

Board Monitor

South Africa 2021

Our analysis of incoming directors at JSE Top 40 listed companies shows a preference for CEO and CFO experience, as well as international experience. There was some progress on racial diversity, but companies still have a long way to go.



About Board Monitor

This report is part of Heidrick & Struggles' long-standing study of trends in board composition in countries around the world. Produced by our CEO & Board Practice, these reports track and analyze trends in non-executive director appointments to the boards of the largest companies in Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Mexico, the Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, and the United States. Information about executives is gathered from publicly available sources, BoardEx, and a Heidrick & Struggles proprietary database.

Thanks to the following Heidrick & Struggles colleagues for their contributions to this report:

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Welcome to Board Monitor South Africa 2021

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In an unprecedented year, a focus on finance, risk, or compliance as well as international experience in new directors



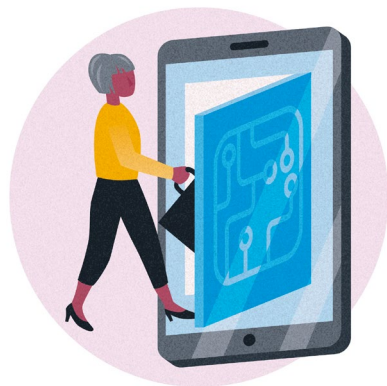
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Snapshot of 2020 findings



6

Looking ahead



In an unprecedented year, a focus on finance, risk, or compliance as well as international experience in new directors



Board fundamentals—financial oversight and good governance—were crucial in 2020 as companies navigated a global pandemic, geopolitical uncertainties, and economic recovery. In South Africa, as in many countries, many directors found themselves working more closely than ever with executive teams to keep their companies afloat, and working at a faster pace than ever before. Board members have consistently told us their time commitments to board work have increased as a result. In addition, boards were increasingly expected to not only address topics as wide-ranging as social responsibility, sustainability, and diversity in their own composition, but to do so publicly. Furthermore, remote working and crisis management forced boards to operate differently—often outside their traditional schedule and agenda, with many boards setting additional ad hoc meetings during the year.

All of this, of course, affected how boards thought about the new members they added in 2020. In South Africa, where we are tracking new JSE Top 40 listed company directors for the first time, 49 seats were filled. Forty-one percent of these seats went to active rather than retired executives, a lower share than Europe's 51% or the United States' 57%. Fifty-seven percent of seats went to people with experience as a CEO and/or CFO, higher than Europe's 44% and

the United States' 51%. A notably high share of seats went to directors with experience in finance, risk, or compliance: 55%, compared with 21% in the United States and 24% in Europe. Only 8% went to people with digital experience, about the same as in Europe but far lower than the 40% figure in the United States. Given an increasing focus by investors globally on environmental, social, and governance factors, it is notable that a higher proportion of directors with nonprofit or social enterprise experience (18% overall) were appointed on top South African-listed company boards, compared to Europe (6%), the United States (6%), and Canada (1%).

Sixty-three percent of seats were filled by South African nationals, a figure similar to Europe's 60% national appointments. Forty-nine percent of the top 40 listed company seats went to directors with international experience (just about halfway between Europe's 41% and the United States' 60%). It is worth noting that the JSE Top 40 comprises 18 companies also listed on stock exchanges in other countries, and that several of those companies conduct a major portion of their business outside of South Africa. For both of these reasons, it makes sense for almost half of the new directors appointed to have international experience.¹

In terms of gender, 43% of new seats were filled by women, which is higher than in the United States (at 41%) and

lower than in Europe (48%). Of the seats filled by women, just over half (52%) went to active rather than retired directors, indicating that many women currently in senior executive roles are being approached and appointed to boards. One reason for this is the focus on adding Black South African women to boards, many of whom have not been company executives long enough to be retired.

In terms of race overall, of the 63% seats that went to South African nationals, just over half went to African Black directors (52%) and one went to an African Coloured woman.² We see a strong focus on improving the gender and racial diversity on boards in South Africa, both as a business imperative and in order to better represent stakeholders across the country: employees, the communities within which an organization operates, supply chains, and customers. In that context, the fact that over half of the seats going to South Africans went to racially diverse directors is progress, but there is much more work to be done.

¹ Sixteen percent of the seats filled were on the boards of Naspers and Prosus, both of which have significantly international businesses.

² "African Black" and "African Coloured" are designations used in a South African context.

