the BOARD review

WINTER 2016

In this issue

NB : NORMAN BROADBENT
COMPETITIVE EXCELLENCE THROUGH PEOPLE

QUOTED COMPANIES ALLIANCE

BDO

the BOARD review

WINTER 2016

In this issue:

METHODOLOGY

Using data supplied by BoardEx, we have analysed the boards of quoted companies on the Main Market and AIM as of the 30 June 2015. We looked at companies across 14 broad sectors, companies on the Main Market by index, and all companies on AIM. To aid readership, we refer to AIM as an index in the graphs for comparative purposes.

Executive summary

Norman Broadbent, BDO and the Quoted Companies Alliance have again joined forces to produce the second annual Board Review, which looks at the current board make up of all UK listed companies as well as analysing the underlying trends.

Board composition is recognised as key in ensuring good corporate governance and, in turn, strong company financial performance. We have therefore researched the board make-up of UK listed companies and report on how the various indices and industry sectors are performing in terms of encouraging board diversity and what their board profiles look like.

Gender attracts more column inches than any other aspect of board diversity and it is encouraging to see that women continue to make progress within all indices, with more female non-executive and executive directors than twelve months ago. Indeed, the FTSE 100 now has no all male boards left and has hit the 25% target called for by Lord Davies in 2011. However smaller companies still have some way to go to match this achievement.

There continues to be a mixed picture across different industry sectors with women making progress in some but falling back in others, however overall the picture looks positive.

In the report we also explore the changing structure of boards, with the trend towards more non-executive directors per executive director, and also the implications of length of tenure for non-executive directors on their independence and general effectiveness.

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We have looked at the profile and changing role of the chair of the main board and of various board committees (audit and remuneration). Women continue to be poorly represented in these positions and there are big differences in length of tenure and the number of chair positions individuals hold.

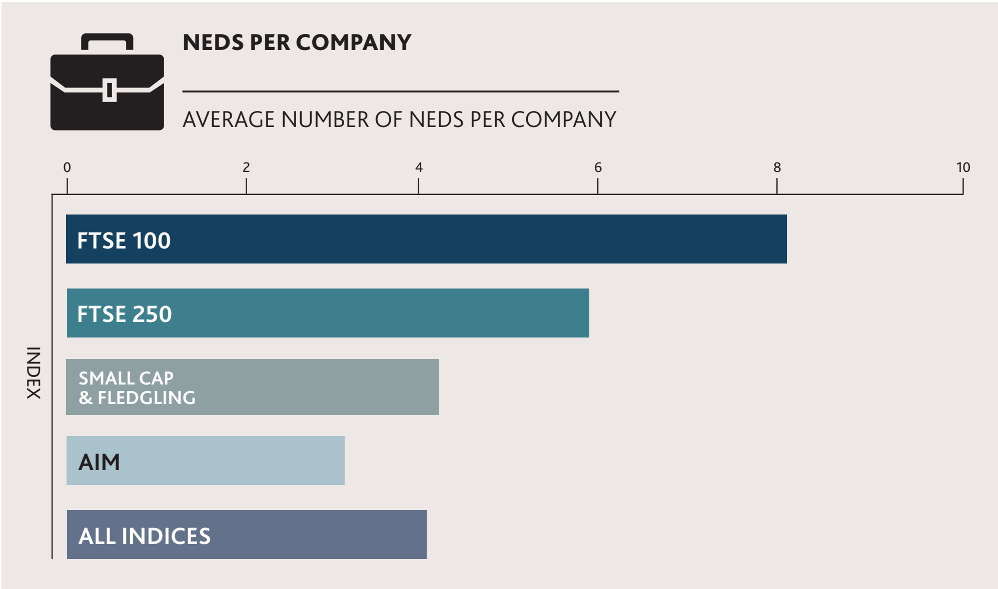
Boards continue to evolve as the demands on them increase with ever greater levels of public scrutiny. This is driving the need for greater diversity in their make-up and we are seeing companies responding to this pressure with more women, directors from a wider variety of backgrounds, and with tenure reducing as companies refresh their boards more frequently in line with the Corporate Governance Code recommendations.

We hope you find this report a useful read and encourage you to discuss any board issues you may have with us.

COMPANY BOARDS

Under the spotlight

As you would expect there is a contrasting picture on board composition across market indices.



Whilst the average number of executive directors per company does not vary across the indices, the board balance is quite markedly different. The FTSE 100 has three non-executive directors (NEDs) for each executive director. The comparable figures for AIM and the FTSE Small Cap are 1.75 and 1.42 respectively.

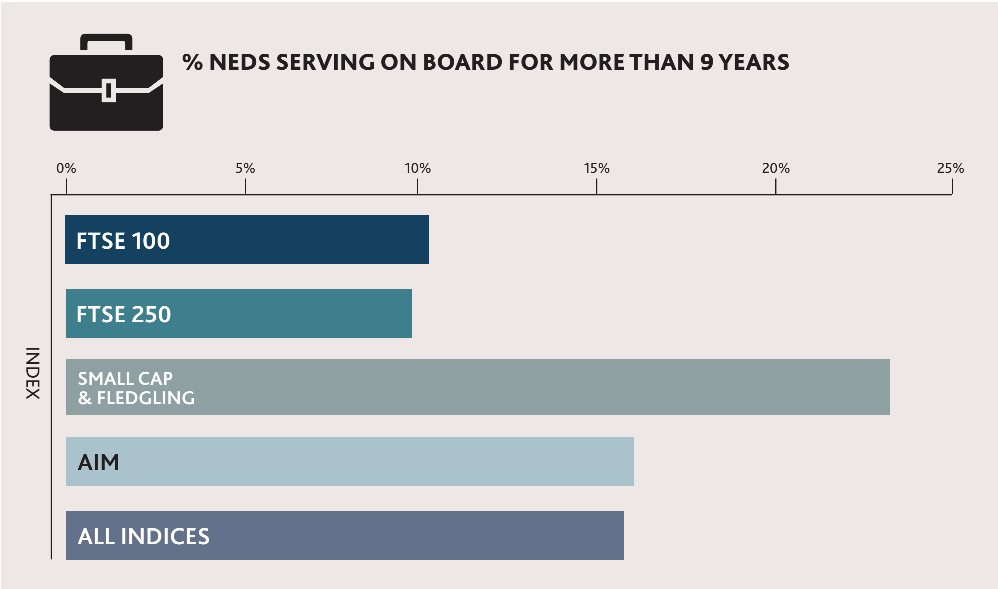
This may be a reflection of the level of financial resource available and the oversight required by FTSE 100 companies. Small and mid-size quoted companies cannot afford that number of non-executive directors and, perhaps, the oversight is often applied by both the non-executives and by the significant investors. Unlike most FTSE 100 companies, companies in the FTSE Small Cap and on AIM have investors who may own 10%-25% of a company. This position may complement the role of the non-executive.

Companies outside the FTSE 350 are not required, under the UK Corporate Governance Code, to have at least three non-executive directors. The fact that they do so shows that best practice often filters down.

The work of the 30% Club and other initiatives on gender diversity may have had a positive impact on the larger listed companies, but this work has not yet filtered down into AIM. Women executive directors in the FTSE 100 are more likely to have non-executive roles (48%) than their male counterparts (32%). For the FTSE 250 this situation is replicated. The position equalises in the FTSE Small Cap, where broadly 10% of male and female executives hold non-executive roles. Male directors on AIM are over twice as likely (10.9%) as females (4%) to have such additional roles. Recent QCA/BDO Pulse surveys show that companies on AIM are actively recruiting more diverse boards so it will be interesting to see how quickly the AIM figures move towards those of the larger companies.

FTSE Small Cap and AIM companies collectively have nearly 19% of non-executive directors who have served for longer than nine years, whereas the FTSE 350 has 10%. This may reflect the desire amongst small and mid-size quoted companies to hold on to valuable experience, or it may show the reluctance of larger companies to challenge the principle in the UK Corporate Governance Code that independence wanes after nine years.

Larger companies are at the forefront of changing trends. They are much more under the spotlight of policymakers and the corporate governance teams of their institutional investors. They have more non-executive directors, more women executives who have non-executive roles and fewer non-executives who have served over nine years. Do they play by the rules because the rules are appropriate, or do they do so because it is easier to?



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WOMEN ON BOARDS

Still some way to go

September 2015 marked the 20th anniversary of the Fourth World Conference on Women where world leaders gathered in China and pledged to do as much as they could to revoke laws discriminating on the basis of sex.

Whilst there has been significant worldwide progress establishing basic human and civil rights for women, equality in the boardroom still has some way to go. Headlines such as "Big banks give less than 10% of top jobs to women", "One woman at the top is enough for male bosses" and "Fewer women leading FTSE firms than men called John" attest that in the eyes of the media at least, more needs to be done.

So, is the picture really as bleak as the headlines suggest? This year's Board Review shows that just 3.5% of chairs of UK-listed companies are women, with companies in the construction, leisure and utility sectors having no women in the role of the chair. Sectors including technology, and those traditionally male dominated sectors, such as industrial and resources, trail others in their having women on their boards. Most starkly AIM companies, often being younger businesses, have just 6.4% women on their boards, half as many as small cap companies and only a quarter of their FTSE 100 cousins.

However, despite this initial gloomy picture, efforts by companies to get more women into the boardroom are clearly making progress: over a quarter of board level directors in FTSE 100 companies are now women, with the retail sector leading the charge with 22.4% of women on boards across all

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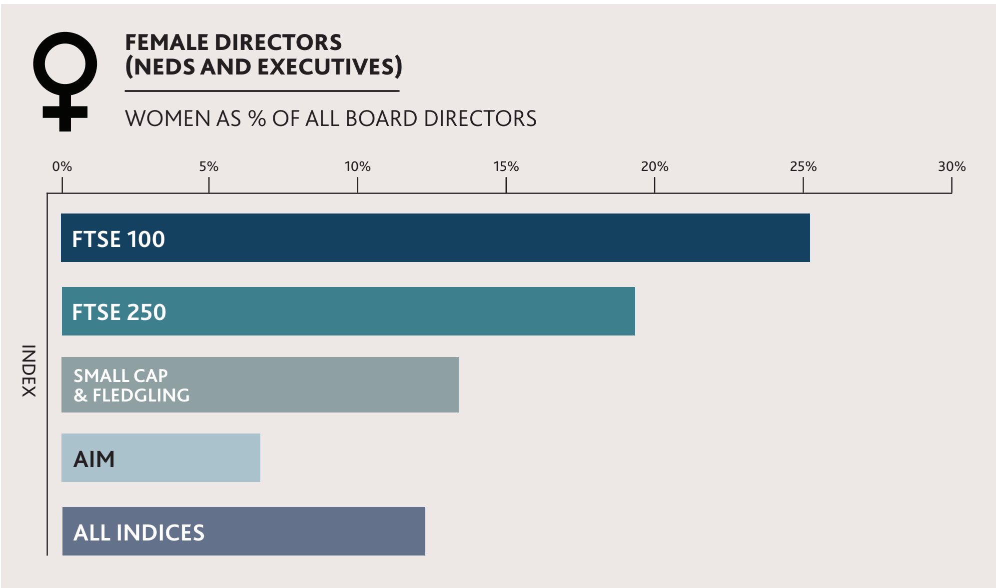
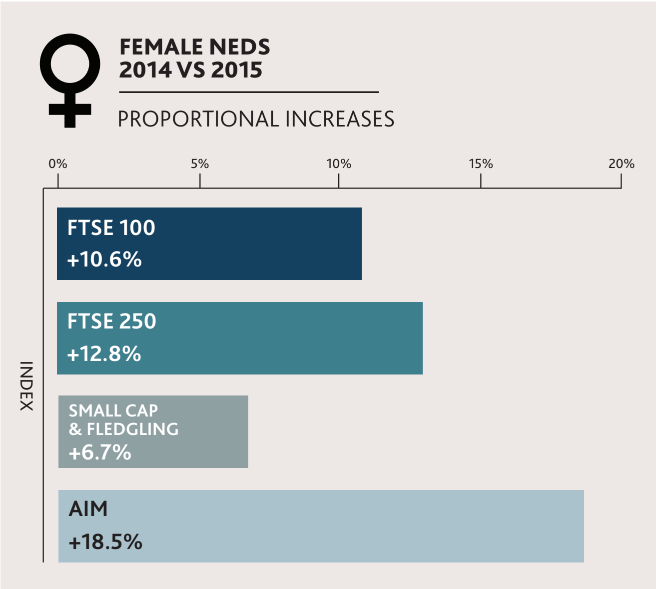




indices. The proportion of females represented on plc boards has increased by 13% in the last year across the FTSE 100, FTSE 250 and AIM, putting FTSE Small Cap companies to shame with only an 8% rise.

In 2011, Lord Davies of Abersoch (Mervyn Davies) set a target that boards of all FTSE 100 companies should have 25% representation by women by the end of 2015. Our research shows this overall target has been met with 25.16% of executive and non-executive directors now being female as of the end of June 2015. Clearly the figure varies from company to company but there are now no all male boards left on the FTSE 100 – despite there being 21 just four years ago.

Government research shows that the picture for women is not quite so rosy on the FTSE 250 index. The Women on Boards 2015 report shows that 32% of FTSE 250 board appointments were awarded to women in 2012/13, but this has slipped to 24% in 2014/15. Whilst there has been progress in achieving 25% representation on FTSE 250 boards – just 17 companies had achieved 25% or better in 2011 vs 65 in 2015 – there are still 185 companies which have yet to make the mark, and 23 FTSE 250 companies still have all male boards.

Amongst small companies the picture becomes worse for women: although the proportion of women on the boards of AIM-listed companies grew by 18.5% in 2015 (itself a significant improvement), this growth is on a very small base. AIM companies' gender performance may be held back by the relative preponderance of resources, technology and industrial companies listed on AIM compared to the main market.

It is clear that the Government's push to achieve greater diversity on larger companies' boards is proving successful, but greater efforts need to be made to encourage diversity amongst their smaller-listed peers. Lord Davies has already stated that he is going to meet with the FTSE 100 bosses who have the

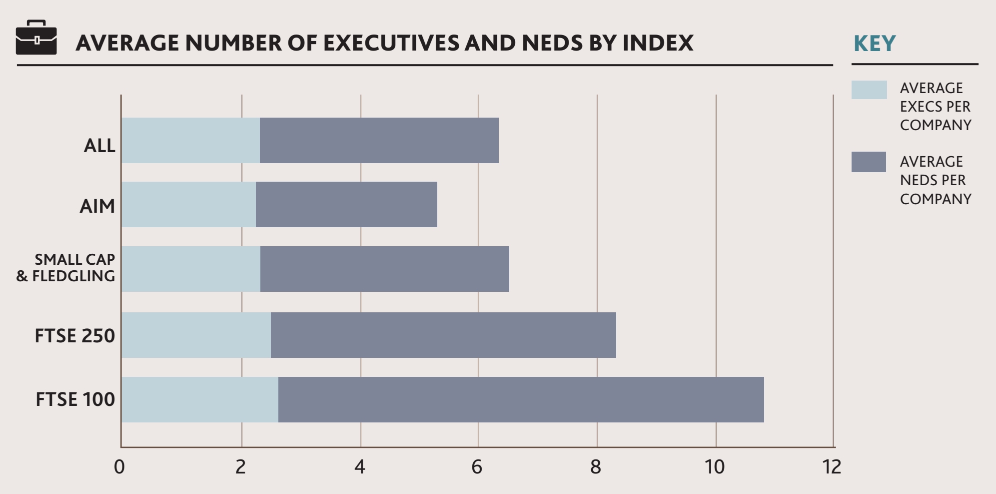
most gender-diverse boards to understand how they have reached their diversity targets to help guide and advise FTSE 250 boards who are struggling with diversity – but perhaps this needs to go a step further and also provide guidance for companies on the AIM market. Sector-wide initiatives should also be welcomed to attract and develop female talent in erstwhile 'macho' sectors to accelerate change in terms of gender diversity.

With new research by McKinsey claiming tackling gender equality could add $12tn to the world economy (equivalent to the GDP of Japan, Germany and the UK combined), the issue of women on boards is both a social issue and one which has the capability to improve the financial performance of companies. And promises of improved profitability should be enough to whet the diversity appetite of boards which have yet to tackle the issue.

BOARD BALANCE

Is board size important?

Over the last five years there has been a marked change in the composition of UK listed boards. Yes, we can celebrate the fact that there is a far greater proportion of women on boards now than ever before. But, at the same time, both the actual number of executive directors on boards and the proportion of executive directors to non-executive directors have continued to decrease across all companies.



It is in FTSE 100 companies where we see this decrease in executive numbers most starkly with almost 20% fewer executive directors on FTSE 100 boards than five years ago, with a corresponding decrease of over 15% in both the FTSE 250 and small cap boards. Over the same period, the number of non-executive directors has increased by 7.5% for FTSE 100 boards, and by over 10% on FTSE 250, small cap & AIM listed boards.

