



Board Behavioural Dynamics

Handbook on how to enable the Board to act as a collective body. Relevant to Boards of large & highly regulated organisations.

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Executive summary

This Handbook describes how to deliver Board Behavioural Dynamics to optimise Boards of large, highly regulated organisations across multiple jurisdictions.

Board Behavioural Dynamics is the Board's ability to come together effectively as a collective body. It is important because Board effectiveness requires a behavioural dynamics focus, in addition to a decision focus. This Handbook exposes the current architecture for Board Behavioural Dynamics; six processes across three maturity approaches, all operating within a complex ecosystem and with varying assignment of responsibility. We present this architecture in six detailed Maturity Maps and a Maturity Matrix which can be used to identify the proportional response to each Board's circumstances.

Our process-led review exposed several common issues linked to policy and practice gaps which are limiting the deliberate application of Board Behavioural Dynamics. We make three recommendations to strategically address these: **adopting the Board Behavioural Dynamics architecture as set out in the Handbook; clarifying the Nomination Committee's (NomCom)¹ core functions and its enablers; and additional investigation into Board Behavioural Dynamics.** The Handbook is an open resource which will continue to develop.

The challenge: Boards recognise the importance of their internal dynamics. However, while much work is being done on a Board-by-Board basis, currently we have no name to explicitly identify this important aspect of Board effectiveness and no how-to guide to explain the different mechanisms that enable effective dynamics to become embedded. Therefore, we are missing important levers to enable Boards to come together as collective units – what we refer to in this Handbook as Board Behavioural Dynamics.

Our solution: We present clear and actionable insights into the practical steps that can be taken to deliver Board Behavioural Dynamics in a considered and planned manner in order to address the lack of policy, which is acting as a barrier to change.

We have named the Board's ability to come together effectively as a collective body – '**Board Behavioural Dynamics**'. This Handbook, which addresses the lack of a how-to guide, has been designed from both a strategic and detailed process perspective. For Chairs, Directors and Boards, the Executive Summary and Chapter 1 provide the strategic guardrails for how Board Behavioural Dynamics can be enacted to improve effectiveness. For Company Secretaries² and Advisors, the chapters provide granular detail of how each process is enacted in its full ecosystem.

Evidence-driven approach: We examined 50 FTSE Board disclosures to analyse the actions being taken by individual Boards; this led us to uncover the six processes described in our Maturity Maps. We validated these maps for Boards of large and highly regulated organisations across different jurisdictions through 14 detailed workshops and a formal two-month open consultation in collaboration with the Chartered Governance Institute UK & Ireland (CGIUKI). The result is this open resource Handbook – a market-driven tool developed with the engagement of the practitioner community.

Process findings: We discovered Boards were all deploying six common processes to enable their Board Behavioural Dynamics.

[Appointing](#), [Inducting, Training & Developing](#), [Evaluating & Acting](#) [NED Succession Planning](#), [Composing & Designing](#) and [Reappointing](#)

Proportional to the Board's circumstances: These six common processes were being deployed with three approaches, ranging from basic to sophisticated. We had assumed that the most advanced approaches would be seen in the Boards of organisations with the largest market capitalisation or with the most diverse Board membership. However, to understand the different approaches taken, we found that it was necessary to take a more nuanced view of the Board within its overall ecosystem of contextual pressures, procedural steps and outcomes. A greater understanding of the core elements of the Board is also required – moving beyond quantifiable characteristics of the Board and their skills to encompass demographic diversity, expertise, interpersonal relationships and structure. This understanding will allow Boards to deliver a **proportional response to each process by applying one of the three maturity approaches.**

Maturity approaches: The three maturity approaches found in our research are described as follows:

1. **Baseline** is basic diligence, often characterised by awareness of processes rather than actively enacting them.
2. **Adaptive** is actively assessing positions to be more responsive to strategic business needs.
3. **Extensive** is focused on strategic business needs as well as interpersonal relationships and recognises how the six processes are interlinked.

How to use Maturity Maps: Each process chapter includes a Maturity Map which details the contextual pressures (purple panels), procedural steps (green panels) and outputs (orange panels) for the three maturity approaches. All three panels should be reviewed prior to undertaking any of the six processes to ensure that explicit decisions are being taken on the most appropriate approach to adopt.

They are designed to act as a detailed planning, reporting and auditing manual for those assisting Boards, such as Company Secretaries and Advisors. The Maps also include a **delineation of current responsibilities** for each process across each of the maturity approaches. This is multi-layered, with overall responsibility held by the Chair of the Board and with varying roles for the NomCom, Senior Independent Director (SID) and Company Secretary.

¹ In the UK, the Committee is known as the Nomination Committee, and in the US Nominating/Corporate Governance Committee. Both are charged with nominations to the Board and various associated processes. We refer to it as NomCom in the Handbook. Appendix 1 gives an overview.

² Company Secretary is a specific Board-focused resource in the UK, Commonwealth and ex-Commonwealth jurisdictions. The role is often part of the General Counsel position or undertaken by Governance Professionals. It is called several alternative titles, such as Corporate Secretary in the US. We use Company Secretary throughout the document as this is a FTSE expectation.

The Board Behavioural Dynamics Maturity Matrix (Figure 1) provides a framework to help Boards identify the approach that is proportionate to their circumstances. The intention is that Boards will adopt the maturity approach that is the best fit for each process given their specific circumstances, rather than seeing the most mature approach as a universal target.

Maturity approaches influenced by proportionality			
Processes	Baseline	Adaptive	Extensive
Appointing	Agency-led recruitment of replacement Directors	NomCom-led process with agency or open adverts aligned to current and future strategic skills needs	NomCom-led process with agency or open adverts, interlinking with other process findings. Balance of strategic skills and interpersonal relationships
Inducting, Training & Developing	Legal, governance and regulation focused	Structured programme with strategic and operational insights, plus legal and regulatory contexts	Structured programme, with active business engagement for succession, culture and decision-making insights. Plus improved from feedback and wide contextual views
Evaluating & Acting	Board reviewed (occasionally including Committees)	Board, Committees and Directors reviewed with a focus on current year actions	Board, Committees and Directors reviewed with a focus on current and prior year actions. Director objectives. Interlinking with other processes. Board and Committee observation (UK centric practice)
NED Succession Planning	Focus on tenure rotation of NEDs, where present	Scheduled rotation gaps reviewed against strategic requirements	Scheduled rotation gaps reviewed against strategic and interpersonal requirements with three time horizons planned
Composing & Designing	Skills, diversity, time, availability, interests and structure position statements. Implicit reviews FTSE Diversity Policy: Statement or target focus	Skills matrix balances strategic needs. Diversity, time, availability and interests assessment. Structure position statements FTSE Diversity Policy: Recruitment and Succession actions plus target	Skills matrix. Focus on balanced strategic and interpersonal needs. Diversity, time, availability and interests assessment. Structure position statements. Explicit plans to address gaps. Interlinking with other processes. Additional reviews when significant issues arise FTSE Diversity Policy: Recruitment and succession actions, plus target. Widening development with staff, plans and actions, and inclusion focus
Reappointing	Reappointment until maximum tenure points with non-renewal only due to the Director's time limitations. Implicit reviews	Input from Director reviews. Reappointment or non-reappointment due to fit with skills and future strategy	Decisions made are a culmination of the outputs of the other Behavioural Dynamics processes. Reappointment or non-reappointment due to requirements for future strategic skills, interpersonal relationships, and structures

Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

Strategic considerations: Although the Board Behavioural Dynamics Handbook captures the current processes and actions being deployed, there are significant issues hindering adoption of the Board Behavioural Dynamics architecture. These issues relate to our original challenge, noted above (the lack of detailed policy on how to address Board Behavioural Dynamics), surfaced repeatedly in each process review. The policy gap surrounding dynamics has served as a blocker to governance change, with ambiguity around the relevant processes and market benchmarks.

We suggest that these issues can be addressed by implementing our three recommendations.

Recommendation 1.

Adopt the Board Behavioural Dynamics architecture.

This architecture includes:

- core elements of the Board, within its complex ecosystem of contextual pressures, procedural steps and outcomes
- six processes described with three maturity approaches
- a response that is proportional to Board circumstances
- clarity of responsibilities.

Recommendation 2.

Clarify NomCom core functions

To specifically address clarity about responsibility, Boards need to establish:

- the six processes as core functions of the NomCom
- clear NomCom enablers.

[Further consideration of an additional role for the Senior Independent Director.]

Recommendation 3. Additional investigation required

To address the strategic application gaps, we need to conduct further investigation into explicit and proportional design and emerging practices in Board facilitation (White Paper Q2 2026).

We will continue to evolve the Board Behavioural Dynamics Handbook as the architecture evolves, including via collaborations with training institutions

It's an evolution: This Board Behavioural Dynamics Handbook establishes a solid foundation and architecture to enable Boards of large, highly regulated organisations to come together as a collective body that functions effectively and intentionally. With a clear framework now available, Boards will be able to approach people processes systematically and in a way that is proportionate to their circumstances, opening up further conversations for Board development. This will feed into ongoing development of this Handbook and additional resources over time.

1. Strategic overview

Introduction, findings and recommendations

This Handbook has been designed to assist with the facilitation of Board Behavioural Dynamics from a strategic and detailed process perspective. For Chairs, Directors and Boards, the Executive Summary and Chapter 1 provide a strategic review of how Board Behavioural Dynamics can be enacted to improve effectiveness. Chapter 1 sets out an overview of the whole project to allow a strategic view of Board Behavioural Dynamics. It details the research challenge (the lack of policy), our evidence-based approach to address this, our findings (understanding the Board ecosystem and Chair-led processes), our strategic considerations and recommendations.

The process chapters which follow provide granular detail on a process-by-process basis for Company Secretaries and Advisors.

1.1 Research challenge

We rarely give explicit focus to how we enable the people side of Boards. There are useful reference points in relation to the overall parameters of governance, however practice, regulation and academia do not adequately explain how to bring Boards together as socially complex groups.

Although many Boards are making significant progress in addressing their internal dynamics, there is no generally accepted ‘how-to’ framework, or even a term to describe this element of Board effectiveness, with varying expectations from regulators and markets. UK and international listing requirements can be ambiguous and lack clear structure around the specific processes to be deployed in relation to Board Behavioural Dynamics; a comparison of UK, US and Swedish expectations is included in Appendix 1. This comparison underscores the policy gap we are tackling in our research.

Addressing the lack of guidance on dynamics is important because Board effectiveness is driven equally by the combination of people acting together and decision-making tasks³. All too often, commentary is focused on decision-making, diversity and skills, with resources focused on Board appointments or periodic evaluation, rather than reviewing the continual evolution of the Board. We address this challenge by naming the area and setting out a how-to guide.

<p>Naming this area of Board effectiveness</p>	<p>Board Behavioural Dynamics is the phrase that we have coined to describe the Board’s ability to come together effectively as a collective unit.</p>
<p>Addressing the absence of a how-to Guide</p>	<p>The ‘Board Behavioural Dynamics Handbook’ sets out how to enable the Board to act as a collective body.</p>

1.2 Evidence-driven approach

Based on analysis of the Annual Reports of 50 FTSE Boards, our research⁴ codified commonalities which led us to the six core Board Behavioural Dynamics processes. We went on to analyse variation in the deployment of these processes.

The findings of this analysis were validated by practitioners through 14 workshops with participants including representatives from professional bodies, regulators and advisors of large, highly regulated Boards of varying composition. We also ran an open consultation between February and April 2025. Through these validation exercises, we were able to reduce the gap between what we had observed in reporting and how processes play out in practice. The validation also allowed us to build a community of interested parties; in total from September 2024 to April 2025, we had over 600 participants interact with the validation process.

This Handbook, which is an open resource and market-led tool developed by an engaged governance community, sets out our findings.

1.3 Our process-led findings

Our process-led findings include the need to understand the Board within its ecosystem, the Chair-led processes and three maturity levels.

Understanding the Board within its ecosystem

All Boards operate as complex social groups, with effectiveness coming from how the group interacts to take collective decisions⁵. However, each group is different and subject to its own unique set of circumstances. Therefore, we found that it was critical that any architecture we set out could accommodate the fact that Boards operate within a complex ecosystem, which requires them to adopt customised responses to Board requirements and the core elements of the Board.

The Board is **continually impacted by a complex ecosystem** of interdependent Chair-led processes, contextual pressures from the external and internal environment, and the Board’s expected and actual outcomes. For example, FTSE Boards are subject to regulatory contextual pressures which drive expectations around Board composition, such as independence or gender balance, as well as processes for appointing, evaluating and succession.

Figure 1a sets out the interplay between the core elements of Boards, their contextual pressures and outcomes⁶.



Figure 1a: Understanding the changing Board and its ecosystem © Leavy & Sealy, 2025

The core elements of the Board

We identified the **core elements** of the Board as:

- demographic diversity (Director and collective characteristics)
- expertise (functional, jurisdictional, environmental and Board-specific)
- interpersonal relationships (communication patterns, interests and independence)
- structure (purpose of the Board, its delegations and the understanding of these).

Contextual pressures

Processes are affected (albeit normally more implicitly) by contextual pressures. These contextual pressures may present barriers or opportunities resulting from:

- Institutional factors driven externally by legal, regulatory, sectoral, societal and economic pressures
- Organisational factors, such as strategy and products, organisational performance (including risks) and characteristics (including investor and funding issues linked to organisational type)
- Board-level factors derived directly from its core elements, current processes, the Chair and Board's perception of the changes required and the availability of supporting resources (such as Company Secretaries).

Board outcomes

Outcomes, both actual (such as demographic diversity) and expected (such as reporting of Board processes), can also influence the ecosystem in which Boards operate by creating pressures, barriers or opportunities. For example, in our research, we observed a small number of Boards responding to societal pressure to deliver an increased inclusion outcome by adopting additional processes to deliver diversity.

Chair-led Board Behavioural Dynamics processes

The remainder of the Handbook focuses on the Chair-led processes for Board Behavioural Dynamics within its overall complex ecosystem.

The six processes we have identified and validated through our research are:

1. Appointing
2. Inducting, Training & Developing
3. Evaluating & Acting
4. Succession Planning (focusing on the under-reported Non-Executive Directors (NEDs))
5. Composing & Designing
6. Reappointing.

We believe that these six core processes represent the bundle of processes that underpin Board Behavioural Dynamics. We have used action-orientated verbs for the processes to ensure a differentiation is made between the action to be taken and the outcome of the action i.e. the appointing process results in an appointment.

This list may seem innate to those familiar with the workings of Boards. However, there is no documented comprehensive approach outlining how Boards are enabled. The process list does not simply reflect the FTSE requirements of our sample, for example, Inducting, Training & Developing is no longer included in the UK Corporate Governance Code.

Three maturity approaches

In our sample of FTSE Boards, when we probed the procedures for the six processes, we found that Boards do not apply the same level of sophistication for each. We were able to discern that processes are deployed in three distinct patterns: **Baseline, Adaptive and Extensive**.

These patterns are common to all the processes we identified. We refer to these patterns as maturity approaches.

1. **Baseline** is basic diligence often characterised by an awareness of processes. In this approach, processes may not be actively enacted and, where they are, this may be through implicit discussions. This approach may suit Boards which are in a steady state, those which have just become listed or those with a dominant stakeholder presence. Boards who are not explicitly aware of their circumstances may be adopting this approach without recognising their need for further action. The Baseline approach reflects the process approaches identified in a proportion of the sample, rather than the basic requirements specified by regulators (see Appendix 1 for FTSE, US and Swedish requirements).
2. **Adaptive** is actively assessing positions to be more responsive to strategic business needs. In this approach, Boards start to build awareness of the need to align the Board Behavioural Dynamics processes to achieve Board effectiveness. The Adaptive approach suits Boards which are undergoing change, most commonly in response to strategic, product and market pressure or anticipating changing to pre-empt such pressure. The Adaptive approach generally reflects the standards expected of listed firms in the UK Corporate Governance Code.
3. **Extensive** is focused on strategic business needs as well as interpersonal relationships, and recognises how the processes are interlinked. This is the most comprehensive and proactive approach and is suited to Boards undergoing significant change. The Extensive approach generally relates to the standards expected by UK listed firms to meet the UK Corporate Governance Code in addition to the full remit of the Guidance notes which accompany the UK Code.

Having identified these three maturity approaches, we sought to understand why such differences existed. We found that proportionality was a key factor driving behaviours, though it was often not explicitly recognised. The maturity approach adopted by Boards is influenced by contextual pressures, alongside the actual and expected outcomes of decisions and actions. For example, the processes deployed appear to increase in maturity when the Board is under additional contextual pressure, such as when a new Chair is appointed, overall organisational performance is poor, major strategic change is underway, or when a specific outcome is expected, such as sufficient independence on the Board.

Although we have defined three maturity approaches for each process, **we do not assign a best-practice label to the most mature approach.** Indeed, we do not recommend that all Boards should operate at this level for any or all processes and we do not intend to create a de facto aim for Extensive approaches. Responses must be tailored to the Board's specific circumstances.

To assist with this tailoring, each process has been delineated into a Maturity Map which details a granular view of the process-level ecosystem including:

- the most prevalent contextual pressures for each maturity approach
- the procedural steps that a Board adopting each maturity approach might consider taking
- the outputs for each maturity approach
- an overall outcome for each process.

