

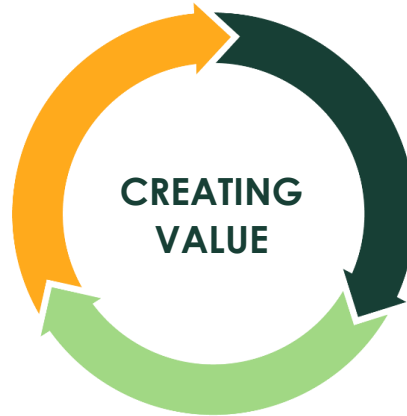
The Board Skills Matrix & Transformation

The Board Skills Matrix & Transformation

Advising Chairs, Building Boards, Creating Value

REVIEW & EVALUATION

Ensuring the Board is well placed to provide oversight and strategic direction; guidance and challenge for the executive; and clarity, purpose and value for shareholders and stakeholders



SEARCH

Building a Board aligned to strategy, delivering sustainable value with diversity of perspective & understanding

DEVELOPMENT

Enabling the Board to develop judgement capability through individual and collective learning, embedding and benchmarking best practice



The Board Skills Matrix & Transformation

Agenda

- A. Fidelio Perspective
- B. The Skills Matrix and Disclosure
- C. Building Strategic Alignment
- D. Behaviours and Dynamic
- E. Current Trends
- F. Q&A / Discussion



The Board Skills Matrix & Transformation

Our Senior Team

Skills Matrix and Stakeholders



**Gillian-Karran
Cumberlege**

Building and using the Skills Matrix



**Alistair
Stranack**

The Board Dynamic Overlay



**Joanna
McDwyer**

Skills Matrix for Transformation



**Mark
Cumberlege**

The Board Skills Matrix & Transformation

Board Composition & Disclosure

“

“The Board and its committees should have a combination of skills, experience, and knowledge.”

”

Source: UK Corporate Governance Code, 2024

“

“The Supervisory Board shall prepare a profile of skills and expertise for the entire Board while taking the principle of diversity into account.”

”

Source: German Corporate Governance Code, 2022

“

“We believe companies should disclose sufficient information to allow a meaningful assessment of a board's skills and competencies.”

”

Source: Glass Lewis, Board Skills Appendix, Europe

The Board Skills Matrix & Transformation

Skills Matrix Limitations & Opportunities

DISCLOSURE

- Relatively simple exercise
- Good snapshot; focus on demonstrating appropriate competence
- Practical information for investors & stakeholders

BUT:

- Limited information
- Not forward looking

STRATEGIC ALIGNMENT

- Forward-looking, multi-dimensional approach
- Focus on identifying current and emerging skills gaps
- Valuable strategic tool for Board and Executive

BUT:

- May contain competitive or price sensitive information
- A dynamic strategic tool that requires Chair and NomCo attention