Increasingly, UK Boards are solely comprised of the Chief Executive and Chief Financial Officer, at the potential expense of other equally able colleagues responsible for driving their company's growth and development. Where is the engineer, marketer and HR director? Is it appropriate that they do not have a seat on the top table, facing the increased scrutiny of the non-executive directors and shareholders alike?

Should the increase in non-executive directors be celebrated as a clear indication of better corporate governance and reflective of a greater scrutiny of executive management? Today, boards would appear to demonstrate greater diversity not only in gender, but in skills and expertise that the non-executive directors bring to the board. Digital expertise, HR proficiency and customer-centric marketing skills are a welcome addition amongst the non-executive director cadre, but if needed from a non-executive, why aren't the functional heads themselves represented on the board?

> Does the fact that fewer executive directors benefit from PLC board exposure contribute to board wage inflation?

Additionally, does the fact that fewer executive directors benefit from PLC board exposure contribute to executive wage inflation?

With boards naturally attracted by the breadth of plc experience offered when appointing a new Chief Executive or Chief Financial Officer who are known to the 'City', this is to the detriment of other equally able candidates who will be unknown to shareholders. Does this accelerating carousel push up executive compensation as fewer (unblemished) plc experienced candidates are being chased by more organisations eager to attract their strong PLC credentials?

In the 2015 Board Review, we have looked at board balance, ie the number of non-executive directors per executive director, analysed both by sector and index/market. With over three non-executive directors per executive director on FTSE 100 boards (up from 2.36 in 2010), is this 'NED-heavy' structure appropriate? Are boards heading inexorably towards either a US governance model where we will ultimately see only one executive director at the board, or a German, NED heavy board of the future? Has the growth in non-executive directors improved UK corporate governance or is this a direct response of companies' determination to meet government gender targets through appointing more female non-executive directors?

Is there an optimal board size? Certainly the fact that FTSE 100 companies have on average 10.77 board members, compared to 8.08 in FTSE 250 companies, and fewer than six on smaller companies boards, would appear to make sense if we assume that those companies with the largest market cap are more complex and operate across a wider geographical spread than their smaller cousins. However, with double the number of non-executive directors on FTSE 100 boards than the average across all quoted companies, yet a much smaller increase of only 15% more executive directors represented on FTSE 100 boards than the average, is this the right balance?

At the end of the day, board size and composition may be irrelevant. Be they executive directors or independent non-executive directors; a board of 27 or of 6, boards would appear to be ineffective when faced with corporate wrong-doing, as the likes of Enron, RBS and, most recently Volkswagen would appear to attest. Instead of board composition, should we measure integrity?

BOARD TENURE

A time bomb? What is the optimal length of board tenure?

The rules on non-executive director independence set a time limit of nine years before the onus is on the board to demonstrate that the director is still independent. Whilst some of the most challenging and independently minded non-executive directors are way beyond the nine year limit this does indicate that in many cases there is a finite life for an effective non-executive director.

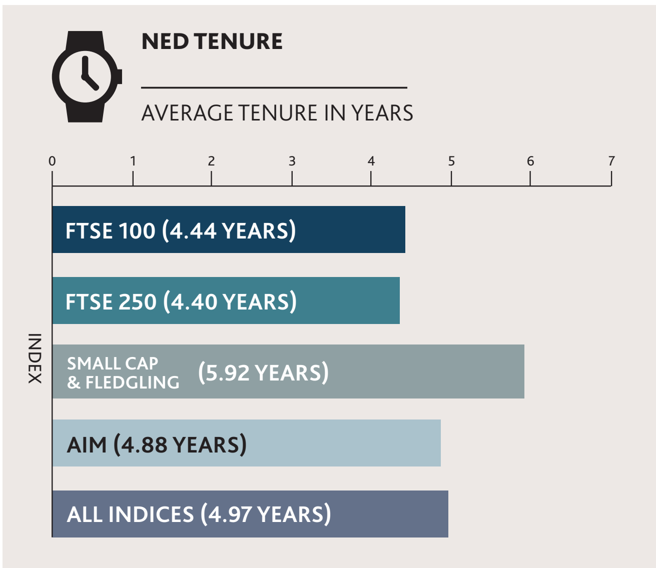
Equally many top executives would point to a shorter horizon than nine years. At the same time it will often take a new director a number of board meetings to really start understanding a company. If there are different phases of a directors' role then what happens when the whole board grows old together?

If the premise holds that there are three stages in the life of a public company non-executive director then what is the ideal blend of board members? In the first few years a non-executive director is getting to grips with the company, understanding how the other board members operate and assessing the areas where he/she can contribute most. In the next few years his/her performance is arguably at its highest, the non-executive director has the understanding and orientation but it is still remote enough to be challenging. At some point this evolves into a third phase where the understanding of the business is even greater but the key battles have been fought and generally all that is required now is a gentle tweak of the rudder rather than a strategic overhaul.

This is of course a generalisation. There are non-executive directors who will challenge management throughout their term and others who will be more passive regardless of the phase of their tenure, but a number of non-executive directors do recognise these phases even if the start and end points vary.

What happens then after an IPO when the whole board has the same start date? If the theory holds, then management will have a stronger hand in the early years as the non-executive directors go through the first phase of their lifecycle and executives get used to working with independent non-executive directors (that they are likely not to have experienced pre-IPO). In the second phase, the level of challenge rises and governance is at its optimal point. For those who believe in a strong correlation between governance and performance, this is when the business should be really firing on all cylinders. In the third phase the board tends to be more collegiate and the personal relationships stronger, trust is greater and conflict is minimised. There should then be pressure to reform the board and new blood introduced. However a new non-executive director is an outsider and may find it difficult to break into the close knit dynamic of a team which has been together for nine years. Frustration and rejection are often consequences. Whilst this is a clear simplification it will in part tell the story of a number of companies.

What then is the optimal make up of boards? This Board Review seeks to record the profile of boards in terms of size, diversity, age and time served. Just as there is no optimal age or gender split, there is also no optimal time served. The so called optimum depends upon the specific circumstances of the individual and the company. However boards, like any team, benefit from a range of skills, background and experience and having a board where the years served by each director varies is often a healthy sign.



INDUSTRY SECTORS

Analysis

> A talented board with a realistic attitude to risk and appetite for change is vital for most companies to succeed within this sector.

Looking at the structures of boards within different sectors, one might expect certain trends to appear such as low numbers of women within construction or resources and younger directors within technology. Here we take a look at what the true picture is.

CONSTRUCTION SECTOR

Last year's Board Review noted how the construction sector had the lowest female representation on boards of all sectors, with just 1.99% of executive directors being female. Whilst the sector has improved to no longer languish at the bottom of the league for female representation on the executive board – this title now belongs to real estate – there is clearly some way to go before a fair level of diversity is achieved. Some women within the sector are making attempts to address the diversity challenge themselves: a networking group for female construction workers, Chicks with Bricks, serves to provide women within the sector with role models and a way to meet other likeminded women. Despite the lack of representation on executive boards, the sector is second only to retail in terms of female non-executive directors: 23.22% are female, reflecting the predominance of FTSE 350-listed construction companies conscious of meeting gender diversity targets.

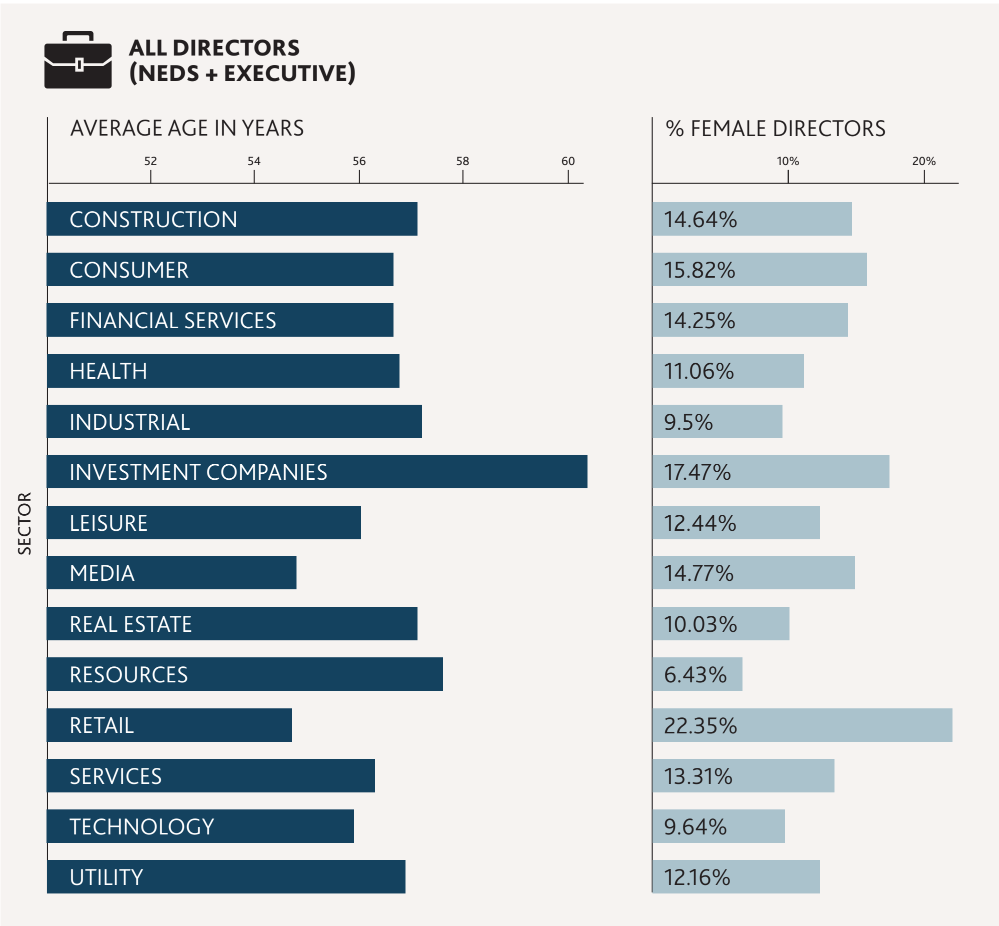
Non-executive boards of construction companies contain some of the oldest staff: the age range of non-executive directors of listed companies is 42-85; the lower end being higher than any other sector studied which reflects the industry wide struggle to introduce fresh, new skilled talent into the sector.

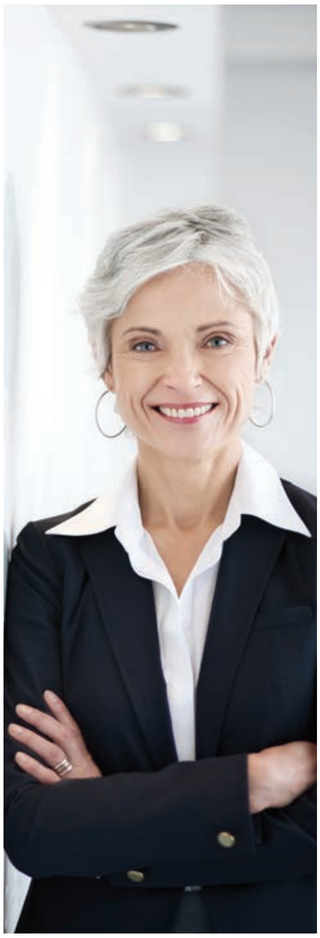
CONSUMER

Consumer companies are traditionally amongst the best at attracting top female talent onto their boards, and they have managed to improve female representation this year from an already strong base in 2014. Women comprise 9% of executive boards, and 20% of non-executive boards – up 1% and 2% respectively. Because of the nature of their offerings, consumer companies are perhaps more under the public eye than any other sector. However, despite this pressure, board tenure of directors remains around average (5.82 years).

FINANCIAL SERVICES

Financial services attracts some of the youngest directors, with the youngest executive directors only 28 and youngest non-executive only being 30. However the average age for all directors is 56.61 years – which is at the upper end of the scale – suggesting that many boards are still unbalanced with more elderly directors retaining board positions. This could be a reason that financial services companies still struggle with board diversity: just 6.09% of executive directors are women. However, there are some high profile cases of companies attempting to lose this stigma: RBS recently pledged it wants one in three of its top management roles to be filled by women by 2020, whilst Lloyds Banking Group is aiming even higher at 40%. With big name banks leading the way, we are hopeful that other smaller firms will follow.





HEALTH

Health companies have the second lowest board tenure of any sector, with directors staying in their positions for just 4.59 years. Although big pharma continues to tackle the issue head on – GSK continues to be at the forefront of attracting women into top management positions – smaller companies are still struggling to meet diversity demands. A situation rather unique to healthcare is the tendency to hire scientists into board positions and until more female science graduates filter up through the university system, this will continue to be an obstacle to those companies seeking to address gender balance on their boards.

INDUSTRIAL

The number of listed industrial companies fell by 8.04% over the past year with the AIM index seeing the worst slide, losing a total of nine companies. The drop in companies also resulted in the number of women executive directors within the sector falling from 3.45% in 2014 to 2.87% in 2015. Interestingly, the proportion of female NEDS within the sector actually rose by 2% to 13.57% - suggesting companies which have remained listed have a higher proportion of female non-executives steering the company. The manufacturing organisation EEF claimed that the best way to promote executive female presence on boards is to try and remove the 'dirty' image of manufacturing.

Nurturing young talent is another challenge for industrial companies. As board level management near retirement, there are fewer skilled employees to take their place. At 57 years, the average age of directors within industrial companies is towards the higher end, which is indicative of this industry problem. The EEF's call to the Government to encourage take-up of STEM subjects within schools should help to address the problem in the long term – but it could take decades for these people to filter through to board level positions.

INVESTMENT

Investment companies have some of the most diverse boards and the highest female executive representation of any sector (12.77%), although the relatively small number of executive directors on investment company boards compared to the predominance of non-executives may unduly influence these figures. Interestingly, despite the diversity, board tenure is the longest of any sector, averaging 6.57 years (and 9.63 for executive directors alone) and the average age of directors is higher than any other sector (56.52 years). However, rather than being perceived as a negative trait, this should actually

INDUSTRY SECTORS

Analysis – continued

send a clear signal that a trend towards long board tenure and increased age does not need to be a barrier to diversity.

LEISURE

The leisure sector covers a wide range of companies including travel, transportation, restaurants, gaming, cruise operators and breweries. Given this broad sector make-up, it might not come as a surprise that the overall board composition of these companies is distinctively average: the average age of directors is 56 years old, average tenure if 5.17 years and women comprise 12.8% of boards. However, whilst the figures may be average, boards within the sector face some of the biggest challenges of all: travel companies are threatened with an increasing number of new online holiday booking businesses, gaming businesses need to continually change their strategies to adapt to new rules and regulations and restaurants are facing ever more competitive pressure from increasingly diverse consumer tastes. A talented board with a realistic attitude to risk and appetite for change is vital for most companies to succeed within this sector.

MEDIA

Media is traditionally a sector which attracts diverse boards although interestingly, the proportion of females on executive boards has actually fallen to 10.7% in 2015 from 10.9% in 2014 – only a small fall, but a significant one given most sectors have increased their female representation. The number of FTSE-listed media companies also fell by 8.42% between 2014 and 2015, so the fall shows that a significant proportion of companies which left the indices had increased number of women on the boards. The increasingly blurred lines between media and technology has led to many media companies attracting tech-savvy executives to their boards to help guide them through further digital transformation.

REAL ESTATE

The average tenure of executive directors in real estate companies is 8.71 years – the second longest of any sector, and a whole year longer than the construction sector, which is in second place in terms of tenure. It is perhaps these long tenures on the executive board which has led to the most non-diverse board composition of any sector: just 2.55% of executives within the real estate sector are female and, whilst this increases to 13.27% of NEDS, the sector is still desperately behind when it comes to addressing diversity concerns.

RESOURCES

Like industrials, the resources sector is one which is traditionally very male dominated, and this is reflected in the make-up of executive and non-executive boards, where just 6.43% of boards are made up of women – the lowest of any sector. Given the turbulence the resources sector is facing, many companies prefer to keep their existing deeply experienced board members to provide the level of insight required to ensure companies thrive through difficult economic times.

RETAIL

Like consumer businesses, retail firms are under continual scrutiny by the media due to the public's direct interest in the companies and the Tesco scandal highlights just how badly a company can suffer due to poor board decisions. Given the quest for fresh decision making at the top of firms, it might be of little surprise that the average tenure of executives and non-executives on retail boards is just 4.27 years – the lowest of any sector. It is this frequent 'changing of the guard' which has perhaps resulted in the most diverse firms of any sector: women make up over a fifth of all those on boards (22.35%).

SERVICES

The diversity of boards of services companies has fallen slightly over the past year: last year, female representation on the executive board was the third highest of all sectors, whereas it has fallen to sixth place this year – albeit with a near identical proportion of females on the board. Although board tenure is fairly average at 6.81 years, some high profile crises within the sector are driving almost complete recycling within some companies: Serco's appointment of City veteran and ex-Centrica chief, Sir Roy Gardner in May means that nearly the whole board has changed since it went into crisis in July 2013.