The Maturity Maps provide a how-to guide for each of the six processes, supporting a more explicit proportionate application by Boards.

The **Maturity Matrix** (Figure 1) summarises our findings, including the six processes and three levels of maturity, noting that maturity approaches should be influenced by proportionality to the Board's specific circumstances.

	Maturity approaches influenced by proportionality		
Processes	Baseline	Adaptive	Extensive
Appointing	Agency-led recruitment of replacement Directors	NomCom-led process with agency or open adverts aligned to current and future strategic skills needs	NomCom-led process with agency or open adverts, interlinking with other process findings. Balance of strategic skills and interpersonal relationships
Inducting, Training & Developing	Legal, governance and regulation focused	Structured programme with strategic and operational insights, plus legal and regulatory contexts	Structured programme, with active business engagement for succession, culture and decision-making insights. Plus improved from feedback and wide contextual views
Evaluating & Acting	Board reviewed (occasionally including Committees)	Board, Committees and Directors reviewed with a focus on current year actions	Board, Committees and Directors reviewed with a focus on current and prior year actions. Director objectives. Interlinking with other processes. Board and Committee observation (UK centric practice)
NED Succession Planning	Focus on tenure rotation of NEDs, where present	Scheduled rotation gaps reviewed against strategic requirements	Scheduled rotation gaps reviewed against strategic and interpersonal requirements with three time horizons planned
Composing & Designing	Skills, diversity, time, availability, interests and structure position statements. Implicit reviews FTSE Diversity Policy: Statement or target focus	Skills matrix balances strategic needs. Diversity, time, availability and interests assessment. Structure position statements FTSE Diversity Policy: Recruitment and Succession actions plus target	Skills matrix. Focus on balanced strategic and interpersonal needs. Diversity, time, availability and interests assessment. Structure position statements. Explicit plans to address gaps. Interlinking with other processes. Additional reviews when significant issues arise FTSE Diversity Policy: Recruitment and succession actions, plus target. Widening development with staff, plans and actions and inclusion focus
Reappointing	Reappointment until maximum tenure points with non-renewal only due to the Director's time limitations. Implicit reviews	Input from Director reviews. Reappointment or non-reappointment due to fit with skills and future strategy	Decisions made are a culmination of the outputs of the other Behavioural Dynamics processes. Reappointment or non-reappointment due to requirements for future strategic skills, interpersonal relationships and structures

Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

1.4 Strategic considerations

Our study was focused on identifying the key processes used by Boards to deliver Board Behavioural Dynamics. Our intention was to address the absence of a how to guide for bringing Boards together as complex social groups. However, as we worked to identify the core processes, we uncovered several key issues which were directly linked to policy and practice knowledge gaps. We believe that these issues are affecting the evolution of Board Behavioural Dynamics practices by acting as barriers to change⁷; this sentiment was echoed by practitioners in our workshops and in the feedback received to the formal consultation.

The lack of consistent policy and practice knowledge manifests in a number of ways.

Variation at a process level

We had expected to see variation between Boards, and this is captured in the maturity approaches. However, there was also variation at a process level, whereby some processes tend to be enacted using more mature approaches, while for others, less mature approaches were more common. Additionally, Boards are currently making decisions about which approach to adopt on a process-by-process basis.

In the sample, the majority of Boards were applying Adaptive or Extensive approaches to Appoint, Induct, Train & Develop and Evaluate & Act. However, there were less frequent examples of Adaptive and Extensive approaches to NED Succession Planning, Compose & Design and Reappoint. The workshops and consultation confirmed that current practice reflected this emphasis, further validating the Maturity Maps and Matrix.

The workshops and consultation also highlighted that, in the Baseline maturity approach, Composing & Designing and Reappointing processes rely heavily on implicit conversations which are not reflected in reporting.

Our hypothesis that maturity built incrementally in a linear fashion through the three maturity approaches was challenged by workshop participants who re-emphasised how contextual pressures and outcomes influence which approach Boards adopt, and that these decisions are taken on a process-by-process basis; we corrected our assumption based on this feedback. Several examples described Boards transitioning between maturities, providing case studies of how the pressures to which the Board is responding – such as a new Chair appointment, poor organisational performance or new regulations – can drive increased maturity of approach on a process-by-process basis.

Lack of awareness of the complementary and interlinking nature of the core processes

In Baseline and Adaptive approaches, the processes displayed relatively little interaction, acting as distinct from and separate to one another; it is suboptimal to view the six processes in this way. With complementary purposes and outcomes to form the Board and enable it to act, this separation of processes undermines their overall effectiveness.

Interlinking is not undertaken explicitly in Baseline approaches, is emerging in Adaptive approaches and is fully embedded in Extensive approaches. Extensive approaches demonstrate how

efficiency can be achieved through interlinking as it allows the final process – Reappointing – to become more of a decision point based on inputs from the complementary outcomes of the other core processes, rather than being an additional, standalone process. Interlinking the processes does not require Boards to adopt an Extensive approach; it can deliver process efficiency within all three approaches. Therefore, we suggest that the core Board Behavioural Dynamics processes are an interlinking bundle, giving explicit sight of their complementary outcomes.

Desire for benchmarking

We received consistent feedback regarding the usefulness of our Handbook in providing a benchmark for processes, facilitating an audit of current approaches and as a planning tool for future processes.

The lack of benchmarking and clarity regarding possible approaches to Board Behavioural Dynamics processes was deemed by practitioners to be affecting how seriously the area is taken by various Board stakeholders. This manifests as two additional contextual pressures affecting the deployment of processes; these were surfaced through our workshops (in addition to those identified in the reporting sample) and re-emphasised in the consultation. These pressures are:

- the perception and attitude of the Chair and Board to governance change
- the availability of Company Secretary resources (both time and skills available) to deliver change.

The Handbook provides a benchmark of the current status of the processes. Future work is required to establish if these levels are the most appropriate future benchmarks.

Lack of explicit planning

A consistent theme throughout the study related to a lack of explicit planning for Board Behavioural Dynamics processes. This is undoubtedly a reflection of the lack of detailed policy on how the Board functions outside of decision making. Given the Board's central role in driving effective organisations, it is important that this lack of planning is addressed to ensure that it does not affect performance.

In Compose & Design (Chapter 6) in particular, we see the lack of explicit planning across the three approaches. Regularly reviewing Board composition and taking corrective action is essential to achieving an optimal Board. However, we found that composition is overseen in a disparate fashion, seemingly without a cohesive design approach underpinning actions and decisions. This makes it difficult to understand the full picture without a significant amount of cross referencing and inference of meaning.

Disparate composition reporting and the lack of a core design rationale pose issues as they do not allow a consistent view of the resources of the collective Board, internally to maximise resources or externally to analyse the intent of the Board. Furthermore, it is imperative to explicitly plan for the Board in order to understand the appropriate proportional response.

Facilitation of interpersonal relationships and emerging practices

While feedback consistently indicated a desire to increase facilitation of interpersonal relationships, practitioners noted a lack of knowledge about how to enact this.

In the sample, workshops and consultation, a small number of Boards reported taking extra steps to facilitate behavioural dynamics. The emerging practices we observed relate to a greater focus on how the Board acts together through:

- increased introspection about and facilitation of the interpersonal relationships of the Board
- explicit planning which specifies outcomes such as belonging and inclusion as effectiveness outcomes
- the integration of the bundle of six Behavioural Dynamics processes.

These practices are important given recent research⁸ highlighting that, as Boards are becoming more diverse and dealing with more complex problems, they need greater facilitation of their dynamics.

The need for clarity of responsibility

Oversight is an important factor in the collective implementation of the processes. We uncovered significant variation in the roles and responsibilities associated with Board Behavioural Dynamics. While the central role of the Chair as being responsible for the health of the Board was apparent, who enacted the supporting roles was inconsistent across processes.

We found significant variation in how the NomCom was involved in the processes, as highlighted in our six Maturity Maps. This variation of responsibility, validated in our workshops and consultation, adds to the complexity of deployment.

Working with the governance community, we validated our hypothesis that each process and its associated actions should be overseen as an interconnected bundle by the NomCom. The key role of the Senior Independent Director (SID) and facilitation of the processes by the Company Secretary were also highlighted, with further investigation required, particularly in relation to the role of the SID.

Addressing the issues – the Recommendations

In order to address the process and strategic findings of our study, we make three recommendations which aim to deliver a step change in how the Board is enabled to work together collectively.

Recommendation 1 – Adopt the Behavioural Dynamics architecture.

This architecture includes:

- core elements of the Board, within its complex ecosystem of contextual pressures, procedural steps and outcomes
- six processes described with three maturity approaches
- proportionality to Board circumstances
- clarification of responsibilities.

The ambiguity about how to facilitate the Board coming together creates obstacles for effective process deployment; our workshops and consultation emphasised that clarity on this is critical in order for Boards to make progress with their Behavioural Dynamics.

We address this ambiguity with clearer benchmarking of three approaches for each of the six core processes, delineated into Maturity Maps which can be used to plot contextual pressures, procedural steps and outcomes, allowing the approach to be tailored to Board-specific circumstances.

Recommendation 2 – The six processes are the core functions of the NomCom.

To specifically address clarity about responsibility, Boards need to establish:

- the six processes as core functions of the NomCom
- clear NomCom enablers.

[Further consideration of an additional role for the Senior Independent Director.]

While we recognise that the Chair's responsibility for the overall Board must remain steadfast, NomCom oversight of the six processes is crucial to ensure that all necessary provisions and support are in place to enable Directors to perform optimally. Throughout this study, participants continually highlighted the need to address that NomComs operate without sufficient prominence as highlighted by research in 2016.

Our recommended extended oversight represents a significant expansion of the NomCom's traditionally understood appointing-focused role. This envisages an evolution of the NomCom to become the guardian of the overall effectiveness of the Board and the organisation's leadership (both Non-Executive and Executive) to ensure continued effective operation.

This recommendation is based on:

- the established practice of relying on Committees to focus on detailed processes
- the need to ensure that processes are not artificially decoupled from one another
- the NomCom providing oversight of NED people processes given that human resources safeguards do not apply to NEDs who are not employees.

For this new NomCom oversight to be successful, we highlight the need for clarity regarding the roles of key enablers of the NomCom. This is complex and multi-layered, involving the Chair, SID, NomCom, Company Secretary and Board. These roles have been defined in governance theory and by some Boards adopting the Extensive approach, and include:

1. **The Chair:** ultimately responsible for the Board and its quality (and onwards to shareholders/members as necessary). The Board Chair may chair the NomCom but not for their own processes
2. **The SID:** responsible for Chair processes, and a potential additional safety net if acting as the NomCom Chair
3. **The NomCom:** responsible (in the enhanced role) for overseeing the Board Behavioural Dynamics architecture, specifically the bundle of processes at their different maturity levels and their related actions
4. **The Company Secretary** (i.e. strategic support to the Chair): responsible for facilitating the NomCom processes, i.e. facilitating the Board Behavioural Dynamics
5. **The Board:** responsible for approving decisions (which lead to AGM proceedings).

Senior Independent Director (SID)

Throughout the study, the SID's role in ensuring the Board can work together effectively has been consistently confirmed. However, this role is not detailed sufficiently beyond the core requirements set out in the UK Corporate Governance Code – which describes the SID as acting as a sounding board for the Chair, other directors and shareholders, and at least annually appraising the Chair.

On several occasions during the consultation it was suggested that the SID could chair the NomCom.

In the UK, the roles of CEO and Chair are normally separated; this is increasingly the case in other jurisdictions as well. In the UK, in order to diffuse authority, the roles of Audit Chair and Remuneration Chair are also separate to that of the Board Chair. We received suggestions that it may be useful to have a further separation between the Board Chair and the NomCom Chair. However, here the rationale was not diffusion of power – as the Board Chair would remain responsible for overall effectiveness – but to allow time to ensure the enactment of the six core processes and their interlinked actions.

In the sample, there were five instances of SIDs chairing NomComs; in three of these organisations, this was because the Board Chair was not independent, there was no explicit reason detected in the other two. We believe this is a useful area to probe and develop further.

Recommendation 3 – Additional investigation required

To address the gaps in the strategic application of Board Behavioural Dynamics, we need to conduct further investigation into explicit and proportional design and emerging practices in Board facilitation (White Paper Q2 2026).

We will continue to evolve the Board Behavioural Dynamics Handbook as the architecture evolves, including via collaborations with training institutions.

Our research programme will continue to focus on Board Behavioural Dynamics; the next phase of this work will include the development of a White Paper focusing on the strategic elements of the Board⁹. We will also continue to develop the Handbook and key aspects of it which require further investigation.

White Paper

Our next phase of research will address our finding that only a handful of Boards are applying explicit and proportional design and demonstrating increased levels of facilitation around interpersonal relationships. These emerging practices are important as Boards become more complex and because effectiveness is derived equally from constructive Board interactions and the completion of decision-making tasks.

Skills and composition reviews focused on traditional functional, jurisdictional, environmental and Board-specific skills predominantly apply to decision-making. Where these are the only factors considered, complex Boards are missing a key lever in driving effectiveness. We are investigating this through interviews with Chairs. Our findings will be presented in a White Paper along with supporting academic papers. Please do contact us should you wish to participate.

Ongoing development

Our intention is to revisit the Maturity Maps for the six processes every three to five years to ensure that the Handbook remains relevant to Boards. We also hope to carry out sector and country specific reviews in due course.

In the interim, there are a number of areas highlighted in this chapter and the process chapters where additional investigation is required; we are hoping to do this through continued academic and practitioner engagement (including through collaboration with training institutions). Areas highlighted for further development include:

- understanding whether the current benchmark will continue to be the appropriate benchmarks [see Chapter 1]
- developing the understanding of what level of proportionality is appropriate for which circumstance [see Chapter 1]
- further investigating different approaches to interactions between parties in Boards where appointments are made externally, for example, by shareholder NomComs in the Nordics and in Boards with a majority of shareholder Directors [see Chapter 1]
- providing greater clarity around the role of the SID and their potential to Chair the NomCom. [see Chapter 1]
- Expanding on the SID's role in:
 - » Chair appointments [see Chapter 2]
 - » Chair evaluation [see Chapter 4]
 - » Chair and wider NED succession planning [see Chapter 5]
 - » Reappointing [see Chapter 7]
- further consider the function of engagement [see Chapter 3]
- developing the understanding of informal interactions between CEO and NED succession plans, and between Executive and NED succession plans [see Chapter 5]
- investigating effective approaches to explicit proportionate design [see Chapter 6]
- running a further session on non-renewals and resignations [see Chapter 7]
- investigating Committee reappointing and how that interlinks with other appointing and reappointing decisions [see Chapter 7]
- Further consideration of multi layered responsibilities [See Chapter 1]

1.5 How to use the process chapters

The Handbook is designed to be applied from a strategic perspective as well as a detailed process perspective. For Chairs, Directors and Boards, the Executive Summary and Strategic Overview Chapter (Chapter 1) provide the strategic guardrails for how Board Behavioural Dynamics can be enacted to improve effectiveness. For Company Secretaries and Advisors, the chapters provide granular detail on how each process is enacted in its full ecosystem.

Delivering advice on best-fit and maturity adequacy

Each chapter explains the how-to of the six Board processes, contributing to a deeper understanding of the architecture. Each process chapter includes a Maturity Map which details the contextual pressures (purple panels), procedural steps (green panels) and outputs (orange panels) for the three maturity approaches. This provides Company Secretaries and Board Advisors with detailed descriptions of approaches that can be adopted for each process.

When advising the Chair, Company Secretaries should concentrate on a proportionate response to the Board's position. For example, a Board which has heavy founder presence is likely to be on a longer journey to the most mature approaches compared to a heavily regulated UK bank which would be expected to be adopting a more advanced maturity approach. In the Appointing Maturity Maps, we have also specified different approaches for Boards with majority shareholder NEDs or group NEDs.

Our workshops and consultation confirmed that the Handbook was useful to Company Secretaries and others directly supporting the Board. The Maturity Maps were reported to have been used:

- as a benchmark, evaluation and planning tool, assisting in changing approaches to Board support
- to address gaps in reporting practices, fundamentally advancing proportionality to support the comply or explain reporting approaches of UK Boards and potentially decreasing duplication in the current dispersed nature of the reports
- to define the proportionate response for each Board.

Our appendices provide further guidance:

- Appendix 1: a regulatory overview
- Appendix 2: a Nomination Committee (NomCom) annual review checklist
- Appendix 3: Board Behavioural Dynamic questions for Chairs, Boards and Advisors.

Our references are contained in Appendix 4, please do let us know if you would like to see further detail on this or our academic papers.

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2. Appointing

2.1 How to appoint the best Board for your organisation

When we think of Board people processes, we invariably think of appointments and nominations which place Directors on the Board. For NED's, these are the actions taken by the Chair supported by the Company Secretary. Our research has identified three different approaches to Appointing.

The first level of maturity, the Baseline approach, relates to agency-led recruitment of Directors, normally selecting replacements who have similar skillsets to the outgoing Directors. There is a lack of clarity in the sample about who leads the process in Baseline approaches. In Adaptive approaches the NomCom leads the process for Director appointments, working with an agency or via open advertisement and selecting directors aligned to Board needs for current and future strategies. The Extensive approach builds on the Adaptive approach by formally intertwining outcomes from the other Behavioural Dynamics processes and extending the concept of balance beyond strategic skills to encompass interpersonal relationships among the Board.

