



SAVANNAH Q3 2020 BOARD REVIEW

An analysis of the FTSE 100 & FTSE 250 Executive and
Non-Executive Board appointments in Q3 2020



INTRODUCTION

I am pleased to present our analysis of the appointments to the FTSE 100 and FTSE 250 boards in the third quarter of 2020. As usual, we report the appointments of executive and non-executive directors to the boards of these companies, identify the trends and we name individuals concerned.

Just as this report was being finalised, we hosted a webinar to discuss “Boardroom Gender Diversity – Unfinished Business”. Moderated by the author, our panellists were Denise Wilson OBE, CEO of the Hampton Alexander Committee, Sir Andrew Mackenzie, recently retired CEO of BHP Plc and now Non-Executive Director at Royal Dutch Shell, and Ruth Cairnie, Chair of Babcock International and SID at Associated British Foods. We were joined by 100 FTSE chairs, CEOs and senior directors from the UK, Europe and North America for a challenging and engaging discussion. We will be publishing a summary in a couple of weeks and making that available to this mailing list.

Moving on to the Q3 appointments, our analysis again shows interesting trends. In our report for the full 2019 year, we showed the dramatic fall off in executive director appointments, essentially CEOs and CFOs, as the Brexit debate and parliamentary debacle intensified through that year. In all of 2019, there were only 69 executive director appointments at the FTSE 350 companies, compared to 119 in 2018. Looking now at the 2020 year-to-date appointments, we can see the turnaround with 73

executive director appointments already in the first 9 months.

Clearly, there has been a catch up and a quick extrapolation of these numbers shows that we will see around 100 executive director appointments to the FTSE 350 companies this year. This is still well short of the 2018 numbers, and we have not yet seen the impact of the Covid-19 lockdown. Given the lead time for very senior appointments, and being aware first hand that many search assignments were immediately put “on hold” when the first lockdown was introduced, we expect to see the impact materialise in Q4 and Q1 2021, perhaps later. On a positive note, we are seeing a trend of increasing numbers of women appointed to the executive director roles. But the numbers are still very low. More detail on this, and all the executive director appointments, later.

Significantly, 13% of the board appointments (11 NEDs and 1 ED) are Black, Asian, Minority Ethnic (BAME). The BAME representation in the UK population is 14% (as per the Parker Report into Ethnic Diversity on UK Boards) and there is still a long way to go before we see 14% of all the board positions in the big UK companies held by BAME men and women. And, like gender diversity, we shouldn't let the heavy weighting of BAME appointments to the non-executive director roles distract attention from the relative scarcity of BAME executive director appointments.



In our Q2 report, we highlighted the extent to which boards of the top companies have allowed the Remuneration Report to dominate their Annual Reports, as if the pay of the (generally) top two individuals in their organisations is by far the most compelling of all of the issues they have faced during the previous year! We based that finding on our analysis of the annual reports in the top ten companies in each of the FTSE 100 and FTSE 250, which showed that, in many cases, the Remuneration Report occupied well over 50% of the entire Corporate Governance Report. Risk, on the other hand, attracted relatively little attention. We extended the study further into the ranks of the FTSE 100 and FTSE 250 companies to validate these findings and can confirm our initial finding that the Remuneration Reports of the biggest listed companies occupy, on average, 45% of the Corporate Governance reports. That alone should be cause for concern, but it is the sheer complexity of these reports that should be questioned.

Also how these complex remuneration policies work in exceptional circumstances, such as the pandemic we are now going through, will challenge many Remuneration Committees.

The Covid-19 pandemic has driven economic activity to multi-year lows in many areas. The consequential fall in share prices for many companies means that all those long term incentive plans heavily weighted to share price performance or total shareholder return may underperform for their beneficiaries. And, correspondingly, they will outperform for companies in those sectors that are unwittingly net beneficiaries of the pandemic. Also, short term cash bonuses are at risk when the outturn is adversely impacted by uncontrollable factors.