TECHNOLOGY

Technology is one of only three sectors where overall female representation on boards falls below 10% (9.64%), although this is an improvement on the 8.9% reported in 2014. Another change this year is the average age of boards: whilst the average age is still on the young side (55.84 years) it is far from being the youngest sector. Diversity clearly needs to be improved amongst technology business, and it needs to be led by the largest companies: Twitter famously floated with only one female member on its board, yet a scan of its current board composition reveals two women on the executive board and Marjorie Scardino as an undoubtedly welcome addition to the non-executive team.

UTILITIES

There are just 43 utilities companies on the combined FTSE indices. At 56.86 years, the average age of utility company directors is significantly above average and female representation on boards, at 12.16%, is higher than one might expect for the sector. With consumer energy prices frequently the topic of news discussion, the board decisions of utility companies are under constant scrutiny. Utility companies might appear staid on the outside, but they are faced with some of the most complex innovation challenges as we move towards the future of energy generation – and only the most knowledgeable boards will be able to meet these challenges.

CHANGING CHAIRS

Are we reflecting changing needs?

Is our notion of what makes good Board and Board Committee Chairs reflecting changing needs?

30 years ago we had a very clear view of what made a good chair. Meetings should start and end on time. The business of the meeting should be successfully concluded. Largely pre-determined outcomes would be achieved and any awkwardness or dissent was effectively dealt with, perhaps with charm, but not always so. This may contain elements of caricature, but at the same time many will recognise the truth in it.

This year's Board Review shows that chairs have been in place for an average of four years, average 63 years of age and are men. We uncover that 29% of chairs also chair another plc board, with similar proportions of audit chairs also chairing the Audit Committee of at least one other plc and 15% of RemCo chairs chairing another plc's remuneration committee. RemCo chairs average 60 years and have been in their role for just under four years. Given the conservatism that could be imputed into that broad profile, can we expect the outlook of chairs to have changed considerably over recent years?

The nature of the role has changed considerably with the transparency that has come with heightened attention to governance. Good chairs are well aware that their role is to run the board and not to run the business and that they are answerable to their shareholders, albeit often having to acknowledge the interests of other stakeholders and the good of the business itself.

Research by INSEAD[1] identifies three characteristics of a good chair:

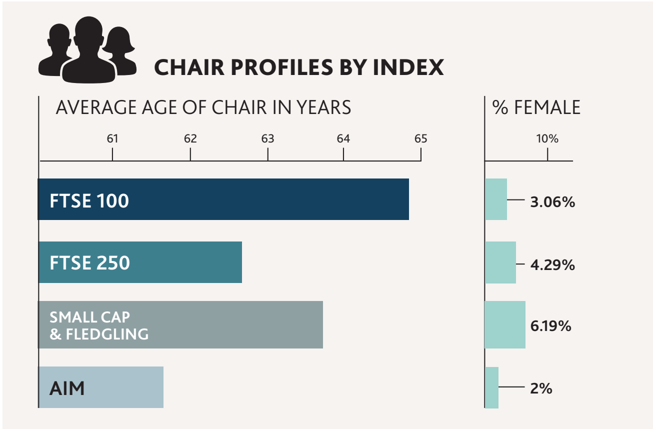
- Personal humility
- Listening, whilst challenging and supporting
- Guts to do the right thing

A mind-set that reflected those characteristics and an appropriate time commitment are considered more important than personality attributes (such as tenacity or debating skill).

As the UK Corporate Governance Code makes clear, the chair should set the agenda and promote the right culture, whilst ensuring that the board has the appropriate information at the appropriate time to enable it to make sound decisions. He or she will also have important responsibilities in terms of shareholder communication. These requirements speak of a need for a depth of personality and fluency in communication as well as a degree of personal organisation.

It can be argued that these skills and qualities are as relevant to chairing the major board committees, as much as they are to running the board itself. Certainly none of the above would appear amiss in a committee chair, but what other specific additional qualities or skills might they need?

The remuneration committee chair is often considered an uncomfortable place to be. Having effective executive directors is generally considered an essential plank in achieving companies' strategic objectives and the remuneration of those executives is therefore a matter of some sensitivity, almost irrespective of whether remuneration itself is key in whether they leave or stay. Apart from the inevitable delicacy of discussions with executives, and in particular the CEO, about the design of their package, the emphasis on long term (in reality medium term) variable incentives and their likelihood of 'paying out', together with the difficulties of insulating these from extraneous factors, whilst choosing the right criteria that match strategy



achievement requires a degree of robustness and experience that may exceed those even of a good company chairman. Certainly one's supply of tact will need to be greater than that of the average.

Whilst being a chair of remuneration committees has become more testing, one can't imagine that anyone would argue that the role of the audit committee is doing anything other than becoming front and central in company governance. The expanding requirements for audit committee reporting, extended auditor reporting and the more recent concentration on risks and viability have only served to highlight this. Particularly in smaller companies, where they are less likely to be supported by other committee members with deep financial skills, audit committee chairs now need to show a very clear 'zero tolerance' approach to regulatory and compliance matters. The changing public tolerance to perceived non-compliance now has a very quick impact on reputational risk, and thus on commercial performance. Audit committee chairs will need to be aware of the risk to their personal reputations in the way they contribute to the company's attitude and appetite for risk and strategy, and matters such as corporate tax policies.

The heightened sense of external scrutiny also means that they need to have a deep understanding of the business and its drivers so that they can spot issues at the outset and not be reactive. Increasingly they have to be diplomats, capable of effective challenge to both senior finance and other executives and the auditors, both internal and external.

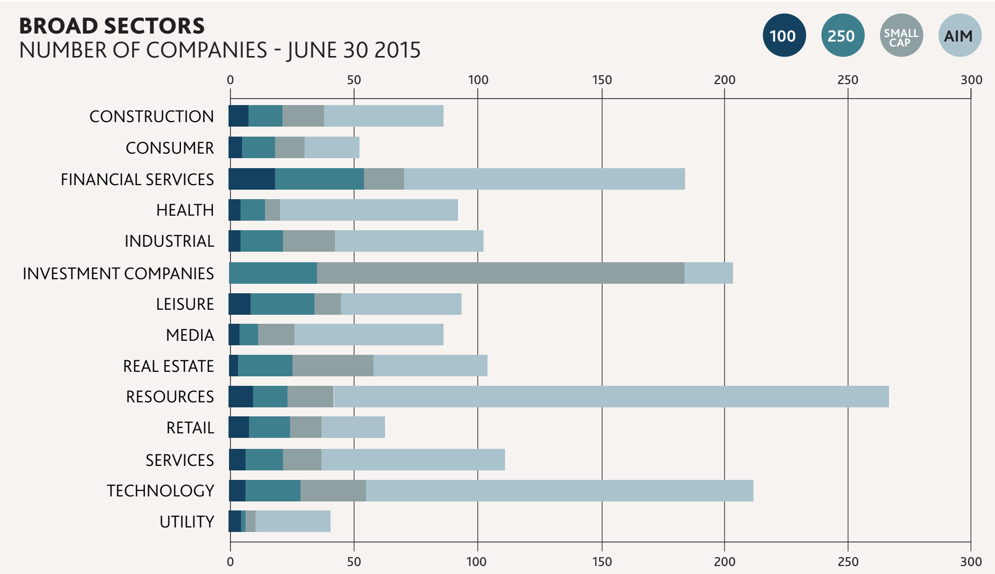
There are a number of common threads to chairmanship, but increasingly there is a building base of skills and knowledge areas that committee chairs need in order to effectively fulfil their own distinct roles. As time goes on it is likely that these become even more specific roles for specific types of individuals, and the day of the 'generalist' chair may be behind us.

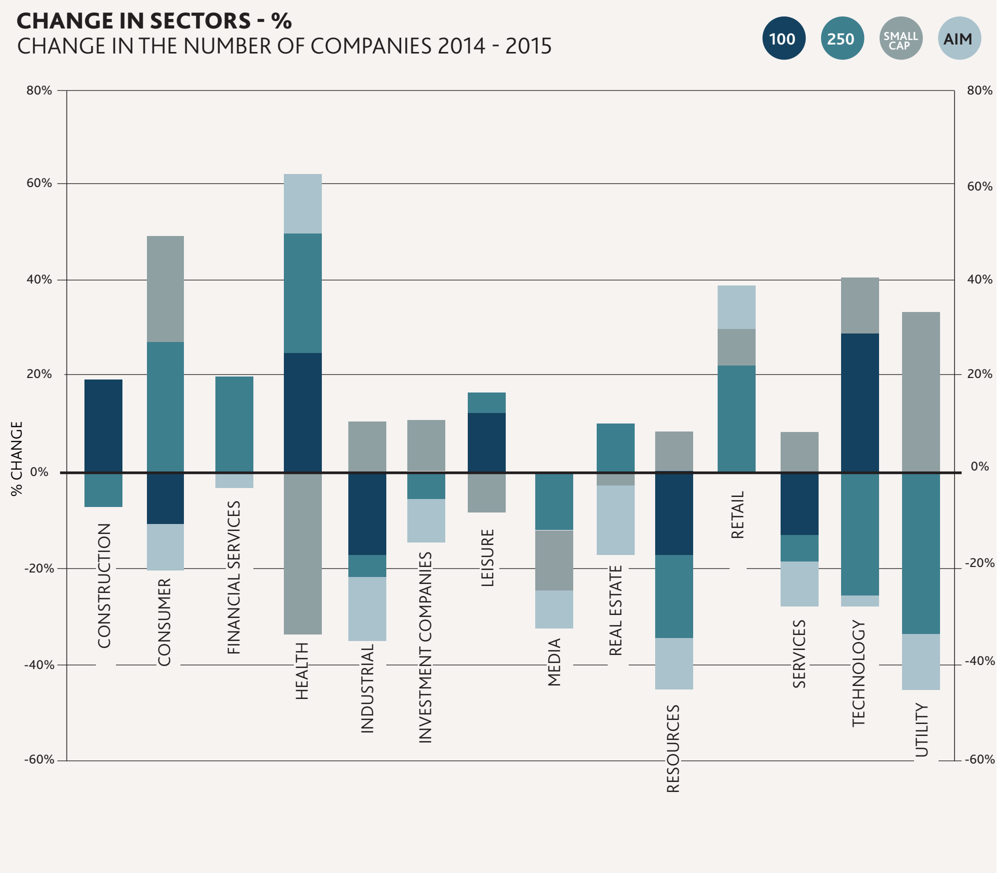
[1] What Makes A Good Chairman? Stanislav Shekshnia, INSEAD, May 2014

STATISTICS AND COMMENTARY

Sector analysis

100 250 SMALL CAP AIM





COMMENT

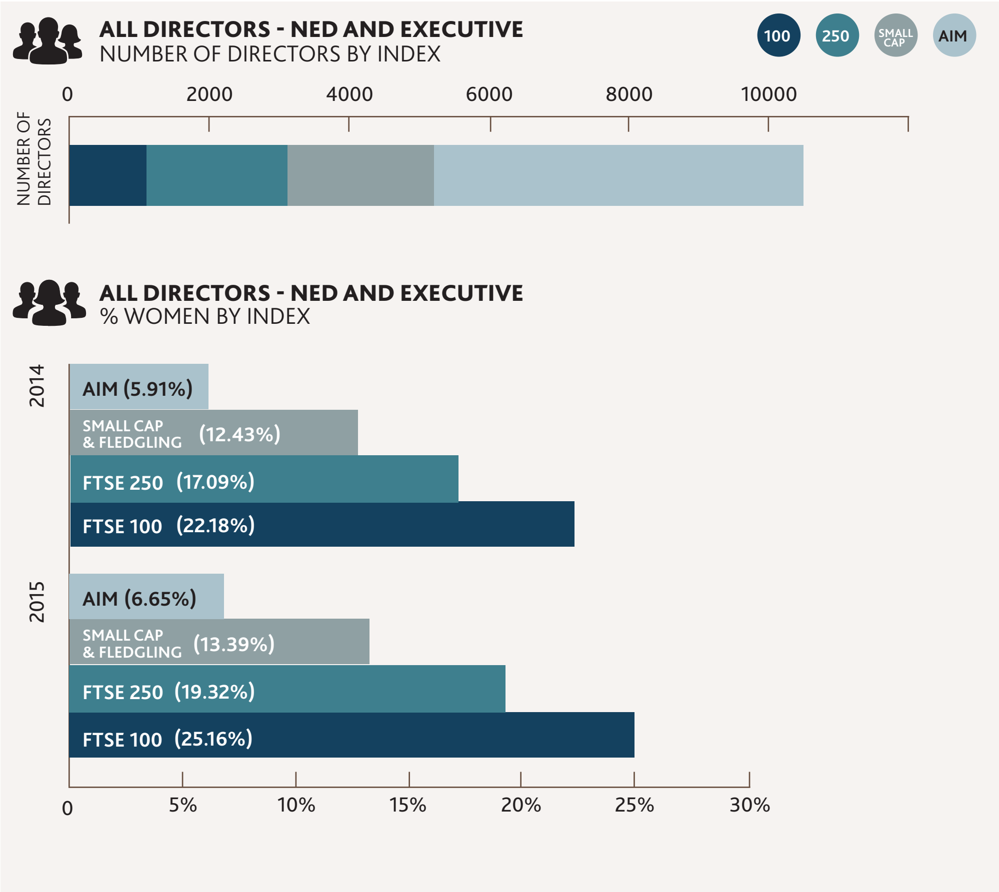
Year-on-year changes to the FTSE 100 sees an increase in the proportion of technology, health, leisure and construction firms represented, at the expense of industrial, resources, services and consumer companies.

Year-on-year changes to the FTSE 250 sees increases in the numbers of consumer, retail, health, financial services leisure and real estate companies. Lower proportion of utility, technology, resources, media, investment, construction, services and industrial companies. Overall, there has been a 10% increase in the numbers of listed health and retail companies, with smaller numbers of listed industrial, media, real estate, resources, services, technology and utilities.

100 250 SMALL CAP AIM

NED AND EXECUTIVE

All directors



COMMENT

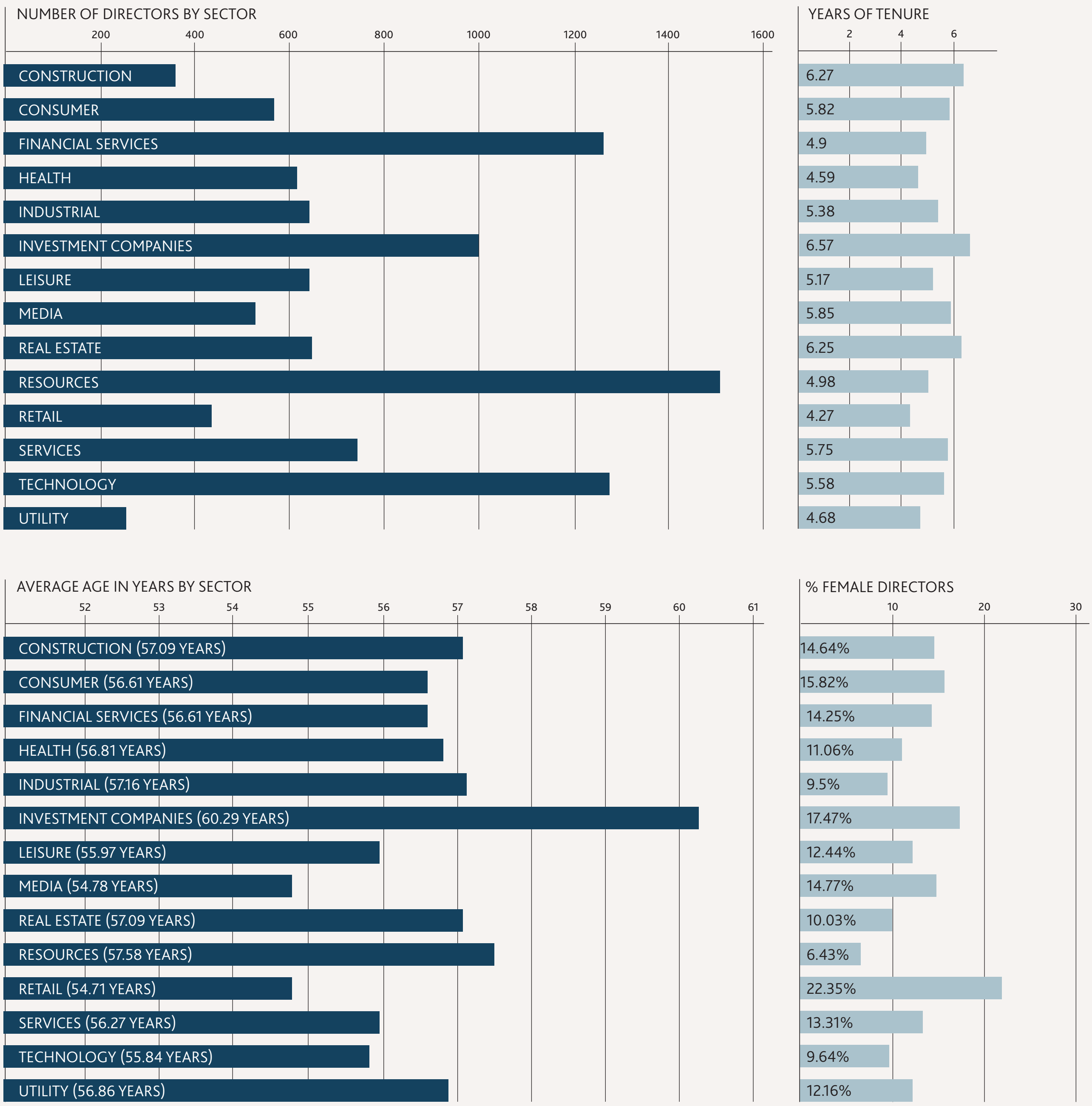
Compared to our analysis in 2014, there is very little change in the average ages and tenure of directors. However women continue to make progress on boards within all market indices and now represent 12.36% of all quoted company directors.

