



2011 UK Board Index

Current board trends and practices at major UK companies

SpencerStuart

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Foreword

The 2011 UK Board Index is a comprehensive review of governance practice in the largest 150 companies in the FTSE rankings. The composition, remuneration and effectiveness of boards continue to be subjected to close examination by investors, media and policymakers. This Board Index provides a valuable indication of the state of boardroom health during 2010–2011.

A number of telling trends emerge from the survey: risk committees are becoming more common, but only within the financial services sector; the number of boards using outside facilitators for their annual evaluations has almost doubled; more CEOs are sitting on outside boards, but fewer CFOs are doing so.

Boards are also becoming more diverse. There was a remarkable increase in the number of foreign non-executive directors during the survey period, and reasonable progress has been made in the appointment of more women directors, although there is a long way to go before Lord Davies' recommendations are realised. The pipeline of female senior executives still looks thin, and for the first time the *UK Board Index* examines the numbers of women on executive leadership teams and their roles in the organisation.

In addition to the usual data analysis of composition, remuneration and committees, this edition contains three essays: “Where now for corporate governance in the UK?” by former *Financial Times* editor Sir Geoffrey Owen; “Chairman succession planning”, a topic rarely discussed openly; and “Female director trends in Europe — 2011.”

As Spencer Stuart continues to observe corporate governance practices in UK listed companies up close, we hope that you will find the results of our 2011 *UK Board Index* fascinating.

Spencer Stuart UK Board Services Practice

Highlights of the 2011 UK Board Index

33%

Increase in the number of foreign non-executive directors in the past year

UPSURGE IN FOREIGN DIRECTORS

The proportion of foreign directors on the boards of FTSE 150 companies has increased from 24% in 2010 to 32% in 2011. A number of significant global businesses that conduct most of their activities outside the UK have recently chosen to list on the London Stock Exchange. Their entry into the FTSE has accentuated an existing trend towards international diversity on the boards of UK listed companies. Further evidence of the internationalisation of boards comes in another recent Spencer Stuart study, which finds that 40% of FTSE 100 CEOs and 27% of chairmen are not UK nationals. Also significant is the fact that 40% of Executive Committee members in FTSE 50 companies are non-nationals.

19

The number of separately constituted risk committees

MORE BOARDS PRIORITISE RISK MANAGEMENT

The management of risk continues to become more transparent. The number of companies with a separately constituted risk committee has risen from 12 to 19 since last year. Not unexpectedly, 15 of these companies are in the financial services sector with three in the energy/natural resources arena. A further 19 companies now formally designate their audit committee as audit and risk, of which five are financial services and six energy/natural resources companies.

27%

The percentage of CFOs with directorships of other listed companies

FEWER CFOs SITTING ON OUTSIDE BOARDS

The percentage of CFOs with an outside board stands at 27%, down from 41% last year. A number of factors contribute to this decline. At the cut-off date, approximately 16% of CFOs were within 18 months of appointment and have been circumspect about taking an outside role too early in their tenure; in 13 companies either the CFO position is vacant or the CFO did not sit on the board. Chairmen and boards continue to be cautious about granting permission, particularly where there may be an audit committee chairmanship in view.

SLOW PROGRESS IN GENDER DIVERSITY

The proportion of female board directors continues to edge upwards, rising to 12.3% from 11.5% last year. 5.7% of executive directors are women, compared with 4.5% last year. Women now account for 17.5% of non-executive directors, compared with 14.4% last year. It is clear that the current pool of executive directors will not be sufficiently large to supply the 25% of female non-executives required to be in place by 2015, hence the need to look deeper inside companies or outside the corporate world entirely.

5.7%

The percentage of female executive directors in the FTSE 150

WOMEN ON EXCOS IN SHORT SUPPLY

The gender diversity picture at executive committee level at the top of the FTSE is not encouraging when it comes to the future supply of female non-executive directors from within companies. Remarkably, the proportion of women who form part of senior executive leadership teams in FTSE 50 companies (11.5%) is lower than that of women sitting as non-executives on FTSE 50 boards (20.8%). In the top 50 companies, only 26% of the female executive committee members are CEOs or divisional CEOs, with CFOs representing a further 7%. Very few FTSE 50 female executives serve on other listed company boards. For more on this topic read our diversity analysis of FTSE executive membership on pages 21–22.

11.5%

The percentage of women on FTSE 50 executive committees

MORE EXTERNAL BOARD EVALUATIONS

Almost half of FTSE 150 companies now employ external facilitators to assist with their board evaluation, up from 35% last year. Those companies which had not already done so are establishing a programme of using outside resources at least every three years, in line with the 2010 UK Corporate Governance Code. Significantly, 23% used an external facilitator to manage the entire process, compared with 13% last year. The four companies which did not carry out an evaluation were too new to have done so in the period under scrutiny.

46%

The percentage of boards employing outsiders to facilitate evaluations

WHERE NOW FOR CORPORATE GOVERNANCE IN THE UK?

As the reverberations of the financial crisis are still being felt in boardrooms around the UK, Geoffrey Owen looks ahead to the challenges facing boards in 2012. The chairman has a pivotal role, but equally needs to be surrounded by directors with an appropriate balance of independence and expertise, who will find themselves tackling the issues of executive pay, gender diversity and shareholder engagement.

For boards of directors and their advisers, 2011 has brought further pressure to improve their corporate governance arrangements, and to demonstrate to the outside world that they are doing so. At the same time they are facing three specific challenges which are likely to become more prominent in 2012.

One is the issue of **EXECUTIVE PAY**. There is growing restiveness among shareholders, and in the public at large, about the size of some of the reward packages that have been provided for executives, both on appointment and, more controversially, at the time of their departure from the company. Boards will need to do a better job of justifying these payments and explaining how they have been arrived at.

A second issue is **GENDER DIVERSITY**. Companies will need to set out what steps they are taking to meet the recommendations made in the report by Lord Davies earlier this year. Even if the imposition of quotas is not now on the agenda, companies cannot afford to ignore the political pressure for progress on this front.

The third issue is **SHAREHOLDER ENGAGEMENT**. Following the promulgation of the stewardship code by the Financial Reporting Council, there are likely to be moves by at least some institutional investors to develop a closer and more constructive relationship with boards of directors. Companies, for their part, will need to consider how best to facilitate this dialogue while also guarding against too much intrusion into the decision-making process.

Creating boards fit for purpose

The biggest single influence on corporate governance over the past year has been the continuing debate — in government, in the European Commission and in the public at large — about the appropriate response to the financial crisis of 2008–09. While it would be an exaggeration to blame the crisis on a failure of corporate governance, it is clear that in some of the banks and financial institutions which got into trouble the outside directors on the board, including in some cases the chairman, did a poor job of supervising what the executives were doing and allowed excessive risks to be taken. Whether their passivity was due to a lack of will or a lack of expertise, these events focused attention once again on the central dilemma in the British corporate governance system: how can outside directors perform a dual role as board colleagues, supporting the executives in carrying out the agreed strategy, and as monitors, ready to question and if necessary to reject proposals put to them by management?

Employee incentives should be designed to reinforce the established risk management culture.

Following the review by Sir David Walker, proposed appointments to the boards of banks and financial institutions are being scrutinised more rigorously by the Financial Services Authority; what is now expected of non-executive directors of banks, both in terms of qualifications and experience and in terms of time commitment, is much more demanding than in the past. While banks are a special case because of their role in the economy and the regulatory system to which they are subject, many of Sir David Walker's comments and recommendations are relevant for non-financial companies. In particular, Sir David said that, in making board appointments, companies may have put too much weight on independence and not enough on relevant knowledge and expertise; too many bank directors did not know enough about banking. Non-financial companies also have to ensure that, without packing their boards with industry experts, there are enough people around the table who have a deep (and up-to-date) understanding of the business that the company is in.

This is the background against which the three specific challenges need to be looked at.

In the spotlight

Making sense of executive pay

There is not much doubt that the remuneration policies pursued by some British companies are flawed. Not only are the rewards sometimes excessive, but there is also no clear link between pay and performance. A further problem is that the incentive schemes on offer are complicated and difficult for outsiders to understand. At a time of growing disquiet about income inequality in the UK, leading to suggestions that top business leaders are living in a different world from ordinary people, boards need to look hard at how they reward their senior managers, with a view to simplifying some of the over-elaborate schemes that are currently in use. A great deal of responsibility for getting this right rests on the chairman of the remuneration committee, but other outside directors need to be totally sure that they understand and approve the company's remuneration system and are capable of explaining it to investors.

Addressing gender diversity

The challenge for boards is to steer a path between achieving diversity targets and assembling a board that is entirely fit for purpose. While there is no clear evidence that the presence of women on the board improves a company's performance, the typical male-dominated board can suffer from a narrowness of background and perspective which may lead to bad decisions. As a general rule, the presence of at least two women directors is likely to make boards function better. But the criteria for such appointments have to be the same as for any other director, and, as things now stand, the pool of suitable female candidates is limited by the fact that there are too few women in the senior executive ranks of British companies. However, in order to address gender imbalance there is an expectation that boards will not limit their search for female candidates to the business community; where candidates have only marginally relevant experience, they must bring something else of significance that qualifies them to be a non-executive director. Companies will need to show how they are tackling this problem, while also actively looking for a better balance on the board.

Improving shareholder engagement

This has become more complicated in recent years because of the fragmentation of the shareholder base — the declining importance of the traditional, long-term institutional investor and the rise of hedge funds and other investors with a short-term trading horizon. Partly for this reason, some business leaders are inclined to dismiss the FRC's stewardship code as impractical and likely to be ineffective.

Yet, as Sir David Walker argued in his review, this fragmentation makes it all the more important that companies engage with those investors who are prepared to take a long-term view. For a mixture of reasons — including the separation within the investing institutions between the traders who buy and sell shares and the corporate governance experts — many companies are dissatisfied with the quality of the dialogue with their investors and are doubtful whether it can be improved. The introduction of the stewardship code creates an opportunity which both sides should exploit.

Chairman's role remains pivotal

All these problems should be manageable within the existing corporate governance system. Although the financial crisis exposed weaknesses in the system, the framework which has been put in place since the Cadbury Report of the early 1990s remains broadly intact, and very few people would want to tear it up and start again. Two key features of the British system are the independent chairman — independent at the time of appointment — and a majority of outside directors on the board. It is the first of these that makes the British approach distinctive (compared, for example, to that of the US) and it is the one that has come under intense scrutiny after the events of the last few years. Chairmen are not all-powerful and they cannot be blamed for everything that goes wrong, but it is not much of an exaggeration to say that the effectiveness of a board depends on getting the right person in the chairman's seat. Whatever short-term challenges boards may face in 2012, this is the issue that is likely to matter most in the long term.

Sir Geoffrey Owen is Senior Fellow in the Department of Management, London School of Economics, and former editor of the Financial Times.

CHAIRMAN SUCCESSION PLANNING

Chairman succession planning is not widely discussed in most boardrooms because there are few formal mechanisms for addressing the issue beyond the chairman's annual review with the senior independent director. For such a critical appointment it is surprising how little has been written and how seldom the chairman succession planning process is openly discussed, writes Will Dawkins.

Planning

The chairman's role has become more demanding of time and commitment than used to be the case. The chairman's influence over the board and the whole organisation continues to grow, yet there is a dearth of truly first-class candidates.

The style of leadership has also changed. It used to be that chairmen either provided robust leadership from the front or existed merely as ceremonial figures. Now, chairmen are required to co-ordinate a board of strong non-executive directors and, when things go wrong, be ready to slip into directive mode. Greater versatility is required.

So there are fewer people with the time, business experience, personality and maturity to be exceptional chairmen. It is no longer easy for a retiring CEO immediately to become an effective chairman. Executives aspiring to be chairmen need to develop their skills as non-executives and spend time observing other chairmen than their own.