The paradox is this: in a serious market downturn caused by external factors, companies and their shareholders (and really all stakeholders) need the very best performance from their CEO and executive team to mitigate the damage and those individuals need to be motivated accordingly. But, if shareholders are suffering and employees are furloughed or redundant, can the board be seen to be awarding bonuses to management for their outstanding performance in uniquely trying circumstances? Of course, for those executive teams running companies in the sectors that benefited from the pandemic lockdowns, factors beyond their control might generate a windfall.

Does the board, through the Remuneration Committee, tweak the remuneration policy to cushion the impact of the pandemic?

We took a "market pulse" through informal interviews with a number of FTSE 350 Remuneration Committee chairs and HR directors to understand how they were responding. While there was near universal concern about the effect of no, or low variable compensation and damage to LTIP valuations on the retention of high calibre, high performing executives, there was also serious sensitivities around adjusting remuneration policies to address this. One chair suggested the coming AGM season will be very difficult for Remuneration Committees and that it will be a "very brave" decision to adjust established policies to counter the impact of the pandemic – up or down. The challenge is how to motivate and retain top management while balancing investor and public expectations.

And, finally, let me introduce Fiona Motley and Tim Shaw, who have now joined the Savannah Board Practice. We share short bios of Tim and Fiona at the end of this report.

As with all of our reports, we are using BoardEx as our primary source. We edit the raw data to exclude, for example, internal promotions such as NED to SID or to Chair and non-independent shareholder employee appointments. We prepare these reports as a contribution to the debate on corporate governance and we are always happy to engage on the subject matter. I hope you find this report interesting and relevant.



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Q3 2020

SUMMARY

There were 110 appointments to the boards of the FTSE 350 companies, comprising 26 executive directors and 84 non-executive directors. Four (15%) of the executive director appointments were female, while 43 (51%) of the non-executive director appointments were female. Continuing the upward trend from our Q1 and Q2 reports, 12 (11%) of these appointments are Black, Asian or Minority Ethnic (BAME).

NON-EXECUTIVE DIRECTORS

Breaking the above numbers down further, the FTSE 100 companies appointed 30 non-executive directors including 14 (47%) women. The FTSE 250 companies made 54 non-executive director appointments, of which 29 (54%) were women. Included in these numbers is Belinda Richards, who joined the board of FTSE 250 Jupiter Fund Management on 1 September and left the board on 30 September.





— AND A WORD ON FEMALE CHAIR APPOINTMENTS

Included in these numbers are six new chair or chair designate appointments, all men. Geoff Drabble and Ian Meakins were appointed to FTSE 100 companies DS Smith and Compass Group, respectively, while in the FTSE 250, John Hastings-Bass was appointed chair of Just Group, Rob Neal as chair of Hammerson, Iain Ferguson as chair designate at Genus and Jon Mendelsohn as chair designate at 888 Holdings.

This, however, hugely understates the appointment of women to chair roles in the FTSE 350. In Q3 there were, in fact, five women promoted to the chair roles (one FTSE 100) in companies where they were already on the board so not “new board appointments” for the purposes of this report. Those promotions include Gill Rider who has been appointed chair of FTSE 100 Pennon Group Plc. She succeeds Sir John Parker who, relevantly, sat on the Government-backed Davies Committee, which reported in 2011 on gender diversity on UK boards (and still leads the Parker Review into ethnic diversity on boards).

Gill Rider’s appointment as chair of Pennon Group was complemented by Sue Davy’s appointment as CEO, both effective 31 July 2020. This made Pennon Group one of only two FTSE 100 companies with both chair and CEO roles held by women. The other is Seven Trent, which boasts Christine Hodgson as Chair (that appointment was noted in our Q2 report) and Liv Garfield who has been CEO since 2014. Fans of the Netflix series The Crown will be immediately reminded of the other all-female chair/CEO combination of Queen Elizabeth and Margaret Thatcher. That combination lasted 11 years and matching that will be quite a feat for either of the above combinations.

Readers won’t be surprised that 86 of the FTSE 100 companies have men occupying both roles.