Understanding what maturity level is appropriate to your Board requires an understanding of the Board's contextual pressures, different procedural steps and potential outcomes as detailed in the Maturity Map. Having a proportional view will enable you to maximise the strategic impact of the Board appointment approach taken. We **recommend** that Baseline processes are led by the NomCom.

Recommendation:	NomCom oversees appointing process and actions		
	Maturity approaches influenced by proportionality		
Process	Baseline	Adaptive	Extensive
Appointing	Agency-led recruitment of replacement Directors	NomCom-led process with agency or open adverts aligned to current and future strategic skills needs	NomCom-led process with agency or open adverts, interlinking with other process findings. Balance of strategic skills and interpersonal relationships

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

2.2 Maturity levels and contextual pressures – Appointing

Specific appointment requirements have been in place for UK listed Boards for over 20 years. Because of this, UK appointment approaches can generally be described as mature. Our research found that, although all the Boards reported on their appointment process, there was significant variance in approaches. Analysing the differences, we were able to categorise them into three maturity levels.

We have been careful to avoid defining any best-practice expectations as our review of the 50 FTSE Boards and validation also found that it was necessary to understand interlinking procedure steps, contextual pressures and outcomes before determining the most suitable response for a particular Board. This had not been done explicitly in most reporting and practices. This finding echo's our academic review findings⁵ that, to understand behavioural dynamics, it is necessary to understand how Boards are influenced by the environment in which they are operating, as graphically depicted in our Board ecosystem below.

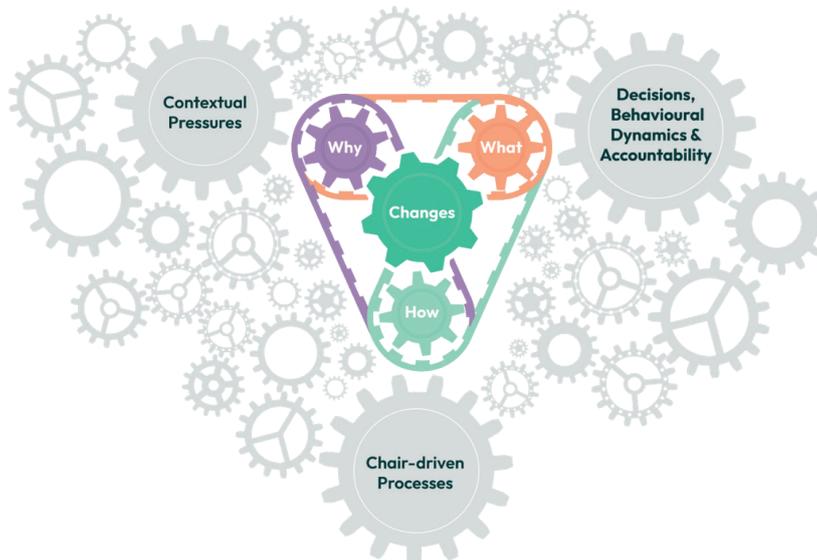


Figure 2: The Board Ecosystem © Leavy, Sealy, Molecke 2023

The **maturity approaches** deployed in the majority of appointments in the sample included some aspect of external search agency with rare mentions of open advertising. Most appointments included an interview or assessment. The maturity levels identified are:

- agency-led recruitment of replacement Directors (Baseline)
- NomCom-led process of Director appointments aligned to current and future strategic needs (Adaptive)
- development of the Adaptive approach to include formal feedback from the other Board people processes such as evaluation and succession (Extensive). The Extensive approach also normally demonstrates:
 - o clarity on the process and who leads the specific parts of the process
 - o detailed post-interview discussions before recommendation to the Board
 - o a focus on a balance of interpersonal relations relating to an increased introspection on how the directors fit together as a group; this is highlighted as an important emerging practice in Boards as endorsed by the workshops.

Extract of Extensive approach, Annual Report, FTSE 250 retailer 'As well as experience and track record, Board appointments will be made taking due account of other criteria, such as curiosity, insights, engagement, cultural contribution, personal identity, and the differentiation that they could bring to the collective make-up of the Board.'

Assessments also align to the three maturity approaches; with the Baseline assessment approach focused on skills, Adaptive focused on strategic skills, and Extensive adding an assessment of dynamics. The latter often was reviewed by panel interviews. A small number of search agents are using psychometric testing; Boards are cautious regarding these tests, particularly where they are not sophisticated approaches such as the Hogan Suite. In feedback, we noted that recommendations and references were useful, but these did not negate the need for due process.

Contextual pressures can often be overlooked when approaching a new appointment process. These were discussed at the workshops where it was reiterated that Boards are continually changing in

response to evolving pressures and expectations. Indeed, we found that the requirements and appointment process for a new role can be influenced by several different contextual pressures.

The most prevalent in the sample were:

- institutional contextual pressures, such as regulatory or market expectations for change of the makeup of the Board
- organisational contextual pressures, such as a new business area creating a new Board requirement
- Board-level contextual pressures, such as the rotation of Board members off the Board, the output from a Board performance evaluation or a new skill requirement. The workshops highlighted two contexts not within the sample which affect how the appointment process is deployed: the influence of the Chair and Board was key in delivering processes beyond Baseline levels, as was the availability of Company Secretary resource to support the Chair.

The expected outcome of an appointment process is also influential over the procedural steps to be deployed. Desired outcomes can include demographic diversity, particularly in the UK where there are expectations and concerns to meet gender and ethnicity targets. Shareholder expectations are also important to understand, particularly those of dominant shareholder Directors and in post-merger Boards. Directors in certain markets may need to meet specific expectations, such as the level of independence and time availability. The Chair, NomCom, and Board may also set requirements for new appointments in response to contextual pressures or Board-specific needs, such as the Extensive focus on the balance of interpersonal relationships within the Board. We found that reporting focused primarily on the output of the appointment itself, rather than the overall outcome suggested by one Board to be a Board strengthened with enhanced capabilities.

The **Appoint Maturity Map** was validated at workshops and consultation held with Company Secretaries, Advisors and professional bodies. The Map was confirmed as a useful guide when planning Board appointments, to assist with reporting and for effectiveness reviews. In particular, the maturity levels were agreed to be useful for defining what approach is proportional for each Board.

2.3 Recommendations and oversight

The NomCom normally leads the process for the appointment of Non Executives Directors and CEOs, giving the Board a 'nomination' for the role (although this was unclear for Baseline approaches). The Board will then approve the appointment. The CEO normally led the appointment process for Executive Directors, supported by HR and with NomCom involvement. Although with newly appointed CEO's the NomCom retained the lead role. Chair appointment was led by the SID (a role in the UK listed system, like a deputy Chair or Lead Director) although there was little detail on this. NED appointments were generally supported by the Company Secretary. However discussions at the workshops and consultation noted that other functions may be involved. The workshops suggested that where another function facilitates the appointment of a NED, there is a risk that executive priorities may become dominant over NED priorities for the Board. For some appointments in our sample, a subgroup was appointed to carry out the detailed procedures, particularly when appointing the Chair and CEO. The workshops discussed the subgroups and noted that care was needed in the definition and communication of their role in the appointment to ensure that clarity about responsibilities and ownership of decisions was maintained.

We **recommend** that the NomCom lead on NED appointments and ensure that a proportional approach is taken for all Board appointments.

Below is the detailed Appointing Maturity Map outlining the possible contextual pressures influencing the continually changing Board, the procedure steps and outputs over the three levels of maturity. The Map is intended to be used as the full process overview, i.e. procedure steps should be considered within their contextual pressures and outcomes.

Figure 2: Appointing Maturity Map

Contextual pressures

MOST PREVALENT & CONTINUALLY CHANGING*

	Baseline	Adaptive	Extensive
Institutional	Regulatory and legal expectations for change of the makeup of the Board and process**		
	New sector, industry and economic challenges in the organisation's market		
	Market expectations for change of the makeup of the Board and appropriate process (including signatories to search codes)		
Organisational	Changes or risks in strategy or the business		
	Group requirement or dominant shareholder requirement (via Shareholder Agreements) or specific transition plan due to merger or other corporate action		
	Stakeholder (e.g. investor or funder) requirements and concerns such as NED time availability, Director appropriateness, or overall performance (including any engagement) Stakeholders' general policies applied (predominantly) or Board-specific		
Board level	Like-for-like replacement skills	Skills matrix focused on balancing strategic needs	
	Tenure rotation to maximum limit	Scheduled rotation gaps reviewed against strategic requirements	
			Balancing interpersonal needs (including contra indicators+)
			Specific replacement plans
		Requirement for change from Board evaluation	
		Size, structure, balance of independence and design considerations (informally, or via Compose & Design)	
Board policy	Chair and Board perspectives and attitudes to process+		
	Company Secretary resources available to support the Chair's responsibility+		
	Diversity statement or target focused	Diversity policy with focus on quotas and succession plan with some targets indicated	
			Inclusion focus
		Appointment-specific policy or procedure	
	Board matters reserved, Committee terms of reference and NED letters of appointment		

Procedural steps

PREPARATION

	Baseline	Adaptive	Extensive
Set lead	Unclear who leads		
	<div style="border: 1px dashed black; padding: 5px;"> NomCom oversees process & actions Recommendation </div>	NomCom leads process for NEDs & CEO with SID leading for Chair appointment (process predominantly via Chair and CoSec) CEO leads for Exec with NomCom (with HR involvement mentioned more frequently)	
Collaboration	Subgroups often used for detailed work or first stage review/interview (see also Group NEDs below) Define purpose and powers of subgroup+		
Set Director requirement		Informal updates or involvement of non-decision makers such as CEO included in new Chair appointment to ensure good working relationship possible	
	Skills required	Chair and NomCom set requirements prior to external search agent Balance of strategic skills needs Balance of interpersonal relationships Inputs from interlinking processes Input from interested Committees (only mentioned once but happens regularly in practice)	
Appoint Search Agent (if using)	Appoint external Search Agent without clear process, or candidate specification	NomCom /subgroup interview Search Agent(s) NomCom appoint Search Agent with candidate requirements and process envisaged (normally via diversity policy or appointment-specific policies or procedures)	
Refinement of search criteria	Selection criteria led by agency via discussion with Board	Selection criteria and milestones for campaign developed with all key participants	

SEARCH PROCESS			
	Baseline	Adaptive	Extensive
Candidate longlist including open advertisement and Search Agents	Search carried out by Search Agent including referrals		
	And/or open advertising (only 1 in the sample relied on advertising only)		
	Succession plan candidate, reflect on the rigor of the succession plan and whether interviews or market mapping should be used		
	Longlist prepared by agency which presents a shortlist	Leads review suitable candidates in longlist (see all applicants), reduced to shortlist for interview against criteria	
Due diligence	References taken (informal and formal) via Search Agents or directly (post interview for some Baseline examples)		
	Disclose time commitments, conflicts and independence		
			Highlight areas for interview questions
Interviews or assessment	Shortlist interviewed		
		Final candidates interviewed normally by leads	Final candidates interviewed normally by some or all NomCom or Board
	Potentially including assessments for Executive Directors such as presentations		
	Assessment focused on skills required	Assessment focused on balance of strategic skills needs	
			Assessment focused on balance of interpersonal relationships
	Discuss time commitments, conflicts, independence (and other key areas of interest)		
			Seek induction and training requirements
Post-interview discussion	Move from interview to appointment		Review of candidates against the requirement
Additional Committee appointments	Committee appointments, in consultation with Committee Chair. Liaise with Remuneration Committee on salary for CEO and Executive Directors		

Group & Dominant Shareholders NEDs

*including Boards where appointment decisions are external to the Board

	Baseline	Adaptive	Extensive
Group & dominant shareholder nominations	Receive nominations for Shareholder NED or Group NED without explicit liaison		
		Liaise in advance with Committee or Board on Shareholder NED proposal or Group NED proposal	

Outputs

	Baseline	Adaptive	Extensive
Nomination	NomCom recommends Director to Board and where appropriate the AGM		
Appointment	<ul style="list-style-type: none"> Board appointment Expectation in UK including 40% gender diversity (with one female of Chair, CEO, CFO or SID) and at least one minority ethnic Director, majority independent NEDs, available time (no overboarding), and robust process 		
Offer & acceptance	<ul style="list-style-type: none"> Offer and acceptance (subject to any approvals required) Letter of appointment for NEDs including role spec (executive contracts via HR for Executive Directors) Announcement 		
Input to induction	The Director starts the induction process, in some cases, as soon as the appointment confirmed		
Input to composition reviews			Review of new composition of the Board and Committees (particularly where large amount of change or change of Chair)
Reporting	Report on process and how it supports Board diversity policy including external agency used and their connections		

Overall outcome

Board strengthened with enhanced capabilities



Process	Maturity approaches influenced by proportionality		
	Baseline	Adaptive	Extensive
Appointing	Agency-led recruitment of replacement Directors	NomCom-led process with agency or open adverts aligned to current and future strategic skills needs	NomCom-led process with agency or open adverts, interlinking with other process findings. Balance of strategic skills and interpersonal relationships

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

* For each process, a full array of contextual influences is in place (see Compose & Design Map). We mention here those that are more prevalent in our sample.

+ added to reflect feedback from workshops.

** Regulatory requirements e.g. UK, US, and Sweden are in Appendix 1 of the Handbook.

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3. Inducting, Training & Developing

3.1 How to embed and enhance Director and Board development

Induction aims to build Director knowledge so that the Director can be effective as soon as possible. Training and development have a similar aim of continuing to build Directors’ insights into and awareness of the Board, the organisation and its working environment. We categorise Inducting, Training & Developing as one process as they have similar patterns of approach.

The Baseline approach focuses solely on legal, regulatory and governance requirements; Adaptive incorporates a structured programme with strategic and operational insights; and Extensive, in addition to the structured programme, also focuses on explicitly engaging with the wider business. The impetus for this process is derived from market expectation rather than regulation. We reiterate that Board Inducting, Training & Developing continues to be the responsibility of the Chair with support from the Company Secretary. However, we recommend the NomCom oversees the adequacy of the overall Board Inducting, Training & Developing approach (process and actions).

Recommendation:	NomCom explicit oversight of adequacy of Inducting, Training & Developing
------------------------	--

Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Inducting, Training & Developing	Legal, governance, and regulation focused	Structured programme with strategic and operational insights, plus legal and regulatory contexts	Structured programme, with active business engagement for succession, culture and decision-making insights. Plus improved from feedback and wide contextual views

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

3.2 Maturity levels and contextual pressures – Inducting, Training & Developing

In our research sample, all Boards reported delivering an induction programme for new appointees. Training and development were regularly coupled with induction programmes, with the aim of continuing to build Directors’ knowledge. As with Appointing, there was much variation in the disclosures we reviewed, however, the maturity patterns which emerged for induction mirrored those of training and development. Therefore, we categorise Inducting, Training & Developing as one process; this decision was endorsed by attendees at the workshops and consultation.

Baseline approaches see induction, training and development actions focused on regulatory, governance and legal requirements. Although this includes the grounding for Board duties, we see potential issues with this approach as it limits the view of the wider contextual pressures and opportunities for interaction with fellow Board members and the wider business. Therefore, this approach runs the risk of delivering insufficient Board orientation, does not assist in fostering relationships and may exacerbate gaps in business-specific knowledge between Executive and Non-Executive Directors.

Adaptive approaches demonstrate a structured training programme for the Board which delivers knowledge and insights on strategy, business operations, new challenges and risks. The programme involves building connections with the wider business, operations and Advisors. The design of the programme is tailored to the experience and knowledge of the incoming Director for induction or to the current Board for training and development. Programme design may also include addressing actions from Board or individual Director evaluations. This approach gives the Board an opportunity to view wider contextual influences and challenges. For example, a FTSE 250 Board explicitly noted that for Directors to challenge effectively it *'is crucial to ensure that they remain well*

informed of changes to the business environment'. We argue that this Adaptive approach more comprehensively addresses the induction and development needs of a Board of a large, complex organisation.

Extensive approaches build on the structured programme by explicitly engaging with the wider business. This helps to ensure continued holistic development which can lead to informal reflections on strategy, culture and decision-making. Tailoring continues here, with curation of the programme to meet individual strengths and future strategy requirements. This approach also ensures that the Inducting, Training & Developing programmes are continually enhanced with feedback including via internal and external Board evaluations (both a contextual input and output). Transition plans from other roles were also included in Extensive induction programmes.

Extensive approaches also featured specific engagement programmes that give Boards access to the wider organisation, and facilitating more structured Board interaction with named individuals on the formal succession plan. This was usually supplemental to the employee engagement expectations of the UK Code. The engagement sessions were often arranged to coincide with Board meetings; one workshop participant (using Extensive approaches) reflected that their Board spent equal time in formal meetings and informal interactions.

The workshops endorsed the importance of informal interactions which are critical to building relationships between Board members and the wider organisation and that these may occur implicitly. The consultation reflected further that there may be gaps between reporting and their engagement actions in Adaptive Boards. The workshops and consultation highlighted the importance of allowing time for relationships and trust to develop.

The usefulness of the Maturity Map was supported by all workshop participants. The workshops highlighted a programme’s outcome allows Directors and Boards to support and challenge effectively so that they evolve as the business evolves.