Because the choice of candidates is limited, it is sensible to allow plenty of time to plan for the next chairman succession, a task that should fall to the current chairman working closely with the senior independent director (SID). This needs to include an early definition of the profile and criteria for selection, which may well have to be developed and revised as the company's outlook changes.

THE CHAIRMAN'S TERM OF OFFICE: To make planning easier, it is important for an incoming chairman to give the board a general sense of the parameters by which his or her term should be set. It is clearly not helpful to set a firm date for tenure because that is destabilising, but it is worth setting expectations.

For example, it is useful to be clear whether or not a chairman expects to remain for two or three three-year terms, at least in principle, or whether he or she would expect to wait for the appointment of the next CEO before retiring.

RECRUITING CANDIDATES IN ADVANCE: It is sensible to recruit at least one non-executive, well ahead of time, who has the capacity to become the chairman in the future. However, no commitment about the chairmanship should be made to incoming non-executives, since the company's circumstances and therefore the role specification of the next chairman are bound to change. Recruiting a non-executive on the basis that he or she will become the next chairman usually leads to disappointment. At the same time, it is good practice to have at least one non-executive with chairman qualities in the ranks — even if only as a back-up in case of emergency.

TIMETABLE DEFINED BY TIMING OF CEO SUCCESSION: The timing of the chairman's succession should ideally be determined in the first instance by CEO succession. The aim is for the moves to be a year or two apart, for an orderly handover. Whether the chairman's or the CEO's departure comes first is entirely dependent on the company's circumstances, business needs and the plans of the two individuals.

Appointment process

Ideally, the timing of a new chairman appointment should be quietly understood well in advance. An effective board will discuss succession planning every year. Yet, several of the chairmen we spoke to admitted that many people stay too long in the role. As the person ultimately responsible for board composition, the chairman preferably should be seen to be initiating the succession process, although it should be executed by the SID, acting on behalf on the board. If the chairman does seem to be overdue for a move, it is up to the SID to make the point discreetly in a private conversation — and then deal with the appointment process.

One chairman stressed that it is most important that before handing over the succession process to the SID, the chairman should privately sound out each non-executive director, including the SID, to see if anybody wishes to be a candidate. If a board member has little chance of being appointed, now is the time for the outgoing chairman tactfully to set expectations, thus avoiding potential embarrassment and hurt feelings.

In the spotlight

THE CEO'S ROLE: The handling of the appointment process will set the tone for the relationship between the CEO and the new chairman. Getting the chemistry right is more art than science.

Naturally, the CEO is central to the process, but conventionally should not control it. In very rare cases, the CEO takes the lead. If the CEO is seen as too dominant for the company's business needs or for the board, the chairman succession process provides an opportunity to reset the balance. Effectively, the CEO wields a veto, but should not be put into a position where he has to apply it.

INSTITUTIONS — INFORMED BUT NOT CONSULTED: It is obviously unwise to run an appointment process that disregards the view of the investors who own the company. However, this is the board's decision and investors will expect to be informed just before an appointment is made, rather than consulted at length.

Investors will expect to see evidence that a systematic succession process is under way, but not the details. It is obvious that the premature release of names will drive away potential candidates. If the nominations committee senses that the appointment might be controversial, it will then be useful to ask the corporate broker to take confidential informal soundings about an individual from major investors, without necessarily revealing the company name or that an appointment is on the cards. It can sometimes be hard for a nominations committee to know whether a chairman candidate will be controversial. The search firm also has a role to play in taking soundings.

Taking office

Power transfers surprisingly quickly from the outgoing to the incoming chairman. It helps for there to be complete clarity about which of them is responsible for what — and when responsibility changes hands. One chairman likened the transition to the handover of control between two pilots of a plane. There is no room for ambiguity at this moment.

The best time to set expectations about tenure is at the moment of taking office. Leaving it later can lead to misunderstandings; it is up to the new chairman to initiate that discussion.

Conclusion

Based on our experience, we would recommend that boards give a greater priority to advance planning, which is more of an advantage than it used to be due to the limited choice of exceptional candidates for this increasingly critical role and the importance of setting the right tone for the future working of an effective board.

Will Dawkins leads the UK Board Services Practice.

This article is an extract from a recent report based on Spencer Stuart's experience and that of a number of practising chairmen and senior independent directors. A copy of the full report can be obtained from Spencer Stuart.

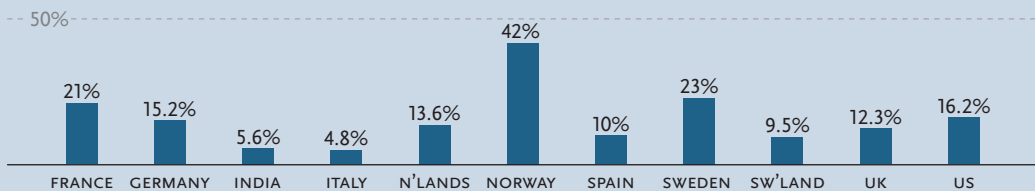
FEMALE DIRECTOR TRENDS IN EUROPE — 2011

Spencer Stuart has been tracking the trends in board composition across Europe for many years through its country-specific editions of the Board Index. Here we examine the number of women on boards in key markets and explore some of the issues boards face as they seek to introduce more gender diversity.

France

In France, a bill was passed in January 2011 requiring 20 per cent of directors of listed company boards to be women by 2014, rising to 40 per cent by 2017. The introduction of a quota system has had two immediate consequences. First, experienced female board directors — both executive and non-executive — are now in such demand that they can afford to be highly selective about any new boards that they join. Second, boards are showing a willingness to explore further new candidate pools such as HR, legal or communications executives, or even those without direct corporate experience, such as lawyers and other professional advisers, civil servants and entrepreneurs. Since the bill was adopted, the majority of new director appointments have been women.

22 companies in the CAC40 have already reached the initial threshold of 20 per cent. In July 2011, 80 board positions were occupied by French women and 40 from a different country. Women who are already on boards report that in order



WOMEN DIRECTORS ON BOARDS AROUND THE WORLD 2011

Source: Most recent Spencer Stuart Board Indexes

to feel more competent and confident about their contribution, the ideal number of female board members is three. 23 companies have three or more women on the board.

Germany

In Germany, 15.2 per cent of supervisory board directors in DAX 30 companies are women, although 90 per cent of companies have at least one director on the board. German politicians have been debating a target for boards to have 30 per cent representation by 2018, but in reality action is not likely to be taken before 2013. The German Corporate Governance Code was amended in 2010 to include a recommendation for boards of directors to consider cultural and gender diversity when recruiting to fill board positions. Companies must publish in their annual reports what they consider the ideal composition of their board to be in terms of experience, qualification and diversity. Ten per cent of DAX 30 companies are currently unwilling to follow this recommendation of the Code.

The issue of increasing the number of women on German boards is currently the subject of much debate. A few nomination committees are looking at all-women shortlists for open director positions, but most are not overly focused on the gender issue, expecting to see a diverse slate of candidates who are, first and foremost, qualified against the role specification.

Italy

In Italy, 4.8 per cent of board directors in the top 100 companies are women. 45 per cent of companies have at least one female director on the board. A bill backed by ruling and opposition parties was approved by parliament in early 2011, designed to make it mandatory for listed groups and city-owned companies to have women comprise 30 per cent of their boards and statutory auditors. The new law requires full compliance by 2015.

The pipeline of senior executives who are women is not sufficient to supply the needs to Italian boards in the future. Either more women will need to be appointed quickly to senior executive roles in Italian businesses or boards will need to look outside traditional candidate pools for female directors in the future. The first effects of the law are already evident, with a noticeable increase in the demand for women to be appointed to Italian boards.

In the spotlight

Netherlands

In the Netherlands, a target guideline for female participation was introduced in June 2011 (on the basis of “comply or explain”) for both supervisory and executive boards, stating that by 2016 30 per cent of board positions at Dutch companies and institutions with more than 250 employees should be held by women.

The Netherlands is among the first countries (after Norway and Belgium) to impose a target for female representation on both supervisory board and executive boards. However, companies still have a considerable way to go; there is a lack of qualified candidates for supervisory board roles. In the past, there has been a relatively large inflow of non-Dutch female non-executives, but with other European countries looking to increase the number of women on boards as well, there is not an infinite supply.

Nordics

Norway is considered one of the most progressive countries in the world when it comes to female representation in the boardroom. It was the first European country to impose quotas on companies in 2004, requiring all boards to have a minimum of 40 per cent women by 2008. Today, the actual figure is even higher. Sanctions are tough: companies will be dissolved if they do not respect the quota rules. Finland (28 per cent) and Sweden (23 per cent women) have experienced a halo effect. However, only 9 per cent of directors in Denmark are women.

Spain

In 2008, the government introduced a law requiring companies to have 40 per cent women directors by 2015. After three years, progress towards this goal has been slow: only 10 per cent of board directors companies are women. The law obliges companies to justify their decisions over female representation on boards, but does not impose strict penalties. Consequently, there is not much urgency among chairmen to rectify the situation, although this is bound to change as the deadline gets closer.

There is a clear demand for female directors in Spanish companies, and diversity is implicit in every new mandate. However, there is currently no great desire on the part of companies to explore new candidate pools for women directors. Women board members tend to be either academics or executives and on average serve on more boards than men. However, the relatively small number of female executives at senior levels in business, coupled with limited time available due to the pressure of their own jobs, means that this particular pipeline is not strong.

Switzerland

In Switzerland, 9.5 per cent of board directors are women. Although there is no indication that the Swiss government is considering the introduction of quotas to increase the number of women on boards, there is a trend towards prioritising the recruitment of female directors in Switzerland, but so far without any noticeable concessions over candidate qualifications.

UK

The implications of the Davies Report, published in February 2011, continue to be the subject of constant scrutiny and debate, particularly in the media. By 2015, 25 per cent of listed company directors should be women. This edition of the Board Index reports that 17.5 per cent of non-executive directors in the FTSE 150 are women, but only 5.7 per cent of executive directors. 21 per cent of companies still do not have a woman on the board.

In July 2011, UK headhunters signed up to a Voluntary Code to improve the gender balance on the boards of FTSE 350 companies. It recommends careful succession planning for the board as a whole to improve effectiveness and emphasises the importance of providing “appropriate weight to intrinsics, supported by thorough referencing, rather than over-valuing certain kinds of experience.” Search firms are also expected to ensure that at least 30 per cent of long list candidates for any board search are women. See page 21 for more information on the pipeline of female executives.

Corporate governance in the UK

Boards and their activities have been under increased scrutiny and comment in recent years and this year has been an active one in terms of reviews and reports. Gender diversity, perceived short-termism in business and markets, and remuneration have been the highest profile topics.

Lord Davies' report, *Women on Boards*, was published in February. As expected, it was critical of the status quo, but did not recommend quotas. Instead, it recommended that companies articulate what is likely to be the female representation on their boards by 2013 and 2015 with the stated aim of 25 per cent representation by the latter, and also to disclose the representation of women in senior management and in the total workforce. The report also pointed out that achieving these goals is a responsibility of all involved in working with boards on corporate governance issues. At the time of writing, the first six-monthly progress report by the Steering Board has just been published. The FRC issued a consultation document, *Gender Diversity on Boards*, in May 2011. The feedback report indicates that there will be changes to wording in the update of the *UK Corporate Governance Code* scheduled for 2012.

In March, the Financial Reporting Council (FRC) published updated *Guidance on Board Effectiveness* to assist companies in applying the principles of the UK Corporate Governance Code. The guidance focuses on the roles and responsibilities of all members of an effective board, performance evaluation, succession planning and the relationship with shareholders.