SECTOR ANALYSIS
ALL DIRECTORS
NON-EXECTIVE DIRECTORS
EXECUTIVE DIRECTORS
CHAIR
AUDIT CHAIR
REMCO CHAIR
SIZE OF BOARD
BOARD BALANCE

STATISTICS AND COMMENTARY

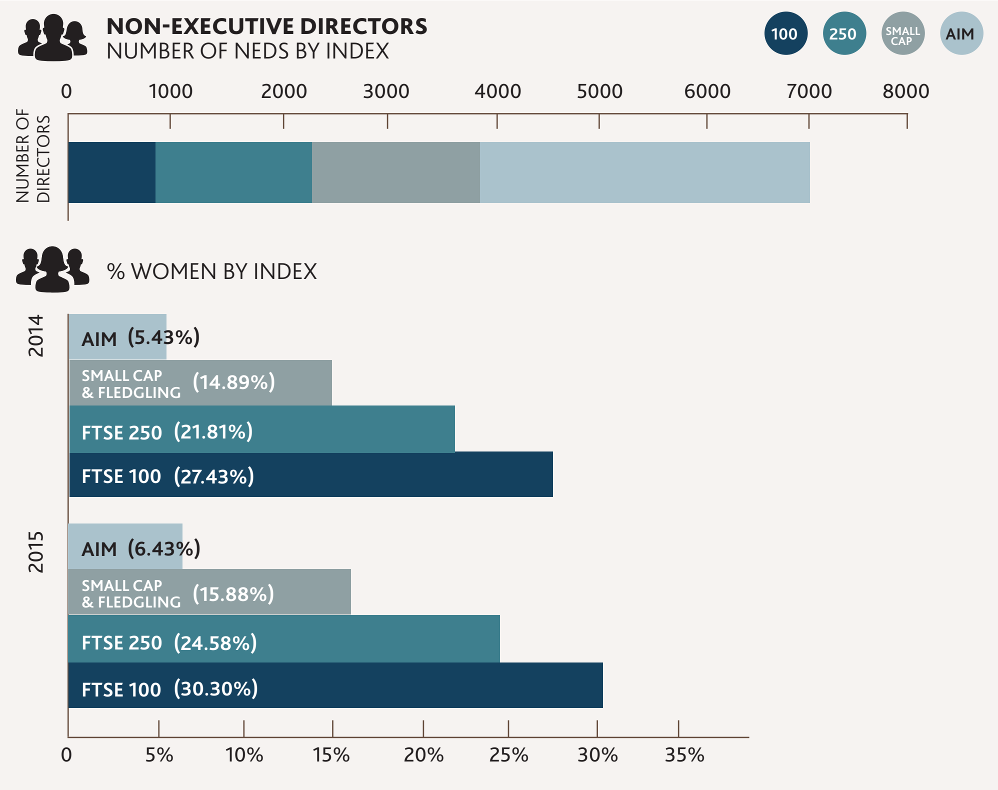
All directors – continued

ALL DIRECTORS - NED AND EXECUTIVE



STATISTICS AND COMMENTARY

Non-executive directors



COMMENT

With an average tenure of 4.97 years there is little variation across sectors and market indices, although retail has the shortest serving NEDS. Women continue to make progress with growth in numbers across all indices and sectors with the exception of utility companies where they have fallen from 14.29% of NEDS to 13.94%.

LONGEST SERVING NEDS

100 **52.4 YEARS**
BRUNO SCHRODER,
Schroders Plc

250 **51.4 YEARS**
ROBIN BARR,
AG Barr Plc

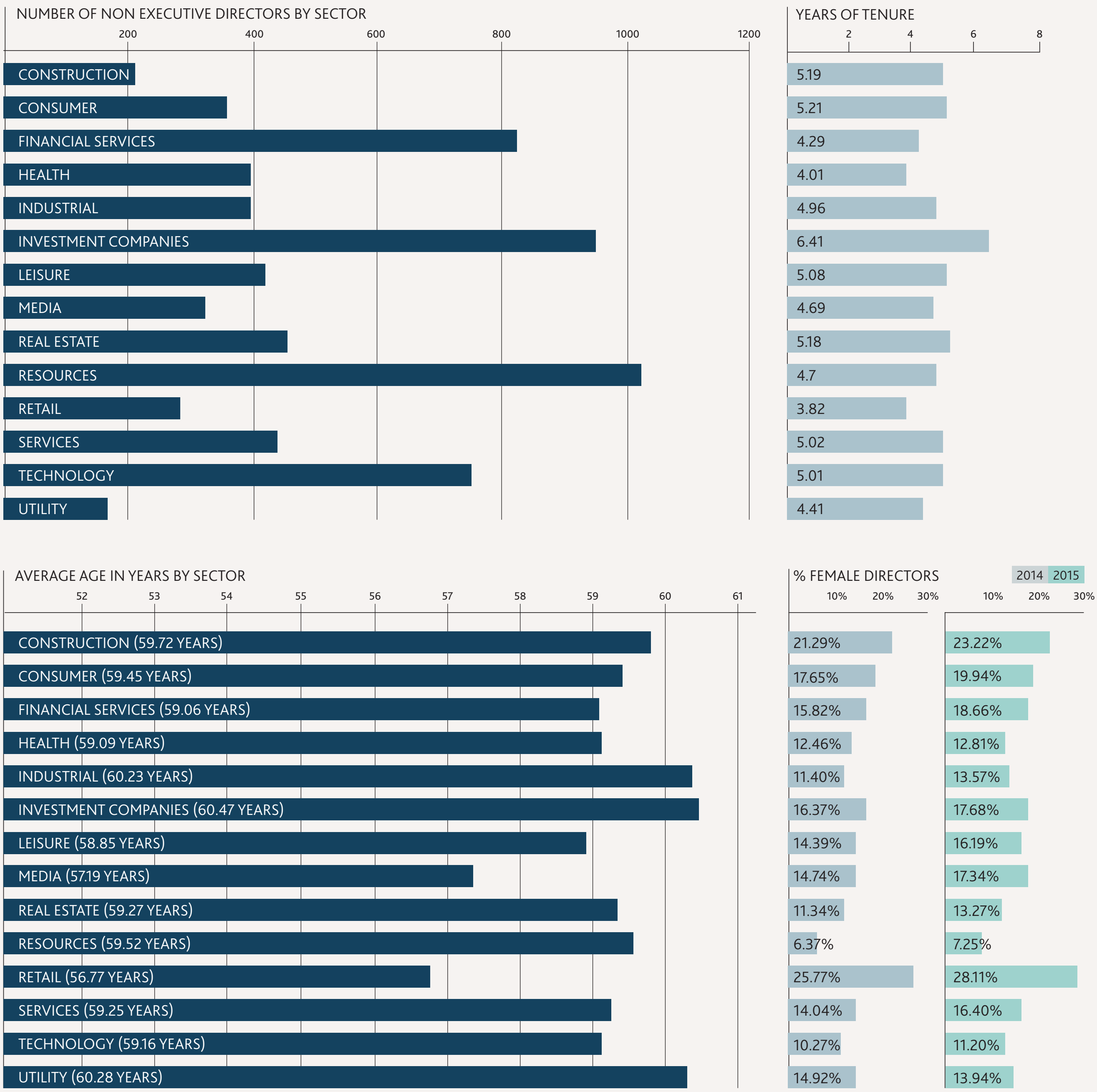
SMALL CAP **50.4 YEARS**
SIR MICHAEL HELLER,
Electronic Data Processing Plc

AIM **60.4 YEARS**
WILLIAM TUCKER,
Heavitree Brewery Plc

STATISTICS AND COMMENTARY

Non-executive directors – continued

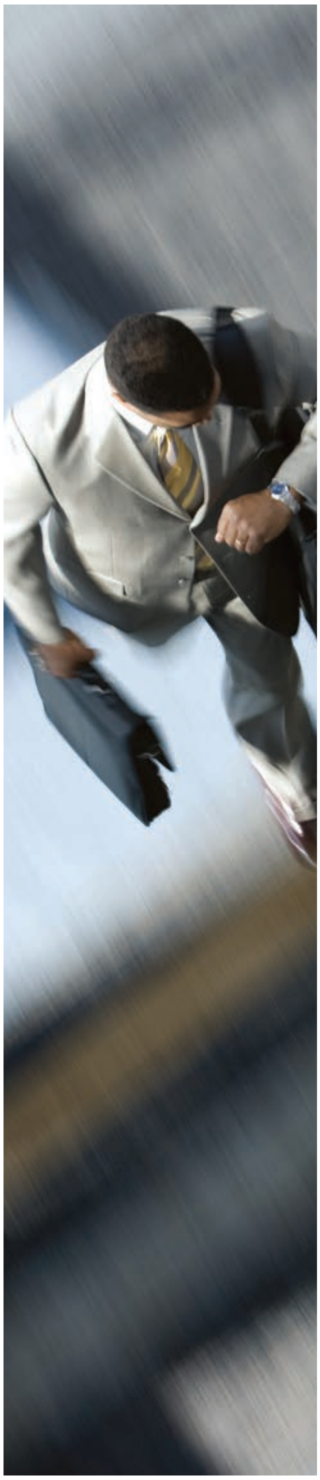
NON-EXECUTIVE DIRECTORS



LONGEST SERVING NEDS BY SECTOR

100 250 SMALL CAP AIM

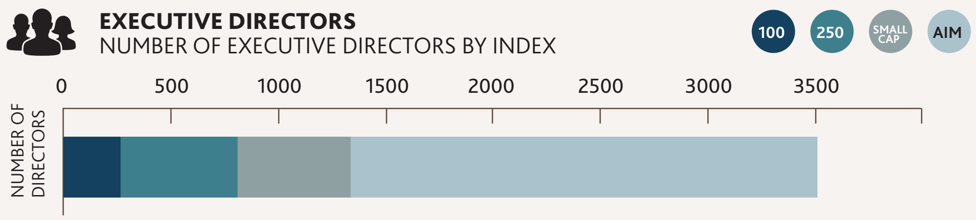
Sector	Longest serving NED
CONSTRUCTION	**43.4 YEARS** JOHN ANDERSON, TITON HOLDINGS PLC (FLEDGLING)
CONSUMER	**51.4 YEARS** ROBIN BARR, AG BARR PLC (250)
FINANCIAL SERVICES	**52.4 YEARS** BRUNO SCHRODER, SCHRODERS PLC (100)
HEALTH	**18.9 YEARS** JAMES WRIGHT, AORTECH INTERNATIONAL PLC (AIM)
INDUSTRIAL	**36.4 YEARS** STEPHEN COCKBURN, ASSOCIATED BRITISH ENGINEERING PLC (FLEDGLING) - STOOD DOWN FROM THE BOARD IN SEPTEMBER 2015
INVESTMENT COMPANIES	**33.8 YEARS** RICHARD BURNS, MID WYND INTERNATIONAL INVESTMENT TRUST PLC (FLEDGLING)
LEISURE	**60.4 YEARS** WILLIAM TUCKER, HEAVITREE BREWERY PLC (AIM)
MEDIA	**46.4 YEARS** SIR PATRICK SERGEANT, EUROMONEY INSTITUTIONAL INVESTOR PLC (250)
REAL ESTATE	**43.5 YEARS** DAVID DAVIS, DAEJAN HOLDINGS PLC (250)
RESOURCES	**30.4 YEARS** STEVE JENKINS, CIRCLE OIL PLC (AIM)
RETAIL	**47.4 YEARS** LORD (DAVID) ALLIANCE OF MANCHESTER, NED, N BROWN PLC (250)
SERVICES	**29.4 YEARS** DERMOT JENKINSON, JOHN MENZIES PLC (SMALL CAP)
TECHNOLOGY	**50.4 YEARS** SIR MICHAEL HELLER, ELECTRONIC DATA PROCESSING PLC (FLEDGLING)
UTILITY	**22.3 YEARS** MIKE LISTON, JERSEY ELECTRICITY PLC (FLEDGLING)



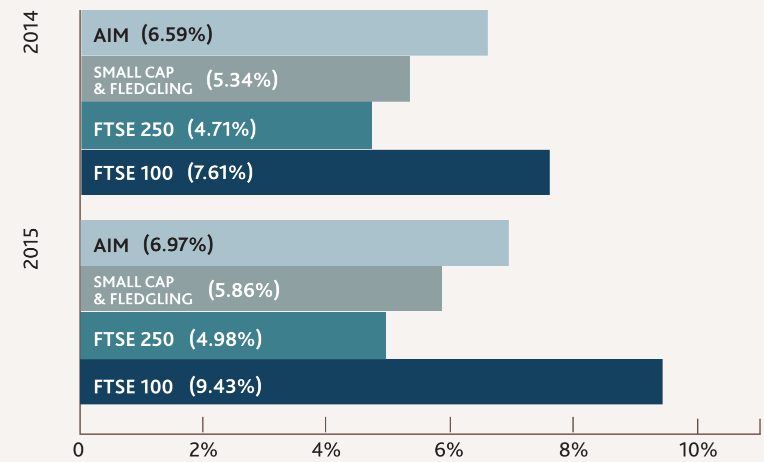
STATISTICS AND COMMENTARY

Executive directors

EXECUTIVE DIRECTORS
NUMBER OF EXECUTIVE DIRECTORS BY INDEX



EXECUTIVE DIRECTORS
% WOMEN BY INDEX



COMMENT

The number of women holding executive director positions, albeit from a low start point continues to increase, however there is a mixed picture across the different sectors with retail doing particularly well growing from 8.16% to 11.76% whereas financial services, health, industrial and media have all gone backwards.