Snapshot of 2020 findings

New director seats filled



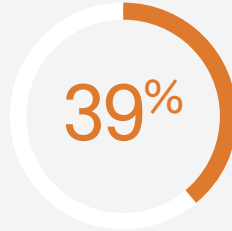
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Average age



57

Current and former CEOs



Current and former CFOs



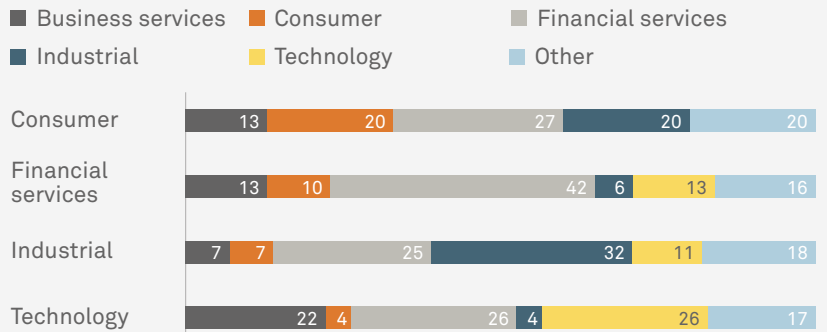
Active/retired executives (%)



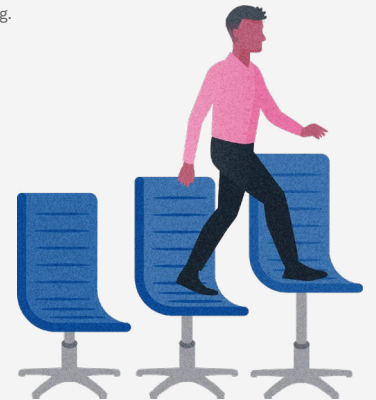
Experience (%)



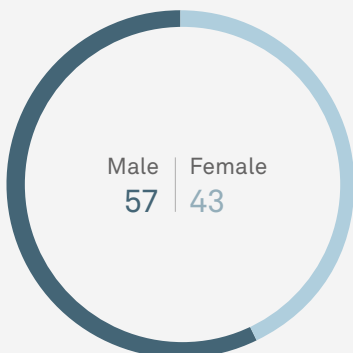
Distribution of directors' previous industry experience, by company industry (%)



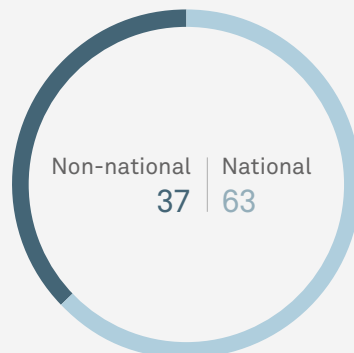
Note: Numbers may not sum to 100%, because of rounding.



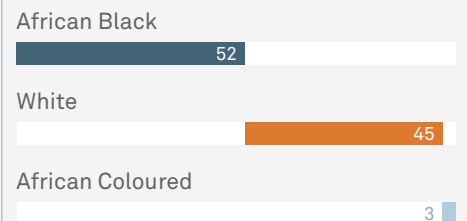
Gender (%)



Nationality (%)



Race (South African appointments only, %)



Looking ahead



Boards in South Africa are increasingly committed to their own effectiveness. We expect boards to intensify their focus on their role in supporting their organization's purpose, including continued commitment to having the right people on the board. We see boards innovating their refreshment processes,³ particularly with even stronger focus on expanding racial and ethnic representation. We also expect boards

over time to expand their lens on diversity itself to include non-traditional industry, functional, or regional experience in order to bring in new perspectives that will help companies maintain agility. For leading large South African companies, international experience will continue to be a priority. Finally, we expect boards in South Africa to focus more on adding digital and cybersecurity expertise in future years.

³ For more on new approaches to board refreshment, see Alice Breeden, Theodore L. Dysart, and David Hui, "Building the foundation for better board refreshment," Heidrick & Struggles, on heidrick.com.

CEO & Board Practice

Heidrick & Struggles' CEO & Board Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.

We pride ourselves on being our clients' most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning, executive and board assessment, and board effectiveness reviews.

Our CEO & Board Practice leverages our most accomplished search and leadership consulting professionals globally who understand the ever-transforming nature of leadership. This expertise, combined with in-depth industry, sector, and regional knowledge; differentiated research capabilities; and intellectual capital, enables us to provide sound global coverage for our clients.

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ONE LEADERSHIP TEAM AT A TIME®

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