Board Monitor Europe 2019

Different paths to diversity

Europe's public company boards are seeking a balance of experience and new perspectives. This year's report highlights the different paths the boards in each country are taking to achieve that diversity.

About Board Monitor Europe 2019

This is the third consecutive year for which we have captured the key attributes of new board appointees—their demographics, functional experience, and other background; mapped how those attributes flowed onto boards in each industry and country; and identified trends. We are pleased this year to expand our coverage significantly, from France, Germany, and the United Kingdom in previous years, to Ireland, the Netherlands, Portugal, and Spain. This report on Europe is one of a suite of annual Heidrick & Struggles reports that, together, cover most major global economies.

Data on appointments are tracked through BoardEx, proxy filings, and corporate websites. Information about executives is gathered from publicly available sources, BoardEx, and a Heidrick & Struggles proprietary database. In tracking the experience of new appointees, the report takes into account all of the significant industry experiences of each director (for example, a new director who has worked most recently in the consumer industry may also have valuable experience in the industrial sector or in technology).

Europe's boards: Evolving toward diversity

As the boards of Europe's public companies strive to do more than ever to meet a challenging business environment, diversity of board members' background and experience is key to success. Boards in different countries are taking varied paths to reach the goal.

Adapt, evolve, pivot. Whatever you choose to call it, boards are being called upon to do it more than ever. In this annual *Board Monitor Europe* report, we examine for the third year a range of data on the background and experience of newly appointed independent, non-executive directors, by region and country,[1] compared with past years.

Given the need for organizational change in this era marked by geopolitical and economic volatility and uncertainty, as well as disruptive shifts in many industries, it is crucial that boards expand their knowledge base and become more resilient. A key contributor to these overarching goals is board diversity. We view diversity in broad terms, as the balance of experience, backgrounds, and functional skills boards require to support their company's strategy. That balance will look different from one company to another, as both specific challenges and culture vary widely, but the ability to create the optimal balance will be increasingly *indispensable* to board effectiveness.

Further, there is now a well-established link between diversity in company and board leadership and profitability,[2] as well as the immeasurable but profound impact greater diversity has on corporate reputation.

Boards have one lever entirely within their control that will enable them to adapt to these often dramatic, unpredictable shifts: the composition of the board itself.

At a glance, among our key findings on recruiting directors from diverse backgrounds, we find remarkably little change in the past year:[3]

- Of the 503 newly filled non-executive director seats on the boards of CAC 40 (France), DAX 30 (Germany), ISEQ (Ireland),[4] AEX 25 (Netherlands), PSI 20 (Portugal), IBEX 35 (Spain), and FTSE 250 (United Kingdom) companies in 2018, 62% went to current or former CEOs and CFOs, up slightly from 58% in 2017.
- Seventy percent of director seats were filled by directors with previous board experience, up slightly from 66% in 2017.
- Thirty-eight percent of board seats went to women, compared with 37% in 2017.
- Thirty-six percent of new seats went to non-national appointees, compared with 35% in 2017.

Push from a new EU directive

In 2018, a new directive, 2014/95/EU, geared to ratchet up diversity on boards, took effect. The directive does not mandate diversity but highlights its growing importance by setting guidelines on the disclosure of diversity information by large companies (generally defined as publicly listed organizations with more than 500 employees), providing a window into companies' practices in this area of growing interest to investors.

This EU directive represents a major step forward in promoting diversity on European boards: from virtually nonexistent a generation ago to considered "nice to have" perhaps a decade ago to what is now viewed as an essential element for effective board functioning. However, implementation and results vary widely from one country to another.

[1] This report includes data on directors appointed in 2018 in France, Germany, Ireland, the Netherlands, Portugal, Spain, and the United Kingdom.

[2] For one study on gender and profitability, see Marcus Noland, Tyler Moran, and Barbara Kotschwar, *Is Gender Diversity Profitable?*, Peterson Institute for International Economics, February 2016, piie.com.

[3] Note that previous *Board Monitor Europe* reports did not include country data for Ireland, the Netherlands, Portugal, and Spain, but 2017 data for those countries are included here for comparison.

[4] Data for Ireland taken from the ISEQ Overall index. The constituents of the index are based on largest market capitalization and can fluctuate year over year. There were 41 companies in our study in 2018.

More than a dozen countries have set quotas of 30% to 40% for women board directors.

An overview of implementation in *The Economist* notes that there has been "a decade-long push by governments [to promote diversity]" in much of Western Europe. More than a dozen countries have set quotas of 30% to 40% for women board directors. Some countries, such as Belgium, France, Italy, and Norway, penalize firms—with fines, bans on paying existing directors, and even possible dissolution—that fail to comply with the quotas. Germany, the Netherlands, and Spain set quotas but do not sanction companies that do not meet them, while the United Kingdom only sets guidelines for women representation on boards.[5]

It is increasingly apparent that those countries that have mandated gender diversity on boards by law, with sanctions for noncompliance, have made far more rapid progress than those that have made these initiatives voluntary.

Different approaches, different results

France has taken a compulsory compliance approach to achieving gender diversity on boards, starting in 2011, by mandating that women comprise at least 40% of CAC 40 board membership by the end of 2017. Today, France leads the pack of European countries: on average, 44% of the board directors for 30 companies on the CAC 40 are women.[6] This change has been widely embraced in the corporate sector, as evidenced by the fact that several of the largest companies have now exceeded the quotas.

Other countries that have followed the mandated approach have made similar, significant strides. In 2003, Norway was the first European country to pass such a law and has gone from 6% female representation among non-executive directors on public company boards as of 2002[7] to 42.5% currently.[8]

The United Kingdom, on the other hand, has taken the approach of voluntary compliance with government guidelines and is also doing relatively well in meeting them. With the initial 2011 objective—25% female representation on FTSE 100 boards by 2015—met, the United Kingdom reset the goal to 33% of FTSE 350 boards by 2020. Broader diversity goals include at least one director of color on FTSE 100 boards by 2021 and on FTSE 250 boards by 2024.

Other countries with "soft laws" (no required sanctions for noncompliant companies) are making similar, if slower, progress, perhaps in part because of less public pressure—although recent demonstrations, such as those by women in Switzerland demanding equality with male counterparts, may be changing that. Meanwhile, Switzerland, with only 21.3% female representation on public company boards in 2017, and Spain, with 22.0% in 2017, have established quotas to boost female representation to 30% by 2024 and 2020, respectively.[9]

[5] "Ten years on from Norway's quota for women on corporate boards," *Economist*, February 17, 2018, economist.com.

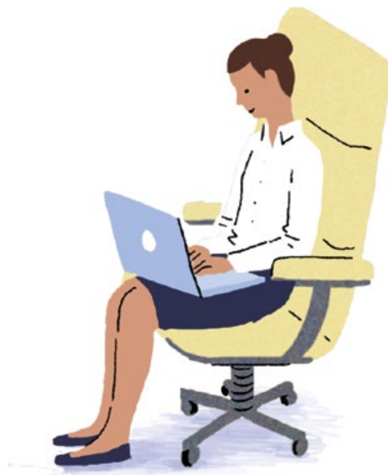
[6] European Women on Boards and Ethics & Boards, "European Gender Diversity Index (GDI) 2018," fact sheet, July 31, 2018, europeanwomenonboards.eu.

[7] Eric Westervelt, "In Norway, law promotes women in boardroom," NPR, August 10, 2009, npr.org.

[8] Statistics Norway, "Board and management in limited companies," updated March 8, 2019, https://www.ssb.no/en/virksomheter-foretak-og-regnskap/statistikker/styre/aar.

[9] Organisation for Economic Co-operation and Development (OECD), "Female share of seats on boards of the largest publicly listed companies," accessed on August 28, 2019, https://stats.oecd.org/index.aspx?queryid=54753#.

24% of appointments had social media or digital experience.



Additional benefits of board diversity

While achieving gender balance in the boardroom has been a valuable objective itself, there have been a number of less directly intended additional benefits of these initiatives.

When directors with fresh perspectives join boards, they contribute to what we generally view as more professional and more engaged boards. That is because an increasingly and intensely complex global business environment has changed the work of the board and what is required of board directors. While director competencies traditionally centered on finance and operating experience, boards must now be fluent in topics such as technology and digital transformation.

That doesn't mean everyone has to be a subject-matter expert, but with this expertise very much in demand now and in the future, boards should consciously assemble a team that balances younger directors who possess newer skills with more senior, experienced directors who are still relevant to the business with critical industry and institutional knowledge.

Diversity efforts have helped to rejuvenate boards that have recruited younger candidates, largely because the newly added non-executive directors tend to be drawn from less traditional corporate, non-CEO ranks. Boards have not been able to rely on the "old boy network" for board candidates and, consequently, have been forced to cast a wider net when seeking new non-executive directors. In the process, they have been able to recruit far more diverse directors, in terms of not only gender but also function, including COOs, CFOs, CHROs, chief information or data officers, chief legal officers, and divisional CEOs.

In the longer term, enhanced recruiting practices that focus on a broad range of diversity characteristics, including nationality, will mean a much larger, more diverse pool of highly capable directors for boards to choose from. In addition, service on these boards, and the greater visibility that confers, will likely enhance the careers of these new directors. That should ensure accelerated progress toward achieving greater diversity at the corporate level—particularly among CEOs—where representation of people of color and a range of nationalities remains scant.

The need for experience versus the need for new perspectives

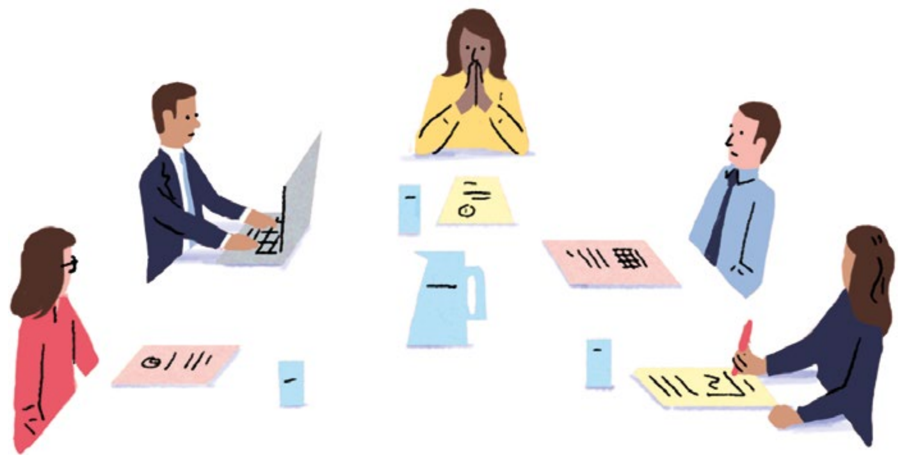
Nonetheless, boards have other priorities and concerns that may conflict with increasing diversity in their ranks, even for balance. For now, at least, in the context of the barrage of economic and industry challenges boards are facing, it is also important to secure experienced non-executive directors who can help them successfully weather the storm.

Boards have not been able to rely on the "old boy network" for board candidates.

And, indeed, our data show that many European boards are seeking such experienced directors, which may partially explain the apparent lack of progress in diversity representation. Specifically, we see nominating committees seeking directors with a history of varied and broad experience they can draw on as members of the board. That includes directors who have previously been through major change, preferably as CEOs, and those with a background in M&A and restructuring.

We are seeing some exceptions for increasing board diversity, particularly for boards seeking urgently needed skills dictated by the strategy that are lacking in current directors, such as cybersecurity or digital expertise: on average for the region, 24% of appointments had social media or digital experience, and 12% had experience in cybersecurity. However, some boards have found ways to access those talents without adding directors with those skills to their board, by creating specialist advisory boards. But this solution may not provide the same value as diverse directors who can weigh in—on a regular basis—on strategy, performance discussions, and decision making that may have a significant impact on a company's competitiveness and profitability.

Boards themselves now recognize that a diverse, balanced board is integral to their future effectiveness.



Achieving essential balance on the board

Finding new directors doesn't have to be an either–or choice between veteran and novice directors. In fact, nominating committees have a much more complex benefit–risk calculus to consider.

A balanced, effective, and future-proofed board requires both experienced hands and directors capable of guiding companies on what may be a vastly different future path. Retreating to what has proven successful in the past is not, in many cases, the safe choice after all. And the risk of opportunities lost represented by not adding directors with badly needed skills and experience is high.

So we suggest a shift in perspective and approach. Boards should focus on maintaining a team that can represent the interests of their major stakeholders and customers and is aligned with the future and strategy. The apparent risks of recruiting younger, often first-time, directors are easier to ameliorate than boards realize. There is an array of available options for boards to shore up any weaknesses and compensate for lack of experience in the boardroom.

