

Board Monitor Colombia 2023

In 2022, Colombian boards showed a strong preference for experienced public board directors and appointed almost half of open board seats to women.



About the report

This report is part of Heidrick & Struggles' long-standing study of trends in board composition in markets around the world. Produced by our global CEO & Board Practice, these reports track and analyze trends in non-executive director appointments to the boards of the largest publicly listed companies in Australia (ASX 200), Belgium (BEL 20), Brazil (BOVESPA), Canada (TSX 60), Colombia (COLCAP), Denmark (OMX Copenhagen 25), Finland (OMX Helsinki 25), France (CAC 40), Germany (DAX and MDAX), Hong Kong (Hang Seng), Ireland (ISEQ), Italy (FTSE MIB), Japan (TOPIX Core 30), Kenya (NSE Top 40), Mexico (BMV IPC), the Netherlands (AEX), New Zealand (NZX 10), Norway (OBX), Poland (WIG 20), Portugal (PSI 20), Saudi Arabia (Tadawul), Singapore (STI 30), South Africa (JSE Top 40), South Korea (KOSPI 50), Spain (IBEX 35), Sweden (OMX 30), Switzerland (SMI Expanded), the United Arab Emirates (ADX and DFM), the United Kingdom (FTSE 350), and the United States (Fortune 500). Information about executives is gathered from publicly available sources, BoardEx, and a Heidrick & Struggles proprietary database.

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

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Future-proofing Colombian boards



While Colombian business has recovered relatively well in the aftermath of the relentless events that shook the entire world over the past three years—including the Covid-19 pandemic, the war in Ukraine, and the cost of living crisis—companies and leaders still will have to manage through an impending economic slowdown.

Colombia has seen a number of initiatives to corporate governance and board composition and effectiveness. While there are no legal quotas for women in Colombian boardrooms, the Colombian government passed a law in 2000 that requires that women hold at least 30% of top decision-making positions in the public administration. In that context, regulators are considering the same quota for public company boards. Many COLCAP exchange companies have made progress in gender balance: 20% of all board positions held by women and 45% of the 2022 appointments went to women; moreover, Colombia had a higher share of seats going to women than Brazil (31%) or Mexico (37%). But there is more to do: less than a third of COLCAP companies are meeting the 30% potential quota today.

Another government initiative relates to sustainability: the SDG Corporate Tracker Colombia, developed by GRI in collaboration with the government's National Planning Department and the UN Development Program, has proved a successful tool in supporting businesses to set targets and measure their progress on ESG.¹ In this context, boards will have to make sure they have access to sustainability expertise to navigate this increasing focus on clear metrics and disclosure requirements, rather than the current economic and tax incentives offered to corporations that have clear environmental or social goals and purpose. Our analysis suggests that the share of seats going to directors with experience on sustainability committees is 9%, and that boards should consider how to best access the sustainability expertise they need to steer their business through the next phase of their growth.

In addition, Colombian businesses, like those in all other global markets, are being transformed by rapid digital and technological transformations.

However, alongside the many benefits of technology, cybersecurity has become a significant risk for every board. Therefore it was surprising to see that none of the appointments made in 2022 went to directors with cybersecurity experience.

As is the case in many other emerging markets, companies in Colombia are going through the process of professionalizing their board, moving away from a more traditional model that relies on long-term directors who are either part of the family or close circle of advisors to more independent boards. Nonetheless, in 2022, Colombian boards showed a marked preference for seasoned directors: only 9% of the 2022 appointments went to first-time public board directors, compared to 33% in Brazil and 67% in Mexico—and at the moment, the lowest percentage we saw in all markets we analyze.

Colombian boards clearly have further opportunity to expand their parameters to bring fresh knowledge and perspectives to their boards to strengthen their organizations and proof it for the future.

¹ Breaking new ground for SDG reporting in Colombia," GRI, November 18, 2022, [globalreporting.org](https://www.globalreporting.org).

Snapshot of 2022 findings

New seats filled



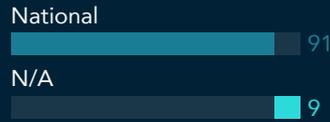
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Average age



57 Min: 43 Max: 71

Nationality (%)



Share of companies with an appointment (%)



Gender balance (%)



Active vs. retired (%)



Current or former CEO experience



Current or former CFO experience



Experience (%)



First-time public board experience: 9

Previous public board experience: 82

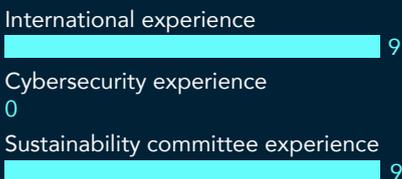
Education (%)



