

## 2022 Ireland Spencer Stuart Board Index Highlights

This is the third edition of the annual *Ireland Spencer Stuart Board Index*. Once again, we analysed board governance practices in the ISEQ 20 index, which comprises the 20 largest companies trading on the Euronext Dublin exchange by market capitalisation.

Our start date for the year under review is 1 May 2021 and our cut-off date is 30 April 2022, although in practice the last working day of the month was 29 April 2022.

The composition of the ISEQ 20 has changed in the past year. Total Produce merged with Dole and delisted from Euronext Dublin (and continues to list on the NYSE). Malin Corporation moves up to enter the ISEQ 20 for the first time.

At the time of our research period Hibernia Reit was a constituent of the ISEQ 20 but was bought by Canadian firm Brookfield Asset Management in March 2022 and subsequently delisted in June of this year.



33%

of all directors are female

35%

of NEDs are  
non-Irish nationals

85%

of boards added  
a new director

45%

of boards appointed  
a first-time NED

## ESG advances up the board agenda

A principal area of focus on the part of all those boards reviewed in our 2022 Index is the rising importance of environmental, social and governance (ESG) issues. We therefore include our deep-dive analysis of how boards in Ireland are addressing these pressing ESG issues.

### Gender representation

More than a third of all directors are women, a 10% increase from last year. One-third of all board positions are currently held by women. This increase is due almost entirely to the non-executive directors (NEDs) on boards: only one new female executive director was appointed in the survey period reviewed, bringing the total from four to five.

Twenty directors stepped down from an ISEQ 20 board, 17 of whom were men and just three were women. 54% of all directors appointed were women. However, there was no change in the number of female chairs (one) or CEOs (three).

### Internationalisation

30% of all directors are non-Irish nationals, returning to the levels reported in the 2020 Index, after a slight dip last year. Every board in the ISEQ 20 has at least one director from outside of Ireland. Three boards had at least one foreign executive director.

The UK is the dominant source of non-Irish directors by a significant margin, followed by the US. Overall, the ISEQ 20 includes directors from North America, South America and Europe, with 14 nationalities represented.

### Board refresh

New directors joined the boards in our sample at an increasingly rapid rate this year; 16% of all directors (executive and non-executive) were appointed in the 12 months to 30 April 2022. The proportion of ISEQ 20 companies that added a new member to the board rose from 55% in 2020 to 85% in 2021.

48% of all directors, both executive and non-executive, who joined the ISEQ 20 are female (vs 38% seen in our last Index) and 39% of newly appointed directors are foreign. Among NEDs, 52% of new appointees are women.

45% of boards appointed a new non-executive director (NED) with no prior experience of sitting as a non-executive. Of this cohort, only 30% were women. The proportion of women will have to increase if the constituents of the ISEQ 20 are to reach their diversity targets, as the current pool of female non-executive talent is not large enough to render all the ISEQ 20 boards fully representative.

## Remuneration

Covid-19 was hugely disruptive to organisations and 25% of the boards studied for our 2021 survey saw their NEDs take a pay cut. However, as of our current cut-off date of 30 April 2022, all pay had been restored and 20% of boards had increased their non-executive pay. Other companies have announced an intention to raise NED pay in the 2022 calendar year.

The average NED retainer fee increased from €66,600 to €67,600. This average is calculated from the base fee paid to an NED who has served the full year. It does not include additional payments for chairing or membership of committees and is not calculated from the amount actually paid out during the course of the year, which would be affected by NEDs who joined or left partway through the year or changed role.

The average fee for chairs changed notably as at the time of our research there were no executive chairs in the ISEQ 20, as Total Produce left the ISEQ and Glenveagh's chair changed to a non-executive chair role. The average remuneration received by chairs was € 238,638; the average of the stated fee that chairs are paid for a full year in the role was € 268,625. Further detail on remuneration can be found in the remuneration section.

## Tenure

We examined the NEDs, including chairs and senior independent directors, who stepped down from boards during the relevant period. In total, 20 board members left their respective boards over this period of time. It is worth noting that 17 of these were men and just three were women, which contributed to the increased diversity seen among ISEQ 20 directors noted above. On average, these directors had served 6.6 years on their respective board, a decrease from the previous 7.7 average of last year.

Average tenure among the non-executive directors was 3.7 years, rising to 4.4 years when including the chair and SID. Please note that we only count the tenure from when the company was publicly listed; any time spent on the board before listing is not counted for the purposes of these calculations.

20%

of boards increased their NED fees

4.4

years is the average tenure for non-executives (incl chairs)

25%

of executive committee members are women

40%

of boards have an ESG or sustainability committee

40%

of chairs sit on other quoted boards

80%

of boards had a designated workforce engagement director

## Boards and executive committees

Executive committees have not made the same progress on gender diversity as boards, with 25% of all executive committee members across the ISEQ 20 being female, the same proportion reported last year. On average, executive committees were 27% female, a slight decrease from 28% last year. All but one member of the ISEQ 20 had at least one female executive.

Executive committees varied in size from three people to 16, with an average of 7.8. The most commonly seen ExCo size was 10 (20% of the ISEQ 20), followed by eight and three, accounting for 15% each of the ISEQ 20.

## External evaluations and commitments

20% of ISEQ 20 boards conducted an evaluation facilitated by an external party this year. Interestingly, two of the boards used an experienced non-executive rather than an advisory company.

20% of CEOs in our sample sat on another quoted board and included two of the female CEOs, both of whom sat on other ISEQ 20 boards. Both of the male CEOs sat on quoted boards outside of Ireland.

The number of chairs sitting on outside quoted boards increased slightly, from 35% to 40%. Of all the chairs in our survey, 15% sat on quoted boards outside Ireland and 20% sat on quoted Irish companies, although none of these sat on other ISEQ 20 boards.

## Workforce engagement

80% of ISEQ 20 boards now have a designated workforce engagement director, exceeding the 70% seen last year and reflecting the fact that the recommendations of the 2018 UK Corporate Governance Code continue to be implemented in Ireland. Two boards delegated responsibility for workforce engagement to a committee or multiple NEDs rather than to a single designated NED, and two further boards each offered an additional fee of €20,000 to NEDs who took on responsibility for workforce engagement.

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