

2023 Ireland Spencer Stuart Board Index Highlights

This is the fourth edition of the annual *Ireland Spencer Stuart Board Index*. Once again, we analysed board governance practices in the ISEQ 20 index, which comprises the 20 largest companies trading on the Euronext Dublin exchange by market capitalisation.

Our start date for the year under review is 1 May 2022 and our cut-off date is 30 April 2023, although in practice the last working day of the month was 28 April 2023.

The composition of the ISEQ 20 has changed in the period under review. Hibernia REIT delisted from the ISEQ 20 in June 2022 following its acquisition by the Canadian firm Brookfield Asset Management. Permanent TSB returned to the ISEQ 20 in September 2022 for the first time since 2010.



37%

of all directors
are female

43%

of SIDs are women

55%

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

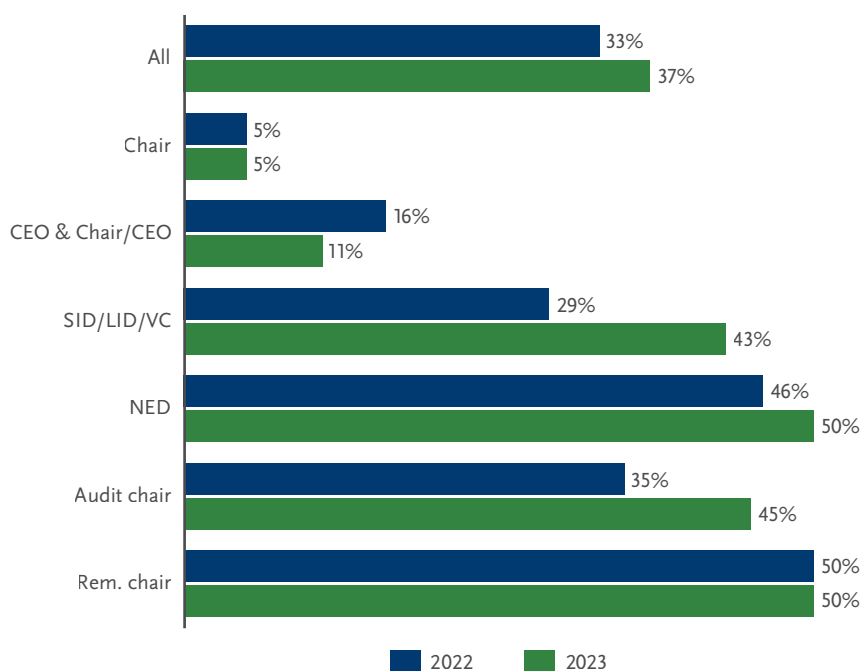
Female board representation continues to strengthen

The proportion of female directors continues to rise, with a 12% increase since last year. Women now represent 37% of all board members and all ISEQ 20 companies have at least one female board member. This exceeds an Irish government-set target of 33% female representation on boards. In the period under review, 14 directors stepped down from an ISEQ 20 board, nine of them men and five women. 67% of all newly appointed directors were women.

Although the number of female directors has been rising steadily, this trend is driven by non-executive directors (NEDs); we continue to see low representation of women on executive committees. As per last year, women hold only 13% of executive board positions with two female CEOs and three female CFOs.

Women in senior board positions

While the proportion of female non-executives is increasing, the four most senior positions on the board remain dominated by men. The number of female chairs (one), CEOs (two) and CFOs (three) on the ISEQ 20 remain low, but we note a sharp increase in women occupying the senior independent director (SID) position on boards, from 29% to 43%.



New targets proposed in 2022 by the FTSE Women Leaders Review and the Financial Conduct Authority (FCA) recommend that by the end of 2025 all FTSE companies should ensure that there is at least one woman among the four senior board positions of chair, senior independent director, CEO, and CFO. 55% of the ISEQ 20 companies have at least one woman among the top leadership roles. At seven of the 20 boards under review, men occupy all four of those roles, highlighting that a significant opportunity exists to drive greater gender parity across the most senior board positions.