Amongst the FTSE 250 companies, Danuta Gray was appointed to chair Direct Line Insurance, Sarah Whitney to chair BBGI, Anja Balfour to chair BMO Global Smaller Companies and Dame Inga Beale to chair Mediclinic International. All were promoted from their existing board roles at those companies and therefore are not recorded as new board appointments in Q3.

Chart 1
Q3 2020
FTSE 100
NED
APPOINTMENTS

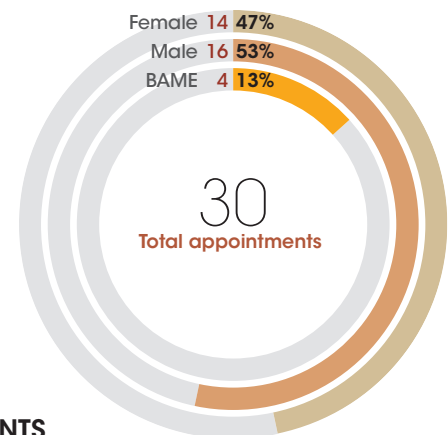


Chart 2
Q3 2020
FTSE 250
NED
APPOINTMENTS

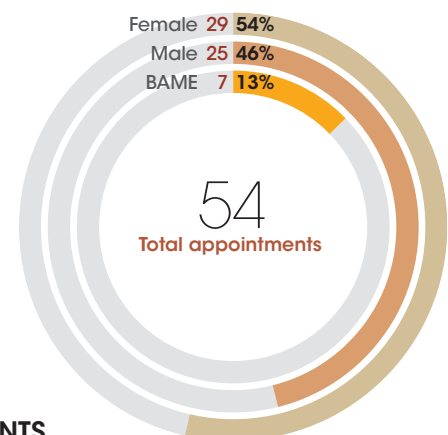
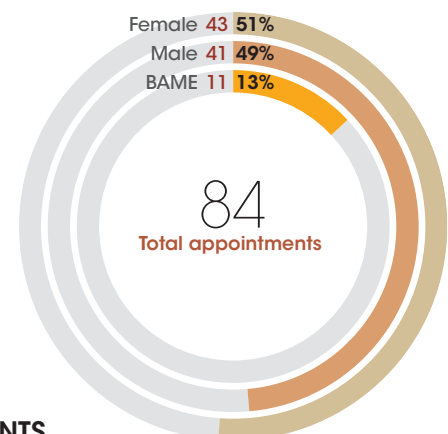


Chart 3
Q3 2020
FTSE 350
NED
APPOINTMENTS



And if we look at all chair appointments – whether directly into those roles or from internal promotions – women took 29% of those positions in Q3 and 26% of all of the chair appointments this year. Given that women currently hold only 10% of the FTSE 350 chairs, this is notable progression.



EXECUTIVE DIRECTORS

In Q3, the FTSE 100 appointed 13 executive directors, up from only eight in Q2. The appointments included three (23%) women, Anne-Francois who was appointed CFO at Smith & Nephew, Milena de Focatis was appointed CEO Designate and Admiral Group and Alison Dolan, CFO at Rightmove. Not included in these numbers are two women who were already on the boards of their respective companies. Susan Davy, who was promoted to CEO to succeed Chris Loughlin at Pennon Group, and Amanda Blanc, who was appointed Group CEO at AVIVA Plc.

The FTSE 250 companies also appointed 13 executive directors, only one of whom is female – Trish Houston, COO at Law Debenture Corp.

As we said in our last report, given the long lead time for executive director appointments, we were not really expecting to see much of a coronavirus inspired downward trend in Q3 but in fact after the delays caused by the Brexit uncertainties through 2019, there have already been more executive director appointments in the first nine months of 2020 than we saw in all of 2019. This catch-up, plus the timeline in making senior executive appointments has clearly counter-balanced the impact of the pandemic so far in 2020. It will be interesting to see the Q4 numbers as we do expect them to reflect the slower lockdown months.

