

The Role of the Senior Independent Director Explored

The Global Institute for Women’s Leadership at King’s College London has partnered with the FTSE Women Leaders Review to conduct research into the role of the SID in FTSE 100 companies. It explores this key role and its place in the transition to Chair of the Board.¹

Despite strong progress in women’s representation in FTSE 350 companies in the last decade, in 2022 women still only represent 19% of Chairs on FTSE 100 Boards. There has however been a promising increase in women’s representation in Senior Independent Director (SID) roles, up from just 14% in 2017, to 37% in the FTSE 100 this year. This raises the question as to whether the increase in women in SID roles will lead to a greater number of women Chairs.

The SID, a Pivotal Board Role

The 2003 Higgs Review of the UK Corporate Governance Code recommended the appointment of the SID role to boards of publicly listed companies with the aim of strengthening the link between major shareholders and the board. This recommendation was incorporated into the UK Corporate Governance Code in 2018.

“A really important aspect of a well-functioning board is that everyone feels heard and the SID plays an important role in ensuring that's the case.”

David Hutchison,
Chair and former SID of 3i Group PLC

The role of the SID is well respected and has evolved significantly since 2003. The modern SID acts as the sounding board and confidant to the Chair, is a key conduit for major shareholders, and a moderator between the board and directors. The SID is expected to provide unbiased advice and perspective, is responsible for evaluating the strength of the board, and especially for monitoring conflicts of interest and compliance with corporate governance guidelines. In addition, a critical responsibility of the SID is the annual review of the Chair’s performance and succession planning for the Chair’s role.

“A SID role is like the big project manager role. When you're in the thick of it is when the action happens.”

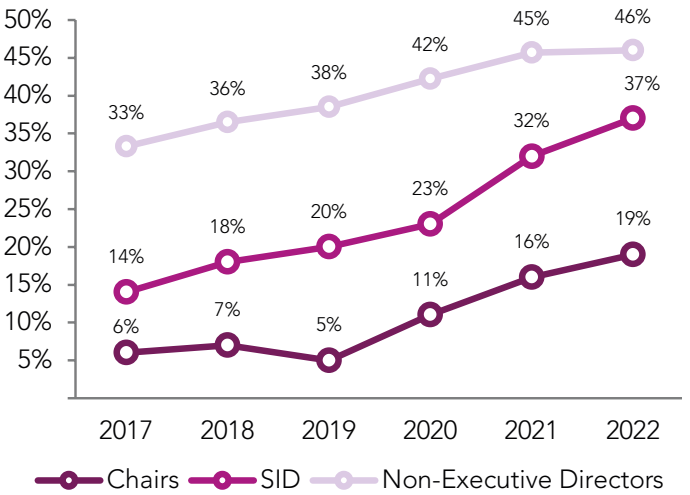
Deanna Oppenheimer,
Chair of Hargreaves Lansdown PLC and Intercontinental Hotel Groups and former SID at Tesco PLC

Interviewees felt the independence and judgment required allows the SID to formally strengthen credentials as a senior member of the board, providing an opportunity to perfect board leadership skills before taking on a Chair role. Moreover, the SID role provides opportunity to demonstrate ability in challenging times, in turn increasing chances of being identified as a candidate for Chair.