Diversity underpins board refresh

The rate of new directors joining the boards in our sample has slowed — 11% of all directors (executive and non-executive) were appointed in the 12 months to 30 April 2023, down from 16% last year. The proportion is the lowest recorded since the Spencer Stuart Ireland Board Index was established.

The proportion of ISEQ 20 companies adding a new board member has decreased, from 85% recorded in the 2022 Board Index to 65% in the period under review.

67% of all non-executive director appointments were female and 50% were of a nationality other than Irish. While boards remain relatively stable this year, with fewer new appointments and board leavers, ISEQ 20 constituents appear focused on bringing diversity to the boardroom when recruiting externally.

44% of all new directors were joining the board of a listed company as a non-executive for the first time. Of this cohort 55% were women, compared to 30% and 38% in recent years. This is an encouraging trend that demonstrates the continued commitment of boards to bring female talent into the boardroom.

40%

of NEDs are non-Irish nationals

65%

of boards added a new director

44%

of new directors are first time NEDs

4.4

years is the average NED tenure (including chairs)

35%

of boards increased their NED retainer fee

60%

of boards have a committee relating to ESG or sustainability

Internationalisation

33% of all directors are non-Irish nationals, a 10% increase since our 2022 Board Index. All ISEQ 20 boards except for one had at least one director from outside Ireland. Representation of foreign directors on the ISEQ 20 boards ranged from 0% to 85%, with four companies recording more than 50% foreign directors (CRH, Smurfit Kappa, Malin Corporation, and Flutter). 40% of NEDs are non-Irish nationals. Foreign directors accounted for 48% of new directors, although the proportion marks a 9% drop from last year. The UK and US are the most common source of non-Irish nationals; Austria, Australia, the Netherlands, and Sweden are also represented.

Remuneration

35% of ISEQ 20 companies increased the NED retainer fee during the year under review, compared with 20% of boards last year. The average base fee for NEDs rose to €70,943, representing a 4.9% increase. This average is calculated from the base fee paid to an NED who has served the full year. It does not include additional payments for chairing or membership of committees.

The average remuneration paid to chairs rose by 2.4%, reaching €273,063. The average additional SID fee is €21,998, marking an 8% increase to the average overall SID remuneration. Further details on remuneration can be found in the remuneration section.

Tenure and board leavers

As in previous years we examined those NEDs, including chairs and senior independent directors, who stepped down from boards during the relevant period. In total, 14 board members, two of whom were executive committee members, left their respective boards. The average board tenure of these departing directors was 6.8 years, a slight increase from last year's 6.6 years, but shorter than the 7.7 years reported in the 2021 Index.

Average tenure among NEDs was 3.5 years, rising to 4.4 years when the chair and SID are included. We continue to record a notable tenure gap between male and female NEDs (excluding chairs and SIDs), of 4.3 years and 2.9 years respectively. Please note that we count only the tenure from when the company was publicly listed; any time spent on the board before listing is not counted for the purposes of these calculations.

Strong presence of ESG and sustainability committees

More than half (12) of the ISEQ 20 companies maintain an ESG or sustainability committee, with eight of them dedicated solely to ESG and sustainability-related issues. The remaining four expanded the remit of existing committees to include risk, safety and nomination and governance.

A strong proportion (83%) of ESG/sustainability-related committees included at least one senior board member from among SID, chair, CEO or CFO, but most commonly the SID. The rising prevalence of ESG and sustainability committees, combined with the status of relevant board members, highlights the continued importance of ESG in the boardroom.

Committee membership

Female representation on the core committees is rising — by 19% among audit committee members, by 13% among nomination committee members, and by 16% among remuneration committee members.

50% of remuneration chairs are women, a proportion unchanged from last year. There is also strong female representation among audit committee chairs, at 47%.

50%

of remuneration chairs are female

47%

of audit chairs are female



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