Only 15% of the executive director appointments across the FTSE 350 boards in Q3 were women, down from 18% in Q2 and 26% in Q1. Year to date, women have taken 19% of the appointments in 2020, the same percentage as we recorded for 2019. We will be looking for a trend reversal in Q4 and hopefully report a year-on-year increase. Just for added clarity, by our calculations (per BoardEx), less than 5% of the executive chairs and CEOs and, only slightly more encouraging, 16% of the CFOs of the FTSE 350 companies are women. Given that the world's population is more or less 50% men and 50% women, if we can't get corporate gender balance right, there is little hope for the broader diversity challenge.

Chart 4
Q3 2020
FTSE 100
ED
APPOINTMENTS

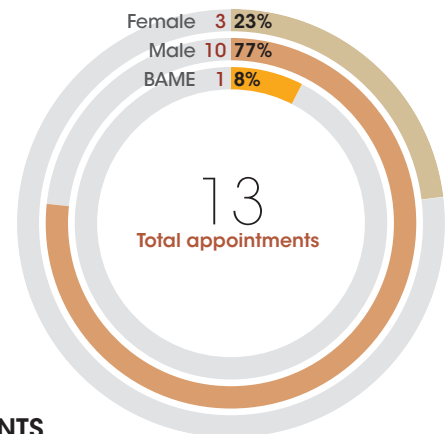


Chart 5
Q3 2020
FTSE 250
ED
APPOINTMENTS

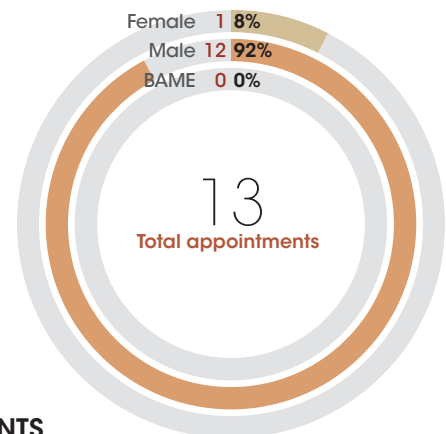
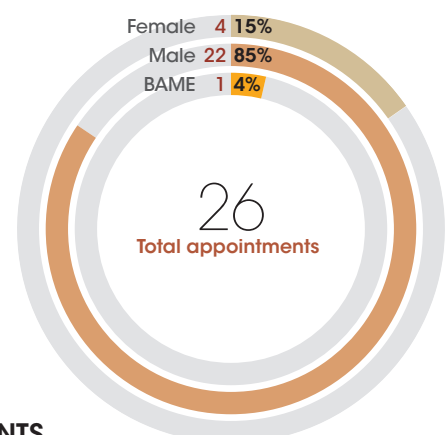


Chart 6
Q3 2020
FTSE 350
ED
APPOINTMENTS



BLACK, ASIAN & MINORITY ETHNIC APPOINTMENTS

Of the 110 board appointments in Q3, 12 (11%) are BAME. The Government's target was to have the boards of the major UK companies reflect the UK population mix. As only 14% of the population is BAME, the Q3 numbers seem to show some progress. However, as with gender, the majority of these appointments are to the ranks of non-executive directors with only one of the 26 executive director appointments being BAME.



Here are the names of the people appointed to the FTSE 350 boards in Q3 2020.

FTSE 100 ED	
Phil Aspin	UNITED UTILITIES GROUP plc
Murray Auchincloss	BP plc
Stephen Bird	STANDARD LIFE ABERDEEN plc
Dr Stefan Bomhard	IMPERIAL BRANDS plc
Paul Boote	PENNON GROUP plc
Alison Dolan	RIGHTMOVE plc
Milena Focatiis	ADMIRAL GROUP plc
Stuart Ingall-Tombs	RENTOKIL INITIAL plc
Kevin Lucey	DCC plc
Luis Martín	INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA
Anne-Francoise Nesmes	SMITH & NEPHEW plc
Nimesh Patel	SPIRAX-SARCO ENGINEERING plc
Shay Segev	GVC HOLDINGS plc