In January, the FRC published a discussion paper, *Effective Company Stewardship: Enhancing Corporate Reporting and Audit*. Following a consultation period it issued a "next steps" paper in September, which, if adopted, will have implications for audit committees and for the Corporate Governance Code and Turnbull guidance. Risk management has also been studied closely this year as the FRC conducted meetings with a view to better understanding how boards are managing risk and what is appropriate within different sectors. A summary of findings was published in September.

The coalition Government announced various reviews and consultations, the outcomes of which will have implications for boards. As last year's Board Index was published, the Department for Business, Innovation and Skills (BIS) launched its consultation "*A Long-Term Focus for Corporate Britain*." This aimed to ad-

dress concerns that markets focus on the short term and that this affects boards' decision-making and the long-term success of businesses. The Department asked for comments on factors which influence board decisions such as information flows, transparency of ownership, shareholder engagement, and related issues such as remuneration. Building on this initiative, the *Review of UK Equity Markets and Long-Term Decision Making*, led by Professor John Kay, was established in June. A consultation period was launched in September and a final report is due in mid-2012. Most recently, in September, BIS published a discussion paper on the link between executive remuneration and performance. It considers the role of shareholders and remuneration committees, the structure and transparency of remuneration, and whether or not there is a case for reviewing the status of the advisory vote on the remuneration report.

As has been apparent from Board Indexes in recent years, the number of large foreign companies listed in London and appearing in the major indices has been increasing. There has been discussion about the implications of this increasing internationalisation and the view that the FTSE 100 in particular is "no longer representative of the UK economy". From a governance perspective there have been some high-profile controversies surrounding some of these companies, particularly regarding the role of dominant shareholders. In order to address some of the concerns, new FTSE rules were introduced, requiring a free float of at least 50 per cent for non-UK incorporated companies in order to be included in a UK index.

As anticipated, in April the European Commission published a green paper on the EU corporate governance framework. This sought views on board composition, risk, short-termism, shareholder transparency and interaction, disclosure, and whether there is a need or appetite for the EU to legislate and/or issue further guidance on corporate governance in these areas. The Commission is in the process of considering the responses and will report during 2012.

Our survey approach

The 2011 UK Board Index covers the largest 150 companies listed by market value at the end of April 2011, excluding investment trusts.

The purpose of the survey is to provide the most comprehensive possible review of practice in the largest companies at a given point, to compare it with previous years and to identify major trends.

There are 14 changes of constituent from last year. Of the new entrants, seven are industrial companies and five are in financial services. Of those companies that have fallen out of consideration, eleven have slipped down the FTSE rankings. Of the others, Arriva and SSL International have been taken over, by Deutsche Bahn and Reckitt Benckiser respectively, and British Airways merged with Iberia to form IAG. Northumbrian Water Group is, at the time of writing, subject to offer by a consortium.

Of the new entries, half have appeared in the Index at some point in the past.

Pre-filled questionnaires were sent to constituent companies in August and they were asked to amend as appropriate. All companies were sent the proofs of their data before publication.

Chairmen continue to be described as full-time or part-time, as companies prefer not to categorise their chairman as executive or non-executive. The split of executive and non-executive directors therefore excludes them. Chairmen are, however, included in categories such as foreign directors, women and average age. Where companies report in a currency other than sterling, the Bank of England average exchange rate for the year has been used for conversion.

Board composition data was taken at 7 July 2011 and the remuneration data are, for the most part, those published in the latest annual report.

Board size and composition

BOARD SIZE

Average board size has risen to 10.4. The number of boards with 12 or more members is back at 30 per cent. Nine and 11 are the most common sizes with 25 and 21 per cent of boards respectively. However, the number of large boards (15 or more) has almost doubled.

The split between non-executive and executive directors, excluding the chairman, has also returned to 2009 proportions: non-executives make up 67 per cent of boards compared with 68 per cent in 2010. Excluding chairmen, the proportion of non-executive directors now deemed to be independent has remained unchanged for three years at 94 per cent, with 115 companies considering all their non-executives to be independent.

Size of board	% of companies	
	This year	Last year
8 or fewer	27.3	27.3
9-11	42.7	50.7
12-14	22.7	18
15 or more	7.3	4

THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

The number of companies with a combined chairman and chief executive remains at two. The number of chairmen considered to be full time has risen from six last year to 14 this year, with 91 per cent part-time.

FOREIGN DIRECTORS

The proportion of foreign directors (both executive and non-executive) has risen to almost 32 per cent from 24 per cent last year. This is a return to the levels of 2005. The proportion of companies having at least one foreign non-executive has fallen slightly to 76 per cent from 79 per cent last year. 54 per cent of companies now have at least one foreign executive director, up from 50 per cent last year. Only 18 per cent of companies have no foreign director at all.

This year we asked about the nationality of directors. 65 per cent of foreign directors come from either the United States or continental Europe/Republic of Ireland.

The Americas account for 40 per cent, with 31 per cent from the USA and 5.5 per cent from Canada. Continental Europe and the Republic of Ireland account for 34 per cent, with eight per cent French, six per cent Dutch and three per cent each from Germany and Italy. Ten per cent of directors have African citizenship, coming mainly from South Africa. Fifteen per cent are from Asia-Pacific, of whom almost half are Australian.

Ten per cent of the foreign executive directors had been appointed since July 2010, as had 12 per cent of the foreign non-executives.

WOMEN DIRECTORS

Women represent 12.3 per cent of the total number of directors in the FTSE 150, up from 11.5 per cent last year. They form 17.5 per cent of non-executives (up from 14.4 last year), but only 5.7 per cent of executive directors (up from 4.5 per cent). There were two women chairmen at the time of analysis and seven women chief executives, exactly the same as last year. The proportion of companies that have at least one woman non-executive has risen again to 73 per cent from 68 per cent. Fifteen per cent have one or more woman executive director, a rise from 12 per cent last year.

For the first time, we asked how many of the women directors had been appointed in the previous year (July 2010 to 7 July 2011, which was the cut off date). 23 per cent were appointed in that time period. Next year we will be able to see the impact that moves to increase the gender diversity of boards have had on this figure.

LENGTH OF SERVICE

The average length of service of non-executive directors has fallen back to 4.2 years from 4.5 last year. The average tenure of chairmen has risen from 4.3 years to 4.8 years. Full-time chairmen who are not also chief executive have an average tenure of 6.2 years. Part-time chairmen have an average tenure of 4.5 years, up slightly from 4.2 years in 2010. 35 per cent of part-time chairmen have been in office for fewer than three years. Length of service of chief executives has again dropped back slightly, to 5.2 years from 5.3 last year.

AVERAGE AGE OF DIRECTORS

Executive and non-executive directors have an average age of 51 years and 59 years respectively, the same as the last two years.

DIVERSITY ANALYSIS OF FTSE EXECUTIVE COMMITTEE MEMBERSHIP

“The low number of women on boards is in part a symptom of insufficient numbers emerging at the top of the management structure and the under-representation of women in senior management generally.”

From the Davies Report: *Women on boards*, February 2011

This year the Spencer Stuart *UK Board Index* has tracked the number of women who are members of the senior executive teams of FTSE 150 companies. The Executive Committee, or ExCo¹, is generally considered the most promising source of potential new non-executive directors, but in reality this pipeline is not as rich as many would think. Indeed, the fact that in the FTSE 150 as a whole the percentage of female ExCo members is smaller than that of female non-executives indicates that — for the foreseeable future — boards will either have to look deeper inside businesses for the next generation of non-executives, or outside the corporate world entirely.

Focus on the FTSE 50²

- > 468 ExCo members
- > Average size of ExCo is 9.55 (average board size in the FTSE 150 is 10.4)
- > 187 ExCo members are non-British (40%). This compares with 32% foreign non-execs in the FTSE 150
- > 54 ExCo members are women (11.5%). This compares with 12.3% female non-executives in the FTSE 150
- > 20 of these 54 ExCo members have an outside non-executive directorship. Of these, only 11 directorships are with UK-listed companies. Seven directorships are with overseas companies.

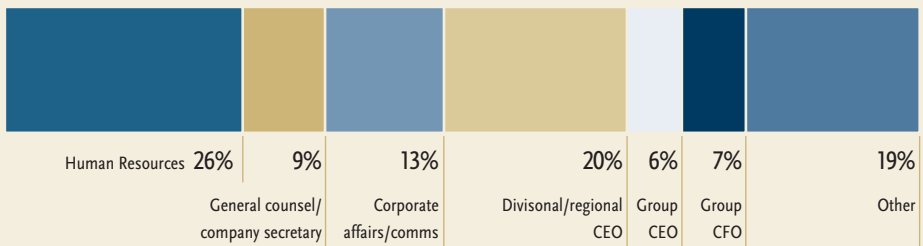
1 “Executive Committee” is the most common name given to the senior management team, but there are numerous variations, including Operating Committee, Operating Executive, Management Board, Leadership Team and Corporate Executive Team.

2 Companies are under no obligation to publish the composition of their senior management teams. At the top of the FTSE most do, though not all; there is less transparency further down the index. There is more ambiguity and fluidity in the membership of senior executive teams than there is on boards.

In the spotlight

Functional roles of women on FTSE 50 Executive Committees

- > HRDs (26%)
- > Divisional/Regional CEO/MD (20%)
- > Corporate Affairs/Corporate Comms/Marketing (13%)
- > General counsel/company secretary (9%)
- > Group CEO (6%)
- > Group CFO (7%)
- > Other, e.g. risk, strategy, corporate development (19%)



FTSE 150 companies with the highest proportion of women on ExCo

- 1–50
 - Shire (3 of 6)
 - Imperial Tobacco (3 of 8)
 - British Sky Broadcasting (3 of 12)
 - Legal & General (3 of 11)
- 51–100
 - Marks & Spencer (5 of 15)
 - Inmarsat (4 of 18)
- 101–150
 - Northumbrian Water (2 of 9)
 - Homeserve (2 of 9)

Remuneration

THE CHAIRMAN

Average remuneration of chairmen has fallen slightly to £390,000 from £393,000 in 2010. There are more chairmen described as full-time, but the number of chairmen who are also chief executive has remained at two. The average for part-time chairmen has remained almost the same at £332,500, compared with £334,000 last year.

SENIOR INDEPENDENT DIRECTORS

A few companies continue to feel that the appointment of a senior non-executive is not appropriate for their structure. This year we asked once again about specific fees paid to senior independent directors in addition to other fees. A few companies pay no additional fees and some have calculated an inclusive fee for the senior independent director which encompasses all activities. In other companies, senior independent directors qualify for committee fees as well as receiving an additional fee. In those cases where additional fees do apply the amount varies considerably, with the top figure £150,000 and the average £18,000. Average total remuneration of senior independent directors is £91,600, up from £88,000 last year and almost back to the 2009 figure of £92,000.

NON-EXECUTIVE DIRECTORS

We have, as usual, separated basic fees and other attendance and travel fees; we have also included fees for committee membership as well as committee chairmen. A few companies structure fees as a combination of retainer plus attendance and committee fees. Companies whose meetings regularly take place outside the UK or who have several overseas directors specify additional fees for travel.



















Only three companies pay a basic retainer of less than £30,000. 73 per cent pay more than £50,000 and the average is £58,600 compared with £55,750 last year. The low retainers paid by some companies are supplemented by attendance payments, which bring the fees of the conscientious non-executive into line with the mainstream. There is one company that pays differential rates to its non-executives according to experience.

More companies review board remuneration every year, rather than every two or three years, but do not necessarily make any changes. While many companies reviewed remuneration but decided not to increase fees, those who had not increased

fees for several years felt that an adjustment was justifiable in order to maintain a comparison with their competitors by both sector and market capitalisation.