LONGEST SERVING EXECUTIVE BOARD DIRECTORS

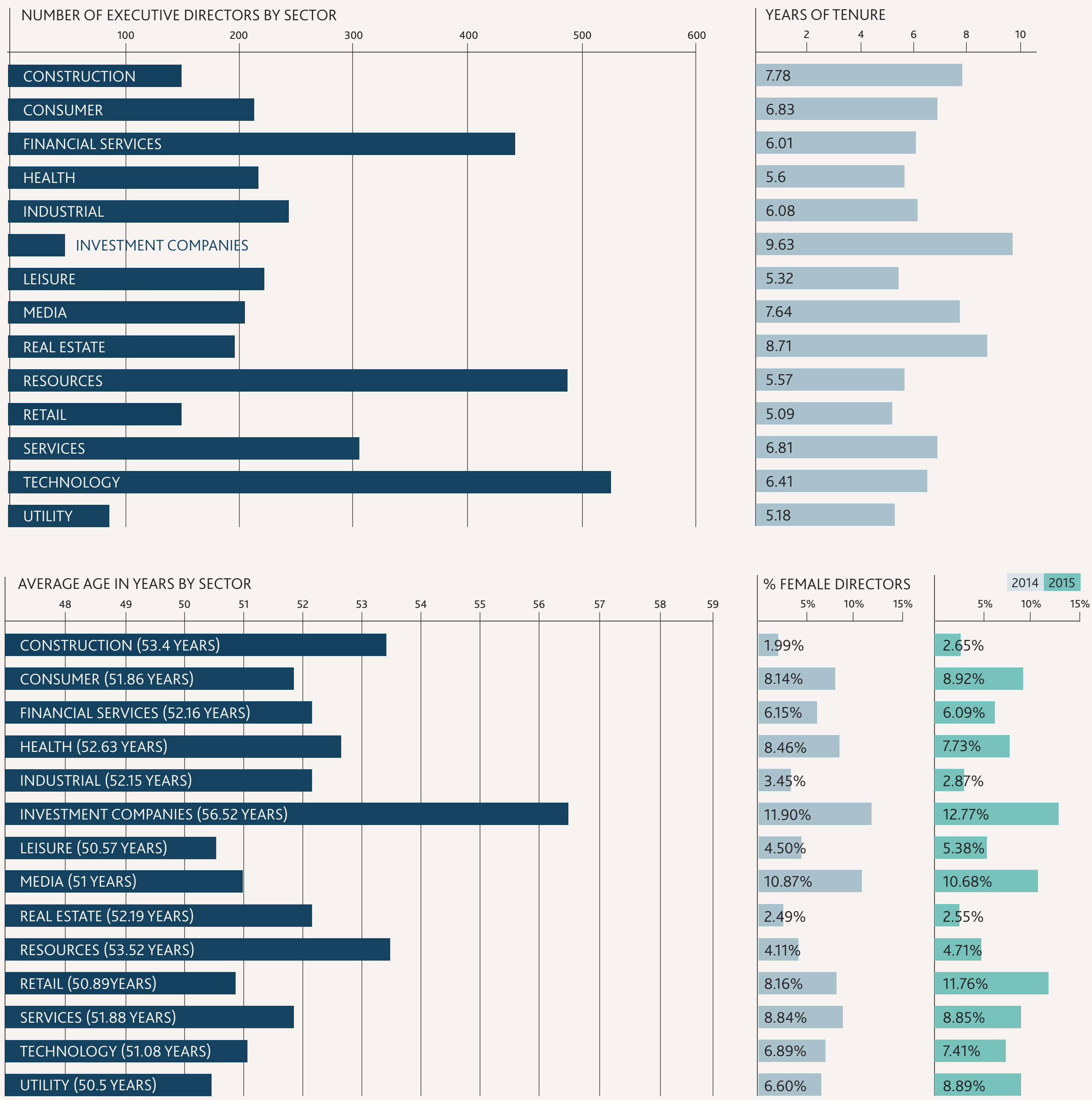
100 **31.9 YEARS**
MARTIN GILBERT
CEO Aberdeen Asset Management Plc

250 **42.5 YEARS**
BENNIE FRESHWATER
Chairman/MD Daejan Holdings Plc

SMALL CAP **55.4 YEARS**
JOHN HAYNES
Executive Director, Haynes Publishing Group Plc

AIM **52.4 YEARS**
SAM HEATH,
Executive Chairman, Sam Heath & Sons Plc

EXECUTIVE DIRECTORS



SECTOR ANALYSIS
ALL DIRECTORS
NON-EXECTIVE DIRECTORS
EXECUTIVE DIRECTORS
CHAIR
AUDIT CHAIR
REMCO CHAIR
SIZE OF BOARD
BOARD BALANCE

STATISTICS AND COMMENTARY

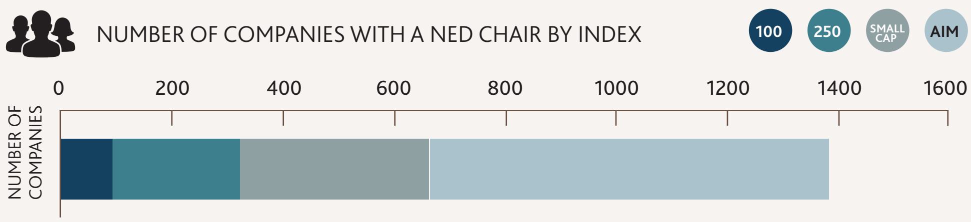
Executive directors – continued

	LONGEST SERVING EXECUTIVE BOARD DIRECTORS BY SECTOR (100, 250, SMALL CAP, AIM)
CONSTRUCTION	**52.4 YEARS** SAM HEATH, EXECUTIVE CHAIRMAN, SAM HEATH & SONS PLC (AIM)
CONSUMER	**32.3 YEARS** CAMERON MCLATCHIE, EXECUTIVE CHAIRMAN, BRITISH POLYTHENE INDUSTRIES PLC (SMALL CAP)
FINANCIAL SERVICES	**39.4 YEARS** GRAHAM COOMBS, DEPUTY CHAIRMAN (EXECUTIVE), S & U PLC (SMALL CAP)
HEALTH	**43.4 YEARS** PETER LAWRENCE, EXECUTIVE CHAIRMAN, ECO ANIMAL HEALTH GROUP PLC (AIM)
INDUSTRIAL	**38.4 YEARS** JOHN GOODWIN, EXECUTIVE CHAIRMAN, GOODWIN PLC (SMALL CAP)
INVESTMENT COMPANIES	**32.3 YEARS** PHILIP ASHFIELD, EXECUTIVE CHAIRMAN, LONDON & ST LAWRENCE INVESTMENT COMPANY PLC (SMALL CAP)
LEISURE	**24.4 YEARS** GRAHAM CROCKER, MANAGING DIRECTOR (AIM), HEAVITREE BREWERY PLC
MEDIA	**42.5 YEARS** JOHN HAYNES, EXECUTIVE DIRECTOR, HAYNES PUBLISHING GROUP PLC (FLEDGLING)
REAL ESTATE	**42.5 YEARS** BENNIE FRESHWATER, CHAIRMAN/MD DAEJAN HOLDINGS PLC (FTSE 250)
RESOURCES	**30.4 YEARS** AIDAN HEAVEY, CEO, TULLOW OIL PLC (FTSE 250)
RETAIL	**46.4 YEARS** STEPHEN MARKS, CHAIRMAN & CHIEF EXECUTIVE, FRENCH CONNECTION PLC (FLEDGLING)
SERVICES	**36.4 YEARS** DR ALAN HEARNE, CEO, RPS PLC (SMALL CAP) / JEREMY PILKINGTON, EXEC CHAIRMAN, VP PLC (SMALL CAP))
TECHNOLOGY	**43.4 YEARS** RUDI WEINREICH, CHAIRMAN & CEO, HOLDERS TECHNOLOGY PLC (AIM)
UTILITY	**24.3 YEARS** STEVEN BERTRAM, FINANCE DIRECTOR, SEAENERGY PLC (AIM)

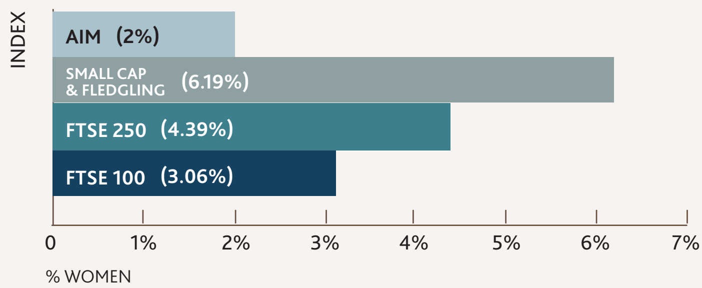
STATISTICS AND COMMENTARY

Chair

NUMBER OF COMPANIES WITH A NED CHAIR BY INDEX



% WOMEN BY INDEX



COMMENT

Although there are some examples of long serving chairs, their average tenure is 4.1 years and there is very little difference across the market indices and industry sectors. The average age of 62.55 is again very consistent across indices and sectors. The vast majority of chairs are men and most only hold one such role.

LONGEST SERVING CHAIRMAN

100 **15 YEARS**
ALASTAIR LYONS
Admiral Group

250 **19.2 YEARS**
LENG BENG KWEK
Millenium Copthorne

SMALL CAP **38 YEARS**
SIR MICHAEL HELLER
Electronic Data Processing

AIM **28.5 YEARS**
MIKE COLLINS
Concurrent Technologies Plc

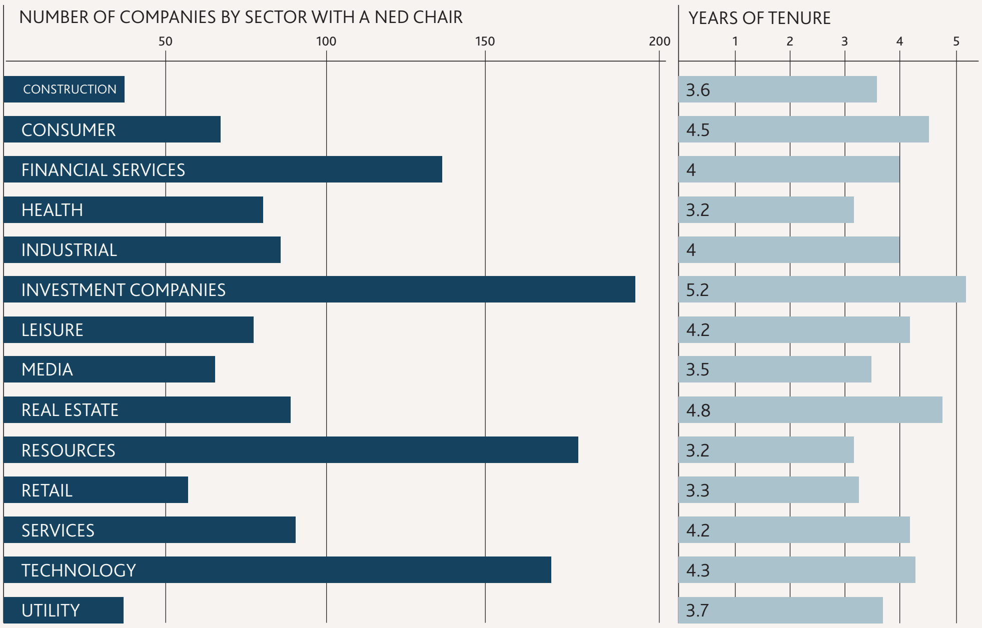
SECTOR ANALYSIS
ALL DIRECTORS
NON-EXECTIVE DIRECTORS
EXEC DIRECTORS
CHAIR
AUDIT CHAIR
REMCO CHAIR
SIZE OF BOARD
BOARD BALANCE

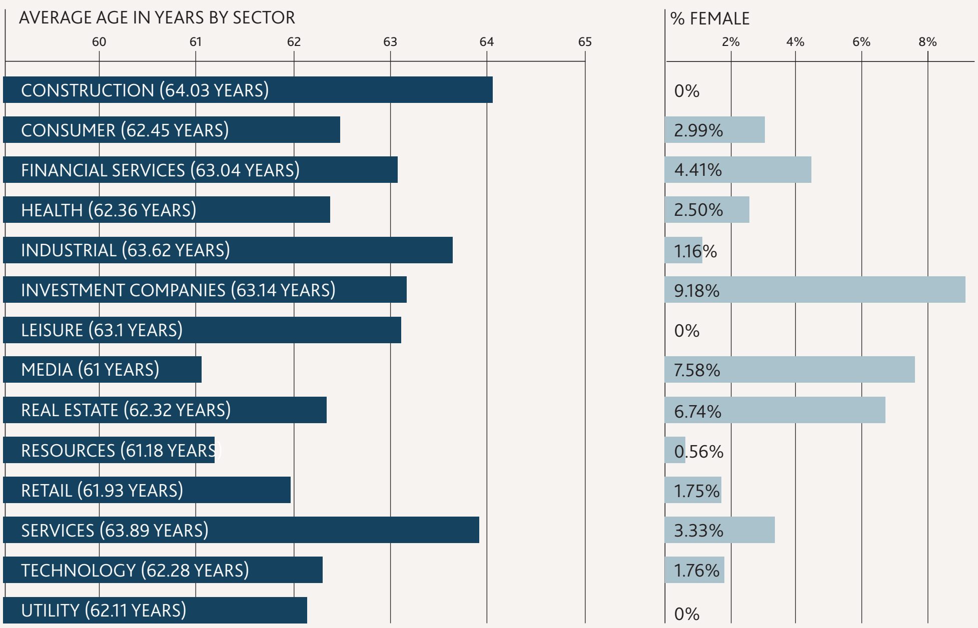
STATISTICS AND COMMENTARY

Chair – continued

CHAIR

100 250 SMALL CAP AIM





MULTIPLE CHAIR ROLES
SAME INDEX

INDEX	ONLY 1	2	3	4
FTSE 100	82	8	0	0
FTSE 250	192	15	2	0
SMALL CAP & FLEDGLING	275	26	4	0
AIM	565	74	9	2

COMMENT

- 8 FTSE 100 chairs hold 2 FTSE 100 chair roles
- 15 FTSE 250 chairs hold 2 FTSE 250 chair roles, and two hold 3 FTSE 250 roles
- 26 chairs of Small Cap and Fledgling Plcs chair another Small Cap and Fledgling company, and 4 people chair three Small Cap and Fledgling companies
- 74 AIM chairs hold 2 AIM chair roles, 9 hold 3 AIM chair roles and 2 hold 4 AIM chair roles

MULTIPLE CHAIRMAN ROLES
ACROSS INDEX

INDEX	ONLY 1	2	3	4	5
All	969	146	26	4	2

COMMENT

- Richard Rose and John Townsend were the busiest chairs at the end of June 2015, chairing 5 plcs each. (Richard Rose has subsequently stepped down from Chairing Booker plc as of 8th July)

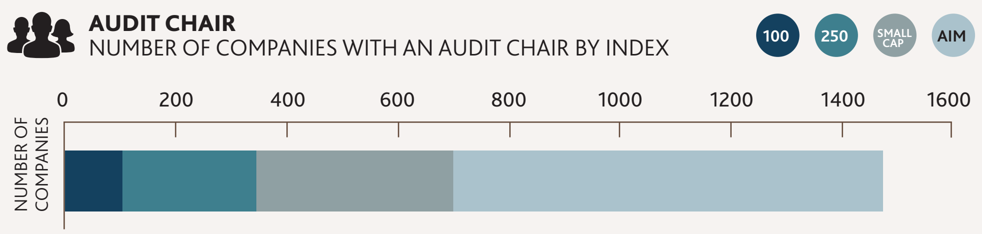
LONGEST SERVING CHAIR

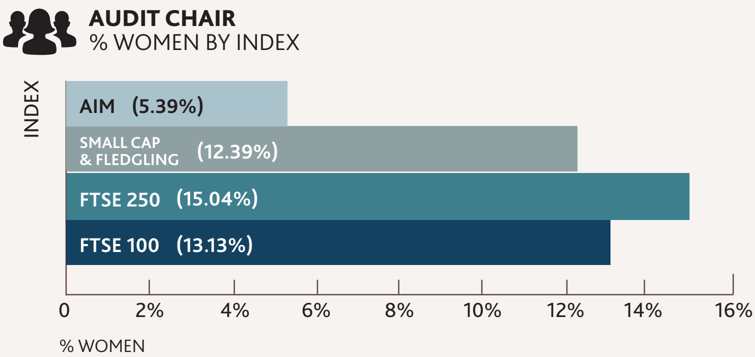
100 250 SMALL CAP AIM

Sector	Longest serving chair
CONSTRUCTION	**9.8 YEARS** ROY HARRISON, RENEW HOLDINGS (AIM)
CONSUMER	**31 YEARS** RICHARD ROBINOW - R.E.A. HOLDINGS (FLEDGLING)
FINANCIAL SERVICES	**31 YEARS** DAVID MARSHALL - LONDON FINANCE & INVESTMENT GROUP PLC (FLEDGLING)
HEALTH	**15.6 YEARS** DOUG LIVERSIDGE - SURGICAL INNOVATIONS GROUP PLC (AIM)
INDUSTRIAL	**23.9 YEARS** ANTHONY BURROWS - TEX HOLDINGS PLC (FLEDGLING)
INVESTMENT COMPANIES	**21 YEARS** JAMES FERGUSON - VALUE INCOME TRUST PLC (SMALL CAP)
LEISURE	**19.2 YEARS** LENG BENG KWEK - MILLENIUM COPTHORNE (FTSE 250)
MEDIA	**14.6 YEARS** MIKE SINCLAIR - TOTALLY PLC (AIM) - STOOD DOWN AS CHAIRMAN IN SEPTEMBER 2015
REAL ESTATE	**16.8 YEARS** PHILIP COLLINS - WYNNSTAY PROPERTIES PLC (AIM)
RESOURCES	**14.6 YEARS** MLADEN NINKOV - GRIFFIN MINING LTD (AIM)
RETAIL	**16.3 YEARS** TAN KAY-PENG-KHOO - LAURA ASHLEY PLC (SMALL CAP)
SERVICES	**21.1 YEARS** JACQUES MURRAY - ANDREWS SYKES GROUP PLC (AIM)
TECHNOLOGY	**38 YEARS** SIR MICHAEL HELLER - ELECTRONIC DATA PROCESSING PLC (FLEDGLING)
UTILITY	**10.5 YEARS** LORD SMITH OF KELVIN - SSE PLC (FTSE 100) - STOOD DOWN AS CHAIRMAN IN JULY 2015.

