

2022 UK Spencer Stuart Board Index Highlights

Now in its 27th 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.

Sustainability committees are on the rise

As regulators, investors, and customers increasingly hold companies to account for their behaviour and impact on society, boards across all sectors are responding by establishing committees covering topics such as sustainability, climate change, decarbonisation, human rights, labour standards, good citizenship, workforce engagement, and diversity, equity and inclusion.

- » 46 boards (30% of our sample) have committees to oversee environmental and social topics, 15 more than last year. They are broken down as follows:
 - Corporate social responsibility: 16
 - Sustainability: 19
 - ESG: 11
- » 82% of ESG committee chairs are women



27%

of new directors
are from a minority
ethnic background

15%

of all directors are from a
minority ethnic background

48%

of new directors
are first-timers

60%

of new board appointments
went to women

Ethnic diversity has taken a leap forward

There has been significant progress since our 2021 Board Index, with 87 FTSE 100 companies meeting the Parker Review target of at least one director from a minority ethnic background. 61% of these directors are non-UK nationals. The proportion of minority ethnic directors in board leadership roles remains very small.

- » 15% of all directors who disclosed their backgrounds have identified as minority ethnic, up from 11% in 2021.
- » Only 39% of minority ethnic directors are UK nationals.
- » 27% of new directors are minority ethnic, compared with 19% in 2021 and 6% in 2016.
- » 58% of first-time directors with a minority ethnic background are women.
- » 88% of first-time directors with a minority ethnic background are in an executive role in addition to their directorship; only 12% have a portfolio career.
- » Two new minority chairs were appointed, bringing the total to three; three senior independent directors (SIDs) identify as being minority ethnic, compared with six last year.

Many more first-time directors

There has been a significant increase in the proportion of newly appointed NEDs who are taking on a board role for the first time.

- » 48% of new directors are first-timers, compared with 34% in 2021.
- » 54% of first-time directors are women.
- » 91% of first-time directors have experience in the same industry as the board they have joined.

Boards continue to get more gender diverse

For the second year running, women form the majority of non-executives (NEDs) on the top 150 boards.

- » 53% of non-executive directors are women.
- » 60% of new board appointments went to women.
- » 46% of companies have reached the 40% target for women on boards.
- » 26 boards have reached gender parity, compared with 15 in 2021 and 10 in 2020.

Board leadership remains predominantly male

There is a long way to go before the companies reach the FTSE Women Leaders Review target of having at least one woman among the top four leadership positions.

- » 20 women chair boards, compared with 14 last year.
- » There are now 16 female CEOs and 25 female CFOs.
- » 51% of boards have at least one woman in the chair, CEO, SID, or CFO role.
- » No boards have a woman in all four of these roles, whereas men occupy all four positions on 73 boards (49%).
- » 28% of SIDs are women, slightly higher than last year, but down from 34% in 2020.

Board committees are becoming more diverse

Boards of the top 150 companies continue to have a wide variety of committees; details on every board committee can be found on the [2022 UK Spencer Stuart Board Index website](#).

- » 15% of boards have a standalone risk committee (all but one are in financial services companies).
- » 48% of audit committee members are women.
- » 46% of audit committee chairs are current or former chief financial officers
- » 59% of remuneration committees are chaired by women, compared with 33% of audit committees.
- » Women account for 52% of remuneration committee members and 48% of audit committee members.
- » 10% of remuneration committee members and 13% of audit committee members have self-identified as having a minority ethnic background.

53%

of all non-executive directors are women

26

board have reached gender parity

20

boards have a female chair

49%

of boards have men in all four top leadership roles (chair, SID, CEO and CFO)

33%

of non-executives have an executive role in another company

5.8

years is the average CEO tenure

£404,915

is the average total remuneration for chairs

66%

of non-execs responsible for workforce engagement are women

Overboarding remains a concern

The dangers of 'overboarding' continue to concern investors and proxy voting advisers who are increasingly focused on ensuring that directors do not over-extend their responsibilities.

- » 65% of NEDs have additional listed company board commitments.
- » 33% of NEDs balance their board responsibilities with executive positions elsewhere.
- » 25% of chairs hold at least one other public company board chair role; 18% of them hold one other FTSE 350 chair role.
- » 35% of CEOs and 26% of CFOs hold an outside board directorship, up from 31% and 22% in 2021 respectively.

Remuneration rising for chairs

After an average 10% reduction in total remuneration for chairs in 2021 due to the pandemic, pay has been restored to 2019 levels, although the average additional fee paid to SIDs has dropped by 3%.

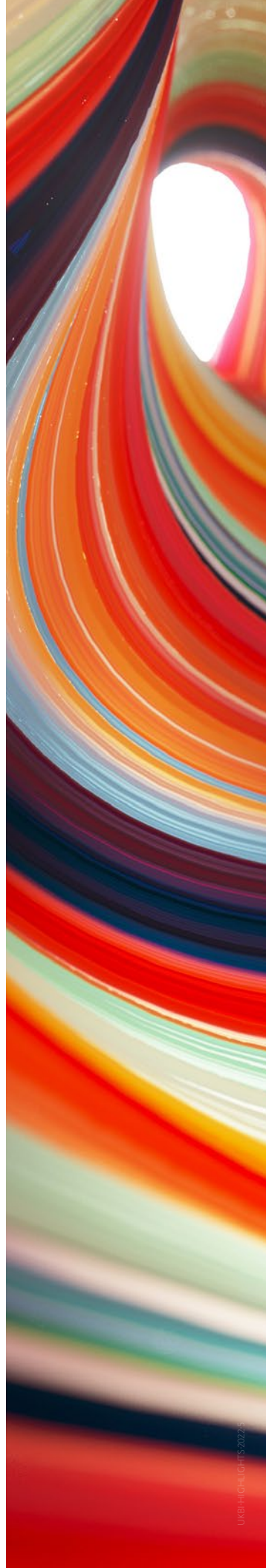
- » Average total remuneration for chairs has increased by 9% in 2022 to reach £404,915.
- » The average total remuneration of the chair is 3.5x that of the SID and 5x that of the NED.
- » The average base fee for a NED has increased by 2% every year for the past decade and reached £72,051 in 2022.
- » Total remuneration for NEDs (excluding chairs) averaged £98,460.

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.
- » 66% of these are women.
- » 40% of designated non-executives are non-UK nationals.
- » No FTSE 150 company has yet chosen to appoint an employee as a board director.

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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, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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