



# SAVANNAH Q2 2020 BOARD REVIEW

An analysis of the FTSE 100 & FTSE 250 Executive and  
Non-Executive Board appointments in Q2 2020





# INTRODUCTION

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

Readers will recall that **our Q1 report** coincided with the February release of the Parker Review Committee Update Report on the representation of ethnic minorities on the boards of the biggest UK companies. In that context, we identified the Black, Asian & Minority Ethnic Minority ("BAME") appointments for the first time. We do that again in this report and will continue to do so in future reports.

A number of our clients asked why, in our Q1 report, we had seemingly ignored the appointment of a number of non-white people to their boards in that period. Of course, we recognised and reported all appointments but we identified only the UK citizen BAME appointments consistent with the Government's original mandate to the Parker Committee. At that time, the Government was concerned that the boards of the big UK businesses did not reflect the ethnic mix of the UK and, in that context, we did not recognise non-UK appointments, and especially those to the boards of non-UK businesses, as representative of the UK BAME population.

In our Q2 analysis, we are following that same approach. In Q1, we found that only two (1.8%) out of the total 113 executive and non-executive appointments to the FTSE 350 boards in Q1 qualified as BAME appointments. In this report for Q2, however, of the 121 appointments to the FTSE 350 companies, 11 (9%) are BAME. The details are shown later.

One interesting change in trend that we report in this quarter is that male non-executive director appointments to both the FTSE 100 and FTSE 250 boards exceeded female appointments for the first time in a while. In 2019, we reported that 55% of the non-executive director appointments were female and in Q1 2020, we reported that 60% of the appointments were female. In Q2, that has dropped to 42%. Gender diversity peaked in Q4

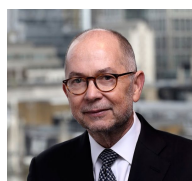
2019 when 69% of the non-executive appointments to the FTSE 350 companies were female. We show more detail on this later in the report.

At the time of writing this report, women are holding 37% of the non-executive director roles on the FTSE 350 boards. If we include executive directors, that number falls sharply to 31% again demonstrating the "gender gap" at the executive director level that we have highlighted in earlier reports. While there is much work to be done in bringing more women into the executive director ranks, it is worth reminding ourselves that in 2010 women held less than 10% of the FTSE 350 board seats (see Davies Review 2011).

Moving away from diversity, in this report we also take a brief look at that most contentious and complex of boardroom issues – remuneration – and challenge the dominance of this subject as evidenced by the fact that the Remuneration Reports of the top FTSE 100 companies average 27 pages or 45% of the Corporate Governance Reports of those companies. The combined Audit Committee and Risk reports of those same companies average only 13 pages and strategy gets an average of only 3 pages. Something is wrong with this picture. More on this later in this report.

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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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# Q2 2020

## SUMMARY

There were 121 appointments to the boards of the FTSE 350 companies comprising 28 executive directors and 93 non-executive directors. Five (18%) of the executive director appointments were female while 39 (42%) of the non-executive director appointments were female. In a significant uplift from our Q1 report, 11 (9%) of these appointments were BAME British citizens/residents, two executive and nine non-executive directors.

## NON-EXECUTIVE DIRECTORS

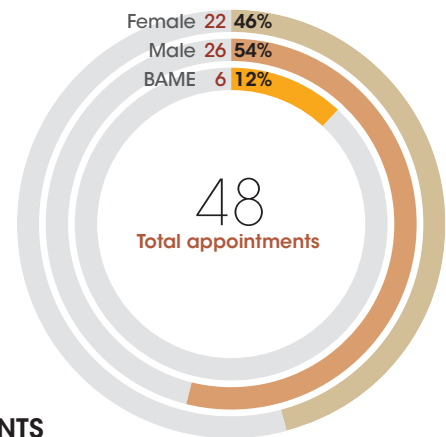
Breaking the above numbers down further, the FTSE 100 companies appointed 48 non-executive directors including 22 (46%) women. Of note, Christine Hodgson was appointed chairman of Severn Trent Plc being the third female chairman appointment in 2020 bringing the current total female representation at this level to eight (out of 95).

