

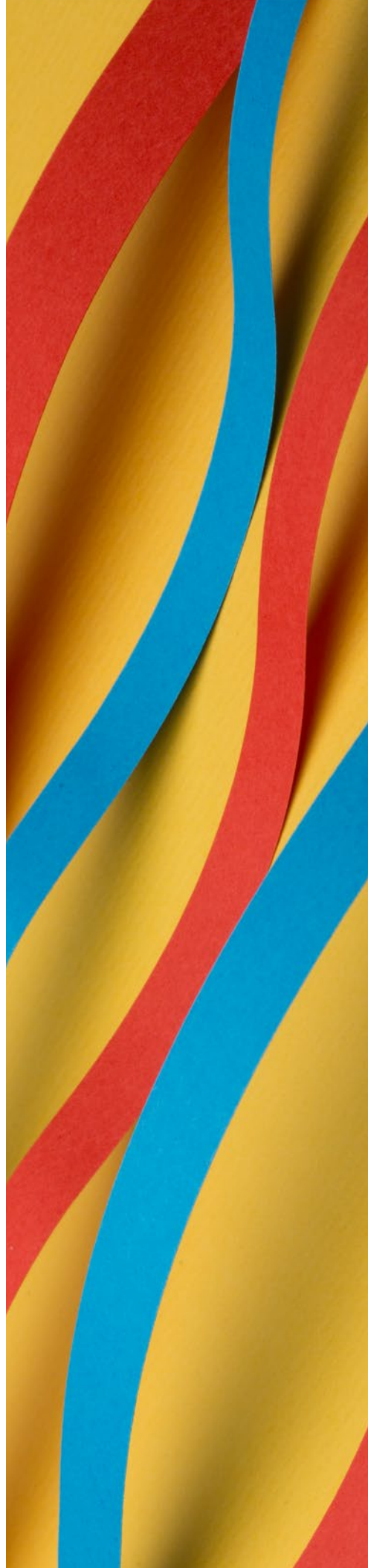
## 2021 UK Spencer Stuart Board Index Highlights

Now in its 26<sup>th</sup> year, the *UK Spencer Stuart Board Index* analyses the board governance practices of the top 150 FTSE companies. Some of the most notable findings are highlighted below.

### Boards grasp the ethnic diversity challenge

As demands for greater diversity at the top of UK PLCs continue to intensify, this year's figures show that boards are taking action, with the proportion of first-time board directors from minority ethnic backgrounds rising to 25% in the last year. While encouraging, the latest figures show that there is still a long way to go in the search for greater diversity on boards.

- » 61% of FTSE 100 companies had at least one board director from a minority ethnic background. 21% of companies had two or more minority ethnic directors.
- » 11% of all board directors have identified as minority ethnic.
- » One board chair and six senior independent directors (SIDs) identify as being minority ethnic.
- » 32% of ethnic minority directors have a financial services background.
- » 36% of all minority ethnic directors have held either a CEO or CFO position.



# 25%

of first-time directors are from a minority ethnic background

# 61%

of FTSE 100 boards have at least one director from a minority ethnic background

# 51%

of non-executive directors are women

# 15

boards have achieved gender parity

## The majority of non-executives are women

This is the first year that women have overtaken men to form the majority of non-executives (NEDs) on the top 150 boards.

- » 51% of non-executive directors are now women.
- » Women make up 36% of all directors (including chairs and executive directors). This is up from 24% in 2016 and 12% in 2011.
- » 15 boards have achieved gender parity, five more than in 2020.
- » 52% of newly appointed directors are women.
- » 30% of all directors are non-UK nationals.

While gender diversity among non-executive directors is rising steadily, the picture is less rosy at the executive level.

- » Just 14% of executive directors are women, with no increase on the previous year.
- » Only 18% of new appointed executive directors are women (of the nine in total, seven are CFOs).
- » There are 12 female CEOs (8%) at the top 150 FTSE companies, only five more than a decade ago, and 22 female CFOs.

First-time directors account for 35% of new non-executives and continue to have varied backgrounds.

- » 25% have minority ethnic backgrounds.
- » 43% are women, the lowest proportion for three years.
- » Six new chairs are leading a public board for the first time.

## Board leadership remains predominantly male

- » Men hold all four positions of chair, SID, CEO and CFO in 64 of the top 150 companies.
- » There are just 14 female chairs, although this is an increase over six in 2020.
- » 26% of SIDS are women, down from 34% in 2020.

## Women are outnumbered on executive committees

Despite the Hampton-Alexander Review's target of 33% women on executive committees (ExCos) and their direct reports by 2020, ExCos remain predominantly male.

- » 24% of ExCo members are women, compared to 51% of non-executive directors.
- » One quarter of ExCos have reached the 33% target for female members set out by Hampton-Alexander.
- » 26% of women on ExCos are either a CEO or divisional/regional CEO with P&L responsibility.
- » 9% of ExCos are all-male.

## Board committees

Boards of the top 150 companies continue to have a wide variety of committees; details on every board committee can be found on the 2021 UK Spencer Stuart Board Index website.

- » Six boards have a dedicated ESG committee; each was set up in 2020 and is chaired by a women.
- » 26% of boards have a standalone risk committee (the majority of these are found in financial services companies).
- » 48% of audit committee members are women.
- » 57% of remuneration committees are chaired by women.

## Meetings and overboarding (external commitments)

Concerns about the dangers of 'overboarding' have been exacerbated during the pandemic as boards met more frequently, often in crisis mode.

- » Boards held 11.6 meetings on average, a 50% increase on 2020.
- » 63% of non-executives sit on between one and four additional listed company boards.
- » 37% of chairs in our sample have at least one other chair position at a FTSE company beyond the top 150.
- » 31% of CEOs and 22% of CFOs have at least one external board commitment.

64

boards have men in all four top positions

76%

of ExCo members are men

6

boards have a dedicated ESG committee

57%

of remuneration committees are chaired by women



# 11.6

the average number of board meetings last year

# 5.8

years is the average CEO tenure

# -6%

the fall in average chair remuneration

# 65%

of non-execs responsible for workforce engagement are women

## The tenure of CEOs has increased while the tenure of chairs has fallen

Average tenure on UK boards continues to be lower than in most of Europe and North America, but there have been some changes.

- » The average tenure of CEOs in the top 150 listed companies has increase from 5 to 5.8 years.
- » The average tenure of chairs is 5.7 years; 17% have served for more than nine years.
- » Non-executive tenure averages 4.3 years. This figure has remained more or less constant for over a decade.

## Remuneration

During 2020, many boards imposed temporary reductions on pay in response to the impact of the Covid-19 crisis.

- » Chair remuneration has fallen by 6%, with an average of £372,980. This is well below the peak of £418,092 in 2018.
- » SID fees fell by 5% to £115,709 on average.
- » Non-executive director fees have increased by 2% to an average £70,785.

## Workforce engagement

The UK Corporate Governance Code requires boards to consider key stakeholders in their discussions and decision-making, in particular employees.

- » 47% of boards have designated a non-executive director to be responsible for workforce engagement.
- » 65% of these are women.
- » 5% of boards have created a workforce advisory panel.
- » No FTSE 150 company has yet chosen to appoint an employee as a board director.

**READ THE COMPLETE  
2021 UK SPENCER STUART BOARD INDEX  
ON [WWW.SPENCERSTUART.COM](http://WWW.SPENCERSTUART.COM)**

## About Spencer Stuart

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit [www.spencerstuart.com](http://www.spencerstuart.com).

### Social Media @ Spencer Stuart

Stay up to date on the trends and topics that are relevant to your business and career.