First, there are many formal onboarding programs for new directors that help build key competencies required to leverage their individual executive experience for the benefit of a larger organization. Boards can also supplement formal onboarding programs with mentoring programs in which a board leader acts as a mentor to a first-time director; such programs also set the tone for other directors on the importance of integrating new directors who provide valuable perspectives and skills.

Board culture is a second area boards may need to address. Long-serving board members who are not accustomed to new perspectives and ways of working may require additional support. And even the best new board recruits will be unsuccessful if they are not accepted as peers—regardless of their age—on the board team. So building a more inclusive board culture, perhaps with external advice, and certainly driven by the board chair, is important.

Finally, there is also a growing premium on agility. Younger directors must get up to speed on the business and industry so they can contribute to boardroom discussions beyond their relatively narrow area of expertise, and older directors must become sufficiently knowledgeable in new areas of importance to the business to engage in discussions and ask intelligent questions. Shared objectives of continuous learning, skill development, and the need for directors, whether novices or veterans, to contribute can help build a cohesive board.

Looking ahead

Based on our own perspective and a longer view of governance history, we remain optimistic about the future of boards and their ability to adapt to a fast-changing business environment. This isn't the first time large companies have been challenged to evolve, and it won't be the last; their longevity and continued success suggest they are up to the task.

If, as the data in our report suggest, diversity progress has slowed, we firmly believe this is merely a temporary blip. Countries and companies have a choice: they can establish ambitious diversity quotas and goals with attendant sanctions, or they can follow the slower evolutionary course and expect better balance in perhaps another generation or so. However, with mounting evidence pointing to diversity as an essential element of success, there is greater regulatory and stakeholder pressure to achieve increasingly ambitious diversity goals. There is clearly no turning back, as boards themselves now recognize that a diverse, balanced board is integral to their future effectiveness and the value they provide their companies.

Key findings

Overall findings across the region:

Of the 503 independent seats filled on the boards of CAC 40, DAX 30, ISEQ, AEX 25, PSI 20, IBEX 35, and FTSE 250 companies in 2018, 62% went to current or former CEOs and CFOs.

- Some 352, or 70%, of those seats were filled by directors with previous board experience.
- Some 191, or 38%, went to women.
- Some 61, or 12%, of the 503 seats were filled by appointees with experience in cybersecurity, and 121, or 24%, by appointees with digital or social media experience.
- Some 182, or 36%, of new seats went to people from countries other than the country where the company's headquarters are located.
- Nearly half of the seats, 49%, were filled by people with substantial experience in financial services, including 9% with experience in financial risk.

Some 352, or 70%, of seats were filled by directors with previous board experience.

Comparative findings:

- The percentage of non-national appointees varied widely by country—from a high of 62% in the Netherlands to a joint low of 32% in Spain and the United Kingdom.

The prior career experience of new directors also varied widely among countries:

- Companies in France, for example, added the largest share (34%) of newly appointed directors with consumer experience, while the supervisory boards of German firms and boards of Spanish firms both added industrial experience with nearly half (46% and 47%, respectively) of their new directors.
- Boards of French firms also added digital experience with just about a third of their new directors; those of German firms added digital or social media experience 40% of the time. At the other end of the scale, boards of firms in Portugal added no digital, social media, or cybersecurity expertise in 2018.

Snapshot of the class of 2018

France, Germany, Ireland, the Netherlands, Portugal, Spain, and the United Kingdom

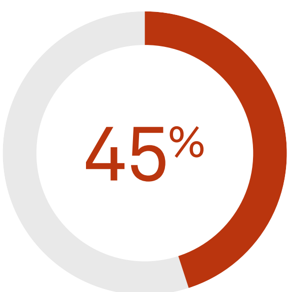
Director seats filled

503

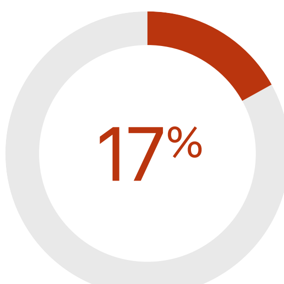
Average age

58

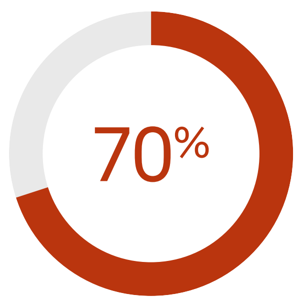
Current and former CEOs



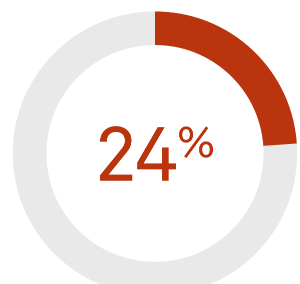
Current and former CFOs



Previously served on a board

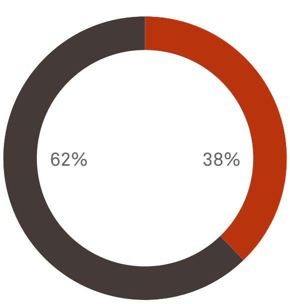


Digital or social media experience



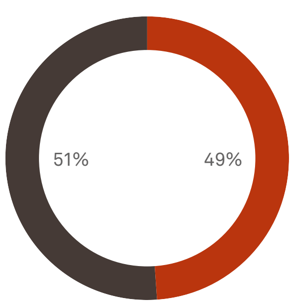
Gender

- Female
- Male

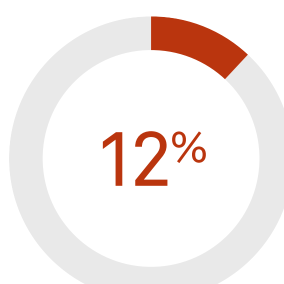


Current or former executive

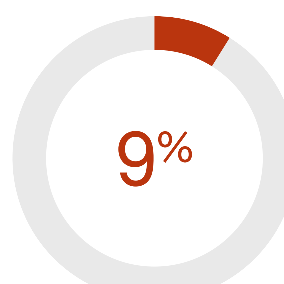
- Current (n=245)
- Former (n=258)



Cybersecurity experience



Financial risk experience



Diversity across the region

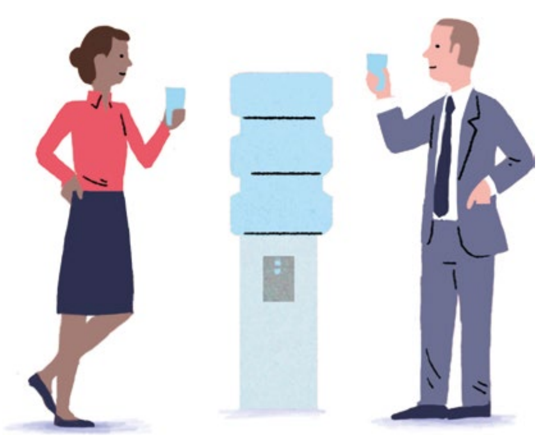
Gender and nationality

Gender diversity

Continued momentum in the United Kingdom for appointing women, while France and Germany see declines.

An average of 38% of new board appointments went to women in the seven countries included in our study. Perhaps reflecting sustained and new efforts on improving gender diversity, companies on the United Kingdom's FTSE 250 increased female appointments from 35% in 2017 to 42% in 2018. The proportion of female appointments to boards on the CAC 40 in France decreased from 42% in 2017 to 35% in 2018, though those companies still retain the top spot in terms of overall representation of women. Like those in France, companies on Germany's DAX 30 experienced a decline in female appointments, from 41% in 2017 to 31% in 2018. Among the countries added to the report this year, those on Portugal's PSI 20 had the highest share of new female directors, at 44% in 2018.

38% of new board appointments went to women in the seven countries included in our study.

