and November 2013, and represents a snapshot accurate at the time.

EY then analyzed this data further to rank utilities in terms of gender diversity. The utilities were ranked on the basis of a weighted sum of the percentage of women in several positions. The weights were assigned to reflect the strategic importance of having women in prominent positions. The weights assigned were: Executive board member: 5 points; Senior management team: 4 points; Non-executive board member: 3 points; Business unit leader: 2 points; Audit: 1 point.

Subsidiaries: We have not included subsidiaries in this index, as we focused on only the very senior management of the companies in question. However, we have made exceptions in the case of those managers who have a role both with the subsidiary and on the parent company's senior management team. This is particularly relevant for US companies, many of which have this leadership structure.

Glossary

Board: This is the body charged with overseeing the actions of the firm's executive management in the interests of the owners of the company. In the case of private companies, this includes independent representatives appointed directly by shareholders. In the case of state-owned companies, this may include political appointees. In some countries, the board is termed the Supervisory Board (as distinct from the Management Board) and includes employee representatives.

BU: Business units: This refers to how the company is organized below the level of the senior management team and the board. For the purposes of this research, we looked at people heading the business units involved in the following activities: Generation, Transmission and Distribution, Retail, Trading and Customer. Please note that this category is not an exhaustive list of business units within a company. Where companies have more business units than those listed we have only sourced those falling broadly into the above categories.

Corporate structure: For comparison purposes, we have assumed that the standard corporate structure is that of a unitary company, with a single senior management team, a single (if sometimes overlapping) board of directors and below these, a series of business units broken down by function. Some of the utilities

in our Top 100 have notably different structures, for example, business units organized on a territorial rather than functional basis.

In such cases, we have sourced data for the chief executive (or equivalent) of the subsidiary company and included this person within the parent firm's senior management team.

SMT: Senior management team: The executive management of the company, including the chief executive officer and

chief financial officer or equivalent roles (such as Executive Director, Managing Director). Typically this group will comprise 5 to 10 individuals with ultimate responsibility for the day-to-day running of the company. In some countries, such as Germany, this group is formally constituted into a Management Board.

If women were members of both the SMT and the board, they were included as board members but not included in the SMT group for percentage purposes so as to avoid double counting.

Classifications used for senior management teams

Classification	Examples
Communications and corporate affairs	Consumer Relations, Public Relations, Corporate Affairs
Finance	Finance Officer, Audit, Accounting, Treasurer
HR	Human Resources, People and Culture
IT	Information, Integration, Innovation
Legal and compliance	Chief Counsel, Company Secretary, Compliance Officer
Strategy	Corporate Strategy, Group Strategy, Chief Executive, President
Subsidiary leadership	Heads of subsidiaries are on the board of the subsidiary company and in the SMT of the parent company, but not on the board of the parent company
Value Chain	Transmission, Generation, Distribution, Trading, Chief Administrative Officer, Chief Supply Officer, Commercial, Purchasing



About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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About EY's Global Power & Utilities Center

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