

2024 UK Spencer Stuart Board Index Highlights

Now in its 29th year, the *UK Spencer Stuart Board Index* analyses the board governance practices of the top 150 FTSE companies, according to their market value on 30 April 2024.

This year's UK Board Index finds that there has been significant progress in female representation in senior board roles. However, with just a year left until the deadline to meet the FTSE Women Leaders Review target of female representation within the four senior board and leadership roles, this progress is uneven, with the number of female chairs and CEOs hitting a plateau. The most significant changes are in the SID role, where women hold 68 out of the 149 SID positions, compared with just 38 in 2021.

The Board Index also shines a light on the lack of age diversity on UK boards. As they prepare for the myriad of challenges facing UK plc, and to meet the expectations of the broad-based communities they serve, boards are having to prioritise the skills and experience they need. Boards are not growing in order to accommodate younger directors, and many are using other means of bringing in new voices and expertise, such as retaining advisory boards, some of which are designed specifically to hear 'NextGen' perspectives.

In this summary report we explore these and other notable findings.



71%

of boards now have at least one woman in the top four leadership roles

46%

of senior independent directors are women

70%

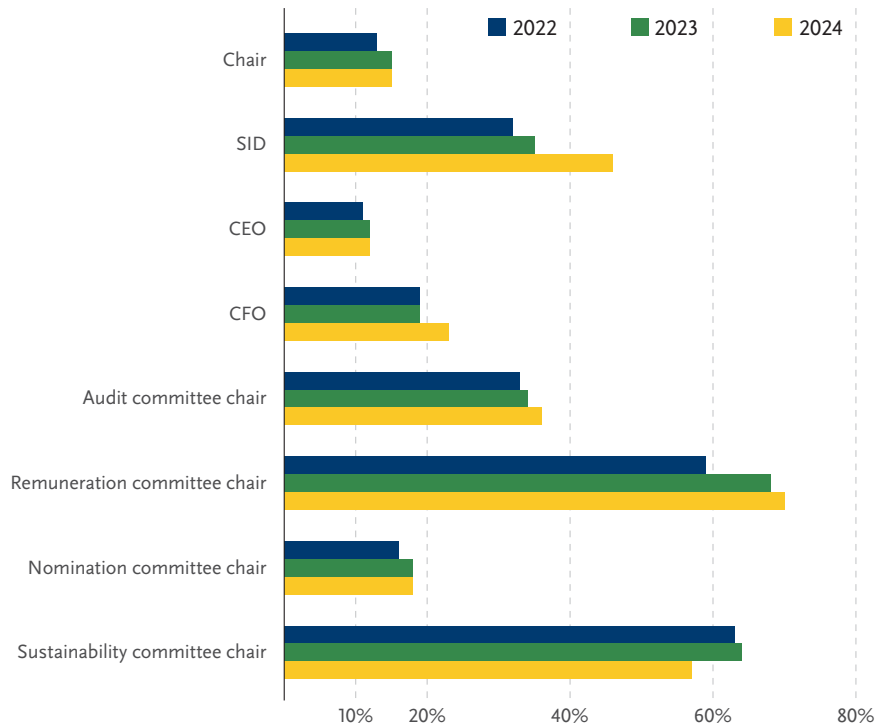
of remuneration committee chairs are women

More women in board leadership roles

Further progress has been made by boards seeking to fulfill the target for at least one woman to occupy one of the four senior board positions set by the FTSE Women Leaders Review and the Financial Conduct Authority.

- » 71% of boards now have at least one woman as either chair, senior independent director (SID), CEO or CFO — up from 60% in 2023
- » 24% of these four senior leadership roles are now held by women
- » 43% of new board leadership appointments went to women
- » 67% of these new appointments were women becoming SIDs
- » 46% of all SIDs are women, up from 35% last year and 28% in 2022
- » There are still 43 boards where men occupy all four senior roles
- » Three boards have a female chair and CEO, compared with 113 boards where both roles are held by men

FEMALE REPRESENTATION BY ROLE



Less diversity among new directors

In 2023 we observed that many boards seemed to have opted for experienced and proven hands over new and more diverse talent. The situation has not changed a great deal in the past 12 months.