There is usually a requirement that directors purchase shares in the companies on whose boards they sit. However, only 12 per cent either pay all or part of their directors' fees in shares or give directors a choice regarding payment.

Remuneration of board members

	This year	Last year	
Chairman			
Below £100,000	2.7	4	
£100,000 to £249,999	30	30	
£250,000 to £499,999	44.7	42.7	
£500,000 to £749,999	14.7	15.3	
£750,000 to £999,999	2.7	1.3	
Above £1 million	5.3	6.7	
Senior independent directors			
£30,000 to £49,999	5.3	10	
£50,000 to £74,999	44.7	36.7	
£75,000 to £99,999	18.7	24.7	
£100,000 and more	30	23.3	
N/A	1.4	5.3	
Non-executive directors			
Less than £30,000	2	2	
£30,000 to £39,999	5.4	4.9	
£40,000 to £49,999	19.7	27.9	
£50,000 to £59,999	30.6	28.7	
£60,000 to £69,999	19	18.9	
£70,000 to £79,999	13	10.5	
More than £80,000	10.2	7	

Board meetings and committees

BOARD MEETINGS

75 per cent of companies now hold between six and ten meetings per year. These are the scheduled number, but many companies held additional meetings as required by economic circumstances or corporate activity.

	Number of board meetings									
	<5	5	6	7	8	9	10	11	12	>12
This year (% of companies)	5.4	6	21.5	10.1	19.5	9.4	14.7	7.4	2	4
Last year (% of companies)	3.4	6	14.8	14.1	21.5	14.8	8.7	5.4	6.7	4.6

COMMITTEES

The number of board committees composed wholly or partly of non-executives remains constant. Audit, remuneration and nomination remain the major committees. The number of companies with a separately constituted risk committee has almost doubled, as committees which had been previously announced came into operation.

	% companies	
	This year	Last year
Number of committees		
3 committees	52	58
4 committees	39	35
5 committees	7	7
Type of committee		
Audit	100	100
Remuneration	100	100
Nomination	99	100
Corporate/Social Responsibility/Sustainability	14.7	15.3
Health, Safety, Environment	14.7	12.7
Risk	13	10*

* Including compliance

REMUNERATION FOR COMMITTEE MEMBERSHIPS AND CHAIRMANSHIP

The landscape of committee remuneration has not changed to any great extent, other than the introduction of risk committees, whose chairmen are compensated at similar levels to audit and remuneration chairmen.

There is less distinction between the fees paid to audit and remuneration committee chairmen, with almost 60 per cent of both being paid between £10,000 and £30,000. The range for both is £5,000 to £150,000 and that for risk committee chairmen is £10,000 to £150,000.

As before, where the chairman of a committee is the chairman or deputy chairman of a company, all his/her responsibilities are usually included in the total fees. This also applies in the case of some senior independent directors.

The picture regarding fees for committee membership is clearer than in previous years. 78 of the companies surveyed do not pay additional fees for committee membership and a further 16 have not specified whether or not they do. Where fees are paid, they range from £2,500 to £30,000 per committee and a few companies make a single payment to cover all committee responsibility. Audit, remuneration and risk committee members are the most likely to receive additional fees, followed by health and safety and corporate/social responsibility where these exist.

Size of committee chairman's fee	% companies who pay additional chairman fees for:	
	Audit committee	Remuneration committee
Nil	9.3	10.7
£5,000 to £9,000	10	15.3
£10,000 to £19,000	42	42
£20,000 to £29,000	16.7	16
£30,000 to £39,000	8.7	5.3
Above £40,000	7.3	4.7
Unknown	6	6

Directors' workload

NON-EXECUTIVE DIRECTORS

Assessing the number of days worked by non-executives on behalf of a company continues to be difficult. This year, 48 per cent of companies disclosed the data in their annual report or did so in response to our request, compared with 37 per cent last year. Financial services companies require the most commitment, along with those who have international meetings. Of those who have quantified it, almost half expect a commitment of between 20 and 30 days. In addition to regular meetings, extraordinary meetings and the AGM, many companies hold a strategy session of one or two days.

This year we publish in the data tables the number of meetings held by committees. There is a wide range in the number of meetings of the main committees. For audit, the range is three to 17 meetings per year (two to 14 last year); for remuneration, the range is one to 13 (two to 14 last year). Four meetings per year is the most common number scheduled by audit, remuneration, risk and corporate responsibility committees.

EXTERNAL COMMITMENTS

We have again asked how many quoted company directorships are held by the chairmen, chief executives and chief financial officers of the constituent companies. The percentage of chairmen holding other quoted directorships has fallen from 75 to 70 per cent. 35 per cent have one other and 23 per cent two. The number of chief executives serving on external quoted company boards has risen to 44 per cent from 41 per cent from last year. Only 27 per cent of chief financial officers had an outside board this year, compared with 41 per cent last year.

BOARD EVALUATION

Companies continue to work to a cycle of using external facilitators in some way, but this cycle is now more likely to be two to three years in line with the 2010 Code requirement. Sometimes facilitators manage the entire process but some companies use them only to collate and interpret internally generated questionnaires. This year, 54 per cent used only internal resources, 23 per cent used only external consultants, and 23 per cent a combination of the two, a slight increase on last year. Four companies did not carry out an evaluation during the year in under review; this was either because they had not completed a year since their listing, or they had a newly constituted board due to a merger.

Board composition

	Financial year end	Total number of directors	Chairman full or part time	Chairman also CEO?	Non-exec dirs excl chairman	Indep non-exec dirs excl chairman
3i Group	Mar 2011	7	Part	No	4	4
Aberdeen Asset Management	Sep 2010	14	Part	No	8	6
Admiral Group	Dec 2010	11	Part	No	7	7
Aegis Group	Dec 2010	9	Part	No	5	4
Afren	Dec 2010	8	Part	No	4	4
African Barrick Gold	Dec 2010	9	Part	No	6	5
Aggreko	Dec 2010	10	Part	No	4	4
Alliance Trust	Jan 2011	8	Part	No	4	4
AMEC	Dec 2010	8	Part	No	4	4
Amlin	Dec 2010	10	Part	No	5	5
Anglo American	Dec 2010	11	Part	No	8	7
Antofagasta	Dec 2010	8	Full	No	7	4
Aquarius Platinum	Jun 2010	8	Part	No	6	5
ARM Holdings	Dec 2010	13	Part	No	6	6
Ashmore Group	Jun 2010	6	Part	No	3	3
Associated British Foods	Sep 2010	8	Part	No	5	4
AstraZeneca	Dec 2010	11	Part	No	8	7
Autonomy Corporation	Dec 2010	7	Part	No	4	4
Aviva	Dec 2010	12	Part	No	8	8
Babcock International Group	Mar 2011	11	Part	No	6	6
BAE Systems	Dec 2010	13	Part	No	9	9
Balfour Beatty	Dec 2010	12	Part	No	6	6
Barclays	Dec 2010	13	Part	No	10	10
BG Group	Dec 2010	13	Part	No	9	9
BHP Billiton	Jun 2010	12	Part	No	10	10
BP	Dec 2010	13	Part	No	9	9
British American Tobacco	Dec 2010	11	Part	No	7	7
British Land Co	Mar 2011	13	Part	No	7	7
British Sky Broadcasting Group	Jun 2010	14	Part	No	11	8
BT Group	Mar 2011	13	Part	No	8	8
Bunzl	Dec 2010	8	Part	No	4	4
Burberry Group	Mar 2011	8	Part	No	5	5
Cairn Energy	Dec 2010	9	Part	No	5	5
Capita Group	Dec 2010	10	Part	No	4	3
Capital Shopping Centres Group	Dec 2010	12	Part	No	8	7
Carillion	Dec 2010	8	Part	No	4	4
Carnival	Nov 2010	14	Full	Yes	11	9
Centrica	Dec 2010	12	Part	No	6	6

Foreign non-execs	Women non-execs	Exec dirs excl chairman	Foreign execs	Women execs	Ave service non-execs	Chairman tenure	CEO tenure	Ave age non-execs	Ave age execs
1	0	2	0	1	2.2	1	2.5	55	46
2	2	5	0	1	4.3	2.5	28	55	52.8
1	2	3	0	0	5.8	11	12.5	57	50
1	1	3	0	0	3.5	1.5	1.2	61	52
2	0	3	0	0	3.5	2.5	4.4	61	50
5	0	2	2	0	1.3	1.3	1.3	55	42
0	0	5	1	0	3	9	8	54	50
0	1	3	0	1	4	7	3	61	43
0	0	3	1	0	2.6	0.1	4.8	57	51
2	1	4	0	0	5	13	12	62	47
5	1	2	2	1	3.3	1.9	4.3	62	53.5
7	0	0	1	0	7.2	6.7	n.a.	60	47
4	0	1	0	0	5.9	9	9.8	63.3	49
1	2	6	0	0	2.7	4.8	9.8	57.7	49.5
1	1	2	0	0	3.1	4.8	4.8	62.5	48
2	0	2	1	0	14	2.3	6.3	62	50.5
5	3	2	1	0	5	6.5	5.5	57	53
0	0	2	0	0	7.5	2.2	15.3	57.5	46.5
5	3	3	1	0	4.7	5.5	4	58.2	49
0	1	4	0	0	4.3	2.7	7.9	57.4	58.8
4	2	3	1	1	3.3	7	2.8	60.9	56
2	0	5	0	0	3.7	3.2	6.5	58.6	51.2
3	2	2	1	0	4	4.5	0.5	59.2	54.8
3	1	3	1	0	3.6	4.5	10.8	60.8	54
10	2	1	1	0	4.2	1.3	3.8	60.8	48
8	1	3	2	0	2.6	1.5	0.8	60.1	54.7
5	2	3	2	0	4.2	1.7	0.4	62.1	53.3
0	1	5	0	1	2	4.3	2.5	57.6	50.3
6	1	2	0	0	9.3	3.6	3.6	58.6	44
2	2	4	0	0	4.1	3.8	3.1	57.3	54.2
2	1	3	2	0	4	1.3	5.7	61	53.7
1	1	2	1	2	5.8	9	5	55.7	49
4	1	3	0	1	3	New	New	56.8	52.3
0	1	5	0	1	2.4	1.2	13.5	52.2	48.6
0	0	3	0	1	4.8	2.8	10.3	60	48
0	1	3	0	0	4.1	6.2	10.5	56.8	56
8	1	2	3	0	8.3	8.3	8.3	64.1	65.3
2	3	5	0	0	4.5	7.2	5	55.6	49.6

Board composition

	Financial year end	Total number of directors	Chairman full or part time	Chairman also CEO?	Non-exec dirs excl chairman	Indep non-exec dirs excl chairman
Cobham	Dec 2010	9	Part	No	6	6
Compass Group	Sep 2010	9	Part	No	5	5
Cookson Group	Dec 2010	8	Part	No	4	4
Croda International	Dec 2010	9	Part	No	5	5
Daily Mail & General Trust	Sep 2010	15	Full	No	8	5
Derwent London	Dec 2010	13	Part	No	6	6
Diageo	Jun 2011	11	Part	No	8	8
Drax Group	Dec 2010	8	Part	No	4	4
Essar Energy	Dec 2010	7	Full	No	5	4
Eurasian Natural Resources Corporation	Dec 2010	10	Part	No	6	5
Experian	Mar 2011	11	Part	No	7	7
Ferrexpo	Dec 2010	8	Part	No	5	4
FirstGroup	Mar 2011	9	Part	No	5	4
Fresnillo	Dec 2010	10	Part	No	8	5
G4S	Dec 2010	10	Part	No	6	6
GKN	Dec 2010	11	Part	No	5	5
GlaxoSmithKline	Dec 2010	15	Part	No	11	11
Hammerson	Dec 2010	8	Part	No	5	5
Hargreaves Lansdown	Jun 2010	7	Part	No	3	3
Hays	Jun 2010	8	Part	No	5	5
Henderson Group	Dec 2010	10	Part	No	5	5
Hiscox	Dec 2010	11	Full	No	7	7
Hochschild Mining	Dec 2010	9	Full	No	7	6
Home Retail Group	Feb 2011	6	Part	No	3	3
Homeserve	Mar 2011	9	Part	No	4	4
HSBC Hldgs	Dec 2010	17	Full	No	13	13
ICAP	Mar 2011	9	Part	No	4	4
IG Group	May 2011	10	Part	No	5	5
IMI	Dec 2010	11	Part	No	5	5
Imperial Tobacco Group	Sep 2010	9	Part	No	6	6
Inchcape	Dec 2010	9	Part	No	6	6
Informa	Dec 2010	8	Part	No	5	5
Inmarsat	Dec 2010	9	Full	Yes	6	6
InterContinental Hotels Group	Dec 2010	10	Part	No	7	7
International Airlines Group	New Co	14	Part	No	10	8
International Power	Dec 2010	12	Part	No	8	5
Intertek Group	Dec 2010	9	Part	No	6	6
Invensys	Mar 2011	9	Part	No	7	7

