



Board Effectiveness Reviews



Our Board effectiveness review will give you a clear and concise understanding of the most pressing issues on the board...

We interpret the results in the context of your business

We focus on understanding the results, not simply collating and presenting them

We conduct rigorous analysis to ensure the data are considered from every angle and no issue is overlooked

The composition of the Board is typical for FTSE350 companies

Non-Executive/Executive Split

Category	Count
Exec.	1
Non-exec.	4

Gender Split

Category	Count
Female	1
Male	4

- Executive / Non-Executive split on the board is largely in line with industry averages.
- The norm is for only the Chief Executive Officer and the Chief Financial Officer to be Executives on the Board.
- Women currently constitute 25% of the Board.
- Women on Boards in the FTSE 100 currently sits at 32.4%. Women on Boards in the FTSE 250 currently sits at 29.6%.¹

Tenure

Years

2

Strategy, performance and accountability
Results of the effectiveness review

"The CEO's annual goals and objectives are linked to the company's strategic goals and objectives"

"The strategy and business plan contain appropriate key performance indicators to measure progress"

Comments relating to strategy, performance and accountability

- "Require the business to give clear and unambiguous answers to the various elements of the strategy."
- "Ensure that [the Board] holds the business to account and understands the drivers for the results, whether they are financial or non-financial."
- "I would like to see more metrics for the company to be the most influential company in our industry."
- "The strategy is excellent and would further be improved by more quantitative parameters about what that means."
- "It is important that as the strategy develops, the Board should focus on performance."
- "More discussions on strategy and more frequent reviews of the strategy would be a good course."
- "Holding Executive Management to account for their actions and decisions."
- "Reduce the frequency of deep strategic reviews."

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Opinions were most different between Executives and Non-Executives in Business Strategy and Risk, and Committees

Non-Executive vs Executive Mean Results By Section

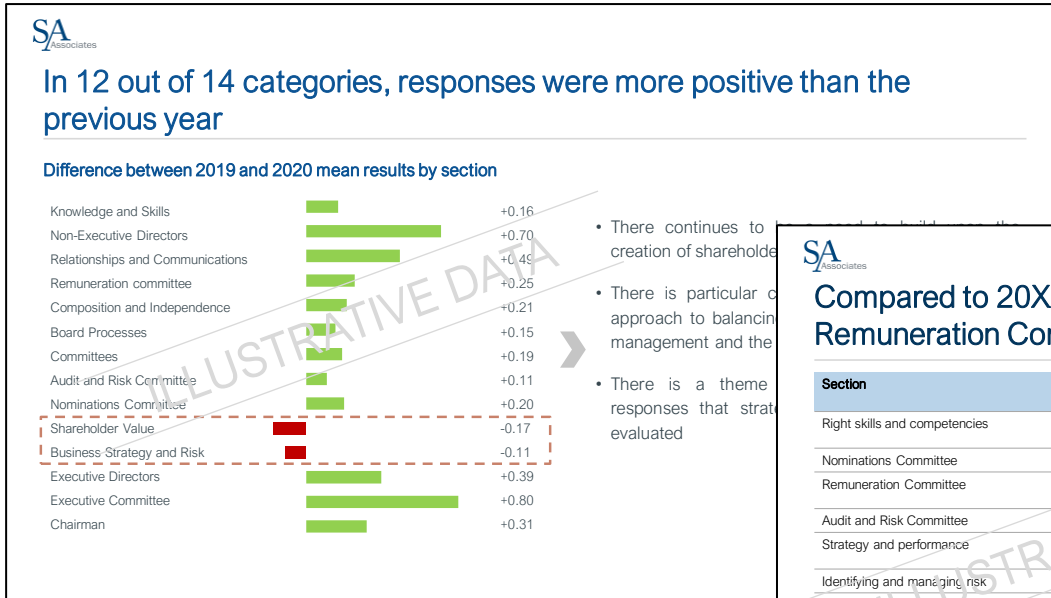
Section	Non-Exec. Average	Exec. Average
Business Strategy & Risk	3.93	4.61
Composition & Independence	4.48	4.38
Relationships & Communication	4.20	4.33
Shareholder Value	4.20	4.56
Knowledge & Skills	4.23	4.33
Board Processes	4.29	4.31
Committees	5.00	4.25
Audit & Risk Committee	4.33	4.58
Nominations Committee	4.44	4.25
Remuneration Committee	4.00	3.95
Chairman	4.08	4.00