STATISTICS AND COMMENTARY

Audit Chair





COMMENT

Again there is considerable consistency across market indices and sectors with regards to length of tenure and average age of the audit committee chairs. On average women hold 9.2% of these posts but there is considerable difference across sectors from retail (21.05%) to media (1.43%) and AIM companies lagging behind other listed companies

LONGEST SERVING AUDIT CHAIR

100 **13 YEARS**
PHILIP BOWMAN
Burberry Plc

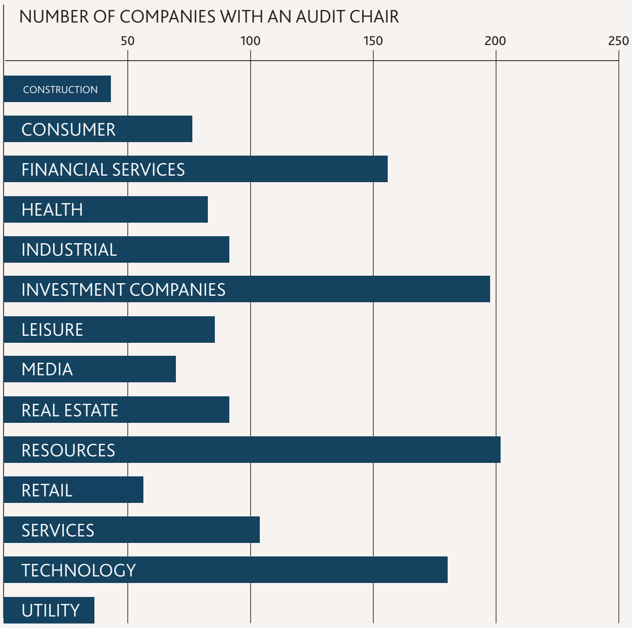
250 **11.3 YEARS**
GORDON MCQUEEN
Scottish Mortgage Investment Trust Plc

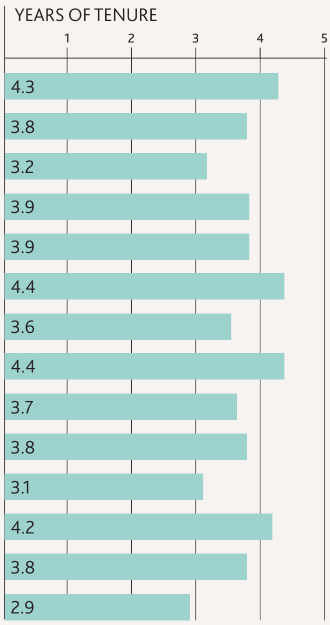
SMALL CAP **16.3 YEARS**
DAVID MASTERS
Laura Ashley Holdings Plc

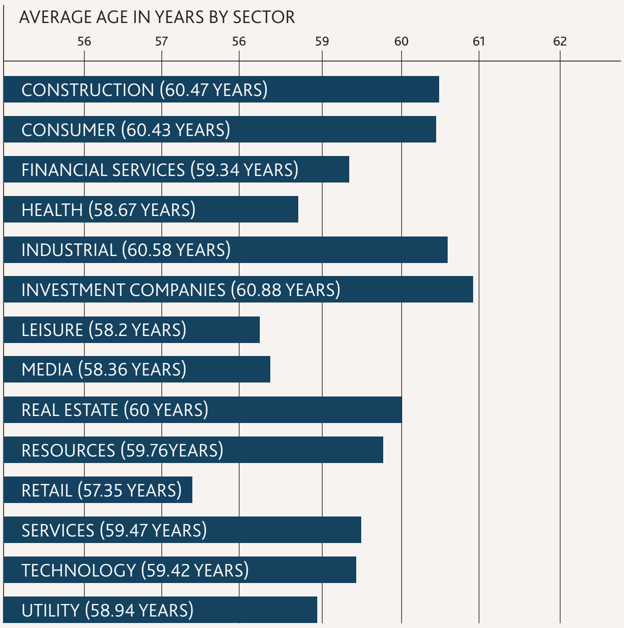
AIM **15.5 YEARS**
JOHN BALDWIN
Bond International Software
BARRIE CLARK
IS Solutions

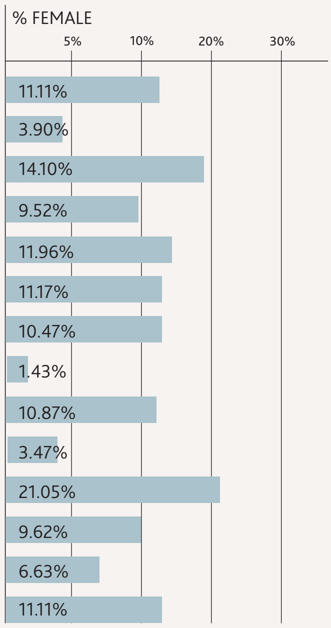
AUDIT CHAIR
COMPANIES BY SECTOR

100 250 SMALL CAP AIM









MULTIPLE AUDIT CHAIR ROLES
SAME INDEX

INDEX	ONLY 1	2	3	4
FTSE 100	83	8	0	0
FTSE 250	206	17	2	0
SMALL CAP & FLEDGLING	272	27	7	2
AIM	682	37	5	2

COMMENT

- 8 FTSE 100 audit chairs also chair two FTSE 100 audit committees
- 17 FTSE 250 audit chairs also chair two FTSE 250 audit committees and two chair three FTSE 250 audit committees
- Jock Lennox, Chris Legge, Paul Taylor, Steve Coe and Chris Spencer are the busiest audit chairs, each chairing 5 audit committees.

MULTIPLE AUDIT CHAIR ROLES
ACROSS INDEX

INDEX	ONLY 1	2	3	5
All	1066	130	32	5

COMMENT

- Jock Lennox (1 FTSE 100, 4 Small Cap), Chris Legge (1 FTSE 250, 4 Small Cap), Paul Taylor (1 Small Cap, 4 AIM), Steve Coe (1 Small Cap, 4 AIM) and Chris Spencer (1 FTSE 250, 3 Small Cap, 1 AIM) are the busiest audit committee chairs.

SECTOR ANALYSIS
ALL DIRECTORS
NON-EXECUTIVE DIRECTORS
AUDIT CHAIR
CHAIR
AUDIT CHAIR
REMCO CHAIR
SIZE OF BOARD
BOARD BALANCE

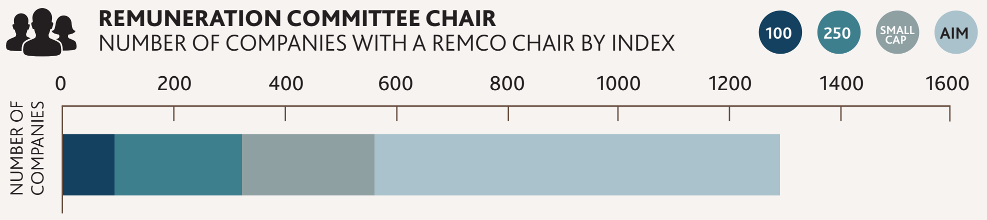
STATISTICS AND COMMENTARY

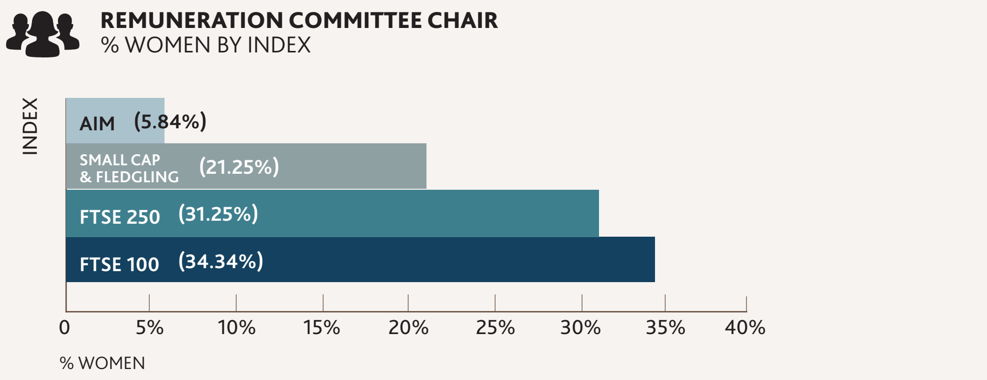
Audit Chair – continued

	LONGEST SERVING AUDIT CHAIR (100 / 250 / SMALL CAP / AIM)
CONSTRUCTION	14.1 YEARS JA WILD, JAMES HALSTEAD PLC (AIM)
CONSUMER	15.3 YEARS DICK STEELE, PORTMERION GROUP PLC (AIM)
FINANCIAL SERVICES	11.5 YEARS DAVID BUCHLER, VOLVERE PLC (AIM)
HEALTH	12.5 YEARS THERESA WALLIS, LIDCO GROUP (AIM)
INDUSTRIAL	14.8 YEARS TUDOR DAVIES, ZYTRONIC PLC (AIM)
INVESTMENT COMPANIES	11.5 YEARS JIMMY WEST, ABERDEEN SMALLER COMPANIES HIGH INCOME TRUST PLC (FLEDGLING) / DOUG MCDOUGELL, HERALD INVESTMENT TRUST PLC (SMALL CAP)
LEISURE	11.3 YEARS CLEMENT GOVETT, PEEL HOTELS PLC (AIM)
MEDIA	11.9 YEARS GRAHAM STEVENS, NETPLAY TV PLC (AIM)
REAL ESTATE	12.5 YEARS PETER KELLNER, PANTHER SECURITIES PLC (AIM)
RESOURCES	12.8YEARS DONAL MCALISTER, TERITRAY MINERALS PLC (AIM)
RETAIL	16.3 YEARS DAVID MASTERS, LAURA ASHLEY PLC (SMALL CAP)
SERVICES	14.5 YEARS HENRY SHOULER, LONDON SECURITY PLC (AIM)
TECHNOLOGY	15.5 YEARS JOHN BALDWIN - BOND INTERNATIONAL SOFTWARE PLC (AIM) / BARRIE CLARK - IS SOLUTIONS PLC (AIM)
UTILITY	10 YEARS NIGEL LEQUESNE, RENEWABLE ENERGY GENERATION LTD (AIM)

STATISTICS AND COMMENTARY

Remuneration Committee Chair





COMMENT

Women are best represented on company boards as remuneration committee chairs, holding 15.2% of all remuneration committee chair positions.

LONGEST SERVING REMUNERATION COMMITTEE CHAIR

100 **11 YEARS**
JUDY SPRIESER
Reckitt Benkieser plc

250 **11.4 YEARS**
JOHN BOTTS
Euromoney plc

SMALL CAP **18.2 YEARS**
GORDON NEILLY
Personal Assets Trust plc

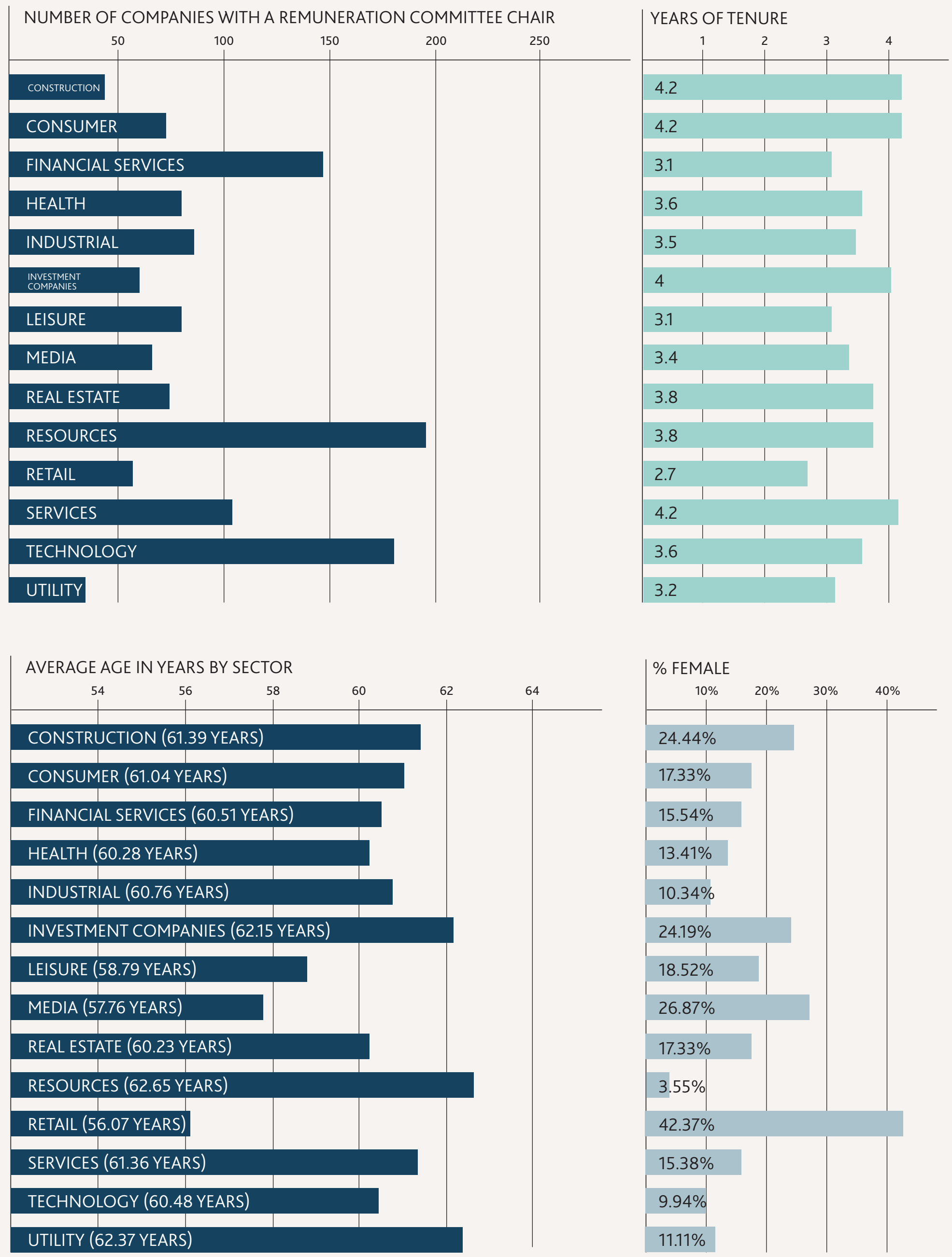
AIM **15.5 YEARS**
JOHN BALDWIN
Bond International Software
BARRIE CLARK
IS Solutions
DICK STEELE
Portmerion Group Plc

STATISTICS AND COMMENTARY

Remuneration Committee Chair – continued

REMUNERATION COMMITTEE CHAIR
COMPANIES BY SECTOR

100 250 SMALL CAP AIM



MULTIPLE REMUNERATION COMMITTEE CHAIR ROLES
SAME INDEX

INDEX	ONLY 1	2	3	4
FTSE 100	91	4	0	0
FTSE 250	198	10	2	0
SMALL CAP & FLEDGLING	224	8	0	0
AIM	669	32	1	0

COMMENT

- 4 FTSE 100 remuneration committee chairs chair another FTSE 100 remuneration committee
- Imelda Walsh and Lorraine Trainer are the busiest remuneration committee chairs on the FTSE 250, chairing 3 FTSE 250 remuneration committees each
- 8 Small Cap remuneration committee chairs chair another Small Cap remuneration committee
- David Forbes busiest remuneration committee Chair on AIM chairing 3 remuneration committees.

MULTIPLE REMUNERATION COMMITTEE CHAIR ROLES
ACROSS INDEX

INDEX	ONLY 1	2	3	4	5
All	1104	79	10	2	0

COMMENT

- Raj Rajgopal and Imelda Walsh are the busiest remuneration committee chairs, chairing 4 remuneration committees each.