Foreign non-execs	Women non-execs	Exec dirs excl chairman	Foreign execs	Women execs	Ave service non-execs	Chairman tenure	CEO tenure	Ave age non-execs	Ave age execs
2	1	2	0	0	3.4	1.2	1.5	62.4	51
1	1	3	0	0	3	5	5	58	52
1	0	3	1	0	5.4	1.2	7	63.2	55.7
0	0	3	0	0	2.9	5.8	12.5	61.1	52.2
3	0	6	1	0	9	12.8	2.8	63.3	56.9
0	1	6	0	0	5.8	4.4	4.4	63.4	53
5	3	2	1	1	4.9	3	10.8	58.9	52.5
1	0	3	0	1	2.8	3.3	5.8	60.2	48
4	0	1	2	0	1.1	1.2	1.2	59.3	59
5	0	3	2	1	3.1	1.9	1.9	60.4	50.3
2	2	3	2	0	3.5	5	5	57.8	56
3	0	2	1	0	3.6	4.1	2.7	57.7	43
0	1	3	1	0	6	11.8	0.7	54.7	55.3
7	0	1	1	0	3	3.2	3.2	65.1	76
4	2	3	0	0	4.3	5.1	6	60.3	56.3
1	1	5	1	0	3	7.1	8.5	58	55
5	3	3	1	0	4.4	6.5	3.2	57.7	48.3
2	1	2	0	0	3.7	5.8	1.8	62	48.5
0	0	3	0	1	3.3	1.6	0.8	57.5	47.7
0	1	2	0	0	6	0.7	3.7	54.3	49.5
0	0	4	2	1	4.5	6.3	2.7	61.8	48.5
5	1	3	1	0	2.8	4.6	4.6	62.1	56.8
3	0	1	2	0	4.1	4.7	1.3	63.4	43.5
0	0	2	0	0	2.7	4.8	4.8	58.5	50
0	1	4	0	0	2.8	1.3	7.3	52.8	47.5
6	4	3	0	0	4.3	0.6	0.5	60.8	53.8
2	1	4	1	0	1	9.9	11.8	57.6	54.3
0	0	4	0	0	4.2	7.5	4.8	58	45
2	1	5	0	0	4.4	6.2	10.5	58	48
2	1	2	0	1	5.2	4.5	1.2	59.3	51.5
2	1	2	2	0	3.4	2.2	5.5	54.1	50
0	0	2	0	0	4.3	3.3	6.3	53.8	49
3	2	2	1	0	5.5	7.3	7.3	62.5	51.3
3	2	2	1	0	3	7.5	New	62	57
8	1	3	2	0	0.4	0.5	0.5	63.9	52.7
5	0	3	1	0	2.8	0.4	7.6	60	56.3
1	1	2	1	0	3.7	7.2	6.3	61	61
2	1	1	1	0	3	2	0.3	68	56

Board composition

	Financial year end	Total number of directors	Chairman full or part time	Chairman also CEO?	Non-exec dirs excl chairman	Indep non-exec dirs excl chairman
Investec	Mar 2011	17	Part	No	12	8
ITV	Dec 2010	7	Part	No	4	4
Johnson Matthey	Mar 2011	12	Part	No	7	7
Kazakhmys	Dec 2010	8	Full	No	5	4
Kingfisher	Jan 2011	9	Part	No	6	6
Land Securities Group	Mar 2011	12	Part	No	7	7
Legal & General Group	Dec 2010	11	Part	No	6	6
Lloyds Banking Group	Dec 2010	12	Part	No	8	8
Logica	Dec 2010	8	Part	No	5	5
London Stock Exchange Group	Mar 2011	12	Part	No	8	8
Lonmin	Sep 2010	11	Part	No	8	6
Man Group	Mar 2011	10	Part	No	6	6
Marks & Spencer Group	Mar 2011	13	Part	No	6	6
Meggitt	Dec 2010	8	Part	No	4	3
Melrose	Dec 2010	7	Full	No	3	3
Michael Page International	Dec 2010	8	Part	No	4	4
Millennium & Copthorne Hotels	Dec 2010	9	Part	No	7	5
Mondi	Dec 2010	9	Part	No	4	4
Morrison (Wm) Supermarkets	Feb 2011	8	Part	No	4	4
National Grid	Mar 2011	12	Part	No	7	7
Next	Dec 2010	9	Part	No	4	4
Northumbrian Water Group	Mar 2011	10	Part	No	7	6
Old Mutual	Dec 2010	11	Part	No	8	7
Pearson	Dec 2010	11	Part	No	5	5
Pennon Group	Mar 2011	7	Part	No	3	3
Petrofac	Dec 2010	9	Part	No	4	4
Petropavlovsk	Dec 2010	11	Full	No	5	5
Premier Oil	Dec 2010	11	Part	No	5	5
Prudential	Dec 2010	16	Part	No	8	8
Randgold Resources	Dec 2010	8	Part	No	5	4
Reckitt Benckiser Group	Dec 2010	10	Part	No	7	6
Reed Elsevier	Dec 2010	9	Part	No	6	6
Rentokil Initial	Dec 2010	10	Part	No	6	6
Resolution	Dec 2010	10	Part	No	9	9
Rexam	Dec 2010	8	Part	No	5	5
Rio Tinto	Dec 2010	12	Part	No	8	7
RIT Capital Partners	Mar 2011	11	Full	No	8	8
Rolls-Royce Group	Dec 2010	14	Part	No	8	8

Foreign non-execs	Women non-execs	Exec dirs excl chairman	Foreign execs	Women execs	Ave service non-execs	Chairman tenure	CEO tenure	Ave age non-execs	Ave age execs
7	3	4	4	0	6.2	9.1	9.1	59.8	55.8
0	1	2	0	0	3.1	1.5	1.3	56.8	45.5
1	1	4	1	0	4	5.3	7	60.8	53.5
2	0	2	3	0	3.8	5.8	4.3	56	43.7
3	2	2	0	0	3.1	2.1	3.5	56.2	48.5
1	1	4	0	0	4.8	2.7	7	59.8	48.8
0	1	4	1	0	2.4	1.5	5.5	58.9	51.5
2	1	3	2	0	2.8	1.8	0.3	61.8	52
5	2	2	1	0	2.9	3.7	3.5	57.3	51
4	2	3	2	0	4.3	8	2.2	57.4	50.5
4	1	2	1	0	3.1	2.3	2.8	60	51
4	1	3	1	0	3.7	3.8	3.7	58.8	50
1	2	6	2	2	4.9	0.5	1.2	54	50.8
1	1	3	0	0	3.7	7	10.5	60	57
0	0	3	0	0	6.2	8.2	8.2	63.3	52.5
0	1	3	1	0	4.7	3	6	58.2	50.3
5	0	1	1	0	4.2	15.3	0.1	56.3	59
3	2	3	3	0	2.5	4	4	56	46
1	2	3	1	0	2.7	3.3	1.3	55.6	48
3	2	4	1	0	6.7	8.8	4.5	62.1	50.3
0	1	4	0	0	4.6	5.2	9.9	59.4	52
2	1	2	0	1	3.9	5	1.3	62.9	51
5	1	2	0	0	4	1.5	2.8	59.8	52
3	1	5	1	2	5.4	5.8	14.5	62.5	56
0	1	3	0	0	6.1	14	n.a.	62.8	58.3
4	1	4	1	0	1.7	0.2	9.5	60	53.3
0	0	5	3	1	2.2	9.6	2.3	64.8	50
1	1	5	0	0	3.3	1.8	6.3	64.8	49.8
3	3	7	4	0	5.1	2.5	1.8	61.1	49.1
5	0	2	1	0	5.8	6.9	16	59.1	48
4	1	2	1	1	6	8.2	11.6	58.5	53.5
4	1	2	1	0	4.6	2.1	1.7	58.7	52
1	0	3	0	0	5.2	3.2	3.3	56.4	49.7
4	1	0	0	0	1.8	2.6	n.a.	57.4	n.a.
4	1	2	0	0	5.1	3.2	1.5	62.8	48
7	2	3	1	0	5	2.3	4.2	62	56.3
0	1	2	0	0	3.3	15.5	n.a.	56.4	59
0	1	5	1	0	5.3	4.5	0.3	60.9	56.6

Board composition

	Financial year end	Total number of directors	Chairman full or part time	Chairman also CEO?	Non-exec dirs excl chairman	Indep non-exec dirs excl chairman
Royal Bank of Scotland Group	Dec 2010	11	Part	No	8	8
Royal Dutch Shell	Dec 2010	13	Part	No	9	9
RSA Insurance Group	Dec 2010	10	Part	No	5	5
SABMiller	Mar 2011	17	Part	No	14	9
Sage Group	Sep 2010	8	Part	No	4	4
Sainsbury (J)	Mar 2011	12	Part	No	7	7
St James's Place	Dec 2010	13	Full	No	8	7
Schroders	Dec 2010	12	Part	No	6	5
Scottish & Southern Energy	Mar 2011	11	Part	No	6	6
SEGRO	Dec 2010	7	Part	No	5	5
Serco Group	Dec 2010	8	Part	No	5	5
Severn Trent	Mar 2011	11	Part	No	5	5
Shire	Dec 2010	10	Part	No	7	7
Smith & Nephew	Dec 2010	10	Part	No	7	7
Smiths Group	Jul 2010	8	Part	No	5	5
Spectris	Dec 2010	7	Part	No	3	3
Spirax-Sarco Engineering	Dec 2010	9	Part	No	3	3
Stagecoach Group	Apr 2011	9	Part	No	6	6
Standard Chartered	Dec 2010	16	Part	No	10	10
Standard Life	Dec 2010	11	Part	No	7	7
Tate & Lyle	Dec 2010	9	Part	No	6	6
Tesco	Mar 2011	16	Part	No	8	8
Travis Perkins	Dec 2010	8	Part	No	4	4
TUI Travel	Sep 2010	15	Part	No	10	8
Tullow Oil	Dec 2010	12	Part	No	6	6
Unilever	Dec 2010	12	Part	No	9	9
United Utilities Group	Mar 2011	7	Part	No	4	4
Vedanta Resources	Dec 2010	6	Full	No	3	3
Vodafone Group	Mar 2011	15	Part	No	10	10
Weir Group	Dec 2010	10	Part	No	6	6
Whitbread	Feb 2011	9	Part	No	5	5
William Hill	Dec 2010	6	Part	No	3	3
Wolseley	Jul 2010	8	Part	No	4	4
Wood Group (John)	Dec 2010	14	Part	No	7	7
WPP	Dec 2010	16	Part	No	12	12
Xstrata	Dec 2010	13	Part	No	9	6