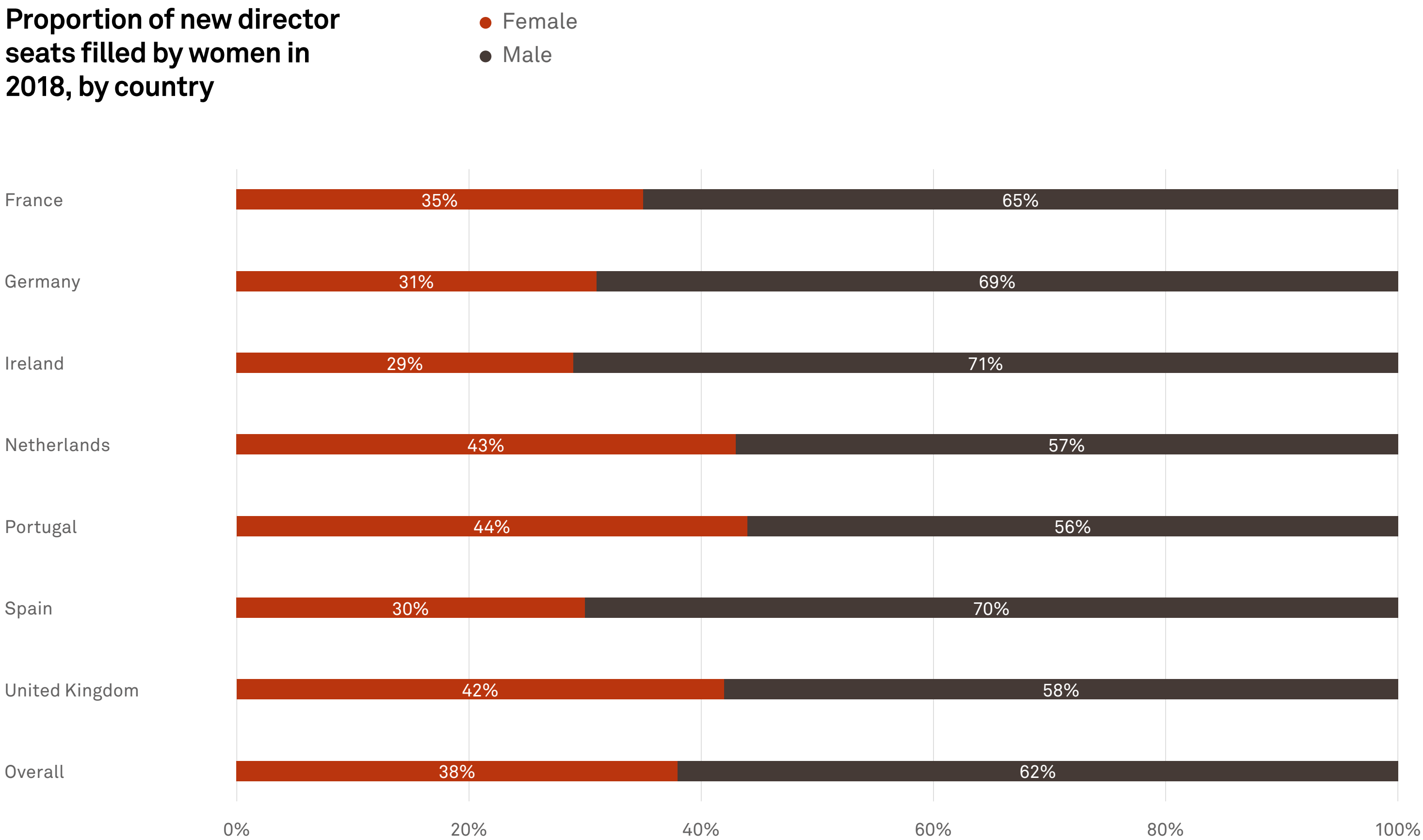


Nationality diversity

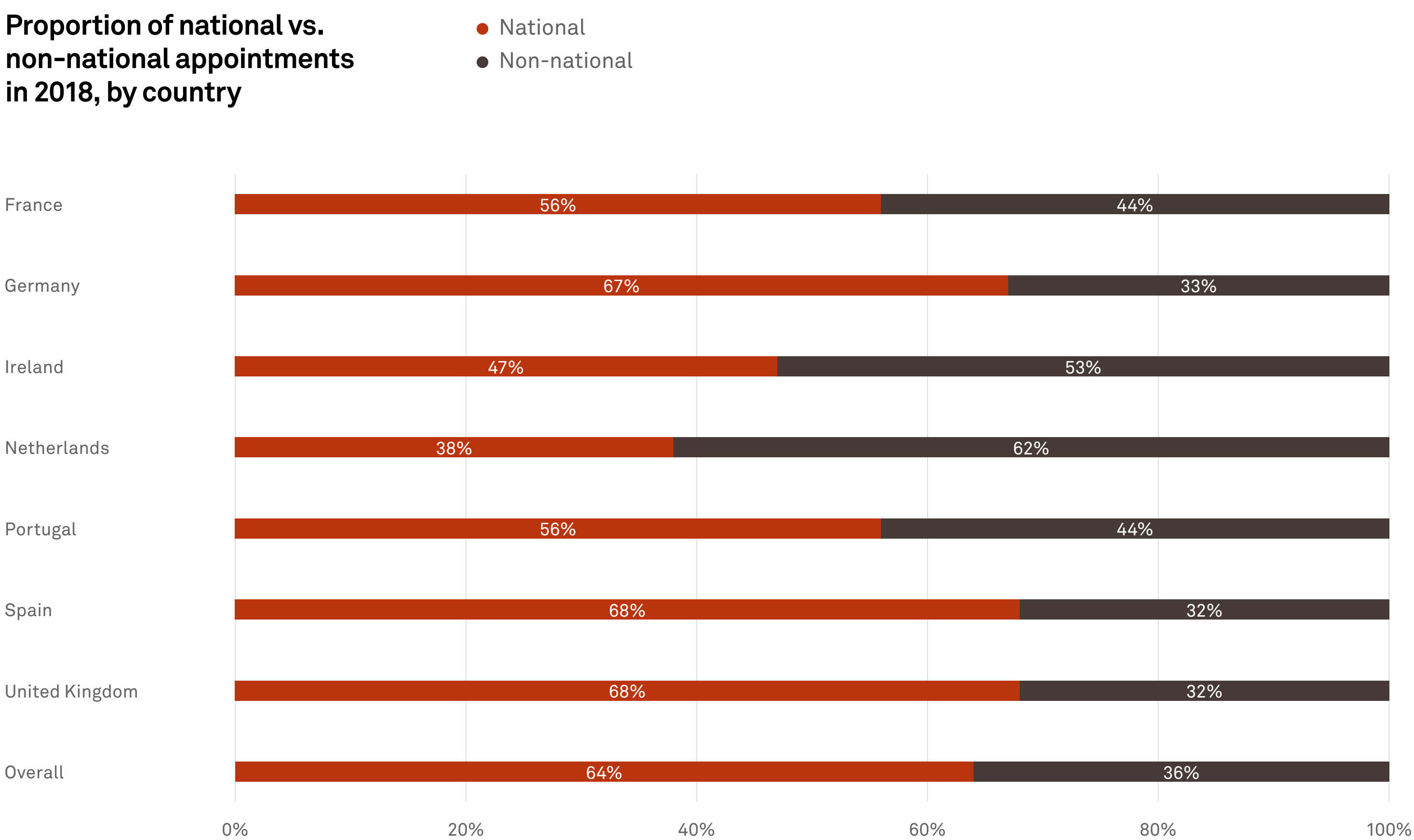
Boards are adding significant numbers of directors from other countries.

A majority of board appointments at companies in both the Netherlands and Ireland were non-nationals, at 62% and 53%, respectively. Boards in France saw an increase of 4 percentage points in 2018 in non-national appointments, to 44%, though those at German companies experienced a decrease in non-national appointments, from half in 2017 to a third in 2018.

Proportion of new director seats filled by women in 2018, by country



Proportion of national vs. non-national appointments in 2018, by country



France

A strong focus on current CEOs and CFOs

Almost all of the 52 board seats filled among France's CAC 40 went to people with CEO or CFO experience, but these boards also added digital and social media experience far more often than in the past. The share of seats going to women fell a bit, and although the share of seats going to directors from other countries was above the average for all the countries in the study, most appointees were from nearby, other Western European countries.

C-level and digital expertise

- At 90%, companies in France filled the greatest percentage of seats with people with CEO or CFO experience among all seven countries in our study.
- Nearly 70% of the seats went to current executives, the second highest share, behind only Portugal, with 47% of these current CEOs. This suggests that French boards place a particularly high premium on the day-to-day experience of sitting CEOs to help guide their companies.
- Boards of French companies continue to add digital and social media experience—among the new directors' areas of expertise, the percentage with digital or social media experience increased from 12% in 2017 to 33% in 2018. Eight percent had cybersecurity experience, up from 0% in 2017.
- Thirty-four percent of the newly appointed directors' career experience is in the consumer industry, up from 17% in 2017, and another third is in financial services, up from 22%.

Snapshot of 2018 France findings

Director seats filled **52**

Average age **56**

Current and former CEOs **71%**

Current and former CFOs **19%**

Current executives (n=36) **69%**

Former executives (n=16) **31%**

Experience

73% Previously served on a board

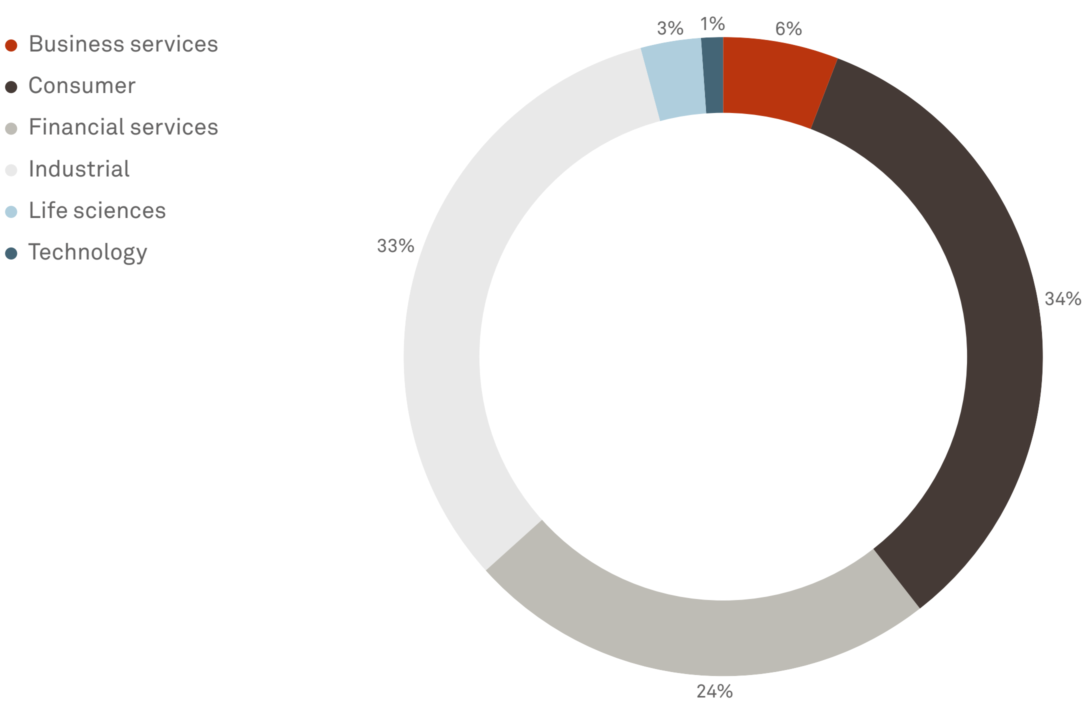
31% Previously served on an audit committee

33% Digital or social media experience

6% Financial risk experience

8% Cybersecurity experience

Distribution of directors' total career experience by industry (n=80)

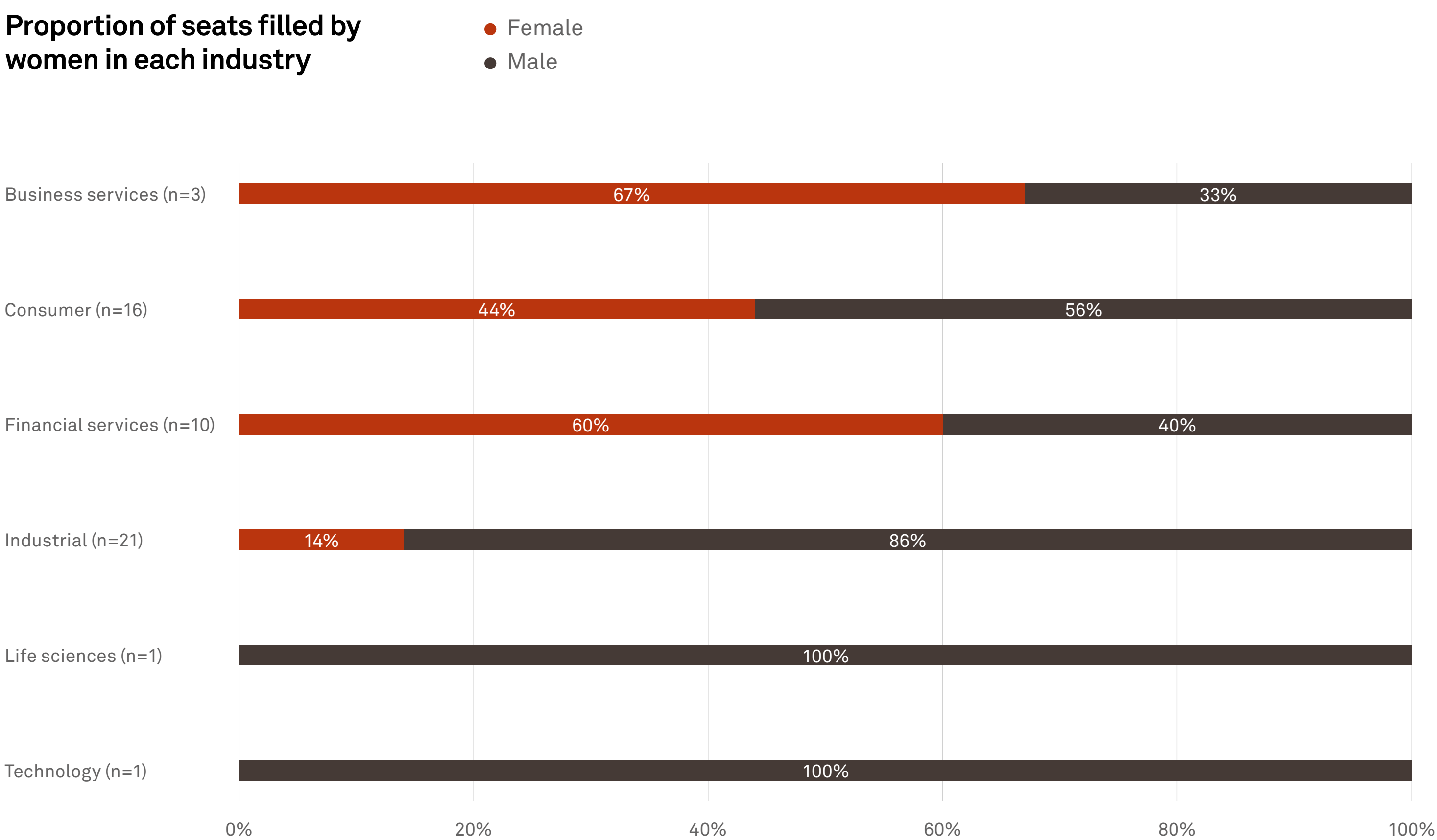


Note: Numbers do not sum to 100%, because of rounding.

A drop in the share of women

- The proportion of women appointed to fill seats on CAC 40 boards declined to 35% this year, compared to 46% in 2017.
- The seats were less equally distributed among industries in 2018 as well: women were appointed to 67% of the available seats on business services boards.
- Nearly 90% of the female appointments went to women with CEO or CFO experience, similar to the overall group of French directors but significantly higher than the percentage in the United Kingdom. Sixty-one percent of female appointments went to women with previous board experience.
- In terms of industry background, the highest share of career experience for women appointees is in financial services (32%), just edging out consumer, which was the leading industry experience among all director seats filled by companies in France.

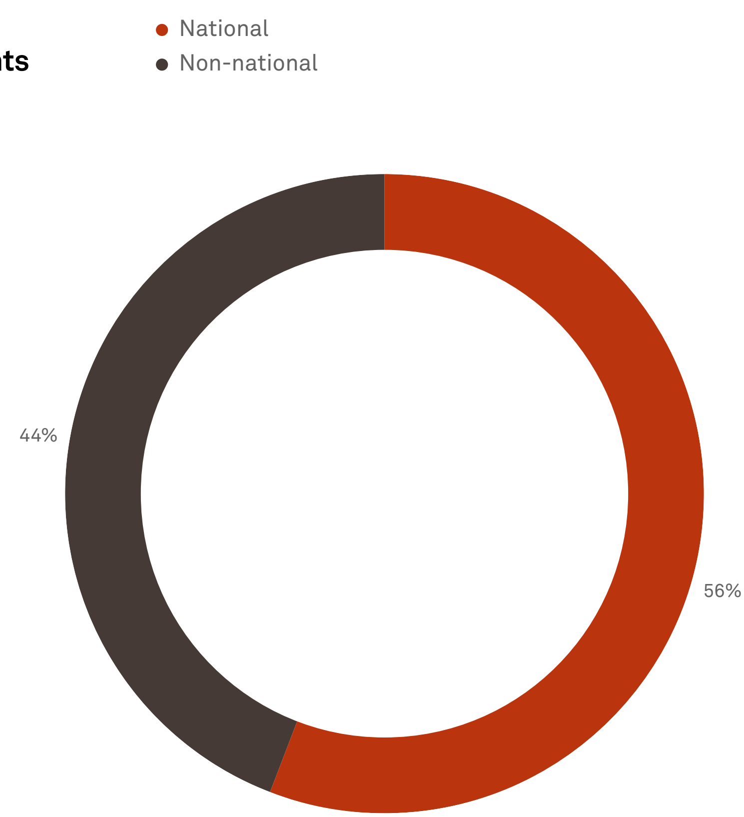
Proportion of seats filled by women in each industry



New directors from across the region

- Forty-four percent of the seats were filled by non-nationals, putting companies in France above the regional average of 36%.
- The majority of the seats filled by non-national directors went to people from Western Europe, representing slightly over a quarter of all appointments to French boards; Asian and North American directors each filled 8% of available seats, and 2% came from Africa and the Middle East.
- Over half of the non-national appointments are women—this group makes up 67% of the total number of female appointments. As France continues to increase gender diversity through government mandates, boards on the CAC 40 are seeking qualified female talent both within the country as well as outside to meet, and at times exceed, new quotas.