FTSE 250 ED	
Stuart Burnett	TELECOM PLUS plc
Peter Duffy	MONEYSUPERMARKET.COM GROUP PLC
Jody Ford	TRAINLINE plc
Trish Houston	LAW DEBENTURE CORP plc
David Lockwood	BABCOCK INTERNATIONAL GROUP plc
Patrick McMahon	C&C GROUP plc
Tobias Moers	ASTON MARTIN LAGONDA GLOBAL HOLDINGS plc
Jim North	FERREXPO plc
Dr Adrian Sainsbury	CLOSE BROTHERS GROUP plc
Paul Simmons	HILL & SMITH HLDGS plc
Neil Smith	DOMINO'S PIZZA GROUP plc
Duncan Tait	INCHCAPE plc
Richard Wainwright	INVESTEC plc

FTSE 100 NED	
Giles Agutter	INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA
Angela Ahrendts	WPP plc
Graham Allan	INTERCONTINENTAL HOTELS GROUP plc
Andrea Blance	HARGREAVES LANSDOWN plc
Alison Brittain	EXPERIAN plc
Jon Butterworth	PENNON GROUP plc
Geoff Drabble	DS SMITH plc
Annemarie Durbin	PERSIMMON plc
Susanne Given	WM MORRISON SUPERMARKETS plc
Karen Guerra	BRITISH AMERICAN TOBACCO plc
Tom Hall	NEXT plc
Hiroyuki Iioka	PHOENIX GROUP HOLDINGS plc
Tanuj Kapilashrami	SAINSBURY(J) plc
Moni Mannings	HARGREAVES LANSDOWN plc
John Manzoni	SSE plc
Lyssa McGowan	WM MORRISON SUPERMARKETS plc
Ian Meakins	COMPASS GROUP plc
Chris Minter	PHOENIX GROUP HOLDINGS plc
Tushar Morzaria	BP plc
Eileen Murray	HSBC HOLDINGS plc
Robin Phillips	INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA
Kath Shailer	UNITED UTILITIES GROUP plc
Pierre-Jean Sivignon	IMPERIAL BRANDS plc
Jeremy Townsend	WM MORRISON SUPERMARKETS plc
Margherita Valle	RECKITT BENCKISER GROUP plc
Jean-François van Boxmeer	VODAFONE GROUP plc
Doug Webb	UNITED UTILITIES GROUP plc
Keith Weed	SAINSBURY(J) plc
Sara Weller	BT GROUP plc
Prof Ngaire Woods	RIO TINTO plc



FTSE 250 NED	
Abhijit Akerkar	TBC BANK GROUP plc
Adine Axén	G4S plc
Natalia Barsegiyan	DOMINO'S PIZZA GROUP plc
Rachel Beagles	WITAN INVESTMENT TRUST plc
Rakesh Bhasin	IG GROUP HOLDINGS plc
Kevin Boyd	BODYCOTE plc
Kevin Boyd	POLYPIPE GROUP plc
Mandy Clements	PERSONAL ASSETS TRUST plc
Helena Coles	JPMORGAN EMERGING MARKETS INVESTMENT TRUST plc
Prof Constantin-C Coussios	CONVATEC GROUP plc
Yoko Dochi	JPMORGAN JAPANESE INVESTMENT TRUST plc
Vanessa Donegan	FIDELITY CHINA SPECIAL SITUATIONS plc
Cynthia Dubin	SYNTHOMER plc
Nicky Dulieu	WH SMITH plc
Hennie Faul	CENTAMIN plc
Iain Ferguson	GENUS plc
Lynn Fordham	DOMINO'S PIZZA GROUP plc
Limor Ganot	888 HOLDINGS plc
Jill Gardiner	HOCHSCHILD MINING plc
Ant Green	FIRSTGROUP plc
Anne Grim	PLUS500 LIMITED
Lisa Harrington	CALISEN plc
John Hastings-Bass	JUST GROUP plc
Stefan Heinemann	TUI AG
Andrew Henton	PERSHING SQUARE HOLDINGS LTD
Laurence Hollingworth	CLARKSON plc
Ken Hunzeker	ULTRA ELECTRONICS HOLDINGS plc
Margot James	PROVIDENT FINANCIAL plc
Pilar Junco	HG CAPITAL TRUST plc
Dr Michael Koller	SABRE INSURANCE GROUP PLC