Foreign non-execs	Women non-execs	Exec dirs excl chairman	Foreign execs	Women execs	Ave service non-execs	Chairman tenure	CEO tenure	Ave age non-execs	Ave age execs
1	1	2	1	0	3.4	2.4	2.7	59.3	52
8	2	3	1	0	3	5	2	62	54
2	2	4	0	0	6.7	8.3	8.3	62	49
9	3	2	1	0	5	14	14	57.7	56.5
0	2	3	1	0	4.6	4.2	0.8	54.4	53.3
0	3	4	0	0	5	1.9	7.3	63.7	47
0	1	4	0	0	5.9	6.8	4.2	58.4	56
1	1	5	1	0	4.6	8.5	9.7	66	53.6
3	2	4	0	0	5.6	6.5	8.8	56.3	49.3
1	0	1	0	0	4.6	4.8	0.3	57.7	50
2	1	2	0	0	2.8	1.2	9.2	59	45
0	1	5	0	0	3.9	1	3.8	58.8	51.4
5	1	2	0	0	3.2	3.1	3	60.3	53.5
4	2	2	1	0	6.6	5.3	0.3	61.6	53
2	1	2	1	0	4	7.2	3.6	62.7	49.5
0	0	3	1	0	3.6	3.2	5.5	56.3	53.7
1	0	5	0	0	3.4	2	3.3	57.3	54
0	2	2	0	0	10	0.5	9	60.6	51
1	2	5	2	0	5.5	2	5	62.6	50.8
2	2	3	0	1	3.6	4.2	1.5	58.3	49
3	1	2	1	0	4.3	2	1.8	62	49
2	2	7	0	1	2.8	7.3	0.3	59.3	52.6
0	0	3	0	0	5.3	1.2	6.3	59.8	52.3
5	1	4	2	0	3.2	3.8	3.8	62.7	50.5
1	1	5	1	0	4.2	11.3	26.5	60.7	53
8	3	2	2	0	3	4.2	2.5	61.5	48.5
0	1	2	0	0	5	3	0.75	61	53.5
2	0	2	3	0	6.7	6.3	2.8	70.3	54.3
5	2	4	2	0	4	5	3	60.4	49.8
1	1	3	0	0	4.5	6.5	1.7	60.3	50.7
1	1	3	0	0	2.6	5.9	0.7	55	52.3
0	0	2	0	0	3.1	0.8	3.4	56.5	51
1	1	3	1	0	2.3	0.5	2	53.8	53
2	0	6	0	0	6	29	4.5	57	54
8	3	3	0	0	7.6	10.3	26	58.7	54.3
4	0	3	1	0	4.7	0.2	9.4	61.1	57

Board compensation and committees

	Board meetings inc. strategy sessions	Chairman remuneration (£'000)	Senior non-executive director additional fee (£'000)	Senior non-executive director total remuneration (£'000)	Non-executive director basic fee (£'000)	Additional fees except committees	Fees paid in shares
3i Group	6	265	10	82	48	No	+8000/+1600 ¹
Aberdeen Asset Management	8	150	5	55	39	No	No
Admiral Group	8	180	5	55	45	No	No
Aegis Group	12	200	10	55	45	No	No
Afren	4	140		50	47		
African Barrick Gold	5	774	10	60	50		
Aggreko	6	200	6	52	46	No	No
Alliance Trust	6	100	2.5	40	30	No	No
AMEC	10	245	7.875	68	52.5	No	No
Amlin	7	230	8	88.3	49.5	No	No
Anglo American	6	650	20	115	80	No	Optional
Antofagasta	8	\$3,232	Nil	\$146	\$100	No	No
Aquarius Platinum	4	\$201	\$15	\$111	\$81.25	No	No
ARM Holdings	6	168		47.5	42.5	No	No
Ashmore Group	6	125	Nil	50	50	No	No
Associated British Foods	8	300	10	65	54	No	No
AstraZeneca	6	500	30	105	75	No	No
Autonomy	4	120	Nil	60	60	No	No
Aviva	10	495	25	98	65	No	No
Babcock International Group	10	255	12.5	73	47.5	No	No
BAE Systems	11	600	20	86	66	Travel 4 ²	No
Balfour Beatty	10	250	10	62	52	2.5 ³	No
Barclays	8	750	flat fee	200	70		28%
BG Group	8	700	20	122.6	75	No	No
BHP Billiton	10	\$1,000	\$35	\$291	\$154	Travel \$7 ⁴ /\$15 ⁵	
BP	25	750	45	147	75	No	No
British American Tobacco	9	525	25	115	90	No	No
British Land Co	8	372		68		Attendance fee per meeting	No
British Sky Broadcasting Group	5	87.5	20	117.5	52.5	No	No
BT Group	10	638		159.5	62	2 ⁶	No
Bunzl	8	300	16	76	60	No	No

1 Chairman receives 8000 shares; non-executives receive 1600 shares

2 If travel time >5hours

3 US directors only

4 Travel allowance, 3–10 hours travelling

5 Travel allowance, >10 hours travelling

6 Intercontinental travel only

No. & type of board committees	Number of committee meetings	Additional remun. for board committee chairmen (£'000)	Additional remun. for board committee members (£'000)	Formal evaluation of board performance	No. of other quoted boards on which chairman serves	No. of other quoted boards on which chief executive serves	No. of other quoted boards on which CFO serves
4: A R N V	A4; R7;N2; V3	A R 20	A R 3	External	2	0	0
3: A R N	A4; R10; N5	A15 R11	A R 5.5	External	0	13	0
3: A R N	A6; R8; N3	A 20; R N 5	No	External	3	0	0
3: A R N	A5; R6; N2	A R 10	A R 10	Internal	1	0	0
3: A R N	A3; R2; N1	No	No	External	1	1	0
4: A R N HSE	A4; R4; N1	A10		N/A	0	0	0
4: A R N Eth	A3; R4; N6; Eth 2	A R 6	No	Both	2	1	1
3: A R N	A6; R6; N5	A R 5	A R 2	Both	2	1	0
4: A R N Eth	A4; R5; N1; Eth 2	A 13.125; R 7.875; Eth 5.25	No	Internal	0	0	1
4: A R N Ri	A4; R7; N3; Ri5	A R Ri 16	A R Ri 8	Both	2	0	1
4: A R N SSD	A3; R3; N5; SSD4	A R SSD 15; N 7.5	No	Internal	3	1	1
4: A R N Sus	A3; R2; N2; Sus1	A \$20; R \$16; N \$10	A \$10; R \$10; N \$4	Internal	1	N/A	N/A
3: A R N	A4; R1; N1	A \$15; R \$12	A \$7.5; N \$1.9	Internal	2	1	N/A
3: A R N	A4; R3; N4	A R 5.5	No	External	4	1	1
3: A R N	A3; R4; N2	No	No	Internal	0	0	0
3: A R N	A3; R4; N1	A10	No	Internal	1	0	0
4: A R N Sci	A4; R4; N6; Sci 2	A40; R 35; Sci 17	A20; R 15; Sci 10	Both	4	0	1
3: A R N	A4; R3; N2	No	No	Internal	1	1	1
5: A R N CR Ri	A11; R6; N2; CR5; Ri7	A Ri 35; R30; CR10	A R Ri 10; N CR 7.5	External	0	1	1
3: A R N	A4; R9; N2	A 12.5; R 7.5	No	Internal	2	1	1
4: A R N CR	A6; R7; N8; CR4	A R CR 20	No	External	0	1	0
4: A R N Bus	A4; R4; N1; Bus 3	All 10	No	External	1	1	0
4: A R N Ri	A11; R11; N4; Ri7	A60; R Ri 40	A25; R N Ri 15	Both	0	1	0
4: A R N Sus	A6; R5; N4; Sus7	A 20; R Sus 15	A R Sus 5	Internal	2	0	0
4: A R N Sus	A9; R8; N7; Sus 7	A \$55; R Sus \$40	A Sus \$30; R\$25	External	1	0	N/A
5: A R N Ch SEEAC	A15; R6; N8; Ch8; SEEAC 9	A SEEAC 30; R 20	A R SEEAC 5	Internal	1	0	1
4: A R N CR	A5; R7; N7; CR4	A 25; R CR 20	No	External	2	0	0
3: A R N	A5; R4; N2	Yes		Internal	1	0	1
4: A R N Bi	A5; R4; N1; Bi2	All 25	All 10	Internal	2	1	0
3: A R N	A6; R6; N4	A 30; R20; N 12.5	A 15; R 10; N 5	Internal	3	1	0
3: A R N	A3; R4; N2	A R 11	No	Internal	2	1	0

A	Audit	Ch	Chairman's	M&A	Mergers & Acquisitions
R	Remuneration	Compl	Compliance	Ri	Risk
N	Nominations	Confl	Conflict	S	Safety
		CR	Corporate/Social Responsibility	Sci	Science
Bi	Bigger Picture	CT	Contracts	SEEAC	Safety, Ethics & Environment
Br	Brand and Values	Eth	Ethics	SSD	Safety & Sustainable Development
CARAC	Corporate Accountability and Risk Assurance	F	Finance	Sus	Sustainability
CG	Corporate Governance	Ind	Independent Directors	Tr	Transformation
		Inv	Investment	V	Valuation

Board compensation and committees

	Board meetings inc. strategy sessions	Chairman remuneration (£'000)	Senior non-executive director additional fee (£'000)	Senior non-executive director total remuneration (£'000)	Non-executive director basic fee (£'000)	Additional fees except committees	Fees paid in shares
Burberry Group	6	350	20	90	70	2 attendance ⁷	No
Cairn Energy	7	213	Nil	66	66	No	No
Capita Group	9	200	Nil	70	60	No	No
Capital Shopping Centres Group	6	350	10	77.5	50	No	No
Carillion	10	188		61	48	No	No
Carnival	9	\$3.468	\$20	\$258	\$40	\$5 ⁸ /\$2 ⁹	\$120K ¹⁰
Centrica	10	470	20	99	65	No	No
Cobham	10	270	10	70	55	5 ¹²	No
Compass Group	8	426	25	110	70	No	No
Cookson Group	7	164	5	55	40	No	No
Croda International	9	153	3	50	41	No	No
Daily Mail & General Trust	6	1.308	N/A	N/A	30	No	No
Derwent London	6	150	5	53	44	No	No
Diageo	6	459	20	112	78	No	No
Drax Group	7	200	10	61	52.5		
Essar Energy	3	300		71.3	60		
Eurasian Natural Resources Corporation	8	500	150	250	100	No	No
Experian	6	350	€22	€200	€120	€6K ¹³	No
Ferrexpo	6	\$731 ¹⁴	\$20	\$140	\$120	No	No
FirstGroup	9	191		53	45	No	Optional; norm is 40%
Fresnillo	4	\$46		\$138	\$46	No	No
G4S	8	270	10	125.35	54.1	No	No
GKN	10	300	5	55	50	No	No
GlaxoSmithKline	6	540 cash +135 in shares	30	128	75 ¹⁵	7.5	25% minimum
Hammerson	11	270	10	72	50	No	No
Hargreaves Lansdown	5	90	15	54	30–40 ¹⁶	No	No
Hays	8	230		66	50	No	Yes
Henderson Group	8	170	5	53	50		Ch £20k; NXD £5k
Hiscox	4	310	\$5	\$130	\$83		
Hochschild Mining	4	\$1,813	20	170	100		