The FTSE 250 companies made 45 non-executive director appointments of which 17 (38%) were women. Included in these numbers are two new chairmen, Ian Burke at Pets at Home Group Plc and Dr Roch Doliveux at Oxford Biomedica Plc.

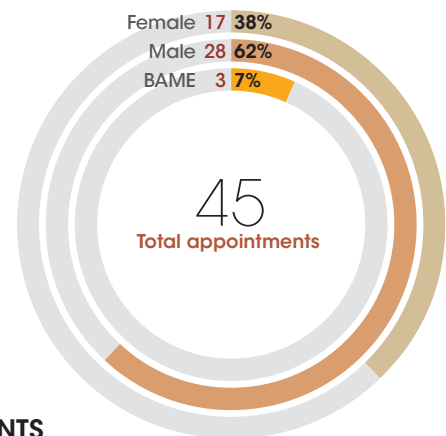
We are surprised by the high number of FTSE 100 NED appointments. Given that Q1 saw only 31 and the quarterly averages in 2019 and 2018 were 26 and 25 respectively, 48 appointments in Q2 is very high. Even more surprising is the fact that the FTSE 100 appointed more NEDs than the FTSE 250 in the period covered by this report, Q2 2020, at 48 and 45 respectively. The Q2 FTSE 250 appointments, at only 45, were down from 63 in Q1 and averages in 2019 and 2018 at 55 and 58 respectively.

Q2 2019 also saw the highest number of FTSE 100 NED appointments in that year. Clearly there is a correlation with the AGM season but even still, we remain surprised by the fact the FTSE 100 appointed more NEDs in Q2 2020 than did the FTSE 250 (at, obviously, 2.5 times the number of constituents). Even allowing for Flutter Entertainment's appointment of six new NEDs following its merger with the Stars Group, the number is relatively high.

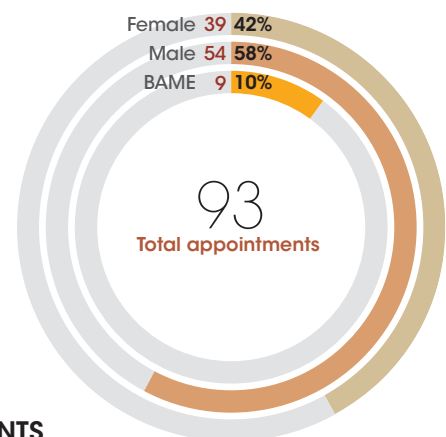
We noted in our Q1 report the increasing dominance of female appointments (63%) to the FTSE 250 boards but this quarter saw a sharp turnaround, and this is discussed further below.



**Chart 1**  
**Q2 2020**  
**FTSE 100**  
**NED**  
**APPOINTMENTS**



**Chart 2**  
**Q2 2020**  
**FTSE 250**  
**NED**  
**APPOINTMENTS**



**Chart 3**  
**Q2 2020**  
**FTSE 350**  
**NED**  
**APPOINTMENTS**



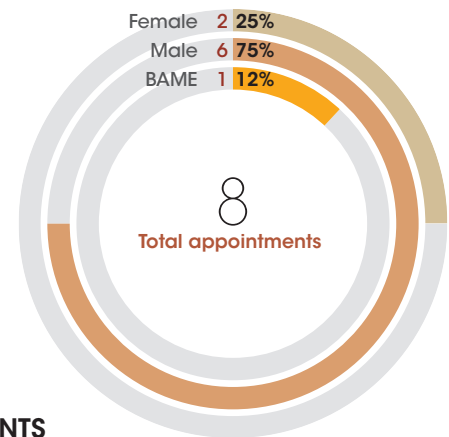
## EXECUTIVE DIRECTORS

In Q2, the FTSE 100 appointed eight executive directors, six men and two women while the FTSE 250 appointed 20 executive directors, only three of whom were women. The FTSE 250 appointments included Lawrence Stroll as Executive Chairman of Aston Martin Plc, one of the world's great brands, together with six new CEO appointments, 11 CFOs and two others.