3.3 Recommendations and oversight

We recognise Chair responsibility for Inducting, Training & Developing their Boards, normally with support from the Company Secretary. In the UK, expectations for Inducting, Training & Developing are no longer contained in the UK Corporate Governance Code but are included in the Financial Reporting Council’s (FRC) [Corporate Governance Code Handbook](#). We welcome this guidance which places induction at the heart of the NomCom responsibility and recommends this responsibility extends to training and development. In our sample, we found some cases where the NomCom does not have any oversight of induction or training; a small number of Boards enact this oversight. Our **recommendation** is that Inducting, Training & Developing is seen as a core process of the NomCom as it is ineffective to de-couple the process from NomCom’s appointment and reappointment responsibilities.

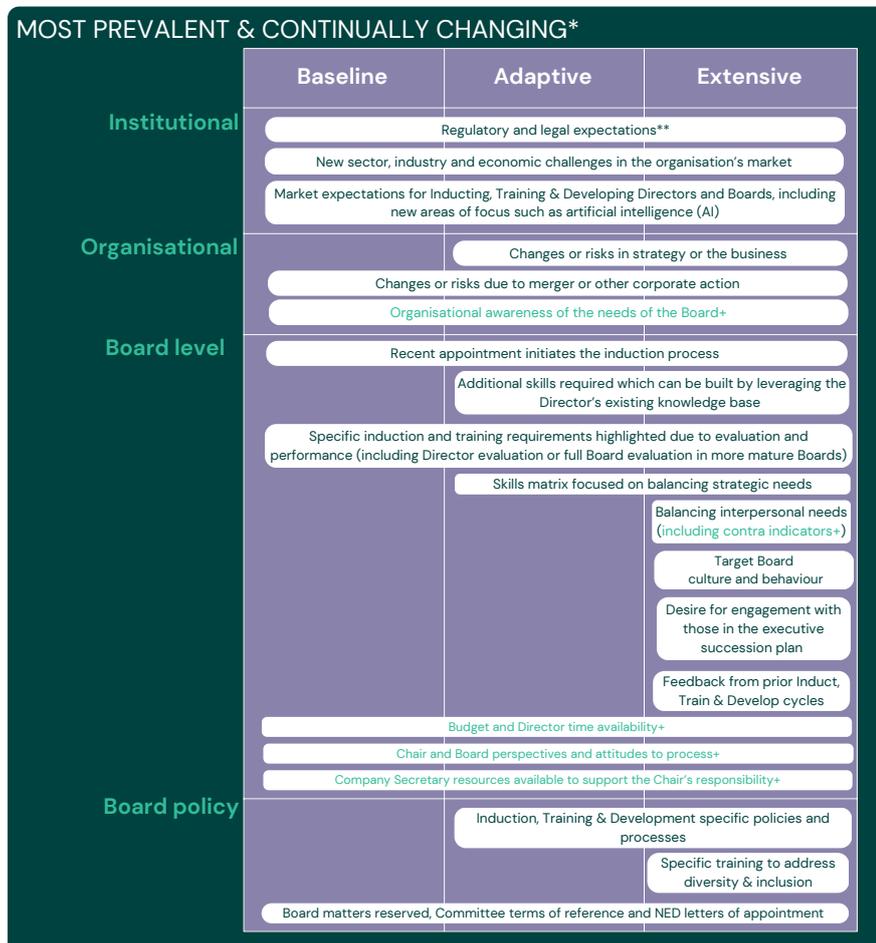
Feedback discussed how Inducting, Training & Developing Boards is core to the Chair role and supported by the Company Secretary, and there was agreement that oversight of the adequacy of the programme should be provided by the NomCom. Feedback acknowledged it is now a market norm to have Inducting, Training & Developing programmes in place. The workshops also explored how different approaches are influenced by factors including Board-specific pressures on NED time, budgets and how receptive the organisational culture is to the need for Board development.

Please note: Induct, Training & Developing has been used as the name for this process. It is recognised that there are many ways to refer to the initial actions to integrate a Director into the Board and ongoing actions to maintain Director’s currency. These terms include orientation and education (US Boards), and onboarding and professionalisation (commonly used in Europe). Feedback noted that Directors were sensitive to terms implying unsuitability to the role; however, this sensitivity was decreasing as the process increasingly becomes accepted as a market expectation.

Below is the detailed Inducting, Training and Developing Maturity Map, outlining the possible contextual pressures influencing the continually changing Board, the procedure steps and outputs over the three levels of maturity. The Map is intended to be used as the full process overview, i.e. procedure steps should be considered within their contextual pressures and outcomes.

Figure 3: Induct, Train & Develop Maturity Map

Contextual pressures

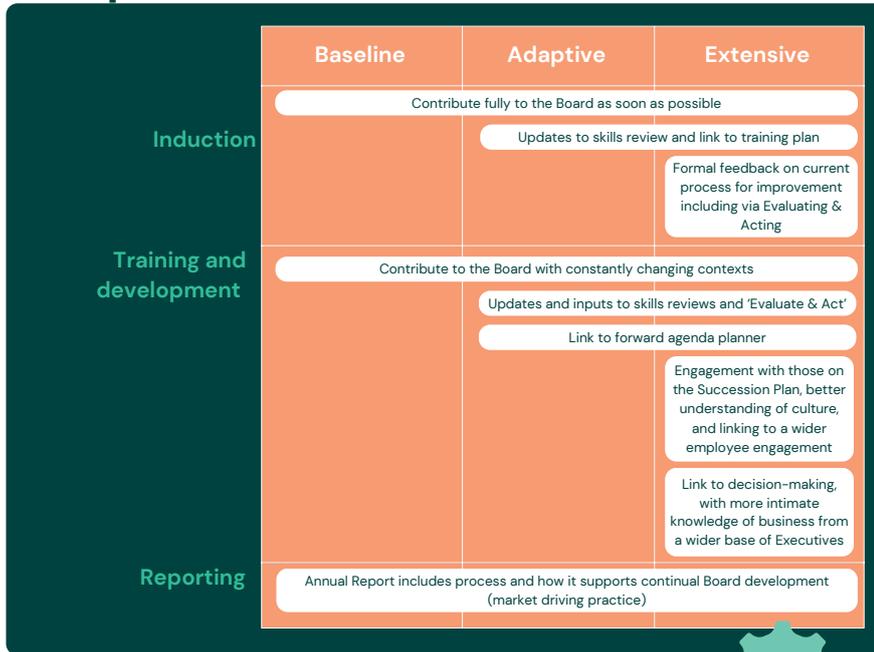


Procedural steps

PREPARATION		Baseline	Adaptive	Extensive
Overall approach		Legal, governance, and regulation focused		
			Structured programme	Active engagement
Set lead	Lead unclear		NED – Chair supported by the Company Secretary (CEO input noted)	ED – (additional) actions organised by HR
	Recommendation		Extend oversight of adequacy to Induct, Train & Develop	NomCom oversight (Board escalations)
Induction and training design		Legal, governance, and regulation focused	Plans tailored to individual Directors, Board plan does not have to cover all individual needs	
			Review experience and knowledge of incoming Director (induction includes interview question feedback) and current Directors including evaluation findings (training and development)	
				Additional tailored requirements to specific areas of business knowledge
		Review training requirements against agenda plan+		

PROGRAMME DELIVERY		Baseline	Adaptive	Extensive	
Structured programme for Inducting, Training & Developing		Legal, governance and regulation issues highlighted specific to the business, shareholdings and the duties of a Director (including D&O insurance and indemnities)			
		Reference materials including past papers and the corporate governance framework			
		Individual and external training (supplemental or core to the programme)			
			Reference material including strategies and overview of business/operations		
			Individual induction meetings with NEDs, EDs and Senior Management focusing on strategy and operations and then ongoing as required for development		
			Internal and external expert briefings on key strategy, regulatory and operational items		
			Advisor meetings (such as brokers, external auditors and company advisors)		
				CEO and Chair meetings with key investors, customers, regulators and stakeholders.	
			Committee-specific development plans		
			Holistic mentoring Transitioning Plans (including handover reports between roles including but not limited to financial services where it is a UK regulatory requirement)		
		Location/operational visits meeting key Senior Managers as part of induction			
	Board dinners and lunches for engagement			Ongoing location and site visits linked to Board meeting location cycle	
			Implicit relationship development potentially in place+	Engagement-focused location visits, meeting wider employees (including for CEO induction)	
				Allowing time for informal interactions+	

Outputs



Overall outcome

The Board is well informed of the business environment which increases effective support and challenge as the business changes and evolves

Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Inducting, Training & Developing	Legal, governance, and regulation focused	Structured programme with strategic and operational insights, plus legal and regulatory contexts	Structured programme, with active business engagement for succession culture and decision-making insights. Plus improved from feedback and wide contextual views

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

For each process, a full array of contextual influences is in place (see Compose & Design Map). We mention here those that are more prevalent in our sample.

+ added to reflect feedback from workshops.

** Regulatory requirements e.g. UK, US, and Sweden are in Appendix 1 of the Handbook.

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4. Evaluating & Acting

4.1 How to evaluate the Board, Committees and Directors and act on the results

Evaluation of the Directors, Committees and Boards with resultant action is key to their ongoing healthy functioning. Although there are greater regulatory requirements for evaluation than for some of the other processes, there remains significant variance in approach with a reluctance to report transparently on resultant actions in Baseline approaches. Although evaluation is important, acting on the results is essential if Boards are to achieve some measure of continuous progress. This is why we have called this process 'Evaluating & Acting'.

In Baseline approaches Boards are reviewed using questionnaires; Adaptive approaches focus on Board, Committee and Director reviews with in-year actions; and in Extensive approaches, the Board evaluation process will be interlinked with inputs from the other processes, with actions feeding into Director, Committee and Board objective-setting in some Boards. For the Extensive approach, reporting focuses on prior and in-year actions. This is detailed in the Maturity Map. The workshops confirmed the usefulness of the detailed Evaluate & Act Maturity Map for Company Secretaries, their teams and for application to their Boards.

We highlight that, as a key method for Board improvement, evaluation should continue to be led by the Chair, supported by Company Secretaries. However, we recommend that evaluation processes and actions are overseen by the NomCom to ensure they are closely connected with the appointment and reappointment purpose of the Committee.

Please note: Feedback included sensitivity about the name of the process and the process itself with more traditional Boards perceiving the process as potentially reflecting an element of ineffectiveness. The term 'Board performance review' is recommended by CGIUKI and the FRC's UK Code which includes an explicit desire to ensure it is both forward and backward looking. We use evaluate and review in the text but recognise that this could be also termed appraisal or performance review.

Recommendation:	NomCom explicit oversight on process and actions
------------------------	---

Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Evaluating & Acting	Board reviewed (occasionally including Committees)	Board, Committees and Directors reviewed with a focus on current year actions	Board, Committees and Directors reviewed with a focus on current and prior year actions. Director objectives. Interlinking with other processes. Board and Committee observation (UK centric practice)

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

4.2 Maturity levels and contextual pressures – Evaluating and Acting

Board evaluation is an important tool for continual improvement. This includes reviews of past performance to identify good practice and areas for future development. Action reporting can be a powerful tool for Board change and informs stakeholders of increasing Board maturity.

Although evaluation is important, acting on the results is paramount to achieve continual progress; we reflect this importance by calling this process 'Evaluating & Acting'. Action focus can be especially useful when Boards are under stress or have new leadership, or to address issues before they reach a crisis point.

Our research focused on FTSE Boards as they have been subject to increased levels of reporting since 2019. FTSE Boards are expected to report on how Board performance reviews were conducted (including any external reviewer involved), the outcomes and actions taken, and whether the review influenced Board composition. However, in our research of 50 FTSE companies we saw varying levels of disclosure. We have used the variation to highlight three maturity levels which reflect different proportional responses.

Baseline approaches acknowledge that evaluations are taking place, predominantly via questionnaire. At this level, reviews focus on the Board, with sparse detail on Committee reviews and no detail on Director reviews. In the case of Director reviews, this lack of detail is concerning as the conclusions of these reviews form the basis of

re-election and reappointment proposals in Adaptive and Extensive approaches. In reports of Boards adopting a Baseline approach, there are minimal references to actions and no supporting explanations for this non-compliance with the UK Corporate Governance Code. The Board questionnaire approach may be proportional to Boards in a steady state, those new to UK listing or with founder Directors. However, the lack of transparency on Director reviews and the actions taken restricts the wider stakeholders' view of how the Board is developing.

Adaptive approaches demonstrate a grasp of the full spectrum of Board, Committee and Director reviews. These normally include questionnaires and interviews with the focus on actions to be taken within the year. Director reviews are undertaken for NEDs including a review of the Chair undertaken by the SID. The majority of our sample take this Adaptive approach to Evaluating & Acting. We therefore suggest that it reflects adequate practice for large and highly regulated Boards.

Extensive approaches build on the prior levels but with a greater focus on actions. The actions are reported for the preceding year and for the current year, along with the outcomes of those actions. Actions often include named owners and deadlines. Some Boards use the actions as objectives for the Board, Committees and Directors. Actions included those relating to composition, succession, engagement, behaviours and training and development. Boards adopting the Extensive approach do so normally due to increased market or regulatory requirements, or to address specific Board issues, or due to their innate style preference.

In our validation workshops and consultation, we discussed potential gaps between reporting and practices, which may be a result of the level of transparency adopted by each Board. Extensive approaches report actions transparently, indicating that cited deterrents such as confidentiality and sensitivity may be overstated. The reports of Extensive approaches include a 24-month timeline of Board development which is informative for stakeholders and more fully demonstrates compliance with the UK Corporate Governance Code reporting requirement.

For **external triennial reviews**, Boards reported the use of questionnaires followed by individual Director interviews; however, examples given in the consultation suggest that interviews may not always happen in Baseline approaches. For Extensive approaches, external reviews also may include observation of the Board and Committees in action; observation appears to be a UK-centric practice. Some Adaptive and Extensive approaches use the three-year external review as the anchor to structure three-year evaluation programmes. The timeline for triennial reviews was altered when there were significant pressures affecting the Board, such as when a new Chair was appointed, or there were changes in composition, strategy, or the market.

Taking action based on the findings of Board evaluations is a method to progress Board maturity. This is reflected in stepped changes in composition and NED succession approaches, particularly as a result of externally facilitated reviews. The use of an external evaluator provides independence, although with any review there is a level of discretion given to the lead relating to themes reviewed and actions recommended.

4.3 Recommendations and oversight

Most of the sample discussed evaluations in the corporate governance section of the report rather than the NomCom report; relatively few reported it in the NomCom section or included Evaluating & Acting within their NomCom terms of reference.

The UK Corporate Governance Code implies that evaluation should be under the oversight of the NomCom as it is included with the NomCom report requirements. However, the Code does not explicitly state this and the supporting [FRC Handbook](#) highlights that discussions of the outcomes of triennial reviews should be held with the Board. The recent [CGI UKI Handbook on Board performance reviews](#) for listed Boards implies that the NomCom has a role to play.

In the sample, the Chair – supported by the Company Secretary – was responsible for the delivery of Board, Committee, CEO and NED evaluation; SIDs occasionally play a leading role in place of the Chair for the overall review and a central role in the Chair's evaluation. In the consultation, a number of participants indicated a preference for the SID taking the lead on all evaluations not just the Chair's. The CEO was responsible for Executive Director evaluation in most of the sample.

We endorse Board discussion of the outcomes of a review, and **recommend** that the NomCom has oversight of Board, Committee and Director evaluation processes and the delivery of associated actions, as seen in a small number of Boards in our sample. NomCom oversight provides a structured forum to oversee the discretion given to those leading reviews with regard to choosing areas of focus. The workshops endorsed the interlinking of evaluation with other processes under the NomCom to gain a more strategic view of the future resources of the Board. The consultation noted that a SID role in the overall Board would be a beneficial safeguard which gives more resilience to the process. In a small number of Boards the SID does lead the evaluation process in alternate years; this is an area where further work is required.

Below is the detailed Evaluating and Acting Maturity Map, outlining the possible contextual pressures influencing the continually changing Board, the procedural steps and outputs over the three levels of maturity. The Map is intended to be used as the full process overview, i.e. procedure steps should be considered within their contextual pressures and outcomes.

Different approaches deliver different quality of experience.

The validation workshops highlighted that Boards which saw evaluation as a box-ticking exercise gained little value from the process. However, the workshops indicated that evaluations are now relatively accepted (possibly due to regulation) and that Boards which engage with the process fully are rewarded with useful development points, which can interlink with reappointments and other processes. The validation workshops emphasised key enablers for evaluation processes as:

- regulation
- the Chair and Board perception regarding the usefulness of evaluations
- facilitation by the Company Secretary
- specific issues facing the Board at the time of the review.

Within these contextual influences, workshop discussions indicated that Boards were adopting the most appropriate approaches on a case-by-case basis. For example, a Board may run a basic questionnaire-based programme until a significant issue arises which necessitates a more detailed evaluation process. Alternatively, Boards may take a Baseline approach for interim internal reviews and an Adaptive or Extensive approach for triennial external reviews. Curiously, examples were also given in the consultation of some FTSE Boards using Baseline for external reviews.

Additionally, it was noted that some Boards had structured multi-year programmes which included interim reviews to assess the Board's response to key issues it had faced.