Proportion of national vs. non-national appointments



Germany

Digital and social media expertise, paired with prior board service

Four-fifths of the 48 seats filled on the supervisory boards of Germany's DAX 30 companies went to people with prior board experience—and they also had the highest shares of new directors with digital or social media experience in any country in our study. German companies added less than the regional average for diversity in terms of gender or nationality.

Board experience in demand

- Across all the countries included in our study, Germany's boards filled seats with the highest percentage of new directors with previous board experience, at 81%. Of those, 40% previously served on an audit committee.
- Seats on these boards also went to directors with the highest shares of digital or social media experience, at 40%, up markedly from 9% in 2017. And the share of new directors' cybersecurity experience increased from 5% to 21%.
- Nearly half of the appointees' career experience is in the industrial sector, up from 26% in 2017. Financial services was a distant second, at 18%.
- This mix of expertise may highlight the importance of heavy industry in Germany, along with the increasing role of digital technologies in both transforming that industry, along with all others, and communicating to all stakeholders.

Snapshot of 2018 Germany findings

Director seats filled **48**

Average age **58**

Current and former CEOs **46%**

Current and former CFOs **17%**

Current executives (n=31) **65%**

Former executives (n=17) **35%**

Experience

81% Previously served on a board

40% Previously served on an audit committee

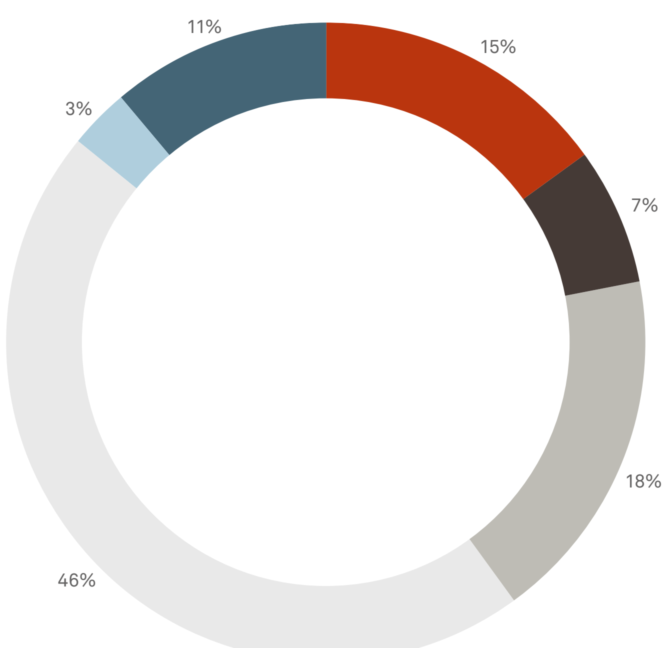
40% Digital or social media experience

4% Financial risk experience

21% Cybersecurity experience

Distribution of directors’ total career experience by industry (n=61)

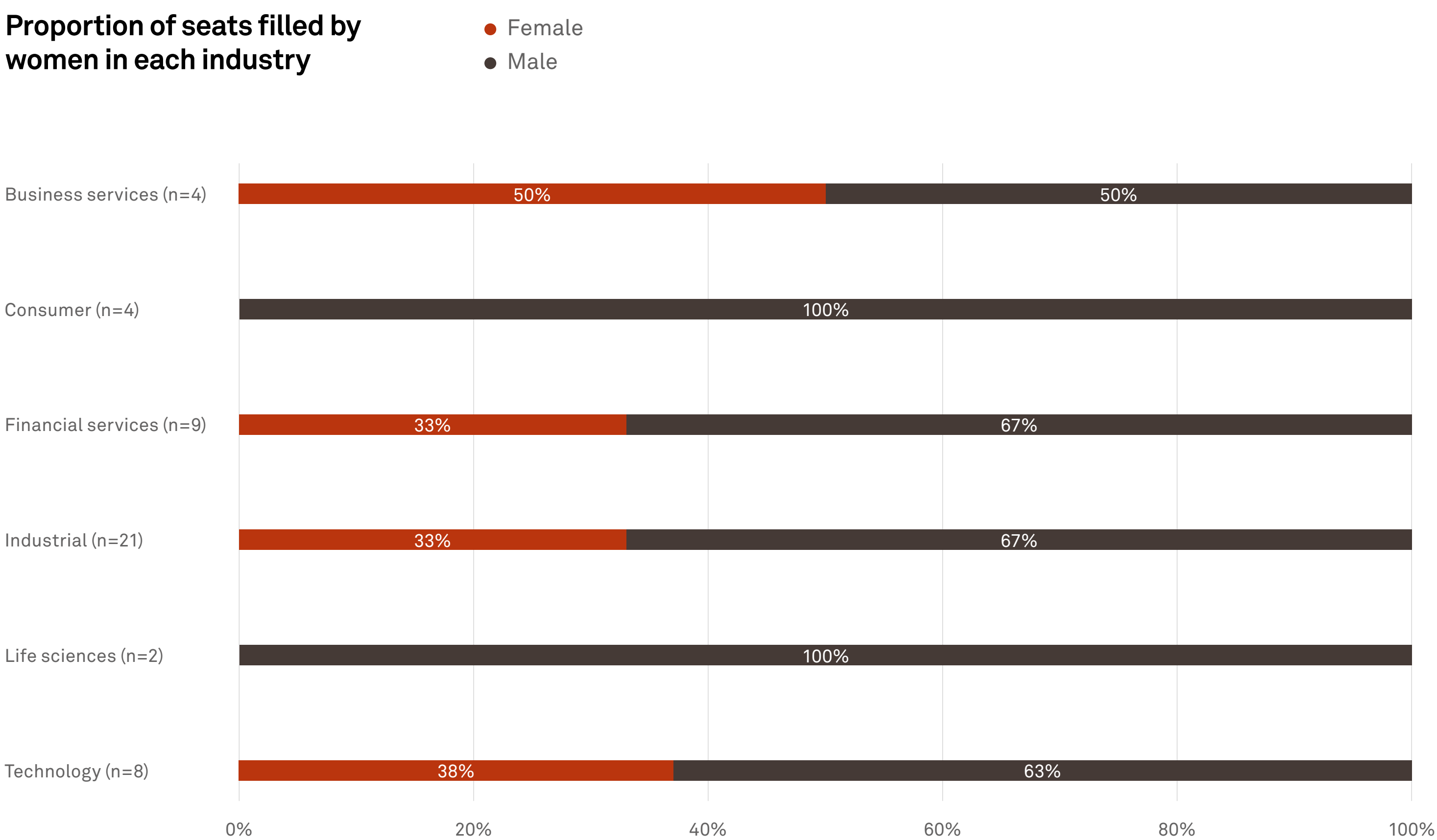
- Business services
- Consumer
- Financial services
- Industrial
- Life sciences
- Technology



A smaller share of women, but a lot of digital expertise

- Of the 48 German board seats in 2018, 15, or 31%, were filled by women—down from 41% last year.
- However, over half of the seats women gained went to appointees with digital or social media experience and 27% to women with experience in cybersecurity—both figures are above the averages of 40% and 21% for the whole group of new German directors.
- In the two industries that filled the greatest number of seats, financial services and industrial, a third of those appointments went to women. And women filled two of the four business services seats, in line with the overall high shares of women gaining seats on these boards across the region.

Proportion of seats filled by women in each industry

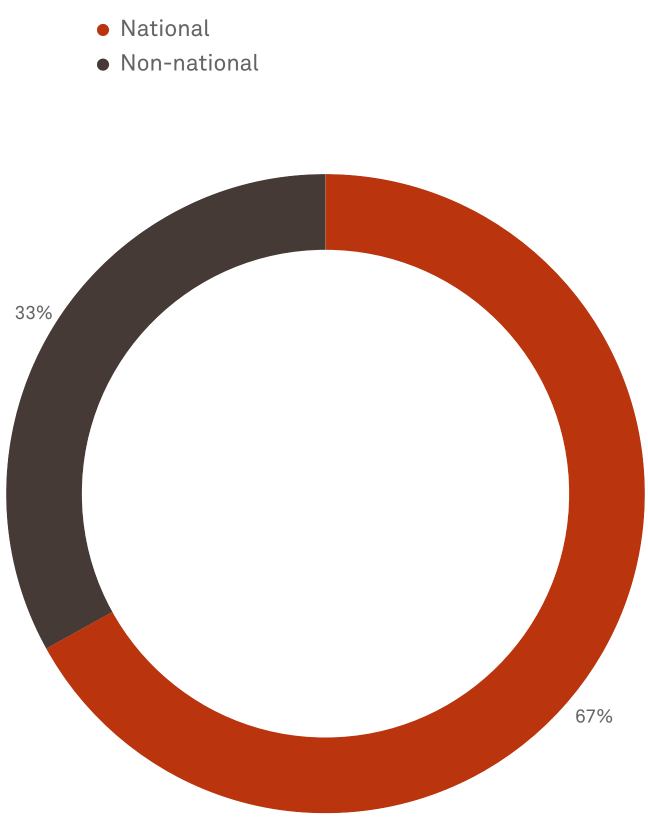


Note: Numbers do not sum to 100%, because of rounding.

A majority of Germans

- A third of the board seats in Germany went to non-national appointees, down from half last year and lower than the 36% average for the seven countries in our study. Most of the non-German directors came from Western Europe and North America.
- Half of the seats going to new directors from other countries were filled by women, similar to the share in France.
- In terms of experience, half of the seats filled by non-national directors went to people with social media or digital experience—even higher than the overall share of seats going to people with this kind of experience.

Proportion of national vs. non-national appointments



Ireland

Financial expertise of all kinds

Boards of companies on Ireland's ISEQ added financial expertise of all kinds in 2018, including higher than average shares of new directors with CFO experience, financial risk experience, and financial services experience. More than half of the 34 seats filled went to directors from other countries, but Irish companies filled the lowest share of seats with women of any country in our study.

More financial expertise, less digital expertise

- Compared to the other countries in our study, Irish companies added the highest proportion (35%) of financial risk experience among the new directors. Companies in Ireland and the Netherlands tied in filling the highest percentage (29%) of seats with directors with CFO experience.
- However, Irish companies far less often added digital and social media experience with their new directors, at only 12%.
- Newly appointed directors of Irish companies most often had experience in financial services, with just over a third of the directors having this experience, followed by consumer, at 29%; industrial, at 18%; life sciences, at 10%; business services, at 6%; and technology, at just 2%.