Risk Strategy and Risk – Non-Executives feel that the current focus of the Board is on operations and could be expanded to focus more on strategy.

Committees – Non-Executives are extremely happy with the extent of Board communication (all scoring 5). No particular issues have been observed from the Executives despite some scores of 4.

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...and, where available, a comparison with previous years' results to support in the development of your reporting...



We help your business to understand the drivers of year-on-year change

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Compared to 20XX, responses have declined in the Nominations and Remuneration Committees, and effectively challenging management

Section	20XX results	20XX results	Change	Comments
Right skills and competencies	4.25	4.4	↑	<ul style="list-style-type: none"> • Three topic areas performed, on average, worse than in 20XX: the Nominations Committee, Remuneration Committee and Effective challenge to management. • There has been modest improvement in Strategy and performance (although significantly more granularity is available in the 20XX report), right skills and competencies, identifying and managing risk and board agenda and understanding of landscape. • Previous Board Effectiveness Review asked 12 questions whereas this years effectiveness review asked 50+. <div style="border: 1px dashed orange; padding: 5px; margin-top: 10px;"> <p>Despite an improvement since 20XX, the additional comments and detail reveal that the Audit and Risk Committee still faces some difficulties</p> </div>
Nominations Committee	4.6	4.2	↓	
Remuneration Committee	4	3.9	↓	
Audit and Risk Committee	4.4	4.4	→	
Strategy and performance	3.6	3.9	↑	
Identifying and managing risk	4.6	4.7	↑	
Relationships and cohesiveness	4	4	→	
Collective oversight	4.25	4.25	→	
Effective challenge to management	4.7	4.3	↓	
Board agenda	4.3	4.4	↑	
Understanding of competitive, scientific and tech landscape	4.1	4.7	↑	

Where available, we are able to compare results of previous years' reviews

...and an actionable plan to position for the future

Helping to establish **long-term changes** in behaviours (if necessary)

Concrete and actionable suggestions to create real change on the board

Clear guidance in order to better **comply with governance requirements**

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Several discussion points raised in the 20XX to be causes for concern

20XX Comments and Issues

Succession planning	Succession planning has been done well...
Involvement of NEDs	Executive Directors should see the benefit of Executive Directors in relevant areas to make better use of their skills.
Remuneration	The Remuneration Committee Chair must ensure the interests of shareholders with the need for a competitive and transparent process.
Corporate Strategy	Further discussion would be beneficial in relation to the company's corporate financial strategy, in particular relating to the company's ambitions and targets for returns to shareholders and dividend policy.

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Suggested action plan

It is suggested that the Board put aside a specific day to discuss the results of the Board Effectiveness Review, focussing on the following key areas:

- Monitoring strategy and performance and maintaining accountability
- Shareholder relations
- Risk appetite and remuneration
- Board processes, papers and inter-Board communications
- Knowledge, skills and training amongst Board members
- Alignment with, and training on, Corporate Governance Code

The aim of the day session should be to put together a clear action plan centred around the above topics, which can be reviewed and monitored at each Board meeting

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Further guidance on the Governance Code, some further areas should be considered

Nominations Committee	Understanding of governance issues
The Nominations Committee needs some additional focus to ensure that plans are in place for orderly succession for Board and senior management positions and to oversee the development of a diverse pipeline for succession.	The Board Effectiveness Review highlighted that some members may benefit from a training session on the codes associated with FTSE 350 businesses.

Consideration should also be given to a review of the NED hiring process
See pages 26 and 33 for details