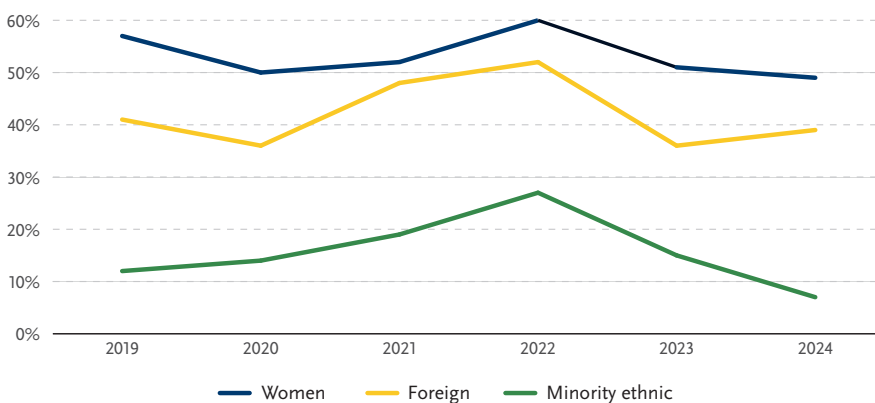
- » 49% of new directors are women vs 51% in 2023 and 60% in 2022
- » 36% of new directors are foreign — the same as 2023 but far less than the 52% in 2022
- » 26% of newly appointed NEDs are first-time directors, compared with 31% in 2023 and 44% in 2022
- » 54% of first-time directors were women, compared with 45% in 2023
- » 57% of new directors have a CEO or general management background

Age diversity slows

UK boards are opting for more experienced directors to help them oversee, understand and address the evolving external environment they face, resulting in less age diversity in the boardroom.

- » 6% of newly appointed NEDs are under the age of 50 (12% in 2023)
- » The average age of first-time directors has increased by two years to 56.7 years
- » The average age of NEDs is now 60.6 years

NEW DIRECTOR DIVERSITY (% OF NEW DIRECTORS)



67%

of boards have reached the target of 40% women

29

boards have achieved gender parity

6%

of new NEDs are under 50 years old (12% in 2023)

54%

of boards have a sustainability-related committee

57%

of sustainability-related committee chairs are women

Ethnic diversity

The Parker Review has set a target for every FTSE 350 company to have at least one board director from a minority ethnic background by the end of 2024. At our 30 April 2024 cut-off date, 11 of the top 150 companies in our sample had not yet appointed such a director: four of these companies are in the FTSE 100 and seven are in the FTSE 250.

- » 12.5% of all directors (186 out of 1,515) self-identify as having a minority ethnic background, compared with 13% in 2022
- » 42% of minority ethnic directors are UK nationals; 26% are US citizens, 12% are Canadian citizens, and 9% are Indian citizens
- » 59% of minority ethnic directors have P&L experience

Note: Providing detailed, comprehensive and up-to-date information on the minority ethnic background of directors has become increasingly difficult.

Sustainability-related committees continue to rise

The number of boards that have appointed a committee to address issues that fall under the broad banner of sustainability continues to rise. The increased reporting requirements of the EU's Corporate Sustainability Reporting Directive (CSRD) is one explanation for the steady growth in sustainability-related committees.

- » 81 boards (54%) now have a committee to oversee environmental and social topics.
- » 57% of sustainability-related committee chairs are women
- » More committees are combining remits to incorporate environmental or social issues. There are 39 unique committee names among the 81 committees

Other 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 *2024 UK Spencer Stuart Board Index* website.

- » 19% of boards have a standalone risk committee and a further 23% have a combined audit and risk committee
- » 65% of audit committee chairs are current or former CFOs, CEOs or have led a P&L
- » 70% of remuneration committee chairs and 55% of members are women
- » 36% of audit committee chairs and 51% of members are women
- » 18% of nomination committee chairs are women and 47% of members

External commitments and tenure

Scrutiny over the extent of directors' commitments continues to affect decision-making over board appointments.

- » 62% of non-executive board members have at least one additional listed company board commitment
- » 31% of CEOs in the top 150 FTSE companies now sit on an outside board, up from 27% in 2023
- » 27% of CFOs sit on an outside board
- » Average tenure of 5.2 years for current CEOs and 5.7 years for chairs
- » Departing directors had served 7.1 years on average, with chairs averaging a total of 9.4 years on the board and CEOs serving 7.3 years

31%

of CEOs sit on an external board (vs 27% in 2023)

5.2

is the average CEO tenure



£433,935

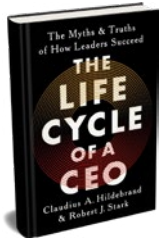
is the average total
remuneration for chairs

Remuneration

There has been an increase in fees across the board in the past year.

- » Average total remuneration for chairs has increased very slightly to £441,193
- » The average base fee for a NED has increased by 3% to £78,271
- » Average total remuneration for SIDs has increased by 4.8% to £130,000
- » The average total remuneration of the chair is 3.4x that of the SID and 5.6x that of the NED

Further reading



The Life Cycle of a CEO

Why it's time to reject the myths of CEO success. Read the latest book on CEO performance from Spencer Stuart



Measure of Leadership: CEOs and Directors on Navigating Change

We surveyed more than 2,000 CEOs and directors about keeps them up at night and how they are coping. We also surveyed more than 1,200 employees in the U.S. and U.K., comparing their responses and leaders' views.



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.