FTSE 250 NED	
Torsten Koster	GENESIS EMERGING MARKETS FUND LTD
Moni Mannings	EASYJET plc
Ann Markey	FORESIGHT SOLAR FUND LTD
Heather Mason	CONVATEC GROUP plc
Lord Jon Mendelsohn	888 HOLDINGS plc
Shri Mukherjee	PETROPAVLOVSK plc
Robert Noel	HAMMERSON plc
Dame Susan Owen	SERCO GROUP plc
Chris Parkin	JUPITER FUND MANAGEMENT plc
Andreas Persianis	ENERGEAN plc
Belinda Richards	JUPITER FUND MANAGEMENT plc
Robbie Robertson	PERSONAL ASSETS TRUST plc
Damian Sanders	CINEWORLD GROUP plc
Alberto Signori	CALISEN plc
Victoria Stewart	ABERFORTH SMALLER COMPANIES TRUST plc
Laela Tabrizi	BIG YELLOW GROUP plc
Judy Vezmar	SSP GROUP plc
Carole Wainaina	HELIOS TOWERS plc
Steve Weiner	MEDICLINIC INTERNATIONAL plc
Karen Whitworth	PETS AT HOME GROUP plc
Suzi Williams	TELECOM PLUS plc
Alison Wood	OXFORD INSTRUMENTS plc
Kimberley Wood	ENERGEAN plc
Prof Tony Young	BB HEALTHCARE TRUST plc



ABOUT SAVANNAH GROUP'S BOARD PRACTICE

Governance practices of UK companies are being rightly challenged. Ticking the boxes on "governance" does not protect financial integrity, shareholder returns and broader stakeholder interests. At Savannah Group, we have the proven experience, knowledge and intelligence to advise and assist Chairs and shareholders in building effective boards and top management teams. To discuss how we can help, please contact one of our Board Practice members.

Damian Walsh
Lead Partner



In an international career spanning some 35 years, Damian has worked with leadership teams across multiple geographies and sectors and brings insight into effective governance and leadership. He has advised boards of FTSE100, FTSE250, AIM, ASX40, TSX, Euronext and large privately held corporations, often at challenging stages of their life cycle. Until very recently, he was also a Non-Executive Director of one of the largest companies in the UK.

Chris Donkin
Partner



Chris brings over 30 years' experience in Board and senior executive search, talent management and marketing communications to his role as Head of Executive Search and the Industrial Practice at Savannah. His particular sector focus covers automotive and mobility, aerospace and defence, transportation and infrastructure and he was acknowledged recently by the Financial Times as "one of the industry's leading head-hunters."

Tony Simpson
Partner



Tony is a former AIM-listed CEO who has led organisations of scale and stature in Europe and the Middle East. He leads the firm's Diversity programme. Tony's clients include many of the world's leading businesses and their governing bodies. His understanding of how leadership teams operate at board level has contributed to the transformation of many organisations.

Fiona Motley
Partner



Fiona has over 20 years' experience within global executive search and has successfully managed a broad range of Board and senior level appointments across multiple sectors and geographies. She has an extensive Board network and places Chair and Non-Executive Directors for FTSE 100, FTSE 250, FTSE Smallcap and private equity backed businesses. Functionally, Fiona has a strong international track record within HR and as a Partner within Savannah she specialises in senior HR roles in addition to Chair and Non-Executive appointments.

Tim Shaw
Partner



Tim is a Partner in the Board and Industrial Practice, where he leads our focus in Board and senior level appointments in Infrastructure, Construction & Services. His deep expertise across the built environment stems from over 20 years in organisational and leadership development, executive recruitment, benchmarking and assessment. This has led to over 300 successful searches with FTSE 100 and Fortune 500 organisations, as well as family businesses, private equity firms, infrastructure and pension funds.