The Board Skills Matrix & Transformation

Building Out The Skills Matrix

1. A forward-looking skills matrix

- Includes multiple dimensions
- Addresses governance and diversity imperatives

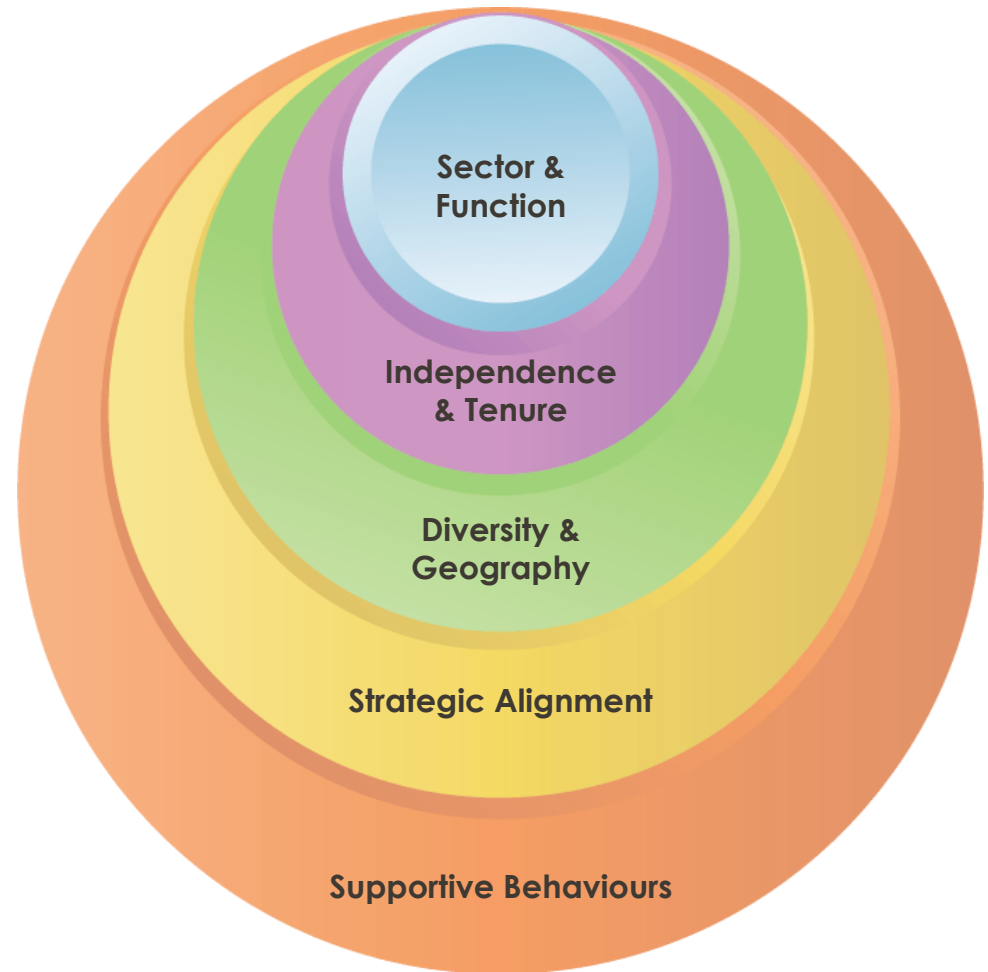
2. Includes strategic alignment

- Draws upon the strategy
- Needs regular review
- Underpins refreshment

3. Considers Board behaviours and dynamic



A critical strategic tool for the Chair and Nominations Committee



The Board Skills Matrix & Transformation

Business Model & Strategic Alignment

- Actively shape the Board for the needs of the business in **3 – 5 years' time**
- Align Board skills with the challenges of overseeing the **development and implementation** of strategy
- Not only the endpoint, but the **degree and pace of change** that is required to get there
- Implications for **skills and experience** include:
 - People, Culture, Technology as well as Finance
 - Horizon scanning, dealing with uncertainty, comfortable with scenario planning
 - Transformation and change management
- Skills Matrix **tightly integrated with strategy development**, including areas not yet in the public domain
 - Related to Board skills disclosure but more comprehensive and forward looking
 - Key driver of refreshment / more dynamic approach to composition

The Board Skills Matrix & Transformation

Behaviours, Dynamic & Performance

- Clear that skills and competence is **one piece of the puzzle**
- Judgement and ability to oversee transformation also requires **strong dynamic**
- **Forward-looking skills matrix** will take account of behaviours, characteristics and cohesion needed to drive strategy and transformation:
 - i. **Mapping attributes** onto the skills matrix
 - ii. Drawing on Board reviews to establish **dynamic / behaviours** today and identify what is needed for strategic alignment
 - iii. Dynamic skills matrix also a tool for driving individual and **Board learning and development**



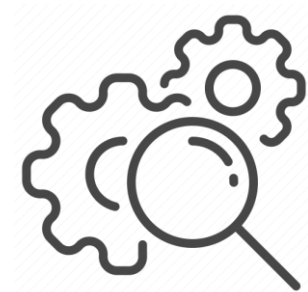
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Current Trends

- Organisations are in a state of **constant change / transformation** – this is the norm
- The skills matrix is a **dynamic tool** and needs to support the strategy
- **Clarity of the role** and alignment of the NomCo requires a strong search process
- Board composition – **balancing** serving executives with plural NEDs
- Board **tenure**

Recent developments:

- Changing NED Characteristics
- Rise in Capital Markets experience
- Need to address the People Agenda



The Board Skills Matrix & Transformation

Conclusion

1. The skills matrix an important **disclosure tool** – giving comfort to investors, regulators and all stakeholders
2. Boards increasingly adopting a forward-looking skills matrix to **ensure alignment to strategy** and drive change
3. The skills matrix is a critical tool for NomCo underpinning **Board refreshment** and the Search process
4. **Board development** and learning also being used to address gaps in skills matrix
5. Forward-looking skills matrix a critical tool for Boards focused on **performance**



The Board Skills Matrix & Transformation

Q&A / Discussion

Q&A

The Board Skills Matrix & Transformation

Fidelio's Focus 2024 – Advising Chairs, Building Boards, Creating Value

- **January – June:** The Judgement Muscle: Research and Round Tables – Chairs, Decision-Making and Effective Judgement
- **June 2024:** THA Conversation David Tyler - The Role Of The Chair: The Parker Review And Beyond
- **July 2024:** CGI – Governance Annual Conference - Panel Discussion: Assuming The First NED Role
- **July 2024:** GBF – EV Leadership and Outlook

To receive Fidelio updates and
invitations, get in touch

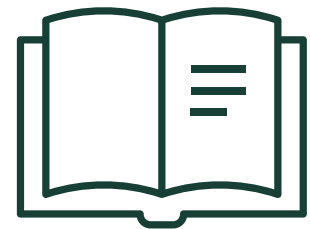
[Please click here](#)

2024

The Board Skills Matrix & Transformation

Fidelio Thought Leadership

- *Fidelio Overture: Judgement & Decision-Making – Role of the Chair*
- *Fidelio Overture: We are 15!*
- *Fidelio Overture: C-Side Board Reflection – Climate, Culture & Change*
- *Fidelio Overture: Spotlight on Remuneration*
- *Fidelio Overture: Climate Change – Why the Board Matters*
- *Fidelio Webinar: 'The ESG Imperative: A Step Change in Strategy'*
- *Fidelio Table Talk: Increasing Board Diversity – Here's How*
- *Fidelio Overture: Remuneration & the Board: Behaviour & Values*
- *Fidelio Overture: ESG – Expectations for the Chair*
- *Fidelio Overture: Board Learning – The New Imperative*



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