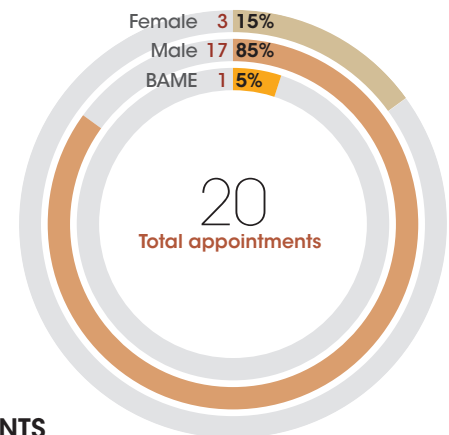
It is interesting to examine the impact of the onset of lockdown on these appointments. The FTSE 100 appointments reflect exactly what we would expect to see with 75% of the Q2 executive director appointments being made in April and then only one in each of May and June. In other words, appointments that had not been finalised at the onset of lockdown were seemingly put on hold. The fact that Rakesh Thakrar (Phoenix Group CFO/ED, appointed in May) and Simon Roberts (Sainsbury CEO/ED appointed in June) were internal promotions and already well known to their respective companies gives support to this view. Of the six April appointments, all but one, Mark Allen at Land Securities, were internal (or previously employed by the company). However you read these numbers, it does seem clear that the "shock" of lockdown required the recruitment process to be put on hold or delayed. And this is entirely consistent with our own experience as an Executive Search and Interim Management firm.

The timing of the FTSE 250 executive director appointments, however, shows a different pattern with 45%, or nearly half, of the appointments made in June, the last month of the quarter. Closer examination of the announcement of these appointments shows that all but three were either already employed at the company or the announcements of their appointments were made before lockdown began. Of the remaining three, the appointment process looks to have been well underway before the lockdown began.

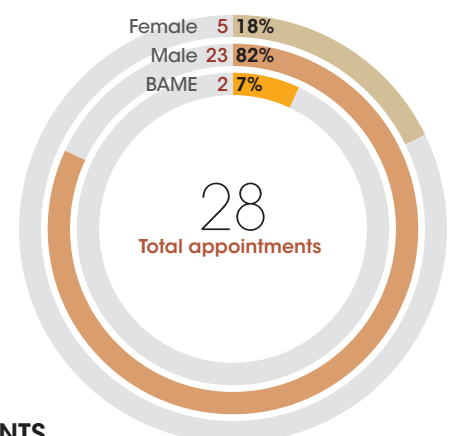
Given the long lead time for executive director appointments, the real impact of lockdown won't be seen until Q3 or Q4, and perhaps even later. We will continue to track and report, like an executive director "track and trace".