7 Meetings outside country of residence

8 Attendance in person

9 Attendance by telephone

10 Value of shares paid in addition to other fees.

11 Attendance fees: A \$3in person; \$1.5 phone. R N \$2.5 in person; \$1.25 phone

12 For transatlantic travel

13 For intercontinental travel

14 \$331 of this was one-off bonus listing award

15 For intercontinental travel (per meeting)

16 Dependent on experience

No. & type of board committees	Number of committee meetings	Additional remun. for board committee chairmen (£'000)	Additional remun. for board committee members (£'000)	Formal evaluation of board performance	No. of other quoted boards on which chairman serves	No. of other quoted boards on which chief executive serves	No. of other quoted boards on which CFO serves
3: A R N	A5; R5; N2	A 25; R20	No	External	2	0	1
3: A R N	A4; R6; N5	A R 10	No	Internal	1	1	1
3: A R N	A4; R3; N2	No	No	External	0	0	0
4: A R N CR	A4; R3; N1; CR3	A R 10	A R 5	Internal	0	1	0
3: A R N	A4; R3; N3			Internal	2	0	0
4: A R N S	A13; R12; N4; S4	A R S \$23; N \$10 ¹¹	A S \$7.5; R N \$3.75 ¹¹	Internal	0	0	0
4: A R N CR	A4; R8; N3; CR4	A 23; R CR 20	No	Both	0	1	0
3: A R N	A4; R4; N6	A R 10	A R 2.5	Internal	1	0	1
4: A R N CR	A4; R4; N2; CR3	A 20; R 15: CR 7.5	No	Internal	1	1	0
3: A R N	A5; R5; N6	A 15; R 10	No	Internal	2	1	1
3: A R N	A3; R3; N4	All 6	No	Internal	2	0	0
5: A R N Inv Ri	A4; R7; N4; Ri 4	A 25	A 12.5; R8; N4	Internal	1	1	1
3: A R N	A4; R5; N3;	Yes	Yes	Internal	5	0	0
3: A R N	A6; R5; N5	A 25; R 15	No	Both	1	2	0
3: A R N	A4; R3; N3	A10; R N 7.5		External	2	1	0
4: A R N Compl	A4; R2; N0 Compl1	A R 15	A R 10	N/A	0	0	1
5: A R N S M&A	A5; R6; N2; S2; M&A6	A 20; R SID; M&A 20	No	External	0	0	0
3: A R N	A4; R4; N3	A €35; R €27; N SID	No	Both	2	1	1
4: A R N Ind	A4; R5; N1; Ind5	A R \$20	No	Internal	0	1	0
3: A R N	A3; R8; N3	A R 8	No	Internal	14	1	1
4: A R N CR&HSE	A4; R2; N1; CR1	No	No	Internal	6	0	N/A
3: A R N	A4; R6; N2	A R 16.7	No	Internal	0	0	0
3: A R N	A4; R8; N8	A 11; R 10	No	Both	2	0	0
4: A R N CR	A6; R4; N3; CR4	A 80; R CR 20	No	Internal	0	0	0
3: A R N	A4; R8; N5	A 15; R 10	A R 5	External	0	0	0
3: A R N	A5; R5; N4	All 15	No	Internal	0	0	0
3: A R N	A4; R8; N4	Yes	Yes	External	2	1	1
4: A R N Ri	A6; R6; N4; Ri4	A R Ri 20		Internal	3	0	0
3: A RN Confl				Internal	1	0	0
4: A R N CR	A4; R3; N4; CR4	R 20		Internal	0	0	N/A

A	Audit	Ch	Chairman's	M&A	Mergers & Acquisitions
R	Remuneration	Compl	Compliance	Ri	Risk
N	Nominations	Confl	Conflict	S	Safety
Bi	Bigger Picture	CR	Corporate/Social Responsibility	Sci	Science
Br	Brand and Values	CT	Contracts	SEEAC	Safety, Ethics & Environment
CARAC	Corporate Accountability and Risk Assurance	Eth	Ethics	SSD	Safety & Sustainable Development
CG	Corporate Governance	F	Finance	Sus	Sustainability
		Ind	Independent Directors	Tr	Transformation
		Inv	Investment	V	Valuation

Board compensation and committees

	Board meetings inc. strategy sessions	Chairman remuneration (£'000)	Senior non-executive director additional fee (£'000)	Senior non-executive director total remuneration (£'000)	Non-executive director basic fee (£'000)	Additional fees except committees	Fees paid in shares
Home Retail Group	10	200	10	106	40	No	Ch £50k NXD £27k
Homeserve	10	200	5	58	44		
HSBC Holdings	9	1,194	30	115	65	No	No
ICAP	6	250	Nil	70	80	No	No
IG Group	6	160		50	50	No	No
IMI	11	195	5	60	52.5	No	No
Imperial Tobacco Group	6	433	25	105	65	No	15% minimum
Inchcape	7	275	Nil	70	36		No
Informa	7	210		65	56	No	No
Inmarsat	8	1,402		94	50	No	No
InterContinental Hotels Group	8	398	36.75 ¹⁷	99.75	63	No	No
International Airlines Group	New co	€645		DCh €350	€120		
International Power	10	285	15	70	55	No	No
Intertek Group	8	192		92.5	53	No	£10k used to buy shares
Invensys	9	270	10	52	52	No	£8k ¹⁸
Investec	6	375	0		55	No	No
ITV	8	300 +400 in shares	25	90	55	No	25%
Johnson Matthey	7	280		50	45	No	No
Kazakhmys	5	1,026	12	109	84	No	No
Kingfisher	10	€450	45	110	55	No	No
Land Securities Group	8	300	10	83	60	No	No
Legal & General Group	10	325	45	110	65	No	50% minimum
Lloyds Banking Group	9	700	50	134	65	No	No
Logica	6	300	10	55	45	No	22%
London Stock Exchange Group	13	370		120	54	No	No
Lonmin	6	200	15	100	50	No	No
Man Group	14	450	10	100	65	No	No
Marks & Spencer Group	9	450	100	245	70	No	No
Meggitt	8	150		52	45	No	No

¹⁷ £8000 of total fee paid in shares

¹⁸ Including audit chairman fee

No. & type of board committees	Number of committee meetings	Additional remun. for board committee chairmen (£'000)	Additional remun. for board committee members (£'000)	Formal evaluation of board performance	No. of other quoted boards on which chairman serves	No. of other quoted boards on which chief executive serves	No. of other quoted boards on which CFO serves
3: A R N	A4; R5; N3	A R 30	No	External	2	1	0
3: A R N	A4; R3; N ad hoc	A R 8.5		Internal	1	0	0
5: A R N Ri Sus	A6; R9; N3; Ri4; Sus5	A R Ri 40; N Sus 30	All 20	Both	0	0	0
3: A R N	A8; R4; N8	A 20; R 10	No	External	5	0	0
3: A R N	A4; R3; N1			External	1	0	0
3: A R N	A4; R6; N4	All 10	A 7.5; R N 5	Both	0	1	1
3: A R N	A3; R4; N1	A 20; R 15	No	Both	4	1	0
4: A R N CR	A4; R3; N2; CR3	All 10	All 4	Both	2	1	0
3: A R N	A4; R4; N1	A 10; R 8	No	External	0	1	0
3: A R N	A5; R5; N2	A N 5; R 7.5;	A R 2.5	Internal	1	1	0
4: A R N CR	A5; R5; N8; CR3	A SID; R 21; CR 10.5	No	Both	2	0	N/A
4: A R N S	New co	All €20	No	N/A	0	0	0
4: A R N S	A3; R7; N1; S2	A R 15; N S 11	A R 6; N S 5	N/A	0	1	1
3: A R N	A4; R4; N1	A R SID; N Ch	A 7.5; R 5	Internal	0	1	0
4: A R N CT	A6; R8; N2; CT 7	A 14; R 10	No	Internal	1	0	N/A
4: A R N Ri	A4; R7; N4; Ri7	A 47; R 33.5	A 15; R 13; N 9	Internal	3	0	0
3: A R N	A6; R5; N2	A 20; R 15	A R 5	Internal	1	1	0
3: A R N	A4; R4; N2	A R 5	No	Internal	1	1	1
4: A R N S	A6; R2; N2; S3	A R S 12	A R S 6	Internal	0	0	N/A
3: A R N	A5; R9; N1	A 17; R 10	No	Both	2	1	1
3: A R N	A4; R2; N2	A 17.5; R 12.5	No	External	3	1	0
4: A R N Ri	A5; R4; N2; Ri3	All 25	No	Internal	1	0	1
4: A R N Ri	A7; R4; N3; Ri4	A 50; R 30; Ri 40	A 20; R Ri 15; N 5	External	2	0	0
3: A R N	A4; R4; N1	A 15; R 12	A R 5	External	3	1	1
3: A R N	A5; R2; N2	A R 17.5	No	Internal	1	0	0
5: A R N SSD Tr	A5; R4; N4; SSD4; Tr4	A R 17.5; N SSD Tr 12.5	A R 10; N SSD Tr 7.5	Both	1	0	0
3: A R N	A6; R6; N3	A 30; R 25	A 15; R 10	External	0	0	0
3: A R N	A5; R10; N10	A R 15		Both	1	1	0
3: A R N	A3; R5; N2	A R 7	No	Internal	0	1	1

A Audit
R Remuneration
N Nominations

Bi Bigger Picture
Br Brand and Values

CARAC Corporate Accountability and Risk Assurance

CG Corporate Governance

Ch Chairman's
Compl Compliance
Confl Conflict
CR Corporate/Social Responsibility
CT Contracts
Eth Ethics
F Finance
Ind Independent Directors
Inv Investment

M&A Mergers & Acquisitions
Ri Risk
S Safety
Sci Science
SEEAC Safety, Ethics & Environment
SSD Safety & Sustainable Development
Sus Sustainability
Tr Transformation
V Valuation

Board compensation and committees

	Board meetings inc. strategy sessions	Chairman remuneration (£'000)	Senior non-executive director additional fee (£'000)	Senior non-executive director total remuneration (£'000)	Non-executive director basic fee (£'000)	Additional fees except committees	Fees paid in shares
Melrose	4	386		60	55		
Michael Page International	12	130	3	46	43	No	No
Millennium & Cophorne Hotels	8	108		45	41	No	No
Mondi	6	250	15	€99	41	5K ¹⁹ /1.5K ²⁰	No
Morrison (Wm) Supermarkets	11	375	20	100	60	No	No
National Grid	10	550	12.5	83	45	4K ¹⁹ /1.5K ²⁰	No
Next	10	225	10	58	45	No	No
Northumbrian Water Group	6	159.5	Nil	47	37.2	No	No
Old Mutual	8	350	10	94	55	No	No
Pearson	6	450	20	86	65	No	No
Pennon Group	11	230		55	38	15 attendance	No
Petrofac	6	120	14	\$103	87	No	No
Petropavlovsk	6	405		90	87.5	No	No
Premier Oil	8	150	2	50	40	No	No
Prudential	10+15	500	30	108	66.5	No	£25k ²¹
Randgold Resources	5	\$200	\$85	\$233.7	\$50	No	1200 shares ²²
Reckitt Benckiser Group	5	345	7	92	75	No	18%
Reed Elsevier	7	500		55	55	No	No
Rentokil Initial	10	350	5	75	55	No	No
Resolution	8	360	25	143	67.5	No	No
Rexam	9	300	10	70	50	No	No
Rio Tinto	11	700	35	197	70	3.5K ²³ /7.5K ²⁴	No
RIT Capital Partners	5	695	20.9	41.25	25	No	No
Rolls-Royce Group	8	370	12	72	60	No	No
Royal Bank of Scotland Group	11	750		150	73	No	No
Royal Dutch Shell	8	€800	€55	€204.25	€120	€5 ²⁵	No
RSA Insurance Group	16	400	N/A	74	60	No	No
SABMiller	7	265	20	125	72	No	No
Sage Group	6	270	10	65	55	No	No
Sainsbury (J)	8	450	15	70	55	No	No

