

2021 Belgium Spencer Stuart Board Index Highlights

This eighth 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 2021. Some of its most notable findings are highlighted here.

Diversity

Across both Bel 20 and BelMid indices, 36% of all board directors are women. While this is 10% above the legal minimum, 25% of the companies do not comply with the one-third quota. In any event, women are still far from having equal representation in the boardroom, which demonstrates that legal quotas work, but only up to a point.

At the executive level, the representation of women is far worse than on the board. Indeed, only two of the companies have a female CEO and only 13.7% of executive committee members are women. On average, there is only one woman on a Bel20 Exco and not a single woman on a BelMid Exco.

There are three times more foreign executives than women on the executive committees of the 57 largest listed companies in Belgium.

Boards are getting much more international with about one-third of all directors being foreign and about 25% of the companies having a foreign chair.

Among the new directors refreshing the composition of boards, 44% are women, 40% are foreigners and 70% are independent. In addition, the vast majority of them do not hold any other directorship in the Bel20 or BelMid.

36%

of all board directors
are women

13.7%

of executive committee
members are women

44%

of new board directors
are women

18%

the increase in BelMid
chair remuneration

-14%

the reduction in
board evaluations

Independent directors

Two-thirds of directors (excluding chairs and vice-chairs) are independent non-executives and about 20% of the companies have only independent non-executive directors.

Remuneration

Share-based remuneration of non-executive directors, as imposed by the Belgian Code on Corporate Governance, has not been adopted. Indeed, fewer than 20% of the companies include some sort of share-based remuneration. The systems put in place vary widely, and not all of them actually comply with the requirements of the Code. This confirms the point we made last year, that this obligation does not suit the majority of the companies listed in Belgium.

We see an increase in the remuneration of directors at BelMid companies, both non-executive directors (10%) and, more notably among chairs (18%), indicating that competition to attract the right candidate is higher than before and that BelMid remuneration remains relatively low compared to neighbouring countries.

ESG

ESG is a clear priority for most of the boards (and for the companies) and in that context we noticed that two companies have a sustainability committee. This confirms a trend we see in Europe of boards establishing ESG committees, notably in France (14 new ESG committees in the past year in the SBI 120) and the UK (six new ESG committees in the FTSE 150 in the past year).

COVID-19

With companies having to face the COVID crisis, we see that boards have been much more active, meeting more often than in the past. We also note that they focused more on operations and less on governance matters, which explains a reduction of 14% in board evaluations during the period under review.

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