**Chart 4**  
**Q2 2020**  
**FTSE 100**  
**ED**  
**APPOINTMENTS**



**Chart 5**  
**Q2 2020**  
**FTSE 250**  
**ED**  
**APPOINTMENTS**

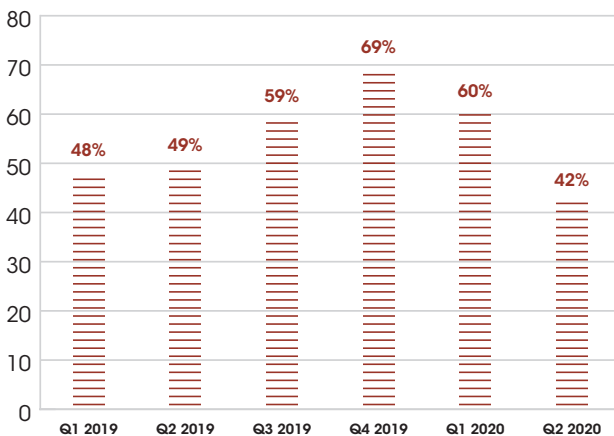


**Chart 6**  
**Q2 2020**  
**FTSE 350**  
**ED**  
**APPOINTMENTS**



## GENDER REBALANCE?

As we noted in our introduction, gender diversity amongst the FTSE 350 non-executive ranks is coming off the boil. We tracked this closely in our 2019 reports showing the ever increasing emphasis. This peaked in Q4 2019 with a huge 69% of non-executive positions going to women. In Q1 2020, the majority of positions still went to women but the proportion had dropped to 60%. In Q2, we are now reporting that only 42% of the appointments were women.



**Chart 7**  
**FTSE 350 WOMEN**  
**NED APPOINTMENTS**

This really shows the success of a decade of Government backed initiatives starting with the Davies Review in 2011 and the Hampton-Alexander reports that followed. And there is no doubt that the added diversity has better equipped many boardrooms to deliver effective corporate governance. The decline in the proportion of female appointments is only indicative that the goal has been, to a significant extent, achieved. At least at the non-executive director level. There are still some obvious areas for reform. Only 10% of the FTSE 350 chairmen are female.

The focus must now be to bring more women into the executive director ranks. Since the beginning of 2019, women have made up only 20% of the executive director appointments and, even more telling, only 5% of the FTSE 350 CEOs are women.

## BLACK, ASIAN & MINORITY ETHNIC APPOINTMENTS

After reporting very low numbers in Q1, we can certainly report improvement in Q2 where we saw a total of 11 (9%) BAME appointments to the FTSE 350 boards. As was the case with gender diversity, the FTSE 100 led the way with six non-executive and one executive director BAME appointments. For the FTSE 250, the numbers were three non-executive and one executive director BAME appointments. In 2017, at the time of the Parker Report into the Ethnic Diversity of UK Boards, 14% of the UK population was non-white and the government was looking to achieve a balanced representation of the BAME population. In this context, 9% is progress but it is not just about ethnic diversity for diversity's sake, success will only come when it is coupled with inclusion.

## REMUNERATION

Emotional, overly complex and distracting. The Remuneration reports of the FTSE 350 companies really only apply to the executive directors, generally two, very occasionally three, people. And yet they are invariably mind-bogglingly complex. Many directors admit to not understanding the detail of these reports. Our analysis is a work in progress but we are ready to report that the top ten FTSE 100 and the top ten FTSE 250 companies (excluding the banks and the investment trusts) dedicate on average 25 pages or 44% of their Governance Reports to this topic. The combination of the Audit Committee AND the Risk reports for those same companies average only 14.5 pages while "strategy" gets an average of only 3 pages.

The annual reports of the FTSE 100 companies that we examined are, on average, 134 pages long, excluding the financial statements. Of that, the Corporate Governance reports (including the remuneration reports if separate) are on average 60 pages long with 45% dedicated to the remuneration of, essentially, the executive directors. It takes these companies 241 pages to explain how 19 individuals are paid? The FTSE 250 companies that we examined are only slightly better with an average of 24 pages dedicated to the remuneration report. That's 43% of the Corporate Governance reports of those companies.



Risk, on the other hand, seems to be far simpler. All annual reports include a report by the Audit Committee. Sometimes there is a separate Risk Committee and there is invariably a management statement about risk. When we combine all of these reports – capturing all of the discussion on “risk” - for these companies they take up less than half the space dedicated to remuneration. But thankfully they are much easier to read and understand. Seriously.

Annual reports are historical documents, focused primarily on reporting results for the past year than guidance for the future and one does not generally look to them for detail on a company’s strategy. In fact, on average, this same group of companies dedicate, on average, only three pages to “strategy”. The remuneration report, however, is both a report on what the directors were paid in the year under review and a report on the compensation plan for those directors for at least the year ahead. And the complexity of some of these plans is simply mind boggling. We will report further on this in Q3.

Here are the names of the people appointed to the FTSE 350 boards in Q2 2020.

