

2020 Belgium Spencer Stuart Board Index Highlights

This seventh edition of the *Belgium Spencer Stuart Board Index* analyses the board governance practices of the 57 companies that make up the Bel 20 and Bel Mid indices as of May 2020. Some of its most notable findings are highlighted here.

Gender equality

In Belgium, the issue of gender equality at the top remains a point of attention, especially at executive level, where only 4% of CEOs and 16% of executive committee members are women. These percentages are really low, and have been fairly stable over recent years.

At board level the situation is slightly better and in line with Belgium's neighbours. However, other forms of diversity (not currently tracked by this Board Index) will soon have to be taken into consideration as well.

The proportion of female directors has increased by a seemingly impressive 94% since 2014, yet their total share still stands at just 35%. Only 70% of the companies included in our sample met the regulatory provision for one-third female representation. This is an area that clearly demands attention.

Independent directors

Independent non-executive directors are the main source of diversity in our sample. 53% of them are women, compared with only 35% of all NEDs. In addition, 69% of all foreign NEDs are independent (foreign NEDs accounting for 31% of all NEDs).

This may indicate that reference shareholders tend to be more conservative regarding the profile of the NEDs they appoint as their representatives, using the independent NEDs as a vehicle to bring some international diversity to the board and to respect their regulatory gender diversity requirements.

35%
directors are women

53%
of independent
directors are women

37%
of chairs are independent

90%
of board appointments
are first-time directors

7
companies operate
share-based
remuneration schemes

€44 432
is the average total
remuneration

There is evidence that a healthy degree of board refreshment during the period under review has occurred, as a result of only 10% of the new intake of NEDs holding another board appointment. The average number of board mandates held by directors is close to two. This indicates that we might see additional diversity and fresh approaches.

An apparent decline in the number of independent chairs during the past few years continues. Only 37% of the boards under review have independent chairs, a 10% fall from last year's 41%.

Remuneration

Remuneration was a heavily debated issue when reforming the new Corporate Governance Code, especially with the introduction of the obligation to introduce a share-based compensation mechanism for the non-executive directors.

Considering the limited size of the compensation of non-executive directors (compared with neighbouring countries), there is a question over whether share-based compensation can have a significant impact on most of the Belgian listed companies.

At an average of €44 432 across the companies under review (€36 158 in the Bel Mid and €60 542 in the Bel 20), directors' compensation in Belgium remains below that of their counterparts in France, Germany and the UK.

The 2020 Belgian Corporate Governance Code states that share-based compensation becomes compulsory in 2021. However, only a handful of companies has opted to join the few that already comply. Most organisations have decided to wait and see what other listed companies do, or to defer until the system becomes obligatory from the 2020 financial year. However, many of the code's provisions are subject to the principle of comply or explain, and several companies have already supplied relevant explanations for non-compliance.

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