Figure 4: Evaluate & Act Maturity Map

Contextual pressures

MOST PREVALENT & CONTINUALLY CHANGING*

	Baseline	Adaptive	Extensive
Institutional	Regulatory expectations to carry out evaluation (dominant influence)**		
Organisational	Legal, market, and cultural expectations to carry out evaluation		
Board level	No explicit consideration of inputs reported	Changes or risks in strategy or the business	
		Stakeholder (e.g. investor or funder) requirements and concerns such as NED time availability, Director appropriateness or overall performance (including any engagement), Stakeholders' general policies applied (predominantly) or Board-specific	
Board policy		Board contributing to the performance of the business	Review of outputs from other people processes: Succession planning, skills matrix, Composing & Designing, Appointing, Inducting, Training & Developing and meeting assessments Review timetable for external evaluation when significant issues affecting the Board
	Chair and Board perspectives and attitudes to process+		
	Company Secretary resources available to support the Chair's responsibility+		
	Diversity statement or target focused	Diversity policy with focus on quotas and succession plan with some targets indicated	
			Inclusion focus
			Evaluation-specific policy or procedure
	Board matters reserved, Committee terms of reference, and NED letters of appointment		

Procedural steps

OVERALL APPROACH

	Baseline	Adaptive	Extensive
Set lead	Chair led evaluation, heavily facilitated by the Company Secretary		
	Occasionally led by the Senior Independent Director (or in alternative years)		
	Board reviews outcome		
Approach	Oversight for process and actions delivery Recommendation		NomCom oversight of process and actions
	Plan of approach including areas of key focus		
	Review prior year actions		
	3 year cycle programme view, responding to Board-specific position		
	Process oversight by NomCom or Board		
	Input from Committee Chairs		

BOARD & COMMITTEE EVALUATING & ACTING			
	Baseline	Adaptive	Extensive
Board and Committee review preparation	Triennially the external reviewer is appointed	Sourcing options for external reviewers including interview or tender assessment by Chair and CoSec and/or SID Triennially the external reviewer is appointed followed by discussions with Chair and Company Secretary on objectives and themes	
	Board and Committee reviewed by questionnaire, sometimes anonymously (internally facilitated via Company Secretary or externally facilitated)	Interviews Board and Advisors (external reviews)	
	Interviews Board only when used (external review) Meeting documentation reviewed Review communication between Board and Committees Focus on positive elements and priorities for further development, and occasionally benchmarking		Behavioural traits and EQ, team dynamics, and contra indicators+ Observation in external reviews (UK-centric practice)
Review	Not explicitly reported	Internal report compiled by CoSec, reviewed by Chair and considered at Committees, NomCom or Board External review compiled by reviewer, reviewed by Chair/CoSec and considered at Committees, NomCom or Board Actions agreed for implementation and review	
Supporting assessments	Listing and good practice compliance and occasionally linked to terms of reference reviews		Additional lessons learned reports on key issues+
<p>Potentially in the majority of external reviews although only covered by cursory statements+</p>			
DIRECTOR EVALUATING & ACTING			
	Baseline	Adaptive	Extensive
NED	Not explicitly reported	Self-assessment, in rare cases reflecting behaviours Chair reviews NEDs by meeting to discuss performance. This can include output from the overall Board and Committee	360 reviews used+
Chair	Not explicitly reported	SID leads a meeting with the NEDs (Chair is not present), and then follows up with feedback to the Chair [procedure rarely discussed but a few held individual NED meetings with SID and one Board also used a survey]	
All NEDs	Not explicitly reported	Assess external roles, time availability, interests, conflicts and independence Performance and continued contribution	Review of output from succession plan Director objectives
CEO & ED evaluation	Chair for CEO review and CEO recommends Executive Directors (normally reported to RemCom as linked to remuneration, one in sample had a NomCom review, one noted that the Chair and CEO reviewed all Executive Directors)		

Outputs

	Baseline	Adaptive	Extensive
Improvements		Recommend changes and actions in process and skills/knowledge	
	Often use evaluation to make stepped changes in the maturity in people processes, particularly those actions from externally facilitated reviews		
Reporting actions			Ensure operating at maximum effectiveness
	Transparency approach affecting issues reported+		
	Report on use of evaluation process		
	Report on positive elements of the review		
		Current year actions	Prior and current year actions and/or objectives
		Continuation of monitoring of achievement of actions	
			Named action owner and timeline occasionally with priorities
	Link to re-election and re-appointment decision		
		Link to Inducting, Training & Developing, Composing & Design, and Succession Planning	

Overall outcome

The Board, Committees and Directors operate as efficiently as possible, maximising strengths and embracing opportunities for continuous improvement



Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Evaluating & Acting	Board reviewed (occasionally including Committees)	Board, Committees and Directors reviewed with a focus on current year actions	Board, Committees and Directors reviewed with a focus on current and prior year actions. Director objectives. Interlinking with other processes. Board and Committee observation (UK centric practice)

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

For each process, a full array of contextual influences is in place (see Compose & Design Map). We mention here those that are more prevalent in our sample.

+ added to reflect feedback from workshops.

** Regulatory requirements e.g. UK, US, and Sweden are in Appendix 1 of the Handbook.

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5. NED Succession Planning

5.1 How to plan for changes on your Board

Although Succession Planning is often acknowledged as being important for Board performance, processes predominantly focus on executive Succession Planning. We focus on Non-Executive Director (NED) succession to highlight its importance to behavioural dynamics, including the sequencing of executive and non-executive transitions. There are only small pockets of guidance on how to plan non-executive succession, which may influence this lack of reporting and practice. We found three maturity approaches within our sample: a focus solely on the rotation of NEDs at the end of their tenure with like-for-like replacements (Baseline); enhancing the tenure rotation view with consideration of the strategic needs of the Board (Adaptive); and adding specific plans for emergency, medium and long-term time horizons with an interpersonal focus (Extensive).

Our research aims to provide a framework for how Boards carry out NED Succession Planning. Additional investigation is required into the role of the SID in succession planning. We **recommend** that the Chair should continue to lead this process, with reinvigorated oversight from the NomCom.

Recommendation:	NomCom to reinvigorate focus on NED succession in addition to executive succession
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Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
NED Succession Planning	Focus on tenure rotation of NEDs, where present	Scheduled rotation gaps reviewed against strategic requirements	Scheduled rotation gaps reviewed against strategic and interpersonal requirements with three time horizons planned

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

5.2 Maturity levels and contextual pressures – NED Succession Planning

While executive succession planning is important and necessary, it should not be carried out in isolation from NED transitions. NEDs act under contract for services to the Board, separate to the CEO’s responsibility for employee contracts (as supported by HR). As such, NED contracts and their succession are the responsibility of the Chair who is normally supported by the Company Secretary, with the SID leading for Chair succession. Carrying out both executive (via HR and CEO) and NED Succession Planning (via Chair and Company Secretary) alongside one another ensures smooth transitions among the most senior leadership of the company. The benefits of this complimentary approach to Succession Planning are particularly apparent in the Board’s ability to manage the appropriate sequencing of changes between the Chair and the CEO.

Interestingly, within our sample, a small number of Boards conflated NED Succession Planning with other processes, such as appointment and skills reviews. We believe that this is reflective of the absence of a common language relating to NED Succession Planning. This is amplified by the lack of understanding of NED people processes and how those processes interlink with one another. Our research provides a structure for NED Succession Planning via a Maturity Map which details the key considerations before undertaking a NED succession review i.e. contexts, procedural steps, outputs and outcomes across three maturity levels. We have identified three different approaches to NED Succession Planning which build as Board maturity increases.

- 1. Baseline: Reacting solely to the expiring Director tenure.** This focuses on the natural rotation of NEDs when they reach the end of their term of office. This approach will lead to the Director being replaced like for like. Examples provided during the consultation indicated that some Boards have no planned approach to tenure rotation reviews, with instances cited where all or most members of Boards were due to reach the end of their tenure within a year of one another. These cases aligned to reporting in our sample, where it primarily focused

on executive director succession planning.

- 2. Adaptive: Pre-emptively considering the strategic timing of tenure rotations.** In addition to tenure, this approach assesses current and future strategic requirements when considering NED replacement.
- 3. Extensive: Proactively building the approach by establishing specific plans for emergency and longer-term time horizons for all Board roles, not just the CEO.** This Proactive approach takes the strategic, Adaptive approach further by incorporating planning across three time horizons –emergency, near term and longer term – for each NED role. This planning would include looking at each role on the Board and whether and how replacement members would be sourced. In a small number of Boards, we saw evidence of market mapping of potential candidates happening ahead of a formal appointment process. Extensive approaches also focused on interpersonal relationships and an inclusive environment as an outcome. This was discussed in workshops along with the use of indicators which highlighted traits which would unbalance the Board (contra indicators). Discussion at the workshops noted the benefits of transparent communication of NED succession arrangements to the Board as well as stakeholders. The workshops also discussed the usefulness of transition plans (including outside of UK financial services where this is a requirement). These transition plans allow for a softening of exits by documenting the legacy provided by the prior role. provided by the prior role.

The final outcome of effective NED Succession Planning is the satisfactory sequencing of leadership changes to ensure continued market and stakeholder confidence. The appropriate and proportional procedural approach will reflect the Board’s contextual pressures and actual (and expected) outcomes.

In each approach, a separate layer was in place where there were key group/subsidiary and shareholder interactions with the plan. There is insufficient detail to extract these interactions as explicit steps.

For example, for succession decisions, subsidiary Boards and those with heavy shareholder representatives are likely to be more reactive. The consultation noted that the CEO will often informally input into NED Succession Planning; although care should be taken that a veto is not given to the CEO. There could be other interested parties who wish to collaborate directly in a similar manner.

In our sample, regulatory expectations were influential in placing pressure on Boards to carry out Succession Planning. In the UK, the Corporate Governance Code sets an expectation for both NED and Executive Director succession planning. This planning is expected to be integrated with diversity considerations to develop a diverse pipeline overseen by the NomCom. The Corporate Governance Code Guidance highlights the Chair’s central role in Succession Planning, in addition to their responsibility for developing specific

plans for emergency, medium, and long-term time horizons. The workshops noted the importance of the Company Secretary, supporting the Chair and NomCom in these processes.

We found that certain FTSE shareholder and investor expectations increased the maturity of approach. These groups can express their opinions on the appropriateness of Directors and their perceived effectiveness through AGM votes, albeit predominantly applying their policies – which are market-wide expectations – to each Board. Board-specific pressure to show effective succession plans escalated when an organisation was under financial or market strain. The identification of specific skills, sequencing, or size issues through Board evaluations and composition reviews can also impact NED Succession Planning.

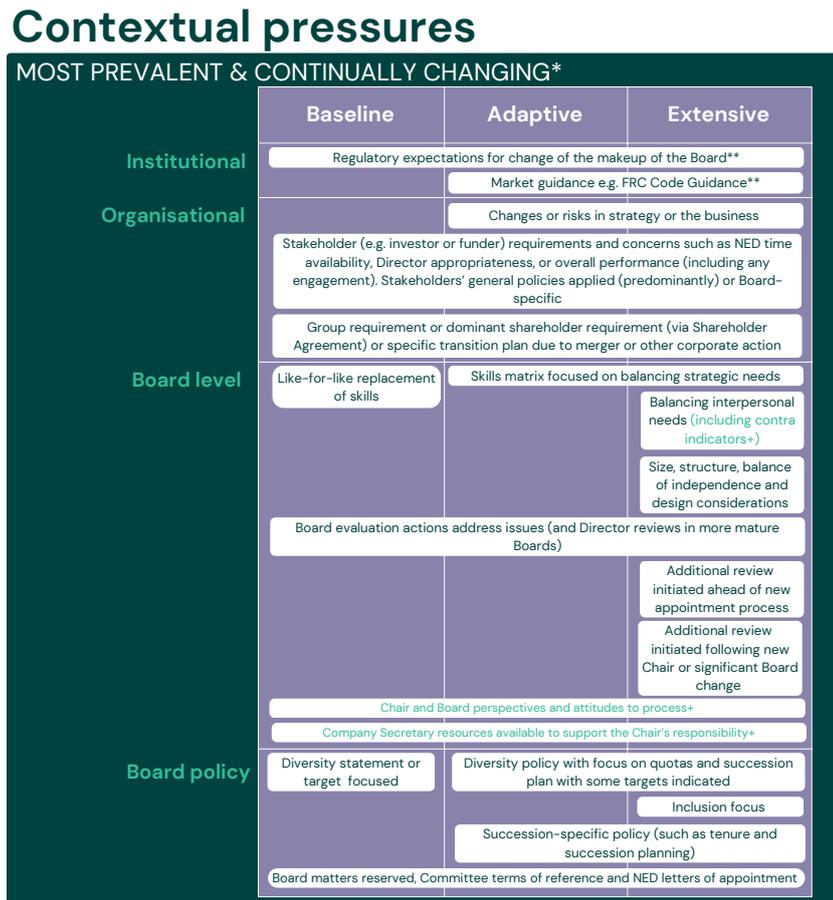
5.3 Recommendations and oversight

The Chair is responsible for Succession Planning and particularly NED Succession Planning. Within the sample, NED Succession Planning was reported in much less detail than executive succession planning. The greater emphasis on reporting of executive succession planning that we observed in the sample was agreed in the workshops and consultation as aligned to practice. Additional guidance on how to deliver NED succession was welcomed by the workshops. Our Maturity Maps provide this detail. Following feedback, further investigation will need to be undertaken on the role of the SID in Chair succession and the methods of interaction between Executive and NED Succession Planning.

Where NED Succession Planning was reported in the sample, it was led by the Chair with the NomCom overseeing the approach and plans. The validation workshops highlighted the importance of the Company Secretary in supporting the Chair and NomCom with this process. The Company Secretary’s role was seen as key where the role had responsibility to the Chair and the Board, compared to other roles which may place executive priorities ahead of NED priorities. To deliver oversight of planning for the leadership of the organisation, we recommend that the NomCom renews its focus on NED Succession Planning in addition to Executive Succession Planning.

Below is the detailed NED Succession Planning Maturity Map outlining the possible contextual pressures influencing the continually changing Board, the procedural steps and outputs over the three levels of maturity. The Map is intended to be used as the full process overview, i.e. procedure steps should be considered within their contextual pressures and outcomes.

Figure 5: NED Succession Plan Maturity Map



Procedural steps

OVERALL APPROACH			
	Baseline	Adaptive	Extensive
Set lead*	Chair (with support of Company Secretary+)		
	NomCom oversees the approach and plans (or Chair escalates to Group NomCom or Board to provide Board-specific insights)		
Approach	Rotate and replace like-for-like Directors	Informal collaboration possible with interested parties such as CEO	
		Consider replacement strategically	
			Utilise specific plans for emergencies, medium-term and long-term
←.....Reinvigorate NomCom focus on NED Succession Planning.....→			
	Recommendation		
PREPARATION AND REVIEW			
	Baseline	Adaptive	Extensive
Tenure review (typical 3-year appointments)	Review NED predicted tenure cycles to view maximum possible and term decision points (e.g. in UK normally not deemed independent after 9 years)		
	Short extensions beyond maximum tenure available (predominantly due to independence restrictions)		
	Board transitions due to merger or other corporate action		
	Review indications from Directors of likely rotations off the Board (often as part of Director evaluation in more mature Boards)		
Plan assessment	Synchronise with Executive Succession Plan		
	Recognising and responding to regulatory and diversity policy requirements		
	Directly replace skills for scheduled departures	Plan does not assume directly replacing skills for scheduled departures	
		Integrate the potential rotation cycle timing, in relation to future business and operation plans	
		Integrate the potential rotation cycle timing, in relation to future skills, size, structure and performance (directly or via supporting processes)	
		Balance with interpersonal needs and inclusion aim	
		Map the planned cycle changes, expected gaps and potential need to stagger end dates	
		Map specific actions for NED emergency departures	
		Map specific actions for planned vacancies (sourced inside or outside current Board & including potential transition points)	
		Market mapping of potential candidates via agency where new NEDs will be sourced from outside the current Board	
		Map transition between roles as part of plan	
Plan reviewed	Tenure rotations where used	Set up plan - navigating Board-specific responses	
	Annual review of succession at NomCom (with some reviewing at each meeting)		
			Review at Board where necessitated by significant issue or wider engagement required (particularly for Executive Plans)

Outputs

	Baseline	Adaptive	Extensive
Plan	Timing input to appointment & re-appointment processes		
Rotation focused	Unexpected vacancies may create continuity issues, particularly for Chair if SID role not in place		
Strategic and specific plan focused	Input to Appointing, and Reappointing processes		
	Input to Evaluating & Acting process		
	Input to Inducting, Training & Developing processes to build particular skills in the current Directors		
		Improved continuity in Board leadership needs	
		Input to Composing and Designing processes	
Reporting	Transparency of transitions within the Board		
	Reports on process and outputs – confidentiality may be a factor but some Boards embracing transparency		
	Discussions on how succession supports the Board diversity policy (FTSE/ UK specific)		

Overall outcome

Continuity for future leadership of the Board and organisation

Process	Maturity approaches influenced by proportionality		
	Baseline	Adaptive	Extensive
NED Succession Planning	Focus on tenure rotation of NEDs, where present	Scheduled rotation gaps reviewed against strategic requirements	Scheduled rotation gaps reviewed against strategic and interpersonal requirements with three time horizons planned

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

For each process, a full array of contextual influences is in place (see Compose & Design Map). We mention here those that are more prevalent in our sample.