FTSE 100 ED	
Mark Allan	LAND SECURITIES GROUP plc
Tom Arseneault	BAE SYSTEMS plc
Jeff Carr	RECKITT BENCKISER GROUP plc
Brad Greve	BAE SYSTEMS plc
Antje Hensel-Roth	INTERMEDIATE CAPITAL GROUP plc
Sally Johnson	PEARSON plc
Simon Roberts	SAINSBURY plc
Rakesh Thakrar	PHOENIX GROUP HOLDINGS plc

FTSE 250 ED	
Matt Ashley	WILLIAM HILL plc
Robin Beer	BREWING DOLPHIN HOLDINGS PLC
Dave Benson	WORKSPACE GROUP plc
Alan Dale	PAYPOINT plc
Johnathan Ford	CENTRICA plc
Barbara Gibbes	DIPLOMA plc
Ken Gregor	ASTON MARTIN LAGONDA GLOBAL HOLDINGS plc
Martin Horgan	CENTAMIN plc
Rachel Horsley	FUTURE plc
Emma Hynes	GREENCORE GROUP plc
Neeraj Kapur	PROVIDENT FINANCIAL plc
Ben Loomes	JOHN LAING GROUP plc
Rohit Malhotra	NETWORK INTERNATIONAL HOLDINGS plc
Jonathan Myers	PZ CUSSONS plc
Dominic Paul	DOMINO'S PIZZA GROUP plc
Charlie Rozes	IG GROUP HOLDINGS plc
Lawrence Stroll	ASTON MARTIN LAGONDA GLOBAL HOLDINGS plc
Eoin Tonge	MARKS & SPENCER GROUP plc
Bhairav Trivedi	FINABLR plc
David Zruia	PLUS500 LIMITED

**FTSE 100 NED**

Adel Al-Saleh	BT GROUP plc
Rafi Ashkenazi	FLUTTER ENTERTAINMENT plc
Charlie Bancroft	GLAXOSMITHKLINE plc
Melissa Bethell	DIAGEO plc
Professor Amar Bhidé	SCOTTISH MORTGAGE INVESTMENT TRUST plc
Andy Bird	PEARSON plc
Olivier Blum	AVEVA GROUP plc
Dick Boer	ROYAL DUTCH SHELL plc
Clare Bousfield	RSA INSURANCE GROUP plc
Graham Cooke	ITV plc
Myriam Guadalupe De la Vega	FRESNILLO plc
The Hon. Anna Diamantopoulou	COCA-COLA HBC AG
Tufan Erginbilgic	DCC plc
Richard Flint	FLUTTER ENTERTAINMENT plc
Jamie Forese	HSBC HOLDINGS plc
Dave Gadhia	FLUTTER ENTERTAINMENT plc
Doctor Jane Griffiths	BAE SYSTEMS plc
Steve Guggenheimer	HSBC HOLDINGS plc
Christine Hodgson	SEVERN TRENT plc
Karin Hoeing-Cosentino	SMITHS GROUP plc
Claire Howard	SCHRODERS plc
Martina Hund-Mejean	ROYAL DUTCH SHELL plc
Alfred Hurley Jr	FLUTTER ENTERTAINMENT plc
Douglas Hurt	HIKMA PHARMACEUTICALS plc

**FTSE 100 NED**

Alina Kessel	DS SMITH plc
Dave Lazzarato	FLUTTER ENTERTAINMENT plc
Ric Lewis	LEGAL & GENERAL GROUP plc
Brian McBride	STANDARD LIFE ABERDEEN plc
Rick Medlock	SMITH & NEPHEW plc
Vin Murria	BUNZL plc
Lesley-Ann Nash	ST JAMES'S PLACE plc
Shar Nebhrajani	SEVERN TRENT plc
Jambu Palaniappan	JUST EAT TAKEAWAY.COM NV
Jo Place	PERSIMMON plc
Jaya Rangaswami	ADMIRAL GROUP plc
Phil Rivett	STANDARD CHARTERED plc
Sharon Rothstein	INTERCONTINENTAL HOTELS GROUP plc
Dame Angela Strank	ROLLS-ROYCE HOLDINGS plc
Dame Angela Strank	SSE plc
Massimo Tosato	M&G plc
Sangeeta Treco	SAGE GROUP plc
Cathy Turner	RENTOKIL INITIAL plc
Mary Turner	FLUTTER ENTERTAINMENT plc
Shriti Vadera	PRUDENTIAL plc
Irana Wasti	SAGE GROUP plc
Dion Weisler	BHP GROUP plc
Bob White	SMITH & NEPHEW plc
Phil Yea	MONDI plc