Snapshot of 2018 Ireland findings

Director seats filled	34	Current and former CEOs	47%	Current executives (n=14)	41%
Average age	58	Current and former CFOs	29%	Former executives (n=20)	59%

Experience

47% Previously served on a board

21% Previously served on an audit committee

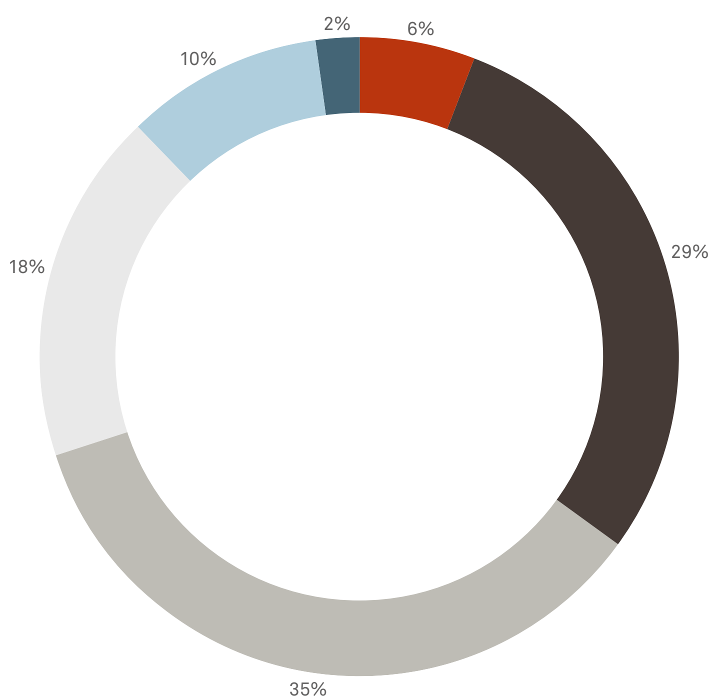
12% Digital or social media experience

35% Financial risk experience

6% Cybersecurity experience

Distribution of directors' total career experience by industry (n=49)

- Business services
- Consumer
- Financial services
- Industrial
- Life sciences
- Technology

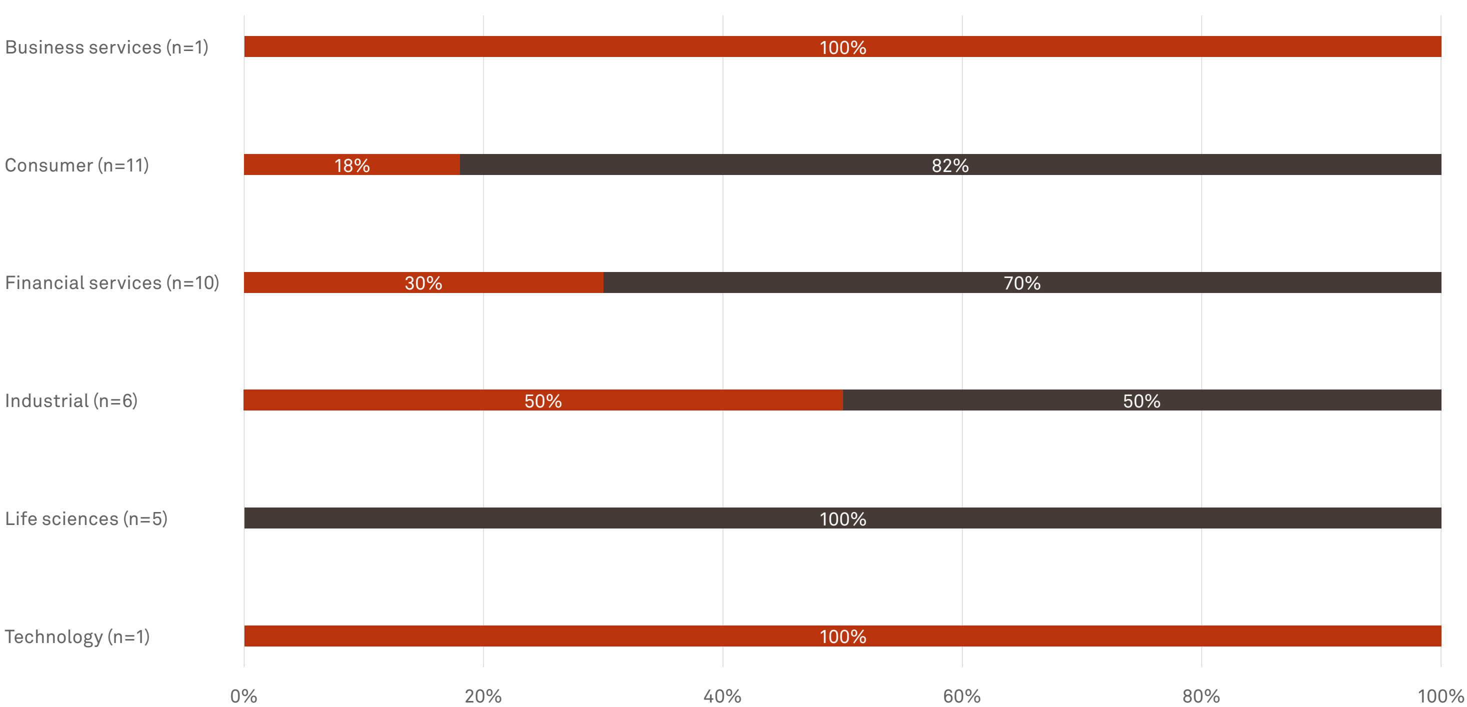


Half of new female directors have experience in financial risk

- Companies in Ireland had the lowest proportion of director seats filled by women, at 29%, well below the regional average of 38%.
- Four out of the 10 seats filled by women went to women from other countries.
- Half of the seats filled by new female directors went to current executives and half to those with CFO experience, and half of the group had financial risk experience, which is slightly higher than the proportion of Irish appointments with this experience overall.
- Half of the six seats filled by industrial companies in Ireland went to women, while life sciences boards did not appoint any women in 2018.

Proportion of seats filled by women in each industry

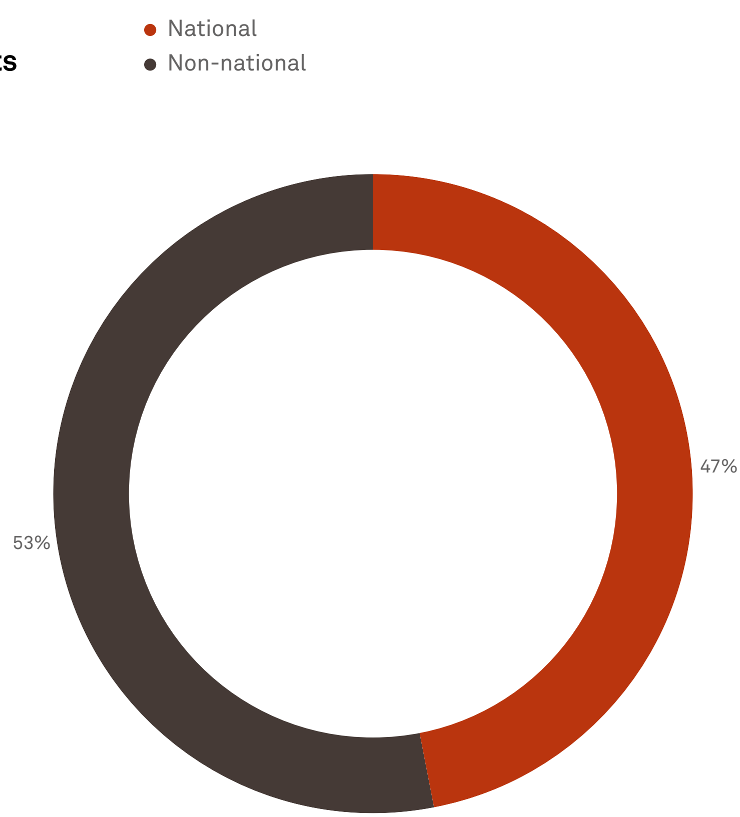
- Female
- Male



A majority of new directors from other countries

- Over half, 53%, of the director seats went to people from outside Ireland, second only to the share of non-national appointments, at 62%, in the Netherlands.
- Thirty-five percent of newly filled Irish board seats went to people from Western Europe, 15% to those from North America, and 3% to those from South America.
- The high share of non-national appointments may in part be due to the large number of technology companies with regional headquarters in Dublin, as well as the fact that US investment in Ireland hit an all-time high in 2018.
- Two-thirds of the non-national appointments were filled by former executives and three-quarters by people with CEO or CFO experience.

Proportion of national vs. non-national appointments



Netherlands

Older directors and the most diverse mix

Among all the countries in our study, boards of companies listed on the Netherlands' AEX 25 filled seats with the highest share of new directors with expertise in the business services industry. Among the 21 seats filled, Dutch companies also added the highest share of new directors from other countries and the second highest share of new female directors.

Older board members with experience in business services

- Among the group of newly appointed directors at Dutch companies, twice as many (29%) had financial risk experience as had digital or social media experience (14%). None of the newly appointed directors in 2018 had cybersecurity experience; the Netherlands is only one of two countries in our study that didn't add any expertise in that area to their boards in 2018 (the other is Portugal).
- New directors at Dutch companies were the oldest group in our study, with an average age of 61, three years above the regional average age of 58.
- Looking at the new directors' overall career experience, 21% had worked in business services, the largest proportion of new directors with this experience in our study.

Snapshot of 2018 Netherlands findings

Director seats filled **21**

Current and former CEOs **48%**

Current executives (n=9) **43%**

Average age **61**

Current and former CFOs **29%**

Former executives (n=12) **57%**

Experience

68% Previously served on a board

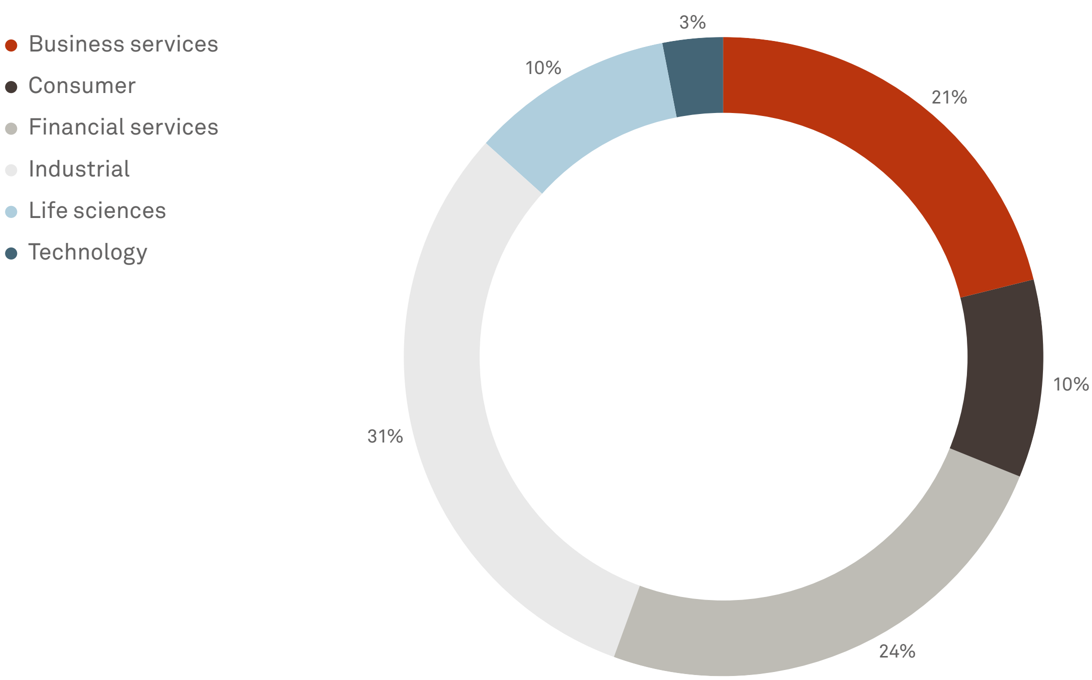
52% Previously served on an audit committee

14% Digital or social media experience

29% Financial risk experience

0% Cybersecurity experience

Distribution of directors' total career experience by industry (n=29)