100 250 SMALL CAP AIM

LONGEST SERVING REMUNERATION COMMITTEE CHAIRS

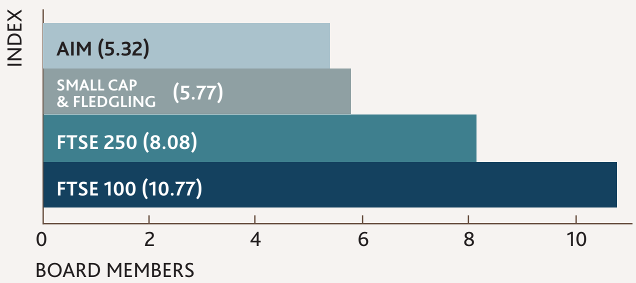
CONSTRUCTION	**14.1 YEARS** JA WILD, JAMES HALSTEAD PLC (AIM)
CONSUMER	**15.5 YEARS** DICK STEELE, PORTMERION GROUP PLC (AIM)
FINANCIAL SERVICES	**15.4 YEARS** KEITH SMITH, S&U PLC (SMALL CAP)
HEALTH	**13.5 YEARS** NIGEL KEEN, DELTEX MEDICAL PLC (AIM)
INDUSTRIAL	**11.7 YEARS** NICK BARTER, TOROTRAK PLC (FLEDGLING)
INVESTMENT COMPANIES	**18.2 YEARS** GORDON NEILLY, PERSONAL ASSETS TRUST PLC (SMALL CAP)
LEISURE	**10.2 YEARS** TOM ALLISON, CELTIC PLC (AIM)
MEDIA	**14.8 YEARS** LORD BIRDWOOD, CHARACTER GROUP PLC (AIM) - SADLY PASSED AWAY IN JULY 2015
REAL ESTATE	**12.5 YEARS** BRYAN GALAN, PANTHER SECURITIES PLC (AIM)
RESOURCES	**13.3YEARS** HOWARD MILLER, ANGLESEY MINING PLC (FLEDGLING)
RETAIL	**10.8 YEARS** TAN SRI KHOO, LAURA ASHLEY PLC (SMALL CAP)
SERVICES	**14.5 YEARS** HENRY SHOULER, LONDON SECURITY PLC (AIM) / WILLIAM DOUIE, RTC PLC (AIM)
TECHNOLOGY	**15.5 YEARS** BARRIE CLARK, IS SOLUTIONS PLC (AIM) / JOHN BALDWIN, BOND INT'L SW PLC (AIM)
UTILITY	**10.3 YEARS** CLIVE CHAPLIN, JERSEY ELECTRICITY PLC (FLEDGLING)

STATISTICS AND COMMENTARY

Size of board

100 250 SMALL CAP AIM

AVERAGE SIZE OF BOARD BY INDEX

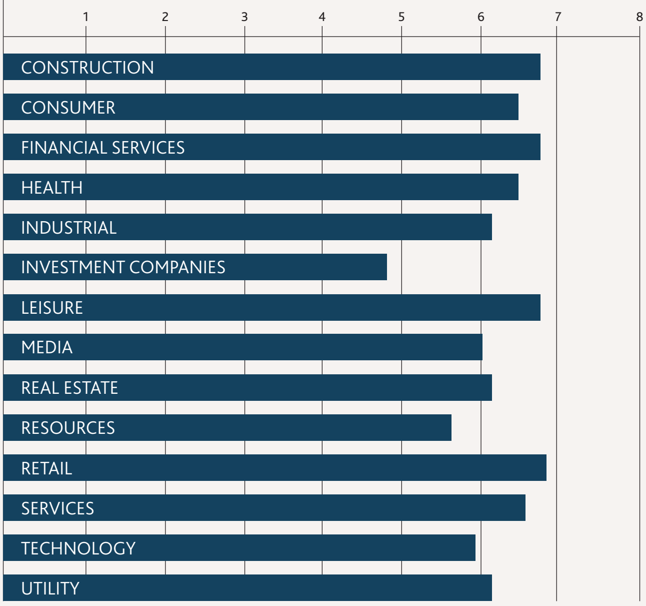


LARGEST AND SMALLEST BOARDS BY INDEX

	LARGEST BOARD	SMALLEST BOARD
100	TUI (27 DIRECTORS)	HARGESVES LANDSDOWN / WM MORRISON (6 DIRECTORS)
250	INVESTEC (17 DIRECTORS)	NB GLOBAL / TRIAX BIG BOX REIT / WOODFORD PATIENT CAPITAL (4 DIRECTORS)
SMALL CAP	SOCO (12 DIRECTORS)	26 COMPANIES WITH 3 DIRECTORS
AIM	5 COMPANIES WITH 11 DIRECTORS	26 COMPANIES WITH 2 DIRECTORS

AVERAGE SIZE OF BOARD BY SECTOR

COMPANIES BY SECTOR



LARGEST AND SMALLEST BOARDS BY SECTOR

SECTOR	LARGEST BOARD	SMALLEST BOARD
Construction	Berkeley Group (13)	PME African Infrastructure Opportunities (2)
Consumer	SAB Miller . Reckitt Benkiser (15)	Sorbic International (2)
Financial Services	HSBC / Investec / Standard Chartered (17)	3 companies with 2
Health	GSK (13)	7 companies with 3
Industrial	Johnson Matthey / Evraz (10)	3 companies with 2
Investment Companies	RIT Capital (11)	Arc Capital / Energiser Investments (2)
Leisure	Tui AG (27)	Hotel corp / MNC Strategic Investments (2)
Media	Euromoney / Sky / WPP (14)	5 companies with 2
Real Estate	Derwent (13)	13 companies with 3
Resources	BP (15)	5 companies with 2
Retail	M&S (13)	Eco City (2)
Services	Babcock (13)	6 companies with 3
Technology	Dixons Carphone/Inmarsat/ Vodafone (13)	Iafds / Ultima Networks (2)
Utility	National Grid (11)	6 companies with 3

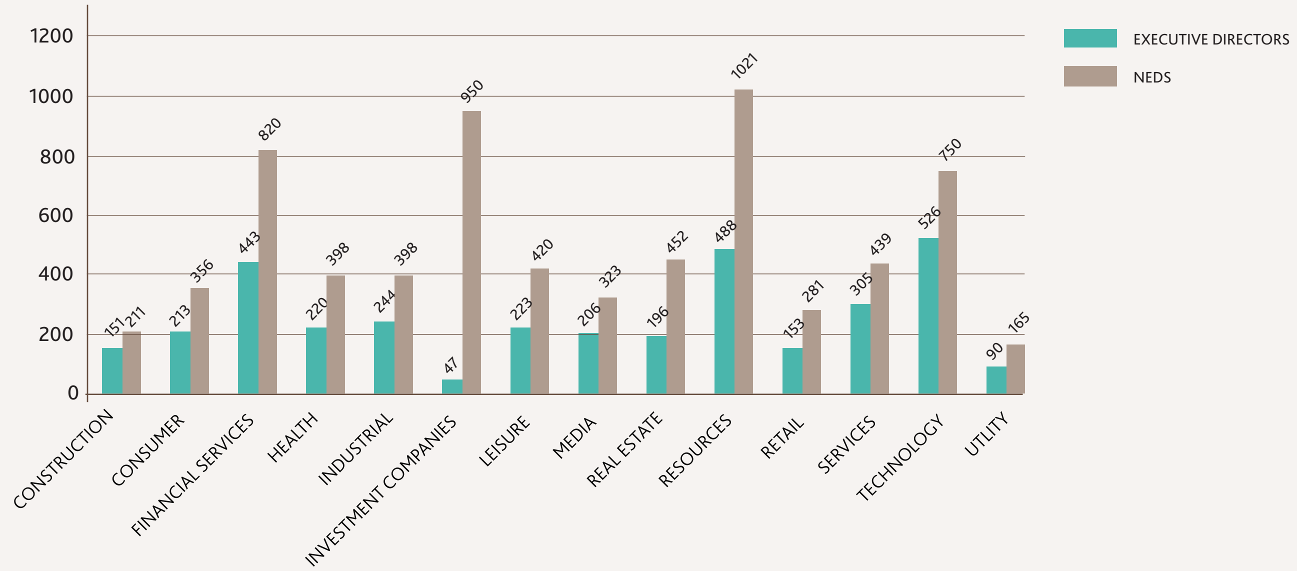
COMMENT

Although the average board size is 6.14 people, FTSE 100 companies have considerably larger boards with the largest (Tui) having 27 directors and at the other end of the scale, many firms on AIM only having 2 directors.

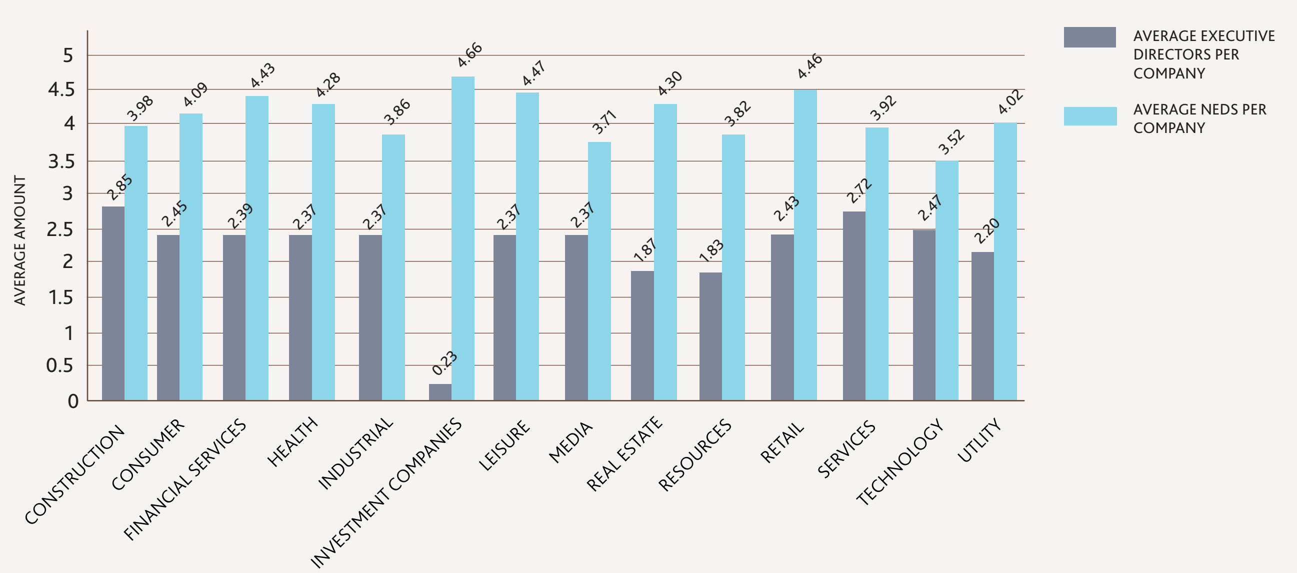
STATISTICS AND COMMENTARY

Board balance

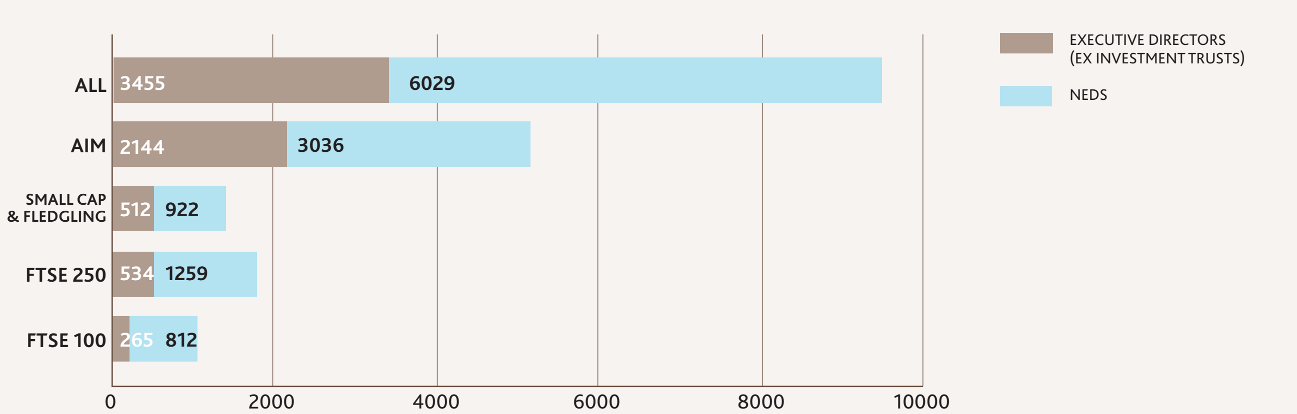
TOTAL NUMBER OF EXECUTIVES AND NEDS PER SECTOR



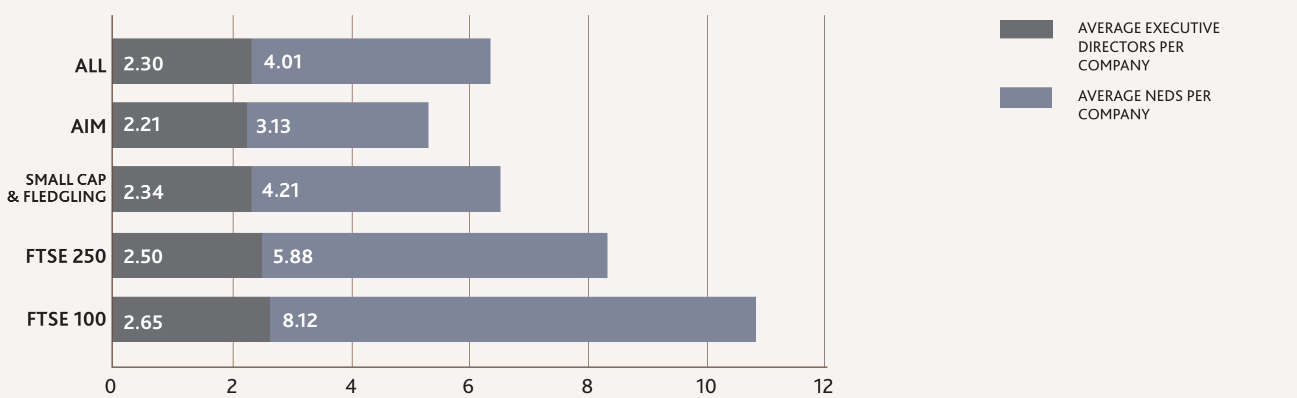
AVERAGE NUMBER OF EXECUTIVES AND NEDS PER SECTOR



TOTAL NUMBER OF EXECUTIVES AND NEDS BY INDEX



AVERAGE NUMBER OF EXECUTIVES AND NEDS BY INDEX



SECTOR ANALYSIS
ALL DIRECTORS
NON-EXECUTIVE DIRECTORS
EXECUTIVE DIRECTORS
CHAIR
AUDIT CHAIR
REMCO CHAIR
SIZE OF BOARD
BOARD BALANCE & NEDS

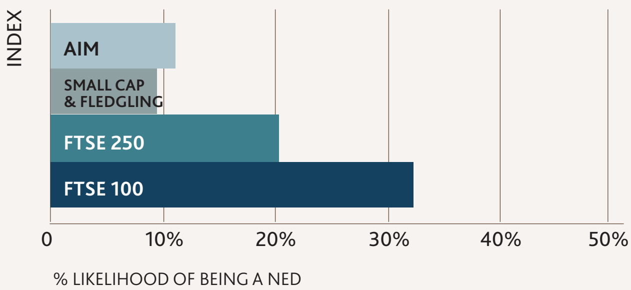
STATISTICS AND COMMENTARY

Executive directors as NEDs

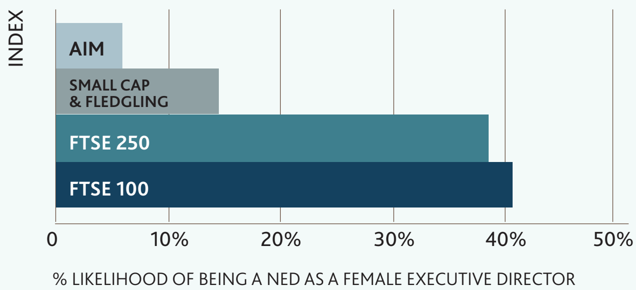
COMMENT

Some companies recognise that their executive directors, and therefore their business, can benefit from being exposed to other organisations and gaining experience of different roles. We therefore have looked at the number of executive directors who also have a non-executive role both in 2014 and 2015. There has not been significant change overall but the number of FTSE 100 female executive directors holding a non-executive role has increased in the past twelve months.