From SID to Chair: Data Trends and Gender Gaps

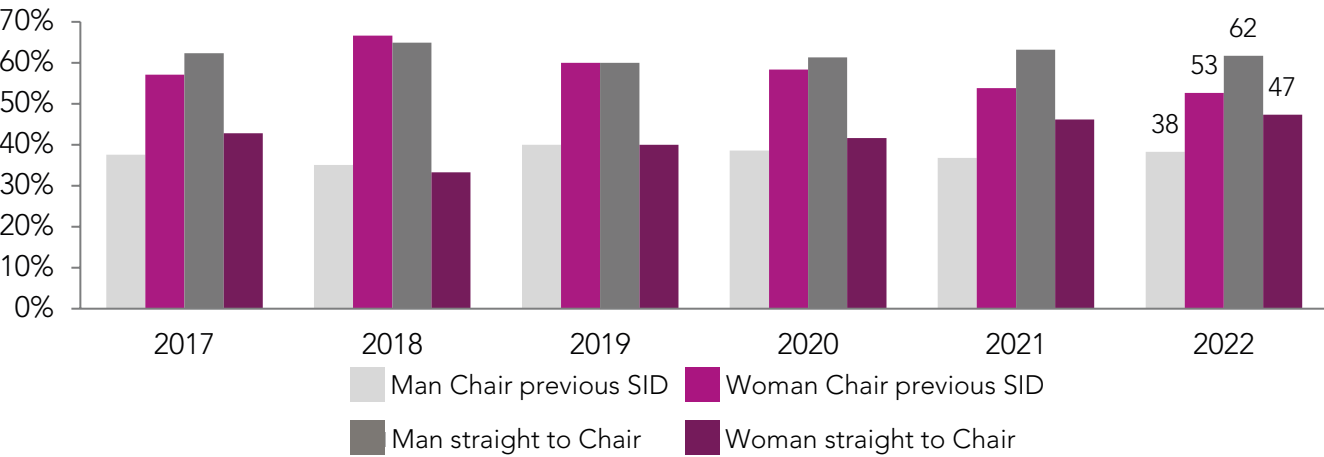
There has been a steeper increase of women SIDs compared to women Chairs since 2017. Still in 2022, just shy of one fifth (19%) of FTSE 100 boards have women Chairs. In contrast, women make up more than one third (37%) of SID roles and almost half (46%) of Non-Executive Directors. If this trend progresses, we can expect to see women represent 40% of SID roles by 2025. Yet progress in the representation of women Chairs has slowed this last year meaning we are still a few years away from seeing gender parity in this key role.

Chair and SID roles held by women in FTSE 100 companies over time



In 2022, 53% of FTSE 100 women Chairs previously held a SID role in FTSE 350 compared to 38% of men Chairs. As shown in the bar chart, over the past six years a greater proportion of women Chairs have held SID positions than men.

Women and Men Chairs with and without SID experience



None of the interviewees observed any gender differences in who takes on a SID role. However, they did raise concern that confidence gaps persist between women and men in feeling ready to take on Chair roles, resulting in women tending to first gain experience as a SID before aiming for a Chair appointment.

“I suspect some women tend not to feel qualified to be a Chair. So, they think: Well, what can I do that would really help me understand the role and learn at close quarters? I think people feel the SID role can fulfil that.”

Alison Platt,
Chair Dechra Pharmaceuticals Plc and NED Tesco Plc

Overall, the growth of women in SID roles suggests a strong talent pipeline for Chair roles in future years. The interviewees’ endorsement of the SID role as a steppingstone to Chair contradicts fears that the role represents a blocker since the SID is responsible for running the Chair succession process.

“If you’re a really good SID and a really good candidate to be the next Chair, and you want to be, then you step aside and have somebody else run the process. On paper the SID role could be seen as an impediment to becoming Chair of that Board, but in practice it rarely is.”

Ruth Cairnie,
Chair of Babcock International and SID of Associated British Foods Plc

Following the introduction of Recommendation 2 from the FTSE Women Leaders Review, that women should occupy at least one of the four key roles (Chair, SID, CEO, FD), it is expected that progress should be made in all four roles. Of the 43 FTSE 100 companies with one woman in the four roles, more than half hold the SID role.

More women doing SID roles is a plus because it's a demonstration of how others perceive your skills and standing. Ultimately, it must boost the number of females ending up as Chairs.”

George Culmer,
Chair Aviva Plc and SID Rolls-Royce Holdings Plc

Closing Remarks

Our research finds that holding a SID role prior to becoming Chair is valuable, regardless of gender. Developments need to be monitored to ensure gaining SID experience does not become a prerequisite for women while men are directly appointed Chair – especially since a substantial gender gap persists between the percentage of women and men progressing straight into Chair roles without prior SID experience, even if this proportion has been rising for women.

with thanks to Caitlin Schmid and the team at :



1. The research combines descriptive data analysis and interviews with current FTSE Chairs and SIDs