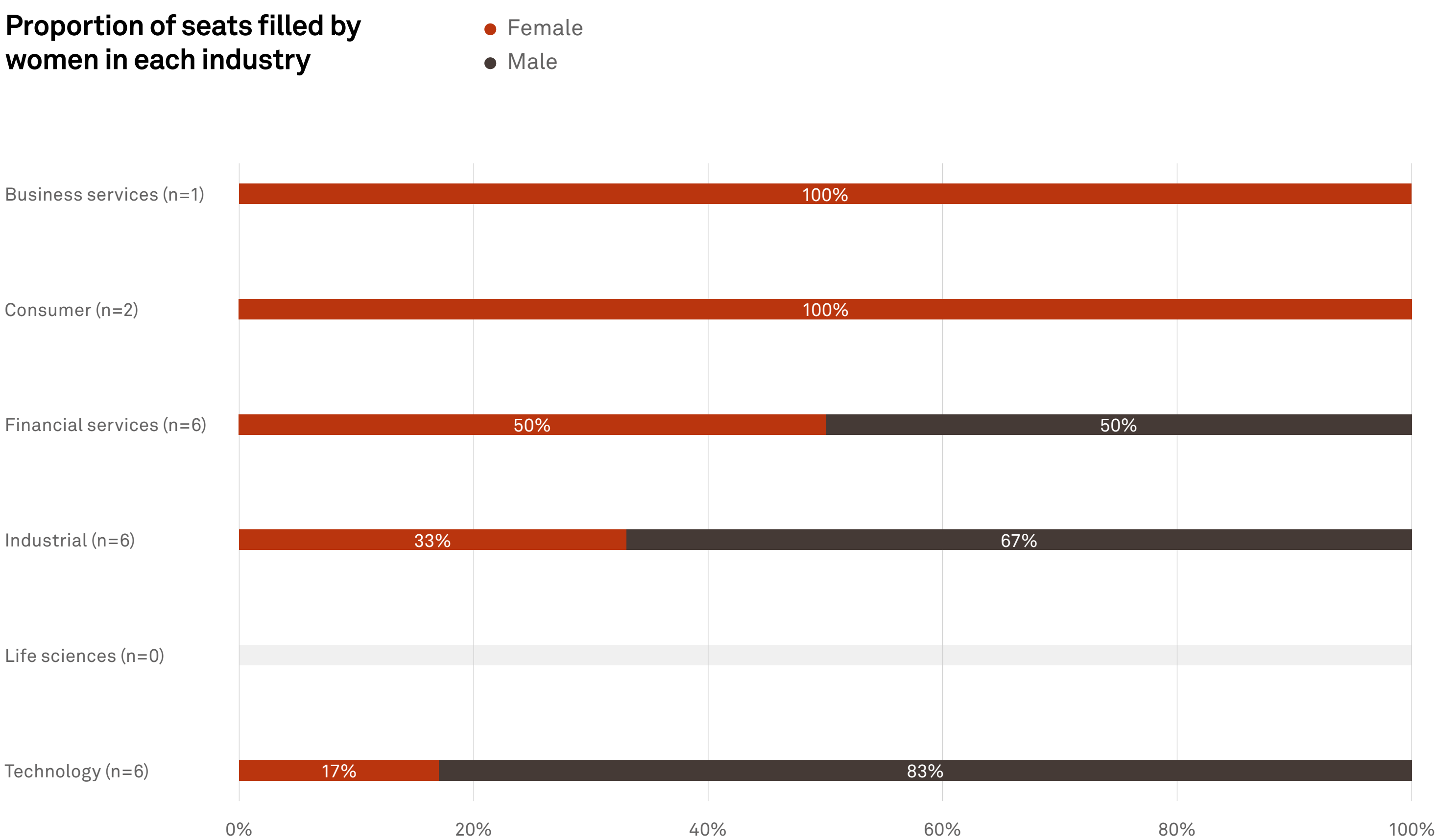


Note: Numbers do not sum to 100%, because of rounding.

A high share of new female directors

- The Netherlands appointed the second highest proportion (43%) of women directors in 2018, behind only Portugal.
- Over half of the seats that went to women went to current executives and six out of nine to women with previous board experience; two-thirds went to women with CEO or CFO experience.
- Although financial services only accounted for 17% of the collective career experience of female appointments, women filled half of the available seats in financial services. In contrast, a third of the seats went to women with experience in industrial, and women also filled a third of the available seats on industrial boards.

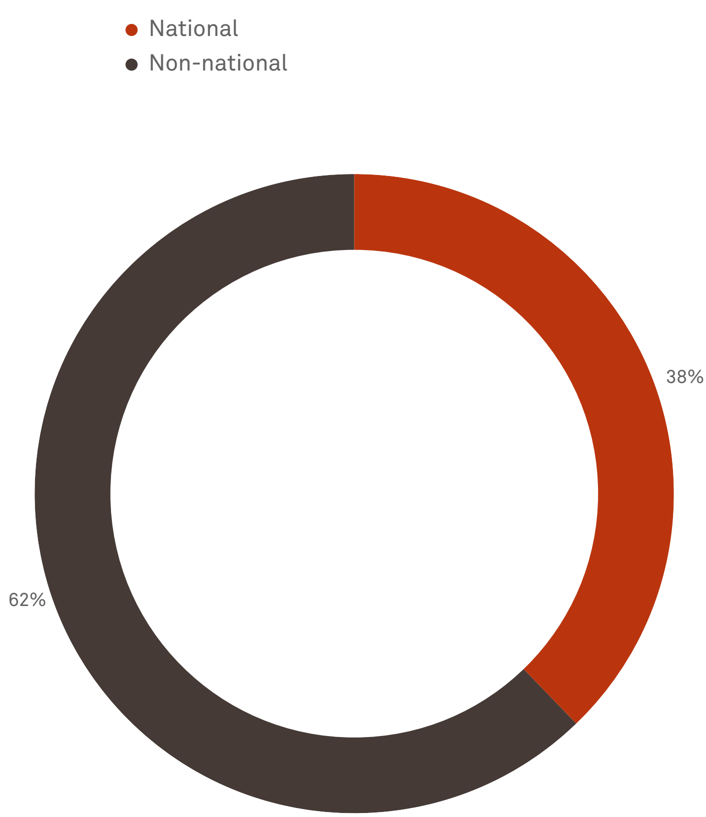
Proportion of seats filled by women in each industry



Leading the pack in directors from other countries

- Boards of Dutch companies added the greatest proportion of non-national directors, at 62%, among all countries included in our study.
- A third of the seats were filled by appointees from Western Europe and another 29% from North America.
- Over half of the seats filled by non-national appointees went to current executives and 62% to people with CEO experience.
- Nearly 70% of the seats filled by non-nationals went to those with previous board experience, of which 38% had audit committee experience.

Proportion of national vs. non-national appointments



Portugal

Younger directors and a diverse mix

Companies on Portugal's PSI 20 filled 16 new director seats in 2018, with people of the youngest average age among the countries in our study and the highest share of current executives. Boards in Portugal also filled seats with the highest share of women in 2018, and an above-average share of new directors from other countries.

Relatively little focus on prior CEO, CFO, or board experience

- Boards at companies in Portugal added the youngest new directors, with an average age of 53, well below the overall average age of 58.
- Perhaps related, 94% of the seats at these companies were filled by current executives, the highest proportion among the countries we studied. Notably, however, only 12% went to appointees with CEO or CFO experience and only 38% to those with prior board experience, significantly below the regional average of 70%.
- In addition, despite the relatively young age and lower seniority of new directors at companies in Portugal, they did not add any people with cybersecurity, digital, or social media experience—the only country where this was the case.

Snapshot of 2018 Portugal findings

Director seats filled	16	Current and former CEOs	6%	Current executives (n=15)	94%
Average age	53	Current and former CFOs	6%	Former executives (n=1)	6%

Experience

38% Previously served on a board

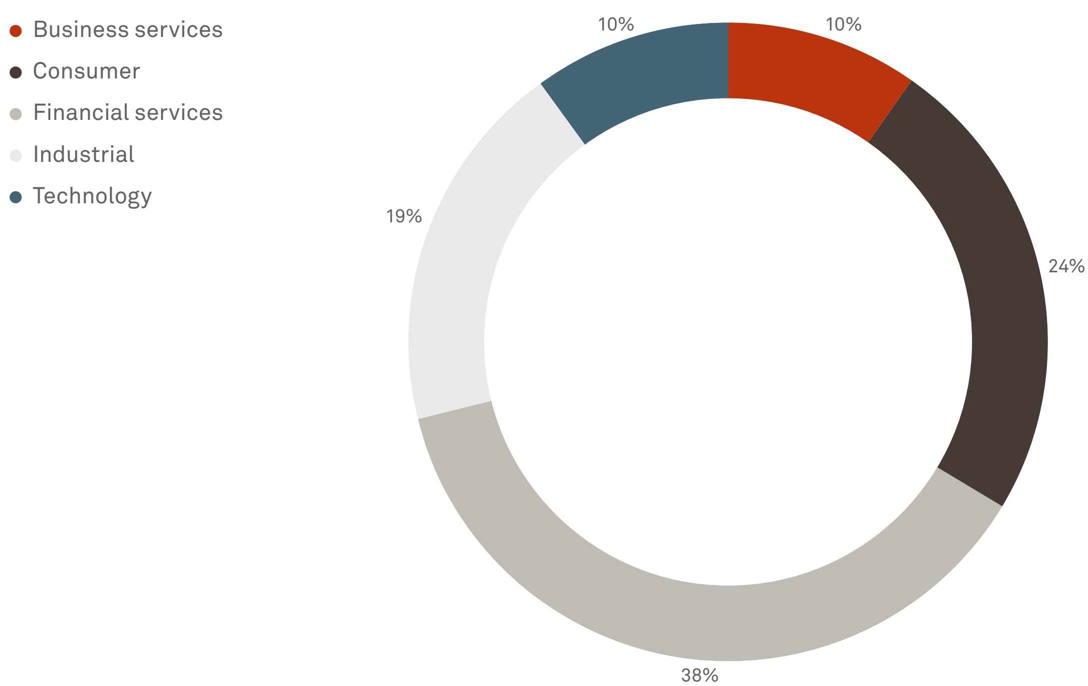
6% Previously served on an audit committee

0% Digital or social media experience

13% Financial risk experience

0% Cybersecurity experience

Distribution of directors' total career experience by industry (n=21)

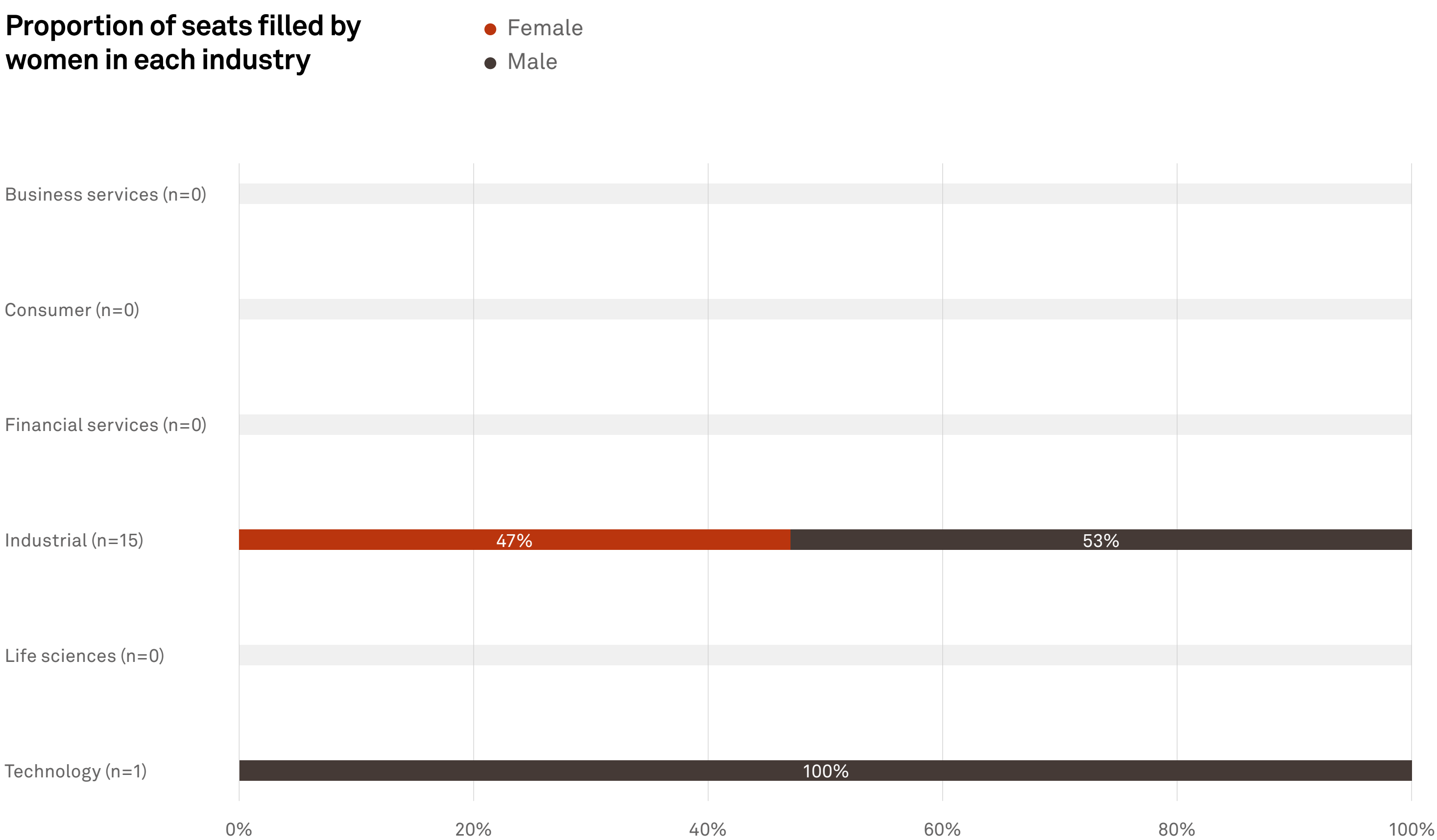


Note: Numbers do not sum to 100%, because of rounding.