+ added to reflect feedback from workshops.

** Regulatory requirements e.g. UK, US, and Sweden are in Appendix 1 of the Handbook.

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6. Composing & Designing

6.1 How to take a design approach to Board composition

We view Composing & Designing as an essential mechanism in achieving an optimal Board. However, Composing & Designing considerations take place in a dispersed manner making it challenging to understand Boards’ overall approaches to this process. This rarely displays an appreciation of the core elements of the Board and its ecosystem.

In our sample, Baseline approaches had statements of their composition based on diversity characteristics and expertise. Adaptive approaches included an assessment of skills (against a skills matrix), time, availability, interests, and consideration of evaluation actions and strategic needs. In Extensive approaches, the Adaptive assessment and strategy focus was enhanced with considerations of the interpersonal needs of the Board, an interlinking with other processes, specific plans to address gaps and inclusion outcomes. The diversity policy in more mature Boards allowed some coherent sight of elements of the design policy.

We recommend a step change when it comes to Composing & Designing Boards, with more explicit and formal approaches taken so that NomComs can oversee a more comprehensive approach to reviews of size, structure and composition, as envisaged by the NomCom terms of reference of the majority of Boards in the sample.

Recommendation:	The NomCom optimum ‘Compose and Design’ approach should consider three key steps: <ol style="list-style-type: none"> 1. full composition review including diversity and expertise, interpersonal relations and structure 2. optimal design principles including navigating contexts 3. gaps and plans.
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Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Composing & Designing	Skills, diversity, time, availability, interests and structure position statements. Implicit reviews FTSE Diversity Policy: Statement or target focus	Skills matrix balances strategic needs. Diversity, time, availability and interests assessment. Structure position statements FTSE Diversity Policy: Recruitment and Succession actions plus target	Skills matrix. Focus on balanced strategic and interpersonal needs. Diversity, time, availability and interests assessment. Structure position statements. Explicit plans to address gaps. Interlinking with other processes. Additional reviews when significant issues arise FTSE Diversity Policy: Recruitment and succession actions, plus target. Widening development with staff, plans and actions and inclusion focus

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

6.2 Maturity levels and contextual pressures – understanding Composing

The dispersed nature of the Board composition components in our sample of FTSE 250 reports made it difficult to review composing as a process. All Boards reported on who made up the Board, how the Board went about its business and on diversity; some also reported planning for change. However, this reporting was inconsistent in coverage.

Based on the sample, we broke down the different components of composition (i.e. the core elements of the Board) – diversity of demography and expertise, interpersonal relationships, and structure of the Board. We extracted three stages of maturity for each. We will look at these in turn.

Diversity of demography and expertise

We found three tools were broadly used when evaluating the diversity of Board demography and expertise:

1. diversity reviews
2. availability assessments
3. skills matrices.

All Boards reported on their Directors’ diversity characteristics in detail; the most commonly referenced attributes were individual gender and collective gender proportions, and (potentially a UK-specific practice) individual ethnicity and collective ethnicity proportions. Adaptive and Extensive approaches included additional detail, such as individual age or collective age brackets and geographic location or nationality.

A case has been made for reporting [social mobility data](#); although we did not find any examples of this within our sample, a number of Boards referenced socioeconomic status in their diversity reporting.

When it came to availability aspects of composition, Baseline approaches made statements on the adequacy of Directors’ availability. Adaptive and Extensive approaches assessed availability and included approval processes for Board members taking on additional external appointments. Extensive approaches were interlinked with tenure, any succession plans (see [NED Succession Planning](#)) and actions from Director reviews (see [Evaluating and Acting](#)). Overboarding was mentioned in several reports, particularly to provide detail in response to adverse commentary from stakeholders.

Within the sample, Board composition was most commonly discussed with reference to skills and skill reviews. The skills matrix is a common tool used by most Boards. Although we had assumed that all Boards used skills matrices even if they did not report them, we found a few Boards in the sample that were only now introducing a matrix. On that basis, we do not believe that Boards which take a Baseline approach to composition are using matrices consistently.

Baseline approaches make statements on skills and availability without including any commentary, although our workshops confirmed that there were likely to be some implicit discussions of these which were not reported. Adaptive and Extensive approaches track their skills matrix against future strategic needs, with some Extensive approaches also using them for composition assessments and to form plans to

address gaps. Skills reviews focused on traditional functional, jurisdictional, environmental and Board-specific skills. There was some ambiguity in the sample and in workshop discussions regarding whether or when additional composition elements (such as diversity and interpersonal relationships) should be included in the skills matrix.

Emerging focus on interpersonal relationships

A small number of Extensive approaches included interpersonal relationships as an element of the skills matrix or composition review, with Boards talking about softer skills and chemistry which enable them to act collectively. This links to these Boards reporting on personality traits, emotional intelligence, and interpersonal relationship balance. In interviews and workshops, interpersonal relationships were highlighted as an emerging focus area. In Boards which referred to interpersonal relationships, many mentioned wanting to create an inclusive environment as well as contributing to effectiveness. While interpersonal relationships were not covered in the majority of reports in detail, workshop and consultation discussions confirmed that – in many cases – they are being reviewed implicitly in varying degrees.

All reviewed reports covered Board member declared interests – this is the most basic level of reporting on interpersonal relationships. Baseline approaches only provided **statements** of Directors' interests, conflicts, and independence. Our assumption, that some level of implicit discussions supported these less mature Board statements, was validated in our workshops. In Adaptive and Extensive approaches, specific **assessments** of Directors' interests, conflicts and independence were reported as having been carried out (in most cases by the NomCom, although there is little granular detail on procedures).

The routines and procedures around Boards, Committees and informal meetings are integral to interpersonal relationships. This was confirmed by discussions in the workshops and the consultation noted technology and physical/remote meetings were having a significant impact. We do not focus on this as it is covered elsewhere in much detail (such as the FRC's Corporate Governance Guidance for formal and informal meetings, and our '[Inducting, Training and Developing](#)' Maturity Map for informal engagement).

Size, structure and principles

Size and structure were mentioned together in NomCom terms of reference in all the sampled Boards. However, they were rarely discussed in reports other than providing a statement of current Board positions. There were only rare explicit discussions of Board size; in our workshops it was noted that work completed on size often went unreported and in our consultation we heard there was a lack of clarity on optimal Board size.

Structure also relates to the principles which underpin the division of responsibility. All reports detailed the division of responsibilities and delegations between the Chair, CEO, SID, NEDs and Committees, and all mentioned the availability of matters reserved to the Board, terms of reference, appointment letters and contracts (all FTSE reporting expectations). In Extensive approaches, there were occasional references to specific policies and procedures for

Behavioural Dynamics processes – [Appointing](#); [Inducting, Train & Developing](#); [Evaluating and Acting](#); [NED Succession Planning](#); and [Reappointing](#).

In the sample of FTSE Boards, it was difficult to get a sense of the overall Board design direction as structure statements were positional and static rather than providing the rationale for the positions taken. The diversity policy was the most obvious demonstration of design specifications, as it is a reporting requirement of the UK Corporate Governance Code. However, the diversity reporting varied in its approach:

- statement or target focus (Baseline)
- recruitment and succession actions with some targets indicated (Adaptive)
- adding a focus on inclusion (as belonging) as well as diversity and plans (Extensive).

The majority of the sample also reported diversity statistics against the Financial Conduct Authority (FCA) listing diversity requirements (at least 40% female, one female from Chair, CEO, CFO or SID, and one ethnic minority); some voluntarily reported in advance of their effective reporting date.

The UK Corporate Governance Code operates on a comply or explain basis, with the majority reporting in line with the Code to a good level of detail. However, it appears that the principles within the Code are being used as the de facto target for the majority of Boards, in place of them developing potentially more relevant, Board-specific proportional responses. We found that structural reviews are predominantly focused on Code compliance and diversity policies without sufficient consideration of the explanation of the rationale for structures.

The workshops noted that composition reviews were being undertaken as part of other processes without being recognised as a separate process and without being documented. Our workshops and consultation found a reporting gap to practice, particularly for Boards which undertake implicit reviews and for actions taken as a result of another process (for example, size change as a result of appointing two Directors to cover unique skills combinations in one departing Director).

6.3 Recommendations and oversight – explicit proportional design

The sample showed that the Extensive approaches report specific action plans outlining how they will continue to change the Board to meet organisational needs. These plans include a focus on skills and composition reviews, with explicit consideration of how the Board composition aligns to the organisation's strategy, and ensures inclusion by maintaining interpersonal relationships (although there is significant variation in approach). In those Boards which did not report specific plans, our workshops confirmed that implicit reviews took place although there was little consistency of approach.

Research has shown that Board design is a key input to effectiveness. We believe there is an opportunity to expand composition reviews and plans to enable Boards to become more strategic in their Composing and Designing.

We **recommend** that Design of the Board should be undertaken as an explicit **best-fit** decision based on the Board-specific circumstances (proportionality). To emphasise our recommendation, we have named the fifth process 'Compose & Design'. In making this recommendation, we reference traditional practices seen in diversity and skills reviews, actions seen in the Extensive approaches in our sample, and research on strategic inclusivity⁹ which emphasised that explicit actions with monitoring are required in order to deliver sustained change in a Board. We note further work required in this area which we are addressing in our White Paper.

We suggest that explicit and proportional design can happen in three key steps overseen by the NomCom:

Step 1: Composition review which holistically assesses the core elements of the Board:

- diversity of characteristics
- expertise (including availability and skills)
- interpersonal relationships (including interest reviews)
- structure.

We suggest that integrating each of these components will lead to a more comprehensive 'size, structure and composition review' as detailed in all 50 FTSE NomCom terms of reference. It will connect the multiple, disjointed components to ensure that the Board is being assessed as a whole.

The new, wider composition review should reflect the Board's current maturity levels, rather than imposing any higher process maturity. Referencing the [Composing & Designing Maturity Map](#) for the three maturity levels, a composition review would include:

- Baseline approach: **Review** of statements on gender, ethnicity (UK specific), diversity, time and overboarding, Board evaluation outputs, skills, interests, conflicts and independence, Board routines and size and structure.
- Adaptive approach: **Assess** gender, ethnicity (UK specific), age, diversity, time and overboarding (with approval of external roles), tenure, Board evaluation, skills relevant to future strategic needs, interests, conflicts and independence, Board routines, size and structure.
- Extensive approach: In addition to Adaptive assessments, **assess** geographic distribution and social mobility, interpersonal balance, informal and formal engagement plans, the purpose of the Board, and aiming for inclusion as an outcome.

Step 2: Identify optimal design principles which consider:

- what the Board wants to have, including intended outcomes
- the Board-specific circumstances accounting for internal and external contextual pressures and actual and expected outcomes.

Step 3: Address gaps and implement plans

- Enact changes for any additional areas.
- Monitor the achievement of the plans.

Composing & Designing are being explored further in Chair, SID and Advisor interviews for our White Paper and as part of our wider research programme.

Below is the detailed Composing and Designing Maturity Map, outlining the possible contextual pressures influencing the continually changing Board, the procedure steps and outputs over the three levels of maturity. The Map is intended to be used as the full process overview, i.e. procedure steps should be considered within their contextual pressures and outcomes.

Figure 6: Composing & Designing Maturity Map

Contextual pressures

MOST PREVALENT & CONTINUALLY CHANGING*

	Baseline	Adaptive	Extensive
Institutional	Regulatory expectations for change of the makeup of the Board** incl in the UK 40% female, one female of Chair, CEO, CFO or SID and one ethnic minority Director		
	Legal expectations for change of the makeup of the Board		
	Market expectations (e.g. UK's 30% Club and Parker Review) and cultural expectations		
Organisational			Major shift in business environment
	Changes or risks in strategy or the business		
	Group requirement or dominant shareholder requirement (via Shareholder Agreement), or specific transition plan due to merger or other corporate action		
	Stakeholder (e.g. investor or funder) requirements and concerns such as NED time availability, Director appropriateness, or overall performance (including any engagement). Stakeholders' general policies applied (predominantly) or Board-specific		
			Inclusive culture
Board level	Current Directors and their diversity (or via appoint and re-appoint)		
	Tenure rotation to maximum limit	Scheduled rotation gaps reviewed against strategic requirements	
			Specific replacement plans
	Requirement for change from Board evaluation		
			Requirement for change from Inducting, Training & Developing
			Consider timetable when significant issues affect the Board
	Chair and Board perspectives and attitudes to process+		
	Company Secretary resources available to support the Chair's responsibility+		
Board policy	Diversity statement or target focused	Diversity policy with focus on quotas and succession plan with some targets indicated	
			Inclusion focus
	Current policies such as (FTSE) Diversity Policies and (NYSE) Corporate Governance Guidelines		
	Board matters reserved, Committee terms of reference and NED letters of appointment		

Procedural steps

PREPARATION

	Baseline	Adaptive	Extensive
Set lead**	Chair (with support of Company Secretary+)		
	NomCom oversees approach and plans (or Chair escalates to Group NomCom or Board to provide Board-specific insights), but inconsistency of coverage		
Timing		Review annually	
			Review if major shift in requirements
	Implicit overall reviews and discussions on specific issues +		
Explicit proportional design	<p>Full composition review</p> <p>Holistically assess the Board with explicit and integrated reviews of core elements i.e. diversity, expertise, interpersonal relationships and structure</p> <p>Optimal design principle</p> <p>Consider what the Board wants to have, including navigating internal and external contextual pressures and intended outcomes, such as inclusion</p> <p>Gaps and plans</p> <p>Enact changes to address gaps and monitor the achievement of the plans</p>		
	Recommendation		

CURRENT BOARD MAKEUP		Baseline	Adaptive	Extensive	
Demography diversity		Individual and collective gender breakdown			Diversity review
		Individual and collective ethnicity (UK specific)			
		Collective age brackets and/or individual age			
		Geographic location			
		Social mobility			
	Diversity target achievement				
Expertise		Statements of time availability, often discussing perceived overboarding			Availability
	Implicit or non-reported reviews+	Assessments of time availability and approval of external roles			
		Time availability link to tenure (and any succession plan)			Skills matrix
	Board evaluation actions address issues (and Director reviews in more mature Boards)				
	Individual and collective skills including functional, jurisdiction, environmental, and Board specific				
Implicit or non-reported reviews+	Assess skills fit to future strategic and customer needs		PLANS to address gaps to targets		
Interpersonal relationships		Assess interpersonal relationships (incl. positive personality traits, mutual respect, cognitive diversity, psychological safety and contra indicators+)			Relationships review
	Implicit or non-reported review+	Formal & informal engagement (see also Develop map)			
	Routines and procedures for Boards, Committee and informal meetings				Interest reviews
	Board evaluation actions address issues (and Director reviews in more mature boards)				
	Directors interests, conflicts, and independence statements				
Implicit or non-reported review+	Assessment of Directors' interests, conflicts, and independence statements				
Board structure	Purpose of the Board (implicit or rarely reported)				Principles & policies
		Inclusion aim			
	Board size				
	Board matters reserved, Committee terms of reference, letters of appointment, Board fees, and executive service contracts				
	Division of responsibilities between Chair, CEO, NEDs (and in UK SID), Committees and Executive				
	Board evaluation actions address issues (and Director reviews in more mature boards)				
		Specific policies and procedures for processes			Diversity policy
	Policies - UK Corporate Governance Code as a target [UK], Diversity Policy [UK] and Board Corporate Governance Guidelines [US]				
	Statement or target focus	Recruitment and succession actions plus some target		Focus on inclusion as well as diversity	

Outputs

	Baseline	Adaptive	Extensive
Composition review	Implicit or not reported+	Assessed diversity, skills, and availability of the Board	
		Assessed interests, conflicts and external roles	
	Stated compliance with regulation and structure (esp. Terms of Reference)		
			Assessed relationships on the Board
	Implicit plans to address issues+		Plans to address issues
Reporting	Overall principles dispersed within the narrative reporting, heavily relying on UK Corporate Governance Code (as a target)		
	Biographical details	Biographical details specifying contributions	
	(FTSE) Board diversity policy		
			Inclusion outcome
	Board Corporate Governance Guidelines (US concept of summarising approach) or Governance Manuals		
		Additional process policies	

Overall outcome

Regular refresh of the Board to ensure the appropriate leadership and resources are in place to achieve a successful and sustainable business



Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Composing & Designing	Skills, diversity, time, availability, interests and structure position statements. Implicit reviews	Skills matrix balances strategic needs. Diversity, time, availability and interests assessment. Structure position statements	Skills matrix Focus on balanced strategic and interpersonal needs. Diversity, time, availability and interests assessment. Structure position statements. Explicit plans to address gaps. Interlinking with other processes. Additional reviews when significant issues arise
	FTSE Diversity Policy; Statement or target focus	FTSE Diversity Policy; Recruitment and Succession actions plus target	FTSE Diversity Policy; Recruitment and succession actions, plus target. Widening development with staff plans and actions, and inclusion focus

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

* For each process, a full array of contextual influences is in place. We mention in the Compose and Design Map those contexts that were more prevalent in our sample. The full array of contextual pressures are:

- Institutional contexts (legal, regulation, sector, societal and economic)
- Organisational contexts (strategy and product, performance (including risks), and firm characteristics (including organisations with investors and funders)
- Board-level contexts (barriers or opportunities from core elements (diversity, expertise, interpersonal relations or structure of the Board), highlighted from Board processes and the perception of changes requirement & resources available).

