

2020 Ireland Spencer Stuart Board Index Highlights

In this first edition of the *Ireland Spencer Stuart Board Index* we analyse board governance practices in the ISEQ 20 index, which comprises the 20 largest companies trading on the Euronext Dublin exchange by trading volume and market capitalisation. Some of the most notable findings are highlighted below.

Gender representation

Women account for 38% of non-executive directors and 26% of all board directors (non-executives and executives). There is still progress to be made in this regard as only 25% of boards have at least 30% female membership. This is some way behind the gender diversity of FTSE 150 boards, where women account for 34% of all directors and 71% of boards have at least 30% female membership.

Comparisons with two other similar size indices in Europe tells a mixed story: 36% of all directors on the Euronext Brussels BEL 20 are women and 70% of BEL 20 boards have at least 30% female representation. The gender diversity of Irish boards compares slightly more favourably with the composition of the ATX 20 on the Wiener Borse in Vienna, where 24% of all board directors are female, although 35% of ATX 20 boards have at least 30% female membership.

Committees

Women are under-represented in most key roles across the ISEQ 20, accounting for only 5% of chairs, 15% of CEOs, 20% of audit chairs and 11% of nomination committee chairs. The exception is remuneration committees chairs, 40% of whom are women.

38%

of non-executives on ISEQ 20 Boards are women

25%

of boards had at least 30% female membership

26%

of all board members in the ISEQ 20 are women

40%

of remuneration committees are chaired by women

45%

of ISEQ 20 boards appointed a new director this year; women accounted for 48% of the new intake

€66,461

is the average total non-executive remuneration

44%

of all new board appointments were foreign nationals

1 year

the average difference in tenure between male (5 yrs) and female directors (4 yrs)

Board refresh

Ireland's top companies are making concerted efforts to refresh their boards, with 13% of all board members (non-executive and executive) having been appointed during the 12-month period 1 May 2019 – 30 April 2020. 45% of ISEQ 20 companies appointed a new director this year, with first-time directors accounting for 20% of the new intake. This is slightly ahead of the new intake to FTSE 150 and ATX 20 boards, which recorded 12% and 11% new appointments respectively over the same time period, and significantly ahead of the BEL 20 where only 6% of all board directors were appointed this year.

The trend towards greater gender diversity on Irish boards continues. Gender diversity is a key criterion in board appointments, with women accounting for just under half of the new intake of all directors (48%). This is not far off the UK experience where 51% of new appointments were women, and ahead of ATX 20 and BEL 20 boards where women accounted for 39% and 47% of new appointments respectively.

Remuneration

The average total fee for non-executive directors (excluding chairs and vice chairs/senior independent directors) was €66,461. Unlike the practice across most of Europe, the majority of Irish listed companies do not pay non-executives additional fees for attending meetings or joining board committees. Nonetheless, the average total fee for ISEQ 20 non-executives is well ahead of the average for ATX 20 and BEL 20 non-executives, but unsurprisingly it is significantly lower than the average fee of €113,316 (£98,652) for FTSE 150 non-executives.

The average total fee for chairs was €292,059, which is considerably higher than the average figure for ATX 20 and BEL 20 chairs, but lower than the average total fee for FTSE 150 Chairs of €464,925.

Internationalisation of Irish boards

Reflecting the global interconnectedness of the Irish economy, all but three of the ISEQ 20 boards have foreign non-executive directors (including chairs) and the vast majority have more than one. Just under one-third, 30%, of the membership of Irish boards (executive and non-executive), and 38% of non-executives, are foreign nationals. 10% of ISEQ 20 boards are chaired by foreign nationals.

Nomination committees are taking an international perspective on new director searches, with foreign directors representing 44% of all new board appointments.

Tenure gender gap

The average tenure of non-executive directors is four years (excluding chairs) and 25% of non-executives (excluding chairs) had over six years tenure. There is a tenure gender gap with men serving just over a year longer on average than women. Chairs had an average tenure of 6.2 years.

Boards are more diverse than executive committees

Women account for only 19% of the membership of ISEQ 20 executive committees and 25% of companies have no women sitting on their executive committees. This is well short of best practice targets elsewhere, including the recommendation from the Hampton–Alexander Review in the UK of 33% female representation in FTSE 350 executive committees and their direct reports. A quarter of ISEQ 20 companies do not meet the recommendation from the Government-established Balance for Better Business for all Irish listed companies to have at least one woman on the leadership team by the end of 2020.

External evaluation

A quarter of ISEQ 20 boards had an external review last year, compared to 45% of FTSE 150 boards. There will be a push from ISEQ 20 boards to carry out external evaluations over the next two years to ensure compliance with the UK Governance Code's recommendation of having an external evaluation at least every three years.

External commitments

25% of CEOs sat on one other quoted board, although only one of these CEOs was a board member of a listed company outside of the ISEQ 20. Among chairs, 55% sat on another quoted board. Somewhat unusually when compared with other jurisdictions, no CFO was a member of an external listed company board.

Workforce engagement

45% of the boards in our sample had a director or directors tasked with engaging employees and bringing them more into the decision making of the company. Glanbia in particular is notable, as the majority of the board are nominated by their cooperative society.



25%

of ISEQ 20 companies have no women sitting on their executive committees

25%

of ISEQ 20 companies had an external evaluation during the year

45%

of companies had a director nominated for workforce engagement

25%

of CEOs sat on another board

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