The highest share of women

- Of the board seats filled at companies in Portugal, 44% went to women, the largest proportion among the seven countries in our study.
- All of the seats filled by women went to current executives, though only two went to women with previous board experience.
- Among the group of new female directors, the greatest proportion of prior experience was in the consumer industry, at 40%, followed by financial services, at 30%, and then business services, industrial, and technology, each at 10%. No female directors had experience in life sciences.
- Women filled nearly half of the appointments to industrial boards.

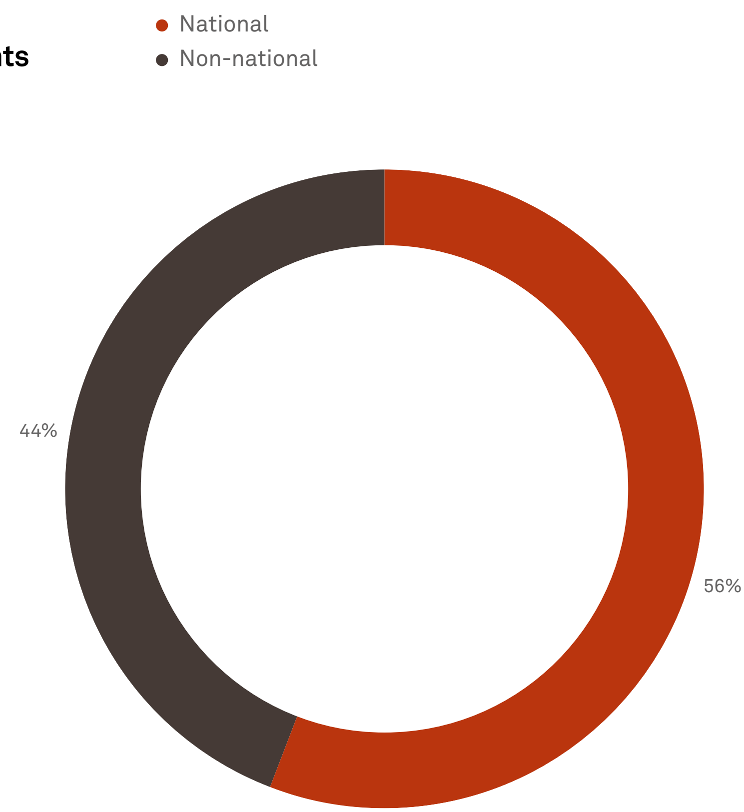
Proportion of seats filled by women in each industry



Current executives from other countries

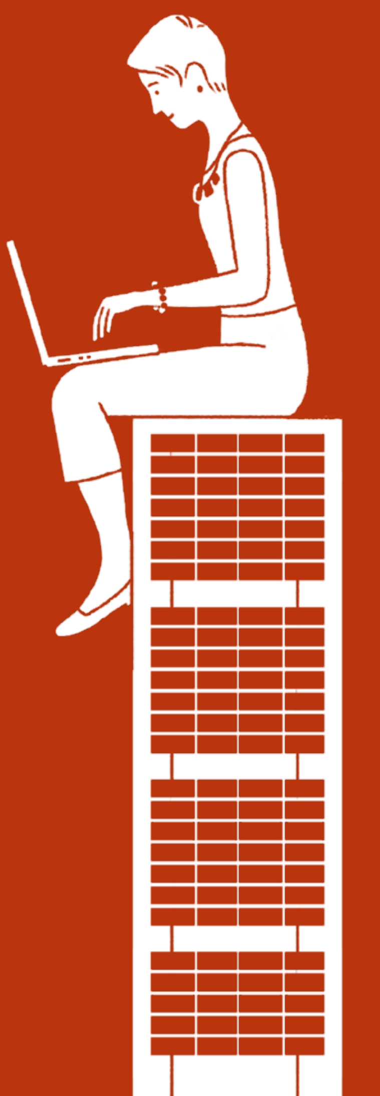
- Forty-four percent of Portugal's board seats in 2018 were filled by people from countries other than Portugal, above the regional average of 36% for non-national appointees.
- Thirteen percent of the new appointments went to people from Western Europe, followed by 6% that went to those from Africa and the Middle East, 6% from South America, 6% from Asia, and 6% from North America.
- All but one of the seats filled by non-nationals went to current executives, and 43% to non-nationals with previous board experience.

Proportion of national vs. non-national appointments



Spain

Executives with diverse experience, mostly from Spain



Boards of Spain's IBEX 35 companies filled 56 seats in 2018, with new directors who were far less often CEOs or CFOs than those newly appointed to boards in most other countries in our study. Most, however, were current executives, many in other C-suite roles, and most were Spanish. Spain added the second lowest share of female directors.

Mostly current executives, with diverse C-suite experience

- Of the new director seats filled, 43% went to people with CEO or CFO experience, the second lowest proportion for such experience in the countries in our study, ahead only of Portugal.
- However, the newly appointed directors did have a wide range of other C-suite experience: three seats went to people with chief technology or chief information officer expertise, two to CHROs, and one to a person with CMO experience.
- The majority of the new seats, 68%, went to current executives, well above the average of 49% for the seven countries in our study and suggesting that Spanish boards were, like those in France, seeking to ensure they have robust representation of board members with day-to-day experience.
- In terms of the new directors' overall career experience, nearly half had worked in the industrial sector, followed by consumer, at 16%.
- Boards of Spanish firms added less digital expertise than did those in many other countries in our study: among the career experience of the whole group of new directors, just 13% had digital, social media, or financial risk experience, and only 9% had cybersecurity experience.

Snapshot of 2018 Spain findings

Director seats filled	56
Average age	57
Current and former CEOs	36%
Current and former CFOs	7%
Current executives (n=38)	68%
Former executives (n=18)	32%

Experience

68% Previously served on a board

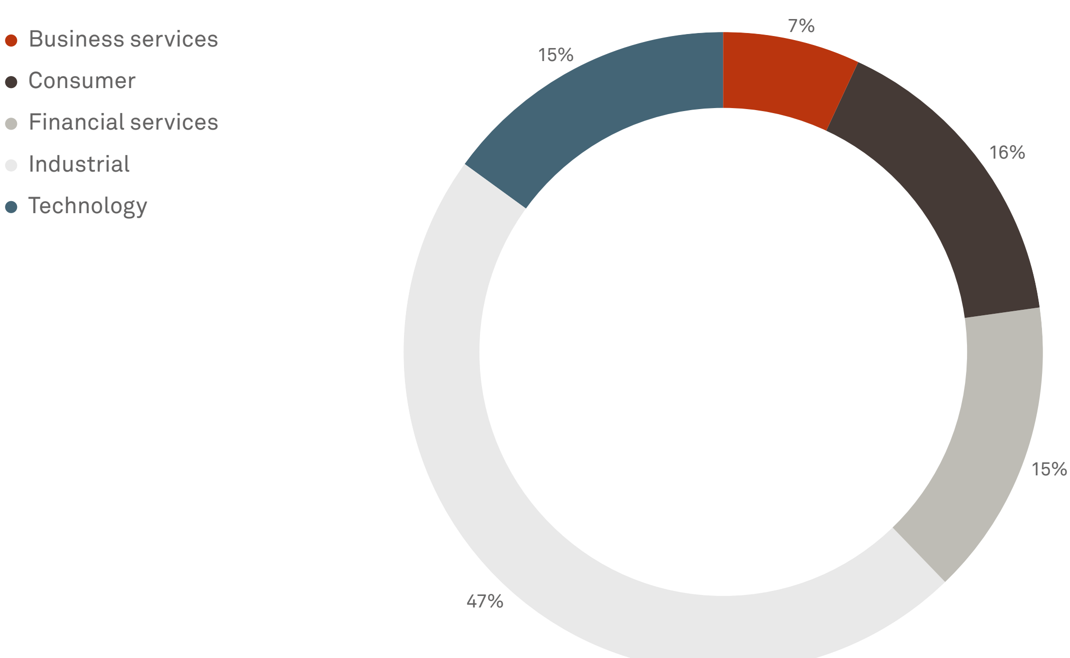
25% Previously served on an audit committee

13% Digital or social media experience

13% Financial risk experience

9% Cybersecurity experience

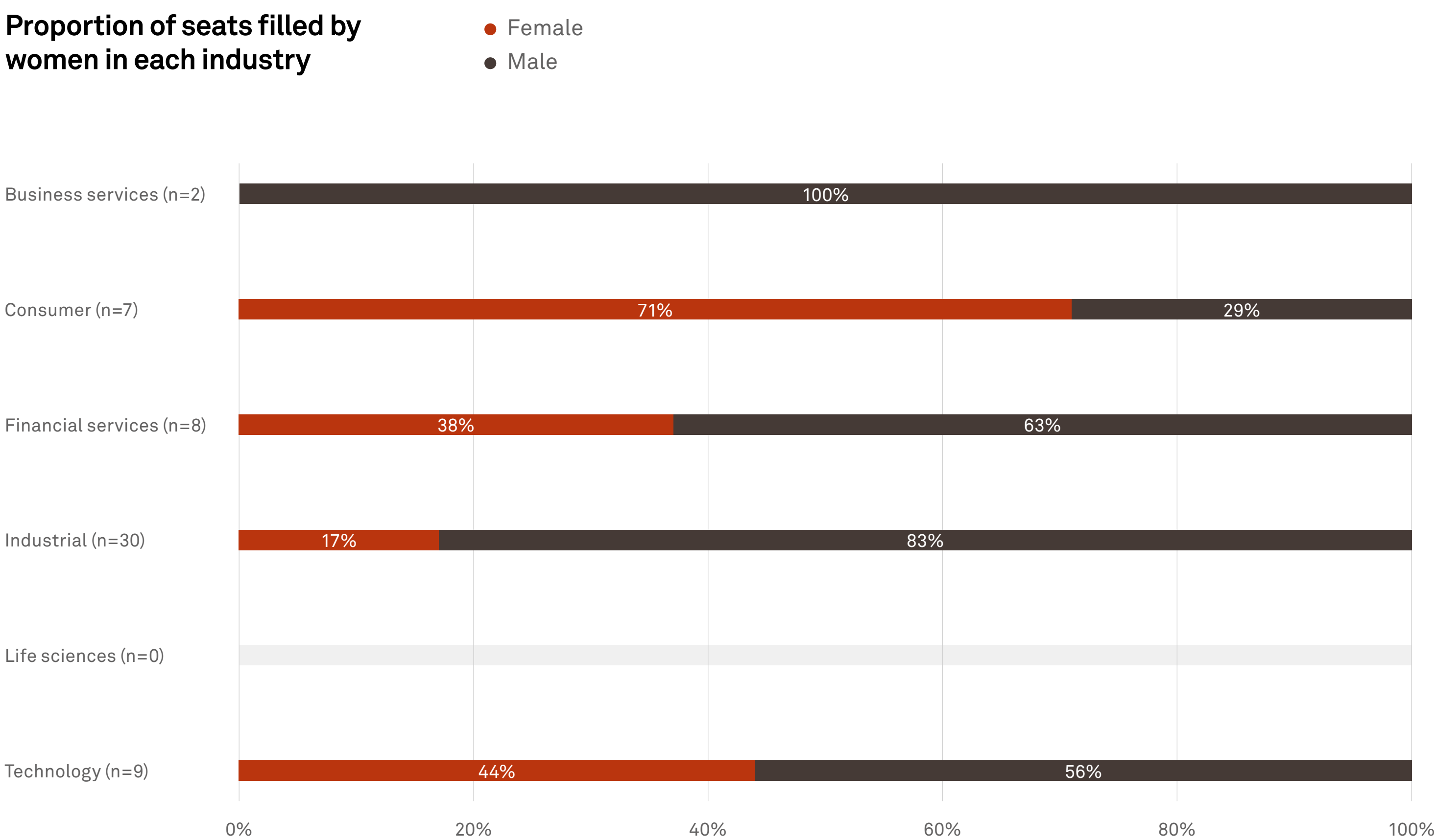
Distribution of directors' total career experience by industry (n=68)



Relatively few new female directors, mostly with prior board experience

- Among the countries in our study, boards of companies in Spain filled their new seats with the second lowest proportion of women in 2018, at 30%, ahead of only Irish companies, at 29%.
- Seventy-one percent of the seats filled by women went to those who are current executives, and the same share went to those with previous board experience (and of those, 41% were on audit committees).
- A third of the female appointees' career experience was in financial services, and women filled 38% of the available seats in that industry.