+ added to reflect feedback from workshops.
 ** Regulatory requirements e.g. UK, US, and Sweden are in Appendix 1 of the Handbook.

7. Reappointing

7.1 How to reappoint or re-elect a Director to the Board

Our research found limited reporting of this important renewal. We highlight three levels of maturity in Reappointing and re-electing processes. The Baseline approach made reappointments against maximum tenure with non-appointment only where the Director was unable to continue due to lack of time availability. The Adaptive approach considers actions from Board evaluations and takes explicit decisions on reappointment on the basis of future strategic skills requirements, including decisions to not renew. The Extensive approach takes input from the interlinking Behavioural Dynamics processes before deciding on reappointment or otherwise; this links to future skills requirements as well as relationships, the behavioural balance on the Board and Board structures.

The continual refreshment of the Board via reappointment and re-election is crucial. A step change in approach is required to ensure that large and highly complex Boards maintain necessary capabilities, commitment and contribution. We recommend that the NomCom reinvigorates its explicit oversight of this important Board process. We will carry out follow-up workshops on Director removal procedures as this was not captured in the sample, potentially due to confidentiality and implicit practices.

Recommendation:	The NomCom reinvigorates Reappoint oversight with increased transparency of decisions (internally to the Board and externally)		
Maturity approaches influenced by proportionality			
Process	Baseline	Adaptive	Extensive
Reappointing	Reappointment until maximum tenure points with non-renewal only due to the Director's time limitations. Implicit reviews	Input from Director reviews. Reappointment or non-reappointment due to fit with skills and future strategy	Decisions made are a culmination of the outputs of the other Behavioural Dynamics processes. Reappointment or non-reappointment due to requirements for future strategic skills, interpersonal relationships and structures

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

7.2 Maturity levels and contextual pressures – Reappointing

NEDs are normally appointed on contracts for services for fixed terms of three years. At the end of this term, there is a formal renewal decision: 'Reappointing'. Executive Directors are appointed on rolling employment contracts. NEDs and Executive Directors are subject to an AGM vote – the annual re-election. The significance of the annual re-election has increased in recent years as shareholders use the vote as an opportunity to express dissent on issues relating to Board composition and design, and issues being considered by the organisation.

Although AGM votes rarely lead to a majority voting against, they set discussions in motion on the cause of any dissent – for example, concerns about overboarding. Curiously, in the sample of FTSE Boards, this led to increased disclosures on the specific issue highlighted rather than more detailed representation of a robust process for reappointment and re-election. This may be partly attributed to reappointment decisions being underpinned by unreported implicit discussions, the presence and importance of which were confirmed in our workshops. The consultation also highlighted examples where Directors were not meeting expectations, and this mismatch was not being challenged in the reappointment process. The reporting gap may reflect the lack of guidance on suitable reappointment and re-election processes. Workshop participants expressed a desire for advice on how to deliver these; our Maturity Map addresses the how-to knowledge gap.

We have outlined three levels of maturity for Reappointing and re-election based on our sample of 50 FTSE Board reports, comments from informal discussions, feedback from our validation workshops, and consultation.

A Baseline approach is reflected by a standard statement in the annual report recommending Reappointment and re-election, with infrequent recognition that this decision has been discussed by the Chair, Board or NomCom. These statements occasionally cross-reference statements on the time availability and independence of the Board member, along with conflicts. Our workshops confirmed that this approach is likely to be supported by implicit or informal discussions. Our consultation noted examples where issues were not addressed in Baseline approaches leading to reappointments without challenge. This aligned to the finding within the sample that non-renewal decisions were not taken in Baseline approaches. Non-renewals in Baseline approaches relate almost exclusively to NED time availability – for example, they may not be renewed if they have taken on another role. Explicit non-renewal decisions relate only to those linked to merger transition plans, these also feature in the other approaches. The Baseline approach may be proportionate for those Boards which have dominant shareholders or Boards in a very steady state without any unmatched expectations.

Adaptive were led by the Chair (with support from the Company Secretary) and normally oversight by the NomCom. Statements of adequacy for a continued role linked to the outputs of Board reviews and took into consideration the Director's annual review which often referenced contributions, time availability, conflicts, and potential future input. Adaptive approaches take explicit decisions on whether each NED meets the future strategic needs of the Board and the organisation. The process can lead to explicit decisions not to renew a NED or to seek NEDs with different skills. Our workshops noted that this process includes informal and formal discussions. We recommend that this Adaptive approach of taking non-renewal decisions should be seen as the base for Boards that are complex i.e. diverse and reacting to significant challenges.

Extensive approaches consider feedback from other interlinking behavioural dynamics processes when making reappointment and renewal decisions. This was confirmed in workshops where it was emphasised that the process becomes a decision point relating to the outputs of the other processes. This included assessment of the fit of Board member skills to the organisational strategy, as well as the balance of interpersonal relationships within the Board. Wider contextual inputs that could affect the demands placed on the Board were also taken into account, such as influences of the external market, position in that market, additional regulation, and the expectations of stakeholders. The Extensive approach reflects our recommendation to interlink Board people processes, with oversight by the NomCom. Extensive approaches were the only approaches which explicitly considered Committee reappointments.

Workshop discussions highlighted that Directors continuing in office to their maximum tenure is seen as a good outcome, particularly where development plans can be used to address any barriers to renewal.

In our sample, the diversity policy rarely specifically referenced Reappointing. However, the workshops confirmed that Board diversity frequently influenced decisions, particularly where there was a regulatory impetus to achieve and maintain a certain degree of Board diversity.

The Consultation also highlighted the key role of the SID in leading the process for Chair reappointment; this was not evident from the sample. Additional research is needed to better understand the SID's role in this process.

7.3 Recommendations and oversight

Further work is needed on the practical steps for non-renewals and resignations. In our sample, where departures had taken place, the majority of reports did not include the rationale. However, with light investigation, the potential reasoning behind these departures could be uncovered.

Although our Handbook is focused on practice, our workshops discussed barriers to reporting. It was felt that reporting in cases where sensitive issues had influenced decisions was challenging. We did note, however, a number of examples where Boards had reported sensitively on non-renewals. Workshop feedback noted that informal and implicit discussions on Board balance and member performance may result in Directors submitting resignations rather than formally being non-renewed. In all feedback, the sensitivity of these discussions was reiterated. We will run a further session on non-renewals and resignations. Further investigation is also required into Committee appointments.

While our report sample indicates that the NomCom is involved in discussions around Reappointment and renewal, there was ambiguity in reporting how the responsibility of the Chair interlinks with NomCom oversight and recommendations to the Board and the role of the Company Secretary. This was echoed in feedback from the validation workshops.

The consultation also reiterated the lack of sight of the SIDs role in Chair reappointing. The consultation feedback suggests that further investigation is required into the SID role, and the SID potentially chairing the NomCom.

Boards are ultimately accountable for recommendations for reappointment, re-election and non-renewal to the AGM. However, it is imperative that the NomCom has explicit oversight of these decisions which are core to its function of ensuring appropriate membership on the Board, and directly linked to the appointing role in which large amounts of time and resources are invested. We hope that our Maturity Map will assist in addressing the lack of advice on this topic.

Below is the detailed Reappointing Maturity Map outlining the possible contextual pressures influencing the continually changing Board, the procedural steps and outputs over the three levels of maturity. The Map is intended to be used as the full process overview, i.e. procedure steps should be considered within their contextual pressures and outcomes.

Figure 7: Reappointing Maturity Map

Contextual pressures

MOST PREVALENT & CONTINUALLY CHANGING*

	Baseline	Adaptive	Extensive
Institutional	Regulatory and legal expectations for change of the makeup of the Board**		
	Market expectations for change of the makeup of the Board, predominantly diversity of characteristics+		
Organisational	Stakeholder (e.g. investor or funder) requirements and concerns such as NED time availability, Director appropriateness, or overall performance (including any engagement). Stakeholders' general policies applied (predominantly) or Board-specific		
	Group requirement or dominant shareholder requirement (via Shareholder Agreement) or specific transition plan due to merger or other corporate action		Changes or risks in strategy or the business
Board level	Willingness of Director to continue in role		
	Tenure rotation to maximum limit	Availability and interest assessment (formally via composition reviews or evaluations or informally/implicitly) Review of contribution and performance (normally via Director evaluation or full Board evaluation) Scheduled rotation gaps reviewed against strategic requirements	Reappointment against specific succession plans Review of outputs from other people processes: Appointing, Inducting, Training & Developing, Evaluating & Acting, NED Succession Planning, and Composing & Designing (including navigating contextual issues, skills review against strategy, interpersonal relationships, structural considerations such as size)
		Committee composition	
	Chair and Board perspectives and attitudes to process+		
	Company Secretary resources available to support the Chair's responsibility+		
Board policy	Diversity statement or target focused, but rarely mentions reappointing directly+	Diversity policy with focus on quotas and succession plan with some targets indicated, but rarely directly mentions reappointing+	
		Inclusion focus	
	Board matters reserved, Committee terms of reference, and NED letters of appointment		

Procedural steps

PREPARATION			
	Baseline	Adaptive	Extensive
Set Lead**	Chair responsibility (supported by the Company Secretary+)		
	Predominantly NomCom However not always clarity on interlinking between the Chair, NomCo, or Board roles SID lead for Chair not always evident		
	NomCom oversees the process and 'nominates' candidates to the Board, and onward to AGM approval		
	Reinvigorate NomCom's explicit oversight of reappointment and re-election decisions with increased transparency of decisions Recommendation		
DETERMINE WHEN RENEWALS ARE APPROPRIATE			
	Baseline	Adaptive	Extensive
Standalone decisions	Informal, implicit or non-reported reviews, possibly supported with sight of current tenure and diversity+		
	Unmatched expectations may not be challenged+		
Decision interlinked to other processes		Review of actions from Board and Director evaluation	
		NomCom (structured or informal+) review to approve the reappointment or non-renewal	
Continuation options	Informal discussions particularly for sensitive issues+		
	Review Directors' scorecard of confirmed actions from interlinking processes: Appointing, Inducting, Training & Developing, Evaluating & Acting, Succession Planning, Composing & Designing (incl. skills, structure, relationships, size) NomCom formal review of outputs from prior agreed actions and confirm the planned reappointment or non-renewal		
Non-continuation rationale	Automatic rotation of Board members to second or third term or annual election		
	Director development plans to address any issues+		
Other roles: Committee Chair & member, SID, etc	Staggering of terms with other Directors		
	Small extensions for overlapping with new appointments. Consider impairment to independence, with extensions considered in excess of independence expectations [note – no changes made from INED to NED even where a high majority in place]		
Other roles: Committee Chair & member, SID, etc	Non reappointment if maximum tenure expectations met		
	Resignation following transition (such as merger or change in dominant Shareholder Agreement)		
Other roles: Committee Chair & member, SID, etc	Director raises issues of availability or commitment		
	Addressing relevant factors including: non-renewal to reduce the size or non-renewal to seek NEDs with different skills		
Other roles: Committee Chair & member, SID, etc	Unexplained resignation or removal of a Director [Additional workshop required in due course as not reported due to sensitivity]		
	Enveloped into main approvals [Note: We will consider further in future iterations of the Handbook]		
Other roles: Committee Chair & member, SID, etc			NomCom reviews whether roles continue to be appropriate+

Outputs

	Baseline	Adaptive	Extensive
Continuity	Annual re-election	Term-based reappointments	Resignations and retirements
		Expectation in UK including 40% gender diversity (one female of Chair, CEO, CFO or SID) and at least one minority ethnic Director, majority independent NEDs, and available time (no overboarding)	Additional Inducting, Training & Developing requirements highlighted
Reporting		Holistic mentoring & transitioning (such as handover reports) between roles	Review of composition or succession of the Board and Committees, (particularly where large amount of change or change of Chair)
	Report on Directors' contribution (via biographies) & notice of meetings+	Reporting on link to wider processes often without discussing how it interlinked	
		Confidentiality concerns may limit discussion of non-renewals	

Overall outcome

Contributes to future success with Directors continuing to demonstrate capabilities, commitment and contribution to the Board

Process	Maturity approaches influenced by proportionality		
	Baseline	Adaptive	Extensive
Reappointing	Reappointment until maximum tenure points with non-renewal only due to the Director's time limitations. Implicit reviews	Input from Director reviews. Reappointment or non-reappointment due to fit with skills and future strategy	Decisions made are a culmination of the outputs of the other Behavioural Dynamics processes. Reappointment or non-reappointment due to requirements for future strategic skills, interpersonal relationships, and structures

Extract of Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

* For each process, a full array of contextual influences is in place (see Compose & Design Map). We mention here those that are more prevalent in our sample.

+ added to reflect feedback from workshops.

** Regulatory requirements e.g. UK, US, and Sweden are in Appendix 1 of the Handbook.

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8. Research Approach

Overview

We took advantage of increased reporting in FTSE Boards to analyse (inductively) the similarities and differences of 50 Boards. Our research focused on FTSE Boards as they have had an increased level of reporting since 2019 under the UK Corporate Governance Code. The UK Corporate Governance Code is seen as a sector and global benchmark for governance.

From our findings, we drafted the Handbook on the processes for Board Behavioural Dynamics. We then validated the draft Handbook in 14 workshops with Advisors of large, highly regulated Boards with varying Board composition, and participants from professional bodies and regulators. We also held interviews, presentations and meetings. Our formal consultation ran from 3 February to 4 April 2025. A consultation report summarises the changes made following feedback.

Maturity Map and Matrix formation

After establishing that there was insufficient information solely in the NomCom reports, we instead focused on the corporate governance reports of FTSE Boards. We also reviewed the NomCom terms of reference and, where necessary, made use of publicly available information. We initially focused on the top 10 FTSE companies by market capitalisation to establish a core pattern of approach, and subsequently expanded this to a broader analysis using the most diverse Boards in the 22 sectors within the 2023 FTSE Women Leaders report, selecting two in each sector and four from the larger sectors. The total sample was 50 (4 of top 10 were also within the sector view).

We used an academically rigorous iterative method to understand the specific processes in place. This highlighted that:

- There were six core processes in place for each company in the sample. This is not a singular reflection of regulation (see [appendix 1](#)) and worthy of note as there is no shared understanding of the common processes. We noted that Compose & Design was widely set, reflecting the disparate approach.
- here is wide variation in approach. The variation was analysed to establish whether there were patterns in the approaches taken; three patterns were found. To avoid 'best-practice' language we labelled these (1) Reactive (to reflect its compliance-led approach), (2) Pre-emptive (to reflect that it was anticipating strategic needs of the Board) and (3) Proactive (to reflect the emerging practices of understanding both strategic needs, the interpersonal relationships of the Board, how the underlying processes interlink with outcomes such as inclusion). We mapped the procedural steps into the Maturity Maps for each process.
- Variation was not explained by Board size or level of diversity. To understand why the variation existed, we carried out a more granular review of the contextual pressures and expected and actual outcomes of the Board. We confirmed that a proportional response was a significant driver of the additional maturity of processes, aligned to our strategic view from academic literature reviews.
- Our findings resulted in six Maturity Maps which represent the bundle of processes for Board Behavioural Dynamics. Each process is discussed in the preceding chapters.
- The Maturity Matrix summarises the bundle of processes and potential approaches, as affected by proportionality.

We then sought to validate our findings with real-life Board experiences. To do this we carried out:

- 14 workshops between September and November 2024. Two workshops were held for each of the processes, with a final two workshops covering the overall findings. These workshops provided validation of the Maturity Maps and allowed us to enhance the maps with clarifications of wording. A small number of additions were made, representing gaps between reporting and practice (marked on each map with +). The workshops also emphasised that proportionality was driving responses, with processes applied to specific situations on a case-by-case basis. Participants reported also using the Maturity Maps to develop their specific Board responses.
- A comprehensive series of presentations, meetings, and interviews with Chairs, Board members, Company Secretaries, Advisors, investors, regulators and professional bodies.
- A formal open consultation in February and March 2025. This included weekly webinars and another series of presentations, meetings and interviews. A consultation report summarises the changes made following feedback.
- In total 600+ people participated between September 2024 and May 2025.

The resultant Maturity Maps and Maturity Matrix have therefore been validated to reflect current Board practices allowing us to place greater reliance on their integrity.

Appendices

1. Regulatory overview
2. NomCom annual review checklist
3. Board Behavioural Dynamic questions for Boards, NomComs, and Company Secretaries
4. References

Appendix 1: Regulatory overview

Regulation does not cover the full spectrum of people processes and there are opportunities for ambiguity in its interpretation, particularly with regard to who will lead these important processes. The table below takes a high-level look at how the Board processes we have identified align with current UK Code expectations (for our FTSE sample), and extends this further with comparison to the NYSE listing manual and Swedish Code**. We include NomCom composition expectations to highlight different contextual pressures.