FTSE 250 NED	
Carol Arrowsmith	CENTRICA plc
Sally Ashford	HELIOS TOWERS plc
James Bilefield	MONEYSUPERMARKET.COM GROUP plc
Claire Binyon	JPMORGAN AMERICAN INVESTMENT TRUST plc
Claire Boyle	MONKS INVESTMENT TRUST plc
Tim Breedon	QUILTER plc
Caroline Britton	SIRIUS REAL ESTATE LTD
Michael Burke	PETS AT HOME GROUP plc
Kelly Cleveland	SIRIUS REAL ESTATE LTD
Stephanie Coxon	JLEN ENVIRONMENTAL ASSETS GROUP LTD
Erik Daugbjerg	CAIRN ENERGY plc
Des de Beer	HAMMERSON plc
Michael de Picciotto	ASTON MARTIN LAGONDA GLOBAL HOLDINGS plc
Doctor Roch Doliveux	OXFORD BIOMEDICA plc
Paul Drechsler	GREENCORE GROUP plc
Carl-Peter Forster	BABCOCK INTERNATIONAL GROUP plc
Bindi Foyle	AVON RUBBER plc
Simon Fraser	MURRAY INTERNATIONAL TRUST plc
Jeff Gearhart	CARNIVAL plc
Russ Houlden	BABCOCK INTERNATIONAL GROUP plc
Tamara Ingram	MARKS & SPENCER GROUP plc
Shonaid Jemmett-Page	QINETIQ GROUP plc
Maksim Kharin	PETROPAVLOVSK plc

FTSE 250 NED	
Fiona MacAulay	CHEMRING GROUP plc
Kemal Malik	SYNCONA LTD
Nigel Mills	WOOD GROUP plc
William Parr	RIT CAPITAL PARTNERS plc
Charlotte Pedersen	WIZZ AIR HOLDINGS plc
Angelica Phillips	PETROPAVLOVSK plc
Doctor Paul Reynolds	TALKTALK TELECOM GROUP PLC
Ros Rivaz	VICTREX plc
Rebecca Shelley	HILTON FOOD GROUP plc
Professor Sir Steve Smith	UNITE GROUP plc
Johnny Smith	PETROPAVLOVSK plc
Sapna Sood	MARKS & SPENCER GROUP plc
Jon Sorrell	RIT CAPITAL PARTNERS plc
Bill Tame	ASTON MARTIN LAGONDA GLOBAL HOLDINGS plc
Jeremy Townsend	PZ CUSSONS plc
Doctor Michel van der Bel	G4S plc
Sander van 't Noordende	MICRO FOCUS INTERNATIONAL plc
Anne Wade	MAN GROUP plc
Gert Weerdhof	SAFESTORE HOLDINGS plc
Richard West	BANKERS INVESTMENT TRUST plc
James Whelan	INVESTEC plc
Robert Youngjohns	MICRO FOCUS INTERNATIONAL 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 Chairmen 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."



**Lisa Gerhardt**  
**Partner**

After an early career in industry, Lisa is now a prominent voice in the executive search industry, Lisa has nearly 20 years' experience across multiple sectors. She brings deep expertise in cross-border recruitment and an extensive personal network. Lisa has led the development of Savannah's bespoke assessment tool and contributes her assessment expertise to Board & CEO level searches.



**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.