Proportion of seats filled by women in each industry

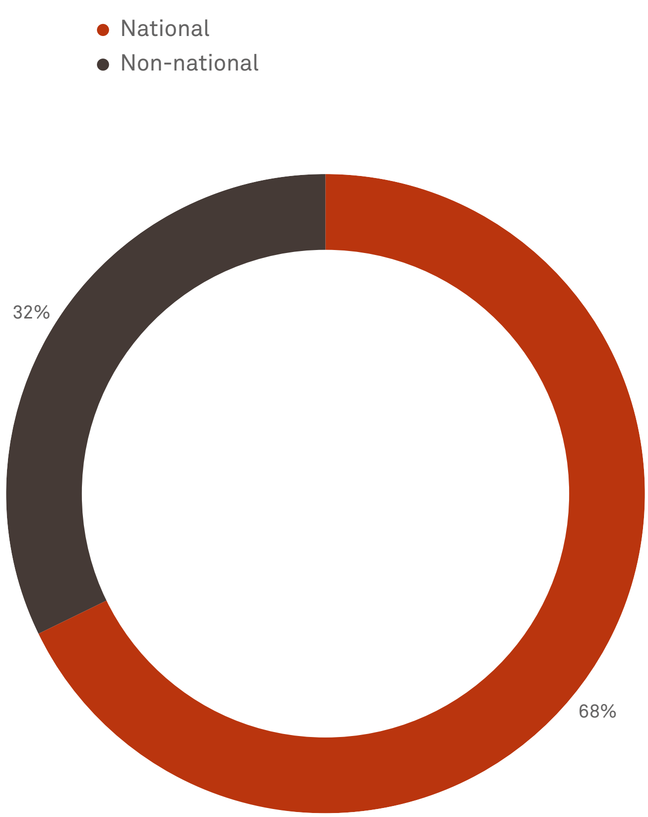


Note: Numbers do not sum to 100%, because of rounding.

Mostly from Spain

- Spanish companies tied with those in the United Kingdom in filling seats with the lowest share (32%) of executives from other countries.
- Of the new seats filled by non-nationals, 20% went to appointees from Western Europe, 5% from South America, 4% from North America, and 2% each from Australia and Asia.
- A third of the seats filled by non-nationals went to women and 60% to current executives.

Proportion of national vs. non-national appointments



United Kingdom

More diversity of many kinds

Boards at the FTSE 250 companies in the United Kingdom continued to appoint a majority of former CEOs or CFOs to the 276 seats they filled in 2018, but they are also appointing new directors with diverse backgrounds in terms of experience. UK boards made progress in both gender and nationality diversity.

More career experience

- Sixty-one percent of the seats filled went to former CEOs and CFOs, a slight increase from last year's 58%.
- However, unlike in 2017, when few new directors had experience in digital and social media, cybersecurity, or financial risk, a quarter of the seats in 2018 were filled by people with digital or social media experience, 14% by those with cybersecurity expertise, and 4% by those with financial risk experience. This suggests that boards are increasingly seeing a need for these more specialized skills, along with broad C-level experience.
- Even though this new class of directors has more diverse career experience, a majority still comes from prominent industries in the UK economy—40% of the newly appointed directors' career experience was in financial services and a quarter in industrial.

Snapshot of 2018 United Kingdom findings

Director seats filled **276**

Current and former CEOs **43%**

Current executives (n=105) **38%**

Average age **58**

Current and former CFOs **18%**

Former executives (n=171) **62%**

Experience

26% Digital or social media experience

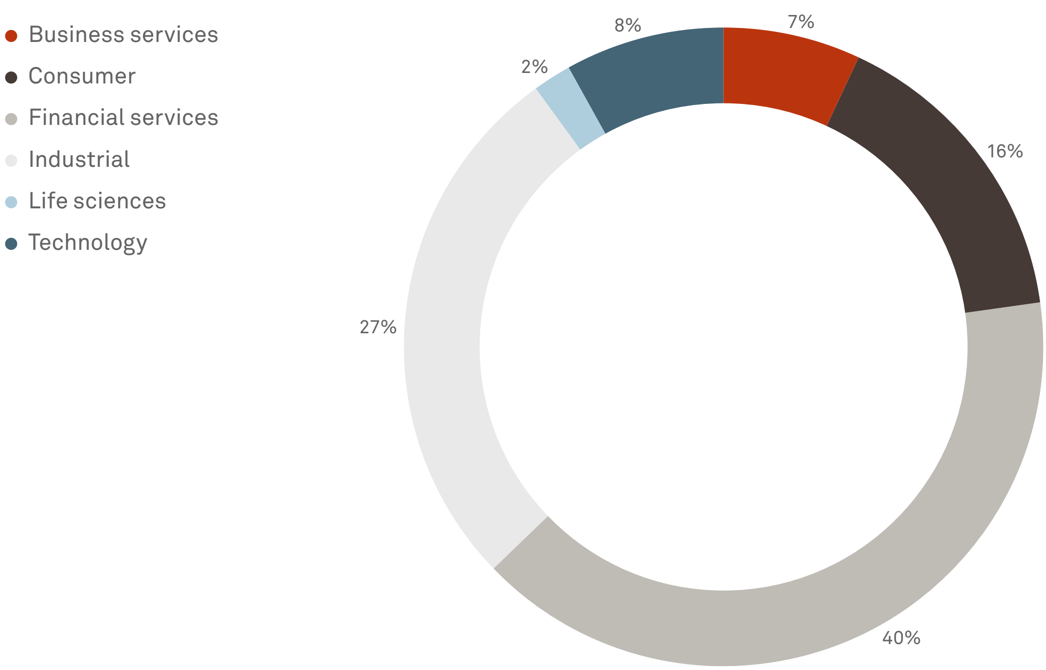
72% Previously served on a board

4% Financial risk experience

54% Previously served on an audit committee

14% Cybersecurity experience

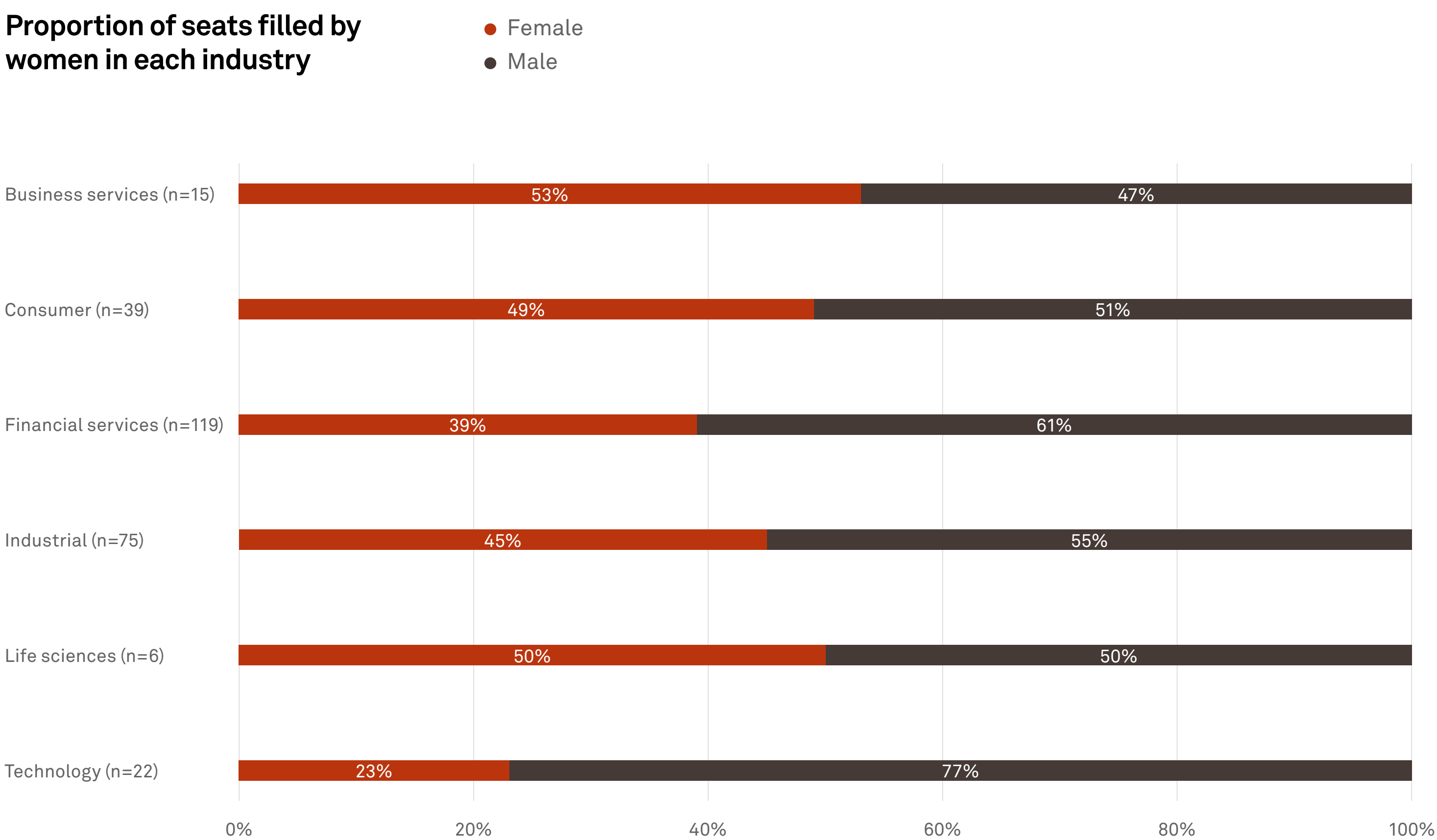
Distribution of directors' total career experience by industry (n=444)



Gender diversity on the rise

- At 42%, companies in the United Kingdom had the third greatest proportion of female appointments in the seven countries in our study, slightly behind that in Portugal and the Netherlands—and far higher than 2017's 35%.
- Relative to last year, women made gains in the proportion of newly appointed seats in the financial services, industrial, and consumer industries. Their share of seats in business services dropped slightly, from 57% to 53%, but still represented a majority. Life sciences companies maintained an equal number of seats allocated to men and women.
- Of the 115 new female appointments, 40% went to women who have been either a CEO or CFO and 66% to those with previous board experience, slightly lower than the overall average of the new class of directors. In terms of industry, the new women directors had the most experience in financial services, at nearly a third, followed by business services, at 20%, and consumer, at 19%.
- The United Kingdom is clearly moving toward the national goal of a third of all board seats being occupied by women by 2020.

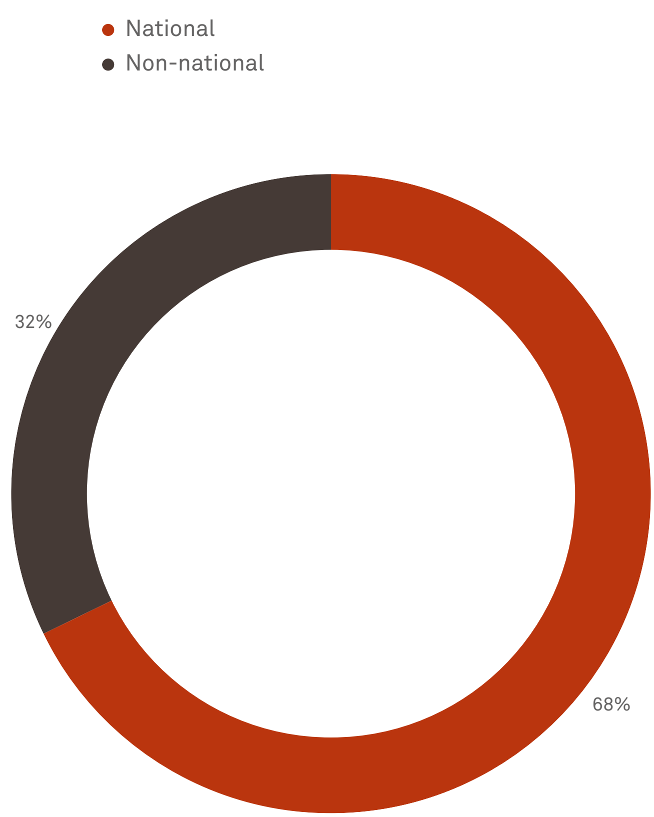
Proportion of seats filled by women in each industry



A majority of appointments UK nationals, with the rest from a wide range of other countries

- Nearly a third (32%) of all appointments in the United Kingdom went to non-nationals, slightly below the average of the seven countries included in our study (36%).
- The majority of these directors come from Western Europe, followed closely by North America. Compared to the boards of companies in other countries in the report, those in the United Kingdom (as well as Portugal) have the greatest mix of regional nationalities: new directors come from a total of six regions.
- Over half of the non-national appointments went to current executives, which is higher than the overall share of UK appointments, and 62% had previous board experience.

Proportion of national vs. non-national appointments



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