	UK Corporate Governance Code 2024**	NYSE Listing Company Manual 2024	Swedish Corporate Governance Code
	<p>Board Nomination Committee (Nom-Com) provisions, constituted with majority independent NEDs</p> <p>Comply or explain</p> <p>[square brackets = Supporting FRC Code Handbook]</p>	<p>Board Nominating/Corporate Governance Committee (NomCom) provisions, constituted with only independent Directors</p> <p>Requirements [square brackets = flexibility in suggested contents in Corporate Governance Guidelines or NomCom charter***]</p>	<p>Shareholder Nomination Committee (NomCom), constituted with a majority independent of the Company, Directors do not form the majority, and only one Director linked to a major shareholder. Board Chair cannot chair NomCom</p> <p>Comply or explain</p>
Appoint	<ul style="list-style-type: none"> Formal, rigorous and transparent procedures via NomCom Search via consultancy or open advertising Report on approach [Consider softer skills and personal attributes] 	<ul style="list-style-type: none"> NomCom identify and select, consistent with Board-approved criteria (unless third-party contractual right to nominate) [NomCom Charter allows for appointing search firms] [Corporate Governance Guidelines must address qualification standards] 	<ul style="list-style-type: none"> NomCom propose candidates for Chair and the Board to Shareholder Meeting, CEO appointed by Board NomCom propose NomCom members or appointing process to Shareholder Meeting NomCom report details of proposed candidates Consider Board breadth and versatility, and gender balance
Induct, Train & Develop	<ul style="list-style-type: none"> [The Chair is responsible for Induction, oversight is provided by the NomCom.] [Recommends the Chair leads on Training and Developing, and extend oversight to NomCom] [Engage with future leaders] 	<ul style="list-style-type: none"> [Corporate Governance Guidelines must address orientation and continuing education] 	<ul style="list-style-type: none"> Each Director acquires necessary knowledge of company, organisation, and market Chair ensures Inducting, Training & Developing of Board and Directors
Evaluate & Act	<ul style="list-style-type: none"> Formal and rigorous annual review of Directors, Committees and Board, considering performance, composition, diversity and how the Board works together SID reviews Chair [Chair responsible for process], Chair acts on results and development needs NEDs hold executives to account Triennially, the Chair commissions external reviews Reporting of approach and outcomes specified under the NomCom report 	<ul style="list-style-type: none"> NomCom oversees the evaluation of the Board and management [Corporate Governance Guidelines must address annual Board and Committee evaluation] [Corporate Governance Guidelines must address annual performance of the Board] Silent on Director evaluation 	<ul style="list-style-type: none"> Chair ensures annual Board evaluation Board evaluation using systematic and structured process reported to NomCom and in annual report Board continually evaluates CEO, formally at least annually

NED Succession Planning	<ul style="list-style-type: none"> Board and management plans should be on merit and create a diverse pipeline via NomCom [Chair leads. Three time horizons may be used for planning] Report on NomCom approach and diversity 	<ul style="list-style-type: none"> [Corporate Governance Guidelines must address CEO succession] [Corporate Governance Guidelines may address NED succession and tenure] 	
Compose & Design	<ul style="list-style-type: none"> Proportionality – via comply or explain Half of Board independent excl. Chair Chair separate to CEO with clear division of responsibilities SID is sounding Board and intermediary NEDs meet without Executive NEDs meet without Executive and Chair Sufficient time and challenge All Director external roles approved by the Board Board and Committees refreshed regularly with skills, experience and knowledge, reviewing length of service Report on diversity policy and outcomes Board supported by the Company Secretary, ensuring policies, processes, information time, and resource availability [Chair should create an inclusive Board, shaping the culture, tone and style of interactions] 	<ul style="list-style-type: none"> Core requirements with flexibility in approach to Guidelines Majority independent Directors Directors meet without management or at least annually with only Independent Directors Develop and recommend to the Board a set of corporate governance guidelines applicable to the Board and corporation and publish on their website [Corporate Governance Guidelines must address qualification standards, Directors' responsibilities, access to management, and Director compensation] Adopt and disclose code of business conduct and ethics policy 	<ul style="list-style-type: none"> Proportionality – via comply or explain, Board capacity appropriate to operations, lifecycle and other circumstances Majority of Board members independent of company, no more than one Executive Director, two independent Board members who are also independent of shareholders (noting smaller number and concentration of shareholders) Board appoints CEO, and approves any CEO external appointments Outgoing CEO not usually Chair, if Executive Chair division of Chair/CEO responsibilities Collective diversity and breath of qualifications, experience, and background Strive for gender balance Sufficient time available Written instructions on expected coverage to NomCom from Shareholders Meeting NomCom statement on proposals Chair organises and leads the Board to create the best Board conditions
Reappoint	<ul style="list-style-type: none"> Annual Director election and specify why their contribution continues to be important [NomCom reviews expertise and contribution aligned to the Chair's vision of composition] [Consider softer skills and personal attributes] 	<ul style="list-style-type: none"> NomCom recommend annual Director election [NomCom Charter addresses appointment and removal] 	<ul style="list-style-type: none"> NomCom report on proposed candidates

* The Codes and Manual are supplemented by additional requirements in all three jurisdictions. This is intended to indicate the main governance expectations across the bundle of six Behavioural Dynamic processes.

** Please note that the Republic of Ireland Code is based on the UK Code with a number of exceptions including in relation to Behavioural Dynamics: definition of independence includes three-year employment stipulation; votes against threshold of 25%; Company Secretary specifically facilitating induction and assisting with development; evaluation and actions feed into appointments and succession planning; mandated diversity and inclusion policy; NomCom will report on the rationale for the size and structure of, and planned changes to, the Board; and is required to report on the date of appointment and length of service for all Directors.

*** NYSE firms can allocate NomCom responsibilities to another fully independent Committee.

Appendix 2: NomCom annual review checklist

This is a suggested annual checklist for planning and annual review of the NomCom, indicative timings of discussions are also given. It assumes that Recommendation 1 has been enacted: six processes have been adopted, recognition that Boards should align their approach to their position, and that the Chair is responsible for Board composition and effectiveness, facilitated by the Company Secretary with oversight of process and actions by the Nomination Committee.

Annual Cycle*

1. Oversight <ul style="list-style-type: none"> Is effective oversight of the leadership of the organisation (Board and Senior Management**) being delivered? [See App³ for prompts] 	<ul style="list-style-type: none"> Dec/Jan
2. Appoint <ul style="list-style-type: none"> Ensure an agreed approach to appointments On a vacancy by-vacancy basis, agree the proposed process and specific requirements sought 	<ul style="list-style-type: none"> Periodically As required
3. Induct, Train & Develop <ul style="list-style-type: none"> Ensure an agreed approach Oversee induction programme for incoming Directors Oversee the training and developing plan for each year 	<ul style="list-style-type: none"> Periodically As required June/July
4. Evaluate & Act <ul style="list-style-type: none"> Chair initiates the annual Board, Committee, and Directors evaluation by agreeing with the NomCom the process to be followed, including triennial external reviews. Review and continue oversight of the evaluation action plans 	<ul style="list-style-type: none"> June/July Each meeting
5. Succession with a renewed focus on NED Succession Plans <ul style="list-style-type: none"> Develop and update a detailed succession plan, including timelines and key milestones 	<ul style="list-style-type: none"> June/July
6. Compose & Design <ul style="list-style-type: none"> At least annually, conduct a review of the composition of the Board and Senior Management, the optimal design reflecting the Board-specific circumstances, and update plans and actions being taken. Review and update the Committee's terms of reference, ensuring proportional alignment with the latest applicable governance standards and organisational strategies 	<ul style="list-style-type: none"> June/July June/July
7. Reappoint*** <ul style="list-style-type: none"> [Baseline & Adaptive]: Review of suitability for reappointment. [Extensive]: Review outputs of the other processes to take a decision on suitability for reappointment 	<ul style="list-style-type: none"> Dec/Jan
Please note the NomCom, as part of its oversight of the leadership and governance of the organisation, may review additional areas such as organisation-wide governance arrangements, organisation-wide DEI, and succession planning below Senior Management.	

* Assuming the NomCom meets twice a year with additional meetings held when considering specific appointment and reappointment challenges. The suggested cycle reflects a 31.12 year end.

**FRC define Senior Management as executive committee or the first layer of management below Board level, including the Company Secretary.

***Please see further updates at www.BoardBehaviouralDynamics.com

Appendix 3: Board Behavioural Dynamics questions for Boards, NomComs and Advisors

These are suggested questions that Chairs, Boards and Advisors can ask to support strategic discussions about a Board's approach to Behavioural Dynamics. Use these questions to prompt discussion and reflection appropriate to your Board's circumstances and maturity level.

Please sign up to our newsletter to get updates on all additional tools.

Explicit & proportional Board design

Drawing from Chapter 6 Composing & Designing, and Chapter 1 Findings and Recommendations

1. What position is the Board composition currently in?

- Diversity and expertise (including availability and skills)
- Interpersonal relationships (including interest reviews)
- Structure (including Board size and division of responsibilities)
- Independence considerations
- Board routines and procedures

Referencing the [Compose & Design Maturity Map](#) for the three maturity levels, a composition review would include:

- Baseline approach: Review of statements on gender, ethnicity (UK specific), diversity, time and overboarding, Board evaluation outputs, skills, interests, conflicts and independence, Board routines and size and structure.
- Adaptive approach: Assessment of gender, ethnicity (UK specific), age, diversity, time and overboarding (with approval of external roles), tenure, Board evaluation, skills relevant to future strategic needs, interests, conflicts and independence, Board routines, size and structure.
- Extensive approach: In addition to Pre-emptive assessments, assessment of geographic distribution and social mobility, interpersonal balance, informal and formal engagement plans, the purpose of the Board, and aiming for inclusion as an outcome.

2. Have we explicitly defined what our Board wants to be?

- What is our optimal Board composition and why?
In addition to diversity characteristic targets, consider target skills, relationships, and structures
- What are our intended outcomes (such as inclusion)?
- How do internal and external contextual pressures influence this

Although legal and regulatory requirements are front of mind, there is a wide array of contextual pressures influencing Board change:

- Institutional contexts (legal, regulation, sector, societal and economic)
- Organisational contexts (strategy and product, performance (including risks), and firm characteristics) (including organisations with investors and funders)
- Board-level contexts (barriers or opportunities from core elements (diversity, expertise, interpersonal relations, or structure of the board), highlighted from Board processes and the perception of changes requirement & resources available)

3. Are findings and actions from Board Behavioural processes informing each other?

Process (in order of dominance in sample)	Purpose	Outcome (extracted from Maturity Maps)
Appointing	Specific recruitment actions undertaken to appoint Directors to the collective Board	Board strengthened with enhanced capabilities
Inducting, training & developing	Induction related to actions taken to embed new Directors within the collective Board, and training which continuously develops the Board's insights.	The Board is well informed of the business environment which increases effective support and challenge as the business changes and evolves
Evaluating & acting	Range of evaluations relating to performance reviews of the Board, its Committees and the individual Directors	The Board, Committees, and Directors operate as efficiently as possible, maximising strengths and embracing opportunities for continuous improvement.
NED Succession planning	Specific planning to develop the Non-Executive Directors and executive senior leaders	Continuity for future leadership of the Board and organisation
Composing & designing	Review and design of the core elements of the Board – demographic diversity, expertise, interpersonal relationships and Board structures.	Regular refresh of the Board to ensure the right leadership and resources are in place to achieve a successful and sustainable business
Reappointing	Renewal of non-executives at the end of their three year three-year term, and the annual re-election of all board directors	Contributes to future success with Directors continuing to demonstrate capabilities, commitment, and contribution to the Board

4. What maturity level is appropriate for our circumstances?

Although we have defined three levels of maturity for each process, we do not align a best practice label to the most mature, Proactive approach. Responses must be tailored to the Board's specific circumstances. Those Boards experiencing stable composition and without complex challenges may align more to Reactive and Pre-emptive, whereas Pre-emptive and Proactive levels may be better suited to those Boards which are complex and under stakeholder scrutiny.

We summarise maturity at a process level; this is detailed as below in Figure 1

Processes	Maturity approaches influenced by proportionality		
	Baseline	Adaptive	Extensive
Appointing	Agency-led recruitment of replacement Directors	NomCom-led process with agency or open adverts aligned to current and future strategic skills needs	NomCom-led process with agency or open adverts, interlinking with other process findings. Balance of strategic skills and interpersonal relationships
Inducting, Training & Developing	Legal, governance and regulation focused	Structured programme with strategic and operational insights, plus legal and regulatory contexts	Structured programme, with active business engagement for succession, culture and decision-making insights. Plus improved from feedback and wide contextual views
Evaluating & Acting	Board reviewed (occasionally including Committees)	Board, Committees and Directors reviewed with a focus on current year actions	Board, Committees and Directors reviewed with a focus on current and prior year actions. Director objectives. Interlinking with other processes. Board and Committee observation (UK centric practice)
NED Succession Planning	Focus on tenure rotation of NEDs, where present	Scheduled rotation gaps reviewed against strategic requirements	Scheduled rotation gaps reviewed against strategic and interpersonal requirements with three time horizons planned
Composing & Designing	Skills, diversity, time, availability, interests and structure position statements. Implicit reviews FTSE Diversity Policy: Statement or target focus	Skills matrix balances strategic needs. Diversity, time, availability and interests assessment. Structure position statements FTSE Diversity Policy: Recruitment and Succession actions plus target	Skills matrix. Focus on balanced strategic and interpersonal needs. Diversity, time, availability and interests assessment. Structure position statements. Explicit plans to address gaps. Interlinking with other processes. Additional reviews when significant issues arise FTSE Diversity Policy: Recruitment and succession actions, plus target. Widening development with staff, plans and actions, and inclusion focus
Reappointing	Reappointment until maximum tenure points with non-renewal only due to the Director's time limitations. Implicit reviews	Input from Director reviews. Reappointment or non-reappointment due to fit with skills and future strategy	Decisions made are a culmination of the outputs of the other Behavioural Dynamics processes. Reappointment or non-reappointment due to requirements for future strategic skills, interpersonal relationships, and structures

Figure 1: Board Behavioural Dynamics Maturity Matrix © Leavy & Sealy 2025

5. How effectively do we identify and address gaps in your Behavioural Dynamic approaches?

- Clear action plans with timelines?
- Regular monitoring of progress?
- Updates based on changing needs?

6. Are our arrangements clear regarding Board Behavioural Dynamics and effectiveness?

Recommendation 2 details that the Chair should be responsible for leadership, with the assistance of the Company Secretary. NomCom should oversee the process and actions from the six behavioural dynamic processes. There may also be a role for the SID (in addition to leading the NomCom in relation to the Chair).

Please see updates at www.BoardBehaviouralDynamics.com

Appendix 4: References

Footnotes from Executive Summary

¹ In the UK, the Committee is known as the Nomination Committee, and in the US Nominating/Corporate Governance Committee. Both are charged with nominations to the Board and various associated processes. We refer to it as NomCom in the Handbook. Appendix 1 gives an overview.

² Company Secretary is a specific Board-focused resource in the UK, Commonwealth and ex-Commonwealth jurisdictions. The role is often part of the General Counsel position or undertaken by Governance Professionals. It is called several alternative titles, such as Corporate Secretary in the US. We use Company Secretary throughout the document as this is a FTSE expectation

Chapter References

³ See references such as Brown, 1988, Forbes & Milliken, 1999, and Ahrens et al., 2023 (working paper).

⁴ We took advantage of increased reporting in FTSE Boards to analyse (inductively) the similarities and differences of 50 Boards. Our research focused on FTSE Boards as they have had an increased level of reporting since 2019 under the UK Corporate Governance Code. The UK Corporate Governance Code is seen as a sector and global benchmark for governance. From our findings, we drafted the Handbook on the processes for Board Behavioural Dynamics. We then validated the draft Handbook in 14 workshops with Advisors of large, highly regulated Boards with varying Board composition, and participants from professional bodies and regulators. We also held interviews, presentations and meetings. Our formal consultation runs from 3 February to 3 April 2025.

⁵ Loretto Leavy, Professor Ruth Sealy, and Professor Leroy White. 'How do board practices and process influence board togetherness?'. 2025 (Working Paper)

⁶ Loretto Leavy, Professor Ruth Sealy, and Dr Greg Molecke. 'Extending the Forbes and Milliken model of board processes: Understanding behavioural dynamics' contribution to board effectiveness'. An Integrative View of Corporate Governance Theory and Research, ICGS & Loretto Leavy, Professor Ruth Sealy, and Professor Leroy White. 'Board togetherness: Expanding our understanding of effectiveness in the modern corporate board'. Managing with Purpose, EURAM, June 2025. Arizona State University. <https://icgs2024.wpcarey.asu.edu/>

⁷ Professor Andrew Pettigrew et al. Shaping Strategic Change: Making Change in Large Organizations : The Case of the National Health Service. Sage, 1992.

⁸ Dr Louise Tilbury & Professor Ruth Sealy. Seen and not heard: A comparative case study of women on boards and process loss beyond critical mass. (2023). Corporate Governance: An International Review, corg.12524. <https://doi.org/10.1111/corg.12524>

⁹ Professor Ruth Sealy & Professor J Grosvold. (2024) Boardroom diversity: The role of the responsible leader, in Magnan, M. & Michelon, G. (Eds.) Handbook on Corporate Governance and Corporate Social Responsibility, Edward Elgar, London.

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- Contribute to the future development of the Handbook by contacting L.Leavy@Exeter.ac.uk or visiting www.BoardBehaviouralDynamics.com
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