19 Attendance: outside country of residence

20 Attendance: within country of residence

21 Used to buy shares

22 In addition to fee

23 5–10 hours travel

24 >10 hours travel

25 Intercontinental travel

26 Co-chairmen — 13 is total for both

No. & type of board committees	Number of committee meetings	Additional remun. for board committee chairmen (£'000)	Additional remun. for board committee members (£'000)	Formal evaluation of board performance	No. of other quoted boards on which chairman serves	No. of other quoted boards on which chief executive serves	No. of other quoted boards on which CFO serves
3: A R N	A3; R2; N2	A R 5		Internal	0	0	0
3: A R N	A9; R9; N4	A R 5	No	Internal	3	0	0
3: A R N	A6; R5; N2	No	No	Internal	3	1	N/A
4: A R N Sus	A4; R4; N5; Sus 6	A 10; R 15; Sus 8	No	External	13 ²⁶	0	0
4: A R N CR	A6; R13; N6; CR4	A R 20; CR 10	No	External	1	0	1
5: A R N Ri F	A6; R9; N5; Ri4; F5	A 15; R Ri F 12.5	No	Internal	3	1	1
3: A R N	A5; R4; N2	A R 10	No	Internal	1	0	0
3: A R N	A3; R3; N4	A10.6; R 5.3	No	Both	1	0	0
4: A R N Ri	A5; R8; N6; Ri5	A 30; R 20; Ri 25	A 10; R 6; N 3; Ri 8	Internal	3	1	0
3: A R N	A4; R4; N3	A 25; R 20	A 10; R 5	External	1	1	0
4: A R N Sus	A5; R7; N2; Sus 5	A 10; R Sus 7	All 4	Internal	1	N/A	0
4: A R N Ri	A3; R4; N5; Ri3	All 14	No	External	2	0	0
5: A R N S Ri	A4; R5; N4; S5; Ri4	No	No	Internal	0	0	0
3: A R N	A4; R7; N2	A R N 8	No	Both	0	0	0
4: A R N Ri	A17 (8+9); R7; N6; Ri new	A R 50; R 22.5	A 20; R 10; Ri 30	External	0	0	0
3: A R N	A6; R4	A \$50; R \$40; N \$25	A \$35; R \$25; N \$10	Internal	0	1	0
3: A R N	A4; R3	A R 15	A R 10	Internal	2	0	0
4: A R N CG	A5; R6; N5; CG3	A R 15	No	Internal	1	0	1
3: A R N	A6; R6; N4	A R 15	No	External	4	1	0
3: A R N	A7; R9; N6	A 50; R 30	A 25; R 15; N 10	External	0	N/A	N/A
4: A R N F	A4; R5; N6	A R F 10	No	Both	1	0	0
4: A R N CR	A7; R3; N3; CR6	A 30; R CR 20	A 15; R 10; N CR 7.5	Internal	1	0	1
5: A R N Confl V	A3; R2; N3; Confl 3; V2	A 10; R N Confl 8; V 11	A 5; R N Confl 3; V 6	Internal	0	N/A	N/A
4: A R N Eth	A5; R7; N4; Eth 3	A 20; R Eth 15	No	Both	1	0	0
5: A R N Ri Sus	A7; R9; N2; Ri 6; Sus 4	A R Ri 150	A R Ri 25; N5	Internal	1	0	0
4: A R N CR	A5; R5; N7; CR4	A €45; R CR €35; N €25	A €25; R CR €17.25; N €12	Internal	1	1	0
5: A R N Inv Ri	A5; R8; N1; Ri4; Inv2	A 20; R Ri Inv 12.5	5 for one or more CEE	Both	1	1	0
4: A R N CARAC	A4; R3; N2; CARAC2	A25; R20; N15; CARAC 18	A 10; R 8; CARAC 6	Internal	0	2	0
3: A R N	A4; R5; N2	A 17; R 13	No	Both	0	0	1
4: A R N CR	A4; R5; N3; CR2	A R 15; CR 10	No	Both	3	1	0

A	Audit	Ch	Chairman's	M&A	Mergers & Acquisitions
R	Remuneration	Compl	Compliance	Ri	Risk
N	Nominations	Confl	Conflict	S	Safety
Bi	Bigger Picture	CR	Corporate/Social Responsibility	Sci	Science
Br	Brand and Values	CT	Contracts	SEEAC	Safety, Ethics & Environment
CARAC	Corporate Accountability and Risk Assurance	Eth	Ethics	SSD	Safety & Sustainable Development
		F	Finance	Sus	Sustainability
		Ind	Independent Directors	Tr	Transformation
CG	Corporate Governance	Inv	Investment	V	Valuation

Board compensation and committees

	Board meetings inc. strategy sessions	Chairman remuneration (£'000)	Senior non-executive director additional fee (£'000)	Senior non-executive director total remuneration (£'000)	Non-executive director basic fee (£'000)	Additional fees except committees	Fees paid in shares
St James's Place	7	315		66.3	25		
Schroders	6	250	10	97	55	No	No
Scottish & Southern Energy	6	341	10	74	54	No	No
SEGRO	10	228		56	53	No	No
Sercu Group	5	230	10	61.3	50	No	No
Severn Trent	7	250	10	71.4	43.4	No	No
Shire	6	340	Nil	82.5	70	5K ²⁷	No
Smith & Nephew	8	375	\$27	\$137	60	No	No
Smiths Group	7	305	15	69	54	No	No
Spectris	14	140		61	39.3		
Spirax-Sarco Engineering	7	125		52			
Stagecoach Group	6	84	No	47	47	No	No
Standard Chartered	10	650	30	240	100	No	No
Standard Life	11	350	15	110	70	No	No
Tate & Lyle	13	275	6.9	55.9	49.2	No	No
Tesco	9	640	26	109	70	No	No
Travis Perkins	11	162	7	67	50	No	No
TUI Travel	7	300		200	55	No	No
Tullow Oil	9	220	14	69	63	No	No
Unilever	10	€355 + £237.5		€85+£82.5	€45+£31	No	No
United Utilities Group	11	257	10	64.9	55	No	No
Vedanta Resources	12	1,018		115	60	No	No
Vodafone Group	8	600		175	115	£6K ²⁸	No
Weir Group	9	183	2.5	53.8	45	No	No
Whitbread	11	300	10	65	55	No	No
William Hill	10	250	5	73	50	No	No
Wolseley	8	360.5	10	71.8	61.8	No	No
Wood Group (John)	7	250		40	40	No	No
WPP	6	315	10	82	60	No	No
Xstrata	5	250		176	77.3	No	

²⁷ International travel

²⁸ Per-meeting fee for directors not resident in Europe

²⁹ per meeting

³⁰ per annum

No. & type of board committees	Number of committee meetings	Additional remun. for board committee chairmen (£'000)	Additional remun. for board committee members (£'000)	Formal evaluation of board performance	No. of other quoted boards on which chairman serves	No. of other quoted boards on which chief executive serves	No. of other quoted boards on which CFO serves
5: A R N Inv Ri	A5; R3; N2; Ri5; Inv9			Internal	0	0	0
3: A R N	A3; R5; N4	A 32.5; R 27.5	A R 12.5	Internal	0	0	1
4: A R N S	A3; R4; N2; S3	A 12; R 10	No	Internal	2	1	0
3: A R N	A4; R3; N4	A R 7	No	Both	3	1	N/A
3: A R N	A3; R4; N2	A R 10	No	Internal	3	0	1
4: A R N CR	A5; R4; N4; CR3	A R 15; CR 10	A R CR 3	Internal	1	0	1
4: A R N Sci	A6; R6; N5; Sci5	A 20; R N Sci 12.5	A 10; R Sci 7.5; N 5	Internal	1	0	0
4: A R N Eth	A5; R4; N8; Eth4	A R Eth 15	No	Both	2	1	1
3: A R N	A3; R4; N3	A R 15	No	Both	0	2	0
3: A R N	A3; R4; N2	A R 6.6		Internal	5	1	1
3: A R N	A3; R2; N1			Internal	3	1	0
4: A R N S	A4; R4; N1; S5	No	No	Internal	0	0	2
6: A R N Br CG Ri	A7; R6; N2; Ri7; Br4; CG3;	A Ri 65; R Br 50	A Ri 30; R Br 25; N 15	Both	2	0	1
6: A R N CR Inv Ri	A6; R10; N7; CR3; Inv4; Ri10	A R Ri 25	No	Both	0	0	0
4: A R N CR	A6; R6; N4; CR3	A15.4; R10.3	No	External	1	0	0
3: A R N	A5; R5; N4	A R 30	A R 12	Internal	1	0	0
4: A R N S	A4; R7; N1; S3	A R S 10	No	Both	1	1	1
3: A R N	A7; R4	A 15; R 10	No	Internal	2	2	0
3: A R N	A4; R4; N2	A R 14	No	External	0	0	0
4: A R N CR	A5; R7; N7; CR6	A €55+£38 R N CR €50+£35	No	Internal	1	1	0
4: A R N CR	A5; R5; N3	A 15; R 10; CR 5	No	Internal	4	1	0
4: A R N S	A4; R3; N3; S3	Up to 20	Up to 5	Internal	2	0	N/A
3: A R N	A4; R5; N7	A R 25		Both	2	0	0
3: A R N	A3; R4; N2	A R 10	No	External	3	0	0
3: A R N	A3; R7; N5	A R 10	No	Internal	1	0	1
4: A R N CR	A6; R4; N4; CR5	A 18; R CR 13	No	Internal	2	0	0
3: A R N	A4; R6; N5	A 16; R 12	No	Both	2	1	0
3: A R N	A4; R2; N1	A R 1 ²⁹ ; N 1 ³⁰	No	Internal	0	0	0
3: A R N	A9; R11; N3	A 20; R N 10	All 5	Internal	2	0	1
4: A R N S	A3; R2; N3; S4	A 35; N 19; S 23	All 13.6	Both	2	0	0

A	Audit	Ch	Chairman's	M&A	Mergers & Acquisitions
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Spencer Stuart plays an active role in exploring the key concerns of boards and senior management and searching for innovative solutions to the challenges they face. We examine the implications of business trends and developments in governance through a range of articles and studies.

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This latest issue of Spencer Stuart's *Point of View* focuses on several important issues for boards, CEOs and other senior executives, including how boards are thinking about their priorities today; what the board and CEO need to understand about social media and its impact on companies; and the changing nature of the expat role.

- > Improving Board Effectiveness: Five principles for getting the most out of a board assessment
- > The Rise of Social Media: Is your organisation ready for the new transparency?
- > Have We Placed too Much Faith in Corporate Governance Reform?
- > Expats: A Dying Breed? Lessons from an International Assignment
- > The International Leader
- > What Boards Must Get Right
- > You Need a Leader — Now What? An excerpt from the new book.

CHAIRMAN SUCCESSION PLANNING

Chairman succession planning is not widely discussed in most boardrooms because there are few formal mechanisms for addressing the issue beyond the chairman's annual review with the senior independent director. Good practice has never been codified, though it is touched on in the UK Corporate Governance Code and was discussed in the Higgs Review of 2003.

There is, as always, a constructive gap between the code and the way boards handle chairman appointments in practice. It is as ambiguous as any art and much depends on companies' individual situations. This report contains a summary of best practice, based on our experience and that of a number of practising chairmen and SIDs.

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The governance of Britain's listed companies has gone through profound changes in the last fifty years. The composition of the board of directors, the role of the chairman, the relationship between directors and shareholders — these and other elements in the corporate governance system look very different today from the arrangements which prevailed in the 1960s and 1970s.

In this book, published fifty years after Spencer Stuart opened its first office in London, Sir Geoffrey Owen traces the development of boards from 1960 to the present day, always in the context of the changing business environment.

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