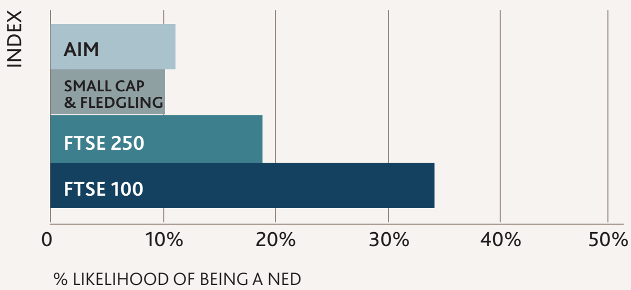
2014 % OF EXECUTIVE DIRECTORS ALSO TAKING ON A NED ROLE



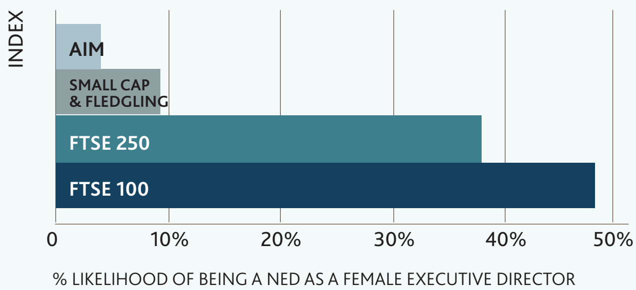
2014 % OF FEMALE EXECUTIVE DIRECTORS TAKING ON A NED ROLE



2015 % OF EXECUTIVE DIRECTORS ALSO TAKING ON A NED ROLE



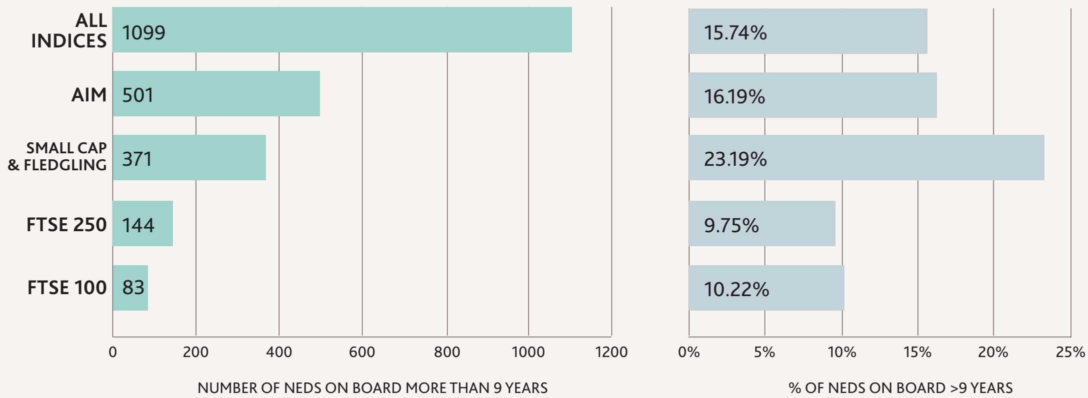
2015 % OF FEMALE EXECUTIVE DIRECTORS TAKING ON A NED ROLE



STATISTICS AND COMMENTARY

NEDs in a post for over 9 years

NON-EXECUTIVE DIRECTORS ON BOARD FOR MORE THAN 9 YEARS BY INDEX

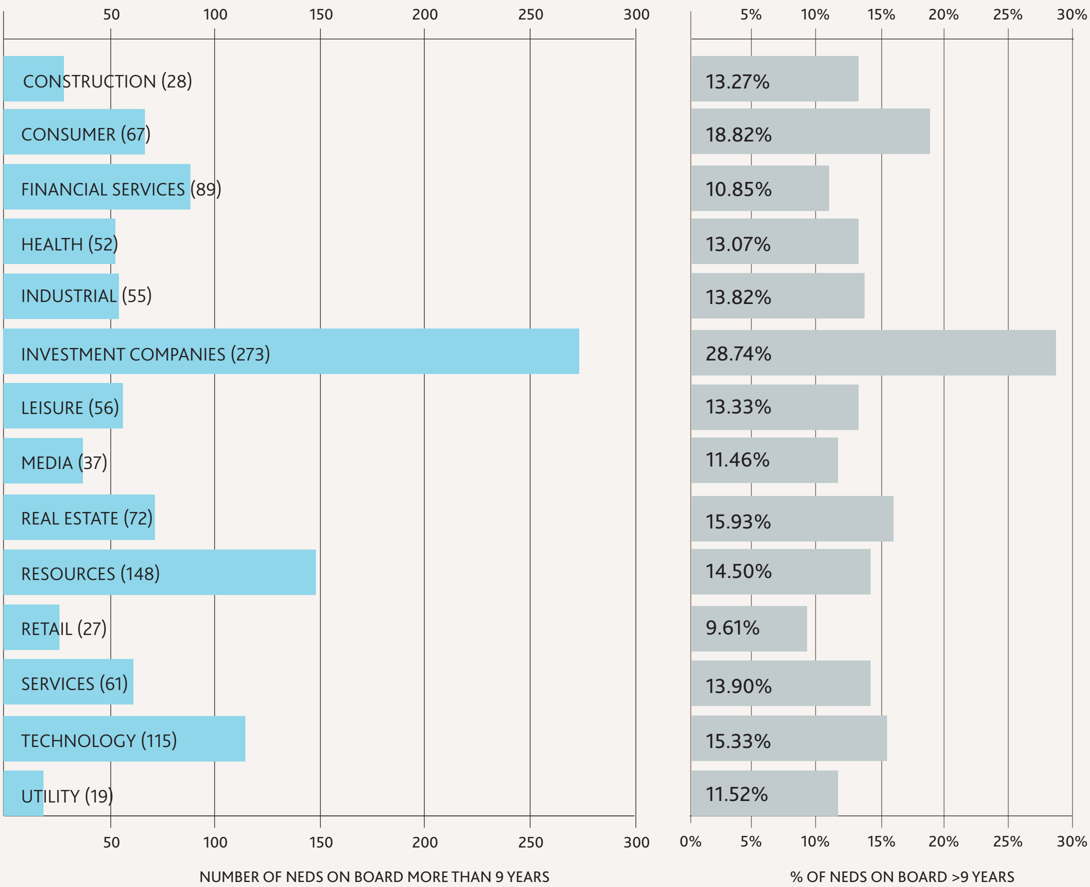


KEY

NUMBER OF NEDS ON BOARD >9 YEARS

% OF NEDS ON BOARD >9 YEARS

NON-EXECUTIVE DIRECTORS ON BOARD FOR MORE THAN 9 YEARS BY SECTOR



KEY

NUMBER OF NEDS ON BOARD >9 YEARS

% OF NEDS ON BOARD >9 YEARS

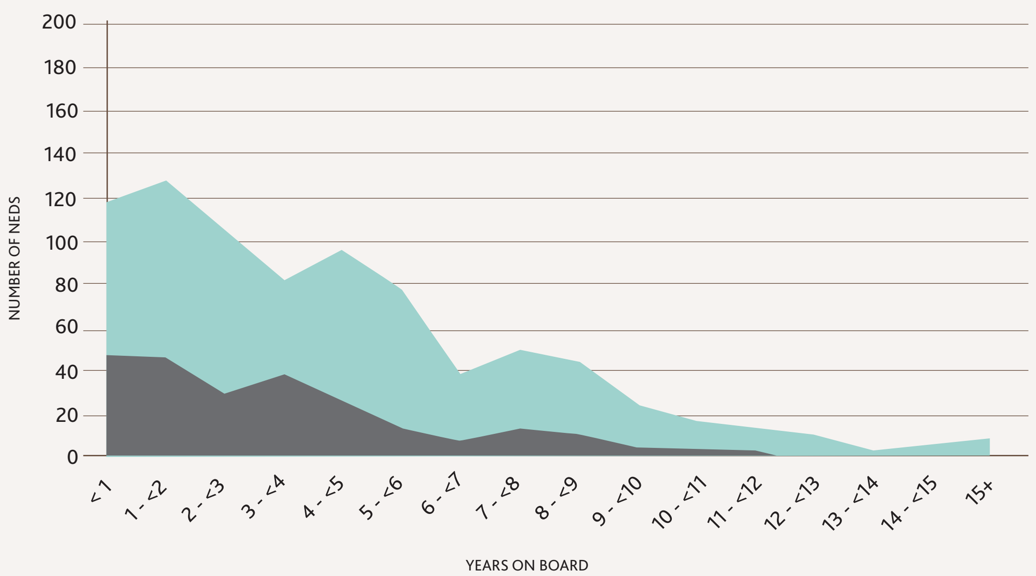
COMMENT

The UK Corporate Governance Code suggests that NED independence could be compromised if a NED serves on a board for more than 9 years.

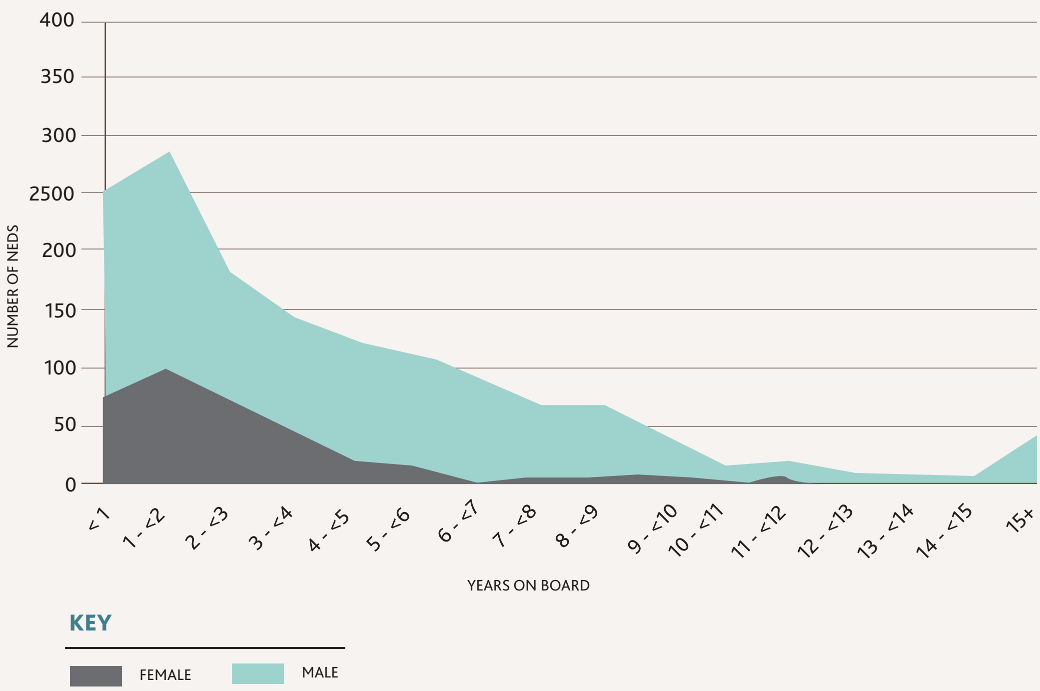
STATISTICS AND COMMENTARY

NEDs time on board

NON-EXECUTIVE DIRECTORS TIME ON BOARD: FTSE 100



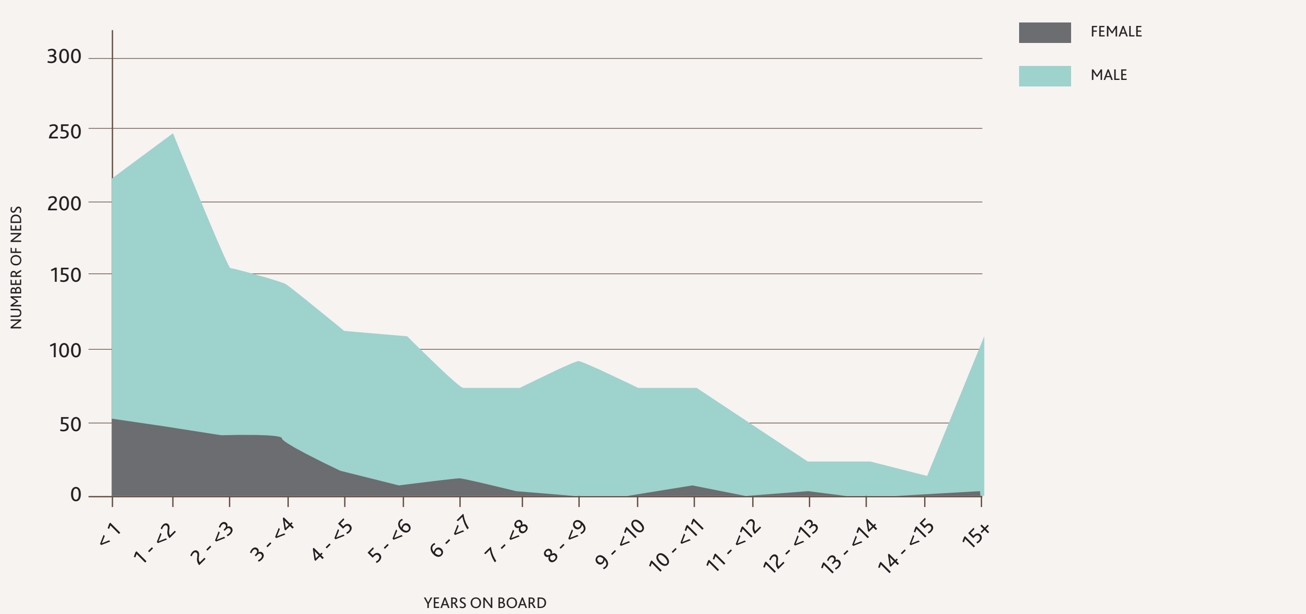
NON-EXECUTIVE DIRECTORS TIME ON BOARD: FTSE 250



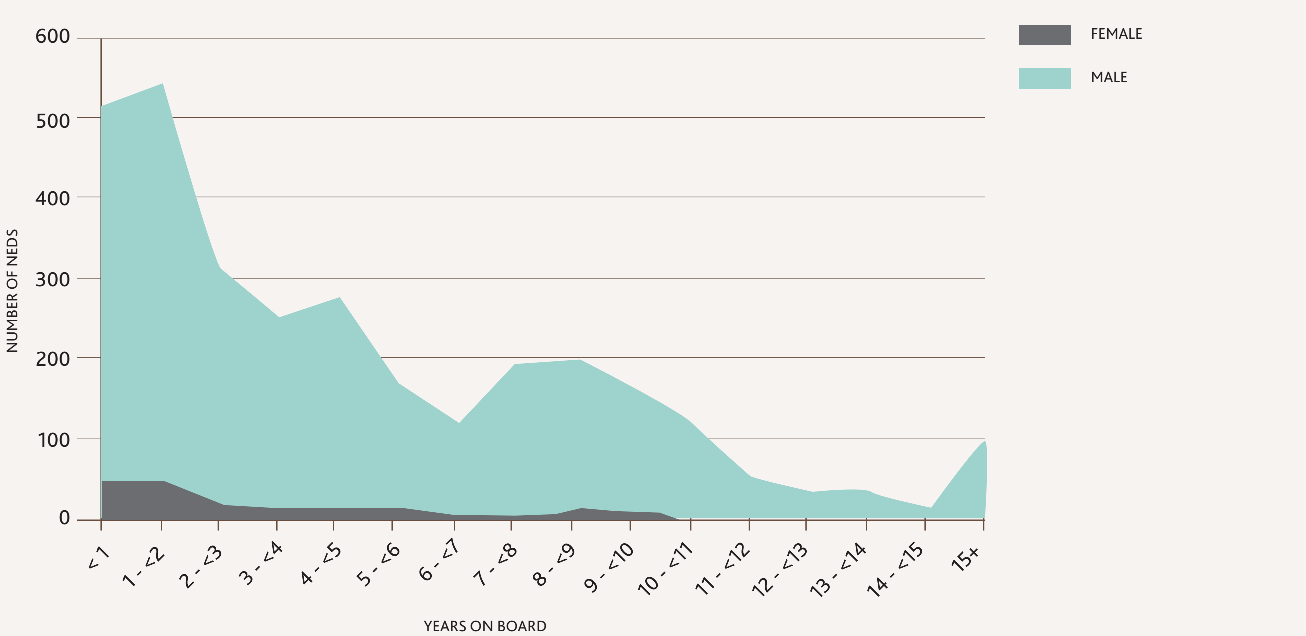
STATISTICS AND COMMENTARY

NEDs time on board – continued

NON-EXECUTIVE DIRECTORS' TIME ON BOARD: SMALL CAP AND FLEDGLING



NON-EXECUTIVE DIRECTORS' TIME ON BOARD: AIM



Report authors

NB BOARD TEAM

Today's challenging economic climate, coupled with uncompromising media attention mean that the pressures on boards have never been more acute. Chairmen, executive and non-executive directors must demonstrate not only commercial and operational ability, but display exemplary professionalism and compliance standards.

The need for balance, diversity and independence is essential: a properly composed and developed board will be well positioned to lead to succeed.

Our Board Practice consultants have appointed numerous chairmen, chief executives, functional board directors and non-executive directors for clients of all sizes across all sectors. Our success derives not from a single perspective, but from applying the breadth of our expertise and taking a holistic approach to every challenge.

Neil Holmes | Managing Director

Krystyna Nowak | Managing Director

Joyce Disco l Consultant

Norman Broadbent
12 St James's Square
London SW1Y 4LB

info@normanbroadbent.com
www.normanbroadbent.com

QUOTED COMPANIES ALLIANCE

The Quoted Companies Alliance is an independent membership organisation that champions the interests of small to mid-size quoted companies.

The value of our members to the UK economy is vast – as is their potential. There are nearly 2,000 small and mid-size quoted companies in the UK, representing 85% of all quoted companies. They employ approximately 1.4 million people, representing nearly 5.5% of private sector employment in the UK. So our goal is to create an environment where that potential is fulfilled.

We identify the issues that matter to our members. We keep them informed. We interact to build the understanding and connections that help our members stay ahead. The influence we have, the influence we use and the influence we grow ensures that our members always benefit from the impact of our initiatives.

Tim Ward l Chief Executive

Quoted Companies Alliance
6 Kinghorn Street
London
EC1A 7HW

mail@theqca.com
www.theqca.com

BDO LLP

BDO is the world's 5th largest accountancy and business advisory firm providing services to ambitious businesses within the UK and worldwide. With more than 3,500 talented people, generating close to £400m in UK revenues, we bring real leadership across the mid-market.

We are one of the biggest providers of audit services to AIM listed company and deliver a range of accountancy services to a significant number of UK listed companies including helping executive and non-executive boards to operate more effectively.

Scott Knight l Partner

BDO LLP
18 offices across the UK
www.bdo.co.uk
audit@email.bdo.co.uk

the BOARD review

WINTER 2016

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