MBA



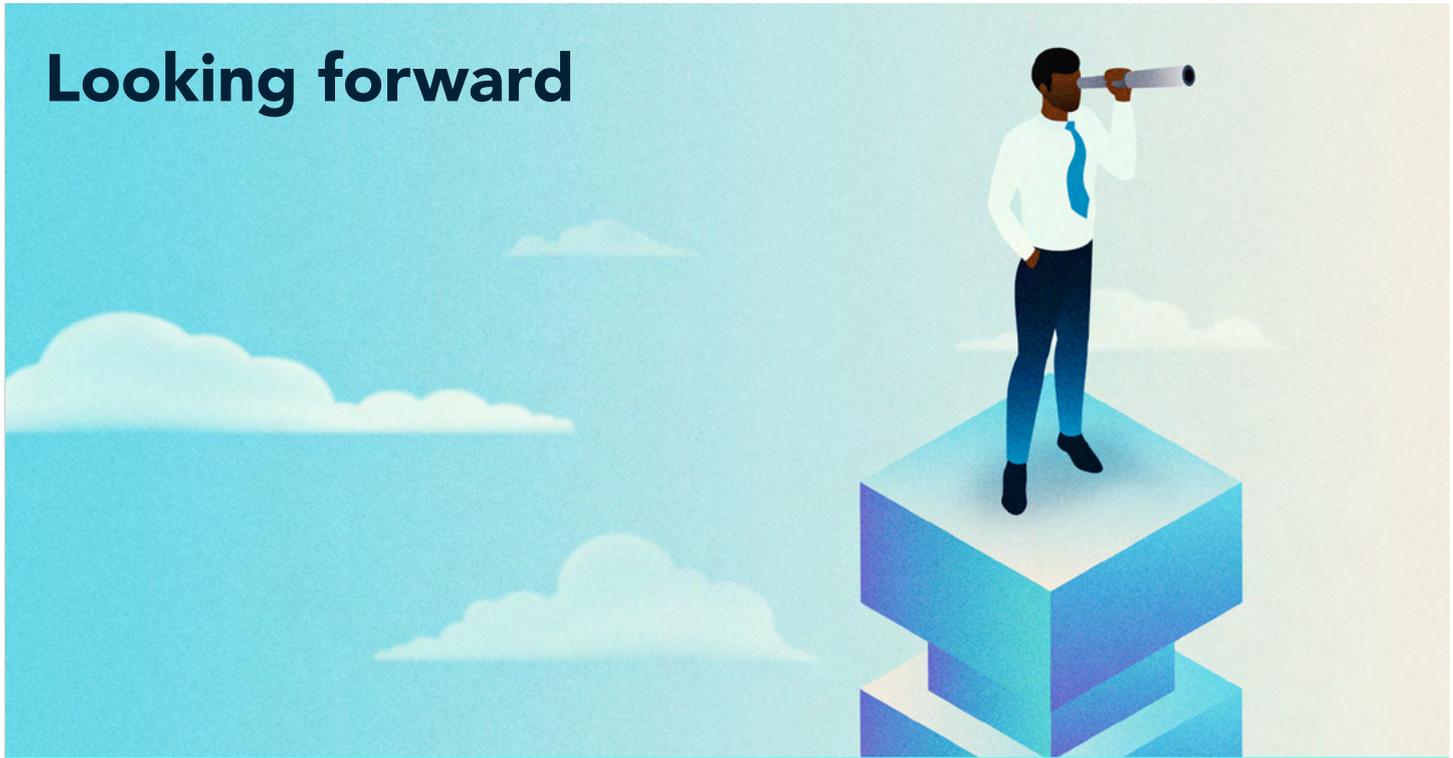
Other previous experience (%)



C-level previous experience (%)



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



Looking forward

To successfully navigate the opportunities and risks that companies will face in the short- and long-term, Colombian boards will have to reflect on how to best build boards that combine a wide range of executive and other professional expertise.

Among the practices of best-in-class boards are:

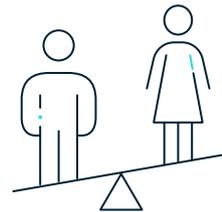
Ensuring a mix of perspectives and backgrounds:

A board that has a wide range of expertise around the table has the means to make more informed decisions. Many boards are bolstering their capabilities by seeking executives who have both the broad executive experience necessary to run a business and additional areas of expertise such as cybersecurity, digital, sustainability, or international experience.



Improving gender diversity:

Overall, Colombian boards have made good progress on gender diversity, but more work needs to be done to fill the gap to 30% of full board composition. The 45% of seats that went to women was a promising contribution to that goal.



Thinking of succession planning as an ongoing exercise rather than an exercise undertaken in reaction to an annual deadline. A significant part of this process is proactively cultivating potential board members who can meet anticipated needs across different time horizons and strategic scenarios. This reduces risk and builds confidence that the organization will be led well, whatever happens. Another important element is regularly assessing the performance of boards and board members to make sure that the company has the most effective team around the table. Furthermore, the board should ensure a healthy succession planning pipeline of the executive leadership team through periodic evaluations.



CEO & Board of Directors Practice

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

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

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

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